

**Subject** Expanding and modifying Medicaid fraud provisions

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### Overview

This bill makes changes related to medical assistance fraud. It authorizes the attorney general to issue subpoenas for certain wage, insurance, and financial information when there is an ongoing law enforcement investigation. The bill repeals the existing crime of medical assistance fraud and replaces it with a new offense. The bill also appropriates \$1,230,000 each year on an ongoing basis to the attorney general to combat medical assistance fraud and makes conforming changes.

## Article 1: Medical Assistance Fraud Prevention

This article establishes a new crime related to medical assistance fraud and makes conforming changes related to enforcement by the attorney general and related criminal law provisions.

### Section Description - Article 1: Medical Assistance Fraud Prevention

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- 1 Authority.**

Expands the authority of the attorney general to issue subpoenas in ongoing legitimate law enforcement investigations involving suspected fraud to include wage and employment records, insurance records related to claim settlement, and the financial records of the subject of an investigation into suspected public benefit fraud.
- 2 Legal representation.**

Makes a conforming change in the section authorizing the attorney general or a county attorney to initiate a criminal or civil action related to medical assistance fraud and other theft offenses.

**Section Description - Article 1: Medical Assistance Fraud Prevention**

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**3 Medical assistance fraud.**

**Subd. 1. Medical assistance fraud prohibited.** Establishes that a person can commit medical assistance fraud by committing any of eight acts: (1) obtaining medical assistance funds through some sort of false representation made with the intent to defraud; (2) making a claim for reimbursement while knowing that any part of the claim is ineligible for reimbursement; (3) providing false information on an enrollment application, provider agreement, or ownership disclosure; (4) owning or operating an entity that receives medical assistance funds while being prohibited from enrolling as a provider; (5) knowingly allowing someone else to own or operate an entity that receives medical assistance funds while the other person is prohibited from enrolling as a provider; (6) falsely making or altering a record related to the delivery of medical assistance services; (7) submitting a claim for personal care assistance services or community first services and supports knowing that services were not provided; or (8) destroying records that are required to be retained under chapter 256B or 245A, or rules adopted pursuant to those chapters, after receiving a lawful request to produce them.

**Subd. 2. Penalties.** Establishes penalties for a violation of subdivision 1. Provides that the maximum prison sentence for a violation is ten years unless one of the greater penalties applies. Establishes that the maximum prison sentence is 20 years if the violation causes a loss of more than \$100,000 but not more than \$1,000,000. Provides that the maximum prison sentence is 30 years if the violation causes a loss in excess of \$1,000,000.

**Subd. 3. Failure to keep or maintain medical assistance records.** Establishes a gross misdemeanor penalty if a person intentionally fails to maintain medical, health care, and financial records as required under chapter 256B or 245A, or rules adopted pursuant to those chapters.

**Subd. 4. Continuing offense.** Establishes that a violation of section 1 or 3 is a continuing offense for the purpose of calculating whether the statute of limitations has expired.

**Subd. 5. Venue.** Establishes that a violation may be prosecuted in any county where the offense occurred or any county where the entity that received a claim for payment is located.

**Subd. 6. Restitution.** Authorizes a court to order restitution for similar acts that are related to the offense, but were not charged. Allows an offender to challenge restitution and directs the court to make a determination based on a preponderance of the evidence. Establishes that the burden of proof is on the prosecutor.

**Section Description - Article 1: Medical Assistance Fraud Prevention**

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- 4      **Acts constituting theft.**  
Makes a conforming change to remove a portion of the theft statute that is replaced by the new medical assistance fraud crime.
  
- 5      **Criminal act.**  
Amends the definition of “criminal act” in the statutes addressing racketeer influenced and corrupt organizations (RICO) violations to include medical assistance fraud.
  
- 6      **Limitations.**  
Makes a conforming change in the statute establishing statutes of limitations for criminal offenses.
  
- 7      **Appropriation.**  
Appropriates \$1,230,000 in fiscal year 2027 to the attorney general to combat medical assistance fraud. The appropriation is ongoing.
  
- 8      **Repealer.**  
Repeals section 609.466, the crime of medical assistance fraud, which is replaced with a new offense in section 3.

## **Article 2: Conforming Changes**

Makes conforming changes related to the new medical assistance fraud crime in statutes related to licensing, background studies, forfeiture of criminal proceeds, and investigations by the Bureau of Criminal Apprehension.

**Section Description - Article 2: Conforming Changes**

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- 1      **Denial of service.**  
Makes a conforming change in the statute related to licensing of certain volunteers regulated by the Department of Health.
  
- 2      **Proceedings.**  
Makes a conforming change in the statute related to suspension or revocation of a license overseen by a licensing board.

**Section Description - Article 2: Conforming Changes**

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- 3     **15-year disqualification.**  
Makes a conforming change in the statute related to background studies of individuals convicted of a felony.
- 4     **Ten-year disqualification.**  
Makes a conforming change in the statute related to background studies of individuals convicted of a gross misdemeanor.
- 5     **Seven-year disqualification.**  
Makes a conforming change in the statute related to background studies of individuals convicted of a misdemeanor.
- 6     **Definition.**  
Makes a conforming change in the statute related to forfeiture of criminal proceeds.
- 7     **Definitions.**  
Makes a conforming change in the statute related to the jurisdiction of the Financial Crimes and Fraud Section of the Bureau of Criminal Apprehension.



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