

**SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION**

S.F. No. 4614

(SENATE AUTHORS: ABELER and Hoffman)

DATE
03/18/2026

D-PG
6819 Introduction and first reading
Referred to Human Services

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to human services; modifying due process procedures for home and
1.3 community-based residential services; making technical changes; amending
1.4 Minnesota Statutes 2024, sections 245.095, by adding a subdivision; 256B.064,
1.5 subdivisions 1b, 1d, 2, 3, 4, 5, by adding subdivisions; Minnesota Statutes 2025
1.6 Supplement, section 15.013, by adding a subdivision.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2025 Supplement, section 15.013, is amended by adding a
1.9 subdivision to read:

1.10 Subd. 7. **Exemption.** This section does not apply to the medical assistance program
1.11 administered by the commissioner of human services.

1.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.13 Sec. 2. Minnesota Statutes 2024, section 245.095, is amended by adding a subdivision to
1.14 read:

1.15 Subd. 7. **Exemption.** Subdivision 5 does not apply to any individual or entity that receives
1.16 payments from medical assistance or provides goods or services for which payment is made
1.17 from medical assistance.

1.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.19 Sec. 3. Minnesota Statutes 2024, section 256B.064, subdivision 1b, is amended to read:

1.20 Subd. 1b. **Sanctions available.** (a) The commissioner may impose the following sanctions
1.21 for the conduct described in subdivision 1a: ~~suspension or withholding of~~ suspending

2.1 payments to an individual or entity ~~and; withholding payments to an individual or entity;~~
 2.2 ~~suspending or terminating participation in the program;~~ terminating participation in the
 2.3 program; or imposition of imposing a fine under subdivision 2, paragraph (g) 2a.

2.4 (b) When imposing sanctions under this ~~section~~ subdivision, the commissioner ~~shall~~
 2.5 must consider the nature, chronicity, or severity of the conduct and the effect of the conduct
 2.6 on the health and safety of persons served by the individual or entity.

2.7 (c) The commissioner ~~shall~~ must suspend an individual's or entity's participation in the
 2.8 program for a minimum of five years if the individual or entity is convicted of a crime,
 2.9 received a stay of adjudication, or entered a court-ordered diversion program for an offense
 2.10 related to a provision of a health service under medical assistance, including a federally
 2.11 approved waiver, or health care fraud.

2.12 (d) Regardless of imposition of sanctions, the commissioner may make a referral to the
 2.13 appropriate state licensing board.

2.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.15 Sec. 4. Minnesota Statutes 2024, section 256B.064, subdivision 1d, is amended to read:

2.16 Subd. 1d. **Investigative costs.** (a) The commissioner may seek recovery of investigative
 2.17 costs from any individual or entity that willfully submits a claim for reimbursement for
 2.18 services that the individual or entity knows, or reasonably should have known, is a false
 2.19 representation and that results in the payment of public funds for which the individual or
 2.20 entity is ineligible.

2.21 (b) Billing errors that result in unintentional overcharges ~~shall~~ are not be grounds for
 2.22 investigative cost recoupment.

2.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.24 Sec. 5. Minnesota Statutes 2024, section 256B.064, subdivision 2, is amended to read:

2.25 Subd. 2. **Imposition of monetary recovery and sanctions; generally.** (a) The
 2.26 commissioner ~~shall~~ must determine any monetary amounts to be recovered from and sanctions
 2.27 to be imposed upon an individual or entity under this section. Except as provided in
 2.28 ~~paragraphs (b) and (d), neither~~ subdivisions 2b to 2d, the commissioner must not obtain a
 2.29 monetary recovery ~~nor~~ or impose a sanction ~~will be imposed by the commissioner~~ without
 2.30 prior notice and an opportunity for a hearing, according to chapter 14, on the commissioner's
 2.31 proposed action, ~~provided that the commissioner may suspend or reduce payment to an~~
 2.32 ~~individual or entity, except a nursing home or convalescent care facility, after notice and~~

3.1 ~~prior to the hearing if in the commissioner's opinion that action is necessary to protect the~~
3.2 ~~public welfare and the interests of the program.~~

3.3 ~~(b) Except when the commissioner finds good cause not to suspend payments under~~
3.4 ~~Code of Federal Regulations, title 42, section 455.23(e) or (f), the commissioner shall~~
3.5 ~~withhold or reduce payments to an individual or entity without providing advance notice~~
3.6 ~~of such withholding or reduction if either of the following occurs:~~

