

MSP Recovery Scores Major Victory in Court Ruling Against IDS Property Casualty

- *Ruling certifies a class action, enters judgment for entire class and sanctions IDS for willfully violating court's order.*
- *Ruling also confirms effectiveness of MSP Recovery's systems and data analytics in identifying that IDS, the defendant and a Primary Payer, failed to report its Primary Payer obligations to the government.*

CORAL GABLES, Fla.--(BUSINESS WIRE)-- Data analytics company, MSP Recovery, LLC and its affiliates ("MSP Recovery"), a Medicare, Medicaid, commercial, and secondary payer reimbursement recovery leader that [recently announced](#) a planned business combination with Lionheart Acquisition Corporation II (Nasdaq: LCAPU, LCAP, LCAPW), today announced a major legal victory in its continuing disruption of the antiquated healthcare reimbursement system by discovering payments made by Medicare Secondary Payers that should have been paid by Primary Payers.

The action was filed by MSP Recovery Law Firm ("MSP Law"), on behalf of MSPA Claims 1 LLC ("MSPA"), a subsidiary of MSP Recovery. MSP Law is a separate legal entity from MSP Recovery.

Judge David C. Miller of the Eleventh Judicial Circuit of Florida ruled there was at least "willful indifference" by IDS Property Casualty Insurance Company ("IDS") in not complying with his August 6, 2018 order which required IDS to provide identifying data of its insureds, including names, dates of birth and Social Security numbers. IDS is required by federal law and state statutes to maintain these data points to identify Medicare beneficiaries. However, IDS "failed to ascertain whether their insured was entitled to Medicare benefits" and "knowingly and willfully turned a blind eye and evaded its primary obligation when it received the Medicare enrollee's medical bills," according to the Court.

Judge Miller imposed sanctions upon IDS for "willfully" violating his court order and also certified a class action on behalf of all Florida Medicare Advantage Organizations, downstream providers and their assignees, and a summary judgment in favor of the entire class.

John H. Ruiz, founder of MSP Recovery and MSP Law and the lead attorney representing MSPA, argued that IDS had the primary obligation to cover these items and services but failed to do so. Mr. Ruiz further argued that IDS was required to maintain data that would allow it to determine which claimants were Medicare beneficiaries as required by federal law to prevent losses to the Medicare Trust Fund.

Mr. Ruiz argued that IDS's auto insurance arm is the primary responsible party when

someone insured by IDS is involved in a car accident and incurs medical expenses from the accident. However, as MSP Law has shown – using MSP Recovery’s system and data analytics – the Secondary Payer and the Medicare Payers often end up paying the medical bills. Mr. Ruiz said MSP proved that IDS was aware of this, but still allowed the Medicare Payers to pay the claims. As a result, Medicare Trust Funds were wasted.

MSP Law used MSP Recovery’s data systems to show IDS willfully withheld data from MSP Law and the Court. MSP Law showed that there was more data relevant to Judge Miller’s request than IDS had produced, a point IDS was unable to rebut. Insurance Services Office, which works with many property and casualty insurers in the U.S., provided this additional data.

“This win confirmed that IDS’s system did not comply with federal laws. Systems with these failures cause Medicare Payers to pay for medical bills that insurers should be paying, which we estimate could cost taxpayers billions of dollars each year. MSP Recovery’s system and data analytics to discover and recover these losses are necessary and well-positioned to aid in righting the wrongs impacting the Medicare Trust Fund,” said Mr. Ruiz. According to Ruiz, “this flaw isn’t limited to just Medicare, Medicaid and Commercial payers also end up paying claims they don’t owe.”

The ruling is the first time in any case brought by MSP Recovery that a judge has imposed these penalties on a primary payer in connection with finding specific instances of willful violation of a court order and finding significant flaws in the primary payer’s data. The ruling paves the way for MSP Recovery to pursue double damage penalties as allowed by federal law.

“The ruling demonstrates how applying MSP Recovery’s proprietary data analytics and legal strategies can help to obtain reimbursements from parties which should have paid the claims in the first place,” said Mr. Ruiz.

The Court held that the software system used by MSP Recovery was able to demonstrate specific instances of IDS’s failure to coordinate benefits as required by law, and further noted: “Plaintiffs’ ability to capture data in large volumes, and to simultaneously, categorize, normalize, and utilize the captured data, along with data from outside sources, is a common, reasonable and very effective methodology for generalized proof of class-wide impact for Plaintiffs and its potential class members. Plaintiffs utilized the MSP Recovery System in this case and was able to identify that IDS’s production to Plaintiffs did not comply with the Court’s Order.”

The Court found that the MSP Recovery’s System had uncovered and provided uncontested evidence that IDS had a reporting rate as low as 2% of claims made to them under policies of insurance based on the records it provided. This reporting is required under MMSEA Section 111 for Primary payers such as IDS. Based on the evidence that it provided, IDS could never have reported properly in 38% of the claims made to them under policies of insurance because IDS did not have the proper information to comply with its reporting obligations. The Court also found that when IDS did have the data, IDS would not have been able to correctly report in 21% of those claims because of the collection of incorrect data points that did not correspond to government records. Taken together, between situations where IDS failed to collect any information or where it gathered incorrect information, IDS would not have been able to properly report approximately 59% of the claims.

