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UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF CALIFORNIA

SACRAMENTO

DR. DERRICK ADAMS and CAPE EMERGENCY PHYSICIANS P.A., AND AMERIFINANCIAL SOLUTIONS, LLC on behalf of himself and those similarly situated,

Plaintiffs,

v.

EXPERIAN INFORMATION SOLUTIONS, INC., EQUIFAX INC., and TRANSUNION,

Defendants.

Case No. 2:23-cv-01773-DJC-JDP

DEFENDANTS' NOTICE OF MOTION AND MOTION TO DISMISS PLAINTIFFS' SECOND AMENDED COMPLAINT

Hearing Date:	May 1, 2025
Time:	1:30 PM
Place:	Robert T. Matsui United States Courthouse Courtroom 10 501 I Street Sacramento, CA 95814
Judge:	Hon. Daniel J. Calabretta

PLEASE TAKE NOTICE that on May 1, 2025 at 1:30 PM, or as soon thereafter as counsel may be heard before the Honorable Daniel J. Calabretta, United States District Judge, in Courtroom 10 of the United States District Court for the Eastern District of California, located at 501 I Street, Sacramento, California 95814, Defendants Experian Information Solutions, Inc, Equifax, Inc., and TransUnion will move and hereby do move the Court under Federal Rules of Civil Procedure 12(b)(6) for an order dismissing the Second Amended Complaint filed by Plaintiffs Dr. Derrick Adams, Cape Emergency Physicians P.A., and AmeriFinancial Solutions, LLC on February 3, 2025. Defendants move to dismiss the Second Amended Complaint because Plaintiffs fail to allege that they have antitrust standing to bring their claims under the Sherman Act or the Cartwright Act and they fail to plausibly allege facts supporting their tortious interference with contract claims under California or New Jersey law.

This Motion is based on this Notice of Motion and Motion to Dismiss, the Memorandum of Points and Authorities in support thereof, the oral argument of counsel, all papers on file in this action, and any other matter that the Court may properly consider or that may be presented to the Court at the hearing.

On February 28, 2025, counsel for the parties conferred telephonically to discuss the Motion in accordance with Section I.C of this Court's Standing Order in Civil Cases. During this conference, counsel discussed Defendants' arguments for seeking dismissal of the Second Amended Complaint. Plaintiffs' counsel disagreed with each argument and asserted that the Second Amended Complaint adequately pleads each claim for relief asserted therein. Accordingly, I certify that meet-and-confer efforts have been exhausted.

Defendants respectfully request that the Court grant the Motion and enter an order dismissing Plaintiffs' Second Amended Complaint with prejudice.

Respectfully submitted,

Dated: March 3, 2025

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Dated: March 3, 2025

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Dated: March 3, 2025

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UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF CALIFORNIA

SACRAMENTO

DR. DERRICK ADAMS, CAPE EMERGENCY PHYSICIANS, P.A., AND AMERIFINANCIAL SOLUTIONS, LLC on behalf of themselves and those similarly situated,

Plaintiffs,

v.

EXPERIAN INFORMATION SOLUTIONS, INC., EQUIFAX INC., and TRANSUNION,

Defendants.

Case No. 2:23-cv-01773-DJC-JDP

MEMORANDUM OF LAW IN SUPPORT OF DEFENDANTS' MOTION TO DISMISS PLAINTIFFS' SECOND AMENDED COMPLAINT

Hearing Date:	May 1, 2025
Time:	1:30 PM
Place:	Robert T. Matsui United States Courthouse Courtroom 10 501 I Street Sacramento, CA 95814
Judge:	Hon. Daniel J. Calabretta

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I. INTRODUCTION

In dismissing the last complaint, the Court held that "Plaintiffs fail to plausibly connect their alleged injury, the devalued service, to that which makes the Defendants' conduct unlawful, the joint decision to stop reporting" certain medical debt. Order at 15, Dkt. 59. The Court further explained that it was not enough to claim injury in the form of a "devalued service" that occurs "where losing the *threat* of having outstanding debt on credit reports *hinders* re-payment" from patients. Id. at 17 (emphasis added). The Court granted leave to amend, identifying the sort of facts missing from the complaint—including that Plaintiffs had failed to plausibly allege any sort of relationship with Defendants. *Id.* at 17. Plaintiffs failed to heed this admonition altogether, adding ***nothing*** suggesting their involvement in a transaction underlying Defendants' alleged horizontal agreement, let alone one that would give rise to cognizable antitrust injury. Because the Second Amended Complaint ("SAC"), suffers from the same—and more—fatal defects as the Amended Complaint, it should be dismissed with prejudice.[1]

The most obvious change in the SAC is a new Plaintiff, AmeriFinancial Solutions, LLC ("AmeriFinancial"). This addition reveals what had been lurking in the background the entire time: this case is brought on behalf of the debt collection industry, not medical providers. But collection agencies like AmeriFinancial have no more of a claim against the CRAs[2] than Medical Provider Plaintiffs Dr. Derrick Adams ("Adams") and Cape Emergency Services, P.A. ("Cape" and, collectively with Adams, "MPPs"). True, AmeriFinancial does what the MPPs do not—it reports medical-debt information to the CRAs. But AmeriFinancial's allegations and claims mirror that which the Court already rejected and fail for the same reasons.

Plaintiffs lack antitrust standing, a necessary element of every private antitrust action, because their asserted injuries are not antitrust injuries. As the Court previously held, MPPs' injury (a) depends on the actions of collection agencies and (b) occurs outside the claimed

[1] Defendants provide a redline of the SAC compared to the Amended Complaint as Exhibit A.

[2] The pleadings name Experian Information Solutions, Inc., Equifax, Inc., and TransUnion as Defendants. Dkts. 1, 43, 60. Equifax, Inc. is not a credit reporting agency as defined by the Fair Credit Reporting Act. Equifax, Inc. is a holding company, and its subsidiary, Equifax Information Services LLC, is a CRA. This brief uses "CRAs" to refer to Defendants Equifax Information Services LLC, Experian Information Solutions, Inc., and TransUnion.

relevant market, Order at 15, 18, and MPPs offer no new factual allegations to overcome this holding. Their theory of injury also hinges on the intervening actions of patients and collection agencies, a mere "incentive" on patients, and a speculative causal chain—making it is too remote and speculative to confer antitrust standing. The new collection agency Plaintiff, AmeriFinancial, similarly lacks antitrust standing because its claimed injury does not flow from the CRAs' actions; its injury (a) is outside the claimed market for medical-debt information, (b) is indirect (dependent on the actions of patients), and (c) relies on the same speculative causal chain as MPPs.

MPPs also only supply medical-debt information to the CRAs indirectly, and thus, lack standing to pursue federal antitrust claims under the Supreme Court's holding in *Illinois Brick*. And, in any event, Adams cannot sue for alleged injuries to his medical practice Twelve Bridges Dermatology ("Twelve Bridges") as a mere shareholder or partial owner of that entity.

Finally, MPPs cannot make out a claim for tortious interference with contract where they fail to allege, among other things, (a) any specific contract the CRAs are alleged to have targeted, (b) the CRAs' knowledge of any such specific contract, or (c) that the CRAs undertook any action with the purpose of inducing a breach of such contract.

Plaintiffs' third effort fails to allege facts showing their claims are plausible. The Court should dismiss the SAC with prejudice.

II. FACTUAL BACKGROUND

A. The Credit Reporting Agencies Produce Consumer Reports That Help Lenders Evaluate Creditworthiness.

The Court is well acquainted with the allegations in this case as, over three successive complaints, they have changed only on the margins. Experian, Equifax, and TransUnion are three credit reporting agencies in the United States. SAC ¶¶ 56, 92. The CRAs collect data on consumer debts from a wide range of sources, aggregate that data, and provide reports on consumers' credit profiles to lenders, creditors, and others. *Id.* ¶¶ 88, 92-95. Lenders and creditors rely on the CRAs' credit reports to assess individual creditworthiness. *Id.* ¶ 88.

B. The CFPB Has Criticized the Inclusion of Medical-Debt Information in Credit Reporting and Encouraged Its Discontinuance.

The Dodd-Frank Act empowers the CFPB to supervise the CRAs and act as their primary regulator. 12 U.S.C. § 5514(b); 12 C.F.R. §§ 1090.101, 1090.104(b). In that role, the CFPB has repeatedly made clear that the CRAs should limit medical-debt information in consumer reports. In a February 2022 report, the CFPB asserted that medical debt is "less predictive of future payment problems than other debt," and reasoned that including *any* medical debt in consumer reports "threatens the integrity and accuracy of the credit reporting system as a whole."[3] On January 7, 2025, formalizing the message it had been conveying since at least 2022, the CFPB published a final rule prohibiting CRAs from including any medical debt on consumer reports provided to creditors in most circumstances.[4]

C. The CRAs Removed From Consumer Credit Reports Medical Debts Below $500 and Medical Debts Less Than One Year Past Due, Bringing Relief to Tens of Millions of Americans.

Recognizing the impact that "unexpected medical bills" have on consumers' "financial and personal wellbeing," and cognizant of the CFPB's position, the CRAs announced on March 18, 2022 that they would make certain changes to medical-debt reporting. SAC ¶ 45. First, "the time period before unpaid medical collection debt would appear on a consumer's report [was] increased from 6 months to one year." *Id.* ¶ 45. Second, the CRAs would "no longer include medical collection debt under at least $500 on credit reports." *Id.*; *see id.* ¶ 7. The CFPB "publicized" these changes, *id.* ¶ 46, specifically pointing out that the CRAs' announcement

[3] CFPB, Medical Debt Burden in the United States, 2, 46 (2022), https://files.consumerfinance.gov/f/documents/cfpb_medical-debt-burden-in-the-united-states_report_2022-03.pdf. On a motion to dismiss, the Court may take notice of government documents as "public records," *Moreno v. UtiliQuest, LLC*, 29 F.4th 567, 578 (9th Cir. 2022), and may consider materials "referenced in a complaint but not explicitly incorporated therein if the complaint relies on the document[s] and [their] authenticity is unquestioned," *Swartz v. KPMG LLP*, 476 F.3d 756, 763 (9th Cir. 2007). Because the SAC quotes this report, *e.g.*, SAC ¶¶ 11, 67, and because it is a public record, the Court may consider it, and other government reports cited here, at this stage. *Northstar Fin. Advisors Inc. v. Schwab Invs.*, 779 F.3d 1036, 1042-43 (9th Cir. 2015).

[4] CFPB, Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information (Regulation V) (Jan. 7, 2025) (cited at SAC ¶¶ 68 n.35, 69 n.36), files.consumerfinance.gov/f/documents/cfpb_med-debt-final-rule_2025-01.pdf.

came "[s]hortly following the issuance of the [CFPB's February 2022] report."[5] The CFPB estimates that the CRAs' removal of medical debts below $500 from consumer reports will benefit 22.8 million Americans and have "important effects . . . for a well-functioning consumer reporting system."[6]

D. Plaintiffs Challenge the CRAs' Medical-Debt Reporting Changes.

Adams, the original Plaintiff in this action, is a dermatologist from Placer County, California. SAC ¶ 17. He "has an ownership share in the medical practice Twelve Bridges Dermatology," and receives a set percentage of Twelve Bridges' revenues and profits. *Id.* ¶ 17. Cape provides emergency-medicine services in New Jersey. *Id.* ¶ 18. The third plaintiff, AmeriFinancial, is a collection agency (or debt collector) based in Maryland. *Id.* ¶ 19.

After providing patients with medical services, Twelve Bridges and Cape receive payment for their services from the patients' insurance and issue a bill to the patient for the rest. *Id.* ¶ 29. "If patients do not pay their bills," Twelve Bridges and Cape "use a third-party collection agency" to collect payment. *Id.* ¶ 31. AmeriFinancial was Cape's collection agency in New Jersey. *Id.* ¶ 27. The SAC acknowledges that collection agencies have many tools to induce payment by a debtor: calling, mailing letters, taking legal action, or reporting the debt. *Id.* ¶¶ 31, 97. After receiving the medical-debt information from medical providers, collection agencies "attempt again to communicate with the patients to receive payment, but if patients continue not to pay, then the collection agencies furnish data about the unpaid medical bills to at least one of the [CRAs]." *Id.* ¶ 31. MPPs "have contracts with collection agencies" that authorize them to do this. *Id.* ¶ 40. AmeriFinancial's "standard practice" is to furnish medical-debt information to at least one CRA "if contacting the patient for payment is unsuccessful." *Id.* ¶ 28. Collection agencies sign up to furnish data to the CRAs, *id.* ¶ 36, and almost always do not pay the CRAs in order to furnish data, *see id.* ¶ 33. AmeriFinancial does not allege that it has ever paid to furnish data to the CRAs.

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[5] Know Your Rights and Protections When It Comes to Medical Bills and Collections, CFPB (Apr. 11, 2022) (cited at SAC ¶ 46), https://www.consumerfinance.gov/about-us/blog/know-your-rights-and-protections-when-it-comes-to-medical-bills-and-collections.

[6] CFPB, Consumer Credit and the Removal of Medical Collections From Credit Reports, 2, 6 (2023) (cited at AC ¶ 10), https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-removal-medical-collections-from-credit-reports_2023-04.pdf.

If AmeriFinancial collects the medical debt, it receives a set percentage of the collection from the medical provider determined by contract. *Id.* ¶ 44.

Before the CRAs' alleged changes to medical-debt reporting, patients were "incentivized and motivated" to pay their bills when their debt was reported to the CRAs. *Id.* ¶ 34. MPPs still point to no specific facts that the CRAs' reporting changes have deterred any of *their* patients from paying bills, but they speculate that this must be the case based on third-party accounts of unidentified individuals not alleged to be their patients. *Id.* ¶ 60. Some of MPPs' medical bills have not been paid since the CRAs' change to medical-debt reporting. *Id.* ¶ 71. MPPs ostensibly suffered a "devaluation injury" because fewer patients are paying their bills or are paying them later. *Id.* ¶¶ 61-62, 78. AmeriFinancial says it is similarly injured through fewer patient payments because "it receives a set percentage of payments made on medical debt referred to it for collections." *Id.* ¶ 71. Beyond this conclusion, AmeriFinancial does not allege facts showing a reduction in its revenue; nor does it explain why a debt collection agency would not benefit if, as the complaint asserts, the CRA's action would result in ***more*** unpaid medical debt.

Plaintiffs do not (and cannot) allege that the CRAs derive any pecuniary benefit from the challenged medical-debt reporting changes. But they expressly acknowledge that the changes benefit millions of consumers. *E.g.*, *id.* ¶¶ 11, 66, 67. Plaintiffs also allege the CRAs' actions "intentionally targeted" medical providers. *Id.* ¶ 79.

III. PROCEDURAL BACKGROUND

Adams initially sued on his own, alleging that the CRAs' removal of medical debts below $500 from credit reports violated the Sherman Act, Section 1, and California's Cartwright Act. *See* Compl., Dkt. 1. After the CRAs moved to dismiss that complaint, Adams filed an Amended Complaint—joined by Cape—asserting similar antitrust claims. *See* Am. Compl., Dkt. 43. The CRAs moved to dismiss the Amended Complaint, and after briefing, the Court heard argument on the motion on February 29, 2024. On January 2, 2025, in a 22-page Order the Court granted the motion to dismiss the Amended Complaint and held that:

- "Plaintiffs fail to plausibly connect their alleged injury, the devalued service, to that which makes the Defendants' conduct unlawful." Order at 15.

- MPPs do not "directly provide information to the [CRAs]." *Id.* at 16.
- MPPs "have not plausibly alleged a relationship with the Defendants, and have made no allegations that they purchase, or even use . . . credit reports." *Id.* at 16.
- The Amended Complaint "do[es] not indicate that Plaintiffs are participants of, or suffered injury in, the relevant market." Order at 18. "Rather, [Adams and Cape's] primary services are in the medical services market." *Id.* at 19.
- Plaintiffs' injury was not inextricably intertwined with the relevant market. *Id.*

The Court granted Plaintiffs leave to amend. Plaintiffs filed their SAC on February 3, 2025. Plaintiffs allege that the CRAs' violated Section 1 of the Sherman Act. SAC ¶¶ 117-127. Adams alleges the CRAs violated the Cartwright Act and tortiously inferred with his contracts under California Law. *Id.* ¶¶ 128-146. Cape alleges tortious interference with contracts under New Jersey law, *id.* ¶¶ 147-156. Plaintiffs also plead each claim as a class action.

IV. LEGAL STANDARD

"To survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face." *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quotation omitted). Plausibility demands "more than labels and conclusions, and a formulaic recitation of the elements of a cause of action." *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007). Unless the plaintiff pleads "evidentiary facts to support those conclusions," meaning the "who, did what, to whom (or with whom), where, and when[,]" dismissal is in order. *Kendall v. Visa U.S.A., Inc.*, 518 F.3d 1042, 1047-48 (9th Cir. 2008). This "specificity in pleading" is particularly important in antitrust cases, given the "unusually high cost of discovery" that antitrust defendants face. *Twombly*, 550 U.S. at 558-59; *see In re Dynamic Random Access Memory (DRAM) Indirect Purchaser Antitrust Litig.*, 28 F.4th 42, 53-54 (9th Cir. 2022) (affirming denial and cautioning against "open[ing] the floodgates to discovery in antitrust cases" absent sufficient "factual support"). Where a plaintiff has amended its complaint to overcome dismissal, it must add new facts—not merely rephrase the same facts. *Saling v. Royal*, 2017 WL 3981409, at *5 (E.D. Cal. Sept. 11, 2017) (dismissing complaint where "[p]laintiff only rephrase[d] the same substantive facts [of initial complaint]").

"[A]t the motion to dismiss stage, the Court only considers allegations pertaining to the named plaintiff because a putative class action cannot proceed unless the named plaintiff can state a claim for relief as to himself." *Kamath v. Robert Bosch LLC*, 2014 WL 2916570, at *1 n.4 (C.D. Cal. June 26, 2014); *see Boyle v. Madigan*, 492 F.2d 1180, 1182 (9th Cir. 1974) (holding that named plaintiff must be "entitled to the relief sought" before considering class allegations).

V. ARGUMENT

A. Plaintiffs Do Not Plead Facts Supporting Antitrust Standing Because Their Injury Is Not the Type Antitrust Laws Were Intended to Remedy, Does Not Flow from the Alleged Conduct, Is Indirect, and Is Speculative.

The Court previously held MPPs had not alleged facts plausibly supporting antitrust standing. Order at 12. Nothing in the SAC corrects this deficiency. AmeriFinancial's attempt to plead antitrust injury fares no better than MPPs' attempt.

"An antitrust violation may be expected to cause ripples of harm to flow through the Nation's economy; but despite the broad wording of § 4 there is a point beyond which the wrongdoer should not be held liable." *Associated Gen. Contractors of Cal., Inc. v. Cal. State Council of Carpenters ("AGC")*, 459 U.S. 519, 534 (1983). Antitrust standing tests whether the plaintiff is the proper party to redress the alleged antitrust violation. *Am. Ad Mgmt., Inc. v. Gen. Tel. Co. of Cal.*, 190 F.3d 1051, 1054 (9th Cir. 1999); *see* Order at 11. It examines factors including: (1) whether plaintiff's injury is the type the antitrust laws intend to remedy; (2) "the directness of the injury;" (3) "the speculative measure of the harm;" (4) "the risk of duplicative recovery;" and (5) "the complexity in apportioning damages." *Am. Ad Mgmt.*, 190 F.3d at 1054; *AGC*, 459 U.S. at 535. While the Court should generally balance all of the factors, antitrust injury (factor one) is required. *Cargill, Inc. v. Monfort of Colo., Inc.*, 479 U.S. 104, 110 n.5 (1986); Order at 12.

