

False Claims Act Recoveries Top \$6.8 Billion in Record FY 2025

January 23, 2026 – FCA Now

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The Department of Justice (DOJ) announced that False Claims Act (FCA) settlements and judgments surpassed \$6.8 billion in FY 2025—the highest single-year total in FCA history.¹ DOJ reported a record 1,297 qui tam filings and 401 new government investigations opened for the year. Healthcare fraud enforcement once again dominated the recoveries, accounting for more than \$5.7 billion of the total.

By the Numbers²

- Total FCA recoveries: \$6.888 billion (record high and a 136% increase over FY 2024)
- *Qui tams* filed: 1,297 (record high; prior record set in 2024 with 980)
- Government investigations opened: 401 (down from 425 in 2024)
- Recoveries by case type: \$5.34 billion from qui tam matters (includes both intervened and declined cases) vs. \$1.55 billion from non-qui tam cases
- Sector breakdown:
 - Health and Human Services (HHS): \$5.722 billion (83% of total recoveries, and up from last year's total of \$1.8 billion)
 - Department of Defense (DoD): \$633.9 million (up from last year's total of \$98.3 million)
 - Other (non-HHS/non-DoD): \$532.6 million (down from last year's total of \$1.23 billion)

DOJ's Key Enforcement Areas

DOJ emphasized that “[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.” DOJ highlighted three areas where it directed its resources and enforcement efforts: healthcare fraud, fraud involving government procurement, loan, and grant programs, and fraud that evades tariffs and customs duties.

Healthcare Fraud

With more than \$5.7 billion in recoveries, 83% of the total, healthcare fraud enforcement continues to predominate FCA recoveries. DOJ highlighted three focal points for FY

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2025: managed care (especially Medicare Advantage), prescription drugs, and medically unnecessary services and substandard care. DOJ continues to pursue allegedly unsupported risk-adjustment coding in Medicare Advantage, including a matter in which a health plan and its affiliate agreed to pay up to \$98 million.³ DOJ also intervened in a qui tam case alleging illegal kickbacks to steer beneficiaries into certain Medicare Advantage plans, and it continues to litigate cases accusing insurers of using improper diagnoses to boost reimbursements. These actions reflect the scale and importance of Medicare Advantage, now the largest component of Medicare by both spending and enrollment, and signal ongoing scrutiny of coding, marketing, and broker relationships.

Prescription drug enforcement remained vigorous, spanning pricing, dispensing, and kickbacks, and intersecting with the opioid crisis. A unanimous jury returned a \$948.8 million judgment against the nation's largest long-term care pharmacy for dispensing drugs without valid prescriptions. In a first-of-its-kind resolution, a consulting firm paid \$323 million based on allegations that its advice to a drug manufacturer caused the submission of false opioid-related claims. DOJ also secured a \$450 million settlement involving copay assistance and price-fixing, and relators won nearly \$1.9 billion in verdicts tied to off-label promotion and dispensing without valid prescriptions. DOJ likewise pursued providers for medically unnecessary services and substandard care, including a \$45 million settlement with a wound care company and \$3.6 million settlement against a health system over grossly substandard nursing home services.

Procurement and Defense Fraud

In military procurement, DOJ resolved the second-largest procurement fraud case in history, with a defense contractor paying \$428 million over allegations of false cost and pricing data and double billing on a weapons maintenance contract. Additional defense-related resolutions included \$62 million and \$29.74 million for defective pricing, \$21 million for inflated subcontractor charges, \$15.875 million involving a consulting firm, and \$15.7 million for nonconforming parts—illustrating the breadth of alleged misconduct.

Cybersecurity Compliance

DOJ recovered more than \$52 million across nine settlements, continuing a multi-year trend attributable to DOJ's Civil Cyber-Fraud Initiative, representing another year of increasing focus on the Initiative. Recoveries include \$11.2 million against a health benefits administrator and its parent company for falsely certifying compliance with cybersecurity requirements; \$9.8 million from a medical device maker tied to vulnerabilities in genomic sequencing systems; and settlements with two universities over noncompliance with cybersecurity clauses in federal contracts.

Pandemic Related Fraud

Pandemic-related fraud also remained active. DOJ obtained more than 200 settlements and judgments totaling over \$230 million, bringing total civil recoveries in pandemic relief programs to more than \$820 million. This includes a \$20 million consent judgment against a borrower tied to false PPP loan applications, an \$8.1 million recovery from a

major airline for exceeding Payroll Support Program limits, and claims against three former financial technology executives over allegedly false PPP claims.

Tariffs and Customs Fraud

DOJ expanded FCA enforcement on tariff and customs avoidance, launching a cross-agency Trade Fraud Task Force. Cases have targeted misrepresentations about product type, country of origin, and other tactics used to evade duties. Notable resolutions include a record-setting \$54.4 million settlement with an industrial tools manufacturer over unpaid duties on tungsten carbide products imported from China, along with additional settlements involving a stone importer (\$12.4 million), flooring company (\$8.1 million), plastics company (\$6.8 million), and furniture maker (\$4.9 million). The initiative signals a durable focus on trade compliance as an FCA risk area.

What to Watch for In FY 2026

The record recoveries, surge in *qui tam* filings, and sharpened enforcement priorities, FCA risk is and will likely remain elevated. DOJ's stated priorities point to sustained, aggressive, and perhaps intensifying FCA enforcement across healthcare, procurement, and customs-related matters in the year ahead. And given the anti-fraud messaging from the Administration and host of new certifications (e.g., DEI, civil rights, FOCI) the Administration is foisting on government contractors and grantees, FY 2026 is shaping up to be a robust year for FCA enforcement. Companies should pressure-test compliance programs—especially in health care, government procurement, cybersecurity, and trade—and involve counsel early to assess exposure, structure remediation, and mitigate risks.

¹ *False Claims Act Settlements and Judgments Exceed \$6.8B in Fiscal Year 2025*, Dept. of Justice, Press Release, <https://www.justice.gov/opa/pr/false-claims-act-settlements-and-judgments-exceed-68b-fiscal-year-2025>.

² *Fraud Statistics Overview: October 1, 1986-September 30, 2025*, Dept. of Justice, <https://www.justice.gov/opa/media/1424121/dl>.

³ *Fact Sheet: False Claims Act Settlements and Judgments FY 2025*, Dept. of Justice, <https://www.justice.gov/opa/media/1424126/dl>.