

1.1 Senator ..... moves to amend S.F. No. 2776 as follows:

1.2 Page 1, delete section 1 and insert:

1.3 "Section 1. Minnesota Statutes 2024, section 13.46, subdivision 1, is amended to read:

1.4 Subdivision 1. **Definitions.** As used in this section:

1.5 (a) "Individual" means an individual according to section 13.02, subdivision 8, but does  
1.6 not include a vendor of services.

1.7 (b) "Program" includes all programs for which authority is vested in a component of the  
1.8 welfare system according to statute or federal law, including but not limited to Native  
1.9 American Tribe programs that provide a service component of the welfare system, the  
1.10 Minnesota family investment program, medical assistance, general assistance, general  
1.11 assistance medical care formerly codified in chapter 256D, the child care assistance program,  
1.12 and child support collections.

1.13 (c) "Welfare system" includes the Department of Human Services; Direct Care and  
1.14 Treatment; the Department of Children, Youth, and Families; local social services agencies;  
1.15 county welfare agencies; county public health agencies; county veteran services agencies;  
1.16 county housing agencies; private licensing agencies; the public authority responsible for  
1.17 child support enforcement; human services boards; community mental health center boards,  
1.18 state hospitals, state nursing homes, the ombudsman for mental health and developmental  
1.19 disabilities; Native American Tribes to the extent a Tribe provides a service component of  
1.20 the welfare system; the Minnesota Competency Attainment Board and forensic navigators  
1.21 under chapter 611; and persons, agencies, institutions, organizations, and other entities  
1.22 under contract to any of the above agencies to the extent specified in the contract.

1.23 (d) "Mental health data" means data on individual clients and patients of community  
1.24 mental health centers, established under section 245.62, mental health divisions of counties  
1.25 and other providers under contract to deliver mental health services, Direct Care and  
1.26 Treatment mental health services, or the ombudsman for mental health and developmental  
1.27 disabilities.

1.28 (e) "Fugitive felon" means a person who has been convicted of a felony and who has  
1.29 escaped from confinement or violated the terms of probation or parole for that offense.

1.30 (f) "Private licensing agency" means an agency licensed by the commissioner of children,  
1.31 youth, and families under chapter 142B to perform the duties under section 142B.30.

2.1 Sec. 2. Minnesota Statutes 2024, section 13.46, subdivision 2, is amended to read:

2.2 Subd. 2. **General.** (a) Data on individuals collected, maintained, used, or disseminated  
2.3 by the welfare system are private data on individuals, and shall not be disclosed except:

2.4 (1) according to section 13.05;

2.5 (2) according to court order;

2.6 (3) according to a statute specifically authorizing access to the private data;

2.7 (4) to an agent of the welfare system and an or investigator acting on behalf of a county,  
2.8 the state, or the federal government, including a law enforcement person or attorney in the  
2.9 investigation or prosecution of a criminal, civil, or administrative proceeding relating to the  
2.10 administration of a program;

2.11 (5) to personnel of the welfare system who require the data to verify an individual's  
2.12 identity; determine eligibility, amount of assistance, and the need to provide services to an  
2.13 individual or family across programs; coordinate services for an individual or family;  
2.14 evaluate the effectiveness of programs; assess parental contribution amounts; and investigate  
2.15 suspected fraud;

2.16 (6) to administer federal funds or programs;

2.17 (7) between personnel of the welfare system working in the same program;

2.18 (8) to the Department of Revenue to administer and evaluate tax refund or tax credit  
2.19 programs and to identify individuals who may benefit from these programs, and prepare  
2.20 the databases for reports required under section 270C.13 and Laws 2008, chapter 366, article  
2.21 17, section 6. The following information may be disclosed under this paragraph: an  
2.22 individual's and their dependent's names, dates of birth, Social Security or individual taxpayer  
2.23 identification numbers, income, addresses, and other data as required, upon request by the  
2.24 Department of Revenue. Disclosures by the commissioner of revenue to the commissioner  
2.25 of human services for the purposes described in this clause are governed by section 270B.14,  
2.26 subdivision 1. Tax refund or tax credit programs include, but are not limited to, the dependent  
2.27 care credit under section 290.067, the Minnesota working family credit under section  
2.28 290.0671, the property tax refund under section 290A.04, and the Minnesota education  
2.29 credit under section 290.0674;

2.30 (9) between the Department of Human Services; the Department of Employment and  
2.31 Economic Development; the Department of Children, Youth, and Families; Direct Care and  
2.32 Treatment; and, when applicable, the Department of Education, for the following purposes:

(i) to monitor the eligibility of the data subject for unemployment benefits, for any employment or training program administered, supervised, or certified by that agency;

(ii) to administer any rehabilitation program or child care assistance program, whether alone or in conjunction with the welfare system;

(iii) to monitor and evaluate the Minnesota family investment program or the child care assistance program by exchanging data on recipients and former recipients of Supplemental Nutrition Assistance Program (SNAP) benefits, cash assistance under chapter 142F, 256D, 256J, or 256K, child care assistance under chapter 142E, medical programs under chapter 256B or 256L; and

(iv) to analyze public assistance employment services and program utilization, cost, effectiveness, and outcomes as implemented under the authority established in Title II, Sections 201-204 of the Ticket to Work and Work Incentives Improvement Act of 1999. Health records governed by sections 144.291 to 144.298 and "protected health information" as defined in Code of Federal Regulations, title 45, section 160.103, and governed by Code of Federal Regulations, title 45, parts 160-164, including health care claims utilization information, must not be exchanged under this clause;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law 98-527 to protect the legal and human rights of persons with developmental disabilities or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the Minnesota Office of Higher Education to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant Social Security or individual taxpayer identification numbers and names collected by the telephone assistance program may be disclosed to the Department of

