

1.1 Moller and Novotny from the Committee on Public Safety Finance and Policy to which
1.2 was referred:

1.3 H. F. No. 2260, A bill for an act relating to human services; Department of Human
1.4 Services policy bill sections on background studies, fraud prevention, Department of
1.5 Corrections reconsiderations, kickback crimes, and appeals division worker protections;
1.6 providing for criminal penalties; amending Minnesota Statutes 2024, sections 13.46,
1.7 subdivisions 1, 2, 3, 4; 15.471, subdivision 6; 142E.51, subdivisions 5, 6; 245.095,
1.8 subdivision 5, by adding a subdivision; 245A.04, subdivision 1; 245A.05; 245A.07,
1.9 subdivision 2; 245C.05, by adding a subdivision; 245C.08, subdivision 3; 245C.14, by
1.10 adding a subdivision; 245C.22, subdivision 5; 254A.19, subdivision 4; 256.98, subdivision
1.11 1; 256B.064, subdivision 1a; 256B.12; 256G.01, subdivision 3; 256G.08, subdivisions 1,
1.12 2; 256G.09, subdivisions 1, 2; 480.40, subdivision 1; 611.43, by adding a subdivision;
1.13 611.46, subdivision 1; 611.55, by adding a subdivision; Laws 2023, chapter 70, article 7,
1.14 section 34; proposing coding for new law in Minnesota Statutes, chapter 609.

1.15 Reported the same back with the following amendments:

1.16 Page 13, delete section 6 and insert:

1.17 "Sec. 6. Minnesota Statutes 2024, section 142E.51, subdivision 5, is amended to read:

1.18 Subd. 5. **Administrative disqualification of child care providers caring for children**
1.19 **receiving child care assistance.** (a) The department shall pursue an administrative
1.20 disqualification, if the child care provider is accused of committing an intentional program
1.21 violation, ~~in lieu of a criminal action when it has not been pursued~~ the department refers
1.22 the investigation to a law enforcement or prosecutorial agency for possible criminal
1.23 prosecution, and the law enforcement or prosecutorial agency does not pursue a criminal
1.24 action. Intentional program violations include intentionally making false or misleading
1.25 statements; intentionally offering, providing, soliciting, or receiving illegal remuneration
1.26 as described in subdivision 6a or in violation of section 609.542, subdivision 2; intentionally
1.27 misrepresenting, concealing, or withholding facts; and repeatedly and intentionally violating
1.28 program regulations under this chapter. No conviction is required before the department
1.29 pursues an administrative disqualification. Intent may be proven by demonstrating a pattern
1.30 of conduct that violates program rules under this chapter.

2.1 (b) To initiate an administrative disqualification, the commissioner must send written
2.2 notice using a signature-verified confirmed delivery method to the provider against whom
2.3 the action is being taken. Unless otherwise specified under this chapter or Minnesota Rules,
2.4 chapter 3400, the commissioner must send the written notice at least 15 calendar days before
2.5 the adverse action's effective date. The notice shall state (1) the factual basis for the agency's
2.6 determination, (2) the action the agency intends to take, (3) the dollar amount of the monetary
2.7 recovery or recoupment, if known, and (4) the provider's right to appeal the agency's proposed
2.8 action.

2.9 (c) The provider may appeal an administrative disqualification by submitting a written
2.10 request to the state agency. A provider's request must be received by the state agency no
2.11 later than 30 days after the date the commissioner mails the notice.

2.12 (d) The provider's appeal request must contain the following:

2.13 (1) each disputed item, the reason for the dispute, and, if applicable, an estimate of the
2.14 dollar amount involved for each disputed item;

2.15 (2) the computation the provider believes to be correct, if applicable;

2.16 (3) the statute or rule relied on for each disputed item; and

2.17 (4) the name, address, and telephone number of the person at the provider's place of
2.18 business with whom contact may be made regarding the appeal.

2.19 (e) On appeal, the issuing agency bears the burden of proof to demonstrate by a
2.20 preponderance of the evidence that the provider committed an intentional program violation.