1. Plaintiffs Do Not Plead Facts Supporting an Antitrust Injury Because Patients Paying Fewer Bills Does Not Factually and Proximately Flow From Defendants' Conduct and Occurs in the Wrong Market.

To plead antitrust injury, a plaintiff must adequately allege: "(1) unlawful conduct, (2) causing an injury to the plaintiff, (3) that flows from that which makes the conduct unlawful, and (4) that is of the type the antitrust laws were intended to prevent." *Am. Ad Mgmt.*, 190 F.3d at

1055. The Court previously found that MPPs failed to plead facts alleging elements three and four. Order at 12. MPPs' third attempt likewise fails. AmeriFinancial fails elements three and four as well.

a. Patients Paying Fewer Medical Bills Does Not Factually and Proximately Flow From the CRAs' Alleged Agreement.

An antitrust injury must flow from that which makes the alleged conduct unlawful under the antitrust laws. *Am. Ad. Mgmt.* 190 F.3d at 1056. The injury must be "the type of loss that the claimed [antitrust] violations . . . would be likely to cause." *Brunswick Corp. v. Pueblo Bowl-O-Mat, Inc.*, 429 U.S. 477, 489 (1977) (internal quotations omitted). "If the injury flows from aspects of a defendant's conduct that are beneficial or neutral to competition, there is no antitrust injury." *Theme Promotions, Inc. v. News Am. Mktg. FSI*, 546 F.3d 991, 1003 (9th Cir. 2008).

In its Order, the Court found that MPPs had not alleged facts to show that their injury flows from the alleged anticompetitive aspect of the CRAs' conduct, *i.e.*, that the injury to MPPs resulted from decreased competition in a relevant market in which MPPs participate. Order at 15-17. Nothing in the SAC changes that ruling. AmeriFinancial fares no better than MPPs.

i. Plaintiffs Are Not Purchasers of Credit Reports

Plaintiffs still do not allege facts plausibly suggesting that they suffer an injury as the direct buyer of credit reports. As the Court noted in its Order, "the injury that clearly 'flows from that which makes defendant's conduct illegal' is suffered by those who directly purchase the [CRAs'] credit reports." Order at 16. AmeriFinancial, as a collection agency, is no different than MPPs. There are no allegations that it suffers injury as a buyer of credit reports. Those direct purchasers are banks, employers, and other creditors.

ii. Patients Are an Intervening Actor Breaking The Flow of Plaintiffs' Claimed Injury From The Alleged Antitrust Violation

Plaintiffs' theory of injury relies on an intervening actor: patients. Patients decisively cut off the chain of causation between the alleged injury (patients paying fewer bills) and the alleged antitrust violation (the agreement by the CRAs not to report certain medical debt) for all Plaintiffs.

In fact, MPPs' theory of injury *has not changed* from their Amended Complaint. MPP's injury, whether they phrase it as receiving fewer payments from patients, SAC ¶ 63, or a "devalued reporting service," *id.* ¶ 64, ultimately depends on the actions of patients. Taking Plaintiffs' allegations as true, that the CRAs' actions "remove[] a major incentive to pay medical bills," *id.* ¶ 60, MPPs are injured only when a patient elects to delay payment or decides not to pay altogether, *id.* ¶¶ 62, 78.

AmeriFinancial's "devaluation injury" relies on the same theory. *Id.* ¶ 71. When patients pay their medical bills to a medical provider, AmeriFinancial, in turn, "receives a set percentage of payments made on medical debt referred to it for collections." *Id.* After the CRAs restricted medical-debt reporting, AmeriFinancial allegedly received that percentage cut less often. *Id.* ¶ 64. Unlike MPPs, AmeriFinancial did furnish medical-debt information to the CRAs, *id.* ¶ 28, but there is no allegation AmeriFinancial ever paid or was paid to do so. Nor is there any allegation that the CRAs agreed to "incentivize" a patient to pay a bill or provide some other value to AmeriFinancial in return for AmeriFinancial reporting medical-debt information. *Id.* ¶ 34. CRA webpages state that consumers may be more inclined to pay debt included in their credit reports. *Id.* ¶ 32. But that is no guarantee or transaction with collection agencies that reporting medical debt to the CRAs will lead to more payments. AmeriFinancial's only alleged injury occurs through patients paying less often (or later).

Listing the steps of Plaintiffs' causal chain highlights the flow of the injury: (1) the patient's medical debt must be the type that collection agencies normally report to the CRAs because other methods (letters, calls, legal action) did not work; (2) the patient must *know* that their bill cannot be reported to the CRAs and then decide (3) *because* of that knowledge, they will not pay; and (4) the patient must consequently not pay their medical bill.

Intervening actors in the chain of causation break the "flow" from the alleged antitrust violation. *Pac. Recovery Sols. v. United Behav. Health*, 481 F. Supp. 3d 1011, 1022 (N.D. Cal. 2020). In *Pacific Recovery*, healthcare providers alleged that when United, a health insurer, refused to pay "[u]sual, [c]ustomary, and [r]easonable [r]ates" for their services, the healthcare providers had to "balance bill" patients for the remaining amounts owed, and that they sustained

antitrust injury "to the extent that their patients fail[ed] to pay them that difference." *Id.* at 1019-22. The court found that the injury did not flow from United's alleged actions. *Id.* at 1022. "Plaintiffs are 'injured' only to the extent that their patients fail to pay them[.] . . . It appears that any such injury would arise directly from the patients' failure to comply with their financial obligations to plaintiffs, and not from defendants' conduct." *Id.*

Like the providers who blamed their unpaid medical bills on United, Plaintiffs blame the CRAs for removing an "incentive" that patients pay (or will defer paying) their bills. Plaintiffs' alleged injuries "arise directly from the patients' failure to comply with their financial obligations"—an intervening decision—"and not from [the CRAs'] conduct." *Id.* Courts consistently find similar intervening decisions break the flow of an injury from an antitrust violation. *See, e.g.*, *In re Am. Express Anti-Steering Rules Antitrust Litig.*, 433 F. Supp. 3d 395, 409-10 (E.D.N.Y. 2020) (holding "independent pricing decisions" attenuate the connection to the antitrust violation and listing cases); *In re WellPoint, Inc. Out-of-Network "UCR" Rates Litig.*, 903 F. Supp. 2d 880, 902 (C.D. Cal. 2012) (holding injury too remote from alleged antitrust violation because of intervening subscriber patients). Plaintiffs' injury does not flow factually and proximately from the CRAs' alleged agreement, and they do not adequately plead an antitrust injury.

iii. Collection Agencies Are Still an Intervening Actor That Breaks the Flow of MPPs' Injury From The Alleged Antitrust Violation.

As if the above were not enough for all Plaintiffs (and it is), MPPs are also separated from the alleged antitrust violation by an intervening actor on the front end: collection agencies. "[MPPs] both use a third-party collection agency [and,] if patients do not pay their bills[,] . . . the collection agencies furnish data about the unpaid medical bills to at least one of the [CRAs]." SAC ¶ 31.[7] Therefore, while the SAC alleges MPPs suffer a "devaluation injury" because the CRAs

[7] The SAC contains allegations that medical providers *can* furnish data directly to the CRAs and some medical providers *might*. *See* SAC ¶¶ 37, 39. But again the named MPPs do not allege that they report medical debt directly to the CRAs. "Courts 'generally consider only the claims of a named plaintiff in ruling on a motion to dismiss a class action complaint prior to class certification." *Little v. Grand Canyon Univ.*, 516 F. Supp. 3d 958, 963 (D. Ariz. 2021) (quoting *Barth v. Firestone Tire & Rubber Co.*, 673 F. Supp. 1466, 1476 (N.D. Cal. 1987); *Kamath*, 2014 WL 2916570 at *1 n.4.

have "devalued" reporting medical debt, *id.* ¶ 9, that injury only occurs circuitously via the collection agencies reporting to the CRAs, *id.* ¶ 31. The Court's conclusion in its previous Order remains true: "[B]ecause [Medical Provider] Plaintiffs do not appear to be involved in the alleged transaction, the Court cannot find that the injury flows from the illegality of the conduct." Order at 17; *see AGC*, 459 U.S. at 539–41 (noting that injury did not flow from antitrust violation, in part because labor union did not directly transact with the defendant).

MPPs cannot paper over the pleading gap between their suffered injury (patients paying fewer bills) and the CRAs' actions through the SAC's revised allegation that MPPs give an "instruction" to collection agencies. *See* SAC ¶ 42. Even if MPPs "instruct"—instead of "intend and prefer," as Adams and Cape alleged in the Amended Complaint, ¶ 33, Dkt. 43—collection agencies to report medical debt to the CRAs, the collection agencies themselves report the debt, *id.* ¶ 40. And if collection agencies do not furnish medical debt to the CRAs, then MPPs' only recourse is to "choose a different collection agency." *Id.* ¶ 41.

Moreover, as the Court noted in its Order, collection agencies "have several options at their disposal to incentivize patients to pay." Order at 15 (citing Am. Compl. ¶ 29).[8] And the SAC still includes allegations that collection agencies have options to collect from patients besides reporting to the CRAs. Collection agencies "attempt again to communicate with the patients to receive payment" before they decide to report anything to the CRAs. SAC ¶ 31. They can also attempt to make more in-depth explanations to patients or take legal action instead. *See id.* ¶¶ 70, 97.

The SAC offers no new specific fact that changes the Court's prior ruling: that a collection agency is "an independent party determining whether the information makes it to the [CRAs]" and that "third party's decision to use one of the other mechanisms it has at its disposal to incentivize patients to pay" results in MPPs' injury, not the alleged agreement between the CRAs. Order at

[8] Though Plaintiffs removed this allegation from the SAC, they cannot delete their way to plausibility. *Bauer v. Tacey Goss, P.S.*, 2012 WL 2838834 at *3 (N.D. Cal. July 10, 2012). If a plaintiff offers no explanation for their changed allegations, the court may accept previous allegations as a judicial admission and disregard new, contradictory pleadings. *Id.*; *Azadpour v. Sun Microsystems, Inc.*, 2007 WL 2141079, at *2 n.2 (N.D. Cal. July 23, 2007) ("[w]here allegations in an amended complaint contradict those in a prior complaint, a district court need not accept the new alleged facts as true").

16. The Court's cited cases remain apposite. *Sabol v. PayPal Holdings, Inc.*, 2024 WL 3924686, at *3 (N.D. Cal. Aug. 23, 2024) (finding injury did not flow from unlawful conduct because plaintiffs had no relationship with defendants and were only harmed through third-party merchants); *GSI Tech. v. United Memories, Inc.*, 2014 WL 1572358, at *4 (N.D. Cal. Apr. 18, 2014) (intervening decision of third party to award a contract stopped the flow of antitrust injury). Thus, while collection agencies themselves lack antitrust standing to assert claims based on alleged restraints of trade in the reporting of credit data, MPPs stand even one step further removed from the alleged injury.

b. Plaintiffs' Injury Is Not the Type Antitrust Is Intended to Prevent Because Their Alleged Injury Occurs in a Different Market and MPPs Are Not Market Participants.

No new allegations change the Court's earlier finding that MPPs have not suffered an injury that antitrust means to remedy. *See* Order at 20. And while AmeriFinancial may participate in an alleged relevant market for "reporting medical-debt information," SAC ¶ 89, its alleged injury occurs in the market for debt collection services, and so is legally insufficient to plead antitrust injury.

Antitrust injury requires that a plaintiff suffer an injury that is "the type the antitrust laws were intended to prevent." *Am. Ad. Mgmt.*, 190 F.3d at 1057. This is analogous to determining whether an alleged injury was proximately caused by a defendant's actions in tort law, but with antitrust laws' purpose in mind. *AGC*, 459 U.S. at 536; *In re Dynamic Random Access Memory (DRAM) Antitrust Litig.*, 546 F.3d 981, 991 (9th Cir. 2008) (comparing a "cause in fact" to a "proximate" or "legal" cause). "The primary purpose of antitrust laws is to preserve competition." Order at 17; (citing *Knevelbaard Dairies v. Kraft Foods, Inc.*, 232 F.3d 979, 988 (9th Cir. 2000)). From that purpose, courts have derived a rule that the "injured party be a participant in the same market as the alleged malefactors." *Am. Ad. Mgmt.*, 190 F.3d at 1057 (quoting *Bhan v. NME Hospitals, Inc.*, 772 F.2d 1467, 1470 (9th Cir. 1985)). Similarly, plaintiff's injury must be "in the market where competition is being restrained," *Am. Ad Mgmt.*, 190 F.3d at 1057, or "inextricably intertwined" with that market. *Blue Shield of Va. v. McCready*, 457 U.S. 465, 484 (1982).

First, Plaintiffs' alleged injury does not occur in the medical-debt information market. MPPs' theory of injury has not changed from the Amended Complaint. Their injury, fewer patients paying medical bills, decidedly takes place in the market for medical services. As the Court found last time on nearly identical allegations, "[MPPs'] primary services are in the medical services market." Order at 19. In comparison, the CRAs have nothing to do with that market.

While newly alleged, AmeriFinancial's injury is no different. Its asserted injury is receiving its "set percentage" of patients' medical bills less often. SAC ¶ 71. AmeriFinancial receives that payment from medical providers in return for its debt collection services. *Id.* ¶¶ 44, 71. Thus, the injury necessarily occurs in the market for debt collection services (the market to track, repeatedly contact and, if necessary, take legal action against, debtors), not the claimed medical-debt information market. The CRAs do not participate in the debt collection services market either. Put differently, AmeriFinancial is not injured by being unable to supply medical-debt information to the CRAs (its only alleged participation in the market for reporting medical-debt information) but rather claims to have suffered injury based on later being unable to collect as much from patients—an injury that occurs in an entirely different market than the claimed market for reporting medical-debt information, and thus an entirely different market than that in which the CRAs compete.

As the alleged injury is in the wrong market, this is not the sort of injury antitrust laws were intended to prevent. *See Am. Ad. Mgmt.*, 190 F.3d at 1057; *Cargill Inc. v. Budine*, 2007 WL 2506451, at *5 (E.D. Cal. Aug. 30, 2007) (finding nutritional consulting business not a participant and did not suffer injury in beef blood meal market); *Feitelson v. Google Inc.*, 80 F. Supp. 3d 1019, 1027-28 (N.D. Cal. 2015) ("[S]upracompetitive pricing in Android phones . . . is not in the market in which the alleged anticompetitive conduct occurred.").

Second, MPPs do not participate in the allegedly restrained market for medical-debt information. *See* SAC ¶ 7. MPPs never allege they directly furnish medical-debt information to the CRAs, that they are consumers of medical-debt information, or that they participate in any other way in the allegedly restrained market. Just as before, "there is no contract between [MPPs] and

[the CRAs] to provide medical-debt information." Order at 18. This alone inevitably means the SAC fails to allege antitrust injury for MPPs. *See Am. Ad. Mgmt.*, 190 F.3d at 1057.

Third, none of Plaintiffs have alleged facts plausibly showing their injury is inextricably intertwined with the asserted market for medical-debt information. *McCready*, 457 U.S. at 483-84. To sufficiently allege their injury is inextricably intertwined, a plaintiff must plead facts that it is "the 'direct victim' of a conspiracy or the 'necessary means' by which the conspiracy was carried out." *Lorenzo v. Qualcomm Inc.*, 603 F. Supp. 2d 1291, 1300-01 (S.D. Cal. 2009). The Court held that the Amended Complaint did not plead facts sufficient to meet this narrow exception. Order at 19. Nothing in the SAC changes that.

Conclusorily, the SAC alleges that the CRAs somehow "targeted" the medical providers in their alleged conspiracy, pointing to the CRAs' press statements and webpages. SAC ¶¶ 81-84. But these allegations provide examples of the CRAs' actual reasons for the agreement. For example, the CRAs wanted to "support consumers" and "help patients," not target MPPs (or anyone else). *Id.* ¶¶ 81, 82. That is far from situations that courts find fit the narrow "inextricably intertwined" exception. *See McCready*, 457 U.S. at 483 (finding patient was the *direct victim* of the conspiracy where target was the down-stream psychotherapists); *Ostrofe v. H.S. Crocker Co.*, 740 F.2d 739, 745 (9th Cir. 1984) (sales manager to down-stream target of conspiracy suffered antitrust injury).

Plaintiffs have not suffered injury in the asserted medical-debt information market, MPPs are not even participants in that market, and none of the Plaintiffs have injuries that are inextricably intertwined with the market. Therefore, Plaintiffs do not plead facts that plausibly show they suffered antitrust injury.

2. Plaintiffs' Injury Is Not Direct Because If It Occurs, It Is Only Through the Actions of Independent Third Parties.

The "directness" factor of antitrust standing considers whether the "alleged injury was the direct result of [the] allegedly anticompetitive conduct" and the nature of "the chain of causation between [plaintiffs'] injury and the alleged restraint." *Am. Ad Mgmt.*, 190 F.3d at 1058. "The harm may not be 'derivative and indirect' or 'secondary, consequential, or remote.'" *Theme*

Promotions, Inc., 546 F.3d at 1004; *Holmes v. Sec. Inv. Prot. Corp.*, 503 U.S. 258, 268 (1992) (antitrust violation must be "but for" and "proximate" cause of injury). "Basic tort law principles teach that the independent act of a third party that is also a factual cause of a plaintiff's harm breaks the chain of causation and relieves the original tortfeasor of liability." *GSI Tech.*, 2014 WL 1572358, at *4.

Plaintiffs lack standing because their alleged injuries require an attenuated chain of causation and depend on the intervening decision of patients. *See* supra Section V.A.1.a (injury does not flow from antitrust violation). MPPs' injury is doubly indirect because collection agencies, too, are intervening actors. *Id.* Courts have found intervening actors leave the alleged injury too indirect to create antitrust standing. *Pacific Recovery*, 481 F. Supp. 3d at 1022; *GSI Tech.*, 2014 WL 1572358, at *4; *Sabol*, 2024 WL 3924686, at *3. And AmeriFinancial's injury is even more indirect because patients pay medical providers and AmeriFinancial only receives a percentage of that sum. SAC ¶ 71. This puts AmeriFinancial in a "remote" position where its injury is derivative of the medical provider's. *In re WellPoint, Inc.*, 903 F. Supp. 2d at 902. All Plaintiffs' alleged injuries here require an attenuated chain of causation, and therefore fail the requirements for antitrust standing.

3. The SAC Makes Clear That Plaintiffs' "Incentive" Theory of Injury Is Speculative.

A speculative harm that is indirect or that could have resulted from other factors weighs against antitrust standing. *Am. Ad Mgmt.*, 190 F.3d at 1059; *AGC*, 459 U.S. at 542.

First, Plaintiffs' harm is indirect for all of the reasons stated above. No "harm" is wrought on them, according to the SAC, unless an intervening act occurs: patients refuse to (or delay in) paying their bills. *See AGC*, 459 U.S. at 542 (harm is speculative in part because it was produced by independent factors). For MPPs, another intervening act also occurs because collection agencies must decide to furnish data to the CRAs after MPPs supply the medical-debt information to the collection agencies. SAC ¶ 31.

Second, Plaintiffs allege no facts making plausible their claim that the alleged injury is "a result of" the antitrust violation. *AGC*, 459 U.S. at 542. Put another way, Plaintiffs allege that the

CRAs made an unlawful agreement to limit medical debt reporting, and allege that some patients have not paid them, SAC ¶¶ 63–64, but they have provided no facts that plausibly allege the first caused the second. Adams only states he "reasonably infers" his bills are not being paid *because of* the CRAs' actions. *Id.* ¶ 63. Cape and AmeriFinancial provide no facts specific to them either. They allege nothing more than that they "have seen a substantial decrease in the percentage of patients paying their bills." *Id.* ¶ 64. The Supreme Court "insist[s] upon some specificity in pleading before allowing a potentially massive factual controversy to proceed," *Twombly*, 550 U.S. at 558 (quoting AGC, 459 U.S. at 528 n.17).