4.1 Revenue to conduct an electronic data match with the property tax refund database to  
4.2 determine eligibility under section 237.70, subdivision 4a;

4.3 (15) the current address of a Minnesota family investment program participant may be  
4.4 disclosed to law enforcement officers who provide the name of the participant and notify  
4.5 the agency that:

4.6 (i) the participant:

4.7 (A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after  
4.8 conviction, for a crime or attempt to commit a crime that is a felony under the laws of the  
4.9 jurisdiction from which the individual is fleeing; or

4.10 (B) is violating a condition of probation or parole imposed under state or federal law;

4.11 (ii) the location or apprehension of the felon is within the law enforcement officer's  
4.12 official duties; and

4.13 (iii) the request is made in writing and in the proper exercise of those duties;

4.14 (16) the current address of a recipient of general assistance may be disclosed to probation  
4.15 officers and corrections agents who are supervising the recipient and to law enforcement  
4.16 officers who are investigating the recipient in connection with a felony level offense;

4.17 (17) information obtained from a SNAP applicant or recipient households may be  
4.18 disclosed to local, state, or federal law enforcement officials, upon their written request, for  
4.19 the purpose of investigating an alleged violation of the Food and Nutrition Act, according  
4.20 to Code of Federal Regulations, title 7, section 272.1(c);

4.21 (18) the address, Social Security or individual taxpayer identification number, and, if  
4.22 available, photograph of any member of a household receiving SNAP benefits shall be made  
4.23 available, on request, to a local, state, or federal law enforcement officer if the officer  
4.24 furnishes the agency with the name of the member and notifies the agency that:

4.25 (i) the member:

4.26 (A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a  
4.27 crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

4.28 (B) is violating a condition of probation or parole imposed under state or federal law;  
4.29 or

4.30 (C) has information that is necessary for the officer to conduct an official duty related  
4.31 to conduct described in subitem (A) or (B);

5.1 (ii) locating or apprehending the member is within the officer's official duties; and

5.2 (iii) the request is made in writing and in the proper exercise of the officer's official duty;

5.3 (19) the current address of a recipient of Minnesota family investment program, general  
5.4 assistance, or SNAP benefits may be disclosed to law enforcement officers who, in writing,  
5.5 provide the name of the recipient and notify the agency that the recipient is a person required  
5.6 to register under section 243.166, but is not residing at the address at which the recipient is  
5.7 registered under section 243.166;

5.8 (20) certain information regarding child support obligors who are in arrears may be  
5.9 made public according to section 518A.74;

5.10 (21) data on child support payments made by a child support obligor and data on the  
5.11 distribution of those payments excluding identifying information on obligees may be  
5.12 disclosed to all obligees to whom the obligor owes support, and data on the enforcement  
5.13 actions undertaken by the public authority, the status of those actions, and data on the income  
5.14 of the obligor or obligee may be disclosed to the other party;

5.15 (22) data in the work reporting system may be disclosed under section 142A.29,  
5.16 subdivision 7;

5.17 (23) to the Department of Education for the purpose of matching Department of Education  
5.18 student data with public assistance data to determine students eligible for free and  
5.19 reduced-price meals, meal supplements, and free milk according to United States Code,  
5.20 title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state  
5.21 funds that are distributed based on income of the student's family; and to verify receipt of  
5.22 energy assistance for the telephone assistance plan;

5.23 (24) the current address and telephone number of program recipients and emergency  
5.24 contacts may be released to the commissioner of health or a community health board as  
5.25 defined in section 145A.02, subdivision 5, when the commissioner or community health  
5.26 board has reason to believe that a program recipient is a disease case, carrier, suspect case,  
5.27 or at risk of illness, and the data are necessary to locate the person;

5.28 (25) to other state agencies, statewide systems, and political subdivisions of this state,  
5.29 including the attorney general, and agencies of other states, interstate information networks,  
5.30 federal agencies, and other entities as required by federal regulation or law for the  
5.31 administration of the child support enforcement program;

(26) to personnel of public assistance programs as defined in section 518A.81, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs;

(27) to monitor and evaluate the Minnesota family investment program by exchanging data between the Departments of Human Services; Children, Youth, and Families; and Education, on recipients and former recipients of SNAP benefits, cash assistance under chapter 142F, 256D, 256J, or 256K, child care assistance under chapter 142E, medical programs under chapter 256B or 256L, or a medical program formerly codified under chapter 256D;

(28) to evaluate child support program performance and to identify and prevent fraud in the child support program by exchanging data between the Department of Human Services; Department of Children, Youth, and Families; Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b), without regard to the limitation of use in paragraph (c); Department of Health; Department of Employment and Economic Development; and other state agencies as is reasonably necessary to perform these functions;

(29) counties and the Department of Children, Youth, and Families operating child care assistance programs under chapter 142E may disseminate data on program participants, applicants, and providers to the commissioner of education;

(30) child support data on the child, the parents, and relatives of the child may be disclosed to agencies administering programs under titles IV-B and IV-E of the Social Security Act, as authorized by federal law;

(31) to a health care provider governed by sections 144.291 to 144.298, to the extent necessary to coordinate services;

(32) to the chief administrative officer of a school to coordinate services for a student and family; data that may be disclosed under this clause are limited to name, date of birth, gender, and address;

(33) to county correctional agencies to the extent necessary to coordinate services and diversion programs; data that may be disclosed under this clause are limited to name, client demographics, program, case status, and county worker information; or

(34) between the Department of Human Services and the Metropolitan Council for the following purposes:

(i) to coordinate special transportation service provided under section 473.386 with services for people with disabilities and elderly individuals funded by or through the Department of Human Services; and

(ii) to provide for reimbursement of special transportation service provided under section 473.386.

