

violations of state law alleged herein have caused loss and damage and threaten loss and damage to the general welfare of the economy of the State of Texas.

IV. DEFENDANTS

4.1 Defendant Your Therapy Source, LLC (“Your Therapy Source”) is a limited liability company organized, existing, and doing business under and by virtue of the laws of the State of Texas, with its principal address at 8624 Mid Cities Boulevard, Suite 200, North Richland Hills, Texas 76182. Your Therapy Source is a therapist staffing company operating in the Dallas/Fort Worth, Texas area.

4.2 At all times relevant to this Petition, Defendant Neeraj Jindal owned Fit 4 Life Therapy, LLC, d/b/a Integrity Home Therapy (“Integrity”), a therapist staffing company operating in the Dallas/Fort Worth, Texas area. As owner, Mr. Jindal was responsible for Integrity’s business and financial operations. Mr. Jindal sold Integrity in August 2017, to a new owner who had no prior affiliation with Integrity or involvement in the conduct alleged in this Petition. Mr. Jindal’s principal address is 1901 Long Prairie Road, Suite 220-75, Flower Mound, TX 75022.

4.3 Defendant Sheri Yarbray owns Your Therapy Source and has served as the Chief Executive Officer since she founded the company over ten years ago. As Chief Executive Officer, Ms. Yarbray is responsible for Your Therapy Source’s business and financial operations. Ms. Yarbray’s principal address is 8624 Mid Cities Boulevard, Suite 200, North Richland Hills, Texas 76182.

V. RELEVANT MARKETS

5.1 The relevant product market is home healthcare services performed by therapists and therapist assistants.

5.2 The relevant geographic market is the Dallas-Fort Worth Metroplex.

VI. RELEVANT FACTS

A. Industry Background

6.1 This matter concerns competing therapist staffing companies agreeing, and inviting other therapist staffing companies to agree, on rates paid to therapists for treating home health agency patients in the Dallas/Fort Worth, Texas area. Respondents' conduct harmed competition among therapist staffing companies to contract with therapists at competitive rates.

6.2 Therapist staffing companies contract with home health agencies to provide therapists, including physical therapists, physical therapist assistants, occupational therapists, occupational therapist assistants, and speech therapists, to treat home health agency patients (hereinafter sometimes collectively referred to as "therapists").

6.3 Home health agencies pay therapist staffing companies a negotiated rate referred to as a "bill rate" to provide therapists to treat home health agency patients. The bill rate is the primary source of revenue for therapist staffing companies.

6.4 Therapist staffing companies contract with or employ therapists to provide services to home health agency patients. Therapists provide an initial patient evaluation and then may treat—or supervise a therapist assistant to treat—the patient during a patient visit. Therapist staffing companies pay therapists a rate per patient visit or per patient evaluation referred to as a

“pay rate.” Pay rates usually are the primary expense of therapist staffing companies. A therapist staffing company maximizes its profits when bill rates are high and pay rates are low.

6.5 Therapist staffing companies compete with each other for contracting with or employing therapists. Therapists may contract with multiple therapist staffing companies and choose among them based on pay rate, volume of patient referrals, and location of patients.

B. Anticompetitive Conduct

a. Respondents agreed to lower pay rates for therapists

6.6 Respondents exchanged Integrity’s and Your Therapy Source’s pay rate information with each other and jointly agreed to lower therapist pay rates to the same level. Respondents agreed to coordinate with each other on pay rates in an attempt to prevent therapists from switching to competing therapist staffing companies paying higher rates.

6.7 In March 2017, a home health agency contracting with Integrity informed Integrity that it planned to lower Integrity’s bill rate for therapists effective April 1, 2017. The new bill rate was substantially lower than the bill rate the home health agency was currently paying Integrity.

6.8 Mr. Jindal was concerned that the difference between the bill rates and pay rates for therapists would leave Integrity with shrinking profits.

6.9 Mr. Jindal wanted to know the pay rates of his competitors and whether his competitors also were facing lower bill rates. He asked a physical therapist contracting with Integrity to contact Your Therapy Source as Integrity’s agent to find out what Your Therapy

Source was paying its therapists, whether home health agencies had lowered Your Therapy Source's bill rates, and whether Your Therapy Source intended to lower its pay rates.

6.10 In response to Mr. Jindal's request, Integrity's physical therapist, acting as an agent for Integrity, sent a text message on March 10, 2017, to Sheri Yarbray, the owner of Your Therapy Source, asking whether she had considered lowering pay rates for physical therapist assistants. Based on pay rate information he received from Mr. Jindal, Integrity's physical therapist disclosed in his text message to Ms. Yarbray the lower pay rate per patient visit that Integrity was planning to pay physical therapist assistants.