Plaintiffs assert anecdotes to support their speculative harm (some old, some new), but again, not one provides specificity to Plaintiffs' actual experience. SAC ¶ 60 Each anecdote can be quickly dispensed with:

- Uncited posts on social media platforms stating that patients are not going to pay their medical bills provide no specific factual allegation about why MPPs' patients are not paying their bills. *Id.* ¶ 60(a); *see Kendall*, 518 F.3d at 1047-48.
- One person's anecdotal misunderstanding of credit reports is not sufficient factual support to make Plaintiffs' theory of harm plausible. SAC ¶ 60(b).
- An uncited medical provider's statement does not raise Plaintiffs' conclusion that patients pay less because of the CRAs' agreement above the speculative level. *Id.* ¶ 60(c).
- One podcaster's advice to negotiate with collection agencies does not create a reasonable inference of causation. Instead, it reinforces the fact that collection agencies have other avenues, like calling patients, to collect medical bills. *Id.* ¶ 60(d).
- One credit card company's restatement of the at-issue reporting policy for medical debt does not provide factual specificity as to why patients are not paying bills. *Id.* ¶ 60(e).

Rather than plead facts, MPPs only state that the CRAs "removed an important incentive for patients to pay their medical bills timely." *Id.* ¶ 73. An "incentive" is not enough for an injury to be the "result of" an alleged antitrust violation. *AGC*, 459 U.S. at 542. Consider one comparison: A patient may have an incentive to obey the speed limit on their drive to the doctor lest they get a ticket, but that does not in fact mean that they obeyed the speed limit. They may drive slowly

because there is ice on the road, they are a new driver, they are visually impaired, they have a defective car, or they think it is safer. So too with antitrust standing: An antitrust violation must be the but-for, factual cause and the proximate cause of an injury to have antitrust standing, not just the speculative "incentive" for an injury. *See Atl. Richfield Co. v. USA Petroleum Co.*, 495 U.S. 328, 334 (1990); *In re Publ'n Paper Antitrust Litig.*, 690 F.3d 51, 66 (2d Cir. 2012) (citing *AGC*, 459 U.S. 519).

City of Oakland v. Oakland Raiders remains a helpful comparison. 20 F.4th 441 (9th Cir. 2021). Oakland alleged that it would still have an NFL franchise if the league and its member teams had not agreed to limit the number of football teams—an alleged antitrust conspiracy. *Id.* at 448-50. After listing alternative causes for Oakland's harm (not having an NFL team), the Ninth Circuit held that the alleged harm was "too speculative," since there was "no way of knowing" whether "new teams [would] have joined the NFL," whether those new teams would "have found Oakland attractive[,]" or whether "the Raiders [would] have left Oakland in any event[.]" *Id.* at 459-60. Here too there is a long list of alternative reasons why a patient would not pay a bill: (1) patients may not be able to afford their bill; (2) may not have yet realized they owe the bill; (3) may be contesting the bill with an insurance company or the medical provider; (4) may depend on a relative or caretaker to pay their bill; or (5) may have to balance their payments between medical bills, car payments, mortgages, and credit card debt. *See Unlocked Media, Inc. Liquidation Trust v. Google LLC*, 2025 WL 563460, at *6 (N.D. Cal. Feb. 20, 2025) (dismissing complaint because "many factors" affected prices in digital ad market and the antitrust injury had no "plausible connection" to the alleged anticompetitive conduct).

Other courts have found that similarly speculative harms do not support antitrust standing. *Arcell v. Google LLC*, 744 F. Supp. 3d 924, 931 (N.D. Cal. 2024) (dismissing antitrust claims where conclusory allegations of harm to quality, innovation, and choice were not supported by specific facts); *Feitelson*, 80 F. Supp. 3d at 1029 (dismissing antitrust claims where alleged injuries were "entirely too conclusory and speculative"); *Sabol*, 2024 WL 3924686, at *3 ("Plaintiffs fail to allege facts that explain the significance of the alleged passed-on transaction

fees relative to the other numerous pricing factors" that could lead to the higher price). Plaintiffs' "incentive" theory cannot substitute for plausible factual allegations.

4. Plaintiffs' Alleged Injury Risks Duplicative Recovery and Would Be Impossible to Apportion Because of Its Speculative Nature.

Risks of duplicative recovery and the complexity of apportioning damages also weigh against antitrust standing. *Am. Ad Mgmt.*, 190 F.3d at 1060-61. The speculative nature of Plaintiffs' injury makes apportioning damages near-impossible: which unpaid medical bills will be attributed to the CRAs' alleged actions and which ones will not be? Collection agencies have different reporting practices that factor into apportioning damages, either reporting to only some of the CRAs, reporting at different times, or only reporting certain debt. *See* SAC ¶ 28 (reporting to "at least one" but not all CRAs); *id.* ¶ 31 (reporting only if further communication is unsuccessful). These types of complexities cut against antitrust standing. *See AGC*, 459 U.S. at 545 (inability to apportion damages to labor union or others cautions against finding antitrust standing exists). And, as explained above, to the extent there was any violation at all, there remain other market participants with arguably far more direct claims for injury here, such as purchasers of credit reports. *See supra* at 8; Order at 16 ("the injury that clearly 'flows from that which makes defendant's conduct illegal' is suffered by those who directly purchase the [CRAs'] credit reports"). Plaintiffs therefore lack antitrust standing.

B. MPPs Theory of Antitrust Standing is Barred by *Illinois Brick* Because MPPs Are Indirect Suppliers of Medical-Debt Information.

MPPs' theory of antitrust standing is also barred by *Illinois Brick Co. v. Illinois*, which established a clear rule precluding indirect purchasers from recovering damages for federal antitrust claims. 431 U.S. 720, 730 (1977). In *Illinois Brick*, The Supreme Court rejected the plaintiffs' claims for lack of standing, reasoning that allowing indirect purchasers to sue for damages would put defendants at risk of duplicative liability and introduce prohibitively complex evidentiary issues. *See id.* at 730-33. The Ninth Circuit has faithfully followed this "bright line rule for identifying the proper plaintiff when an antitrust violation occurs in a multi-tiered distribution system." *Del. Valley Surgical Supply Inc. v. Johnson & Johnson*, 523 F.3d 1116, 1122 (9th Cir.

2008); *see also In re ATM Fee Antitrust Litig.*, 686 F.3d 741, 748 (9th Cir. 2012) (confirming that "indirect purchasers may not use a pass-on theory to recover damages and thus have no standing to sue.").

In dismissing the Amended Complaint, this Court recognized that "Plaintiffs' failure to provide medical-debt information to the CRAs is fatal to their claim under *Illinois Brick* and its progeny[.]" Order at 16, n. 3. The SAC fails to put forth any new facts suggesting that MPPs are direct suppliers (or consumers) of medical debt-information provided by the CRAs. The best MPPs offer is a generalized statement that some physicians "*could*" employ collection agencies in-house. SAC ¶ 30 (emphasis added). But nowhere do they allege that they, as the only named MPPs, employ their own collection agencies. Quite the opposite—both Cape and Adams expressly allege reliance on debt collection agencies. *Id.* ¶ 40 ("The Medical Provider Plaintiffs in particular both decided that a collection agency would furnish data about unpaid medical bills"). Because conclusory allegations that some unidentified medical providers somewhere in the United States might directly provide information directly to the CRAs is not sufficient to survive Rule 12(b)(6), MPPs "run squarely into the *Illinois Brick* wall." *Kendall*, 518 F.3d at 1049 (affirming holding that *Illinois Brick* barred merchants' complaint that banks conspired to fix fees in credit card sales because merchants had no direct contractual relationship and were not charged the fees directly).

Nor can MPPs salvage their case through their half-hearted allegations of an agency relationship with the collection agencies. Courts have carved out a narrow exception to *Illinois Brick* where a plaintiff directly owns or controls the direct purchaser. Examples of sufficient "ownership or control" include "interlocking directorates, minority stock ownership, loan agreements that subject the wholesalers to the manufacturers' operating control, [or] trust agreements." *Sun Microsystems Inc. v. Hynix Semiconductor Inc.*, 608 F. Supp. 2d 1166, 1182 (N.D. Cal. 2009) (citations omitted). But so narrow is this exception that the Ninth Circuit refused to apply it where, even though the plaintiff had a direct contractual relationship with the defendant, the plaintiff was still an indirect purchaser because it relied on an independently owned distributor to actually procure the goods. *See Delaware Valley*, 523 F.3d at 1122. MPPs

do not clear this high bar—they allege only that collection agencies are their agents because MPPs retain "control of the decisions whether to send a particular unpaid bill to a collections agent and whether to authorize the collections agent to furnish the data to the [CRA]'s." SAC ¶ 39. The SAC otherwise makes clear that collection agencies have discretion over how to contact patients, pursue payment, or initiate legal action. *Id.* ¶¶ 44, 97.

Most critically, MPPs do not claim that their supposed control over the collection agencies "truly" suspends or supersedes "market forces." *Sun*, 608 F. Supp. 2d at 1182. As the *Sun* court explained, market forces are suspended where the intermediary is a mere conduit; for example, paid by a flat monthly fee that is "resistant to supply and demand forces." *Id.* Under such circumstances, the intermediary lacks its own incentive to file suit—eliminating the double recovery concerns underlying the *Illinois Brick* rule. *Id.* at 1181-82. But here, MPPs concede that AmeriFinancial has the exact "same incentive" to report medical debt as MPPs do because AmeriFinancial receives a share of any paid debts. SAC ¶ 44. Of course, AmeriFinancial has filed suit for its own damages claims in this case. Thus, MPPs' continued failure to adequately allege that they directly supply the CRAs with medical debt-information remains "fatal" to their claims. Order at 16 n.3.

C. Plaintiff Adams Does Not Have Shareholder Standing Because His Alleged Injury is Derivative of Injury on Twelve Bridges.

Adams offers medical services through Twelve Bridges. SAC ¶ 17. But Twelve Bridges, not Adams, sends bills to and receives payment from patients. *Id.* ¶ 70. Adams has an "ownership share" in Twelve Bridges, *id.* ¶ 17, and receives a "set percentage of the money received by [it] for the medical services [he] performs" and "is separately entitled to a set percentage of the practice's profits," *id.* Adams does not receive payments directly from patients.

"A shareholder of a corporation injured by antitrust violations has no standing to sue in his or her own name." *Vinci v. Waste Mgmt., Inc.*, 80 F.3d 1372, 1375 (9th Cir. 1996) (quotation omitted). Thus, Adams' "ownership share," SAC ¶ 17, of Twelve Bridges does not suffice.

Nor is the "set percentage" of money he receives sufficient. *Id.* Compare the facts here with *Sherman v. British Leyland Motors, Ltd.*, 601 F.2d 429 (9th Cir. 1979). In that case, the

Ninth Circuit held that a corporation's president lacked antitrust standing where he lost his salary and had to pay $70,000 to cover the company's debts. *Id.* at 439-40 n.10. Those injuries still did not "afford [him] standing to bring suit in his individual capacity." *Id.* at 439. The same goes for Adams. Assuming the alleged harm to Twelve Bridges caused Adams' income to go down, he cannot sue for that purely derivative injury. *See Shell Petroleum, N.V. v. Graves*, 709 F.2d 593, 595 (9th Cir. 1983) ("[A] shareholder must assert more than personal economic injury resulting from a wrong to the corporation").

The same shareholder standing principles bar Adams' Cartwright Act claims under California Law. *Vinci v. Waste Mgmt., Inc.*, 36 Cal. App. 4th 1811, 1815 (1995). The Court should dismiss Adams' federal antitrust and Cartwright Act claims for lack of shareholder standing.

D. Adams Cartwright Act Claim Fails Because He Does Not Plead Facts Supporting Antitrust Standing

Adams likewise fails to plead antitrust standing under the Cartwright Act. Generally, the "analysis under the Cartwright Act mirrors the analysis under the Sherman Act*." Flaa v. Hollywood Foreign Press Ass'n*, 55 F.4th 680, 688 (9th Cir. 2022). So, for the same reasons (discussed above) that Adams cannot establish that his injury (1) flows from the CRAs' alleged conduct and (2) is the type that antitrust laws were intended to remedy under federal law, Adams also lacks standing under the Cartwright Act. *See Sabol*, 2024 WL 3924686, at *3-4 (a "theory of harm" that "is too attenuated because it necessarily depends on the independent actions" of third parties fails under both the Sherman Act and the Cartwright Act (citations omitted)). *Feitelson*, 80 F. Supp. 3d at 1032 ("deficiencies" in standing under the Sherman Act "equally apply to [p]laintiffs' claims under . . . California's Cartwright Act" where plaintiffs failed to allege antitrust injury in the same market as the anticompetitive conduct (citations omitted)).[9]

[9] To be sure, courts are split on whether the *AGC* factors apply to Cartwright Act claims. *Compare In re WellPoint, Inc. Out-of-Network "UCR" Rates Litig.*, 2013 WL 12130034, at *11 (C.D. Cal. July 19, 2013) (applying *AGC*); *Los Gatos Mercantile, Inc v. E.I. DuPont De Nemours & Co.*, 2014 WL 4774611, at *6 (N.D. Cal. Sept. 22, 2014) (applying *AGC*) *with In re Capacitors Antitrust Litig.*, 106 F. Supp. 3d 1051, 1073 (N.D. Cal. 2015) (declining to apply *AGC*). But this Court need not enter the fray because Plaintiffs fail to plead antitrust injury—which is essential under both the Cartwright Act and the Sherman Act regardless of reference to the *AGC* factors. *See Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 269 F. Supp. 2d 1213, 1224 (C.D. Cal. 2003) ("It is clear, for instance, that the Cartwright Act's more expansive standing provision does not dispense with the requirement that an antitrust plaintiff

Nor is it of any consequence that the Cartwright Act permits claims by indirect purchasers, because Adams cannot establish standing under the Cartwright Act solely by virtue of his indirect purchaser status. That is, "while the Cartwright Act directly contradicts federal law insofar as indirect purchaser standing is generally concerned, it does not follow from this either that indirect purchaser status is itself sufficient under California law to establish antitrust standing or" that general principles of antitrust standing do not still apply. *In re Dynamic Random Access Memory (DRAM) Antitrust Litig.*, 516 F. Supp. 2d 1072, 1087 (N.D. Cal. 2007). Adams therefore fails to plead antitrust standing under the Cartwright Act.

E. MPPs Do Not Plead Facts Supporting Every Element of Their Tortious Interference Claims.

MPPs fail to plead facts that satisfy their purported claims of tortious interference under California and New Jersey law, and the injection of these claims only amplify the speculative nature of the SAC.

1. Legal Standards for Tortious Interference with Contract

Although the standards are slightly different under California and New Jersey law, each state requires that a plaintiff plead facts that show: (1) a valid contract between the plaintiff and a third party; (2) defendant's knowledge of this contract; (3) defendant's intentional acts designed to induce a breach or disruption of the contractual relationship; (4) actual breach or disruption of the contractual relationship; and (5) resulting damages. *See, e.g.*, *Ixchel Pharma, LLC v. Biogen Inc.*, 2018 WL 558781, at *2 (E.D. Cal. Jan. 25, 2018); *Dello Russo v. Nagel*, 817, A.2d 426, 434 (N.J. Super. Ct. App. Div. 2003). Failure to plausibly allege facts in support of any of the required elements is fatal and requires dismissal. *See, e.g.*, *Katzenbach v. Grant*, 2005 WL 1378976, at *15 (E.D. Cal. June 7, 2005); *Bambi Babycom Corp. v. Madonna Ventures, Inc.*, 2019 WL 2337447, at *10 (D.N.J. June 3, 2019).

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allege an injury of the type the antitrust laws were intended to prevent and that flows from that which makes defendants' acts unlawful." (citation omitted)).

2. Plaintiffs Cannot Satisfy the Elements of Tortious Interference with a Contract

MPPs' allegations fail to satisfy all the elements of a tortious interference with contract claim in these states, but we concentrate here on the first three elements:

a. Plaintiffs Do Not Allege Facts to Show a Specific Contract

Under both California and New Jersey law, a plaintiff must identify a specific contract with which the defendant interfered. Courts routinely dismiss claims where a plaintiff fails to do so. *See, e.g.*, *Driscoll's Inc. v. Cal. Berry Cultivars, LLC*, 2023 WL 2717445, at *4-5 (E.D. Cal. Mar. 30, 2023) (plaintiff failed to allege the existence of a specific contract); *Only v. Ascent Media Grp., LLC*, 2006 WL 2865492, at *8 (D.N.J. Oct. 5, 2006) (plaintiff failed to state a claim because it did not "[identify] existing contracts . . . with the required specificity"). For example, in *MedWell, LLC v. Cigna Corp.*, the court dismissed a tortious interference with contract claim where, as here, the allegations showed only that healthcare was provided and that the plaintiffs anticipated payment from patients—without explicitly describing any contract or its terms. 2023 WL 4045089, at *3 (D.N.J. June 16, 2023).

The SAC broadly references the general contractual relationships between MPPs and their patients—stating, in the most general terms, that they have "entered into . . . valid contracts with patients that require patients to pay for the medical services they receive." SAC ¶ 139; *see also id.* ¶ 111 (similar). This is precisely the type of generalized allegation that is not sufficient to allege tortious interference with a contract. *See, e.g.*, *Automated Pet Care Prods., LLC v. PurLife Brands, Inc.,* 703 F. Supp. 3d 1022, 1035 (N.D. Cal. 2023); *loanDepot.com v. CrossCountry Mortg., Inc.*, 399 F. Supp. 3d 226, 237 (D.N.J. 2019) (dismissing claim for tortious interference with contract due to failure to identify the contract at issue).

b. MPPs Do Not Plead Facts Showing Knowledge of the Contract by the CRAs

Nor do MPPs plead facts showing that the CRAs were aware of the specific contracts with which they are supposed to have interfered, as required under California and New Jersey law. *See, e.g.*, *In re Aluminum Warehousing Antitrust Litig.*, 2014 WL 4743425, at *4 (S.D.N.Y. Sept.

15, 2014) (applying California law) (noting that tortious interference "require[s] a defendant to have knowledge of the specific contract with which he is interfering" (emphasis omitted)); *Doe-1 v. LexisNexis Risk Sols., Inc.*, 2025 WL 306592, at *5 (D.N.J. Jan. 27, 2025) ("[T]ortfeasor must have actual knowledge of the 'specific contract[] right' . . . '[g]eneral knowledge of a business relationship is not sufficient.'" (citations omitted)). "[A]llegations that a defendant intended to interfere with a category of contracts or a plaintiff's business more generally are not enough—a tortious interference claim requires more targeted actions." *Matrix Distrib., Inc. v. Nat'l Ass'n of Bds. of Pharmacy*, 2020 WL 7090688, at *15 (D.N.J. Dec. 4, 2020); *see also Trindade v. Reach Media Grp., LLC*, 2013 WL 3977034, at *15 (N.D. Cal. July 31, 2013) (similar under California law).

Here, MPPs at most allege exactly what the court in *Matrix Distributors* and *Trindade* explained would not be sufficient: generalized awareness of "data showing the existence of contracts between medical providers and patients" and the CRAs' knowledge "that patients had contractual obligations to pay medical providers but had not yet paid." SAC ¶ 140. This does not come close to alleging facts showing the actual knowledge of a specific agreement required to state a claim under New Jersey or California law.

c. MPPs Do Not Plausibly Allege Facts That the CRAs Sought to Interfere with Any of MPPs' Contracts.