3.7 ~~(1) the individual or entity is convicted of a crime involving the conduct described in~~
3.8 ~~subdivision 1a; or~~

3.9 ~~(2) the commissioner determines there is a credible allegation of fraud for which an~~
3.10 ~~investigation is pending under the program. Allegations are considered credible when they~~
3.11 ~~have an indicium of reliability and the state agency has reviewed all allegations, facts, and~~
3.12 ~~evidence carefully and acts judiciously on a case-by-case basis. A credible allegation of~~
3.13 ~~fraud is an allegation which has been verified by the state, from any source, including but~~
3.14 ~~not limited to:~~

3.15 ~~(i) fraud hotline complaints;~~

3.16 ~~(ii) claims data mining; and~~

3.17 ~~(iii) patterns identified through provider audits, civil false claims cases, and law~~
3.18 ~~enforcement investigations.~~

3.19 ~~(e) The commissioner must send notice of the withholding or reduction of payments~~
3.20 ~~under paragraph (b) within five days of taking such action unless requested in writing by a~~
3.21 ~~law enforcement agency to temporarily withhold the notice. The notice must:~~

3.22 ~~(1) state that payments are being withheld according to paragraph (b);~~

3.23 ~~(2) set forth the general allegations as to the nature of the withholding action, but need~~
3.24 ~~not disclose any specific information concerning an ongoing investigation;~~

3.25 ~~(3) except in the case of a conviction for conduct described in subdivision 1a, state that~~
3.26 ~~the withholding is for a temporary period and cite the circumstances under which withholding~~
3.27 ~~will be terminated;~~

3.28 ~~(4) identify the types of claims to which the withholding applies; and~~

3.29 ~~(5) inform the individual or entity of the right to submit written evidence for consideration~~
3.30 ~~by the commissioner.~~

3.31 ~~(d) The withholding or reduction of payments will not continue after the commissioner~~
3.32 ~~determines there is insufficient evidence of fraud by the individual or entity, or after legal~~

4.1 ~~proceedings relating to the alleged fraud are completed, unless the commissioner has sent~~
4.2 ~~notice of intention to impose monetary recovery or sanctions under paragraph (a). Upon~~
4.3 ~~conviction for a crime related to the provision, management, or administration of a health~~
4.4 ~~service under medical assistance, a payment held pursuant to this section by the commissioner~~
4.5 ~~or a managed care organization that contracts with the commissioner under section 256B.035~~
4.6 ~~is forfeited to the commissioner or managed care organization, regardless of the amount~~
4.7 ~~charged in the criminal complaint or the amount of criminal restitution ordered.~~

4.8 ~~(e) The commissioner shall suspend or terminate an individual's or entity's participation~~
4.9 ~~in the program without providing advance notice and an opportunity for a hearing when the~~
4.10 ~~suspension or termination is required because of the individual's or entity's exclusion from~~
4.11 ~~participation in Medicare. Within five days of taking such action, the commissioner must~~
4.12 ~~send notice of the suspension or termination. The notice must:~~

4.13 ~~(1) state that suspension or termination is the result of the individual's or entity's exclusion~~
4.14 ~~from Medicare;~~

4.15 ~~(2) identify the effective date of the suspension or termination; and~~

4.16 ~~(3) inform the individual or entity of the need to be reinstated to Medicare before~~
4.17 ~~reapplying for participation in the program.~~

4.18 ~~(f) (b) Upon receipt of a notice under paragraph (a) or subdivision 2c or 2d that a~~
4.19 ~~monetary recovery or sanction is to be or has been imposed, an individual or entity may~~
4.20 ~~request a contested case, as defined in section 14.02, subdivision 3, by filing with the~~
4.21 ~~commissioner a written request of appeal. The appeal request must be received by the~~
4.22 ~~commissioner no later than 30 days after the date the notification of monetary recovery or~~
4.23 ~~sanction was mailed to the individual or entity. The appeal request must specify:~~

4.24 ~~(1) each disputed item, the reason for the dispute, and an estimate of the dollar amount~~
4.25 ~~involved for each disputed item;~~

4.26 ~~(2) the computation that the individual or entity believes is correct;~~

4.27 ~~(3) the authority in statute or rule upon which the individual or entity relies for each~~
4.28 ~~disputed item;~~

4.29 ~~(4) the name and address of the person or entity with whom contacts may be made~~
4.30 ~~regarding the appeal; and~~

