



## DOJ Launches Civil Rights Fraud Initiative, Signaling New Risks for Healthcare Providers

May 22, 2025

### INSIGHTS

- The DOJ is broadening the scope of its FCA enforcement to encompass violations of federal civil rights laws, marking a significant shift in enforcement strategy.
- Programs related to health equity, DEI hiring, gender-affirming care, and race-conscious medical training or policies may now be potential targets for investigation.
- The issued memo outlines certain civil rights concerns, highlighting areas such as DEI programs, protections for transgender individuals, and religious conscience considerations.

On May 19, 2025, Deputy Attorney General Todd Blanche announced a new Civil Rights Fraud Initiative aimed at using the False Claims Act (“FCA”) to “aggressively pursue” what the Trump Administration deems to be violations of federal civil rights laws.

This initiative will be jointly led by the Department of Justice’s (“DOJ”) Civil Rights Division and the Civil Division’s Commercial Litigation Branch, and each of the 93 U.S. Attorney’s Offices throughout the country must designate an Assistant U.S. Attorney to advance these cases. As with other False Claims Act enforcement, the DOJ is actively soliciting whistleblowers to bring cases under this initiative through the *qui tam* provisions of the False Claims Act.

#### A New Intersection of Fraud and Civil Rights Enforcement

The DOJ has long used the FCA to combat fraud against the government. But this new initiative adds a dimension not traditionally associated with fraud enforcement. According to the Deputy AG Blanche’s memorandum, the FCA is implicated when a recipient of federal funds falsely certifies compliance with civil rights laws such as Title IV, Title VI, and Title IX of the Civil Rights Act of 1964. The DOJ specifically references diversity, equity, and inclusion (“DEI”) programs by recipients of federal funds as triggering the FCA. Following its well-publicized

investigations of universities such as Harvard, the memorandum also states that the initiative will target conduct that “encourages antisemitism, refuses to protect Jewish students, allows men to intrude into women’s bathrooms, or requires women to compete against men in athletic competitions.”

## Potential Impact on the Healthcare Industry

While the initiative is not limited to any particular sector or recipient of federal funds, healthcare providers and institutions may face significant scrutiny by the DOJ, due to their central role in administering federally funded programs such as Medicare, Medicaid, and TRICARE. Although it is too soon to predict exactly what claims may be pursued against healthcare providers, the Trump Administration’s public statements and enforcement to date signals that the following types of programs implemented by recipients of federal health care funds could face scrutiny:

- Minority Health or Health Equity Programs;
- Race-conscious or DEI-driven contracting or hiring practices;
- Gender-affirming care or other related gender-affirming policies or practices;
- Medical school or residency pipeline programs that allocate resources or opportunities based upon race, gender, or other protected characteristics; and
- Any other resource allocation or triage policies that incorporate equity frameworks in a way that may disadvantage certain patient populations; and
- Policies that fail to protect practitioners’ conscience rights to refuse to perform procedures that conflict with their religious beliefs.

The approach to FCA enforcement set forth in Deputy AG Blanche’s memorandum will face significant legal challenges, and any entity facing such an investigation will have powerful defenses to such claims. But the Civil Rights Fraud Initiative underscores the need for all recipients of federal funds, including healthcare providers, to ensure that it is evaluating whether its programs comply with federal civil rights laws.

Parker Hudson’s False Claims Act, Non-Discrimination, and Healthcare practices are ready to help clients conduct DEI compliance evaluations and to vigorously defend clients in any federal investigation or False Claims Act litigation.

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