The data that may be shared under this clause are limited to the individual's first, last, and middle names; date of birth; residential address; and program eligibility status with expiration date for the purposes of informing the other party of program eligibility.

(b) Information on persons who have been treated for substance use disorder may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 7, clause (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but are not subject to the access provisions of subdivision 10, paragraph (b).

For the purposes of this subdivision, a request will be deemed to be made in writing if made through a computer interface system.

Sec. 3. Minnesota Statutes 2024, section 13.46, subdivision 3, is amended to read:

Subd. 3. **Investigative data.** (a) Data on persons, including data on vendors of services, licensees, and applicants that is collected, maintained, used, or disseminated by the welfare system in an investigation, authorized by statute, and relating to the enforcement of rules or law are confidential data on individuals pursuant to section 13.02, subdivision 3, or protected nonpublic data not on individuals pursuant to section 13.02, subdivision 13, and shall not be disclosed except:

(1) pursuant to section 13.05;

(2) pursuant to statute or valid court order;

(3) to a party named in a civil or criminal proceeding, administrative or judicial, for preparation of defense;

(4) to an agent of the welfare system or an investigator acting on behalf of a county, state, or federal government, including a law enforcement officer or attorney in the

investigation or prosecution of a criminal, civil, or administrative proceeding, unless the commissioner of human services ~~or~~; the commissioner of children, youth, and families; or the Direct Care and Treatment executive board determines that disclosure may compromise a Department of Human Services ~~or~~; Department of Children, Youth, and Families; or Direct Care and Treatment ongoing investigation; or

(5) to provide notices required or permitted by statute.

The data referred to in this subdivision shall be classified as public data upon submission to an administrative law judge or court in an administrative or judicial proceeding. Inactive welfare investigative data shall be treated as provided in section 13.39, subdivision 3.

(b) Notwithstanding any other provision in law, the commissioner of human services shall provide all active and inactive investigative data, including the name of the reporter of alleged maltreatment under section 626.557 or chapter 260E, to the ombudsman for mental health and developmental disabilities upon the request of the ombudsman.

(c) Notwithstanding paragraph (a) and section 13.39, the existence of an investigation by the commissioner of human services of possible overpayments of public funds to a service provider or recipient or the reduction or withholding of payments may be disclosed if the commissioner determines that it will not compromise the investigation.

**EFFECTIVE DATE.** This section is effective July 1, 2025.

Sec. 4. Minnesota Statutes 2024, section 13.46, subdivision 4, is amended to read:

Subd. 4. **Licensing data.** (a) As used in this subdivision:

(1) "licensing data" are all data collected, maintained, used, or disseminated by the welfare system pertaining to persons licensed or registered or who apply for licensure or registration or who formerly were licensed or registered under the authority of the commissioner of human services;

(2) "client" means a person who is receiving services from a licensee or from an applicant for licensure; and

(3) "personal and personal financial data" are Social Security numbers, identity of and letters of reference, insurance information, reports from the Bureau of Criminal Apprehension, health examination reports, and social/home studies.

(b)(1)(i) Except as provided in paragraph (c), the following data on applicants, license holders, certification holders, and former licensees are public: name, address, telephone number of licensees, email addresses except for family child foster care, date of receipt of



a completed application, dates of licensure, licensed capacity, type of client preferred, variances granted, record of training and education in child care and child development, type of dwelling, name and relationship of other family members, previous license history, class of license, the existence and status of complaints, and the number of serious injuries to or deaths of individuals in the licensed program as reported to the commissioner of human services; the commissioner of children, youth, and families; the local social services agency; or any other county welfare agency. For purposes of this clause, a serious injury is one that is treated by a physician.

(ii) Except as provided in item (v), when a correction order, an order to forfeit a fine, an order of license suspension, an order of temporary immediate suspension, an order of license revocation, an order of license denial, or an order of conditional license has been issued, or a complaint is resolved, the following data on current and former licensees and applicants are public: the general nature of the complaint or allegations leading to the temporary immediate suspension; the substance and investigative findings of the licensing or maltreatment complaint, licensing violation, or substantiated maltreatment; the existence of settlement negotiations; the record of informal resolution of a licensing violation; orders of hearing; findings of fact; conclusions of law; specifications of the final correction order, fine, suspension, temporary immediate suspension, revocation, denial, or conditional license contained in the record of licensing action; whether a fine has been paid; and the status of any appeal of these actions.

(iii) When a license denial under section 142A.15 or 245A.05 or a sanction under section 142B.18 or 245A.07 is based on a determination that a license holder, applicant, or controlling individual is responsible for maltreatment under section 626.557 or chapter 260E, the identity of the applicant, license holder, or controlling individual as the individual responsible for maltreatment is public data at the time of the issuance of the license denial or sanction.

(iv) When a license denial under section 142A.15 or 245A.05 or a sanction under section 142B.18 or 245A.07 is based on a determination that a license holder, applicant, or controlling individual is disqualified under chapter 245C, the identity of the license holder, applicant, or controlling individual as the disqualified individual is public data at the time of the issuance of the licensing sanction or denial. If the applicant, license holder, or controlling individual requests reconsideration of the disqualification and the disqualification is affirmed, the reason for the disqualification and the reason to not set aside the disqualification are private data.

(v) A correction order or fine issued to a child care provider for a licensing violation is private data on individuals under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9, if the correction order or fine is seven years old or older.