6.11 In her text message replying to Integrity's agent, Ms. Yarbray wrote, "Yes I agree[.] I'll do it with u." Ms. Yarbray also informed Integrity's agent that, in addition to pay rates for physical therapist assistants, she also wanted to lower pay rates for physical therapists and included Your Therapy Source's therapist pay rates in her text message.

6.12 Integrity's agent replied that if all therapist staffing companies were "on the same page, there [wouldn't] be a bunch of flip-flopping," meaning therapists would not just leave one therapist staffing company to contract with others paying higher rates. In her reply text message, Ms. Yarbray wrote, "I agree but we need to get everybody to do it[.]"

6.13 On March 10, 2017, shortly after exchanging text messages with Ms. Yarbray, Integrity's agent informed Mr. Jindal that Your Therapy Source was willing to lower pay rates.

6.14 On March 17, 2017, Integrity's agent followed up with Ms. Yarbray in another text message. He told Ms. Yarbray that Integrity was decreasing physical therapist and physical therapist assistant pay rates with Integrity's next scheduled date to pay therapists.

6.15 In her reply, Ms. Yarbray told Integrity's agent "I can join in where did you go," and disclosed Your Therapy Sources' current pay rates. Integrity's agent then sent a text message to Ms. Yarbray with the pay rates Integrity was planning to pay physical therapists and physical therapist assistants. In response, Ms. Yarbray wrote "Ok we are going to lower [physical therapist rates] to your numbers."

6.16 Two days later, on March 19, 2017, Mr. Jindal notified a number of physical therapists, physical therapist assistants, and occupational therapists contracting with Integrity that he was lowering their pay rates.

6.17 On April 6, 2017, after a home health agency notified Your Therapy Source that it planned to lower bill rates, Ms. Yarbray sent a text message to Integrity's agent telling him, "We have to drop rates everywhere."

b. Respondents invited other therapist staffing companies to collude on pay rates for therapists

6.18 Respondents communicated invitations to collude on pay rates to other competing therapist staffing companies in the Dallas/Fort Worth area.

6.19 On March 10, 2017, the same day Integrity's agent told Mr. Jindal that Ms. Yarbray agreed to lower pay rates, Mr. Jindal sent separate text messages containing almost identical language to four other competing therapist staffing companies. Mr. Jindal informed the other therapist staffing companies that he was "reaching out to [his] counterparts about lowering PTA [physical therapist assistant] rates" and told them the rate per patient visit that Integrity was planning to pay physical therapist assistants. Mr. Jindal also asked them about their "thoughts" on "collectively [lowering physical therapist assistant rates] together."

6.20 In his text messages, Mr. Jindal also told two of the four therapist staffing companies that he had Your Therapy Source “on board” to lower rates. He informed the other two therapist staffing companies that he had Your Therapy Source plus one other therapist staffing company “on board.”

6.21 Sometime in March or early April 2017, the same home health agency that lowered Integrity’s bill rates notified Your Therapy Source that it was planning to lower Your Therapy Source’s bill rates.

6.22 After receiving the notice from the home health agency, Ms. Yarbray sent a text message on April 6, 2017, to the owner of another competing therapist staffing company in the Dallas/Fort Worth area asking the owner what he thought about lowering pay rates. In her text message, Ms. Yarbray wrote that other therapist staffing companies were reaching out to her regarding “rate drops” and disclosed the dollar amounts of the “rate drops” in her text message.

VII. FIRST CAUSE OF ACTION

7.1 The State incorporates and adopts by reference the allegations contained in every prior paragraph of this petition.

7.2 In March 2017, Defendants entered into a horizontal agreement to fix prices paid to therapists serving as independent contractors at competing staffing companies.

7.3 This agreement unreasonably restrained trade in the relevant product and geographic markets in *per se* violation of Tex. Bus. & Com. Code § 15.05(a).

VIII. PRAYER

WHEREFORE, Plaintiff demands judgment against Defendants as follows:

- a) Adjudging and decreeing that Defendants engaged in conduct in violation of Section 15.05(a) of the Tex. Bus. & Com. Code;
- b) Awarding the State of Texas injunctive relief to remedy the violations alleged in this petition; and
- c) Directing such other and further relief as the Court deems just and proper.

Respectfully submitted,

KEN PAXTON
Attorney General of Texas

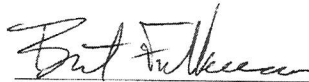
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