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West Coast Fraud and AI: DOJ Expands Healthcare Fraud Enforcement into Technology-Driven Markets

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On April 30, 2026, the Department of Justice ("DOJ") announced the creation of the West Coast Health Care Fraud Strike Force, a coordinated enforcement initiative focused on healthcare fraud in Arizona, Nevada, and Northern California. The initiative brings together DOJ's Health Care Fraud Unit and the relevant U.S. Attorney's Offices for those states, in coordination with the Office of Inspector General for the United States Department of Health and Human Services ("HHS-OIG"), the Federal Bureau of Investigation ("FBI"), the Drug Enforcement Administration ("DEA"), and other law enforcement.

The announcement follows DOJ's recent creation of the National Fraud Enforcement Division and reflects the federal government's continued emphasis on *coordinated* healthcare fraud enforcement across federal agencies. The West Coast expansion also follows DOJ's September 2025 expansion of the New England Strike Force into Massachusetts, where the government emphasized the region's role as a major healthcare and life sciences investigative and enforcement hub.

DOJ first launched the Health Care Fraud Strike Force model in 2007 as part of a broader effort to combat Medicare fraud and related healthcare offenses. For nearly two decades, DOJ and HHS-OIG have coordinated teams of prosecutors, investigators, and data analysts to identify suspicious billing patterns, emerging fraud schemes, and healthcare fraud "hot spots" nationwide. DOJ reports that Strike Force investigations have resulted in the prosecution of over 6,200 defendants involving over $45 billion in allegedly fraudulent billings.

Since the inception of the Strike Force, DOJ has increasingly relied on advanced data analytics and interagency information-sharing initiatives to identify potential fraud trends. DOJ has emphasized the use of coordinated analytics efforts, including the Healthcare Fraud Data Fusion Center, which facilitates information sharing among DOJ, HHS-OIG, FBI, and DEA investigators and analysts. These efforts may allow regulators to identify anomalous billing patterns and emerging fraud schemes more quickly.

DOJ's announcement also reflects the government's growing focus on technology-enabled healthcare fraud risks. In recent years, enforcement agencies have scrutinized telehealth arrangements, digital health platforms, diagnostic testing companies, and other business models that combine technology, patient acquisition, and federal healthcare program billing to ensure consistency with federal regulatory expectations. In its announcement, DOJ specifically highlights recent prosecutions involving digital health executives and healthcare technology-related fraud schemes in Northern California and Arizona.

Northern California's inclusion in the Strike Force initiative is particularly notable given the region's concentration of digital health, artificial intelligence ("AI"), and healthcare technology companies. As AI-enabled tools continue to proliferate and become increasingly integrated into healthcare billing, coding, documentation, patient intake, and operational workflows, regulators may increasingly examine whether the technologies and their use create compliance risks involving unsupported claims, inaccurate documentation, improper reimbursement practices, or insufficient oversight.

At the same time, Arizona and Nevada have faced increased enforcement attention involving alleged hospice fraud schemes. Recent reports, including by the Medicare Payment Advisory Commission (aka, MedPAC), have identified unusually rapid hospice provider growth in Arizona and Nevada, as well as California.[1] Those reports also found other indicators that federal regulators often associate with elevated hospice fraud risk, including abnormal utilization patterns and provider concentration concerns.

Healthcare providers, digital health companies, pharmaceutical manufacturers, life sciences companies, and healthcare technology vendors operating in these regions should expect increased scrutiny involving billing and reimbursement practices, telehealth arrangements, and AI-enabled operational tools. To mitigate this potential risk, companies should consider reviewing compliance controls, internal auditing procedures, vendor oversight practices, and governance structures relating to automated systems that affect coding, billing, documentation, or reimbursement determinations.

The creation of the West Coast Health Care Fraud Strike Force signals DOJ's continued expansion of data-driven healthcare enforcement into technology-focused markets and suggests increasing federal scrutiny of AI-enabled and technology-driven healthcare business models. Proskauer's Health Care Group will remain up-to-date on this and other DOJ enforcement efforts.

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[1] We note that CMS recently announced a six-month, nationwide moratorium on new Medicare enrollments for hospices and home health agencies, effective May 13, 2026. The moratorium applies to initial Medicare enrollment applications and certain changes in majority ownership, although existing enrolled providers may continue operating and billing Medicare. CMS stated that the moratorium is intended to combat fraud, waste, and abuse in "high-risk" provider categories and will be accompanied by expanded data analytics, targeted investigations, and heightened scrutiny of providers suspected of fraudulent activity. CMS's efforts for these purposes appear to align with DOJ's creation of the West Coast Health Care Fraud Strike Force, among its other investigative and enforcement models.

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