Finally, MPPs fail plausibly to plead facts to show that the CRAs' conduct was somehow targeting MPPs' contracts (the same insufficient allegations MPPs believe will rescue their antitrust claims). Under both California and New Jersey law, the complaint must plausibly allege facts showing that the defendants' actions were intentionally designed to induce a breach of the alleged contracts—and, under New Jersey law, that this was done with "malice" toward the plaintiff. *See, e.g., Driscoll's*, 2023 WL 2717445, at *5 (interference must be "known to [defendant] to be a necessary consequence of his action[s]" (citations omitted)); *Fintech Consulting v. ClearVision Optical Co.*, 2013 WL 1845850, at *6 (D.N.J. Apr. 30, 2013) (complaint failed to plead intent or malice where complaint failed to assert any "fraudulent, dishonest or illegal" conduct). Here, the SAC alleges in conclusory terms that the CRAs interfered with MPPs'

contractual relationships with their patients by (a) no longer reporting certain types of medical debt and, by virtue of having done so, (b) purportedly "persuad[ing]" and "encourag[ing]" patients to delay or avoid payment of their medical bills. SAC ¶ 141. But MPPs do not allege—nor could they—specific facts showing that when the CRAs adopted a policy of not reporting certain types of medical debt, as encouraged by the CFPB, that the policy was "designed to induce a breach" of contract—*i.e.*, that the CRAs sought to undermine doctors' agreements with patients. *Driscoll's*, 2023 WL 2717445, at *5. That a business decision was made to protect consumers does not mean that it was made with the purpose of harming those consumers' creditors, and MPPs have failed to plausibly allege any facts suggesting otherwise. SAC ¶¶ 81-82.

MPPs cannot satisfy the elements of the new causes of action they have added to the SAC, and those claims must accordingly be dismissed.

VI. CONCLUSION

For these reasons, the Court should dismiss with prejudice the Second Amended Complaint in full.

Respectfully submitted,

Dated: March 3, 2025

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Exhibit A

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UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF CALIFORNIA

DR. DERRICK ADAMS ~~AND~~, CAPE EMERGENCY PHYSICIANS, P.A., and AMERIFINANCIAL SOLUTIONS, LLC on behalf of themselves and those similarly situated, Plaintiffs, v. EXPERIAN INFORMATION SOLUTIONS, INC., EQUIFAX INC., AND TRANSUNION, Defendants.	No. 2:23-CV-01773-DJC-JDP SECOND AMENDED CLASS ACTION COMPLAINT FOR VIOLATIONS OF ANTITRUST LAW AND TORTIOUS INTERENCE WITH EXISTING CONTRACTS ~~(I) THE SHERMAN ACT, 15 U.S.C. § 1, ET SEQ., AND~~ ~~(II) THE CARTWRIGHT ACT, CAL. BUS. & PROF. CODE § 16720, ET SEQ.~~ DEMAND FOR JURY TRIAL

The Medical Provider Plaintiffs Dr. Derrick Adams and Cape Emergency Physicians, P.A., and the Collection Agency Plaintiff AmeriFinancial Solutions, LLC, bring this action on behalf of themselves and ~~all~~ those similarly situated~~, bring this action~~ against Defendants Experian Information Solutions, Inc. ("Experian"), Equifax Inc. ("Equifax"), and TransUnion ("TransUnion") (collectively, the "Three Credit Reporting Agencies") for violations of the Sherman Antitrust Act ~~and~~, California's Cartwright Act~~.~~

, and tortious interference with existing contracts under California and New Jersey common law. Plaintiffs, on behalf of themselves and ~~all~~ those similarly situated, demand a trial

by jury on all counts for which a right to trial by jury is allowed and allege as follows in support of this Second Amended Class Action Complaint:

JURISDICTION

1. Plaintiffs~~' claims arise~~ bring a claim under Sherman Act Section 1 (15 U.S.C. § 1). Plaintiffs seek damages and injunctive relief under Clayton Act Sections 4 and 16 (15 U.S.C. §§ 15, 26). Plaintiff Dr. Adams also ~~asserts a claim~~brings claims under the Cartwright Act (Cal. Bus. & Prof. Code § 16750) and for tortious interference according to California common law, for which he seeks damages and injunctive relief. Plaintiff Cape Emergency Physicians also brings a claim for tortious interference according to New Jersey common law, for which it seeks damages and injunctive relief.

2. This Court has subject-matter jurisdiction over Plaintiffs' Sherman Act claim under 15 U.S.C. § 15, because the claim arises from injuries Plaintiffs suffered by reason of conduct forbidden in the antitrust laws; under 28 U.S.C. § 1331, because the claim arises under the laws of the United States; and under 28 U.S.C. § 1337(a), because the claim arises under an Act of Congress regulating commerce or protecting trade and commerce against restraints of trade. This Court has supplemental jurisdiction of the state law ~~claim~~claims under 28 U.S.C. § 1367(a).

3. This Court has personal jurisdiction over each of the Defendants because each of the Defendants: performed the trade that was illegally restrained in this State, including in this District; transacted business in this State, including in this District; had substantial contacts within this State, including in this District; and/or were engaged in an unlawful restraint of trade which injured persons residing in, located in, and doing business in this State, including in this District.

NATURE OF THE ACTION

4. In very public fashion, the Three Credit Reporting Agencies announced a formal agreement among themselves to restrain trade by refusing to report unpaid medical bills under $500 on consumer credit reports. Indeed, it is rare to see such a transparent conspiracy. While the Defendants celebrated their joint action as benefitting patients, this reporting-amount conspiracy represents a categorical violation of the Sherman Act and the Cartwright Act, and its imposition not only illegally restrains trade, but will also diminish access to medical care by driving providers out of certain ~~markets~~areas.

5. The Three Credit Reporting Agencies also agreed to extend the time that they report any amount of ~~unpaid~~ medical debt ~~must be delinquent before it can be reported~~ on a consumer credit report, from 180 days past the due date to 365 days. This reporting-timing conspiracy, which became effective on July 1, 2022, also represents a categorical violation of the Sherman Act and the Cartwright Act because it illegally restrains trade.

~~6. The Three Credit Reporting Agencies' conspiracy to devalue the quality of their credit reports, through the reporting amount conspiracy and reporting timing conspiracy, targets medical providers and has inevitably harmed them. Medical providers now have a more costly path to collect payment on unpaid medical bills, if they can feasibly collect at all. Defendants' conduct also places individual medical providers, such as Plaintiffs, at~~

~~a severe financial disadvantage compared to larger and more expensive medical practices, such as hospitals.~~

~~7. Medical providers submit information about unpaid medical bills to credit reporting agencies in what had been a mutually beneficial transaction: credit reporting agencies received information about unpaid debts, which made their reports more valuable to those purchasing the credit reports, and medical providers received help persuading patients to pay their medical bills, by virtue of patients' desire to avoid the negative impact of having unpaid medical bills on their credit reports.~~

~~8~~6. Experian, Equifax, and TransUnion could have continued competing ~~in terms of~~on the value of their service to medical ~~practices~~providers by deciding independently what information to report on consumer credit reports, and when.

~~9~~7. Instead, the Three Credit Reporting Agencies have conspired to restrain competition in ~~this~~the market for reporting medical-debt information by agreeing not to report unpaid medical debts under $500 on consumer credit reports, and not to report any medical debt until it has been delinquent ~~a year.~~ 365 days.

8. Upon considering these alleged conspiracies, this Court ruled "that Plaintiffs have plausibly alleged unlawful conduct, prohibited by antitrust laws, by the Defendants." ECF 59 at 13.

9. Defendants' conspiracies not to report medical debt are targeted at medical providers and their agents who help collect payment, and they have harmed those medical providers and collection agencies by devaluing the quality of the medical-debt reporting service that the Three Credit Reporting Agencies provide. Defendants' services in the relevant market are now equally devalued to medical providers such as Medical Provider Plaintiffs~~.~~ Dr. Adams and Cape Emergency Physicians, and their collection agencies, such as Collection Agency Plaintiff AmeriFinancial Solutions. As a result of this devaluation injury, medical providers and their collection agencies have suffered amounts of damages including nonpayment of medical bills, delayed payment of medical bills, and increased costs to collect payment of medical bills.

10. Before the conspiracies, medical providers furnished information about unpaid medical bills to the Three Credit Reporting Agencies in what had been a mutually beneficial transaction: the Three Credit Reporting Agencies received information about unpaid debts, which increased the value of the credit reports they sold, and medical providers received help persuading patients to pay their medical bills, by virtue of patients' desire to avoid the negative impact of having unpaid medical bills on their credit reports.

~~10~~11. The market Defendants have restrained has a massive economic footprint. The U.S. Consumer Financial Protection Bureau ("CFPB") had estimated an "outstanding balance of about $88 billion in medical debt collections on consumer credit reports" as of 2021.[1] The CFPB also ~~has~~ "estimate[d] that 22.8 million people will have at least one medical collection removed from their credit reports when all medical collections less than $500 are removed."[2]

[1] CFPB, Medical Debt Burden in the United States at 6 n.10 (Feb. 2022) (emphasis added), ~~https://s3.amazonaws.com/~~files.consumerfinance.gov/f/documents/cfpb_medical-debt-burden-in-the-united-states_report_2022-03.pdf.

[2] CFPB, Data Point: Consumer Credit and the Removal of Medical Collections from Credit Reports at 2 (Apr. 2023) (emphasis added),

~~11~~12. There are more than one million active physicians in the United States, along with numerous other medical providers of different types. Their unpaid bills under $500 have been removed from consumer credit reports and will no longer be reported by the Three Credit Reporting Agencies.

~~12~~13. ~~There are only three~~The Three Credit Reporting Agencies are the only significant ~~credit reporting agencies who participate~~participants in the market for ~~receiving~~reporting medical-debt information ~~for purposes of reporting it on consumer credit reports: Experian, Equifax, and TransUnion. All three~~. These Defendants agreed, and issued a joint press release to announce, that they would ~~be removing~~remove, and no longer ~~reporting~~report, medical ~~debts~~debt under $500 or any medical debt until it was 365 days past the date of first delinquency.

~~13~~14. ~~This conspiracy violates~~Defendants' conspiracies violate Section 1 of the Sherman Act and Section 16720 of the Cartwright Act, and tortiously interfere with medical providers' existing contracts with patients.

~~14~~15. The Medical Provider Plaintiffs ~~and~~, many thousands of other medical providers, and their collection agencies (including Collection Agency Plaintiff AmeriFinancial Solutions), have suffered ~~losses~~injury as a direct and proximate result of Defendants' unlawful conduct and are entitled to relief including actual damages, treble damages, equitable relief, and reasonable attorneys' fees and costs.

VENUE

~~15~~16. Venue is proper in this District pursuant to Section 12 of the Clayton Act (codified at 15 U.S.C. § 22) and 28 U.S.C. § 1391(b)–(d) because a substantial part of the events giving rise to Dr. Adams's claims occurred in this District, a substantial portion of the affected interstate trade and commerce has been carried out in this District, and one or more of the Defendants is licensed to do business in, has agents in, or is found to transact business in, this District.

PARTIES

~~16~~17. Medical Provider Plaintiff Dr. Derrick Adams resides in Placer County, California. He works and has an ownership share in the medical practice Twelve Bridges Dermatology, located at 2295 Fieldstone Drive, Suite 150, Lincoln, CA 95648. By contract, Dr. Adams is entitled to a set percentage of the money received by Twelve Bridges Dermatology for the medical services Dr. Adams performs at Twelve Bridges Dermatology, and is separately entitled to a set percentage of the practice's profits.

~~17~~18. Medical Provider Plaintiff Cape Emergency Physicians, P.A. is a New Jersey professional corporation with its principal place of business in Cape May Court House, New

(emphasis added), ~~https://s3.amazonaws.com/~~files.consumerfinance.gov/f/documents/cfpb_consumer-credit-removal-medical-collections-from-credit-reports_2023-04.pdf.

Jersey.

19. Collection Agency Plaintiff AmeriFinancial Solutions, LLC is a limited liability company with its principal place of business in Owings Mills, Maryland.

~~18~~20. Defendant Experian Information Solutions, Inc. is an Ohio corporation with its principal place of business in Costa Mesa, California.

~~19~~21. Defendant Equifax Inc. is a Georgia corporation with its principal place of business in Atlanta, Georgia. Equifax Inc. is a holding company of the credit reporting agency Equifax Information Services LLC, which is an entity formed in Georgia.

~~20~~22. Defendant TransUnion is a Delaware corporation with its principal place of business in Chicago, Illinois.

~~21~~23. All conditions precedent to the bringing of this action have occurred, or Defendants have waived them.

FACTUAL BACKGROUND

Dr. Adams's Medical Practice

~~22~~24. Medical Provider Plaintiff Dr. Adams is the sole doctor in a medical practice in the small city of Lincoln, California, near Sacramento. He specializes in dermatology, in which he completed his residency and received certification from the American Academy of Dermatology and the American Osteopathic College of Dermatology. Before his residency, he served in the U.S. Air Force as a Captain and General Medical Officer at the David Grant Medical Center, Travis Air Force Base in Fairfield, California.

~~23~~25. Dr. Adams's current practice, called Twelve Bridges Dermatology, opened in April 2022. He diagnoses and treats skin cancer, psoriasis, eczema, acne, autoimmune disorders, and other skin conditions. Dr. Adams is the Medical Officer of Twelve Bridges Dermatology and has management authority over the operations of Twelve Bridges Dermatology.

Cape Emergency Physicians' Medical Practice

~~24~~26. Medical Provider Plaintiff Cape Emergency Physicians is a professional corporation that provides emergency medicine services in New Jersey.

AmeriFinancial Solutions' Business

27. Collection Agency Plaintiff AmeriFinancial Solutions works as the agent for multiple medical practices to assist them in collecting payment of unpaid medical bills from patients. AmeriFinancial Solutions has served as the collection agency for Cape Emergency Physicians in New Jersey and, at various times, for medical practices that operate in Alabama, California, Connecticut, Florida, Georgia, Illinois, Indiana, Kentucky, Maryland, North Carolina, New York, Ohio, Pennsylvania, South Carolina, and Texas.

28. On behalf of medical practices, AmeriFinancial Solutions has collected payment on unpaid medical bills for more than twenty years. It has been the AmeriFinancial Solutions' standard practice, for each medical provider client that authorizes it, to furnish information about unpaid medical bills directly to at least one of the Three Credit Reporting Agencies if contacting the patient for payment is unsuccessful.

How ~~Plaintiffs'~~ Medical Practices Bill Patients and Attempt to Collect ~~Unpaid Bills~~Payment

~~25~~29. After treating patients, the Medical Provider Plaintiffs~~' practices~~ send a bill to each patient~~, after treating them,~~ for the portion of the cost for which the patient is financially responsible after insurance ~~is~~and other payments are applied. A substantial number of these bills ~~that Plaintiffs' practices have sent to patients, and will continue to send, are for an amount~~are for a patient responsibility under $500.

Across the United States, ~~26. Plaintiffs' practices have sent bills for amounts under $500, and more, that have not yet been paid. This lack of payment has resulted in financial injury to Cape Emergency Physicians. This lack of payment has also resulted in financial injury to Dr. Adams because he receives a set percentage of the money received by Twelve Bridges Dermatology for the medical services Dr. Adams performs at Twelve Bridges Dermatology, and Dr. Adams is separately entitled to a set percentage of the practice's profits.~~

~~27.~~ ~~Thousands of other~~ medical practices have sent bills to millions of patients for an amount under $500 that remain unpaid. ~~The~~In early 2023, the CFPB "estimate[d] that 22.8 million people will have at least one medical collection removed from their credit reports when all medical collections less than $500 are removed."[3]

~~28~~30. If patients do not pay their bills, ~~Plaintiffs'~~medical practices use ~~third-party~~ accounts-receivable services as their agents to further attempt to collect payment on the unpaid bills~~.~~ from patients. The accounts-receivable services could be employees of the medical practice or a third-party collection agency, such as Collection Agency Plaintiff AmeriFinancial Solutions.

~~29~~31. ~~Accounts-receivable services, as one of their options for incentivizing~~The Medical Provider Plaintiffs both use a third-party collection agency if patients ~~to~~do not pay their bills~~, report~~. Both of their collection agencies attempt again to communicate with the patients to receive payment, but if patients continue not to pay, then the collection agencies furnish data about the unpaid medical bills to ~~credit reporting agencies. Based on information and belief, accounts-receivable services have reported unpaid medical bills from Plaintiffs' practices to~~at least one of the Three Credit Reporting Agencies.

~~30. Thousands of other medical practices in California and across the United States follow a similar practice of using accounts-receivable services to collect unpaid bills, and those accounts-receivable services report~~

[3] CFPB, Data Point: Consumer Credit and the Removal of Medical Collections from Credit Reports at 2 (Apr. 2023), ~~https://s3.amazonaws.com/~~files.consumerfinance.gov/f/documents/cfpb_consumer-credit-removal-medical-collections-from-credit-reports_2023-04.pdf.

~~unpaid medical bills to the Three Credit Reporting Agencies.~~

32. The Three Credit Reporting Agencies recognize there is a mutually beneficial transaction of services between creditors that furnish data on unpaid bills (like medical providers), and the credit reporting agencies that report those unpaid bills on consumers' credit reports. For example, Equifax encourages more businesses to furnish data by advertising "Reporting Data is a Win-Win Situation" with "KEY BENEFITS" for data furnishers that include "Incentivize stronger payment performance from customers by reporting their payment history."[4] TransUnion's website similarly describes a mutually beneficial transaction, and refers to data furnishers as its "customers":

Data Reporting is at the heart of the process that builds a consumer credit report. Without data furnishers sending timely and accurate account updates to TransUnion, there is no credit report. Accurate and timely data reporting means successful risk mitigation for businesses, accurate credit scores for consumers and less litigation for credit reporting customers.[5]

33. Equifax does not give away for free its debt reporting service. In fact, it charges a monthly fee unless the furnisher provides enough benefit to Equifax by furnishing data on at least 500 accounts per month.[6]

~~31~~34. Historically, the risk that an unpaid medical bill ~~under $500~~ was reported, or could be~~,~~ reported, on a consumer's credit report incentivized and motivated the patient to pay ~~the~~that bill. Patients understood that an unpaid bill listed on their credit report ~~harmed~~impacted their credit score, which in turn reduced their access to credit, increased their costs to obtain that credit, and decreased options for other financial transactions such as leasing a car.

