

January 2026

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Litigation Update

DOJ Reports Historic False Claims Act Recovery in Fiscal Year 2025

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Executive Summary

On Jan. 16, the U.S. Department of Justice, Civil Division (DOJ) released its annual report on False Claims Act (FCA) enforcement statistics for the fiscal year (FY) ending in September 2025. The DOJ's report reveals several record-breaking statistics, including over \$6.8 billion in settlements and judgments, and underscores a continued focus and expansion of FCA enforcement across several key areas, including healthcare, government procurement, cybersecurity, and tariff and customs avoidance. Consistent with enforcement guidance the DOJ issued in 2025, the report also emphasizes the value of voluntary self-disclosures, cooperation and remediation, and notes several settlements incorporating credits for such efforts. Hence, notwithstanding the highly publicized changes made by the Trump administration and Department of Justice to federal enforcement policies and priorities, False Claims Act enforcement is indeed alive and well and continues to present a significant compliance risk point for companies.

Below are key takeaways from this year's report, including the statistics, enforcement areas and policies highlighted by DOJ in its [press release](#), [fact sheet](#) and [statistics sheet](#).

Key FCA Statistics

In yet another record-breaking year, the DOJ recovered over \$6.8 billion from FCA settlements and judgments in FY 2025, the highest number recovered in a single year and over double the approximately \$3.1 billion recovered in FY 2024.¹ The last highest year on record was FY 2014, when the department recovered over \$6.2 billion.

FY 2025 was also a record-breaking year for *qui tam* relators (i.e., whistleblowers who bring lawsuits on behalf of the U.S. government under the *qui tam* provisions of the FCA). Relators filed 1,297 *qui tam* lawsuits in FY 2025, which is the highest number filed in a single year and exceeded the prior record of 980 *qui tam* lawsuits filed in FY 2024. Overall, between *qui tam* relators and the government, 1,698 new FCA matters were opened in FY 2025 — another record. In addition to filing many lawsuits, relators were a significant source of settlements and judgments: approximately \$5.3 billion of the \$6.8 billion recovered in FCA settlements and judgements derived from *qui tam* matters as opposed to non-*qui tam* matters, which is another record and over double the approximately \$2.6 billion recovered from *qui tam* actions in FY 2024. Notably, close to 43% of these *qui tam* recoveries (i.e., approximately \$2.3 billion) resulted from matters in which the government declined to intervene — meaning relators prosecuted the matters to

settlement or judgment — which is yet another record, as intervened matters typically exceed non-intervened matters in settlements and judgments. For instance, in FY 2024, only 12% of *qui tam* recoveries derived from non-intervened matters. Clearly, whistleblowers of all varieties and their counsel are playing a larger role than ever before.

Consistent with historic trends, healthcare fraud dominated FCA enforcement in FY 2025 and generated a record-breaking approximately \$5.7 billion in settlements and recoveries. Healthcare fraud as a percentage of all settlements and judgments was 83%, which is a marked increase from 2023 and 2024, when healthcare fraud constituted 70% and 58% of all settlements and recoveries, respectively. Most of this year's recovery for healthcare fraud matters derived from *qui tam* actions, with healthcare fraud *qui tam*s generating approximately \$4.5 billion in settlements and judgments. The bulk of this \$4.5 billion figure comes from large judgments in non-intervened healthcare matters, which generated approximately \$2.3 billion overall. Of note, while healthcare matters already in the queue from prior years dominated the recovery statistics, only 38% of all new FCA matters opened this year were in healthcare, with the majority of new matters originating from non-Health and Human Services or Department of Defense actions. This percentage of new healthcare matters is nonetheless a slight increase from 2023 and 2024, when healthcare constituted approximately 36% and 33% of all new matters opened, respectively.

In contrast to the significant increase in FCA settlement and judgments, the DOJ reported a decline in relator share awards. In FY 2025, relators earned only approximately \$330 million, which is a 31% decrease from last year's approximately \$480 million and only 6% of the total *qui tam* recoveries. This decrease is below expectations considering the increase in *qui tam* matters in FY 2025, but this outcome is likely due, in part, to relator shares not yet being awarded for all *qui tam* settlements and judgments in FY 2025. Of the amount paid to relators in FY 2025, nearly 80% went to relators who brought healthcare fraud *qui tam* actions, which is a larger share of the awards than in prior years.

FCA Enforcement Areas

The DOJ's report identifies three high-level areas of focus for FCA enforcement efforts in FY 2025: healthcare fraud; government procurement fraud; and tariff and customs avoidance. Within each of these areas, the report describes representative new matters, settlements and judgments in subject matters of continued, expanded or new focus.

Healthcare Fraud

Healthcare fraud was unsurprisingly a top DOJ priority for FCA enforcement in FY 2025. In accordance with historic trends and the healthcare enforcement priorities announced by the DOJ-HHS FCA Working Group in July 2025, the DOJ continued and expanded enforcement in matters involving managed care, prescription drugs and medically unnecessary care.

