

AI Service Provider Faces Class Actions Over Catholic Health Data Breach

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AI service provider Serviceaide Inc. faces two proposed class action lawsuits from a data breach tied to Catholic Health System Inc., a nonprofit hospital network in Buffalo, New York. The breach reportedly exposed the personal information of over 480,000 individuals, including patients and employees.

Filed in the U.S. District Court for the Northern District of California, the lawsuits allege that Serviceaide acted negligently and failed to protect sensitive data in its Elasticsearch database that was made publicly accessible allegedly for months before being disclosed.

Serviceaide, which provides AI-driven chatbots and IT support solutions, was contracted by Catholic Health and entrusted with managing protected health information and employment records. Plaintiffs allege that the company delayed notification to the affected individuals, waiting seven months after the incident to notify affected individuals. The affected data included patient records and personal information.

The lawsuits allege claims of negligence, breach of implied contract, unjust enrichment, invasion of privacy, and violations of California's Unfair Competition Law.

Both plaintiffs seek to represent a nationwide class of individuals whose data was compromised and are seeking injunctive relief, damages, and attorneys' fees.

These lawsuits highlight growing legal exposure for tech firms that handle protected health information, especially as more hospitals and healthcare systems outsource services to AI and cloud vendors. The healthcare sector remains one of the most targeted industries for cyber threats, and breaches involving third-party vendors are drawing increasing legal scrutiny.

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