4.31 ~~(5) other information required by the commissioner.~~

5.1 ~~(g) The commissioner may order an individual or entity to forfeit a fine for failure to~~
 5.2 ~~fully document services according to standards in this chapter and Minnesota Rules, chapter~~
 5.3 ~~9505. The commissioner may assess fines if specific required components of documentation~~
 5.4 ~~are missing. The fine for incomplete documentation shall equal 20 percent of the amount~~
 5.5 ~~paid on the claims for reimbursement submitted by the individual or entity, or up to \$5,000,~~
 5.6 ~~whichever is less. If the commissioner determines that an individual or entity repeatedly~~
 5.7 ~~violated this chapter, chapter 254B or 245G, or Minnesota Rules, chapter 9505, related to~~
 5.8 ~~the provision of services to program recipients and the submission of claims for payment,~~
 5.9 ~~the commissioner may order an individual or entity to forfeit a fine based on the nature,~~
 5.10 ~~severity, and chronicity of the violations, in an amount of up to \$5,000 or 20 percent of the~~
 5.11 ~~value of the claims, whichever is greater.~~

5.12 ~~(h) The individual or entity shall pay the fine assessed on or before the payment date~~
 5.13 ~~specified. If the individual or entity fails to pay the fine, the commissioner may withhold~~
 5.14 ~~or reduce payments and recover the amount of the fine. A timely appeal shall stay payment~~
 5.15 ~~of the fine until the commissioner issues a final order.~~

5.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

5.17 Sec. 6. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision
 5.18 to read:

5.19 Subd. 2a. **Imposition of fines.** (a) The commissioner may order an individual or entity
 5.20 to forfeit a fine for failure to fully document services according to standards in this chapter
 5.21 and Minnesota Rules, chapter 9505. The commissioner may assess fines if specific required
 5.22 components of documentation are missing. The fine for incomplete documentation equals
 5.23 20 percent of the amount paid on the claims for reimbursement submitted by the individual
 5.24 or entity or up to \$5,000, whichever is less. If the commissioner determines that an individual
 5.25 or entity repeatedly violated this chapter, chapter 245G or 254B, or Minnesota Rules, chapter
 5.26 9505, related to the provision of services to program recipients and the submission of claims
 5.27 for payment, the commissioner may order an individual or entity to forfeit a fine based on
 5.28 the nature, severity, and chronicity of the violations in an amount of up to \$5,000 or 20
 5.29 percent of the value of the claims, whichever is greater.

5.30 (b) The individual or entity must pay the fine assessed on or before the payment date
 5.31 specified by the commissioner. If the individual or entity fails to pay the fine, the
 5.32 commissioner may withhold or reduce payments and recover the amount of the fine. A
 5.33 timely appeal stays payment of the fine until the commissioner issues a final order.

5.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.

6.1 Sec. 7. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision
6.2 to read:

6.3 **Subd. 2b. Mandatory suspension or termination after exclusion from participation**
6.4 **in Medicare.** (a) The commissioner must suspend or terminate an individual's or entity's
6.5 participation in the program without providing advance notice and an opportunity for a
6.6 hearing when the suspension or termination is required because of the individual's or entity's
6.7 exclusion from participation in Medicare.

6.8 (b) Within five days of taking an action under paragraph (a), the commissioner must
6.9 send notice of the suspension or termination. The notice must:

6.10 (1) state that the suspension or termination is the result of the individual's or entity's
6.11 exclusion from Medicare;

6.12 (2) identify the effective date of the suspension or termination; and

6.13 (3) inform the individual or entity of the need to be reinstated to Medicare before
6.14 reapplying for participation in the program.

6.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

6.16 Sec. 8. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision
6.17 to read:

6.18 **Subd. 2c. Imposition of monetary recovery and sanctions before a hearing.** (a) Except
6.19 as provided in paragraph (b), the commissioner may withhold or reduce payment to an
6.20 individual or entity after notice but before a hearing if, in the commissioner's opinion,
6.21 withholding or reducing payment is necessary to protect the public welfare and the interests
6.22 of the program.

6.23 (b) Notwithstanding subdivision 2d, unless the commissioner first complies with the
6.24 applicable requirements of paragraph (c), the commissioner must not withhold or reduce
6.25 payments to the following entities:

6.26 (1) a nursing home;

6.27 (2) a convalescing care facility;

6.28 (3) an entity providing residential supports and services as described in section 245D.03,
6.29 subdivision 1, paragraph (c), clause (3); or

6.30 (4) an entity providing integrated community services described in section 245D.03,
6.31 subdivision 1, paragraph (c), clause (8).