~~32~~35. The Three Credit Reporting Agencies recognize they wield this power~~,~~ and are aware of the resulting value of their ~~reporting services to medical providers like Plaintiffs and other members of the proposed classes. For example, Equifax~~ debt reporting service to furnishers of information about unpaid bills. For example, Experian published an infographic encouraging businesses to furnish data by representing, "Customers that are aware you report to a credit bureau are less likely to default on their debt."[7] Equifax similarly states on its website, "Reporting loans to the CRAs can help incentivize stronger payment performance. Since consumers today understand that their payment behavior on loans reported to the CRA[]s matters. This often drives them to pay those loans on time vs. delaying or not paying those that are not reported to their credit file."[48] And as quoted above, TransUnion solicits more companies

[4] Equifax, Consumer Data Reporting (2017), assets.equifax.com/marketing/US/assets/dataFurnishersConsumerCreditData_ps.pdf.
[5] TransUnion, Data Reporting—Learn about TransUnion data reporting options, www.transunion.com/data-reporting/data-reporting (last visited Feb. 3, 2025).
[6] Equifax, Furnishing Consumer Data to Equifax ("Data Furnishers that have fewer than 500 records to report each month may be required to subscribe to Automated Data View . . . at a subscription fee of $50.00/month."), www.equifax.com/business/data-furnishers/consumer/ (last visited Jan. 28, 2025).
[7] Experian, Should I Report Credit Data To Experian? (2018), www.experian.com/content/dam/marketing/na/assets/im/consumer-information/infographics/data-reporting-infographic.pdf (last visiting Jan. 28, 2025).
[48] Bob Hofmann, Major Benefits of Credit Reporting for Both Consumers and Lenders (Feb. 28, 2023) (emphasis removed),

to furnish data by advising, "Accurate and timely data reporting means . . . less litigation for credit reporting customers."[9]

~~33. Plaintiffs intend, and prefer, that accounts receivable services, who work as their agents, continue to report their patients' unpaid bills to the Three Credit Reporting Agencies. But currently the reporting of unpaid medical bills under $500 is rendered pointless because, according to the conspiracy, the Three Credit Reporting Agencies have agreed not to include such unpaid bills in consumer credit reports. And the Three Credit Reporting Agencies have instructed accounts receivable services not to report unpaid medical bills of $500 or more until they are delinquent for 365 days.~~

36. To furnish data to a credit reporting agency, the furnishing entity must complete an application with that agency, execute a contract, and complete an onboarding process.[10] Once registered to furnish data to a credit reporting agency, there is not a unilateral decision whether to share debt information, but rather a contractual obligation to furnish "full files on a monthly basis" to the credit reporting agency.[11]

37. The Three Credit Reporting Agencies have recognized publicly that medical providers can be data furnishers themselves, but that medical providers typically use a collection agency to furnish data, explaining:

Most healthcare providers do not directly report to Equifax, Experian and TransUnion. The changes being made by the Nationwide Consumer Reporting Agencies (NCRAs) are designed to assist consumers who have medical debt that has been sent to a collection agency for recovery. Before this joint measure, if a healthcare provider turned a consumer's overdue account over to a collection agency for non-payment, the collection agency could report that information to the NCRAs after a 180-day (six month) period. [12]

38. The Three Credit Reporting Agencies know that a third-party collection agency is an agent on behalf of the owner of the debt. The data furnished to the Three Credit Reporting Agencies includes the medical provider's name as the original creditor of the debt.

39. Whether the medical provider furnishes data to the Three Credit Reporting Agencies personally or through an agent, the medical providers remain part of the transaction of services with the Three Credit Reporting Agencies by remaining in control of the decisions whether to send a particular unpaid bill to a collections agent and whether to authorize the

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removed), ~~https://~~www.equifax.com/business/blog/-/insight/article/major-benefits-of-credit-reporting-for-both-consumers-and-lenders/.

[9] TransUnion, Data Reporting—Learn about TransUnion data reporting options, www.transunion.com/data-reporting/data-reporting (last visited Feb. 3, 2025).

[10] See, e.g., Equifax, Prospective Data Furnishers—Frequently Asked Questions (2017), assets.equifax.com/marketing/US/assets/data_furnisher_faq.pdf.

[11] Id.

[12] Experian, First Changes to Reporting of Medical Collection Debt Roll Out July 1, 2022, www.experianplc.com/newsroom/press-releases/2022/first-changes-to-reporting-of-medical-collection-debt-roll-out-july-1-2022; Equifax, First Changes to Reporting of Medical Collection Debt Roll Out July 1, 2022 (same), www.equifax.com/newsroom/all-news/-/story/first-changes-to-reporting-of-medical-collection-debt-roll-out-july-1-2022.

collections agent to furnish the data to the Three Credit Reporting Agencies. As the CFPB has recognized, "Whether or not a third-party collection agency reports to the NCRAs is generally a decision made by the creditor that assigns accounts for collection."[13] A survey described by the CFPB "show[ed] that 83 percent of respondents (medical providers) report unpaid accounts" to a credit reporting agency, and "nearly all" of those healthcare providers "prefer to allow their contracted collection agencies to report the unpaid accounts . . . as opposed to reporting the unpaid accounts themselves."[14]

40. The Medical Provider Plaintiffs in particular both decided that a collection agency would furnish data about unpaid medical bills to the Three Credit Reporting Agencies if the agent's efforts to contact patients failed to obtain payment. The Medical Provider Plaintiffs have contracts with collection agencies that authorize the agencies to furnish data to the Three Credit Reporting Agencies. The Medical Provider Plaintiffs are aware that once the collection agencies receive an unpaid medical bill, they attempt to contact the patient to obtain payment, and if that is unsuccessful then the collection agency will furnish information about that patient's unpaid bill to the Three Credit Reporting Agencies to be reported on that patient's credit report.

41. If the collection agencies contracted by the Medical Provider Plaintiffs were not furnishing to the Three Credit Reporting Agencies the information about unpaid medical bills that was allowed to be furnished, the Medical Provider Plaintiffs would each choose a different collection agency.

42. The Medical Provider Plaintiffs' collection agencies have accepted the instruction from the Medical Provider Plaintiffs to furnish the medical-debt information that they are allowed to furnish.

43. The debt that the collection agencies were retained by the medical providers to collect remains debt owned by the medical providers. The collection agency does not own the debt, but rather acts on behalf of the medical provider, as its agent, to collect the debt. If a patient questions the accuracy of a medical debt on a credit report, the data furnisher asks the medical provider for more details as needed.

44. Collection agencies have the same incentive to furnish the data to the Three Credit Reporting Agencies as the medical providers on whose behalf they work, because when patients pay a bill that the medical provider sent to the collection agency, the medical providers receive payment and the collection agencies receive a portion of that as their compensation. Because the collection agency receives a percentage of the medical debt it is able to collect, the collection agency has a quantifiable financial interest in patients' payments, and a quantifiable amount of damages from the injury of the Three Credit Reporting Agencies' unlawfully devalued medical-debt reporting service. Both medical providers and their collection agencies have suffered a direct, non-derivative amount of harm from the devaluation of the medical-debt reporting service, because both have a direct, non-derivative interest in incentivizing and motivating patients to pay. Further, because these collection agencies work on a contingency

[13] CFPB, Consumer credit reports: A study of medical and non-medical collections at 36 (Dec. 2014), files.consumerfinance.gov/f/201412_cfpb_reports_consumer-credit-medical-and-non-medical-collections.pdf.
[14] Id. at 36 n.57.

percentage set by contract with the medical providers, the medical providers and their collection agencies each suffer an injury and an amount of damages that no one else could recover.

The ~~Conspiracy~~Conspiracies by the Three Credit Reporting Agencies

~~34~~45. On March 18, 2022, the Three Credit Reporting Agencies jointly announced via press release the following "joint measures":

The three nationwide credit reporting agencies (NCRAs) – Equifax (NYSE: EFX), Experian (LON: EXPN), and TransUnion (NYSE: TRU) – today announced significant changes to medical collection debt reporting to support consumers faced with unexpected medical bills. These joint measures will remove nearly 70% of medical collection debt tradelines from consumer credit reports, a step taken after months of industry research.

. . . .

Effective July 1, 2022, . . . the time period before unpaid medical collection debt would appear on a consumer's report will be increased from 6 months to one year, giving consumers more time to work with insurance and/or healthcare providers to address their debt before it is reported on their credit file. In the first half of 2023, Equifax, Experian and TransUnion will also no longer include medical collection debt under at least $500 on credit reports.

The companies' CEOs provided a joint statement on the decision to change medical collection debt reporting:

"Medical collections debt often arises from unforeseen medical circumstances. These changes are another step we're taking together to help people across the United States focus on their financial and personal wellbeing," said Mark W. Begor, CEO Equifax; Brian Cassin, CEO Experian; and Chris Cartwright, CEO TransUnion. "As an industry we remain committed to helping drive fair and affordable access to credit for all consumers."[15]

~~For more information, please visit: Equifax, Experian, and TransUnion.~~[5]

~~35~~46. The announcement was widely publicized, including nationwide by the federal government. For example, in April 2022, the CFPB reported that "Equifax, Experian, and TransUnion issued a joint statement to announce . . . . that starting in July 2023, they will not include information furnished to them for medical bills in collection for amounts of $500 or less."~~6~~[16]

[15] PR Newswire, Equifax, Experian, and TransUnion Support U.S. Consumers With Changes to Medical Collection Debt Reporting (Mar. 18, 2022), www.prnewswire.com/news-releases/equifax-experian-and-transunion-support-us-consumers-with-changes-to-medical-collection-debt-reporting-301505822.html.

~~[5] PR Newswire, *Equifax, Experian, and TransUnion Support U.S. Consumers With Changes to Medical Collection Debt Reporting* (Mar. 18, 2022), https://www.prnewswire.com/news-releases/equifax-experian-and-transunion-support-us-consumers-with-changes-to-medical-collection-debt-reporting-301505822.html.~~

~~6~~[16] CFPB, Know your rights and protections when it comes to medical bills and collections (Apr. 11, 2022), ~~https://~~www.consumerfinance.gov/about-us/blog/know-your-rights-and-protections-when-it-comes-to-medical-bills

~~36~~47. After the announcement, in March 2022 the Three Credit Reporting Agencies jointly instructed those who provided medical debt information to them: "Do not report Medical Debt collection accounts . . . until they are at least 365 days past the Date of the First Delinquency with the original creditor that led to the account being sold or placed for collection."~~7~~[17] The same written instructions also included: "Do not report Medical Debt collection accounts . . . under a pre-defined minimum threshold (will be at least $500 and published later this year)."~~8~~[18]

~~37~~48. On April 11, 2023, the Three Credit Reporting Agencies jointly announced via press release that they had effectuated their joint commitment from 2022 not to report medical collection debt under $500:

Equifax® (NYSE: EFX), Experian (LON:EXPN), and TransUnion (NYSE:TRU) are jointly announcing that medical collection debt with an initial reported balance of under $500 has been removed from U.S. consumer credit reports. With this change, now nearly 70 percent of the total medical collection debt tradelines reported to the Nationwide Credit Reporting Agencies (NCRAs) are removed from consumer credit files. This change reflects a commitment made by the NCRAs last year.

"Our industry plays an important role in the financial lives of consumers. We understand that medical debt is generally not taken on voluntarily and we are committed to continuously evolving credit reporting to support greater and responsible access to credit and mainstream financial services," said Mark W. Begor, CEO Equifax; Brian Cassin, CEO Experian; and Chris Cartwright, CEO TransUnion. "We believe that the removal of medical collection debt with an initial reported balance of under $500 from U.S. consumer credit reports will have a positive impact on people's personal and financial well-being."

The NCRAs previously announced that as of July 1, 2022, . . . [t]he time period before unpaid medical collection debt appears on a consumer's credit report was also increased from six months to one year, giving consumers more time to address their debt before it is reported on their credit file.~~9~~[19]

~~38~~49. The Three Credit Reporting Agencies have removed unpaid medical debt under $500 from consumer credit reports~~,~~ and stopped reporting it. The Three Credit Reporting Agencies also no longer report any unpaid medical debt until it has been delinquent at least 365 days. This joint action was widely reported to the public, including by the federal government.~~10~~

~~https://~~www.consumerfinance.gov/about-us/blog/know-your-rights-and-protections-when-it-comes-to-medical-bills-and-collections/.

~~7~~[17] Equifax, Experian, & TransUnion, To All Collections Data Furnishers (Mar. 2022), ~~https://~~www.acainternational.org/wp-content/uploads/2022/03/Medical-Collections-Furnisher-Communication-March-2022-002.pdf.

~~8~~[18] Id.

~~9~~[19] PR Newswire, Equifax, Experian and TransUnion Remove Medical Collections Debt Under $500 From U.S. Credit Reports (Apr. 11, 2023), ~~https://~~www.prnewswire.com/news-releases/equifax-experian-and-transunion-remove-medical-collections-debt-under-500-from-us-credit-reports-301793769.html.

~~20~~

~~39~~50. Before this joint action, the Three Credit Reporting Agencies could have chosen independently (1) whether to include, and how to account for, medical debts under $500 in the consumer credit reports they each publish, and (2) when to begin reporting unpaid medical bills.

~~40~~51. Because the Three Credit Reporting Agencies conspired together to stop reporting medical debts under $500 or less than 365 days delinquent, ~~consumer credit reports from all three of these agencies have~~the debt reporting service that the Three Credit Reporting Agencies had provided has lost value to ~~medical providers like~~ Plaintiffs.

~~41~~52. The Three Credit Reporting Agencies are the only significant participants in the market for ~~receiving medical debt~~reporting medical-debt information ~~for the purpose of reporting it on consumer credit reports~~. Plaintiffs have no feasible alternative to ~~provide~~furnish information about unpaid medical bills under $500 for the purpose of including them on consumer credit reports.

~~42~~53. If only one of the Three Credit Reporting Agencies had decided to stop reporting medical debts under $500~~,~~ or ~~decided to report unpaid medical bills later than another agency, Plaintiffs could have chosen to provide information to the other two agencies for the purpose of reporting medical debts owed to them. Instead,~~less than 365 days delinquent, it would have lost furnishers to the credit reporting agencies that were better at reporting furnishers' data. Plaintiffs would have furnished information to one of these credit reporting agencies if it still reported medical debts under $500 or less than 365 days delinquent. But the Three Credit Reporting Agencies, instead of continuing to compete for data furnishers, made it safe for themselves—but anticompetitive for the market—by jointly deciding ~~what~~not to compete on obtaining or reporting information about medical debts ~~to report and when~~under $500 or less than 365 days delinquent.

54. The Three Credit Reporting Agencies' two conspiracies were "voluntary changes"—not requirements imposed by a government entity.[21]

55. Following the conspiracies, the collection agencies for the Medical Provider Plaintiffs still furnish some medical-debt information, but cannot furnish information about unpaid medical bills under $500 or less than 365 days delinquent. The conspiracies also prevent the Medical Provider Plaintiffs from personally furnishing the data to the Three Credit Reporting Agencies. The Three Credit Reporting Agencies have jointly instructed furnishers of medical data not to do so,[22] regardless whether that furnisher be a medical provider itself or its agent for

~~10~~20 CFPB, Have medical debt? Anything already paid or under $500 should no longer be on your credit report (May 8, 2023), ~~https://~~www.consumerfinance.gov/about-us/blog/medical-debt-anything-already-paid-or-under-500-should-no-longer-be-on-your-credit-report/~~#:~:text=The%20three%20nationwide%20credit%20reporting,all%20medical%20collections%20u nder%20%24500~~.

21 CFPB, Proposed Rule, Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information (June 18, 2024), available at www.regulations.gov/document/CFPB-2024-0023-0001.

22 Equifax, Experian, & TransUnion, To All Collections Data Furnishers (Mar. 2022), www.acainternational.org/wp-content/uploads/2022/03/Medical-Collections-Furnisher-Communication-March-2022-002.pdf.

collecting medical debt.

Anticompetitive Effect of the Reporting-Amount Conspiracy

4356. TheBefore the reporting-amount conspiracy has the anticompetitive effect of removing, the Three Credit Reporting Agencies' competition on whether and how to report competed on the comprehensiveness of their reporting of unpaid medical bills under $500. Before this conspiracy the Defendants had competed in this respect. For example, . TransUnion's former CEO testified to Congress in 2019 that the Three Credit Reporting Agencies "are competing for the ability to actually provide the best information on a consumer as possible."[23] And TransUnion stated in a 2018 court filing that the Three Credit Reporting Agencies "compete with one another to provide the most comprehensive, timely, and accurate information on consumers' financial behavior."[11] And TransUnion's former chief executive officer testified to Congress in 2019 that [24] The reporting-amount conspiracy restrained the Three Credit Reporting Agencies "are competing for the ability to actually provide the best information on a consumer as possible."[12] The reporting-amount conspiracy reduced this competition with respect to' competition on the comprehensiveness of their reporting of unpaid medical bills by agreeing not to report any medical debt. under $500.

57. This reduction in competition devalues has the anticompetitive effect of devaluing, in an equal way, the quality of the medical-debt reporting service that the Three Credit Reporting Agencies had provided to the Plaintiffs and other medical providers. and collection agencies. The medical-debt reporting service has been devalued because an important incentive and encouragement for patients to pay medical bills under $500 has been removed.

44. The monetary effect of the reporting amount conspiracy has been and will be massive, and will ripple through the Unites States for years to come.

4558. Plaintiffs' practices have issued, and will continue to issue, many bills under $500. Based on information, belief, and common sense logic, patients have paid fewer of their bills under $500 because patients know those unpaid bills will not be reported on their credit reports, and patients will continue to pay fewer of their bills under $500 for the same reasonThe Three Credit Reporting Agencies understand that not reporting a medical debt is a devaluation of their medical-debt reporting service because it removes an incentive for the patient to pay. As Equifax's website explains in the similar context of loans, reporting an unpaid loan on a credit report "often drives [consumers] to pay those loans on time vs. delaying or not paying those that are not reported to their credit file."[13] Therefore, Defendants' conspiracy has devalued the quality

[23] Who's Keeping Score? Holding Credit Bureaus Accountable and Repairing a Broken System, Hearing Before the H. Comm. on Fin. Servs., 116th Cong. 1 (Feb. 26, 2019) (statement by James Peck, TransUnion CEO), www.govinfo.gov/content/pkg/CHRG-116hhrg35632/html/CHRG-116hhrg35632.htm.

[11] Trans Union LLC's Redacted Counterclaims, *Fair Isaac Corp. v. TransUnion, LLC*, No. 17-cv-8318, Doc. 38 at 6 (N.D. Ill. Feb. 12, 2018).

[24] Trans Union LLC's Redacted Counterclaims, Fair Isacc Corp. v. TransUnion, LLC, No. 17-cv-8318, ECF 38 at 6 (N.D. Ill. Feb. 12, 2018).

[12] *Who's Keeping Score? Holding Credit Bureaus Accountable and Repairing a Broken System*, Hearing Before the H. Comm. on Fin. Servs., 116th Cong. 1 (Feb. 26, 2019) (statement by James Peck, TransUnion CEO), https://www.govinfo.gov/content/pkg/CHRG-116hhrg35632/html/CHRG-116hhrg35632.htm.

[13] Bob Hofmann, *Major Benefits of Credit Reporting for Both Consumers and Lenders* (Feb. 28, 2023) (emphasis removed),

~~of their services by removing~~ an ~~important incentive for patients to pay medical providers, including Plaintiffs.~~[25] TransUnion has similarly published: "Accurate and timely data reporting means . . . less litigation for credit reporting customers."[26]

59. The CFPB agrees that "[f]urnishing information to the NCRAs can provide an incentive for borrowers or debtors to meet their repayment obligations."[27]

60. The general public understands that the reporting-amount conspiracy removes a major incentive to pay medical bills under $500. For example:

~~46~~a. ~~After announcement of Defendants' reporting-amount conspiracy, numerous~~Numerous patients have stated ~~publicly~~ on social media platforms that they will not pay their medical bills of less than $500. ~~Additionally, a company that assists in collecting medical debts has~~

b. A collection agency reported, "Anecdotally, we've had patients share with our team that since healthcare debts can no longer be listed on their credit report, they are no longer even due and do not need to be paid."~~14~~[28]

c. When a medical provider in Minneapolis attempted to collect just $45 of remaining patient responsibility and informed the patient the bill would be sent to collections if not paid, the patient wrote, "That is fine I know medical bills under $500 won't affect my credit score."

d. A financial-advice podcast interviewed a consultant to people with unpaid medical bills, who described how she handles negotiating with collection agencies now: "[I]f it's under $500.00 . . . I'm like, okay, well, . . . I'm gonna offer you $100 and if you say no I'll call you back in a month and we'll keep doing this dance until you accept what I'm going to pay you."[29]

e. A large credit-card company now advises, "[G]et medical debt off your credit report" by "[r]educ[ing] your medical debt to less than $500," explaining that "your credit report

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~~removed), https://www.equifax.com/business/blog/-/insight/article/major-benefits-of-credit-reporting-for-both-consumers-and-lenders/.~~

[25] Bob Hofmann, Major Benefits of Credit Reporting for Both Consumers and Lenders (Feb. 28, 2023) (emphasis removed), www.equifax.com/business/blog/-/insight/article/major-benefits-of-credit-reporting-for-both-consumers-and-lenders/.

