



MSP Recovery Experiences Additional Growth, Commences Billing More Than \$1.5 Billion to Payers, and Will Deploy Biometrics in Medical Facilities as Well as Biometrics Pilot Programs to Help Improve School Security

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CORAL GABLES, Fla., June 13, 2022 (GLOBE NEWSWIRE) -- MSP Recovery, Inc. ("MSP Recovery" or "MSPR"), a Medicare, Medicaid, commercial, and secondary payer reimbursement recovery and technology leader, today provided a business update.

- MSPR's paid value of owned claims has increased to \$368 billion.
- MSPR has commenced sending individual claim demands totaling more than \$1.5 billion in Billed Amount for payment to insurers who admitted they had primary payer responsibility for the underlying accidents to the federal government.
- LifeWallet powered by MSP Recovery will be implementing its Health Safety Technology, including biometric (facial recognition) checks, at select medical facilities as well as implementing LifeWallet technology to avoid the improper documenting of medical claims that lead to improper billing, thereby preventing fraud, waste, and abuse. This allows MSPR to monetize on claims billed, not just those paid improperly.
- LifeWallet powered by MSP Recovery is also developing a pilot program with select Florida schools to implement its biometric (facial recognition) technology to: (i) improve safety on school premises by identifying all individuals that enter school grounds; and (ii) provide school nurses with vital student health records.

"We continue to grow our new business at rates beyond what we expected," said MSP Recovery Founder and CEO, John H. Ruiz. "As we continue to deploy our unique technologies, we are also seeing significant growth in other areas in addition to owned claims. We are confident that we have unique knowledge in healthcare data, how it is ingested and how both federal and state laws apply to this market. We have established the right to recover from primary payers in the Federal Appellate Courts. These wins have paved the way for Medicare either directly or indirectly to recover on claims it wasn't responsible for. The manner in which we apply biometric technology in the healthcare space is unique to MSPR. By embedding biometrics with claims data, we have the ability to prevent fraud and provide unique identifying data where data points are easy to match," said Mr. Ruiz.

MSPR Portfolio Growth

Since its founding in 2014, MSPR has undergone significant scrutiny by major healthcare entities that have performed due diligence on MSPR prior to assigning it their claims. From 2014 through June 10, 2022, MSPR has grown its owned claims from \$84 million to \$368 billion in claims. These Medicare reimbursement rights are recognized under applicable law as "super liens." See e.g., *Sanchez v. Rental Service Corp.*, 2013 IL App (1st) 083304-U, ¶ 196, 2013 WL 860039, at *36 (Ill. App. 1 Dist., 2013) (referring to Medicare's reimbursement right as a "super lien"); *Miles v. Sunset Logistics, Inc.*, No. 3:10-CV-0872-G, 2011 WL 1532382, at *6 (N.D. Tex. Apr. 22, 2011) (same).

Additional Medicare and Medicaid claims data enables MSPR to pursue larger recovery opportunities. MSPR has identified more than \$1.5 billion in billed amounts for unique recoverable cases on behalf of Medicare Advantage Organizations against property and casualty insurance carriers that confirmed their primary payment responsibility for the underlying accidents, by reporting the same to the Centers for Medicare and Medicaid Services. To pursue and maximize these recoveries, MSPR is sending these liability insurers individual claim demand packages seeking that the debt owed plus double damages be paid within thirty (30) days.

Virage Purchases of Claims Owned by MSPR

In 2017, an MSPR affiliate first contracted with Virage Capital Management ("Virage") to monetize certain of its assigned claims ("Virage Investment"). Virage acquired \$2.7 billion of claims in exchange for \$410 million up front and 50% of any resulting recoveries upon a return of their capital and a preferred return on their investment. Notably, Virage acquired these claims before many of MSPR's legal successes. Since the first Virage Investment, MSPR has seen an increase in its assignor base, which now represents approximately 30% of the Medicare Advantage market. More recently, in September 2021, Virage reaffirmed its commitment to MSPR through an Investment Capacity Agreement ("ICA") providing for potential future transactions [to monetize up to \\$3 billion of select healthcare claims recovery interests](#). The ICA presents an opportunity for MSPR to monetize the amount typically retained by its Assignors (50% of the total recovery amount) associated with select healthcare recovery claims (the "Assignor Interest"), while preserving MSPR's interests in its revenue model. MSPR believes this recovery opportunity provides an additional potential avenue for MSPR to expand its revenue streams.

