

1
2
3
4
5
6
7 **STATE OF WASHINGTON**
8 **KING COUNTY SUPERIOR COURT**

9 NO. 22-2-01754-6 SEA

10 STATE OF WASHINGTON,

CONSENT DECREE

11 Plaintiff,

12 v.

13 PROVIDENCE HEALTH & SERVICES-
14 WASHINGTON; SWEDISH HEALTH
15 SERVICES; SWEDISH EDMONDS;
16 KADLEC REGIONAL MEDICAL
17 CENTER; OPTIMUM OUTCOMES, INC.;
18 and HARRIS & HARRIS, LTD.,

Defendants.

19 **I. CONSENT JUDGMENT SUMMARY**

20	1.1	Judgment Creditor	State of Washington
21	1.2	Judgment Debtors	Harris & Harris Ltd.
22	1.3	Principal Judgment Amount	\$1,000,000
23	1.4	Post Judgment Interest Rate:	12% percent per annum, except as 24 provided below ¹

25
26 ¹ There is no post judgment interest if Harris & Harris makes the payments described herein.

1 1.5 Attorneys for Judgment Creditor: Audrey Udashen, Will O’Connor,
2 Lucy Wolf, Michael Bradley, and
3 Robert Hyde
4 Assistant Attorneys General

5 1.6 Attorneys for Judgment Debtor: David Schultz, Ruddy Abam
6 Hinshaw & Culbertson LLP
7 Andrew Shafer
8 Ketter, Sheppard & Jackson, LLP

9 1.7 The State of Washington (“the State”), appears by and through its attorneys,
10 Robert Ferguson, Attorney General, and Audrey Udashen and Will O’Connor, Assistant
11 Attorneys General; and

12 1.8 Harris & Harris appears by and through its attorneys, David Schultz and Ruddy
13 Abam of Hinshaw & Culbertson and Andrew Shafer of Ketter, Sheppard & Jackson; and

14 1.9 In lieu of litigation, the State and Harris & Harris (together, the “Parties”) have
15 agreed to resolve the State’s allegations by the entry of this Consent Decree; and

16 1.10 Harris & Harris, by entering into this Consent Decree, does not admit any of the
17 State’s allegations or Complaints, other than those solely as necessary to establish the
18 jurisdiction of this Court; and

19 1.11 The State and Harris & Harris agree this Consent Decree does not constitute
20 evidence or an admission regarding the existence or non-existence of any issue, fact, or violation
21 of any law alleged by the State; and

22 1.12 Harris & Harris recognizes and states this Consent Decree is entered into
23 voluntarily and that no promises, representations, or threats have been made by the Attorney
24 General’s Office or any member, officer, agent, or representative thereof to induce them to enter
25 into this Consent Decree, except for the promises and representations provided herein; and

26 1.13 Harris & Harris waives any right it may have to appeal from this Consent Decree
or to otherwise contest the validity of this Consent Decree; and

1 1.14 Harris & Harris further agrees this Court shall retain jurisdiction of this action
2 and jurisdiction over Harris & Harris for the purpose of implementing and enforcing the terms
3 and conditions of this Consent Decree and for all other purposes related to this matter; and

4 The Court, finding no just reason for delay;

5 NOW, THEREFORE, it is hereby ORDERED, ADJUDGED, AND DECREED as
6 follows:

7 **II. GENERAL**

8 2.1 This Court has jurisdiction of the subject matter of this action and of the Parties.

9 2.2 This Consent Decree or the fact of its entry does not constitute evidence or an
10 admission by any party regarding the existence or non-existence of any issue, fact, or violation
11 of any law alleged by the State.

12 2.3 This Consent Decree fully and finally resolves and forever discharges and
13 releases all claims and causes of action that the State has raised or may in the future raise against
14 Harris & Harris arising out of or relating to the facts and matters specifically described in the
15 State's Second and Third Amended Complaints, and including the vicarious liability claims
16 asserted against the hospital defendants Providence Health & Services- Washington, Swedish
17 Health Services, Swedish Edmonds, and Kadlec Regional Medical Center with respect to Harris
18 & Harris' first written medical and hospital debt notices, except that Harris & Harris' failure to
19 comply with this Consent Decree shall permit the Attorney General of Washington to take such
20 further action against Harris & Harris as provided for herein.