[26] TransUnion, Data Reporting—Learn about TransUnion data reporting options, www.transunion.com/data-reporting/data-reporting (last visited Feb. 3, 2025).

[27] CFPB, Consumer credit reports: A study of medical and non-medical collections at 35 (Dec. 2014), files.consumerfinance.gov/f/201412_cfpb_reports_consumer-credit-medical-and-non-medical-collections.pdf.

~~14~~[28] State Collection Service, Inc., Impact of Credit Reporting Changes ~~(last visited Nov. 8, 2023), https://~~, www.statecollectionservice.com/news/impact-of-credit-reporting-changes/ (last visited Nov. 8, 2023).

[29] Big Changes Coming to the Medical Bill Collections Process, Popcorn Finance Podcast ep. 350 (Nov. 7, 2022), podcasts.apple.com/us/podcast/big-changes-coming-to-the-medical-bill-collections-process/id1254075020?i=1000585322292; see also Collections Eliminated for Medical Bills Under $500!, Popcorn Finance ep. 350 (Mar. 20, 2023), www.youtube.com/watch?v=xXC-bfFEItA (YouTube video of same podcast).

should no longer reflect any medical debts smaller than $500."[30]

61. This devaluation of Defendants' medical-debt reporting service has directly injured Plaintiffs. The devaluation reduces the incentive to pay for the patients of Dr. Adams and Cape Emergency Physicians, and for the patients whose unpaid bills are referred to AmeriFinancial Solutions for collection. Plaintiffs now cannot receive a benefit from the Three Credit Reporting Agencies in return for furnishing information about unpaid medical bills under $500. That reduction in the quality of the service is an existing, ongoing injury.

62. This devaluation injury from the reporting-amount conspiracy has caused a significant amount of monetary harm to each Plaintiff in the form of fewer medical bills being paid.

~~47~~63. ~~Since announcement of Defendants' reporting-amount conspiracy,~~ The Medical Provider Plaintiffs have issued, and will continue to issue, many bills for a patient responsibility under $500. Patients have paid fewer of their bills under $500 because patients know those unpaid bills will not be reported on their credit reports. Patients will continue to pay fewer of their bills under $500 for the same reason. Dr. Adams is aware that ~~multiple patients~~many of his ~~practice~~patients have not paid their ~~unpaid~~ medical bills or even responded to the bills~~. Based on information and belief, this is because those~~, and reasonably infers that these patients are not paying because they are aware that ~~their~~ medical debt less than $500 will not be reported on their credit reports. He frequently performs services that cost patients less than $500 out of pocket. The amount of monetary harm from the conspiracies' injury to him has had a significant effect on his business, which is a small business like that of many medical providers.

64. Cape Emergency Physicians, and its collection agency AmeriFinancial Solutions, have seen a substantial decrease in the percentage of patients paying their bills. Cape Emergency Physicians estimates that its amount of harm from the devalued reporting service is at least hundreds of thousands of dollars.

65. A trade association warned the Three Credit Reporting Agencies about the effect on medical providers:

> The amounts they collect often represent whether the doctor makes a profit or incurs a loss in running his or her business, including employing others. It might be possible for one bill for less than $500 to be written-off by a small Provider, but dozens of bills for this amount could take away from significant operational costs at a practice. Most Providers are just that: Providers, and not sophisticated financial institutions like banks. These are small businesses providing compassionate care to their community and this change will cause further lack of recourse to be paid for their services.[31]

~~48~~66. The ~~scope~~amount of monetary ~~effect from the conspiracy is massive~~harm from

[30] Discover, Does Medical Debt Appear on Your Credit Report? (July 26, 2024), www.discover.com/credit-cards/card-smarts/medical-debt-credit-report/.

[31] Letter from Scott Purcell, CEO, ACA Int'l, to Mark Begor, CEO, Equifax, et al. (Mar. 23, 2022), www.acainternational.org/wp-content/uploads/2022/03/ACA-Letter-to-CRAs-Final-1.pdf.

the reporting-amount conspiracy's devaluation of Defendants' medical-debt reporting service is massive, and the effect will ripple through the United States for years to come. The conspiracy not to report medical debt under $500 will affect the repayment of tens of millions of medical bills. The CFPB "estimate[d] that 22.8 million people will have at least one medical collection removed from their credit reports when all medical collections less than $500 are removed."[15][32] Using the CFPB's estimate, if each of the 22.8 million people had just one unpaid medical bill that averaged $100, the conspiracy would affect $2.28 billion in money owed to medical providers.

49[67]. The effect[impact] is likely much larger. As the Washington Post has reported about Defendants' decision not to report unpaid medical bills: "To grasp why this removal is so important, you have to understand the gravity of these small-dollar debts. It's not just one bill under $500. People are often receiving multiple bills from different health-care providers."[16][33] The CFPB has estimated a total "outstanding balance of about $88 billion in medical debt collections on consumer credit reports," based on data from 2021, and the CFPB identified another study that estimated an outstanding balance of $140 billion.[17][34]

68. Since the reporting-amount conspiracy went into effect, the CFPB has received an economist's report of a decreased rate of collections, and described that "the CFPB expects that this change in the collection rate is, in large part, the result of the removal of medical debts under $500."[35] The CFPB has also disclosed six comments it received, from a medical provider and five collection agencies, that reported decreases in payment of medical bills that the comments attributed to Defendants no longer reporting medical bills under $500.[36]

69. The devaluation injury from the reporting-amount conspiracy has also caused the harm of Plaintiffs incurring more costs to try to collect payment of medical bills.

50. Defendants' reporting amount conspiracy harms medical providers. By not reporting unpaid medical bills on consumer credit reports, the Three Credit Reporting Agencies have eliminated a valuable tool that medical providers use to incentivize patients to pay their bills. Without this tool, medical providers must resort to costlier methods to receive payment of their bills, such as employing additional time of in-house staff and third-party accounts receivable services. These costlier methods have not succeeded, and will not succeed, in achieving the same rate of payment. Because of Defendants' conspiracy, patients no longer have the incentive to avoid unpaid medical bills appearing and remaining on their credit reports. Defendants have not agreed to remove from credit reports the unpaid bills for any other types of debt, such as car payments, home improvement, credit cards, or

[15][32] CFPB, Data Point: Consumer Credit and the Removal of Medical Collections from Credit Reports 2 (Apr. 2023), https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb_consumer-credit-removal-medical-collections-from-credit-reports_2023-04.pdf.

[16][33] Michelle Singletary, Finally, medical debt under $500 has been removed from credit reports (Apr. 12, 2023), https://www.washingtonpost.com/business/2023/04/12/medical-debt-credit-reports/.

[17][34] CFPB, Medical Debt Burden in the United States 6 n.10 (Feb. 2022), https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb_medical-debt-burden-in-the-united-states_report_2022-03.pdf.

[35] CFPB, Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information (Regulation V) at 167 (Jan. 7, 2025), files.consumerfinance.gov/f/documents/cfpb_med-debt-final-rule_2025-01.pdf.

[36] Id. at 184.

conspicuous consumption. Rather, Defendants intentionally have targeted medical providers.

51. Dr. Adams's medical practice, like that of many medical providers, is a small business. He frequently performs services that cost patients less than $500 out of pocket. The conspiracy has a significant effect on his business, as a trade association's letter to the Three Credit Reporting Agencies warned:

It is worth noting that these are the doctors who most rely on third party debt collectors to recover the rightfully owed money for services they provided because they do not have the infrastructure for in-house collections. The amounts they collect often represent whether the doctor makes a profit or incurs a loss in running his or her business, including employing others. It might be possible for one bill for less than $500 to be written off by a small Provider, but dozens of bills for this amount could take away from significant operational costs at a practice. Most Providers are just that: Providers, and not sophisticated financial institutions like banks. These are small businesses providing compassionate care to their community and this change will cause further lack of recourse to be paid for their services.[18]

5270. Defendants' reporting-amount conspiracy has harmed Plaintiffs and other medical providers by devaluing the benefit of the transaction between medical providers and credit reporting agencies. Plaintiffs now receive no benefit from the Three Credit Reporting Agencies in return for providing information about unpaid medical bills under $500. That reduction in the quality of the service is an existing, and ongoing, injury. And that reduction in quality has resulted in less payment of medical bills, based on information and belief. Plaintiffs and otherWithout the medical-debt reporting service being available for debts under $500, medical providers nowhave resorted to costlier methods to receive less payment of medical bills and have a costlier path to collect payment on unpaid medical bills, if they can feasibly collect at all. Additionally, since their bills, such as employing additional time of in-house staff and third-party accounts-receivable services. For example, following the conspiracy, the staff at Twelve Bridges Dermatology now spend muchhave spent significantly more time than before explaining to patients what their financial responsibility will be, in an effort to promote payment by the patients. This extra time has the cost and harm of diverting the staff from other tasks that could benefit the practice, improve its services, and increase its profits. These costlier methods have not succeeded, and will not succeed, in achieving the same rate of payment.

71. The Medical Provider Plaintiffs have sent bills to patients that have not yet been paid for amounts below $500. This lack of payment has resulted in financial injury to Cape Emergency Physicians, Dr. Adams, and AmeriFinancial Solutions. This lack of payment has resulted in financial injury to Dr. Adams individually because he receives a set percentage of the money received by Twelve Bridges Dermatology for the medical services he performs at Twelve Bridges Dermatology, and he is separately entitled to a set percentage of the practice's profits. This lack of payment has resulted in financial injury to AmeriFinancial Solutions because it receives a set percentage of payments made on medical debt referred to it for collections.

Anticompetitive Effect of the Reporting-Timing Conspiracy

5372. The reporting-timingBefore the reporting-amount conspiracy has the anticompetitive effect of removing, the Three Credit Reporting Agencies' competition regarding when to reportcompeted on the timeliness of their reporting of unpaid medical bills. The Three

[18] *See, e.g.*, Letter from Scott Purcell, CEO, ACA Int'l, to Mark Begor, CEO, Equifax, *et al.* (Mar. 23, 2022), https://www.acainternational.org/wp-content/uploads/2022/03/ACA-Letter-to-CRAs-Final-1.pdf.

Credit Reporting Agencies had "compete[d] with one another to provide the most comprehensive, timely, and accurate information on consumers' financial behavior," according to a court filing by TransUnion in 2018.[19][37] The reporting-timing conspiracy ~~reduced this~~restrained the Three Credit Reporting Agencies' competition ~~with respect to~~on the timeliness of their reporting of unpaid medical bills by agreeing not to report any medical debt~~.~~ until it is delinquent for 365 days.

73. This reduction in competition ~~devalues~~ has the anticompetitive effect of devaluing, in an equal way, the quality of the medical-debt reporting service that the Three Credit Reporting Agencies had ~~each~~ provided to the Plaintiffs and other medical providers~~. That reduction in the quality of the service is an existing, and ongoing, injury. And that reduction in quality has resulted in less payment of medical bills and delays in payment that eventually occur, based on information and belief.~~ and collection agencies. The medical-debt reporting service is devalued because it removed an important incentive for patients to pay their medical bills timely. Now Plaintiffs receive no benefit from furnishing data until 365 days after an unpaid bill's due date.

74. The Three Credit Reporting Agencies understand that not timely reporting a medical debt is a devaluation of their medical-debt reporting service because it removes an incentive for the patient to timely pay. Equifax has advertised that, "By reporting your data to Equifax, you . . . motivate slow-paying customers to pay in a timely manner in order to protect or improve their current credit score."[38] Similarly, Experian advertises that furnishing data to it will "increase on-time payments"[39] and that "[d]ata furnishers are more likely to attain timely payments, reduce delinquencies and collect on bad debt."[40] With medical debt in particular, Experian has acknowledged, "The longer a bill sits in accounts receivable, the less likely it will be recovered in full. Encouraging patients to pay as much of the bill as possible, as early as possible, helps improve recovery rates."[41]

75. The public understands that the reporting-timing conspiracy empowers patients not to pay a medical bill until one year after the due date. For example, a financial-advice podcast interviewed a consultant to people with unpaid medical bills, who described that a hospital will "send [a bill] to collections but that threat is kind of empty because they've . . . changed the laws now to where it can't actually hit your credit report and do anything to you until one year after the initial bill . . . . it used to be 6 months."[42] The consultant now

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[19][37] Trans Union LLC's Redacted Counterclaims, Fair Isacc Corp. v. TransUnion, LLC, No. 17-cv-8318, ~~Doc.~~ECF 38 at 6 (N.D. Ill. Feb. 12, 2018) (emphasis added).

[38] Equifax, Furnishing Data to Equifax, www.equifax.com/business/data-furnishers/ (last visiting Jan. 28, 2025).

[39] Experian, Should IReport Credit Data To Experian? (2018), www.experian.com/content/dam/marketing/na/assets/im/consumer-information/infographics/data-reporting-infographic.pdf (last visiting Jan. 28, 2025).

[40] Experian, Data Furnishing and Reporting, www.experian.com/business/solutions/data-furnisher-reporting (last visiting Jan. 28, 2025).

[41] Experian, Optimize patient collections: 5 steps to spend less and collect more (Nov. 9, 2022), www.experian.com/blogs/healthcare/optimize-patient-collections-5-steps-to-spend-less-and-collect-more/.

[42] Big Changes Coming to the Medical Bill Collections Process, Popcorn Finance Podcast ep. 350 (Nov. 7, 2022), podcasts.apple.com/us/podcast/big-changes-coming-to-the-medical-bill-collections-process/id1254075020?i=1000585322292.

recommends negotiating unpaid medical bills by stating, "Hey, this is the amount of money that I can pay right now to close out this account, take it or leave it, because I know that I have a year before this hits my credit."[43]

~~54~~76. The amount of monetary ~~effect of the~~harm from the injury caused by Defendants' reporting-timing conspiracy has been and will be massive. This conspiracy applies to any unpaid medical bills, including those over $500.

~~55~~77. ~~Based on information and belief,~~ Plaintiffs and other medical practices and collection agencies have received~~, and will continue to receive,~~ less payment of medical bills because those bills are not reported on credit reports until at least 365 days after delinquency. Defendants' agreed delay in reporting unpaid medical debts reduces or eliminates the time that patients can see a medical debt on their credit report and still seek health-insurance payment. For example, some patients wait to pay a medical bill until a credit report informs them of the amount still due. That notice, and the desire to remove the medical debt from ~~their~~the credit report, incentivizes and motivates the patient to contact their health-insurance provider to determine if insurance should cover some of the medical bill (or more of it than originally paid). The timing problem Defendants have created is that some health-insurance providers require claims to be filed within 365 days from service. Therefore, payments that would have been made by health-insurance providers have not, and will not, be made because the claim was not made in time. Insurance providers' refusal to pay after 365 days leaves the patient with more of the bill to pay, which foreseeably results in some of those patients not paying their medical bills.[~~20~~44]

~~56~~78. Even if a patient eventually pays the full amount of an unpaid medical bill after it is reported on the patient's credit report, the reporting-timing conspiracy ~~caused, and continues to cause,~~causes a delay in that payment. That is a ~~financial harm~~quantifiable amount of damages to Plaintiffs and other medical providers and collection agencies.

Defendants' Conspiracies Intentionally Targeted Medical Providers

79. Defendants' conspiracies to reduce the quality of their medical-debt reporting service are intentionally targeted at medical providers and their collection agencies.

80. Defendants have not agreed to remove from credit reports the unpaid bills for any other types of debt, such as mortgages, car loans, credit cards, or any other product or service that consumers receive without paying up front.

81. The Three Credit Reporting Agencies' public statements show that their conspiracies targeted medical providers, and discovery of those Defendants' internal communications will likely show more evidence. For example, Defendants' initial press release publicizing the conspiracies quoted the Defendants' CEOs as jointly stating: "Medical collection debt often arises from unforeseen medical circumstances. These changes are another step we're taking together to help people across the United States focus on their financial and personal wellbeing."[45] With this vague description that medical debt "often arises from unforeseen

[43] Id.

[~~20~~44] See supra Letter from Scott Purcell, CEO, ACA Int'l (explaining effects of delaying reporting time).

[45] PR Newswire, Equifax, Experian, and TransUnion Support U.S. Consumers With Changes to Medical Collection Debt Reporting (Mar. 18, 2022),

medical circumstances," the Three Credit Reporting Agencies represented to the public that medical debt is less worthy of repayment than other debt. This encouraged patients not to pay their medical bills by giving them the rationalizations that medical expenses are unexpected and unexpectedness is a valid excuse not to pay.

82. Defendants' message that not paying medical debt is excusable appeared again in identical webpage postings by Equifax and Experian in July 2022, which explained the reason for the changes to reporting medical debt was to address "[u]nexpected expenses."[46] Again in April 2023, a joint press release by Defendants quoted their CEOs jointly stating, "We understand that medical debt is generally not taken on voluntarily[.]"[47] In this litigation as well, the Three Credit Reporting Agencies try to justify their conspiracies by representing that "the decision to remove medical debts below $500 from credit reports 'support[s] consumers faced with unexpected medical bills.'" ECF 48 at 19. This message that medical bills are unexpected and involuntary are overbroad characterizations that target medical providers as unworthy of paying.

83. In addition to justifying nonpayment of medical bills, the Three Credit Reporting Agencies have more-directly encouraged patients not to pay their medical bills by representing that the Three Credit Reporting Agencies will "help" patients and give them "financial . . . wellbeing" by not reporting medical bills under $500 and delaying the reporting of larger medical bills.[48] The only way this could "help" patients is if the bills were not going to be paid. The Three Credit Reporting Agencies are helping only in the sense an accomplice helps—helping patients get away with nonpayment. When the Three Credit Reporting Agencies wrote in this litigation that "the CRAs' reforms resulted in the removal of roughly $88 billion in medical debt collections from 22.8 million consumer credit reports," ECF 48 at 18–19, that removal came only by whitewashing, not repayment.

84. The Three Credit Reporting Agencies also expressly targeted the collection agencies working for medical providers, stating publicly: "The changes . . . are designed to assist consumers who have medical debt that has been sent to a collection agency for recovery."[49] The

Debt Reporting (Mar. 18, 2022), www.prnewswire.com/news-releases/equifax-experian-and-transunion-support-us-consumers-with-changes-to-medical-collection-debt-reporting-301505822.html.

[46] Experian, First Changes to Reporting of Medical Collection Debt Roll Out July 1, 2022, www.experianplc.com/newsroom/press-releases/2022/first-changes-to-reporting-of-medical-collection-debt-roll-out-july-1-2022; Equifax, First Changes to Reporting of Medical Collection Debt Roll Out July 1, 2022 (same), www.equifax.com/newsroom/all-news/-/story/first-changes-to-reporting-of-medical-collection-debt-roll-out-july-1-2022.

[47] PR Newswire, Equifax, Experian and TransUnion Remove Medical Collections Debt Under $500 From U.S. Credit Reports (Apr. 11, 2023), www.prnewswire.com/news-releases/equifax-experian-and-transunion-remove-medical-collections-debt-under-500-from-us-credit-reports-301793769.html.

[48] See also Equifax, Can Medical Collection Debt Impact Credit Scores? ("The removal of medical collection debt . . . under $500 from . . . credit reports is expected to have a positive impact on people's personal and financial well-being[.]"), www.equifax.com/personal/education/credit/score/articles/-/learn/can-medical-debt-impact-credit-scores/ (last visited Jan. 24, 2025).

