

1.1 Senator moves to amend S.F. No. 856 as follows:

1.2 Page 5, line 19, delete "and"

1.3 Page 5, line 23, delete the period and insert "; and"

1.4 Page 5, after line 23, insert:

1.5 "(8) establishing and maintaining a current exclusion list in a format readily accessible
1.6 to agencies that identifies each program and individual for which the inspector general has
1.7 made a recommendation under clause (7) to freeze or cease distribution of funds. The
1.8 inspector general must provide sufficient information to a requesting agency to allow the
1.9 requesting agency to exercise its statutory obligations to stop fraud and misuse, including
1.10 but not limited to, under sections 142A.12 and 245.095."

1.11 Page 5, line 25, delete "abuse" and insert "misuse"

1.12 Page 5, line 31, after "fraud" insert "and misuse"

1.13 Page 6, line 4, delete "abuse" and insert "misuse"

1.14 Page 8, line 1, after "(3)" insert "the commissioner of health;" and after "services" insert
1.15 a semicolon

1.16 Page 9, line 1, after "of" insert "Health;" and after "Services" insert a semicolon

1.17 Page 13, delete lines 17 and 18 and insert:

1.18 "(1) the licensing functions under Minnesota Statutes, chapter 142B;

1.19 (2) the certification functions under Minnesota Statutes, chapter 142C;

1.20 (3) the child care assistance program integrity functions under Minnesota Statutes,
1.21 chapter 142E;

1.22 (4) the food support and antipoverty programs performing recipient fraud prevention
1.23 investigation functions under Minnesota Statutes, chapter 142F;

1.24 (5) the Minnesota family assistance program performing recipient fraud prevention
1.25 investigation functions under Minnesota Statutes, chapter 142G;

1.26 (6) the great start compensation support payment program under Minnesota Statutes,
1.27 section 142D.21, and Minnesota Statutes, chapter 142E;

1.28 (7) the operations and policy functions for the programs in clauses (1) to (6); and

1.29 (8) the legal staff for the programs in clauses (1) to (6)."

1.30 Page 14, after line 13, insert:

"(c) The interagency agreements entered into under paragraphs (a) and (b) must not contain any language that allows the inspector general to assume jurisdiction over the exceptions in Minnesota Statutes, section 15D.04, subdivision 2, without the express, written consent of the commissioner of human services or children, youth, and families before each potential investigation."

Page 14, after line 27, insert:

"Sec. 2. Minnesota Statutes 2024, section 142A.12, subdivision 5, is amended to read:

Subd. 5. **Withholding of payments.** (a) Except as otherwise provided by state or federal law, the commissioner may withhold payments to a provider, vendor, individual, associated individual, or associated entity in any program administered by the commissioner if the commissioner determines there is a credible allegation of fraud for which an investigation is pending for a program administered by a Minnesota state or federal agency.

(b) For purposes of this subdivision, "credible allegation of fraud" means an allegation that has been verified by the commissioner from any source, including but not limited to:

(1) fraud hotline complaints;

(2) claims data mining;

(3) patterns identified through provider audits, civil false claims cases, and law enforcement investigations; ~~and~~

(4) court filings and other legal documents, including but not limited to police reports, complaints, indictments, informations, affidavits, declarations, and search warrants; and

(5) information from the inspector general, including information listed on the inspector general's exclusion list under section 15D.04, subdivision 1, clause (8).

(c) The commissioner must send notice of the withholding of payments within five days of taking such action. The notice must:

(1) state that payments are being withheld according to this subdivision;

(2) set forth the general allegations related to the withholding action, except the notice 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 the withholding will be terminated; and

(4) inform the provider, vendor, individual, associated individual, or associated entity of the right to submit written evidence to contest the withholding action for consideration by the commissioner.

(d) If the commissioner 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, state with specificity the reasons the payment withholding decision is in error, and include documents to support the request. Within 60 days from receipt of the request, the commissioner shall judiciously review allegations, facts, evidence available to the commissioner, 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 commissioner shall stop withholding payments if the commissioner determines there is insufficient evidence of fraud by the provider, vendor, individual, associated individual, or associated entity or when legal proceedings relating to the alleged fraud are completed, unless the commissioner has sent notice under subdivision 3 to the provider, vendor, individual, associated individual, or associated entity.

(f) The withholding of payments is a temporary action and is not subject to appeal under section 256.0451 or chapter 14.

Sec. 3. Minnesota Statutes 2024, section 144.05, is amended by adding a subdivision to read:

Subd. 9. **Office of the Inspector General; reports.** The commissioner must submit final investigative reports to the inspector general serving under section 15D.01 for any investigation conducted by the commissioner into fraud or misuse, as defined in section 15D.02, within the special supplemental nutrition program for women, infants, and children.

Sec. 4. Minnesota Statutes 2024, section 245.095, subdivision 5, is amended to read:

Subd. 5. Withholding of payments. (a) Except as otherwise provided by state or federal law, the commissioner may withhold payments to a provider, vendor, individual, associated individual, or associated entity in any program administered by the commissioner if the commissioner determines there is a credible allegation of fraud for which an investigation is pending for a program administered by a Minnesota state or federal agency.

(b) For purposes of this subdivision, "credible allegation of fraud" means an allegation that has been verified by the commissioner from any source, including but not limited to:

(1) fraud hotline complaints;

(2) claims data mining;

(3) patterns identified through provider audits, civil false claims cases, and law enforcement investigations; ~~and~~

(4) court filings and other legal documents, including but not limited to police reports, complaints, indictments, informations, affidavits, declarations, and search warrants; and

(5) information from the inspector general, including information listed on the inspector general's exclusion list under section 15D.04, subdivision 1, clause (8).

(c) The commissioner must send notice of the withholding of payments within five days of taking such action. The notice must:

(1) state that payments are being withheld according to this subdivision;

(2) set forth the general allegations related to the withholding action, except the notice 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 the withholding will be terminated; and

(4) inform the provider, vendor, individual, associated individual, or associated entity of the right to submit written evidence to contest the withholding action for consideration by the commissioner.

(d) If the commissioner 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, state with specificity the reasons the payment withholding decision is in error, and include documents to support the request. Within 60 days from receipt of the request, the commissioner shall judiciously review allegations, facts, evidence available to the commissioner, 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 commissioner shall stop withholding payments if the commissioner determines there is insufficient evidence of fraud by the provider, vendor, individual, associated individual, or associated entity or when legal proceedings relating to the alleged fraud are

- 5.1 completed, unless the commissioner has sent notice under subdivision 3 to the provider,
5.2 vendor, individual, associated individual, or associated entity.
- 5.3 (f) The withholding of payments is a temporary action and is not subject to appeal under
5.4 section 256.045 or chapter 14."
- 5.5 Renumber the sections in sequence and correct the internal references
- 5.6 Amend the title accordingly