



## LifeWallet's Proprietary Data System is Instrumental in Class Certification Against USAA Property and Casualty Insurance Company

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**LifeWallet's Sophisticated Data Analytics System Plays a Pivotal Role in Presenting Evidence to the Court, Exemplifying the Depth of Systematic Issues, Resulting in Class Certification for its Healthcare Clients and all Medicare and Medicaid Payers in Florida**

CORAL GABLES, Fla., June 10, 2024 (GLOBE NEWSWIRE) -- MSP Recovery, Inc. d/b/a LifeWallet (NASDAQ: LIFW) ("LifeWallet," or the "Company"), a Medicare, Medicaid, commercial, and Secondary Payer<sup>1</sup> reimbursement recovery and technology leader, today announced the Eleventh Judicial Circuit Court of Florida [entered an order memorializing its class certification](#)<sup>2</sup> in a case against USAA Casualty Insurance Company and USAA General Indemnity Company (collectively "USAA"), utilizing LifeWallet's proprietary data analytics system, extensive knowledge of the Medicare Secondary Payer Act ("MSP Act"), and experience in healthcare reimbursement recovery. The case directly benefits plaintiffs, which include: (1) LifeWallet's clients who assigned their claim rights to MSP Recovery entities and any future assignor clients; as well as (2) all Medicare Advantage Organizations ("MAO"), Medicaid Managed Care Organizations ("MCO"), first-tier and downstream at risk entities, and their assignees, that provided services on an at-risk basis in the State of Florida to beneficiaries who were covered by USAA under a Florida No-Fault Benefits policy, for which USAA under a no-fault/personal injury protection("PIP") insurance policy had primary coverage. The Court also [entered an order approving class notice](#), which was distributed to class members beginning June 10, 2024.

The Court noted during the evidentiary hearing that LifeWallet and its team are, to the Court's knowledge, "the only group that could put this together with their proprietary system."

LifeWallet developed a sophisticated data analytics system, that [in collaboration with Palantir Technologies Inc.](#), captures and manages data, demonstrating property and casualty insurer ("P&C Insurer") USAAs failure to adequately coordinate benefits. This system is an integral part of the evidence presented to the Court, exemplifying the breadth and depth of the systemic issues plaguing the healthcare system.

"LifeWallet utilizes its proprietary system to analyze data from multiple sources, including civil litigation," said LifeWallet Founder and CEO, John H. Ruiz. "We employ I.T. personnel, accountants, statisticians, physicians, data analysts, and attorneys to identify when Primary Payers<sup>3</sup> are responsible for payment. Without the proper identification and notification, USAA defendants and other Primary Payers could continue to evade their primary payment obligations, leading to an ongoing cycle of healthcare entities being unable to avoid paying costs they are not responsible for," Ruiz said.

The case, brought by MSP Recovery Law Firm on behalf of MSP Recovery Claims, Series LLC and MSPA Claims 1, LLC, centers on allegations that USAAs inaction contravenes both state and federal laws. This systemic and class-wide failure to identify benefits, Plaintiffs assert, has caused and will continue to cause Plaintiffs, and all similarly situated MAOs, MCOs, at-risk first-tier and downstream entities, and their assignees, throughout the state of Florida (the "Class"), to pay for accident-related medical items and services for which USAA has a primary obligation to pay.

As noted in today's order granting Plaintiffs' motion for class certification:

"USAAs failure to comply with its duties under Section 627.736(4), Florida Statutes and the resulting harm to Class Members now and in the future can be demonstrated with evidence provided by Plaintiffs' MSP System to identify specific instances of Defendant's failure to coordinate benefits."

"This problem is exacerbated by what the MSP Recovery Entities have learned about the insurance industry; namely, that insurers have made a deliberate business decision to do nothing to identify and reimburse secondary payments and sit on their hands until (and after) they are sued. The MSP System exposes this business decision by matching beneficiaries and assignor payments with third-party databases. However, Defendant's failure to provide the information prevents the Plaintiffs from confirming the full scope of Defendant's liability...."

"The MSP System captures data from different sources to identify the Class Members' insureds' medical expenses incurred as a result of an automobile accident and which should have been paid for by Defendant. Specifically, the system analyzes: Defendant's data on whether it insured a particular Class Member's insured; Defendant's reporting data indicating their primary payer obligation for a Medicare beneficiary's medical expenses; Defendant's data as to whether it reimbursed secondary payments; Plaintiffs' data as to what payments its assignors made for Defendant's insureds; and Class Members' data as to what secondary payments they made for Defendant's insureds."

Ruiz, who also argued on behalf of the Plaintiffs as lead counsel for MSP Recovery Law Firm during the certification hearing, quoted the deposition testimony of USAAs corporate representatives, revealing significant insights into the company's practices. One corporate representative admitted, "Adjusters do not ask" about Medicare Advantage coverage, highlighting a systemic issue within USAA's processes. Another representative acknowledged, "There is no process currently to reach out" to the health plan for claims related to the underlying claim, which underscores USAA's failure to coordinate benefits properly with Medicare Advantage organizations.

The Court also issued an order to show cause as to why USAAs counsel should not be held in contempt, lack of candor to the tribunal as alleged by Plaintiffs. The order set a hearing for June 28, 2024, requiring opposing counsel to show cause as to why it should not be sanctioned for the substantial alleged misrepresentations made by USAAs counsel to the Court during the certification hearing and delineated by Plaintiffs' motion.

