15.013 PROGRAM PAYMENTS WITHHELD; FRAUD.

Subdivision 1. MS 2025 Supp [Repealed by amendment, 2026 c 122 s 1]

Subd. 2. MS 2025 Supp [Repealed by amendment, 2026 c 122 s 1]

Subd. 3. MS 2025 Supp [Repealed by amendment, 2026 c 122 s 1]

Subd. 4. MS 2025 Supp [Repealed by amendment, 2026 c 122 s 1]

Subd. 5. MS 2025 Supp [Repealed by amendment, 2026 c 122 s 1]

Subd. 6. MS 2025 Supp [Repealed by amendment, 2026 c 122 s 1]

Subd. 7. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Credible allegation of fraud" means an allegation of fraud that has been verified by the head of a state agency from any source, including but not limited to fraud complaints; patterns identified through audits, civil cases, law enforcement investigations, or investigations by other state or federal agencies; and court filings and other legal documents, including but not limited to police reports, complaints, indictments, information, affidavits, declarations, and search warrants.

(c) "Fraud" means an intentional or deliberate act to deprive another of property or money or to acquire property or money by deception or other unfair means. Fraud includes intentionally submitting false information to a federal, state, or local government entity for the purpose of obtaining a greater compensation or benefit than that to which the person is legally entitled. Fraud also includes acts which constitute a crime against any program, or the attempts or plans to commit a crime against any program, including but not limited to theft in violation of section 609.52; perjury in violation of section 609.48; and aggravated forgery and forgery in violation of sections 609.542, 609.625, and 609.63, and substantially similar federal laws.

(d) "Individual" means a natural person.

(e) "Program" means any program funded by a state or federal agency that involves the transfer or disbursement of public funds or other public resources.

(f) "Program participant" means any entity or individual that receives, disburses, or has custody of funds or other resources transferred or disbursed under a program.

(g) "State agency" means any department or agency of the state as defined in sections 15.01 and 15.012.

Subd. 8. **Withholding of payments.** (a) Except as otherwise authorized and to the extent permitted by federal law, the head of any state agency may withhold payments to a program participant in any program administered by that agency if the agency head determines the program participant is the subject of a credible allegation of fraud under investigation that is related to any program administered by that agency. The head of any agency may also withhold payments to a program participant in any program administered by that agency if another agency head has determined there is a credible allegation of fraud under investigation and the program participant is a subject of the investigation.

(b) The state agency head must send notice of the withholding of payments to the program participant within five days of taking such action. The notice must:

(1) state that payments are being withheld in accordance with this section;

(2) state the reasons for withholding payments, but need not disclose specific information concerning an ongoing investigation;

(3) state that the withholding is for a temporary period and cite the circumstances under which withholding shall be terminated; and

(4) inform the program participant of the right to submit written evidence for consideration by the state agency head.

(c) Following notice, to the extent practicable, the agency must ensure that any person whose public funds are interrupted and who is not implicated in the suspected fraud receives notice of their rights to continued receipt of the public funds, services, or programs for which they are eligible. The agency head must provide a point of contact for persons impacted.

(d) If the agency head withholds payments under this subdivision, the provider, vendor, individual, associated individual, or associated entity has a right to request administrative reconsideration. A request for administrative reconsideration must be made in writing, stating with specificity the reasons the payment withholding decision is in error, and include documents to support the request. Within 60 days after receipt of the request, the agency head shall judiciously review allegations, facts, evidence available to the agency head, and information submitted by the provider, vendor, individual, associated individual, or associated entity to determine whether the payment withholding should remain in place.

(e) The withholding of payments shall not continue after the state agency head determines there is insufficient evidence of fraud by the program participant, or after legal proceedings relating to the alleged fraud are completed, unless the state agency head is authorized by law to take additional action against the program participant and complies with all requirements in law to take such action.

(f) The withholding of payments is a temporary action and is not subject to appeal under chapter 14.

(g) This section does not supersede any other section of law authorizing withholding of payments, including but not limited to sections 127A.21, subdivision 5; 142A.12, subdivision 5; 245.095, subdivision 5; and 256B.064, subdivision 2, paragraph (b).

Subd. 9. **Data classification and access.** (a) During the payment withholding period under this section, all data relating to a credible allegation of fraud under this section are classified as: (1) confidential data on individuals pursuant to section 13.02, subdivision 3; or (2) protected nonpublic data pursuant to section 13.02, subdivision 13, in the case of data not on individuals.

(b) Except for the identity of a complainant, after a determination has been made under subdivision 8, paragraph (e), that withholding of payments shall not continue, all data relating to a credible allegation of fraud under this section become public unless classified otherwise under state or federal law. The identity of a complainant is private.

(c) Any state agency may disclose any data classified as confidential or protected nonpublic under this section to any federal, state, or local government agency, or any law enforcement agency, if the state agency determines that access will help prevent fraud against public programs or aid the law enforcement process.

Subd. 10. **Exemption.** Nothing in this section modifies, supersedes, limits, or expands the authority of the commissioner of human services to impose sanctions under section 256B.064.

History: *2025 c 39 art 2 s 22; 2026 c 121 art 3 s 1; 2026 c 122 s 1*