2.21 (f) The hearing is subject to the requirements of section 142A.20. The human services
2.22 judge may combine a fair hearing and administrative disqualification hearing into a single
2.23 hearing if the factual issues arise out of the same or related circumstances and the provider
2.24 receives prior notice that the hearings will be combined.

2.25 (g) A provider found to have committed an intentional program violation and is
2.26 administratively disqualified must be disqualified, for a period of three years for the first
2.27 offense and permanently for any subsequent offense, from receiving any payments from
2.28 any child care program under this chapter.

2.29 (h) Unless a timely and proper appeal made under this section is received by the
2.30 department, the administrative determination of the department is final and binding."

2.31 Page 14, delete section 7 and insert:

3.1 "Sec. 7. Minnesota Statutes 2024, section 142E.51, subdivision 6, is amended to read:

3.2 Subd. 6. **Prohibited hiring practice practices.** ~~It is prohibited to~~ A person must not
 3.3 hire a child care center employee when, as a condition of employment, the employee is
 3.4 required to have one or more children who are eligible for or receive child care assistance,
 3.5 if:

3.6 (1) the individual hiring the employee is, or is acting at the direction of or in cooperation
 3.7 with, a child care center provider, center owner, director, manager, license holder, or other
 3.8 controlling individual; and

3.9 (2) the individual hiring the employee knows or has reason to know the purpose in hiring
 3.10 the employee is to obtain child care assistance program funds."

3.11 Page 15, before line 17, insert:

3.12 "Sec. 8. Minnesota Statutes 2024, section 142E.51, is amended by adding a subdivision
 3.13 to read:

3.14 Subd. 6a. **Illegal remuneration.** (a) Except as provided in paragraph (b), program
 3.15 applicants, participants, and providers must not offer, provide, solicit, or receive money, a
 3.16 discount, a credit, a waiver, a rebate, a good, a service, employment, or anything else of
 3.17 value in exchange for:

3.18 (1) obtaining or attempting to obtain child care assistance program benefits; or

3.19 (2) directing a person's child care assistance program benefits to a particular provider.

3.20 (b) The prohibition in paragraph (a) does not apply to:

3.21 (1) marketing or promotional offerings that directly benefit an applicant or recipient's
 3.22 child or dependent for whom the child care provider is providing child care services; or

3.23 (2) child care provider discounts, scholarships, or other financial assistance allowed
 3.24 under section 142E.17, subdivision 7.

3.25 (c) An attempt to buy or sell access to a family's child care assistance program benefits
 3.26 to an unauthorized person by an applicant, a participant, or a provider is an intentional
 3.27 program violation under subdivision 5 and wrongfully obtaining assistance under section
 3.28 256.98."

3.29 Page 26, delete section 18 and insert:

4.1 "Sec. 19. Minnesota Statutes 2024, section 256.98, subdivision 1, is amended to read:

4.2 Subdivision 1. **Wrongfully obtaining assistance.** (a) A person who commits any of the
 4.3 following acts or omissions with intent to defeat the purposes of sections 145.891 to 145.897,
 4.4 the MFIP program formerly codified in sections 256.031 to 256.0361, the AFDC program
 4.5 formerly codified in sections 256.72 to 256.871, chapter 142G, 256B, 256D, 256I, 256K,
 4.6 or 256L, child care assistance programs, and emergency assistance programs under section
 4.7 256D.06, is guilty of theft and shall be sentenced under section 609.52, subdivision 3, clauses
 4.8 (1) to (5):

4.9 (1) obtains or attempts to obtain, or aids or abets any person to obtain by means of a
 4.10 willfully false statement or representation, by intentional concealment of any material fact,
 4.11 or by impersonation or other fraudulent device, assistance or the continued receipt of
 4.12 assistance, to include child care assistance or food benefits produced according to sections
 4.13 145.891 to 145.897 and MinnesotaCare services according to sections 256.9365, 256.94,
 4.14 and 256L.01 to 256L.15, to which the person is not entitled or assistance greater than that
 4.15 to which the person is entitled;

4.16 (2) knowingly aids or abets in buying or in any way disposing of the property of a
 4.17 recipient or applicant of assistance without the consent of the county agency; or

4.18 (3) obtains or attempts to obtain, alone or in collusion with others, the receipt of payments
 4.19 to which the individual is not entitled as a provider of subsidized child care, ~~or; by furnishing~~
 4.20 ~~or concurring in offering, providing, soliciting, or receiving illegal remuneration as described~~
 4.21 in section 142E.51, subdivision 6a, or in violation of section 609.542, subdivision 2; or by
 4.22 submitting or aiding and abetting the submission of a willfully false claim for child care
 4.23 assistance.