(2) For applicants who withdraw their application prior to licensure or denial of a license, the following data are public: the name of the applicant, the city and county in which the applicant was seeking licensure, the dates of the commissioner's receipt of the initial application and completed application, the type of license sought, and the date of withdrawal of the application.

(3) For applicants who are denied a license, the following data are public: the name and address of the applicant, the city and county in which the applicant was seeking licensure, the dates of the commissioner's receipt of the initial application and completed application, the type of license sought, the date of denial of the application, the nature of the basis for the denial, the existence of settlement negotiations, the record of informal resolution of a denial, orders of hearings, findings of fact, conclusions of law, specifications of the final order of denial, and the status of any appeal of the denial.

(4) When maltreatment is substantiated under section 626.557 or chapter 260E and the victim and the substantiated perpetrator are affiliated with a program licensed under chapter 142B or 245A; the commissioner of human services; commissioner of children, youth, and families; local social services agency; or county welfare agency may inform the license holder where the maltreatment occurred of the identity of the substantiated perpetrator and the victim.

(5) Notwithstanding clause (1), for child foster care, only the name of the license holder and the status of the license are public if the county attorney has requested that data otherwise classified as public data under clause (1) be considered private data based on the best interests of a child in placement in a licensed program.

(c) The following are private data on individuals under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9: personal and personal financial data on family day care program and family foster care program applicants and licensees and their family members who provide services under the license.

(d) The following are private data on individuals: the identity of persons who have made reports concerning licensees or applicants that appear in inactive investigative data, and the records of clients or employees of the licensee or applicant for licensure whose records are received by the licensing agency for purposes of review or in anticipation of a contested matter. The names of reporters of complaints or alleged violations of licensing standards

11.1 under chapters 142B, 245A, 245B, 245C, and 245D, and applicable rules and alleged  
11.2 maltreatment under section 626.557 and chapter 260E, are confidential data and may be  
11.3 disclosed only as provided in section 260E.21, subdivision 4; 260E.35; or 626.557,  
11.4 subdivision 12b.

11.5 (e) Data classified as private, confidential, nonpublic, or protected nonpublic under this  
11.6 subdivision become public data if submitted to a court or administrative law judge as part  
11.7 of a disciplinary proceeding in which there is a public hearing concerning a license which  
11.8 has been suspended, immediately suspended, revoked, or denied.

11.9 (f) Data generated in the course of licensing investigations that relate to an alleged  
11.10 violation of law are investigative data under subdivision 3.

11.11 (g) Data that are not public data collected, maintained, used, or disseminated under this  
11.12 subdivision that relate to or are derived from a report as defined in section 260E.03, or  
11.13 626.5572, subdivision 18, are subject to the destruction provisions of sections 260E.35,  
11.14 subdivision 6, and 626.557, subdivision 12b.

11.15 (h) Upon request, not public data collected, maintained, used, or disseminated under  
11.16 this subdivision that relate to or are derived from a report of substantiated maltreatment as  
11.17 defined in section 626.557 or chapter 260E may be exchanged with the Department of  
11.18 Health for purposes of completing background studies pursuant to section 144.057 and with  
11.19 the Department of Corrections for purposes of completing background studies pursuant to  
11.20 section 241.021.

11.21 (i) Data on individuals collected according to licensing activities under chapters 142B,  
11.22 245A, and 245C, data on individuals collected by the commissioner of human services  
11.23 according to investigations under section 626.557 and chapters 142B, 245A, 245B, 245C,  
11.24 245D, and 260E may be shared with the Department of Human Rights, the Department of  
11.25 Health, the Department of Corrections, the ombudsman for mental health and developmental  
11.26 disabilities, and the individual's professional regulatory board when there is reason to believe  
11.27 that laws or standards under the jurisdiction of those agencies may have been violated or  
11.28 the information may otherwise be relevant to the board's regulatory jurisdiction. Background  
11.29 study data on an individual who is the subject of a background study under chapter 245C  
11.30 for a licensed service for which the commissioner of human services ~~or~~ commissioner of  
11.31 children, youth, and families; or the Direct Care and Treatment executive board is the license  
11.32 holder may be shared with the commissioner and the commissioner's delegate by the licensing  
11.33 division. Unless otherwise specified in this chapter, the identity of a reporter of alleged  
11.34 maltreatment or licensing violations may not be disclosed.

(j) In addition to the notice of determinations required under sections 260E.24, subdivisions 5 and 7, and 260E.30, subdivision 6, paragraphs (b), (c), (d), (e), and (f), if the commissioner of children, youth, and families or the local social services agency has determined that an individual is a substantiated perpetrator of maltreatment of a child based on sexual abuse, as defined in section 260E.03, and the commissioner or local social services agency knows that the individual is a person responsible for a child's care in another facility, the commissioner or local social services agency shall notify the head of that facility of this determination. The notification must include an explanation of the individual's available appeal rights and the status of any appeal. If a notice is given under this paragraph, the government entity making the notification shall provide a copy of the notice to the individual who is the subject of the notice.

(k) All not public data collected, maintained, used, or disseminated under this subdivision and subdivision 3 may be exchanged between the Department of Human Services, Licensing Division, and the Department of Corrections for purposes of regulating services for which the Department of Human Services and the Department of Corrections have regulatory authority.

**EFFECTIVE DATE.** This section is effective July 1, 2025.

Sec. 5. Minnesota Statutes 2024, section 15.471, subdivision 6, is amended to read:

Subd. 6. **Party.** (a) Except as modified by paragraph (b), "party" means a person named or admitted as a party, or seeking and entitled to be admitted as a party, in a court action or contested case proceeding, or a person admitted by an administrative law judge for limited purposes, and who is:

(1) an unincorporated business, partnership, corporation, association, or organization, having not more than 500 employees at the time the civil action was filed or the contested case proceeding was initiated; and

(2) an unincorporated business, partnership, corporation, association, or organization whose annual revenues did not exceed \$7,000,000 at the time the civil action was filed or the contested case proceeding was initiated.

