

Defense Health Agency  
**Office of the Inspector General**

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Health Care Fraud Division  
**Operational Report – 2025**

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## Safeguarding Healthcare, Empowering Trust

The Defense Health Agency, Office of the Inspector General, Health Care Fraud Division remains steadfast in its commitment to enabling exceptional healthcare to Military Health System beneficiaries by ensuring responsible stewardship of taxpayer dollars. This report outlines DHA achievements in 2025 to prevent, detect, and deter healthcare fraud, waste, and abuse.

### DHA Office of Inspector General Health Care Fraud Division Strategic Plan 2025-2029

The DHA Office of Inspector General, Health Care Fraud Division strategic plan delineates a comprehensive approach to enhance DHA anti-fraud controls, promote responsible stewardship of healthcare resources, and safeguard beneficiary benefits. The plan focuses on three strategic goals: prevention, detection and deterrence of healthcare fraud, waste and abuse. These goals are achieved by fostering a culture of compliance, leveraging data analytics, and strengthening partnerships within the Federal Government.



#### *Strategic Goal: Prevent Healthcare Fraud, Waste, and Abuse*

The desired outcome for prevention is to minimize opportunities and instances of fraud, waste, and abuse before they occur. Strategic objectives include enhancing DHA healthcare fraud education and training enterprise-wide; clarifying and streamlining policies and procedures to mitigate potential for fraud; implementing data analytics to identify high-risk areas and to pinpoint potential fraud vulnerabilities; and establishing clear communication channels and reporting mechanisms to report suspected fraud, waste and abuse.

### ***Strategic Goal: Detect Healthcare Fraud, Waste, and Abuse***

The desired outcome for detection is to promptly and accurately identify healthcare fraud, waste, and abuse. Strategic objectives include sustaining a robust healthcare fraud data analytics capability that leverages machine learning and establishes predictive modeling to identify anomalies and healthcare trends specific to the DHA beneficiary population; and enhancing internal partnerships and collaboration within the DHA including Healthcare Administrations, Resources and Personnel Integration, Acquisition and Sustainment, DHA Contracting Activity, and J-5.

### ***Strategic Goal: Deter Healthcare Fraud, Waste and Abuse***

The desired outcome for deterrence is a culture and environment that discourages fraud by holding individuals and entities found in violation of program rules, policies, regulations, and laws accountable. Strategic objectives include stopping fraudulent payments before they occur as well enforcing a zero-tolerance policy; increasing public awareness of the consequences of fraud; strengthening collaboration with anti-fraud task forces; conducting joint training with other Federal agencies; and participating in information sharing programs to include the Healthcare Fraud Prevention Partnership and the National Healthcare Anti-Fraud Association.

## **Key Accomplishments**

### ***Prevention:***

Cost avoidance decreases costs by lowering potential expenses. In the context of healthcare, cost avoidance includes administrative remedies and measures designed to ensure claims are paid appropriately. Within TRICARE, cost avoidance includes claims software that identifies duplicate claims, edits to identify mutually exclusive or unbundled claims, prepayment review, and claims audits.

The DHA Office of Inspector General, Health Care Fraud Division promoted its anti-fraud campaign and enabled agency-wide training by adding a DHA Fraud Prevention course to the Joint Knowledge Online platform. This training is designed to strengthen agency defenses at the front line, mitigate risks of fraud and abuse, and foster a culture of awareness. The Joint Knowledge Online training educates the workforce on healthcare fraud trends, provides an overview of contracting and Government Purchase Card fraud, and encourages fraud, waste, and abuse reporting.

Additionally, the DHA Office of Inspector General Health Care Fraud Division sponsored an update to DHA Procedural Instructions addressing Fraud within the DHA. This Procedural Instruction is designed to focus attention on identification and prevention of fraud within the Military Health System and replaces an outdated Department of Defense Instruction addressing fraud solely within the context of the military medical treatment facilities. By updating internal procedures within the DHA, enhanced focus is placed on teaching and training our own to identify and report suspicious behavior signifying potential fraud or abuse.

The DHA identified a need for integrated cost containment activities which was supported by Government Accountability Office and Department of Defense Inspector General Audit findings. In December 2024, the Director, TRICARE Health Plans endorsed the creation of an Integrated Project Team (Cost Containment) to address the multi-faceted challenge of cost containment. This Cost Containment Integrated Project Team works to optimize resource allocation, enhance efficiency, and control healthcare costs without compromising quality of care by leveraging current technology, data analytics, and through cross-functional collaboration. It includes members of the TRICARE Health Plans - Medical Benefits and Reimbursement team as well as representatives from DHA Office of Inspector General, Health Care Fraud Division, Contract Resource Management – Improper Payments Branch, TRICARE Health Plans – Claims and Customer Service, and General Counsel.

