

Subject Department of Human Services Office of Inspector General Policy Bill

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Overview

This bill establishes fraud prevention and anti-kickback policies and criminal violations for human services programs, including medical assistance and the child care assistance program (CCAP). The bill also updates statutes to include competency attainment procedures and the new Direct Care and Treatment agency, expands personal data protections for human services judges, and modifies human services background study requirements by allowing electronic signatures, clarifying arrest and investigative information, and expanding limited set-asides.

Summary

Section	Description
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1	Definitions.
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Amends § 13.46, subd. 1. Adds the Minnesota Competency Attainment Board and forensic navigators to definition of “welfare system.”

2	Investigative data.
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Amends § 13.46, subd. 3. Allows disclosure of welfare system investigative data to any agent, rather than only an agent of the welfare system, or investigator acting on behalf of a county, the state, or the federal government in the investigation or prosecution of a criminal, civil, or administrative proceeding relating to the administration of a program. Allows the commissioner of human services to disclose the reduction or withholding of payments.

Makes this section effective July 1, 2025.

Section	Description
3	<p>Administrative disqualification of child care providers caring for children receiving child care assistance.</p> <p>Amends § 142E.51, subd. 5. Adds receiving or providing a kickback to intentional program violations for purposes of CCAP administrative disqualification. Adds “direct care and treatment” to the subdivision.</p>
4	<p>Licensing data.</p> <p>Amends § 13.46, subd. 4. Adds “Direct Care and Treatment executive board” to background study data provision.</p> <p>Makes this section effective July 1, 2025.</p>
5	<p>Party.</p> <p>Amends § 15.471, subd. 6. Adds Direct Care and Treatment to exclusion in definition of “party.”</p> <p>Makes this section effective July 1, 2025.</p>
6	<p>Administrative disqualification of child care providers caring for children receiving child care assistance.</p> <p>Amends § 142E.51, subd. 5. Adds receiving or providing a kickback to intentional program violations for purposes of CCAP administrative disqualification.</p>
7	<p>Prohibited hiring practices.</p> <p>Amends § 142E.51, subd. 6. Adds paragraph (b), prohibiting CCAP program participants from receiving or providing a kickback or payment in exchange for obtaining or attempting to obtain CCAP benefits for their own financial gain. Specifies conduct that is not prohibited.</p> <p>Adds paragraph (c), clarifying that an attempt to buy or sell access to a family's child care subsidy benefits to an unauthorized person by an applicant, a participant, or a provider constitutes a kickback, an intentional program violation, and wrongfully obtaining assistance.</p>
8	<p>Withholding of payments.</p> <p>Amends § 245.095, subd. 5. Adds reasons for the commissioner of human services to withhold payments to a provider, vendor, individual, associated individual, or associated entity, as follows:</p> <ul style="list-style-type: none">▪ If the individual, the entity, or an associated individual or entity was convicted of a crime in state or federal court with an offense involving fraud or theft

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against a program administered by the commissioner or another Minnesota state or federal agency.

- If the provider is operating after a Minnesota state or federal agency orders the suspension, revocation, or decertification of the provider's license.
- If the provider, vendor, associated individual, or associated entity has a background study disqualification that has not been set aside and for which no variance has been issued, except under specified circumstances.
- If the commissioner determines by a preponderance of the evidence that the provider, vendor, individual, associated individual, or associated entity intentionally provided materially false billing information.

Makes this section effective July 1, 2025.

9 **Data practices.**

Amends § 245.095 by adding subd. 6. Allows the commissioner of human services to exchange information, including claims data, with state or federal agencies, boards, departments, or programs for purposes of investigations or proceedings related to suspected fraud or program exclusion.

10 **Application for licensure.**

Amends § 245A.04, subd. 1. Prohibits completion of a DHS licensing application if the applicant or a controlling individual is the subject of a pending administrative, civil, or criminal investigation.

11 **Denial of application.**

Amends § 245A.05. Allows the commissioner to deny a licensing application if the applicant or controlling individual is the subject of a pending administrative, civil, or criminal investigation.

12 **Temporary immediate suspension.**

Amends § 245A.07, subd. 2. Adds “controlling individual” to reasons for temporary immediate license suspensions; expands criminal charge provision to include fraud or theft against any state or federal agency program. Adds paragraph (c) to allow for a temporary immediate suspension if the license holder or controlling individual is the subject of a pending administrative, civil, or criminal investigation related to program fraud.

13 **Electronic signature.**

Amends § 245C.05 by adding subd. 9. Allows for electronic signatures for purposes of human services background studies.

Section	Description
14	<p>Arrest and investigative information.</p> <p>Amends § 245C.08, subd. 3. Updates language in list of entities from which the commissioner may review arrest and investigative information for background study purposes.</p>
15	<p>Disqualification from owning, operating, or billing.</p> <p>Amends § 245C.14 by adding subd. 6. Requires the commissioner to disqualify an individual from any position of ownership, management, or control of a program or billing activities if a background study shows violations of human services and children, youth, and families statutes related to fraud, theft, and program misconduct.</p>
16	<p>Scope of set-aside.</p> <p>Amends § 245C.22, subd. 5. Adds financial management services organizations, community first services and supports organizations, unlicensed home and community-based organizations, and consumer-directed community supports organizations to entities for which a disqualification set-aside may be limited to a specific individual who is receiving services.</p>
17	<p>Civil commitments.</p> <p>Amends § 254A.19, subd. 4. Updates language related to behavioral health fund eligibility; requires the commissioner, rather than the county, to determine behavioral health fund eligibility.</p> <p>Makes this section effective July 1, 2025.</p>
18	<p>Wrongfully obtaining assistance.</p> <p>Amends § 256.98, subd. 1. For child care assistance, adds language prohibiting kickbacks and other prohibited payments, and aiding or abetting the submission of a willfully false claim, to acts that constitute wrongfully obtaining assistance.</p>
19	<p>Grounds for sanctions.</p> <p>Amends § 256B.064, subd. 1a. Adds illegal remunerations to grounds for imposing sanctions under medical assistance.</p>
20	<p>Legal representation.</p> <p>Amends § 256B.12. Makes technical changes; adds cross-reference to new human services program crimes statute.</p>