MSP Recovery Inc., and its affiliates also have 11 motions for class certification pending in the Circuit Court of the Eleventh Judicial Circuit in Miami-Dade County, Florida against 41 other insurance companies on the same grounds. Those companies include: Ace Property and Casualty Insurance Company, Ace Insurance Company of The Midwest, Ace Fire Underwriters Insurance Company, Ace American Insurance Company, MGA Insurance Company, Inc., Ascendant Commercial Insurance, Inc., Progressive Advanced Insurance Company, Progressive American Insurance Company, Progressive Bayside Insurance Company, Progressive Casualty Insurance Company, Progressive Direct Insurance Company, Progressive Express Insurance Company, Progressive Select Insurance Company, Progressive Southeastern Insurance Company, Progressive Specialty Insurance Company, First Acceptance Insurance Company, Inc., Liberty Mutual Mid-Atlantic Insurance Company, Liberty Mutual Fire Insurance

Company, Liberty Mutual Insurance Company, Safeco Insurance Company of America, Safeco Insurance Company of Illinois, Safeco National Insurance Company, Hartford Accident and Indemnity Company, Hartford Casualty Insurance Company, Hartford Fire Insurance Company, Hartford Insurance Company of The Midwest, Hartford Insurance Company of The Southeast, Hartford Underwriters Insurance Company, Property & Casualty Insurance Company of Hartford, The Travelers Casualty Company, The Travelers Indemnity Company of Connecticut, The Travelers Indemnity Company, The Travelers Indemnity Company Of America, Travelers Casualty and Surety Company, Travelers Property Casualty Company Of America, Travelers Property Casualty Insurance Company, Star Casualty Insurance Company, Mercury Insurance Company of Florida, Mercury Indemnity Company of America, Mercury Casualty Company, and American Mercury Insurance Company.

#### **Recent Settlements**

This court decision comes after LifeWallet's most successful quarter to date since becoming a publicly traded company, achieving two [previously announced comprehensive settlements](#) with multiple P&C insurers. LifeWallet believes these settlements can establish a process to collaboratively and timely resolve future claims that are owed to LifeWallet from the Company's portfolio of assigned claims. Through collaborative data sharing, LifeWallet believes these settlements can provide additional data that enhances its ability to identify the parties responsible for unreimbursed medical liens owned by LifeWallet. It also allows LifeWallet to identify any recoverable claims for future business that pertain to the settling counterparties.

LifeWallet continues making progress with settlement negotiations involving other P&C Insurers to resolve pending litigation under the same or similar framework. LifeWallet's goal is to bring additional P&C Insurers into a similar settlement structure, building a potential revenue stream that is diversified and predictable.

#### **Forward Looking Statements**

This press release contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements may generally be identified by the use of words such as "anticipate," "believe," "expect," "intend," "plan" and "will" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts, including for example statements regarding potential future settlements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. As a result, these statements are not guarantees of future performance or results and actual events may differ materially from those expressed in or suggested by the forward-looking statements. Any forward-looking statement made by the Company herein speaks only as of the date made. New risks and uncertainties come up from time to time, and it is impossible for the Company to predict or identify all such events or how they may affect it. the Company has no obligation, and does not intend, to update any forward-looking statements after the date hereof, except as required by federal securities laws. Factors that could cause these differences include, but are not limited to, the Company's ability to capitalize on its assignment agreements and recover monies that were paid by the assignors; the inherent uncertainty surrounding settlement negotiations and/or litigation, including with respect to both the amount and timing of any such results; the success of the Company's scheduled settlement mediations; the validity of the assignments of claims to the Company; negative publicity concerning healthcare data analytics and payment accuracy; and those other factors included in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other reports filed by it with the SEC. These statements constitute the Company's cautionary statements under the Private Securities Litigation Reform Act of 1995.

#### **About LifeWallet**

Founded in 2014 as MSP Recovery, LifeWallet has become a Medicare, Medicaid, commercial, and secondary payer reimbursement recovery leader, disrupting the antiquated healthcare reimbursement system with data-driven solutions to secure recoveries from responsible parties. LifeWallet innovates technologies and provides comprehensive solutions for multiple industries including healthcare, legal, and sports NIL. For more information, visit: [LIFEWALLET.COM](http://LIFEWALLET.COM)

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<sup>1</sup> "Secondary Payers" includes Medicare Part C plans, as well as downstream entities. *MSP Recovery Claims, Series LLC v. ACE Am. Ins. Co.*, 974 F.3d 1305, 1316 (11th Cir. 2020).

<sup>2</sup> The case is *MSP Recovery Claims Series LLC et al. v. USAA Casualty Insurance Company*, No. 2018-042110-CA-01 (Fla. 11th Cir. Ct. filed Dec. 19, 2018).

<sup>3</sup> "Primary Plans" or "Primary Payers," when used in the Medicare Secondary Payer context, means "any entity that is or was required or responsible to make payment with respect to an item or service (or any portion thereof) under a primary plan. These entities include, but are not limited to, insurers or self-insurers, third party administrators, and all employers that sponsor or contribute to group health plans or large group health plans." 42 C.F.R. § 411.21.