



2026 Governor's Anti-Fraud Package



Department of Human Services (DHS)

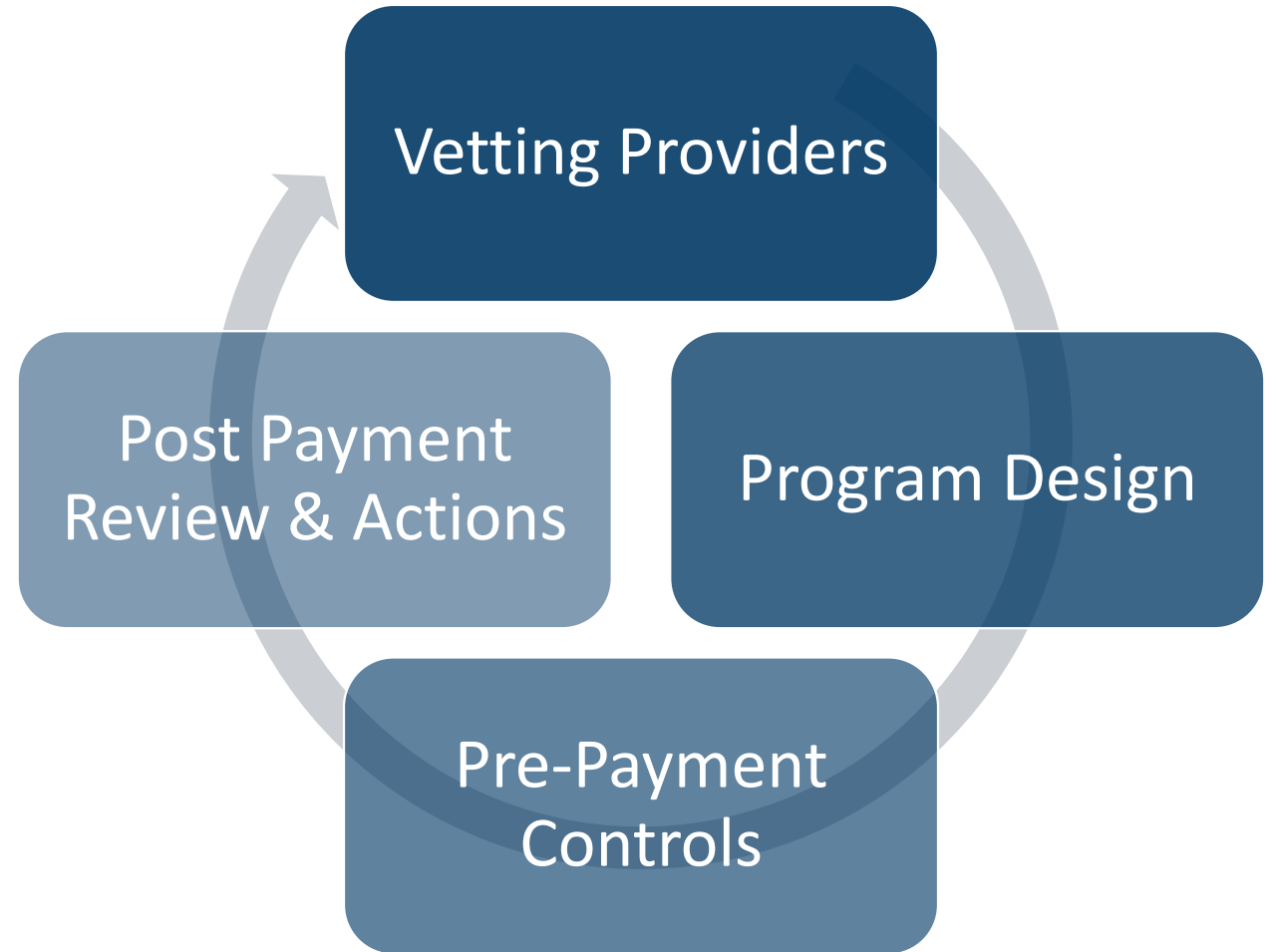
Shireen Gandhi | Commissioner



Optional Tagline Goes Here | mn.gov/websiteurl

A Comprehensive Program Integrity Approach

A comprehensive program integrity approach incorporates strategies into the life cycle of the Medicaid program and provides a dynamic method for integrating learnings and changes over time into each strategy.