Section	Description
21	<p>Program coverage.</p> <p>Amends § 256G.01, subd. 3. Adds competency proceedings to social services financial responsibility provision.</p>
22	<p>Commitment and competency proceedings.</p> <p>Amends § 256.08, subd. 1. Specifies county of financial responsibility when there is a criminal order for inpatient examination or participation in a competency attainment program.</p>
23	<p>Responsibility for nonresidents.</p> <p>Amends § 256G.08, subd. 2. Specifies county of financial responsibility when there is a criminal order for inpatient examination or participation in a competency attainment program, and the person has no residence in the state.</p>
24	<p>General procedures.</p> <p>Amends § 256G.09, subd. 1. Includes a criminal order for inpatient examination or participation in a competency attainment program in procedures for determining county financial responsibility.</p>
25	<p>Financial disputes.</p> <p>Amends § 256G.09, subd. 2. Adds criminal order for inpatient examination or participation in a competency attainment program to county responsibility financial disputes procedures.</p>
26	<p>Definitions.</p> <p>Amends § 480.40, subd. 1. Adds Department of Human Services Appeals Division judges and current employees to definition of “judicial official.”</p> <p>Makes this section effective the day following final enactment.</p>
27	<p>Human services program crimes.</p> <p>Proposes coding for § 609.542. Adds section establishing human services program crimes.</p> <p>Subd. 1. Definition. Defines “federal health care program” for purposes of the section.</p> <p>Subd. 2. Prohibited payments made relating to human services programs. Creates crime if a person intentionally offers or pays any remuneration, including any kickback, bribe, or rebate, directly or indirectly, overtly or covertly, in cash or in kind, to another person:</p>

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- 1) to induce the other person to apply for, receive, or induce another person to apply for or receive an item or service for which payment may be made in whole or in part under a federal health care program, state behavioral health program, or child care assistance program; or
- 2) in return for purchasing, leasing, ordering, or arranging for or inducing the purchasing, leasing, or ordering of any good, facility, service, or item for which payment may be made in whole or in part, or which is administered in whole or in part under a federal health care program, state behavioral health program, or child care assistance program.

Subd. 3. Receipt of prohibited payments relating to human services programs.

Creates crime if a person intentionally solicits or receives any remuneration, including any kickback, bribe, or rebate, directly or indirectly, overtly or covertly, in cash or in kind:

- 1) in return for applying for or receiving a human services benefit, service, or grant for which payment may be made in whole or in part under a federal health care program, state behavioral health program, or child care assistance program; or
- 2) in return for purchasing, leasing, ordering, or arranging for or inducing the purchasing, leasing, or ordering of any good, facility, service, or item for which payment may be made in whole or in part under a federal health care program, state behavioral health program, or child care assistance program.

Subd. 4. Exemptions. Provides exemptions from the new section for payments exempted under the federal anti-kickback statute or other federal health care program exemption. Provides additional exceptions under paragraph (b).

Subd. 5. Sentence. Provides that persons convicted under subdivisions 2 and 3 may be sentenced according to the sentencing guidelines for theft crimes. Defines “value” for sentencing purposes. Specifies that any claims made or rendered in violation of this section are noncompensable and unenforceable.

Subd. 6. Aggregation. Allows the value of money, property, or benefit received by a defendant within a six-month period to be aggregated for charging purposes.

Subd. 7. False claims. Specifies that a violation of this section is also subject to the False Claims Act.

Makes this section effective August 1, 2025.

Section	Description
28	<p>Costs related to confined treatment.</p> <p>Amends § 611.43 by adding subd. 5. Requires the facility to bill the individual's responsible health plan first, for costs related to treatment when a defendant is ordered to participate in an examination in a treatment facility, a locked treatment facility, or a state-operated treatment facility. Specifies additional billing requirements for treatment costs.</p>
29	<p>Order to competency attainment program.</p> <p>Amends § 611.46, subd. 1. Requires an inpatient or residential competency attainment or alternative program to notify the court, prosecutor, defense counsel, and any other responsible entity if the defendant is placed on leave or elopement status and if the defendant returns from that status. Requires prosecutors and defense counsel to have access to information related to the defendant's participation in treatment.</p>
30	<p>Data access.</p> <p>Amends § 611.55 by adding subd. 5. Allows forensic navigators to have access to all data collected, maintained, or created by a competency attainment program or alternative program in order to carry out professional duties.</p>
31	<p>Effective date.</p> <p>Amends the effective date of Laws 2023, chapter 70, article 7, section 34 (changes to background study 15-year disqualifications for drug offenses) to make it effective the day following final enactment.</p>



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