- **Managed Care:** As in FY 2024, the DOJ continued to pursue FCA actions against healthcare providers and organizations for false claims in managed care, particularly the Medicare Advantage program. As part of its representative matters in this area, DOJ highlighted settlements involving health insurance companies allegedly submitting false or invalid diagnosis codes to increase payments for Medicare Advantage enrollees. DOJ also described ongoing litigation involving allegations that health insurance companies paid kickbacks to steer beneficiaries to their Medicare Advantage plans, submitted improper diagnosis codes or abused Medicaid programs.
- **Prescription Drugs:** The DOJ also continued to target entities for alleged misconduct related to drug pricing, drug dispensing and illegal kickbacks. The DOJ's representative matters included settlements of allegations that drug manufacturers offered sham speaker programs (which continue to be a significant compliance risk point even after decades of enforcement and guidance), improper sponsored diagnostic testing or inappropriate copay assistance to induce

prescriptions, or that they engaged in improper drug pricing practices. The matters also included a slew of complaints and settlements related to the unlawful distribution of opioids, and the DOJ highlighted successes by relators in obtaining judgments in matters relating to drug pricing and drug promotion.

- **Medically Unnecessary Care:** Along with the other key areas of focus, DOJ identified medically unnecessary and substandard care as another driver of healthcare fraud enforcement in FY 2025. Key actions the DOJ highlighted in its report involve wound care companies allegedly billing or overbilling for medically unnecessary or grossly substandard wound care services, hospitals allegedly billing for medically unnecessary hospital admissions and nursing homes billing for non-existent or grossly substandard care.

Government Procurement Fraud

In FY 2025, the DOJ also continued the historic trend of targeting government procurement fraud, particularly that involving military defense contractors, and continued to expand this area in recent years to include cybersecurity fraud and pandemic relief fraud. This expanded focus aligns with Trump administration policies to guard against fraud and abuse in any government program that harms American taxpayers and the public fisc.

- **Military Procurement Fraud:** The DOJ reported some of its largest procurement fraud cases in FY 2025, including settlements with military defense contractors that allegedly provided false cost and pricing data when negotiating government contracts. Other notable procurement fraud actions involved government contractors double-billing or excessively charging on existing government contracts, submitted false bidding information or supplied defective products.
- **Cybersecurity Fraud:** The DOJ reported an increase in cybersecurity enforcement settlements in FY 2025 over the past two years and recovered \$52 million from FY 2025 settlements. One major action the DOJ highlighted in its report involved a healthcare contractor that allegedly failed to identify and address known vulnerabilities when certifying compliance with cybersecurity standards. The DOJ also pursued actions against defense and government contractors that falsely certified compliance with contractual cybersecurity standards to secure or maintain government contracts.
- **Pandemic Relief Fraud:** The volume of pandemic relief fraud FCA enforcement actions remained high in FY 2025, with over 200 FCA settlements and judgments totaling more than \$230 million. Many of these settlements involved individuals and companies that allegedly made material misrepresentations to obtain forgivable loans under the Paycheck Protection Program (PPP). Other key settlements involved medical providers who sought to defraud the pandemic-related healthcare program by misbilling for services that were not COVID-19 services or performed at COVID-19 testing sites.

Tariffs and Customs Avoidance

Effectuating the Trump administration's focus on protecting against threats to the U.S economy, the DOJ identified enforcement of tariffs and customs avoidance as a prominent — and relatively new — FCA enforcement focus in FY 2025, and it highlighted the formation of a cross-agency Trade Fraud Task Force in August 2025. The remit of this task force is to coordinate efforts between the DOJ and Department of Homeland Security (DHS) to combat tariffs and customs fraud and evasion using the FCA and other statutes. FCA settlements secured in FY 2025 related to these objectives generally involved businesses and individuals allegedly misrepresenting import details, such as the country of origin or the value of goods, to evade higher tariffs or U.S. duties.

Voluntary Self-Disclosure, Cooperation and Remediation Credit

In furtherance of published enforcement guidance, the DOJ's report also emphasized continued efforts in FY 2025 to incentivize and reward entities and individuals that voluntarily self-disclose FCA matters to the government, cooperate with the government's FCA investigations and fully remediate misconduct. Consistent with the Justice Manual's "Guidelines for Taking Disclosure, Cooperation, and Remediation into Account in False Claims Act Matters," the DOJ report reminds defendants that credit may be awarded for voluntary self-disclosures, assistance with assessing government losses, disclosures of internal investigations and remedial measures such as compliance program enhancements or personnel changes. The DOJ noted that several of the representative settlements discussed in the report's Fact Sheet involved credits for such cooperative measures, and defendants were provided with reduced civil monetary penalties and damages multipliers. The report does not expressly identify which resolutions involved such credits, but a review of the underlying press releases indicates that credits were awarded in at least two of the 35 representative settlements presented by DOJ and the reduced multipliers were between 1.5 and 1.96. It remains to be seen whether the purported benefits and reductions announced in connection with these matters will be clear enough to companies considering such disclosures in the future.

Conclusion

Overall, FCA enforcement broke multiple records in FY 2025, and this should be viewed as an indication that the False Claims Act and *qui tam* relators will remain critical to the government's efforts to fight fraud and abuse of government programs. As with prior years, the False Claims Act remains the primary tool by which the government combats healthcare fraud, and consistent with the president's executive orders and the DOJ's memos and announcements over the last several months, the government appears poised to continue to expand False Claims Act enforcement into emerging areas, including cybersecurity and tariffs and customs avoidance. We encourage companies concerned with FCA enforcement to proactively and comprehensively assess their compliance risks and the programs designed to mitigate those records, as well as the record of execution in the event that the government and/or relators come knocking on the door.

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If you have any questions concerning these developing issues, please do not hesitate to contact any of the following Paul Hastings lawyers:

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¹ In the statistics sheet accompanying this year's FCA report, DOJ updated the total amount of settlements and judgments for FY 2024 from approximately \$2.9 billion when first reported in January 2025 to approximately \$3.1 billion.