

Record-breaking U.S. DOJ year of settlements and judgments under the False Claims Act

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At the same time that many members of Congress suggested that the Department of Justice (DOJ) has retreated from white collar enforcement¹, DOJ announced on January 16, 2026 that False Claims Act settlements and judgments reached a single-year record of USD6.8 billion for the fiscal year ending September 2025².

The U.S. False Claims Act has long presented a known enforcement risk to federal government contractors due to the high level of monetary recovery by the DOJ each year, and the sheer number of cases that whistleblowers, who are able to share in any recovery, initiate annually. The DOJ's annual update and areas of focus is therefore of interest to businesses and investors with a current or planned nexus to a U.S. government contractor.

DOJ's focus on combatting health care fraud remains evident, with false claims settlements and judgments related to health care contributing USD5.7bn of the USD6.8bn. DOJ's announcement also highlighted significant resolutions related to military procurement fraud, cybersecurity fraud, and pandemic-related fraud, and the DOJ also highlighted its commitment to combat tariffs and customs fraud.

Health care fraud

Over the course of 2025, the DOJ reported prioritizing three types of health care fraud: managed care, prescription drugs, and unnecessary services or substandard care.

Managed care: Managed care, provided through Medicaid, is a health care delivery system that delivers Medicaid health benefits and additional services through state Medicaid agencies and managed care organizations. The DOJ pursued cases alleging false claims in managed care throughout 2025, with a particular focus on the Medicare Advantage (Medicare Part C) program, a managed care alternative offered by private companies and approved by Medicare. The DOJ entered into several multi-million-dollar Medicare Advantage settlements involving the submission of false and invalid diagnosis codes.

Prescription drugs: The DOJ also announced its continued pursuit of actions against entities engaging in misconduct related to drug pricing, dispensing, and illegal kickbacks, including matters tied to the opioid crisis. The DOJ reported several significant settlements and judgments related to prescription drugs, worth hundreds of millions of dollars, for violations of the False Claims Act, the Anti-Kickback Statute, and fraudulently dispensing drugs without valid prescriptions. The DOJ also pursued several actions against pharmacies for filling prescriptions for controlled substances that lacked a legitimate medical purpose, were not valid, or were not issued in the usual course of professional practice. In addition to government-driven actions, the DOJ highlighted that individuals filing qui tam lawsuits, known as “relators”, were successful in pursuing these actions on behalf of the government even as the Eleventh Circuit Court of Appeals recently heard oral arguments, in December 2025, [in an action questioning the constitutionality of actions brought by relators rather than DOJ.](#)

Unnecessary services and substandard care: The DOJ highlighted pursuit of matters in which health care providers submitted bills for medically unnecessary services and for substandard care. In one instance, a hospital allegedly agreed to pay USD10.25 million to settle allegations that it billed Medicare and Medicaid for medically unnecessary inpatient admissions when observation status or outpatient care was more appropriate. In another action highlighted by DOJ, a nonprofit operating nursing homes in three states agreed to pay USD3.61m to resolve allegations that it billed Medicare and Medicaid for grossly substandard skilled nursing services.

DOJ's pursuit of procurement fraud

In addition to fraud in health care, the DOJ reportedly continued its pursuit of government procurement fraud, including military and other government contracting, as well as violations of the cybersecurity requirements included in federal contracts. On military procurement, the DOJ said it secured the second-largest procurement fraud resolution in history, reaching a USD428m settlement with a weapons manufacturer that allegedly provided false cost and pricing data when negotiating government contracts.

The DOJ also recovered more than USD52m through nine cybersecurity fraud settlements in 2025. DOJ alleged defendants failed to comply with essential terms in federal contracts to ensure the security of government information.

Future enforcement

To conclude, DOJ is obviously committed to cooperating with whistleblowers and individuals filing qui tam actions, who reportedly received more than USD5.3bn in 2025 from *qui tam* actions filed both in 2025 and prior years. Whilst some of the cases cited in DOJ's report began some years ago, the U.S. administration signalled very recently that it is increasing focus, resources and numbers of actions in this area³. The DOJ also noted it will continue to pursue various procurement fraud schemes, including those related to the sale of foreign-made goods.

¹ Letter from Senator Warren (D-Mass.), et al., to Inspectors General for the U.S. Dep't of Just., U.S. Dep't of State, U.S. Dep't of Homeland Sec., U.S. Postal Service, and Treasury Inspector General for Tax Admin. (Jan. 22, 2026), https://www.warren.senate.gov/imo/media/doc/letter_to_inspectors_general_on_diversions_of_whi_collar_investigators_to_ice.pdf.

² False Claims Act Settlements and Judgments Exceed \$6.8B in Fiscal Year 2025, U.S. Dep't of Just. (Jan. 16, 2025), <https://www.justice.gov/opa/pr/false-claims-act-settlements-and-judgments-exceed-68b-fiscal-year-2025>.

³ [Fact Sheet: President Donald J. Trump Establishes New Department of Justice Division for National Fraud Enforcement – The White House](#)

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