7.1 (c) When withholding or reducing payments under paragraph (a) or subdivision 2d to
7.2 an entity listed in paragraph (b), the commissioner must confirm suitable alternative services
7.3 and housing are established for the affected recipient before withholding or reducing
7.4 payments if withholding or reducing payments puts a recipient of the goods or services
7.5 provided by the entity in imminent danger of harm or at risk of homelessness.

7.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

7.7 Sec. 9. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision
7.8 to read:

7.9 **Subd. 2d. Imposition of monetary recovery and sanctions without prior notice.** (a)
7.10 Except as provided in subdivision 2c, when law enforcement requests that the commissioner
7.11 not suspend payments or when the commissioner finds good cause not to suspend payments
7.12 under Code of Federal Regulations, title 42, section 455.23(e) or (f), the commissioner must
7.13 withhold or reduce payments to an individual or entity without providing advance notice
7.14 of the withholding or reduction if either of the following occurs:

7.15 (1) the individual or entity is convicted of a crime involving the conduct described in
7.16 subdivision 1a; or

7.17 (2) the commissioner determines there is a credible allegation of fraud for which an
7.18 investigation by law enforcement is pending.

7.19 (b) If the commissioner withholds or reduces payments under paragraph (a), clause (2),
7.20 the commissioner may withhold payments only for the specific submitted claims that the
7.21 commissioner has determined are potentially fraudulent and referred to law enforcement,
7.22 unless the commissioner determines that the credible allegation of fraud is an allegation of
7.23 pervasive fraud.

7.24 (c) The commissioner may consider an allegation of fraud from any source, including
7.25 but not limited to:

7.26 (1) fraud hotline complaints;

7.27 (2) claims data mining;

7.28 (3) patterns identified through provider audits, civil false claims cases, law enforcement
7.29 investigations, or investigations by other state or federal agencies; or

7.30 (4) court filings or other legal documents.

7.31 (d) The commissioner must independently verify that an allegation of fraud is credible
7.32 by carefully reviewing all the allegations, facts, and purported evidence of fraud to determine

8.1 if the allegations, facts, and purported evidence are indications of fraud and not merely of
8.2 improper payments that are not fraudulent. A credible allegation of abuse is not a credible
8.3 allegation of fraud.

8.4 (e) For purposes of this subdivision, "fraud" means presenting information that is false
8.5 in whole or in part to the commissioner with the intent of obtaining greater compensation
8.6 for the provision of a good or service available under this chapter than the vendor of the
8.7 good or service is legally entitled.

8.8 (f) The commissioner must send notice of the withholding or reduction of payments
8.9 under paragraph (a) within five days of withholding or reducing payments. The notice must:

8.10 (1) state that payments are being withheld according to paragraph (a);

8.11 (2) set forth the general allegations as to the nature of the withholding action with
8.12 sufficient detail to allow the entity or individual subject to the withholding action to determine
8.13 what written evidence submitted under clause (5) would be responsive to the allegations,
8.14 but the commissioner need not disclose any specific information concerning an ongoing
8.15 investigation by law enforcement;

8.16 (3) except in the case of a conviction for conduct described in subdivision 1a, state that
8.17 the withholding is for a temporary period and cite the circumstances under which withholding
8.18 will be terminated;

8.19 (4) identify the types of claims to which the withholding applies; and

8.20 (5) inform the individual or entity of the right to submit written evidence for consideration
8.21 by the commissioner.

8.22 (g) The commissioner must acknowledge receipt of any written evidence submitted by
8.23 the individual or entity within five days of receipt of the written evidence. Within five days
8.24 of the commissioner's acknowledgment of receipt, the commissioner must (1) cease to
8.25 withhold or reduce payments, or (2) respond to the individual or entity with an explanation
8.26 of the commissioner's continued determination that there is sufficient evidence of fraud to
8.27 continue withholding or reducing payments.

8.28 (h) The commissioner must cease to withhold or reduce payments under this subdivision
8.29 after the commissioner determines there is insufficient evidence of fraud by the individual
8.30 or entity or after legal proceedings relating to the alleged fraud are completed, unless the
8.31 commissioner has sent notice of intention to impose monetary recovery or sanctions.