(b) "Party" also includes a partner, officer, shareholder, member, or owner of an entity described in paragraph (a), clauses (1) and (2).

(c) "Party" does not include a person providing services pursuant to licensure or reimbursement on a cost basis by the Department of Health or the Department of Human Services, or Direct Care and Treatment when that person is named or admitted or seeking

13.1 to be admitted as a party in a matter which involves the licensing or reimbursement rates,  
13.2 procedures, or methodology applicable to those services.

13.3 **EFFECTIVE DATE.** This section is effective July 1, 2025.

13.4 Sec. 6. Minnesota Statutes 2024, section 142E.51, subdivision 5, is amended to read:

13.5 Subd. 5. **Administrative disqualification of child care providers caring for children**  
13.6 **receiving child care assistance.** (a) The department shall pursue an administrative  
13.7 disqualification; if the child care provider is accused of committing an intentional program  
13.8 violation, ~~in lieu of a criminal action when it has not been pursued~~ the department refers  
13.9 the investigation to a law enforcement or prosecutorial agency for possible criminal  
13.10 prosecution, and the law enforcement or prosecutorial agency does not pursue a criminal  
13.11 action. Intentional program violations include intentionally making false or misleading  
13.12 statements; intentionally offering, providing, soliciting, or receiving illegal remuneration  
13.13 as described in subdivision 6a or in violation of section 609.542, subdivision 2; intentionally  
13.14 misrepresenting, concealing, or withholding facts; and repeatedly and intentionally violating  
13.15 program regulations under this chapter. No conviction is required before the department  
13.16 pursues an administrative disqualification. Intent may be proven by demonstrating a pattern  
13.17 of conduct that violates program rules under this chapter.

13.18 (b) To initiate an administrative disqualification, the commissioner must send written  
13.19 notice using a signature-verified confirmed delivery method to the provider against whom  
13.20 the action is being taken. Unless otherwise specified under this chapter or Minnesota Rules,  
13.21 chapter 3400, the commissioner must send the written notice at least 15 calendar days before  
13.22 the adverse action's effective date. The notice shall state (1) the factual basis for the agency's  
13.23 determination, (2) the action the agency intends to take, (3) the dollar amount of the monetary  
13.24 recovery or recoupment, if known, and (4) the provider's right to appeal the agency's proposed  
13.25 action.

13.26 (c) The provider may appeal an administrative disqualification by submitting a written  
13.27 request to the state agency. A provider's request must be received by the state agency no  
13.28 later than 30 days after the date the commissioner mails the notice.

13.29 (d) The provider's appeal request must contain the following:

13.30 (1) each disputed item, the reason for the dispute, and, if applicable, an estimate of the  
13.31 dollar amount involved for each disputed item;

13.32 (2) the computation the provider believes to be correct, if applicable;

13.33 (3) the statute or rule relied on for each disputed item; and

14.1 (4) the name, address, and telephone number of the person at the provider's place of  
14.2 business with whom contact may be made regarding the appeal.

14.3 (e) On appeal, the issuing agency bears the burden of proof to demonstrate by a  
14.4 preponderance of the evidence that the provider committed an intentional program violation.

14.5 (f) The hearing is subject to the requirements of section 142A.20. The human services  
14.6 judge may combine a fair hearing and administrative disqualification hearing into a single  
14.7 hearing if the factual issues arise out of the same or related circumstances and the provider  
14.8 receives prior notice that the hearings will be combined.

14.9 (g) A provider found to have committed an intentional program violation and is  
14.10 administratively disqualified must be disqualified, for a period of three years for the first  
14.11 offense and permanently for any subsequent offense, from receiving any payments from  
14.12 any child care program under this chapter.

14.13 (h) Unless a timely and proper appeal made under this section is received by the  
14.14 department, the administrative determination of the department is final and binding."

14.15 Page 2, line 26, strike "It is prohibited to" and insert "A person must not"

14.16 Page 3, after line 13, insert:

14.17 "Sec. 8. Minnesota Statutes 2024, section 142E.51, is amended by adding a subdivision  
14.18 to read:

14.19 Subd. 6a. **Illegal remuneration.** (a) Except as provided in paragraph (b), program  
14.20 applicants, participants, and providers must not offer, provide, solicit, or receive money, a  
14.21 discount, a credit, a waiver, a rebate, a good, a service, employment, or anything else of  
14.22 value in exchange for:

14.23 (1) obtaining or attempting to obtain child care assistance program benefits; or

14.24 (2) directing a person's child care assistance program benefits to a particular provider.

14.25 (b) The prohibition in paragraph (a) does not apply to:

14.26 (1) marketing or promotional offerings that directly benefit an applicant or recipient's  
14.27 child or dependent for whom the child care provider is providing child care services; or

14.28 (2) child care provider discounts, scholarships, or other financial assistance allowed  
14.29 under section 142E.17, subdivision 7.

14.30 (c) An attempt to buy or sell access to a family's child care assistance program benefits  
14.31 to an unauthorized person by an applicant, a participant, or a provider is an intentional

15.1 program violation under subdivision 5 and wrongfully obtaining assistance under section  
15.2 256.98.

