

Subject Department of Human Services Office of Inspector General Policy Bill

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Overview

This bill establishes anti-kickback policies and criminal violations for human services programs, including medical assistance and the child care assistance program (CCAP). The bill also 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 | <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> |
| 2 | <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> |
| 3 | <p>Electronic signature.</p> <p>Amends § 245C.05 by adding subd. 9. Allows for electronic signatures for purposes of human services background studies.</p> |

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4	<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>
5	<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>
6	<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>
7	<p>Legal representation.</p> <p>Amends § 256B.12. Makes technical changes; adds cross-reference to new human services program crimes statute.</p>
8	<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>
9	<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> <ol style="list-style-type: none">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

Section **Description**

- 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.



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