Several sub-groups of the Cost Containment Integrated Project Team were formed in 2025, to address emerging concerns in DME and Skin Substitutes. As a result of findings from the Cost Containment Integrated Project Team and through the authority provided by the National Defense Authorization Act for Fiscal Year 2017 which required the implementation of value-based initiatives in TRICARE, TRICARE Health Plans initiated the Low-Value Care Medical Intervention Program, which aims to reduce healthcare services across TRICARE that are medically unnecessary and provide little to no health benefits to patients. These efforts began in September 2025, requiring the TRICARE regional contractors to submit proposals to DHA identifying low value care services and suggesting interventions for the reduction of these services.

### ***Detection:***

The DHA prioritizes healthcare fraud detection to safeguard limited financial resources. Accordingly, it mandates that contractors employ various anti-fraud tools and strategies to prevent, detect, and report fraudulent activities. In addition to anti-fraud mandatory training programs, provider credentialing and screening measures, and instituting internal controls, TRICARE Contractors are required to comply with the TRICARE Operations Manual, Chapter 13. This includes sustaining a robust, anti-fraud program, utilizing predictive analytics and data to identify fraud trends and potentially fraudulent providers.

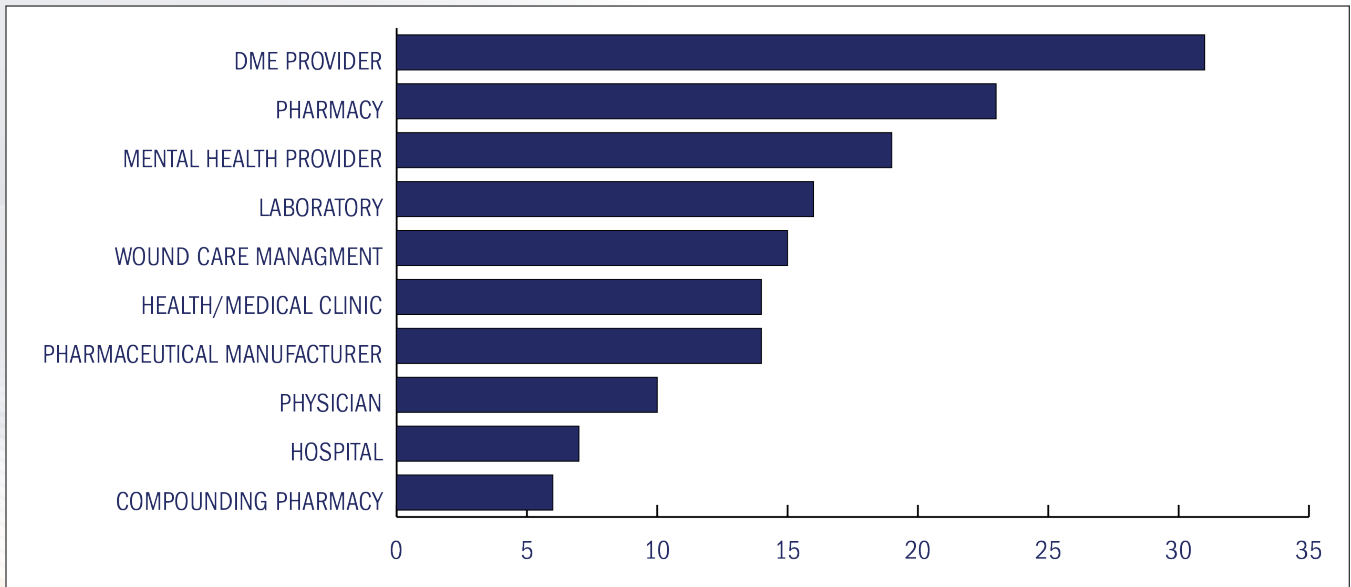
To further enforce proactive identification and detection of fraud trends, DHA continued the contract to support healthcare fraud data analytics and data mining. This contract, *Analysis and Detection of Fraud, Waste and Abuse Indicators to Strengthen Anti-Fraud Activities in the DHA*, enables data collection, analysis, and interpretation of specialized data in support of healthcare fraud investigations as well as publication of monthly and quarterly reports. This contract was expanded to include enhanced trend analysis, target identification, emerging fraud scheme recognition, machine-learning and artificial intelligence adoption. Notable projects for 2025 include Provider Peer Comparisons, review of high-cost behavioral health modalities, and skin substitutes. The partnership between the DHA Office of the Inspector General, Health Care Fraud Division and data analytics team resulted in increased inclusion of DHA in the record setting National Healthcare Fraud Takedown.