1 **III. INJUNCTION**

2 3.1 Application of Injunctions. The injunctive provisions of this Consent Decree shall
3 apply to Harris & Harris and to its successors, employees, assigns, contractors, representatives,
4 and all others acting in concert or active participation with Harris & Harris.²

5 3.2 Within thirty (30) days following the entry of this Consent Decree, Harris &
6 Harris shall inform all persons acting in concert or active participation with Harris & Harris with
7 respect to the facts and matters described in the Complaint of the terms and conditions of this
8 Consent Decree and shall direct those persons and entities to comply with this Consent Decree.

9 3.3 Injunctions. For five (5) years from the date of entry of this Consent Decree,
10 Harris & Harris and its successors, employees, assigns, contractors, representatives, and all
11 others acting in concert or active participation with Harris & Harris shall engage in or refrain
12 from the following acts and practices:

13 a. When collecting medical debt, Harris & Harris shall in any first written notice to
14 a debtor include a statement that informs the debtor of their right to request the original
15 account number or redacted original account number assigned to the debt, the date of the
16 last payment, and an itemized statement as provided in RCW 19.16.250(28)(b);

17 b. When collecting hospital debt, Harris & Harris shall in any first written notice to
18 a debtor include a statement informing the debtor that they may be eligible for charity
19 care from the hospital, together with the contact information for the hospital as provided
20 in RCW 19.16.250(29)(a).

21 c. Within sixty (60) days of entry of the Consent Decree, Harris & Harris shall
22 transmit the letter attached as Exhibit A (the “letter”) to all Providence patients to whom
23 it sent (i) a first written notice based on Harris & Harris’s letter template titled VHC1P
24

25 ² The form and scope of this language, as used throughout this document, is intended to have the same
26 form, scope, and application as subsection (d) of Washington Court Rule 65.

1 (March 30, 2020 to November 24, 2021) or (ii) a first written notice in connection with
2 hospital debt in the timeframe during which Harris & Harris used the letter template titled
3 VMHC1 (December 1, 2021 to August 16, 2022).

4 3.3.1 Harris & Harris will email copies of the letter to consumers for whom it has email
5 addresses. If Harris & Harris's email to a consumer bounces back or is returned as undeliverable,
6 Harris & Harris will mail a hard copy of the letter to the consumer's last known home addresses.
7 Harris & Harris will mail hard copies of the letter to all consumers for whom it does not have
8 email addresses.

9 3.3.2 Harris & Harris will only mail one notice to an address if more than one consumer
10 lives at the same address. Harris & Harris will bear the cost of printing and transmitting the
11 consumer notices.

12 3.3.3 The injunction shall expire on the fifth anniversary following the entry of the
13 Consent Decree with no further action required by the parties

14 **IV. MONETARY PAYMENT**

15 4.1 Pursuant to RCW 19.86.080, Harris & Harris shall, directly or indirectly, pay the
16 State the amount of \$1,000,000. The Attorney General shall use the funds for recovery of its
17 costs and attorneys' fees in investigating this matter, future monitoring and enforcement of this
18 Consent Decree, future enforcement of RCW 19.86, or for any lawful purpose in the discharge
19 of the Attorney General's duties at the sole discretion of the Attorney General.

20 4.2 Payment owing under this provision shall be in the form of a valid check paid to
21 the order of the "Attorney General—State of Washington" and shall be due and owing within
22 thirty (30) days of the entry of the Consent Decree. Payment shall be sent to the Office of the
23 Attorney General, Attention: Margaret Farmer, Litigation Support Manager, 800 Fifth Avenue,
24 Suite 2000, Seattle, Washington 98104-3188.

1 with Harris & Harris, in connection with any selling, advertising, or promotion of products or
2 services, or as an endorsement or approval of Harris & Harris's acts, practices, or conduct
3 relating to its business.

4 5.7 The State shall be permitted, upon advance written notice of twenty (20) days to
5 Defendant, to access, inspect, and/or copy business records or documents in possession, custody,
6 or under control of Defendant solely to monitor compliance with this Consent Decree, provided
7 that the inspection and copying shall avoid unreasonable disruption of Defendant's business
8 activities. The State shall not disclose any information communicated pursuant to or described
9 in this Paragraph 5.7 unless such a disclosure is required by law. The State shall furnish notice
10 to Harris & Harris as soon as is practicable, without further delay, but no later than within ten
11 (10) calendar days of receiving a request(s) for any Confidential Information from Harris &
12 Harris, pursuant to this Paragraph and/or as a result of a request, demand for production, or
13 subpoena under the Public Records Act, RCW 42.56. Before disclosing any Confidential
14 Information, the State shall allow Harris & Harris a reasonable time from its receipt of such
15 notice to seek a protective order relating to the Confidential Information or to otherwise resolve
16 any disputes relating to the production of the Confidential Information.