LifeWallet at Medical Facilities

Each time a patient visits a doctor, hospital, or pharmacy, a medical claim is generated detailing important information, such as the patient's diagnosis, tests performed, and medications prescribed. Currently, medical claims data is scattered throughout the fragmented healthcare system, putting people and healthcare providers at a major disadvantage. This process is not working. MSP Recovery launched LifeWallet to address this problem. LifeWallet

gives patients control of their health, with access to their complete medical history that patients can securely manage and share with doctors and first responders in emergency situations. LifeWallet uses secure HIPAA compliant technology and key personal identifiers to ensure accurate medical records are gathered, and allows healthcare practitioners and first responders to connect to LifeWallet's secure portal, putting the patient in control of sharing life-saving data. By implementing these systems, MSPR believes it can prevent certain bills from being paid improperly by identifying such improperly documented bills that affect the amounts billed and party responsible for payment.

As part of its Chase to Pay business model, LifeWallet powered by MSP Recovery will begin implementing its biometric check-in technology at select medical facilities, aiming to reduce wait times, improve data accuracy, and create a more efficient patient flow. This includes implementing the technology into vehicles transporting patients to the medical facilities. With approximately 7 billion medical bills generated each business day accounting for about \$4 trillion in annual healthcare expenditures the total addressable market is expansive.

This process will also integrate LifeWallet's blockchain solution, LifeChain. [As previously announced](#), LifeChain will allow for medical claim forms to be organized and maintained in blockchain. The full rollout of LifeWallet's ecosystem of products will target major errors that continue to plague the healthcare system, such as improper diagnoses, billing, and payer identification.

[As previously established by MSPR in court](#), certain primary payers have failed to comply with federal reporting requirements to the Centers for Medicare and Medicaid Services 98% of the time. MSPR's ultimate goal with the implementation of the LifeWallet system at medical centers is to provide real time transactional monetization for MSPR.

Marco Demelo, who has partnered with Tokenology, has more than twenty years of experience in technological innovation and development of large-scale systems projects. As a technology executive at Microsoft for ten years, he was responsible for the acquisition and development of Hotmail, restructuring of the Windows security infrastructure, and development of the 2007 Exchange server. After his tenure at Microsoft, Demelo founded and scaled PSafe, the largest cybersecurity company in Latin America. Demelo describes LifeWallet as follows:

It's probably common knowledge that the U.S. healthcare system is broken, and it has been for so long that most people just accept this as 'the way it is'. This is a direct consequence of the fact that our healthcare system is fraught with inefficiencies, high fee middlemen, outdated software systems that do not interoperate, and terrible data management practices.

When I first met the team at MSP Recovery and the unique combination of their leading recovery algorithms with the massive amount of medical claims data they had in-house it became clear that we had a unique opportunity to combine sophisticated intelligence, point-of-care biometric authentication, and state-of-the-art blockchain technology to eliminate most if not all of the fraud and inefficiencies that drive the cost of healthcare up and the quality of care down.

This is what we're building with LifeWallet and LifeChain, a modern blockchain-based healthcare data ecosystem that will, for the first time, make medical records securely available to patients and providers anywhere, while increasing efficiencies and integrity in the lifecycle of medical claims processing. As a patient, I can't wait to be able to check in to any doctor's appointment with a single biometric authentication, and authorize that doctor to access my medical records, without ever having to fill out another registration form again, all the while knowing that my doctors can provide me with top-quality care because they are being paid properly for their services.

Biometrics for School Safety

LifeWallet's previously announced biometric technology utilizes more than 2,000 facial data points to uniquely identify each individual. An additional 6,000 voice recognition data points could also be utilized. While this technology was originally designed for use in a medical setting for patient registration, treatment, and billing, a broader set of applications have been identified that leverage the same tool. LifeWallet is in the process of developing a pilot program with Florida schools, aiming to assist in monitoring access to school grounds, security, and student safety. LifeWallet hopes to begin implementation in the upcoming fall semester.

Moreover, LifeWallet will, at the family's discretion, enable student medical and pharmacy records to be accessible to school nurses and other healthcare practitioners should the student require treatment. This ensures transparency and full knowledge of the students updated conditions, allergies, and medications prior to the rendering of any treatment.

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. MSP Recovery provides the healthcare industry with comprehensive compliance solutions, while innovating technologies to help save lives. For more information, visit: www.msprecovery.com

Forward Looking Statement

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. 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 and actual events may differ materially from those expressed in or suggested by the forward-looking statements. Any forward-looking statement made by MSPR in this press release, its reports filed with the Securities and Exchange Commission (the "SEC") and other public statements made from time-to-time speak only as of the date made. New risks and uncertainties come up from time to time, and it is impossible for MSPR to predict or identify all such events or how they may affect it. MSPR 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, MSPR'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 MSPR; the inability to successfully expand the scope of MSPR's claims or obtain new data and claims from MSPR's existing assignor base or otherwise; MSPR's failure to innovate and develop new solutions, or the failure of those solutions to be adopted by MSPR's existing and potential assignors; negative publicity concerning healthcare data analytics and payment accuracy; the ability of LifeWallet powered by MSPR to implement its Health Safety Technology and school security technology, and those other factors included in MSPR's Annual reports 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.