

UNITED STATES JUDICIAL PANEL
on
MULTIDISTRICT LITIGATION

IN RE: CHANGE HEALTHCARE, INC., CUSTOMER
DATA SECURITY BREACH LITIGATION

MDL No. 3108

TRANSFER ORDER

Before the Panel:* Plaintiff in the *Diagnostic Imaging Alliance of Louisville (DIAL)* action listed on Schedule A moves under Panel Rule 7.1 to vacate the order that conditionally transferred the action to the District of Minnesota for inclusion in MDL No. 3108. Defendant Change Healthcare Solutions LLC opposes the motion.

After considering plaintiff's arguments, we find that the *DIAL* action involves common questions of fact with the actions previously transferred to MDL No. 3108 and that transfer under 28 U.S.C. § 1407 will serve the convenience of the parties and witnesses and promote the just and efficient conduct of the litigation. In our order centralizing this litigation, we held that the District of Minnesota was an appropriate Section 1407 forum for actions sharing factual questions arising from a February 2024 cyberattack on Change Healthcare's network, which exposed the private information of millions of individuals and severely disrupted the ability of physicians, pharmacies, and other healthcare providers to use Change Healthcare's digital platform to access insurance information, fill prescriptions, submit insurance claims, and receive payment for services provided to patients. *See In re Change Healthcare, Inc., Customer Data Sec. Breach Litig.*, 737 F. Supp. 3d 1367 (J.P.M.L. 2024). The MDL has since grown to include actions brought by health insurance companies and claims relating to the Temporary Funding Assistance Program (TFAP) established by Change Healthcare entities, which provided loans to healthcare providers experiencing cashflow issues due to the disruptions caused by the data breach. *See, e.g.*, Transfer Order, MDL No. 3108, ECF No. 412 (J.P.M.L. June 2, 2025).

This is the second time that this case has been before us. Plaintiff in *DIAL* is a healthcare provider that alleges it contracted with Change Healthcare defendants for practice management services before the data breach and that defendants failed to perform the services called for. In its first amended complaint, plaintiff stated that, after the data breach and the shutdown of defendants' platform, defendants' services deteriorated further, and plaintiff was left without access to the data required to permit a new vendor to take over. In addition, plaintiff asserted that it accepted a TFAP loan from defendants and that the loan terms were one-sided and unreasonable. It sought damages and to set off the loan repayments against monies allegedly owed to it by defendants. In July 2025, however, plaintiff filed a second amended complaint that eliminated all references to the data breach and the TFAP loan. Plaintiff, in its second amended complaint, alleged only that the

* Judges Karen K. Caldwell, David C. Norton, and Matthew F. Kennelly did not participate in the decision of this matter.

Change defendants breached the parties' contract starting in 2022 by failing to perform the promised services, *i.e.*, to bill patients, submit insurance claims, and collect payments, and that the breaches of contract continued over an unspecified period. Based on the allegations in plaintiff's then-operative complaint, we declined to transfer the action to the MDL. *See* Order Vacating Conditional Transfer Order, MDL No. 3018, ECF No. 441 (J.P.M.L. Aug. 7, 2025). In doing so, however, we stated:

It is possible that—as defendants predict—the Change cyberattack or plaintiff's TFAP loan will become issues in the case, but we will not engage in speculation about the future course of this litigation. If the cyberattack later becomes a subject of discovery, plaintiff seeks to offset TFAP loan repayments against its alleged damages, or defendants bring a counterclaim based on plaintiff's TFAP loan, any party may again notice the action as a potential tag-along action.

Id. at 2.

Based on developments in the litigation since our August 2025 order, we conclude that transfer is now warranted. Plaintiff's current operative complaint still does not clearly seek damages for any breaches of contract resulting from the cyberattack. However, in Change Healthcare's October 2025 answer to the complaint, it asserted defenses that plaintiff's claims are barred or estopped “to the extent that ALPHV, BlackCat, or any other named or unnamed, known or unknown ransomware group or cyberactor, not Defendant, caused and/or is liable for Plaintiff's alleged harms,” as well as “by the doctrines of waiver, estoppel, settlement, payment, release, and/or offset, including based on Plaintiff's receipt of Temporary Funding Assistance Program loans” Def.'s Answer & Countercl. at 10. In addition, Change asserted breach of contract and unjust enrichment counterclaims for repayment of nearly \$875,000 in TFAP loans extended to DIAL after the cyberattack. *Id.* at 18-20.