4.24 (b) The continued receipt of assistance to which the person is not entitled or greater than
 4.25 that to which the person is entitled as a result of any of the acts, failure to act, or concealment
 4.26 described in this subdivision shall be deemed to be continuing offenses from the date that
 4.27 the first act or failure to act occurred."

4.28 Page 27, delete section 19 and insert:

4.29 "Sec. 20. Minnesota Statutes 2024, section 256B.064, subdivision 1a, is amended to read:

4.30 Subd. 1a. **Grounds for sanctions.** (a) The commissioner may impose sanctions against
 4.31 any individual or entity that receives payments from medical assistance or provides goods
 4.32 or services for which payment is made from medical assistance for any of the following:

5.1 (1) fraud, theft, or abuse in connection with the provision of goods and services to
 5.2 recipients of public assistance for which payment is made from medical assistance;

5.3 (2) a pattern of presentment of false or duplicate claims or claims for services not
 5.4 medically necessary;

5.5 (3) a pattern of making false statements of material facts for the purpose of obtaining
 5.6 greater compensation than that to which the individual or entity is legally entitled;

5.7 (4) suspension or termination as a Medicare vendor;

5.8 (5) refusal to grant the state agency access during regular business hours to examine all
 5.9 records necessary to disclose the extent of services provided to program recipients and
 5.10 appropriateness of claims for payment;

5.11 (6) failure to repay an overpayment or a fine finally established under this section;

5.12 (7) failure to correct errors in the maintenance of health service or financial records for
 5.13 which a fine was imposed or after issuance of a warning by the commissioner; and

5.14 (8) any reason for which an individual or entity could be excluded from participation in
 5.15 the Medicare program under section 1128, 1128A, or 1866(b)(2) of the Social Security Act.

5.16 (b) For the purposes of this section, goods or services for which payment is made from
 5.17 medical assistance includes but is not limited to care and services identified in section
 5.18 256B.0625 or provided pursuant to any federally approved waiver.

5.19 (c) Regardless of the source of payment or other thing of value, the commissioner may
 5.20 impose sanctions against any individual or entity that solicits, receives, pays, or offers to
 5.21 pay any illegal remuneration as described in section 142E.51, subdivision 6a, in violation
 5.22 of section 609.542, subdivision 2, or in violation of United States Code, title 42, section
 5.23 1320a-7b(b)(1) or (2). No conviction is required before the commissioner can impose
 5.24 sanctions under this paragraph.

5.25 ~~(b)~~ (d) The commissioner may impose sanctions against a pharmacy provider for failure
 5.26 to respond to a cost of dispensing survey under section 256B.0625, subdivision 13e,
 5.27 paragraph (h)."

5.28 Page 31, delete section 27 and insert:

5.29 "Sec. 28. [609.542] ILLEGAL REMUNERATIONS.

5.30 Subdivision 1. Definition. As used in this section, "federal health care program" has the
 5.31 meaning given in United States Code, title 42, section 1320a-7b(f).

6.1 Subd. 2. **Human services program; unauthorized remuneration.** (a) A person who
6.2 intentionally solicits or receives money, a discount, a credit, a waiver, a rebate, a good, a
6.3 service, employment, or anything else of value in return for doing any of the following is
6.4 guilty of a crime and may be sentenced as provided in subdivision 4:

6.5 (1) referring an individual to a person for the furnishing or arranging for the furnishing
6.6 of any item or service for which payment may be made in whole or in part under a federal
6.7 health care program, behavioral health program under chapter 254B, or program under
6.8 chapter 142E;

6.9 (2) purchasing, leasing, ordering, or arranging for or recommending purchasing, leasing,
6.10 or ordering any good, facility, service, or item for which payment may be made in whole
6.11 or in part under a federal health care program, behavioral health program under chapter
6.12 254B, or program under chapter 142E; or

6.13 (3) applying for or receiving any item or service for which payment may be made in
6.14 whole or in part under a federal health care program, behavioral health program under
6.15 chapter 254B, or program under chapter 142E.