8.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

9.1 Sec. 10. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision
9.2 to read:

9.3 Subd. 2e. **Forfeiture of withheld payments upon criminal conviction.** Upon conviction
9.4 for a crime related to the provision, management, or administration of a health service under
9.5 medical assistance, a payment held pursuant to this section by the commissioner or a managed
9.6 care organization that contracts with the commissioner under section 256B.035 is forfeited
9.7 to the commissioner or managed care organization, regardless of the amount charged in the
9.8 criminal complaint or the amount of criminal restitution ordered.

9.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

9.10 Sec. 11. Minnesota Statutes 2024, section 256B.064, subdivision 3, is amended to read:

9.11 Subd. 3. **Mandates on prohibited payments.** (a) The commissioner ~~shall~~ must maintain
9.12 and publish a list of each excluded individual and entity that was convicted of a crime related
9.13 to the provision, management, or administration of a medical assistance health service, or
9.14 suspended or terminated under subdivision ~~2~~ 2b. Medical assistance payments cannot be
9.15 made by an individual or entity for items or services furnished either directly or indirectly
9.16 by an excluded individual or entity, or at the direction of excluded individuals or entities.

9.17 (b) The entity must check the exclusion list on a monthly basis and document the date
9.18 and time the exclusion list was checked and the name and title of the person who checked
9.19 the exclusion list. The entity must immediately terminate payments to an individual or entity
9.20 on the exclusion list.

9.21 (c) An entity's requirement to check the exclusion list and to terminate payments to
9.22 individuals or entities on the exclusion list applies to each individual or entity on the
9.23 exclusion list, even if the named individual or entity is not responsible for direct patient
9.24 care or direct submission of a claim to medical assistance.

9.25 (d) An entity that pays medical assistance program funds to an individual or entity on
9.26 the exclusion list must refund any payment related to either items or services rendered by
9.27 an individual or entity on the exclusion list from the date the individual or entity is first paid
9.28 or the date the individual or entity is placed on the exclusion list, whichever is later, and an
9.29 entity may be subject to:

9.30 (1) sanctions under ~~subdivision 2~~ this section;

9.31 (2) a civil monetary penalty of up to \$25,000 for each determination by the department
9.32 that the vendor employed or contracted with an individual or entity on the exclusion list;
9.33 and

10.1 (3) other fines or penalties allowed by law.

10.2 **EFFECTIVE DATE.** This section is effective the day following final enactment.

10.3 Sec. 12. Minnesota Statutes 2024, section 256B.064, subdivision 4, is amended to read:

10.4 Subd. 4. **Notice.** (a) The department ~~shall~~ must serve the notice required under ~~subdivision~~
10.5 subdivisions 2 and 2d using a signature-verified confirmed delivery method to the address
10.6 submitted to the department by the individual or entity. Service is complete upon mailing.

10.7 (b) The department ~~shall~~ must give notice in writing to a recipient placed in the Minnesota
10.8 restricted recipient program under section 256B.0646 and Minnesota Rules, part 9505.2200.
10.9 The department ~~shall~~ must send the notice by first class mail to the recipient's current address
10.10 on file with the department. A recipient placed in the Minnesota restricted recipient program
10.11 may contest the placement by submitting a written request for a hearing to the department
10.12 within 90 days of the notice being mailed.

10.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

10.14 Sec. 13. Minnesota Statutes 2024, section 256B.064, subdivision 5, is amended to read:

10.15 Subd. 5. **Immunity; good faith reporters.** (a) A person who makes a good faith report
10.16 is immune from any civil or criminal liability that might otherwise arise from reporting or
10.17 participating in the investigation. Nothing in this subdivision affects an individual's or
10.18 entity's responsibility for an overpayment established under this subdivision.

10.19 (b) A person employed by a lead investigative agency who is conducting or supervising
10.20 an investigation or enforcing the law according to the applicable law or rule is immune from
10.21 any civil or criminal liability that might otherwise arise from the person's actions, if the
10.22 person is acting in good faith and exercising due care.

10.23 (c) For purposes of this subdivision, "person" includes a natural person or any form of
10.24 a business or legal entity.

10.25 (d) After an investigation is complete, the reporter's name must be kept confidential.
10.26 The subject of the report may compel disclosure of the reporter's name only with the consent
10.27 of the reporter or upon a written finding by a district court that the report was false and there
10.28 is evidence that the report was made in bad faith. This subdivision does not alter disclosure
10.29 responsibilities or obligations under the Rules of Criminal Procedure, except that when the
10.30 identity of the reporter is relevant to a criminal prosecution the district court ~~shall~~ must
10.31 conduct an in-camera review before determining whether to order disclosure of the reporter's
10.32 identity.

11.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.