15.3 Sec. 9. Minnesota Statutes 2024, section 245.095, subdivision 5, is amended to read:

15.4 Subd. 5. **Withholding of payments.** (a) Except as otherwise provided by state or federal  
15.5 law, the commissioner may withhold payments to a provider, vendor, individual, associated  
15.6 individual, or associated entity in any program administered by the commissioner if the  
15.7 commissioner determines:

15.8 (1) there is a credible allegation of fraud for which an investigation is pending for a  
15.9 program administered by a Minnesota state or federal agency;

15.10 (2) the individual, the entity, or an associated individual or entity was convicted of a  
15.11 crime charged in state or federal court with an offense that involves fraud or theft against  
15.12 a program administered by the commissioner or another Minnesota state or federal agency.  
15.13 For purposes of this subdivision, "convicted" means a judgment of conviction has been  
15.14 entered by a federal, state, or local court, regardless of whether an appeal from the judgment  
15.15 is pending, and includes a stay of adjudication, a court-ordered diversion program, or a plea  
15.16 of guilty or nolo contendere;

15.17 (3) the provider is operating after a Minnesota state or federal agency orders the  
15.18 suspension, revocation, or decertification of the provider's license;

15.19 (4) the provider, vendor, associated individual, or associated entity, including those  
15.20 receiving funds under any contract or registered program, has a background study  
15.21 disqualification under chapter 245C that has not been set aside and for which no variance  
15.22 has been issued, except for a disqualification under sections 245C.14, subdivision 5, and  
15.23 245C.15, subdivision 4c; or

15.24 (5) by a preponderance of the evidence that the provider, vendor, individual, associated  
15.25 individual, or associated entity intentionally provided materially false information when  
15.26 billing the commissioner.

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

15.29 (1) fraud hotline complaints;

15.30 (2) claims data mining;

15.31 (3) patterns identified through provider audits, civil false claims cases, and law  
15.32 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.

(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 256.045 or chapter 14.

**EFFECTIVE DATE.** This section is effective July 1, 2025.



17.1 Sec. 10. Minnesota Statutes 2024, section 245.095, is amended by adding a subdivision  
17.2 to read:

17.3 Subd. 6. **Data practices.** The commissioner may exchange information, including claims  
17.4 data, with state or federal agencies, professional boards, departments, or programs for the  
17.5 purpose of investigating or prosecuting a criminal, civil, or administrative proceeding related  
17.6 to suspected fraud or exclusion from any program administered by a state or federal agency.

17.7 Sec. 11. Minnesota Statutes 2024, section 245A.04, subdivision 1, is amended to read:

17.8 Subdivision 1. **Application for licensure.** (a) An individual, organization, or government  
17.9 entity that is subject to licensure under section 245A.03 must apply for a license. The  
17.10 application must be made on the forms and in the manner prescribed by the commissioner.  
17.11 The commissioner shall provide the applicant with instruction in completing the application  
17.12 and provide information about the rules and requirements of other state agencies that affect  
17.13 the applicant. An applicant seeking licensure in Minnesota with headquarters outside of  
17.14 Minnesota must have a program office located within 30 miles of the Minnesota border.  
17.15 An applicant who intends to buy or otherwise acquire a program or services licensed under  
17.16 this chapter that is owned by another license holder must apply for a license under this  
17.17 chapter and comply with the application procedures in this section and section 245A.043.

17.18 The commissioner shall act on the application within 90 working days after a complete  
17.19 application and any required reports have been received from other state agencies or  
17.20 departments, counties, municipalities, or other political subdivisions. The commissioner  
17.21 shall not consider an application to be complete until the commissioner receives all of the  
17.22 required information. If the applicant or a controlling individual is the subject of a pending  
17.23 administrative, civil, or criminal investigation, the application is not complete until the  
17.24 investigation has closed or the related legal proceedings are complete.

17.25 When the commissioner receives an application for initial licensure that is incomplete  
17.26 because the applicant failed to submit required documents or that is substantially deficient  
17.27 because the documents submitted do not meet licensing requirements, the commissioner  
17.28 shall provide the applicant written notice that the application is incomplete or substantially  
17.29 deficient. In the written notice to the applicant the commissioner shall identify documents  
17.30 that are missing or deficient and give the applicant 45 days to resubmit a second application  
17.31 that is substantially complete. An applicant's failure to submit a substantially complete  
17.32 application after receiving notice from the commissioner is a basis for license denial under  
17.33 section 245A.043.

18.1 (b) An application for licensure must identify all controlling individuals as defined in  
18.2 section 245A.02, subdivision 5a, and must designate one individual to be the authorized  
18.3 agent. The application must be signed by the authorized agent and must include the authorized  
18.4 agent's first, middle, and last name; mailing address; and email address. By submitting an  
18.5 application for licensure, the authorized agent consents to electronic communication with  
18.6 the commissioner throughout the application process. The authorized agent must be  
18.7 authorized to accept service on behalf of all of the controlling individuals. A government  
18.8 entity that holds multiple licenses under this chapter may designate one authorized agent  
18.9 for all licenses issued under this chapter or may designate a different authorized agent for  
18.10 each license. Service on the authorized agent is service on all of the controlling individuals.  
18.11 It is not a defense to any action arising under this chapter that service was not made on each  
18.12 controlling individual. The designation of a controlling individual as the authorized agent  
18.13 under this paragraph does not affect the legal responsibility of any other controlling individual  
18.14 under this chapter.

18.15 (c) An applicant or license holder must have a policy that prohibits license holders,  
18.16 employees, subcontractors, and volunteers, when directly responsible for persons served  
18.17 by the program, from abusing prescription medication or being in any manner under the  
18.18 influence of a chemical that impairs the individual's ability to provide services or care. The  
18.19 license holder must train employees, subcontractors, and volunteers about the program's  
18.20 drug and alcohol policy.

