

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 1648

(SENATE AUTHORS: GRUENHAGEN, Utke and Hoffman)

DATE
02/20/2025

D-PG
446

Introduction and first reading
Referred to Health and Human Services

OFFICIAL STATUS

- 1.1 A bill for an act
- 1.2 relating to human services; requiring background checks for medical assistance
- 1.3 vendors; establishing a fraud detection system for the Department of Human
- 1.4 Services and the Department of Children, Youth, and Families; requiring reports;
- 1.5 amending Minnesota Statutes 2024, sections 245C.03, by adding a subdivision;
- 1.6 256.983, by adding a subdivision.
- 1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.8 Section 1. Minnesota Statutes 2024, section 245C.03, is amended by adding a subdivision
- 1.9 to read:
- 1.10 Subd. 16. **Medical assistance vendors.** (a) The commissioner shall conduct background
- 1.11 studies of all controlling individuals and managerial officials, as defined in section 245A.02,
- 1.12 for vendors that receive reimbursement through the medical assistance program not otherwise
- 1.13 covered under this section.
- 1.14 (b) The vendor must comply with all requirements for entities initiating background
- 1.15 studies under this chapter.
- 1.16 (c) In order to be eligible for medical assistance payments, a vendor must demonstrate
- 1.17 that all individuals who are required to have a background study according to paragraph (a)
- 1.18 have a notice stating that:
- 1.19 (1) the individual is not disqualified under section 245C.14; or
- 1.20 (2) the individual is disqualified and the individual has been issued a set-aside of the
- 1.21 disqualification for the setting under section 245C.22.

2.1 Sec. 2. Minnesota Statutes 2024, section 256.983, is amended by adding a subdivision to
2.2 read:

2.3 Subd. 6. **Fraud detection system.** (a) The commissioners of human services and children,
2.4 youth, and families shall establish an automated or semiautomated fraud detection system
2.5 that is capable of reviewing all vendor payments and requests for payments for suspicious,
2.6 unusual, and potentially fraudulent activity. Fraud investigators must review any payments
2.7 or requests for payments that the system in this subdivision indicates as suspicious, unusual,
2.8 or potentially fraudulent.

2.9 (b) At least once every ... years, the commissioners of human services and children,
2.10 youth, and families must analyze its fraud detection system using earned value management
2.11 analysis to measure the efficiency and effectiveness of the system. During the regular
2.12 legislative session following the conclusion of each analysis under this paragraph, the
2.13 commissioners must report their findings to the chairs and ranking minority members of
2.14 the legislative committees with jurisdiction over human services.