Comparative Cost of Inadequate Protection: Healthcare Breaches Ranked the Most Expensive

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The US healthcare industry has the unfortunate distinction of having the highest per capita cost of data breaches, recent reports suggest.

A May 2014 Ponemon Institute analysis found that the per capita cost of a healthcare breach was $359 per record. The overall mean across industries such as education, pharmaceuticals, media, and communications, was $145 per record. According to Ponemon, the most heavily regulated industries had the highest costs, whereas public sector and retail industries had the lowest.
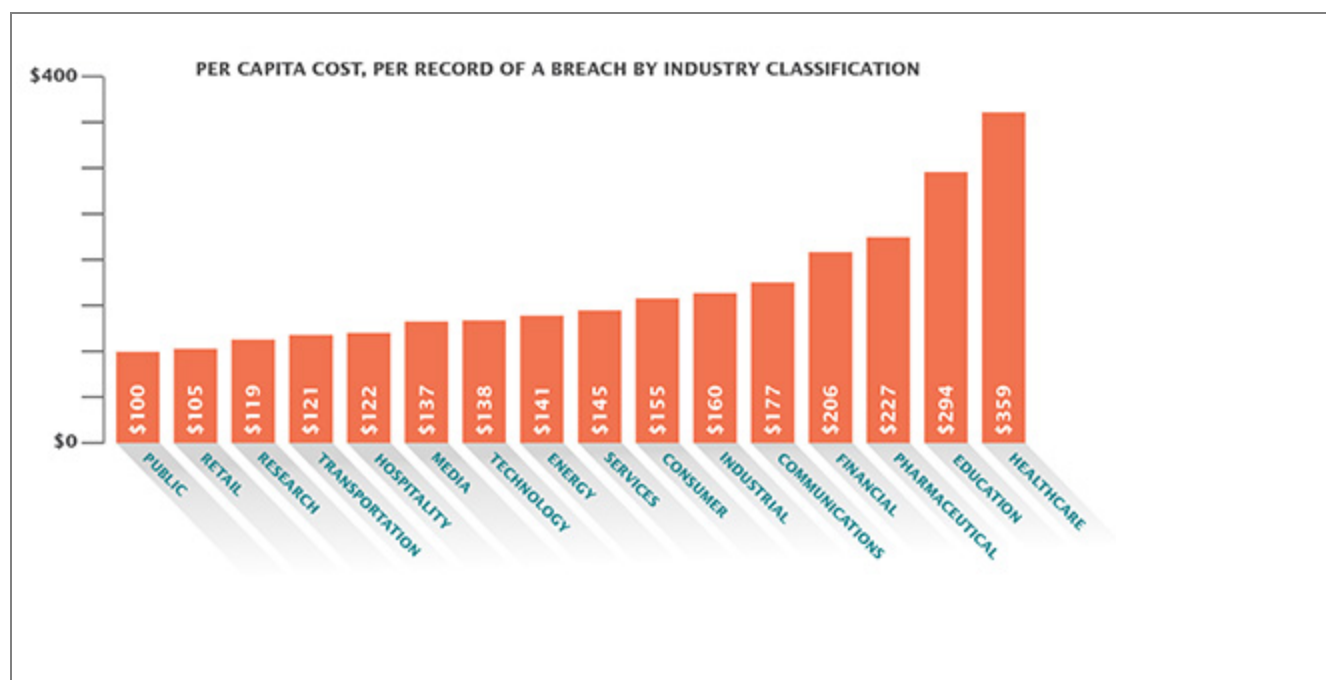
However, the healthcare industry fared better in other security scenarios. Despite the recent headline-grabbing cases of Chinese hackers breaching US healthcare systems, a study published in *The Economist* put healthcare much lower on the list of targeted industries. Healthcare ranked second to last, just above metals and mining industries.

The Economist's report also warned of the susceptibility of medical devices to hacking. The report highlights the case of a diabetic security researcher who discovered that he could hack his own insulin pump and remotely adjust the levels of insulin injected into his body through the pump.

The authors of *The Economist's* report suggest that prevention against breaches is more effective than dealing with the cost of a breach.

Experts outlined possible courses of action:

- Ensure that only approved programs can run on any given system
- Industry stakeholders should change their tone when it comes to tackling cybercrime. Instead of referring to efforts as a "war against cybercrime," and all its attendant language that surrounds talk of "war," they should look at it as a matter of prevention and taking precautions
- As increased connectivity in professional settings grows, companies need to develop robust policies for the security of connected devices

PER CAPITA COST, PER RECORD OF A BREACH BY INDUSTRY CLASSIFICATION

PUBLIC $100 · RETAIL $105 · RESEARCH $119 · TRANSPORTATION $121 · HOSPITALITY $122 · MEDIA $137 · TECHNOLOGY $138 · ENERGY $141 · SERVICES $145 · CONSUMER $155 · INDUSTRIAL $160 · COMMUNICATIONS $177 · FINANCIAL $206 · PHARMACEUTICAL $227 · EDUCATION $294 · HEALTHCARE $359

Source: Ponemon Institute. "2014 Cost of Data Breach Study: Global Analysis." http://www-935.ibm.com/services/us/en/it-services/security-services/cost-of-data-breach/.

Article citation:

AHIMA Staff. "Comparative Cost of Inadequate Protection: Healthcare Breaches Ranked the Most Expensive" *Journal of AHIMA* 85, no.10 (October 2014): 96.

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