

DOJ RECOUPED \$6.8 BILLION UNDER FCA IN 2025

On January 16, 2026, the Department of Justice (“DOJ”) **announced** that it recovered a record-breaking \$6.8 billion in False Claims Act (“FCA”) related settlements and judgments in the 2025 fiscal year. The 2025 recovery amount more than doubles **the previous year’s recovery of \$2.9 billion** and marks the highest recovery in a single year since the FCA was enacted. The amount of whistleblower claims continued to rise, with 1,297 *qui tam* complaints filed in 2025. Health care fraud remained a leading source of FCA settlements and judgments, with over \$5.7 billion related to matters involving the industry, reflecting a vast majority of the money recovered.

As stated by Deputy Attorney General Todd Blanche, “[s]topping rampant fraud is a top priority, and this record-breaking year proves the False Claims Act remains one of the government’s most powerful weapons against fraud.” This accords with the historic recovery numbers reported by HHS-OIG in its recent **Semiannual Report to Congress**.

The resolutions in 2025 reflect DOJ’s focus on key enforcement priorities, including:

Managed Care. Because Medicare Part C has become the largest component of Medicare, DOJ has continued to crack down on Medicare Advantage (“MA”) compliance. One MA plan agreed to **pay up to \$98 million** to settle allegations that it submitted improper and unsupported diagnosis codes to increase payments received from Medicare. This particular area of noncompliance is a key issue for DOJ, as a medical group **paid \$62 million** to settle similar allegations related to spinal condition diagnoses. DOJ is continuing to litigate matters against large health insurers regarding diagnosis codes.

Pharmaceuticals. Enforcement against misconduct involving pharmaceuticals was a significant priority for DOJ. A large generic drug manufacturer **paid \$425 million** to resolve allegations that it violated the FCA by paying copays for Medicare patients for certain drugs, while steadily raising that drug’s price. A jury found a large long-term care pharmacy liable for fraudulently dispensing drugs without valid prescriptions, and a **judgment ordered** this pharmacy to pay \$948.8 million, which included treble damages. A supplier **paid \$21.75 million** to resolve allegations that it inflated Average Wholesale Prices for two ingredients used in compound prescriptions in order to increase the reimbursement its pharmacy customers received from federal health care programs.

Unnecessary Services and Standard of Care. DOJ also exercised enforcement actions against providers who billed for services that were not medically necessary or were below the standard of care, putting vulnerable populations at risk. A physician group **paid \$45 million** to settle allegations that it caused the submission of false claims for overbilled and medically unnecessary wound care services by falsely billing for surgical debridements to increase revenue. A hospital **paid \$10.25 million** to resolve allegations that it billed for medically unnecessary inpatient hospital admissions, when less expensive observation status or outpatient care was appropriate. A group of nursing homes **agreed to pay \$3.61 million** to resolve allegations that they knowingly billed for grossly substandard skilled nursing services.

Cybersecurity Initiative. Progressing the efforts announced in 2021, DOJ continues to use the FCA to promote cybersecurity compliance and emphasize the importance of securing government information. Claims were pursued against various contractors involving allegations that they failed to meet cybersecurity requirements, resulting in over \$52 million in recoveries. Cybersecurity settlements have more than tripled over the past two years.

PRACTICAL TAKEAWAYS

Health care-related FCA enforcement continues to be a profitable pursuit for the federal government. While large settlements generate the most attention, even relatively modest investigations and settlements can cause significant disruption, expense and reputational harm to providers. Even more, *qui tam* actions continue to be at an all-time high, and relators are showing a willingness to proceed even in the face of DOJ declination, making it more important than ever to promote a culture of compliance.

Proactive compliance programs are an excellent defense and can help to identify issues before they pose FCA risk. When significant concerns do arise, providers must respond timely and complete a thorough investigation, correct any identified misconduct and evaluate options for refunding or self-reporting, as necessary. Hall Render attorneys have years of experience in providing practical advice and guidance to all types of health care providers and entities.

For help understanding your legal obligations, designing a compliance program that is right for your organization or investigating a potential issue, please contact:

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