



ANTI-FRAUD PACKAGE

BETTER DETECTION AND OVERSIGHT

Strengthen Managed Care Organization Oversight

Provide funding and update state law to strengthen program integrity requirements for Managed Care Organizations (MCOs) participating in Minnesota Health Care Programs. Enhanced oversight may include requiring prepayment review of claims, implementing fee-for-service claims edits, and adding DHS staff dedicated to MCO oversight.

Use Technology to Detect Fraud Earlier

Deploy predictive analytics and machine learning strengthen prepayment and post-payment review, support investigations, and inform policy improvements. Streamlined technology solutions will help identify fraud schemes or overpayments earlier and promote the timely recovery of funds.

Prohibit Legislatively-Named Grants

Prohibits appropriations to legislatively named grantees. Would require grants to be awarded through a competitive RFP process within state agencies to ensure transparency and fairness.

Strengthen Program Integrity of Integrated Community Supports (ICS)

Strengthen the program integrity of Integrated Community Supports for people with disabilities under disability waiver programs. Shift reimbursement from a daily rate to 15-minute increments to ensure payment reflects services delivered, establish maximum billable units, and require additional prior authorization for high-cost service plans.

Strengthening Oversight for Disability and Older Adult Services

Increase oversight for disability and older adult waiver programs funded through Medical Assistance. Establish billing limits for select services, require providers to digitally acknowledge service delivery requirements, and enhance state-level monitoring provided by county and Tribal case managers.

Increasing Enterprise Capacity for Internal Audits

Add new staff positions at Minnesota Management and Budget to enable independent validation of state agency progress on high-risk audit findings and reduce statewide risk exposure.

STRENGTHENED INVESTIGATIVE & ENFORCEMENT AUTHORITY

Increased Funding for BCA Financial Crimes and Fraud Unit

Fund additional special agents and analysts in the Bureau of Criminal Apprehension's (BCA) Financial Crimes and Fraud Unit to support complex investigations.

Permanent Ban on State Contracts for Fraud Convictions

Expand the Responsible Contractor Law to apply to all state contracts and grants. Add convictions for fraud involving public funds to the list of disqualifications, prevent persons from creating new businesses to evade accountability, and extend requirements to subcontractors.

Make Payment Withholding Authority Permanent

Strengthen and make permanent the current payment withholding authority enacted in 2025. Allow agencies across state government to withhold payments when a participant is subject to a credible allegation of fraud. Remove the 2027 expiration date and lower the evidentiary threshold from "preponderance of the evidence" to credible allegation of fraud. Allow agencies to suspend payments across programs, including those administered by other agencies. Program participants may request administrative reconsideration if subjected to payment withholding.

Expand Authority for On-Site Investigation Visits

Expand 2025 on-site oversight authority beyond EIDBI (even if a provider never billed for claims) to all Minnesota Health Care Programs (MHCP), including providers who have not yet billed claims.

Child Care Assistance Program Fraud Prevention

Provide additional resources at the state and county levels to strengthen program integrity for the Child Care Assistance Program (CCAP). Additional investigators will increase the number of CCAP compliance visits and allow allegations of fraud to be investigated more quickly. Increased Fraud Prevention Investigation (FPI) funding will expand county capacity to carry out program integrity work at the county level.

Expand Office of Minnesota Attorney General Medicaid Fraud Unit

Add capacity to the Office of the Minnesota Attorney General Medicaid Fraud Division. The federally certified Medicaid Fraud Control Unit investigates and prosecutes healthcare provider fraud and certain abuse, neglect, and financial exploitation cases in Medicaid-funded settings.

Establish a Centralized Office of Inspector General

Create a centralized Office of Inspector General to investigate and prevent fraud and misuse of public funds across state programs. The office will lead fraud prevention efforts across agencies, set statewide standards, and refer cases for civil or criminal enforcement. New IT infrastructure funded in the proposal will strengthen prevention by improving data sharing and connections across state systems.

Terminating Housing Stabilization Services

Codify the removal of Housing Stabilization Services.

Expand Revenue Fraud Prevention and Enforcement

Increase staffing in the Department of Revenue's Criminal Investigation Division and Internal Audit Divisions to strengthen the State's ability to prevent, detect, and prosecute tax fraud while protecting taxpayer dollars and maintaining a fair tax system.

BCA Financial Crimes and Fraud Package

Expand the BCA Financial Crimes and Fraud Unit subpoena authority to access records in identity theft and financial exploitation of vulnerable adults. Broaden the definition of identity theft to include misuse of someone's digital likeness. Extend the statute of limitations to seven years for certain financial crimes, giving investigators to ensure adequate time to identify and prosecute the crime.

INCREASED CRIMINAL PENALTIES

Increased Penalties for Theft of Public Funds

Create a new Theft of Public Funds statute to increase criminal penalties by 20 percent compared to the existing theft statute.

Extend Statute of Limitations Fraud-Related Crimes

Extend the statute of limitations to seven years for certain fraud-related crimes, including securities fraud, theft by swindling, receiving stolen property, and fraudulent statements. Clarify that the statute begins when the victim or law enforcement becomes aware of the fraud, but prosecution must begin no later than seven years after the crime.