“The findings in this case are consistent with what MSP Law has been arguing for the last 7 years,” said Mr. Ruiz. “MSP Law – using MSP Recovery’s data analytics -- has found that a major flaw exists in the methodology used by some primary payers,” said Mr. Ruiz.

The Court imposed sanctions against IDS because it found that the data produced by IDS in response to the Court’s order “reflected, at least a willful indifference to comply with the compelled production of data, or a willful decision to do so.” According to the Court: “[t]his data, as established by Plaintiffs, is required for the Defendant to be able to comply with its legal responsibility to comply with federal and state laws in having to report and pay claims as a primary payer.”

CMS [reviews](#) less than two tenths of a percent of the more than one billion claims Medicare receives a year, so there is a high frequency of improper payments

The billed amounts being pursued by MSP Law on behalf of MSP Recovery’s MSPA are part of the more than \$50 billion MSP Recovery owns in billed amounts against insurance companies that have primary payment responsibility as well as medical and pharmaceutical manufacturers that either caused the expenditure of medical treatment or inflated their prices against the law.

About MSP Recovery

Founded in 2014, MSP Recovery 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 against responsible parties, while providing the industry with comprehensive compliance solutions. For more information, visit: www.msprecovery.com

About Lionheart Acquisition Corporation II

Lionheart Acquisition Corporation II (Nasdaq: LCAPU, LCAP, LCAPW), is a blank check company formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. For more information, visit: www.LCAP2.com.

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In connection with the potential business combination (the “proposed business combination”), a registration statement on Form S-4 (the “Form S-4”) is expected to be filed by Lionheart Acquisition Corporation II (“Lionheart”) with the U.S. Securities and Exchange Commission (the “SEC”). The Form S-4 will include a preliminary proxy statement / prospectus to be distributed to holders of Lionheart’s common stock in connection with Lionheart’s solicitation of proxies for the vote of its stockholders in connection with the proposed business combination and other matters as described in the Form S-4, as well as a prospectus relating to the offer and sale of securities to be issued in connection with the completion of the business combination. This document does not contain all the information that should be considered concerning the proposed business combination and is not intended to form the basis of any investment decision or any other decision in respect of the proposed business combination. Lionheart and MSP Recovery, LLC (and related entities, “MSP”) urge investors, stockholders and other interested persons to read, when available,

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and future business, investment, holding and sale decisions and costs; the risks associated with MSP's business, including, among others, MSP's ability to capitalize on its assignment agreements and recover monies that were paid by the assignors; litigation results; the validity of the assignments of claims to MSP; a determination that MSP's claims are not reasonable, related or necessary; the failure of MSP's clients to renew their agreements with MSP (or terminate those agreements early); MSP's claims being within applicable statutes of limitations; the inability to successfully expand the scope of MSP's claims or obtain new data and claims from MSP's existing assignor base or otherwise; the limited number of MSP's assignors and the associated concentration of MSP's current and future potential revenue; internal improvements to claims and retail billing processes by MSP's clients that reduce the need for and revenue generated by MSP's products and services; healthcare spending fluctuations; programmatic changes to the scope of benefits and limitations to payment integrity initiatives that reduce the need for MSP's services; delays in implementing MSP's services to its claims; system interruptions or failures; cyber-security breaches and other disruptions that could compromise MSP's data; MSP's failure to maintain or upgrade its operational platforms; MSP's failure to innovate and develop new solutions, or the failure of those solutions to be adopted by MSP's existing and potential assignors; MSP's failure to comply with applicable privacy, security and data laws, regulations and standards, including with respect to third party providers; changes in legislation related to healthcare programs and policies; changes in the healthcare market; negative publicity concerning healthcare data analytics and payment accuracy; competition; successfully protecting MSP's intellectual property rights; the risk that third parties may allege infringement of their intellectual property; changes in the healthcare regulatory environment and the failure to comply with applicable laws and regulations or the increased costs associated with any such compliance; failure to manage MSP's growth; the inability to attract and retain key personnel; MSP's reliance on its senior management team and key employees and the loss it could sustain if any of those employees separated from the business; the failure of vendors and providers to deliver or perform as expected, or the loss of such vendors or providers; MSP's geographic concentration; MSP's relatively limited operating history, which makes it difficult to evaluate its current or future business prospects; the impact of the ongoing COVID-19 pandemic; and the risk that MSP may not be able to develop and maintain effective internal controls. The foregoing list of factors is not exhaustive. If any of these risks materialize or MSP's assumptions prove incorrect, actual results may differ materially from the results implied by these forward-looking statements. There may be additional risks that we do not presently know or currently believe are immaterial that could also cause actual results to differ from those contained in the forward-looking statements. The foregoing list of factors is not exclusive. Additional information concerning certain of these and other risk factors is contained in Lionheart's most recent filings with the SEC and will be contained in the Form S-4, including the proxy statement/prospectus, to be filed with the SEC in connection with the proposed business combination. This communication speaks only as of the date indicated, and the statements, expressions, information and data included therein may change and may become stale, out-of-date or no longer applicable. We do not have, and do not undertake, any obligation to update, amend or revise this communication (or to provide new, amended or revised materials), including with respect to any forward-looking statements, whether as a result of new information, future events, changed plans or circumstances or any other reason, except as required by law. The communication should not be relied upon as representing our assessments as of any date subsequent to the date of this communication. Accordingly, undue reliance should not be placed upon the communication, including the forward-looking statements.

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