Modernizing Program and Payment Integrity Safeguards



Budget Book: Page 38

Fiscal Impact:
-167.9M in FY26/27
-4M in FY28/29

Implements a comprehensive systems approach to reduce fraudulent, wasteful or abusive billing practices in Minnesota's public health care programs. Investments include:

- Establishing comprehensive prepayment review of claims
- Establishing comprehensive post-payment review of claims
- Deploying predictive analytics and machine learning to continually inform prepayment review, post-payment review, program integrity investigations, and future Medicaid benefit design related to administration of program policies and regulations.

Enhancing Program Integrity in Medical Assistance



Budget Book: Page 45

Fiscal Impact:

24.3M in FY26/27

46.6M in FY28/29

Provides the following strategies to strengthen program integrity in Minnesota's public health care programs:

Data-driven Risk Assessment

Strengthens the provider enrollment process by establishing data-driven risk assessment pre-enrollment process for validating and approving eligible providers. The risk assessment will evaluate organizational readiness, financial stability, compliance history, provider's business registration with the Secretary of State and service necessity.

Enhance provider revalidation processes to meet federal requirements

Shortens the timeline providers must respond to revalidation and potential termination of enrollment from 120 days to 60 days.

Enhancing Program Integrity in Medical Assistance *(cont.)*

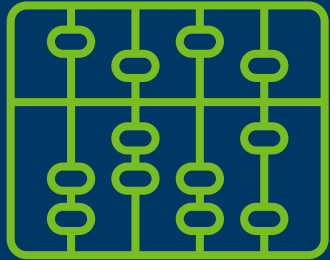
Strengthen accountability requirements for Managed Care Organizations (MCOs)

45% of Medicaid spending is paid through MCOs. MCOs are responsible for program integrity oversight and conducting procedures that effectively detect and prevent fraud, waste, and abuse. Additional resources and requirements in state law are needed to enhance state oversight over the contractual program integrity responsibilities of MCOs.

This proposal:

- Requires MCOs to conduct prepayment review
- Provides funding at DHS to conduct post-payment review of MCO claims
- Requires MCO program integrity actions to be publicly published similar to FFS claims
- Requires MCOs to implement all claims edits and policies required for FFS claims; and
- Adds additional staffing at DHS to enhance oversight over MCOs

Billing and Payment Oversight for Disability, Older Adult, and Behavioral Health Services



Budget Book: Page 54

Fiscal Impact:

-10.6M in FY26/27

-282.1M in FY28/29

Improvements to the billing and oversight functions of disability, older adult, and behavioral health services. Changes include:

Electronic Visit Verification (EVV)

Requires providers to use an electronic visit verification (EVV) system to document service delivery, allowing DHS to analyze whether service delivery is aligned with the person's support plan and that claims submitted by the provider are aligned with services rendered.

This proposal expands EVV to: ARMHS, Peer Support Services, CRS, ACT, EIDBI, Customized Living, FRS, Adult Foster Care, Adult Companion Services, Adult Day, Homemaker, Waiver Transportation, NEMT, and CTSS.

Billing and Payment Oversight for Disability, Older Adult, and Behavioral Health Services *(cont.)*

Billing Limits

Adds or modifies billing limits to mitigate risk of overbilling. Billing limits are modified for the following services: Adult Companion, Assistive Technology, Chore Services, Day Support Services, EIDBI, Family Training, Homemaker, IHS, ILS, Night Supervision, PERS, Respite (In-Home), Waiver Transportation, ARMHS, IRTS, CTSS, Psychoeducation/ skills, Treatment Coordination, and Peer Services

Remote Services

Eliminates remote service provision for the following provider-controlled settings: Adult Day Services, Community Residential Services, Day Support Services, Family Residential Services, and Integrated Community Supports.

Electronic record of provider agreement

Establishes role-based access to MnCHOICES for providers to sign support plans, establishing an electronic record of services the provider is agreeing to provide.

Enhancing Program Integrity in Integrated Community Supports (ICS) Services



Budget Book: Page 66

Fiscal Impact:
2.4M in FY26/27
-3.9M in FY28/29

Strategies to strengthen oversight of ICS:

- **Rate Reform:** Aligns rates with service delivery by establishing a 15-minute unit and incorporating billing units based on a person's acuity.
- **Housing Costs:** Authorizes Housing Support for eligible settings and recipients and codifies federal requirements that prohibit the use of Medicaid funds for room and board costs.
- **Documentation of Service Delivery:** Requires electronic visit verification.
- **Enhanced Oversight:** Adds requirements for service authorizations, including documentation of need and prior authorization requirements for high-cost service packages.
- **Moratoria:** Codifies ICS licensing and setting moratoria.

