

Subject Fraud

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Date March 4, 2026

Summary

This bill would modify a law enacted last year that granted all state agencies the authority to withhold payment to a legal entity participating in a program administered by the agency when the agency determines that a preponderance of the evidence shows that the entity committed fraud to obtain payment.

H.F. 3621 would make several changes to current law. It would lower the standard of proof from a preponderance of evidence of fraud to a credible allegation of fraud, defined as an allegation of fraud from any source that is verified by the agency.

By expanding the definition of “program participant” to include individuals as well as legal entities, the bill would allow agencies to withhold payment to an individual who is the subject of a credible allegation of fraud.

When an individual or entity is participating in multiple state programs, H.F. 3621 would allow other agencies to also withhold payment when one determines that there is a credible allegation of fraud under investigation and the individual or entity is the subject of that investigation.

The bill would also eliminate a program participant’s ability to appeal an agency’s withholding decision to the state Court of Administrative Hearings. Instead, the participant could request administrative reconsideration by the agency.

Notwithstanding the bill’s classification of relevant data as confidential or protected nonpublic data during the withholding period, H.F. 3621 would allow an agency to disclose to others that the agency is withholding payment from a participant if doing so would not compromise an active investigation.

Finally, H.F. 3621 would make this withholding authority permanent (the current statute is set to expire on July 1, 2027) and clarify that the modified statute does not supersede other laws that provide withholding authority to specific state agencies.