DHA Office of the Inspector General, Health Care Fraud Division continues to leverage its relationships with other Federal healthcare partners, such as the Centers for Medicare and Medicaid Services, Health and Human Services Office of Inspector General, and the Veterans Administration Office of Inspector General, as well as public/private partnerships with the National Healthcare Anti-Fraud Association and Healthcare Fraud Prevention Partnership in the identification and detection of common healthcare fraud schemes plaguing the industry.

***Deterrence:***

In 2025, DHA Office of the Inspector General, Health Care Fraud Division actively managed 286 investigative cases. A total of 122 new cases were opened and the team responded to over 373 lead requests and inquiries concerning allegations of fraud. Key fraud trends consisted of excessive billing, services not rendered, and a misrepresentation of services provided. The top fraudulent provider types included Durable Medical Equipment Providers, Pharmacies, Behavioral/Mental Health Providers, Laboratories, Health/Medical Clinics, Pharmaceutical Manufacturers, Physicians, Hospitals, and Compounding Pharmacies. These fraud trends mirrored those of the broader healthcare industry.

**Open Cases by Top Provider Types**



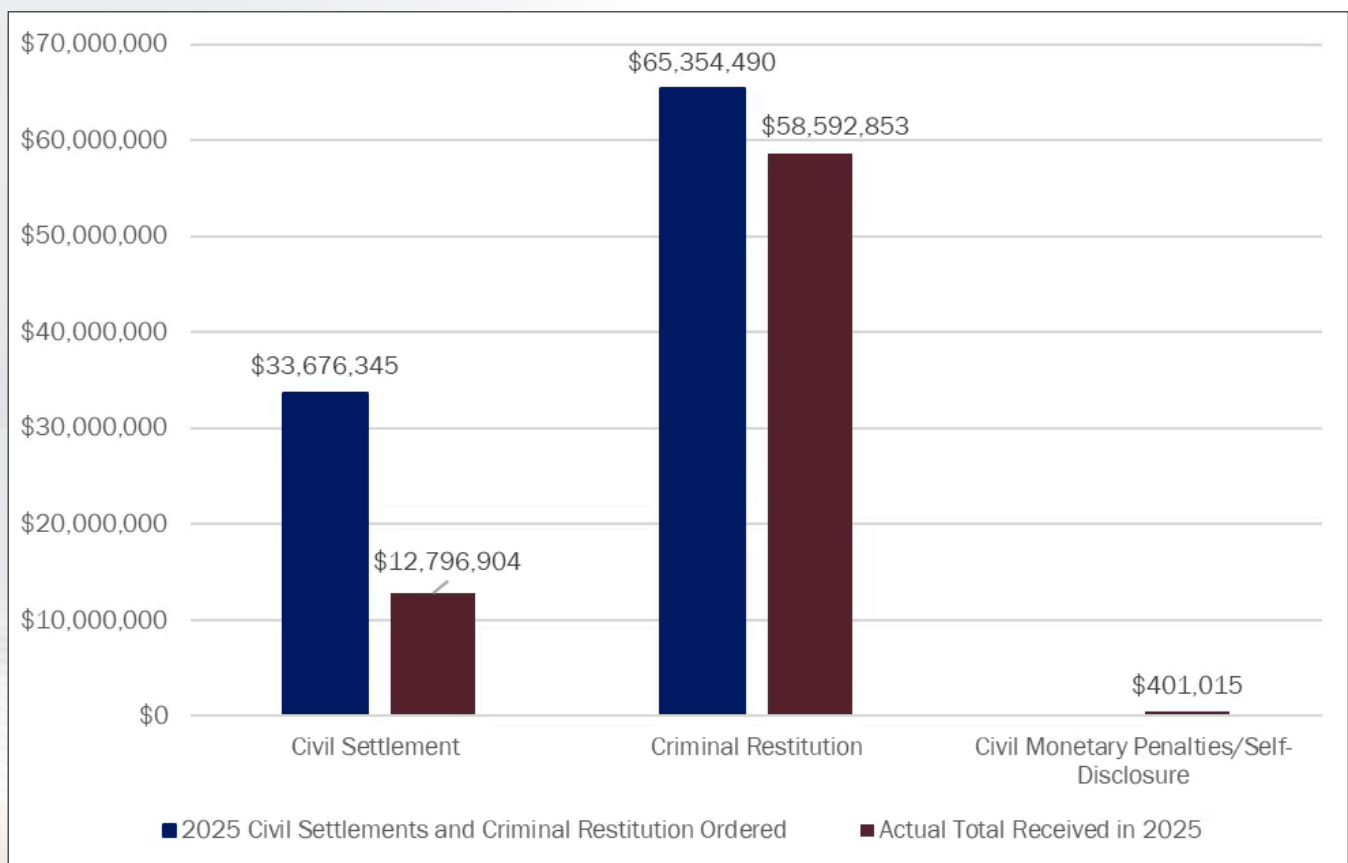
In addition to case referrals from internal and external sources, the DHA Office of the Inspector General, Health Care Fraud Division also receives *qui tam*, or whistleblower inquiries from the Department of Justice. In 2025, DHA Office of the Inspector General, Health Care Fraud Division responded to 381 *qui tams* from hospitals, medical clinics, medical supply companies and pharmacies.

