



## **S.F. No. 2856 – Payments termination to program participants under certain circumstances**

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### **Section 1 [Program payments withheld; Fraud; 15.013]**

**Subd. 1 [Definitions]** defines the terms “credible allegation of fraud,” “fraud,” “individual,” “program,” “program participant,” and “state agency.”

**Subd. 2 [Withholding of payments]** authorizes the head of a state agency to withhold payments to a program participant if the agency head determines there is a credible allegation of fraud under investigation and the program participant is a subject of the investigation, to the extent allowed under federal law or other authorization. Requires the agency head to send notice of the withholding decision to the program participant within five days. Requires the agency head to stop withholding payment after the 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 agency head is authorized by law to take additional action against the program participant and complies with all requirements in law to take action. The withholding of payments is a temporary action and is not subject to appeal under the Administrative Procedure Act.

**Subd. 3 [Data classification and access]** specifies that during the payment withholding period all data relating to a credible allegation of fraud and withholding of payments is classified as confidential data on individuals or protected as nonpublic data in the case of data not on individuals. Authorizes the agency head to disclose that payments are being withheld from a program participant if the agency head determines that doing so will not compromise an ongoing investigation. Except for the identity of a complainant, all data relating to a credible allegation of fraud and withholding of payments becomes public after a determination has been made that withholding of payment will not continue. A state agency may disclose data classified as confidential or protected nonpublic to any federal, state, or

local government agency, or a law enforcement agency, if the state agency determines that access will help prevent fraud against public programs or aid the law enforcement process.



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