18.21 (d) An applicant and license holder must have a program grievance procedure that permits  
18.22 persons served by the program and their authorized representatives to bring a grievance to  
18.23 the highest level of authority in the program.

18.24 (e) The commissioner may limit communication during the application process to the  
18.25 authorized agent or the controlling individuals identified on the license application and for  
18.26 whom a background study was initiated under chapter 245C. Upon implementation of the  
18.27 provider licensing and reporting hub, applicants and license holders must use the hub in the  
18.28 manner prescribed by the commissioner. The commissioner may require the applicant,  
18.29 except for child foster care, to demonstrate competence in the applicable licensing  
18.30 requirements by successfully completing a written examination. The commissioner may  
18.31 develop a prescribed written examination format.

18.32 (f) When an applicant is an individual, the applicant must provide:

19.1 (1) the applicant's taxpayer identification numbers including the Social Security number  
19.2 or Minnesota tax identification number, and federal employer identification number if the  
19.3 applicant has employees;

19.4 (2) at the request of the commissioner, a copy of the most recent filing with the secretary  
19.5 of state that includes the complete business name, if any;

19.6 (3) if doing business under a different name, the doing business as (DBA) name, as  
19.7 registered with the secretary of state;

19.8 (4) if applicable, the applicant's National Provider Identifier (NPI) number and Unique  
19.9 Minnesota Provider Identifier (UMPI) number; and

19.10 (5) at the request of the commissioner, the notarized signature of the applicant or  
19.11 authorized agent.

19.12 (g) When an applicant is an organization, the applicant must provide:

19.13 (1) the applicant's taxpayer identification numbers including the Minnesota tax  
19.14 identification number and federal employer identification number;

19.15 (2) at the request of the commissioner, a copy of the most recent filing with the secretary  
19.16 of state that includes the complete business name, and if doing business under a different  
19.17 name, the doing business as (DBA) name, as registered with the secretary of state;

19.18 (3) the first, middle, and last name, and address for all individuals who will be controlling  
19.19 individuals, including all officers, owners, and managerial officials as defined in section  
19.20 245A.02, subdivision 5a, and the date that the background study was initiated by the applicant  
19.21 for each controlling individual;

19.22 (4) if applicable, the applicant's NPI number and UMPI number;

19.23 (5) the documents that created the organization and that determine the organization's  
19.24 internal governance and the relations among the persons that own the organization, have  
19.25 an interest in the organization, or are members of the organization, in each case as provided  
19.26 or authorized by the organization's governing statute, which may include a partnership  
19.27 agreement, bylaws, articles of organization, organizational chart, and operating agreement,  
19.28 or comparable documents as provided in the organization's governing statute; and

19.29 (6) the notarized signature of the applicant or authorized agent.

19.30 (h) When the applicant is a government entity, the applicant must provide:

19.31 (1) the name of the government agency, political subdivision, or other unit of government  
19.32 seeking the license and the name of the program or services that will be licensed;

20.1 (2) the applicant's taxpayer identification numbers including the Minnesota tax  
20.2 identification number and federal employer identification number;

20.3 (3) a letter signed by the manager, administrator, or other executive of the government  
20.4 entity authorizing the submission of the license application; and

20.5 (4) if applicable, the applicant's NPI number and UMPI number.

20.6 (i) At the time of application for licensure or renewal of a license under this chapter, the  
20.7 applicant or license holder must acknowledge on the form provided by the commissioner  
20.8 if the applicant or license holder elects to receive any public funding reimbursement from  
20.9 the commissioner for services provided under the license that:

20.10 (1) the applicant's or license holder's compliance with the provider enrollment agreement  
20.11 or registration requirements for receipt of public funding may be monitored by the  
20.12 commissioner as part of a licensing investigation or licensing inspection; and

20.13 (2) noncompliance with the provider enrollment agreement or registration requirements  
20.14 for receipt of public funding that is identified through a licensing investigation or licensing  
20.15 inspection, or noncompliance with a licensing requirement that is a basis of enrollment for  
20.16 reimbursement for a service, may result in:

20.17 (i) a correction order or a conditional license under section 245A.06, or sanctions under  
20.18 section 245A.07;

20.19 (ii) nonpayment of claims submitted by the license holder for public program  
20.20 reimbursement;

20.21 (iii) recovery of payments made for the service;

20.22 (iv) disenrollment in the public payment program; or

20.23 (v) other administrative, civil, or criminal penalties as provided by law.

20.24 Sec. 12. Minnesota Statutes 2024, section 245A.05, is amended to read:

20.25 **245A.05 DENIAL OF APPLICATION.**

20.26 (a) The commissioner may deny a license if an applicant or controlling individual:

20.27 (1) fails to submit a substantially complete application after receiving notice from the  
20.28 commissioner under section 245A.04, subdivision 1;

20.29 (2) fails to comply with applicable laws or rules;

21.1 (3) knowingly withholds relevant information from or gives false or misleading  
21.2 information to the commissioner in connection with an application for a license or during  
21.3 an investigation;

21.4 (4) has a disqualification that has not been set aside under section 245C.22 and no  
21.5 variance has been granted;

21.6 (5) has an individual living in the household who received a background study under  
21.7 section 245C.03, subdivision 1, paragraph (a), clause (2), who has a disqualification that  
21.8 has not been set aside under section 245C.22, and no variance has been granted;

21.9 (6) is associated with an individual who received a background study under section  
21.10 245C.03, subdivision 1, paragraph (a), clause (6), who may have unsupervised access to  
21.11 children or vulnerable adults, and who has a disqualification that has not been set aside  
21.12 under section 245C.22, and no variance has been granted;

21.13 (7) fails to comply with section 245A.04, subdivision 1, paragraph (f) or (g);

21.14 (8) fails to demonstrate competent knowledge as required by section 245A.04, subdivision  
21.15 6;

21.16 (9) has a history of noncompliance as a license holder or controlling individual with  
21.17 applicable laws or rules, including but not limited to this chapter and chapters 142E and  
21.18 245C; ~~or~~

21.19 (10) is prohibited from holding a license according to section 245.095; or

21.20 (11) is the subject of a pending administrative, civil, or criminal investigation.