### Fraud Judgements and Settlements

The DHA partners with the Department of Justice to adjudicate healthcare fraud cases. In 2025, Department of Justice intervened on 43 civil cases resulting in a total of \$33,676,345 in negotiated settlements and 19 criminal cases resulting in a total of \$65,354,490 in court ordered restitution. While the funds from negotiated settlements and court ordered restitution are captured for overall efficacy of the program, there is sometimes a delay in the funds being returned to the program. This is especially true with court ordered restitution which is most frequently paid in installments.

For 2025, DHA received \$12,796,904 in civil settlements, \$58,592,853 in court ordered restitution, and \$401,015 in self-disclosures. These figures represent a direct return to DHA and are applied as current year purchase care (Defense Health Program Budget Activity Group 2) funds and may include court ordered actions from previous years.

### Restitution



### Provider Exclusions and Suspensions

The DHA has the authority to exclude providers through the authority delineated in Title 32, Code of Federal Regulations 199.9(f). Additionally, the DHA also institutes exclusions made by the Department of Health and Human Services. No payment is made for item or service during the exclusion period. DHA Office of the Inspector

General, Health Care Fraud Division works with the Office of General Counsel to recommend exclusions when necessary. The DHA Director also has the authority, according to Title 32 CFR 199.9(g), to temporarily suspend claims payment based on credible allegations of fraud or Department of Justice court actions.

A total of nine temporary claims payment suspensions were initiated in 2025, resulting in the suspension of \$65,065,255.

### **Partnerships and Collaboration**

DCIS is the primary investigative agency for the DOD TRICARE Program. DHA Office of the Inspector General, Health Care Fraud Division and the Defense Criminal Investigative Service work in tandem to combat healthcare fraud, waste and abuse. DHA Office of the Inspector General, Health Care Fraud Division also routinely collaborates with various Military Criminal Investigative Offices; Federal prosecutors; Federal Bureau of Investigation, Drug Enforcement Agency, Department of Health and Human Services, and Department of Justice investigators; and state and local entities.

DHA Office of the Inspector General, Health Care Fraud Division is engaged in public-private sector partnerships with the National Healthcare Anti-Fraud Association, Healthcare Fraud Prevention Partnership and serves as Government Liaison member with the Association of Certified Fraud Examiners. DHA Office of the Inspector General, Health Care Fraud Division also actively participates in healthcare task forces throughout the United States.

### **Looking Ahead**

The DHA fight against healthcare fraud is an ongoing effort requiring constant adaptation, innovation, and improvement. Follow on steps to achieve the DHA Office of the Inspector General, Health Care Fraud Division strategic goals of prevention, detection and deterrence include further leveraging current fraud detection technology, strengthening Program Integrity activities, enhancing enforcement, and focusing on emerging threats.

### **Conclusion**

The DHA and DHA Office of the Inspector General, Health Care Fraud Division remain dedicated to upholding the highest standards of economy, integrity and accountability. We are confident that our proactive approach in combating healthcare fraud, waste, and abuse will continue to yield positive results, ensuring the sustainability of our healthcare system, and protecting the health and well-being of our beneficiaries.