[49] Experian, First Changes to Reporting of Medical Collection Debt Roll Out July 1, 2022, www.experianplc.com/newsroom/press-releases/2022/first-changes-to-reporting-of-medical-collection-debt-roll-out-

only "assist[ance]" Defendants offered was to empower consumers to ignore the collection agencies who are working on behalf of medical providers to collect payment. The Three Credit Reporting Agencies know that collection agencies receive compensation when patients pay bills that were sent to a collection agency for recovery. By no longer enabling collection agencies to furnish medical debt unless it is at least $500 and 365 days delinquent, and publicizing those changes, the Three Credit Reporting Agencies are empowering patients not to pay medical providers or the collection agencies working on their behalf.

85. The Three Credit Reporting Agencies have not stopped reporting any other "unexpected expenses" or "debt not taken on voluntarily," such as debt from fixing a car after an accident, paying a plumber for a leak, replacing a broken appliance, buying new furniture after a flood, moving to a new city after losing a job, or an unexpected veterinary procedure for a pet.

Harms to Patients and Society from Defendants' Conspiracy

~~57~~86. In addition to the harm to Plaintiffs and other medical providers and collection agencies, Defendants' ~~conspiracy causes~~conspiracies cause significant harms to society.

~~58~~87. Although Defendants jointly announced their ~~conspiracy~~conspiracies as a positive development for patients, a profound harm to patients will ripple out from ~~this conspiracy~~the conspiracies: limited access to medical care. The harder it is for medical providers to recover unpaid bills, the more likely the resulting financial difficulties will force medical providers to stop providing service in locations where patients are less likely to pay. This will disproportionately affect lower-income patients. As one trade association warned the Three Credit Reporting Agencies:

If [medical providers] cannot collect on their accounts and therefore incur ongoing losses that take away from running their business, they will not be able to provide these important services to our communities. . . . Basic economic principles make clear that low-income Americans will be harmed most when Providers constrict services, leading to higher costs and less access to medical care for all consumers.~~21~~[50]

~~59~~88. Defendants' ~~conspiracy also harms lenders~~conspiracies also harm lenders. As this Court correctly reasoned, "those who purchase the credit reports from Defendants" are "victims of Defendants' allegedly anticompetitive behavior." ECF 59 at 20. Defendants' credit reports are less valuable to potential lenders now that they do not timely disclose all of consumers' unpaid debts. The Three Credit Reporting Agencies could have continued competing for lenders' business by reporting the most thorough information each could obtain about consumers' unpaid debts. Instead, the Three Credit Reporting Agencies eliminated that competition as to medical debt under $500 or less than 365 days delinquent, equally devaluing their products~~, by conspiring~~

www.experianplc.com/newsroom/press-releases/2022/first-changes-to-reporting-of-medical-collection-debt-roll-out-july-1-2022; Equifax, First Changes to Reporting of Medical Collection Debt Roll Out July 1, 2022 (same), www.equifax.com/newsroom/all-news/-/story/first-changes-to-reporting-of-medical-collection-debt-roll-out-july-1-2022.

~~21~~ ~~*Id.*~~[50] Letter from Scott Purcell, CEO, ACA Int'l, to Mark Begor, CEO, Equifax, et al. (Mar. 23, 2022), www.acainternational.org/wp-content/uploads/2022/03/ACA-Letter-to-CRAs-Final-1.pdf.

~~jointly not to report that specific category and magnitude of debts~~. This further ~~supports~~proves that Defendants' joint action, which harms medical providers, did not flow from altruism but from protectionism.

RELEVANT MARKET

~~60~~89. This lawsuit concerns one relevant market: the market for ~~providing and receiving~~reporting medical-debt information ~~for the purpose of reporting it on consumer credit reports. Medical providers, such as~~. Plaintiffs~~,~~ conduct a transaction ~~with~~in this market by furnishing medical-debt information to credit reporting agencies ~~to provide medical-debt information~~ in return for ~~the agencies'~~their reporting it on consumer credit reports. The relevant market does not include information about non-medical debts.

~~61~~90. The geographic scope of the relevant market is the United States. Each Defendant is involved in the relevant market throughout the United States~~, including across California~~.

~~62~~91. Medical providers in the United States, ~~including in California, have provided~~themselves or through agents, have furnished information about unpaid medical bills to credit reporting agencies in what had been a mutually beneficial transaction: Credit reporting agencies received information about unpaid debts, which made their reports more valuable to those purchasing the credit reports, and medical providers received help incentivizing and motivating patients to pay their medical bills, which came from patients' desire to avoid the negative impact on their credit report of having unpaid medical bills.

~~63~~92. There are only three significant credit reporting agencies who participate in the market for ~~providing and receiving~~reporting medical-debt information ~~for purposes of reporting it on consumer credit reports~~: Experian, Equifax, and TransUnion.

~~64~~93. Experian, Equifax, and TransUnion jointly referred to themselves as "[t]he three nationwide credit reporting agencies (NCRAs)" in the press release announcing the ~~conspiracy.~~[22] conspiracies.[51] TransUnion has stated in a court filing that Equifax and Experian are its "two major competitors."[23]52 And each Defendant's website identifies only the three Defendants when referring to credit reporting agencies.[24]53

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[22] ~~Business Wire, *Equifax, Experian, and TransUnion Support U.S. Consumers With Changes to Medical Collection Debt Reporting* (Mar. 18, 2022), https://www.businesswire.com/news/home/20220318005244/en/Equifax-Experian-and-TransUnion-Support-U.S.-Consumers-With-Changes-to-Medical-Collection-Debt-Reporting.~~

[51] Business Wire, Equifax, Experian, and TransUnion Support U.S. Consumers With Changes to Medical Collection Debt Reporting (Mar. 18, 2022), www.businesswire.com/news/home/20220318005244/en/Equifax-Experian-and-TransUnion-Support-U.S.-Consumers-With-Changes-to-Medical-Collection-Debt-Reporting.

[23]52 Trans Union LLC's Redacted Counterclaims, Fair Isacc Corp. v. TransUnion, LLC, No. 17-cv-8318, ~~Doc.~~ECF 38 at 15 (N.D. Ill. Feb. 12, 2018).

[24]53 See Equifax, ~~https://~~www.equifax.com/personal/education/credit/score/ ("the three nationwide credit reporting agencies, Equifax®, Experian®, and TransUnion®"); Experian, ~~https://~~www.experian.com/consumer-products/experian-equifax-transunion-credit-report-and-score.html ("the three credit bureaus . . . Experian, Equifax®, and TransUnion®"); TransUnion,

~~65~~94. The federal government has recognized that Defendants "play an outsized role in Americans' economic lives," noting that they "cover more than 1.6 billion credit accounts for over 200 million adults every month."[~~25~~54] The CFPB identifies only Defendants when it identifies the Nationwide Consumer Reporting Agencies ("NCRAs").[~~26~~55] Similarly, the federal government's public website about credit reports lists only the three Defendants as "the three credit reporting agencies."[~~27~~56] That website provides a hyperlink to AnnualCreditReport.com, "the only website authorized by the federal government to issue free, annual credit reports from the three CRAs." AnnualCreditReport.com prominently states on its homepage that it is "brought to you" by Experian, Equifax, and TransUnion.[~~28~~57]

~~66~~95. Members of Congress have recognized that the credit reporting industry is an "oligopoly" controlled by Defendants and have lamented the lack of competition in the market.[~~29~~58] During a 2019 hearing before the House Financial Services Committee, lawmakers expressed concern to Defendants' CEOs, who appeared as witnesses, about eliminating negative information from credit reports. In response, TransUnion's then-CEO James Peck "admitted that there could be 'unintended consequences' with eliminating certain data from credit reports and scores."[~~30~~59]

~~67. As the only NCRAs, Defendants are the only significant participants in the market for medical debt information for the purpose of reporting it on consumer credit reports. There are no other credit reporting agencies to which medical providers can feasibly turn with their information about unpaid medical bills under $500. And this transaction with the Three Credit Reporting Agencies was a far more cost effective option for medical providers to incentivize payment of unpaid bills than any other available method, such as additional attempts to communicate with patients or legal action. Therefore, no service besides what the Three Credit Reporting Agencies have offered is a reasonable substitute for what the Three Credit Reporting Agencies have restrained with their conspiracy. Medical providers like Plaintiffs are now suffering the consequences of Defendants' conspiracy to devalue the quality of their transaction with medical providers, which in turn reduces the quality of Defendants' credit reports.~~

96. There is no reasonable substitute for the medical-debt reporting service that the Three Credit Reporting Agencies have provided to Plaintiffs. Federal law and regulations limit

~~https://~~www.transunion.com/credit-reporting-agencies ("There are three credit agencies: TransUnion, Equifax, and Experian.").

[~~25~~54] Karen Andre, Report illustrates how the big three credit reporting companies are giving consumers the runaround, CFPB (Feb. 11, 2022), ~~https://~~www.consumerfinance.gov/about-us/blog/report-illustrates-how-big-three-credit-reporting-companies-are-giving-consumers-the-runaround/.

[~~26~~55] CFPB, Annual report of credit and consumer reporting complaints, an analysis of complaint responses by Equifax, Experian, and TransUnion 3 (Jan. 2022), ~~https://~~files.consumerfinance.gov/f/documents/cfpb_fcra-611-e_report_2022-01.pdf; CFPB, Annual report of credit and consumer reporting complaints, an analysis ~~of~~o f complaint responses by Equifax, Experian, and TransUnion (Jan. 2023), ~~https://~~files.consumerfinance.gov/f/documents/cfpb_fcra-611-e_report_2023-01.pdf.

[~~27~~56] USA.gov, Learn about your credit report and how to get a copy (last updated May 25, 2023), ~~https://~~www.usa.gov/credit-reports.

[~~28~~57] Annual Credit Report.com (Last Visited Aug. 15, 2023), ~~https://~~www.annualcreditreport.com/index.action.

[~~29~~58] Neil Haggerty, House banking panel bemoans credit bureaus' 'oligopoly' (Feb. 26, 2019), ~~https://~~financialservices.house.gov/news/documentsingle.aspx?DocumentID=407266.

[~~30~~59] Id.

how a consumer's information about unpaid bills can be reported, and to whom, which restrains Plaintiffs' options for reporting medical debt. They can only furnish information about unpaid medical bills to a credit reporting agency. Defendants, as the only National Credit Reporting Agencies ("NCRAs"), are the only significant participants in the market for reporting medical-debt information.

97. The medical-debt reporting service is unique and non-substitutable for medical providers and their collection agencies. The service is generally available at no out-of-pocket cost to medical providers and their collection agents. The service has a value of incentivizing and motivating patients to pay their bills in a way that is more effective than repeated communications with patients (which can be ignored) and cheaper than a legal action (which is cost prohibitive for medical bills under $500 and rarely a sensible option even for larger bills). As the CFPB has explained the furnishing of data to a credit reporting agency, "A collector may be most likely to resort to this tactic when the amount owed on a collections account is small. Small dollar accounts are most often observed for telecommunications, utility, and medical accounts. Attempts to make direct contact with the consumer via mail or telephone to collect may not be cost efficient based on the odds of recovery and the amounts recovered."[60] Defendants' medical-debt reporting service is unique and non-substitutable.

CLASS REPRESENTATION ALLEGATIONS

~~68~~98. Plaintiffs bring their claims against Defendants on behalf of similarly situated persons under Fed. R. Civ. P. 23(a) and 23(b)(3), and seek certification of the classes defined as follows:

~~69~~99. ~~Reporting-Amount Conspiracy~~Medical Provider Nationwide Class: ~~For Count I (violation of the Sherman Act), Plaintiffs propose that the Reporting-Amount Conspiracy Nationwide Class be defined as follows: all~~All providers of medical services in the United States ~~who have uncollected bills under $500 for medical-related services. The class period begins at least as early April 11, 2023, the date Defendants announced they had implemented their reporting-amount conspiracy by removing from consumer credit reports any medical collection debt with a balance of under $500.~~that furnished data on medical debt owed to them, either on their own behalf or by using an agent, to any of the Three Credit Reporting Agencies, from March 18, 2022 through the date of class certification (the "Class Period").

~~70. Reporting-Amount Conspiracy California Class: For Count II (violation of California's Cartwright Act), Dr. Adams proposes that the Reporting-Amount Conspiracy California Class be defined as follows: all providers of medical services in California who have uncollected bills under $500 for medical-related services. The class period begins at least as early April 11, 2023, the date Defendants announced they had implemented their reporting-amount conspiracy by removing from consumer credit reports any medical collection debt with a balance of under $500.~~

~~71~~100. ~~Reporting-Timing Conspiracy~~Collection Agency Nationwide Class: ~~For Count I (violation of the Sherman Act), Plaintiffs propose that the Reporting-Timing Conspiracy Nationwide Class be defined as follows: all providers of medical services in the United States~~

[60] CFPB, Consumer credit reports: A study of medical and non-medical collections at 35–36 (Dec. 2014), files.consumerfinance.gov/f/201412_cfpb_reports_consumer-credit-medical-and-non-medical-collections.pdf.

~~who would have had an unpaid medical bill appear earlier on a consumer credit report but for Defendants' reporting-timing conspiracy, and that unpaid medical bill has not been paid in full or was not paid in full until it was reported on one of Defendant's credit reports after being delinquent for at least 365 days.~~All entities retained by a medical provider to collect medical debt owed to that medical provider and that furnished data on that debt on behalf of that medical provider to any of the Three Credit Reporting Agencies, during the Class Period.

~~72. Reporting-Timing Conspiracy California Class: For Count II (violation of the Cartwright Act), Dr. Adams proposes that the Reporting-Timing Conspiracy California Class be defined as follows: all providers of medical services in California who would have had an unpaid medical bill appear earlier on a consumer credit report but for Defendants' reporting-timing conspiracy, and that unpaid medical bill has not been paid in full or was not paid in full until it was reported on one of Defendant's credit reports after being delinquent for at least 365 days.~~

101. Medical Provider California Subclass: All providers of medical services in California that furnished data on medical debt owed to them, either on their own behalf or by using an agent, to any of the Three Credit Reporting Agencies, during the Class Period.

102. Medical Provider New Jersey Subclass: All providers of medical services in New Jersey that furnished data on medical debt owed to them, either on their own behalf or by using an agent, to any of the Three Credit Reporting Agencies, during the Class Period.

~~73~~103. Plaintiffs reserve the right to amend these definitions as discovery proceeds and to conform to the evidence.

~~74~~104. Excluded from the Classes are Defendants, their agents, representatives, and employees; any judge to whom this action is assigned; and any member of that judge's staff and immediate family.

~~75~~105. While the exact number of members of the Medical Provider Nationwide ~~Classes~~Class is unknown at this time~~, based on information and belief~~, in the United States there are just over one million licensed physicians,[~~31~~61] more than 200,000 professionally active dentists,[~~32~~62] more than 45,000 doctors of optometry,[~~33~~63] and more than 70,000 chiropractors.[~~34~~64] These medical providers, and other types of medical providers ~~affected by Defendants' conspiracy~~, are potential members of the Medical Provider Nationwide ~~Classes~~Class. Data possessed by Defendants can assist in identifying the members of this class.

~~76~~106. While the exact number of members of the Medical Provider California ~~Classes~~Subclass is unknown at this time~~, based on information and belief~~, in California there at

[~~31~~61] Aaron Young et al., FSMB Census of Licensed Physicians in the United States, 2020, Vol. 107 No. 2 J. Medical Regulation 57 (2021), ~~https://~~www.fsmb.org/siteassets/advocacy/publications/2020-physician-census.pdf.
[~~32~~62] Am. Dental Ass'n, U.S. Dentist Demographic Dashboard (2022), ~~https://~~www.ada.org/resources/research/health-policy-institute/us-dentist-demographics.
[~~33~~63] Health Policy Institute, County Data Demonstrates Eye Care Access Nationwide (Apr. 2018), ~~https://~~www.aoa.org/AOA/Documents/Advocacy/HPI/County%20Data%20Demonstrates%20Eye%~~20Care%20Access~~20Care%20A ccess%20Nationwide.pdf.
[~~34~~64] Am. Chiropractic Ass'n, Key Facts and Figures About the Chiropractic Profession, ~~https://~~www.acatoday.org/news-publications/newsroom/key-facts.

least 120,000 physicians with active California licenses who practice in the state,[35][65] more than 30,000 professionally active dentists,[36][66] almost 7,000 doctors of optometry,[37][67] and more than 12,000 chiropractors.[38][68] These medical providers, and other types of medical providers in California ~~who were affected by Defendants' conspiracy~~, are potential members of the Medical Provider California ~~Classes~~Subclass. Data possessed by Defendants can assist in identifying the members of this subclass.

107. While the exact number of members of the Medical Provider New Jersey Subclass is unknown at this time, in New Jersey there are at least 34,000 physicians with active licenses who practice in the state.[69] These medical providers, and other types of medical providers in New Jersey, are potential members of the Medical Provider New Jersey Subclass. Data possessed by Defendants can assist in identifying the members of this subclass.

108. While the exact number of members of the Collection Agency Nationwide Class is unknown at this time, in the United States there are numerous entities that collect medical debt by furnishing data to the Three Credit Reporting Agencies. The CFPB has reported that "[m]edical debt reporting is highly fragmented, with . . . the top 10 furnishers accounting for only 18 percent of those tradelines."[70] As of February 2023, the CFPB reported 544 unique furnishers of medical debt.[71] Data possessed by Defendants can assist in identifying the members of this class.

~~77~~109. Because the potential members of the Nationwide Classes ~~and of the~~, California ~~Classes~~Subclass, and New Jersey Subclass (collectively, ~~the~~ "Class Members") are so numerous, individual joinder of these members is impracticable.

~~78~~110. The Class Members will be ascertainable through discovery ~~including~~ of Defendants' data and other records.

~~79~~111. There are common questions of law and fact shared by Plaintiffs and each

[35][65] Janet Coffman & Margaret Fix, The State of California's Physician Workforce (June 2021), ~~https://~~www.ucop.edu/uc-health/_files/prop-56/annunal-review-report-june2021.pdf [sic].
[36][66] Nat'l Library of Medicine, Health, United States, 2019 [Internet] Table 42 (2020), ~~https://~~www.ncbi.nlm.nih.gov/books/NBK569311/table/ch3.tab42/.
[37][67] Healthforce Ctr. at UCSF, Optometry Workforce and Education in California (July 31, 2020), ~~https://~~healthforce.ucsf.edu/sites/healthforce.ucsf.edu/files/publication-pdf/Optometry%20Workforce%20and%20Education%20in%20California.pdf.
[38][68] Bram B. Briggance, Chiropractic Care in California (2003), ~~https://~~healthforce.ucsf.edu/sites/healthforce.ucsf.edu/files/publication-pdf/5.%202003-06_Chiropractic_Care_in_California.pdf.
[69] Statista, Leading 10 U.S. States With The Most Number of Active Physicians as of 2024, www.statista.com/statistics/250141/us-states-with-highest-total-number-of-active-physicians/.
[70] CFPB, Consumer credit reports: A study of medical and non-medical collections at 6 (Dec. 2014), files.consumerfinance.gov/f/201412_cfpb_reports_consumer-credit-medical-and-non-medical-collections.pdf.
[71] CFPB, Market Snapshot: An Update on Third-Party Debt Collections Tradelines Reporting at 22 (Feb. 2023), files.consumerfinance.gov/f/documents/cfpb_market-snapshot-third-party-debt-collections-tradelines-reporting_2023-02.pdf.

