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Kaiser Permanente still tangled in legal and regulatory scuffle with tiny Indio vendor

San Francisco Business Times by Chris Rauber, Reporter
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You may or may not remember the odd David vs. Goliath battle between Stephan Dean, who runs a tiny data storage company in Indio, and giant Kaiser Permanente, which for reasons that are unclear has used Dean's Sure File Filing Systems to electronically store hundreds of thousands of patient records for much of the last four years, originally without a written agreement.

As many as 1 million of those electronic records — many covered by state and federal health privacy regulations — still reside on computers in Dean's Indio house and garage, he says, pending the result of a lengthy, convoluted legal and regulatory struggle.

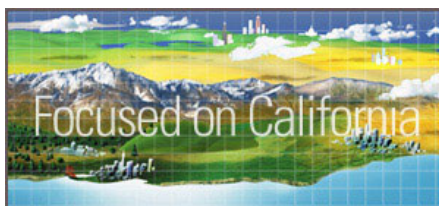
Dean also says he has thousands of unencrypted emails on his computers at home that include protected private information about Kaiser patients — emails he claims are highly susceptible to hacking, since he has minimal protections in place. They're stored on the same computers his kids play computer games on and the family uses for personal emails, according to Dean.

The San Francisco Business Times first covered the strange saga in June. Since then, Dean, his wife Liza Dean and their Sure File Filing Systems have been sued by Kaiser in Riverside Superior Court (Indio branch), tangled with Kaiser in the courthouse, with Dean serving as his own attorney, and faced

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Stephan Dean, who owns a tiny business in Indio, is fighting a one-man war with Kaiser Permanente over confidential patient records.



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off before regulators at the California Department of Public Health.

Kaiser's Oct. 12 lawsuit alleges breach of contract, unfair business practices and other complaints, and seeks boatloads of documents from Stephan and [Liza Dean](#) — including, Dean argues, copies of emails that Kaiser sent to his company. Its primary goal is to get a temporary and permanent injunction requiring the Deans to turn over or destroy all remaining Kaiser documents and let a forensic accountant check all of their computers, hard drives, servers and email accounts to verify that.

Kaiser also wants the Deans to pay for the cost of the suit.

In a long statement released to the Business Times Tuesday afternoon, Kaiser reiterated previous comments, claiming the Deans signed a contract two years ago with [Kaiser Foundation Health Plan Inc.](#) requiring them to return all stored records. It stated the Deans had failed to do so, and had "engaged in scare tactics and made continual claims and threats."

Dean said he thought he'd settled the dispute with Kaiser in late March 2011, when he reached a confidential settlement to be paid \$110,000 by Kaiser Foundation Hospitals and Kaiser Foundation Health Plan (but not, interestingly enough, Southern California Permanente Medical Group, which Dean says is responsible for many of the relevant patient files). But the settlement fell apart over a variety of issues, including Dean's refusal to turn over his personal computers to Kaiser without additional compensation and, according to Dean, Kaiser's refusal to include electronic records in an indemnification of the Deans and Sure File against future damages.

In the March 2011 confidential settlement agreement, Kaiser acknowledged that "Sure File and KP failed to fully memorialize their business relationship relating to the Services in a written agreement." (Dean provided a copy of the confidential settlement agreement to the Business Times, he said, after it was included by Kaiser in court documents for the Superior Court case.)

"What amazes us," Dean wrote in a Nov. 15 email to the Business Times, "is that KP would rather litigate this for years (rather) than simply settle with us. Leaving the information vulnerable for years to come."

A Superior Court hearing is scheduled in Riverside County for Jan. 10.

[Ralph Montano](#), a CDHP spokesman, confirmed that an investigation of Kaiser by the department is ongoing, but said officials there can't say more at this time.

Chris Rauber's beats include health care, insurance and the wine industry for the San Francisco Business Times.

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