17 5.8 To monitor compliance with this Consent Decree, the State shall be permitted to
18 serve interrogatories pursuant to the provisions of CR 26 and CR 33 and to question Harris &
19 Harris or any officer, director, agent, or employee of Harris & Harris by deposition pursuant to
20 the provisions of CR 26 and CR 30 provided that the State attempts in good faith to schedule the
21 deposition at a time convenient for the deponent and his or her legal counsel.

22 5.9 This Consent Decree in no way limits the State from conducting any lawful non-
23 public investigation to monitor Harris & Harris's compliance with this Consent Decree or to
24 investigate other alleged violations of the CPA, which may include, but not limited to,
25 interviewing customers or former employees of Harris & Harris.
26

1 5.10 This Consent Decree shall be binding upon and inure to the benefit of Harris &
2 Harris's successors and assigns. Harris & Harris and its successors and assigns shall notify the
3 Attorney General's Office at least thirty (30) days prior to any change-in-control of Harris &
4 Harris that would change the identity of the corporate entity specifically relating to responsibility
5 for compliance obligations arising under this Consent Decree, including, but not limited to,
6 dissolution, assignment, sale, merger, or other action that would result in the emergence of a
7 successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages
8 in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a
9 change in the corporate name or address. Provided, however, that with respect to any proposed
10 change in the corporation about which Harris & Harris and its successors and assigns learn less
11 than thirty (30) days prior to the date such action is to take place, Harris & Harris and its
12 successors and assigns shall notify the Attorney General's Office as soon as is practicable after
13 obtaining such knowledge. Nothing in this Paragraph 5.10 shall affect or expand Harris & Harris'
14 compliance obligations under RCW 19.16 relating the maintenance of its business agency license
15 or endorsements to the Washington Department of Revenue and/or the Washington Department
16 of Licensing.

17 5.11 Any notice or other communication required or permitted under this Consent
18 Decree shall be in writing and delivered to the following persons or any person subsequently
19 designated by the parties:

20 For the State of Washington:
21 Office of the Attorney General
22 Consumer Protection Division
23 Attention: Audrey Udashen, AAG
24 800 Fifth Avenue, Suite 2000
25 Seattle, WA 98104

20 For Harris & Harris:
21 Attn: David Schultz & Ruddy Abam
22 Hinshaw & Culbertson LLP
23 151 N. Franklin St., Ste. 2500
24 Chicago, IL 60606

24 Andrew Shafer
25 Ketter, Sheppard & Jackson, LLP
26 50 116th Ave SE, Ste 201
 Bellevue, WA 98004

Bellevue, WA 98004

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26

EXHIBIT A



Bob Ferguson
ATTORNEY GENERAL OF WASHINGTON
1125 Washington Street SE – PO Box 40100 – Olympia, WA 98504-0100

[Date]

Re: You May Be Eligible for Financial Assistance on Your Medical Bill/Debt!

Dear Patient:

Washington law requires debt collectors to provide specific information when collecting on medical accounts. My office filed a lawsuit against Harris & Harris, Ltd. for failing to provide this information when collecting on the accounts of patients treated at hospitals and other facilities operated by Providence Health & Services, Swedish Health Services, and Kadlec Regional Medical Center.

Because you or a family member were treated at a Providence, Swedish, or Kadlec facility and your account was referred to Harris & Harris for collection, I am writing to inform you that you may be eligible for financial assistance for any hospital care you receive. In Washington, patients with incomes of up to 400% of the Federal Poverty Level may qualify for financial assistance for medically necessary hospital care. This includes individuals with an annual income up to \$58,000 and families of four with income up to \$120,000. If you have health insurance, you may still qualify for financial assistance for your out-of-pocket costs.

If you think you may be eligible, you should ask any hospital where you are treated to evaluate you for financial assistance. You can ask for financial assistance at any time, including after you have paid for care or after your account has been referred to a debt collector. You may also be eligible for a refund or forgiveness of your account balance.

Additionally, if you receive a medical debt collection notice in Washington, you have the right to request detailed information about the account that is past due. This information includes the original account number, the date of last payment, and the name of the original creditor.

Please visit <http://www.atg.wa.gov/charitycare> to learn more about Washington's financial assistance laws. If you believe that a hospital is not providing you with financial assistance that you are eligible for, please file a complaint with my office at <https://www.atg.wa.gov/file-complaint>.

Sincerely,

BOB FERGUSON
Attorney General