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DOJ/HHS Revives FCA Working Group; 'Fusion Center' Is Also Announced

By Nina Youngstrom

HHS and the U.S. Department of Justice (DOJ) have fired up a False Claims Act (FCA) Working Group, and health care fraud is a top target. This potentially raises the threat level for providers in the FCA arena and sets the stage for more payment suspensions.

DOJ, which announced the revived working group July 2, said the agencies will rely more on data to develop FCA cases and perhaps less on whistleblowers, and review findings from HHS Office of Inspector General (OIG) reports.[1] In the health care universe, the working group has set its sights on a mix of familiar and new targets, such as Medicare Advantage, manipulation of electronic health records "to drive inappropriate utilization" and barriers to patient care.

The announcement of the FCA Working Group should put to rest any doubts about the commitment to health fraud enforcement, said Brenna Jenny, deputy assistant attorney general of DOJ's commercial litigation branch (Civil Division) and co-leader of the working group with the HHS general counsel and chief counsel to the HHS Inspector General.

Rooting Out Health Fraud 'Remains a Priority'

Misconceptions may have emerged in the wake of a June 11 DOJ memo from Brett Shumate, head of the DOJ Civil Division, which listed its priorities, including discrimination, antisemitism and "impermissible services" (e.g., gender dysphoria treatments). "I've seen some law firm articles speculating that health fraud enforcement may be waning and DOJ will be focusing on those new priorities to the exclusion of traditional priorities like health care fraud," said Jenny, also former CMS chief legal officer, July 2 at the American Health Law Association's annual meeting.[2] "I'm here to tell you that's incorrect. We are broadly committed to fighting fraud, waste and abuse in federal funding and rooting out health care fraud remains a priority." That's why DOJ and HHS are "reinvigorating the FCA Working Group that I co-founded in 2020," Jenny said. It's "intended to formalize aspects of our collaboration."

The working group also will weigh HHS payment suspensions in the matters they consider, DOJ said. Suspending Medicare payments are a killer for providers and suppliers, said attorney Judy Waltz, with Foley & Lardner LLP. "As defined by 42 C.F.R. § 405.370, a Medicare payment suspension is the withholding of payment by a Medicare contractor from a provider or supplier of an approved Medicare payment amount before a determination of the amount of the overpayment exists, or until the resolution of an investigation of a credible allegation of fraud," she wrote in a July 8 blog.[3] CMS is required to consult with OIG before suspending payments.

Six Priorities of FCA Working Group

According to DOJ, in addition to the priorities set forth in the June 11 memo, the working group will focus on these areas:

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- Medicare Advantage
- Pricing of drugs, devices or biologics, "including arrangements for discounts, rebates, service fees, and formulary placement and price reporting."
- "Barriers to patient access to care, including violations of network adequacy requirements."
- Kickbacks in connection with drugs, medical devices, durable medical equipment, and other products when federal health care programs pick up the tab.
- "Materially defective medical devices that impact patient safety."
- "Manipulation of Electronic Health Records systems to drive inappropriate utilization of Medicare covered products and services."

Data will be central to the working group's efforts. "Our working group will explore data and information HHS obtains through its regulatory function to identify new leads, thinking creatively about areas of fraud, waste and abuse that may have grown unchecked," Jenny said. "As always, we welcome qui tam complaints, but we are not content to rely on them."

"It sounds like they will continue the course," Waltz said. In addition to its priorities, HHS and DOJ attorneys mentioned other areas of interest at the AHLA meeting, including intellectual property and organ procurement organizations, Waltz said.

Health Fraud Fusion Center Also Unveiled

The role of data was highlighted June 30 by Mathew Galeotti, head of the DOJ Criminal Division, in announcing what he called the largest health care fraud takedown ever.[4] He said charges were filed against 324 people in connection with alleged fraud schemes involving $14.6 billion in false claims submitted to Medicare, Medicaid and other health care programs.

To advance their investigations, Galeotti revealed that DOJ and its law enforcement partners are creating the Health Care Fraud Data Fusion Center "to revolutionize how we detect, investigate, and prosecute health care fraud." Led by the Criminal Division's Health Care Fraud Unit, "the Fusion Center will break down information silos, using coordinated data analysis to enable our investigative teams to quickly identify and dismantle emerging fraud schemes," he said.

Contact Waltz at jwaltz@foley.com.

1 U.S. Department of Justice, Office of Public Affairs, "DOJ-HHS False Claims Act Working Group," news release, July 2, 2025, https://bit.ly/44iG7vA.
2 American Health Law Association, "Breaking News from HHS and DOJ at AHLA's Annual Meeting—July 2, 2025," American Health Law Association, YouTube video, 4:00, July 2, 2025, https://bit.ly/4nLng43.
3 Judith A. Waltz, "DOJ-HHS False Claims Act Working Group: Focus on Medicare Payment Suspensions," Foley & Lardner LLP, July 7, 2025, https://bit.ly/4kmeS7X.
4 U.S. Department of Justice, Office of Public Affairs, "Head of the Criminal Division Matthew R. Galeotti Announces Results of Health Care Fraud Takedown," speech, Washington, D.C., June 30, 2025, https://bit.ly/464JBmM.

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