Other Program Integrity Proposals

Uniform Service Standards Implementation (Page 75)

GF: 262k in FY26/27 and 400k in FY28/29; SGSR: 1.3M in FY26/27 and 1.1M in FY28/29

Fully implements the Mental Health Uniform Service Standards, which transitions certifications to licenses for outpatient and rehabilitative mental health services (CTSS, ARMHS, Crisis Response Services, & CCBHC).

Earlier Effective Date for Improving Supportive Housing Options (Page 80)

-9.2M in FY26/27 and -1.8M in FY28/29

Amends the Recovery Residence Certification initiative enacted in the 2025 legislative session to accelerate the implementation timeline. This proposal advances the certification requirement for recovery residences and the phase out of Free-Standing Room and Board (FSRB) programs effective July 1, 2026.



Management and Budget

Commissioner Erin Campbell

Enterprise and Agency Provisions

- MMB: Internal Control and Internal Audit Capacity (included in HF 4883)
 - 15 FTE for statewide internal control specialists and internal auditors within MMB
 - \$1.726 million in FY 2027 and \$2.301 million per year ongoing
 - Capacity for MMB to take a more active role with state agencies to design and implement corrective action plans to audit findings and to deploy internal auditors to test the operating effectiveness of these corrective actions
- Enterprise: Permanent Payment Withholding Authority for State Agencies
 - HF 3621 (Rep. Klevorn and Rep. Nash), # 20 on General Register
 - Provides permanent authority in Chapter 15 for all state agencies to withhold payments if a program participant is the subject of an investigation after a credible allegation of fraud
 - Strengthens temporary authority enacted in 2025 set to expire in 2027
- Enterprise: State Office of Inspector General
 - Establishes the State Office of Inspector General to investigate and prevent fraud and misuse of public funds across state programs
 - \$15 million onetime in FY 2027 to improve state agencies' capabilities to share program provider data and to enhance identity verification



Department of Administration

Commissioner Tamar Gronvall

- Expanding the responsible contractor law
 - Proactively remove bad actors from participating in the state's grant and procurement processes
 - Enhances prevention of debarred vendors evading sanctions by reestablishing under a new name
 - \$172,000 in FY27 and ongoing; 1 FTE
 - SF5088/HF4883, Line 8.3
- Prohibiting legislatively-named grants
 - Grants awarded through a transparent, competitive process
 - Recommendation of the Office of Legislative Auditor, and Office of Inspector General Coordinating Council and O'Malley Roadmap to Program Integrity and Fraud Prevention
 - SF5088/HF4883, Line 7.17



Department of Public Safety

Drew Evans | Superintendent, Bureau of Criminal Apprehension

DPS Bureau of Criminal Apprehension

- Increase funding for Financial Crimes and Fraud Section (FCFS)
 - FY2027 - \$1.531 million | FY2028 - 29 - \$3.062 million (HF4882, line 3.30)
 - Add special agents and criminal intelligence analysts to address increasingly large and complex fraud schemes targeting state-funded programs.
- Expand FCFS tools to investigate fraud (HF3826/SF4284)
 - Subpoena authority
 - Broaden definition of identity theft to include misuse of digital likeness
 - Extend statute of limitations to seven years for fraud and financial crimes
 - Create new Theft of Public Funds statute (HF4882, line 12.3)



Department of Children, Youth, and Families

Tikki Brown | Commissioner

Enhancing Fraud Prevention and Detection

Investment
FY 27: \$3.3 million
FY 28-29: \$5.7 million

Expands state and
local investigation
capacity

Increases
Proactive
anti-fraud methods

HF to be introduced
SF 5021

- **Increases investigative capacity**
 - Adds an additional team of investigators to allow for more proactive and unannounced site visits
- **Expands data analytics**
 - Increases capacity to design and build new data pipelines and funds an end-to-end investigation case management system.
- **Increases local agency capacity**
 - Increases resources for the Fraud Prevention Investigation (FPI) grant program that support local agencies to increase their investigation capacity.
- **Requires program integrity training for providers receiving CCAP**
 - Expands training on CCAP administration requirements making the training required and enhancing the program integrity content.