Plaintiff's pleadings in the transferor court also raise factual issues that overlap with the MDL. On October 27, 2025, plaintiff answered Change's counterclaims. In its answer, plaintiff asserts that the TFAP loan was “intended to offset damages resulting from Defendant's breach” and “denies that Defendant's decision to pause services was ‘necessary and responsible,’ as Defendant lacked adequate contingency plans and failed to maintain cybersecurity safeguards, which exacerbated the disruption.” Pl.'s Answer to Countercl., ¶ 19. DIAL avers that the TFAP “funds were advanced solely to mitigate losses caused by Defendant's own breaches and operational failures, including failure to process claims and restore billing systems.” *Id.*, ¶ 51. In addition, it states that defendant's claims “are barred as a result of its first material breach, as set forth in DIAL's Third Amended Complaint” and that defendant's “alleged damages are subject to recoupment and/or offset based on the damages it caused as outlined in the Third Amended Complaint.” *Id.* (Add'l Defs.), ¶ 5. These allegations, as well as Change's defenses, belie plaintiff's argument that its claims and Change's counterclaims raise distinct factual and legal issues. We thus reject plaintiff's suggestion that, if the action is transferred, plaintiff's claims be separated and remanded to the transferor court under Section 1407(a) to be litigated separately from Change's counterclaims.

We further note that, even if DIAL does not presently assert claims for losses caused by the cyberattack, it appears from its answer to Change's counterclaims and its brief that plaintiff means to reserve the option to assert such claims later. For instance, although plaintiff states in its brief that "DIAL's lawsuit focuses exclusively on the period prior to the Cyberattack," this statement is immediately followed by a footnote stating that "DIAL does not waive any rights, claims, or defenses, nor does it waive the right to seek additional damages or relief that may be uncovered through further investigation or discovery." Pl.'s Brief at 2-3 & n.1.¹ To the extent that plaintiff has amended its complaint to avoid transfer to the MDL with the intention of later attempting to pursue claims for cyberattack-related damages in the transferor court, such artful pleading is discouraged. Any claims that DIAL incurred losses due to the data breach fall within the ambit of the MDL, and litigating plaintiff's pre-data breach claims separately in the Middle District of Tennessee would be inconvenient, inefficient, and a waste of judicial resources.

Finally, we are not persuaded by plaintiff's argument that transfer would be inconvenient and inefficient because parties, witnesses, and evidence are located outside Minnesota. *See In re Aqueous Film-Forming Foams Prods. Liab. Litig.*, 669 F. Supp. 3d 1375, 1380 (J.P.M.L. 2023) (rejecting argument that "transfer will not promote convenience or efficiency because relevant witnesses and evidence are located outside" the transferee district; "We look to the overall convenience of the parties and witnesses, not just those of a single plaintiff or defendant in isolation.") (citation modified).

IT IS THEREFORE ORDERED that this action is transferred to the District of Minnesota and, with the consent of that court, assigned to the Honorable Donovan W. Frank for inclusion in the coordinated or consolidated pretrial proceedings.

PANEL ON MULTIDISTRICT LITIGATION



Nathaniel M. Gorton
Acting Chair

Roger T. Benitez
Madeline Cox Arleo

Dale A. Kimball

¹ *See also* Third Am. Compl., ¶ 34 ("Discovery in this matter remains ongoing, and DIAL anticipates uncovering further damages once it learns of the full extent of the breaches and failures.")

**IN RE: CHANGE HEALTHCARE, INC., CUSTOMER
DATA SECURITY BREACH LITIGATION**

MDL No. 3108

SCHEDULE A

Middle District of Tennessee

DIAGNOSTIC IMAGING ALLIANCE OF LOUISVILLE, P.S.C. v. CHANGE
HEALTHCARE OPERATIONS, LLC, ET AL., C.A. No. 3:25-00470