6.16 (b) A person who intentionally offers or provides money, a discount, a credit, a waiver,
6.17 a rebate, a good, a service, employment, or anything else of value to induce a person to do
6.18 any of the following is guilty of a crime and may be sentenced as provided in subdivision
6.19 4:

6.20 (1) refer an individual to a person for the furnishing or arranging for the furnishing of
6.21 any item or service for which payment may be made in whole or in part under a federal
6.22 health care program, behavioral health program under chapter 254B, or program under
6.23 chapter 142E;

6.24 (2) purchase, lease, order, or arrange for or recommend purchasing, leasing, or ordering
6.25 any good, facility, service, or item for which payment may be made in whole or in part
6.26 under a federal health care program, behavioral health program under chapter 254B, or
6.27 program under chapter 142E; or

6.28 (3) apply for or receive any item or service for which payment may be made in whole
6.29 or in part under a federal health care program, behavioral health program under chapter
6.30 254B, or program under chapter 142E.

6.31 Subd. 3. **Exceptions.** (a) Subdivision 2 does not apply to any payment, discount, waiver,
6.32 or other remuneration exempted under United States Code, title 42, section 1320a-7b(b)(3),

7.1 or payment made under a federal health care program that is exempt from liability by United
7.2 States Code, title 42, section 1001.952.

7.3 (b) For actions involving a program under chapter 142E, subdivision 2, does not apply
7.4 to:

7.5 (1) any amount paid by an employer to a bona fide employee for providing covered
7.6 items or services under chapter 142E while acting in the course and scope of employment;
7.7 or

7.8 (2) child care provider discounts, scholarships, or other financial assistance to families
7.9 allowed under section 142E.17, subdivision 7.

7.10 Subd. 4. **Penalties.** Whoever violates subdivision 2 may be sentenced as follows:

7.11 (1) to imprisonment of not more than 20 years or to payment of a fine of not more than
7.12 \$100,000, or both, if the value of any money, discount, credit, waiver, rebate, good, service,
7.13 employment, or other thing of value solicited, received, offered, or provided exceeds \$35,000;

7.14 (2) to imprisonment of not more than ten years or to payment of a fine of not more than
7.15 \$20,000, or both, if the value of any money, discount, credit, waiver, rebate, good, service,
7.16 employment, or other thing of value solicited, received, offered, or provided is more than
7.17 \$5,000 but not more than \$35,000; or

7.18 (3) imprisonment for not more than five years or to payment of a fine of not more than
7.19 \$10,000, or both, if the value of any money, discount, credit, waiver, rebate, good, service,
7.20 employment, or other thing of value solicited, received, offered, or provided is not more
7.21 than \$5,000.

7.22 Subd. 5. **Aggregation.** In a prosecution under this section, the value of any money,
7.23 discount, credit, waiver, rebate, good, service, employment, or other thing of value solicited,
7.24 received, offered, or provided within a six-month period may be aggregated and the defendant
7.25 charged accordingly. When two or more offenses are committed by the same person in two
7.26 or more counties, the accused may be prosecuted in any county in which one of the offenses
7.27 was committed for all of the offenses aggregated under this subdivision.

7.28 Subd. 6. **False claims.** In addition to the penalties provided for in this section, a claim,
7.29 as defined in section 15C.01, subdivision 2, that includes items or services resulting from
7.30 a violation of this section constitutes a false or fraudulent claim for purposes of section
7.31 15C.02.

7.32 **EFFECTIVE DATE.** This section is effective August 1, 2025, and applies to crimes
7.33 committed on or after that date."

8.1 Renumber the sections in sequence

8.2 Amend the title as follows:

8.3 Page 1, line 4, delete "kickback" and insert "illegal remuneration"

8.4 Correct the title numbers accordingly

8.5 With the recommendation that when so amended the bill be placed on the General

8.6 Register.

8.7 This Committee action taken April 1, 2025

8.8 Co-Chair

8.9 Co-Chair