

Subject Establishing a Minnesota anti-kickback statute and authorizing the Department of Human Services to take certain actions

Authors Curran

Analyst Ben Johnson (ben.johnson@house.mn.gov)

Date March 28, 2025

Overview

HF 2260 is the Department of Human Services Office of Inspector General policy bill. The amendment summarized here addresses a new anti-kickback crime and provisions that allow DHS to take action when they discover evidence of a kickback.

Under federal law, certain payments qualify as illegal remuneration when payment is made in exchange for certain behaviors related to federal healthcare programs. Those payments, often known as kickbacks, relate to an incentive to refer individuals to a particular provider, use a particular product, or provide a particular service. Kickbacks can involve funds received through a federal healthcare program, such as Medicaid, but may also involve benefits that are not tied directly to that money.

This bill establishes a Minnesota anti-kickback statute that mirrors the federal law and also applies to behavioral health programs and child care assistance programs.

Summary

Section	Description
---------	-------------

1	Administrative disqualification of child care providers caring for children receiving child care assistance.
----------	---

Amends section 142E.51, subdivision 5. Authorizes the Department of Human Services to pursue an administrative disqualification based on evidence that there has been an illegal offer, payment, solicitation, or receipt of something of value in violation of the new Minnesota anti-kickback statute or related provisions in this section of law. Specifies that no conviction is necessary before the agency can take action. Makes technical changes.

Section	Description
2	<p>Prohibited hiring practices.</p> <p>Amends section 142E.51, subdivision 6. Makes technical changes.</p>
3	<p>Illegal remuneration.</p> <p>Amends section 142E.51 by adding a new subdivision 6a. Prohibits program participants from offering, providing, soliciting, or receiving money or any other thing of value in exchange for obtaining or attempting to obtain child care benefits or directing a person’s child care assistance benefits to a particular provider. Establishes exceptions to this prohibition based on actions permitted under existing law. Specifies that an attempt by a person to receive an unauthorized benefit is an intentional program violation under the statute related to wrongfully obtaining assistance.</p>
4	<p>Wrongfully obtaining assistance.</p> <p>Amends section 256.98, subdivision 1. Specifies that offering, providing, soliciting, or receiving money or anything of value in violation of the new Minnesota anti-kickback statute or by submitting (or aiding in the submission of) a willful false claim for child care assistance constitutes wrongfully obtaining assistance.</p>
5	<p>Grounds for sanctions.</p> <p>Amends section 256B.064. Authorizes the Department of Human Services to impose sanctions against a person or entity that receives payment from medical assistance if that person or entity offers, provides, solicits, or receives money or any other thing of value in violation of the new Minnesota anti-kickback law or the federal anti-kickback law. Specifies that no conviction is needed for the agency to take action.</p>
6	<p>Illegal remuneration.</p> <p>Establishes section 609.542.</p> <p>Subd. 1. Definition. Defines the term “federal health care program” by reference to federal law.</p> <p>Subd. 2. Human services program; unauthorized remuneration. Establishes the crime of illegal remuneration related to certain financial arrangements related to federal health care programs, behavioral health programs, and child care assistance programs. Specifies that it is a crime to solicit, receive, offer, or make a payment or provide any other thing of value when related to a referral for a service, use of a particular product or good, or applying for benefits.</p> <p>Subd. 3. Exceptions. Establishes exceptions consistent with the exceptions in the federal anti-kickback law. Also establishes exceptions related to authorized incentives and other payments in the child care assistance program.</p>

Section	Description
---------	-------------

Subd. 4. Penalties. Establishes felony penalties for a violation of this section that are consistent with the penalties for the theft of public funds. If the value of the illegal remuneration exceeds \$35,000, the maximum sentence of imprisonment is 20 years. If the value is over \$5,000 but not more than \$35,000, the penalty is ten years. If the value is \$5,000 or less, the maximum sentence is five years.

Subd. 5. Aggregation. Allows the value of any money or other item solicited, received, offered, or paid in a six-month period to be consolidated into a single charge.

Subd. 6. False claims. Specifies that, in addition to the penalties under this section, a claim that includes items or services resulting from a violation of this section constitutes a false claim.

Effective date. Provides that this section is effective August 1, 2025, and applies to crimes committed on or after that date.



**MN HOUSE
RESEARCH**

Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn.gov/hrd | 651-296-6753 | Third Floor, Centennial Office Building | St. Paul, MN 55155