Class Member. The common questions of law and fact include the following:

a. whether Defendants entered ~~an agreement which restrained competition~~into a conspiracy;

b. whether the ~~agreement is unlawful~~conspiracy was unlawfully in restraint of competition;

c. whether Defendants' conduct injured ~~medical providers; and~~the Medical Provider classes and the Collection Agency Nationwide Class;

d. whether Defendants' intentional acts were designed to induce a breach of the contracts under which patients agreed to pay for services received from medical providers;

e. whether the interference with such contracts was without justification;

f. whether it was reasonably probable that breaches of such contracts was a result of the interference; and

~~d~~g. the appropriate nature of class-wide injunctive or other equitable relief.

~~80~~112. Certification of the Classes under Fed. R. Civ. P. 23(a) and 23(b)(3) is appropriate as to the members of the putative classes ~~in that~~because common questions predominate over any individual questions and a class action is superior for the fair and efficient adjudication of this controversy. All Class Members were subject to the same conduct by Defendants, as such conduct was announced jointly by Defendants as their standard business practice to be applied consistently nationwide.

~~81~~113. A class action will cause an orderly and expeditious administration of claims by the members of the Classes, will foster economies of time, effort, and expenses, and will ensure uniformity of decisions.

~~82~~114. Plaintiffs' claims are typical of the claims of the Classes pursuant to Fed. R. Civ. P. 23(a) and 23(b)(3) because they are based on and arise out of identical facts constituting the wrongful conduct of Defendants.

~~83~~115. Plaintiffs are adequate representative of the Classes because their interests do not conflict with the interests of other class members, and they will fairly and adequately protect the class members' interests. Additionally, Plaintiffs are cognizant of their responsibility as class representatives and they have retained experienced counsel fully capable of, and intent upon, vigorously pursuing the action. Plaintiffs' counsel has extensive experience in class action litigation.

~~84~~116. The Class Members have suffered the same or similar injury as Plaintiffs, including actual damages.

COUNT I
VIOLATIONS OF THE SHERMAN ANTITRUST ACT,

15 U.S.C. § 1, ET SEQ.

~~85~~117. Plaintiffs re-allege and incorporate by reference each and every allegation set forth above in paragraphs ~~1–84~~1–114 as if fully set forth herein.

~~86~~118. This claim is brought against all Defendants by Plaintiffs individually and on behalf of the Nationwide Classes.

~~87~~119. Defendants entered into and engaged in unlawful concerted action that unreasonably restrained trade in violation of Section 1 of the Sherman Act (codified at 15 U.S.C. § 1).

~~88.~~ Defendants publicly announced they agreed not to report unpaid medical bills under $500 on consumer credit reports, and not to report other unpaid medical bills until they have been delinquent 365 days. Then Defendants publicly announced they had implemented these conspiracies.

~~89~~120. Defendants' ~~agreement restrained~~conspiracies restrain trade in the market for ~~providing and receiving~~reporting medical-debt information ~~for the purpose of reporting it on consumer credit reports~~. Defendants no longer compete between themselves as to whether to include~~, and how to account for,~~ medical debts under $500 or delinquent less than 365 days on the consumer credit reports they each publish~~, or as to how soon to report unpaid medical debts~~. Defendants have jointly instructed that no one can furnish data on medical debt to them—not a medical provider or its agent—unless the medical debt is at least $500 and 365 days delinquent. Defendants' ~~agreement devalues~~conspiracies devalue, in an equal way, the quality of the medical-debt reporting service that ~~the~~ Defendants had each provided to ~~Dr. Adams and other medical providers.~~

Plaintiffs.

~~90~~121. Defendants' ~~agreement constitutes~~conspiracies constitute a per se violation of the Sherman Act, and ~~is violation of~~violate the Sherman Act according to the Rule of Reason. There are no procompetitive benefits of Defendants' agreement, nor was there a legitimate or sufficient business justification. Any ostensible procompetitive benefit was pretextual or could have been achieved by less restrictive means. This Court has ruled "that Plaintiffs have plausibly alleged unlawful conduct, prohibited by antitrust laws, by the Defendants." ECF 59 at 13.

~~91~~122. ~~Defendants' agreement~~ Plaintiffs' and Class Members' injuries are of the type the antitrust laws were designed to prevent, and flow from that which makes Defendants' conduct unlawful. Defendants' conspiracies intentionally, directly, and proximately caused ~~the~~a reduction in the value of the medical-debt reporting service that Defendants had each provided to Plaintiffs and other medical providers~~: reporting unpaid medical bills under $500 on consumer credit reports, and reporting other unpaid medical bills sooner than 365 days after becoming delinquent. Defendants' agreement similarly caused intentionally, directly and proximately a reduction in the number of medical bills that Plaintiffs were able to collect, and will be able to collect, increases Plaintiffs' costs to attempt to collect payment of such bills, and delays payment of the bills that patients do eventually pay.~~ and collection agencies, in return for those medical providers and collection agencies furnishing data on medical debt. The Medical Provider

Plaintiffs, such as Dr. Adams and Cape Emergency, are injured from the lower-quality medical-debt reporting service because they receive less value for furnishing data on medical debt to Defendants, whether they furnish that data personally or through an agent. This injury is direct because the Medical Provider Plaintiffs instruct agents, working on their behalf, to furnish data on medical debt to Defendants. This injury is also direct to the Collection Agency Plaintiff, AmeriFinancial Solutions, because it transacts with Defendants on behalf of Cape Emergency and other medical providers, based on those medical providers' authorization and instruction to furnish the data on medical debt that AmeriFinancial Solutions is allowed to furnish.

123. Plaintiffs each have suffered amounts of damages that only they can recover: nonpayment of medical bills, delayed payment of medical bills, and increased costs to collect payment of medical bills. The increased costs to collect payment of medical bills have been incurred directly by Dr. Adams, Cape Emergency, and AmeriFinancial Solutions. With respect to unpaid or late-paid medical bills, a defined portion of the payment of those bills would have flowed (or flowed faster) to the Medical Provider Plaintiffs alone, and could not be recovered as damages by any other person. When the Medical Provider Plaintiffs retain a collection agency to collect an unpaid medical bill, the collection agency receives a defined percentage of any payment and the Medical Provider Plaintiffs receive the remaining defined percentage of any payment. Therefore, Dr. Adams, Cape Emergency, and AmeriFinancial Solutions have all suffered amounts of damages, flowing from the antitrust injury of the devalued medical-debt reporting service, that no other person could recover.

124. Plaintiffs seek damages in an amount to be proven at trial under Section 4 of the Clayton Act (codified at 15 U.S.C. § 15), on behalf of themselves and the Nationwide Classes.

~~92~~125. Defendants' services are transacted in interstate commerce. Defendants engaged in conduct inside the United States that caused direct, substantial, intentional, and reasonably foreseeable anticompetitive effects upon interstate commerce within the United States. The activities of Defendants were within the flow of interstate commerce of the United States and these activities were intended to have, and did have, a substantial effect on interstate commerce of the United States.

~~93~~126. The restrained trade affects interstate commerce for several reasons, including because ~~patients will pay fewer medical bills, medical providers such as Plaintiffs will receive payment of fewer medical bills and incur increased costs to collect payment of medical bills, and~~ the transaction ~~of~~for medical-debt reporting services between Plaintiffs~~' practice~~ and the Three Credit Reporting Agencies spans state lines. Dr. Adams's practice is located in California, Cape Emergency Physicians treats patients in New Jersey, AmeriFinancial Solutions furnishes data on unpaid bills for medical practices in many different states, and Defendants have nationwide operations. In addition, Equifax's principal place of business is in Georgia and TransUnion's principal place of business is in Illinois.

~~94. There are no procompetitive benefits of Defendants' agreement, nor was there a legitimate or sufficient business justification. Any ostensible procompetitive benefit was pretextual or could have been achieved by less restrictive means.~~

~~95. Plaintiffs' and Class Members' injuries are of the type the antitrust laws were designed to prevent,~~

~~and flow from that which makes Defendants' conduct unlawful.~~

~~96~~127. Each Defendant is jointly and severally liable for the harm caused by its conduct from the time they ~~announced~~implemented their ~~conspiracy~~conspiracies to the present.

COUNT II

VIOLATIONS OF THE CARTWRIGHT ACT,
CAL. BUS. & PROF. CODE § 16720, ET SEQ.

~~97~~128. Dr. Adams re-alleges and incorporates by reference each and every allegation set forth above in paragraphs ~~1–96~~1–114 as if fully set forth herein.

~~98~~129. This claim is brought against all Defendants by Dr. Adams individually and on behalf of the Medical Provider California ~~Classes~~Subclass.

~~99~~130. Defendants entered into and engaged in unlawful concerted action that unreasonably restrained trade in violation of the Cartwright Act, Cal. Bus. & Prof. Code § 16720, et seq.

~~100.~~ Defendants publicly announced they agreed not to report unpaid medical bills under $500 on consumer credit reports, and not to report other unpaid medical bills until they have been delinquent 365 days. Then Defendants publicly announced they had implemented these conspiracies.

~~101~~131. Defendants' ~~agreement restrained~~conspiracies restrain trade in the market for ~~providing and receiving~~reporting medical-debt information ~~for the purpose of reporting it on consumer credit reports~~. Defendants no longer compete between themselves as to whether to include~~, and how to account for,~~ medical debts under $500 or delinquent less than 365 days on the consumer credit reports they each publish~~, or as to how soon to report unpaid medical debts~~. Defendants have jointly instructed that no one can furnish data on medical debt to them—not a medical provider or its agent—unless the medical debt is at least $500 and 365 days delinquent. Defendants' ~~agreement devalues~~conspiracies devalue, in an equal way, the quality of the medical-debt reporting service that the Defendants had each provided to Dr. Adams and ~~other medical providers~~the Medical Provider California Subclass.

~~102~~132. Defendants' ~~agreement constitutes~~conspiracies constitute a per se violation of the Cartwright Act, and ~~is a violation of~~violate the Cartwright Act according to the Rule of Reason.

~~103.~~ There are no procompetitive benefits of Defendants' agreement, nor was there a legitimate or sufficient business justification. Any ostensible procompetitive benefit was pretextual or could have been achieved by less restrictive means.

133. Dr. Adams' and the Medical Provider California Subclass's injuries are of the type the Cartwright Act was designed to prevent, and flow from that which makes Defendants' conduct unlawful. Defendants' conspiracies intentionally, directly, and proximately caused a reduction in the value of the medical-debt reporting service that Defendants had each provided to

Dr. Adams and the Medical Provider California Subclass, in return for those medical providers and their collection agencies furnishing data on medical debt. Dr. Adams and the Medical Provider California Subclass are injured from the lower-quality medical-debt reporting service because they receive less value for furnishing data on medical debt to Defendants, whether they furnish that data personally or through an agent. This injury is direct because the Medical Provider Plaintiffs instruct agents, working on their behalf, to furnish data on medical debt to Defendants.

134. Dr. Adams and the Medical Provider California Subclass each have suffered amounts of damages that only they can recover: nonpayment of medical bills, delayed payment of medical bills, and increased costs to collect payment of medical bills. The increased costs to collect payment of medical bills have been incurred directly by them. With respect to unpaid or late-paid medical bills, a defined portion of the payment of those bills would have flowed (or flowed faster) to them alone, and could not be recovered as damages by any other person. When Dr. Adams and the Medical Provider California Subclass retain a collection agency to collect an unpaid medical bill, the collection agency receives a defined percentage of any payment and they receive the remaining defined percentage of any payment. Therefore, Dr. Adams and the Medical Provider California Subclass each suffered amounts of damages, flowing from the antitrust injury of the devalued medical-debt reporting service, that no other person could recover.

135. Dr. Adams, individually and on behalf of the Medical Provider California Subclass, seeks damages in an amount to be proven at trial.

136. Each Defendant is jointly and severally liable for the harm caused by its conduct from the time they implemented their conspiracies to the present.

COUNT III

TORTIOUS INTERFERENCE WITH EXISTING CONTRACTS – CALIFORNIA

137. Dr. Adams re-alleges and incorporates by reference each and every allegation set forth above in paragraphs 1–114 as if fully set forth herein.

138. This claim for tortious interference with existing contracts under California common law is brought against all Defendants by Dr. Adams individually and on behalf of the Medical Provider California Subclass.

139. Dr. Adams and the class have entered into, and will continue to enter into, valid contracts with patients that require patients to pay for the medical services they receive, including the portion beyond what is covered by health insurance or another payor. Under these contracts, Dr. Adams and the class have sent bills, and will continue to send bills, to patients who received medical services and became obligated under contract to pay. Many of these bills are an obligation for patients to pay less than $500.

140. At the time Defendants implemented their conspiracies, Defendants possessed detailed data showing the existence of contracts between medical providers and patients, and knew that patients had contractual obligations to pay medical providers but had not yet paid. Data possessed by Defendants showed a substantial amount of money owed by patients to

medical providers in California.

141. The Defendants' joint delay in reporting unpaid medical bills until at least 365 days delinquent, and joint removal of unpaid medical bills under $500 from consumer credit reports, were intentional acts designed to induce patients to breach or disrupt their existing contractual relationships with medical providers. As explained in more detail above, Defendants' unlawful conspiracies persuaded and encouraged patients to not pay their medical bills or at least wait until delinquency approached 365 days. Defendants persuaded and encouraged patients not to pay their medical bills by promoting a flawed rationalization that medical debt is unexpected and less worthy of repayment, and by indicating to patients that they no longer needed to worry about paying their medical bills because the Three Credit Reporting Agencies were removing the negative consequence of nonpayment.

142. Defendants' conspiracies caused a significant number of patients to not pay their bills or to wait longer to pay than they would have but-for Defendants' conspiracies.

~~104~~143. Defendants' ~~agreement intentionally, directly and proximately caused the reduction in value of the service that Defendants had each provided to Dr. Adams and other medical providers: reporting unpaid medical bills under $500 on consumer credit reports, and reporting other unpaid medical bills sooner than 365 days after becoming delinquent. Defendants' agreement similarly caused – intentionally, directly and proximately – a reduction in the number of medical bills that Dr. Adams was able to collect, and will be able to collect, increases Dr. Adams's~~intentional interference with these contractual relationships has caused Dr. Adams and the Medical Provider California Subclass to suffer substantial monetary damages. Medical providers now receive payment on fewer medical bills, later payment of bills that are paid, and have incurred additional costs to attempt to collect payment ~~of such bills, and delays payment of the bills that patients do eventually pay. Dr. Adams seeks damages in an amount to be proven at trial, on behalf of himself and the California Classes.~~.

144. Defendants' interference was wrongful and without justification because it violated antitrust law and Defendants had a self-interested motive to benefit themselves at the expense of medical providers. Defendants' asserted benefits to patients from their conspiracies are outweighed by the reduction in the availability of medical care, the increased cost of medical care, changed billing practices that impose more up-front costs on patients, the devaluation of the medical-debt reporting service that Defendants offer to Plaintiffs, the non-payment of medical bills from patients, and the costlier paths Plaintiffs must now pursue to collect payment of medical bills.

~~105~~145. Dr. ~~Adams's and Class Members' injuries are of the type the Cartwright Act was designed to prevent, and flow from that which makes Defendants' conduct unlawful.~~Adams, individually and on behalf of the Medical Provider California Subclass, seeks damages in an amount to be proven at trial.

146. Each Defendant is jointly and severally liable for the harm caused by its conduct from the time they implemented their conspiracies to the present.

COUNT IV

TORTIOUS INTERFERENCE WITH EXISTING CONTRACTS – NEW JERSEY

147. Plaintiff Cape Emergency Physicians re-alleges and incorporates by reference each and every allegation set forth above in paragraphs 1–114 as if fully set forth herein.

148. This claim for tortious interference with existing contracts under New Jersey common law is brought against all Defendants by Cape Emergency Physicians individually and on behalf of the Medical Provider New Jersey Subclass.

149. Cape Emergency Physicians and the class have entered into, and will continue to enter into, valid contracts with patients that require patients to pay for the medical services they receive, including the portion beyond what is covered by health insurance or another payor. Under these contracts Cape Emergency Physicians and the class have sent bills, and will continue to send bills, to patients who received medical services and became obligated under contract to pay. Many of these bills are an obligation for patients to pay less than $500.

150. At the time Defendants implemented their conspiracies, Defendants possessed detailed data showing the existence of contracts between medical providers and patients, and knew that patients had contractual obligations to pay medical providers but had not yet paid. Data possessed by Defendants showed a substantial amount of money owed by patients to medical providers in New Jersey.

151. The Defendants' joint delay in reporting unpaid medical bills until at least 365 days delinquent, and joint removal of unpaid medical bills under $500 from consumer credit reports, were intentional acts designed to induce patients to breach or disrupt their existing contractual relationships with medical providers. As explained in more detail above, Defendants' unlawful conspiracies persuaded and encouraged patients to not pay their medical bills or at least wait until delinquency approached 365 days. Defendants persuaded and encouraged patients not to pay their medical bills by promoting a flawed rationalization that medical debt is unexpected and less worthy of repayment, and by indicating to patients that they no longer needed to worry about paying their medical bills because the Three Credit Reporting Agencies were removing the negative consequence of nonpayment.

152. Defendants' conspiracies caused a significant number of patients to not pay their bills or to wait longer to pay than they would have but-for Defendants' conspiracies.

153. Defendants' intentional interference with these contractual relationships has caused Cape Emergency Physicians and the Medical Provider New Jersey Subclass to suffer substantial monetary damages. Medical providers now receive payment on fewer medical bills, later payment of bills that are paid, and have incurred additional costs to attempt to collect payment.

154. Defendants' interference was wrongful and without justification because it violated antitrust law and Defendants had a self- interested motive to benefit themselves at the expense of medical providers. Defendants' asserted benefits to patients from their conspiracies are outweighed by the reduction in the availability of medical care, the increased cost of medical care, changed billing practices that impose more up-front costs on patients, the devaluation of the medical-debt reporting service that Defendants offer to Plaintiffs, the non-payment of medical

bills from patients, and the costlier paths Plaintiffs must now pursue to collect payment of medical bills.

155. Cape Emergency Physicians, individually and on behalf of the Medical Provider New Jersey Subclass, seeks damages in an amount to be proven at trial.

~~106~~156. Each Defendant is jointly and severally liable for the harm caused by its conduct from the time they ~~announced~~implemented their ~~conspiracy~~conspiracies to the present.

PRAYER FOR RELIEF

Plaintiffs and the Class Members seek the following relief:

a. Certification of the Classes and Subclasses;

b. ~~Declaration that~~Judgment against Defendants~~' conduct violated~~ for violating the Sherman Act and Cartwright Act~~.~~;

c. Judgment against Defendants for committing tortious interference under California and New Jersey common law;

~~c~~d. Award Plaintiffs and the Class Members treble damages for the injuries they suffered as a result of Defendants' unlawful conduct under the Sherman Act and Cartwright Act;

e. Award Plaintiffs and the Class Members actual and punitive damages in an amount to be proven at trial for Defendants' tortious interference;

~~d~~f. Award Plaintiffs and Class Members their costs of suit, including reasonable attorneys' fees and expenses;

~~e~~g. Order that Defendants, their directors, officers, parents, employees, agents, successors, members, and all persons in active concert and participation with them be enjoined and restrained from, in any manner, directly or indirectly, committing any additional violations of the law as alleged herein; and

~~f~~h. Such other relief as the Court deems just and proper.

DEMAND FOR JURY TRIAL

Plaintiffs respectfully demand a trial by jury on all issues that can be tried to a jury.

~~Dated: November 22, 2022~~Date: February 3, 2024 Respectfully submitted,

/s/ ~~Michael Merriman~~ Bennett Rawicki

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Counsel for the Plaintiffs and the Proposed Classes

~~the Proposed Classes~~