21.21 (b) An applicant whose application has been denied by the commissioner must be given  
21.22 notice of the denial, which must state the reasons for the denial in plain language. Notice  
21.23 must be given by certified mail, by personal service, or through the provider licensing and  
21.24 reporting hub. The notice must state the reasons the application was denied and must inform  
21.25 the applicant of the right to a contested case hearing under chapter 14 and Minnesota Rules,  
21.26 parts 1400.8505 to 1400.8612. The applicant may appeal the denial by notifying the  
21.27 commissioner in writing by certified mail, by personal service, or through the provider  
21.28 licensing and reporting hub. If mailed, the appeal must be postmarked and sent to the  
21.29 commissioner within 20 calendar days after the applicant received the notice of denial. If  
21.30 an appeal request is made by personal service, it must be received by the commissioner  
21.31 within 20 calendar days after the applicant received the notice of denial. If the order is issued  
21.32 through the provider hub, the appeal must be received by the commissioner within 20

22.1 calendar days from the date the commissioner issued the order through the hub. Section  
22.2 245A.08 applies to hearings held to appeal the commissioner's denial of an application.

22.3 Sec. 13. Minnesota Statutes 2024, section 245A.07, subdivision 2, is amended to read:

22.4 Subd. 2. **Temporary immediate suspension.** (a) The commissioner shall act immediately  
22.5 to temporarily suspend a license issued under this chapter if:

22.6 (1) the license holder's or controlling individual's actions or failure to comply with  
22.7 applicable law or rule, or the actions of other individuals or conditions in the program, pose  
22.8 an imminent risk of harm to the health, safety, or rights of persons served by the program;

22.9 (2) while the program continues to operate pending an appeal of an order of revocation,  
22.10 the commissioner identifies one or more subsequent violations of law or rule which may  
22.11 adversely affect the health or safety of persons served by the program; or

22.12 (3) the license holder or controlling individual is criminally charged in state or federal  
22.13 court with an offense that involves fraud or theft against a program administered by ~~the~~  
22.14 ~~commissioner~~ a state or federal agency.

22.15 (b) No state funds shall be made available or be expended by any agency or department  
22.16 of state, county, or municipal government for use by a license holder regulated under this  
22.17 chapter while a license issued under this chapter is under immediate suspension. A notice  
22.18 stating the reasons for the immediate suspension and informing the license holder of the  
22.19 right to an expedited hearing under chapter 14 and Minnesota Rules, parts 1400.8505 to  
22.20 1400.8612, must be delivered by personal service to the address shown on the application  
22.21 or the last known address of the license holder. The license holder may appeal an order  
22.22 immediately suspending a license. The appeal of an order immediately suspending a license  
22.23 must be made in writing by certified mail, personal service, or other means expressly set  
22.24 forth in the commissioner's order. If mailed, the appeal must be postmarked and sent to the  
22.25 commissioner within five calendar days after the license holder receives notice that the  
22.26 license has been immediately suspended. If a request is made by personal service, it must  
22.27 be received by the commissioner within five calendar days after the license holder received  
22.28 the order. A license holder and any controlling individual shall discontinue operation of the  
22.29 program upon receipt of the commissioner's order to immediately suspend the license.

22.30 (c) The commissioner may act immediately to temporarily suspend a license issued  
22.31 under this chapter if the license holder or controlling individual is the subject of a pending  
22.32 administrative, civil, or criminal investigation or subject to an administrative or civil action  
22.33 related to fraud against a program administered by a state or federal agency."

23.1 Page 4, after line 18, insert:

23.2 "Sec. 16. Minnesota Statutes 2024, section 245C.14, is amended by adding a subdivision  
23.3 to read:

23.4 Subd. 6. **Disqualification from owning, operating, or billing.** The commissioner shall  
23.5 disqualify an individual who is the subject of a background study from any position involving  
23.6 ownership, management, or control of a program or billing activities if a background study  
23.7 completed under this chapter shows a violation of section 142A.12, 245.095, or 256B.064.

23.8 **EFFECTIVE DATE.** This section is effective July 1, 2025."

23.9 Page 5, delete section 6 and insert:

23.10 "Sec. 18. Minnesota Statutes 2024, section 254A.19, subdivision 4, is amended to read:

23.11 Subd. 4. **Civil commitments.** For the purposes of determining level of care, a  
23.12 comprehensive assessment does not need to be completed for an individual being committed  
23.13 as a chemically dependent person, as defined in section 253B.02, and for the duration of a  
23.14 civil commitment under section 253B.09 or 253B.095 in order for ~~a county~~ the individual  
23.15 to access be eligible for the behavioral health fund under section 254B.04. The ~~county~~  
23.16 commissioner must determine if the individual meets the financial eligibility requirements  
23.17 for the behavioral health fund under section 254B.04.

23.18 **EFFECTIVE DATE.** This section is effective July 1, 2025.

23.19 Sec. 19. Minnesota Statutes 2024, section 256.98, subdivision 1, is amended to read:

23.20 Subdivision 1. **Wrongfully obtaining assistance.** (a) A person who commits any of the  
23.21 following acts or omissions with intent to defeat the purposes of sections 145.891 to 145.897,  
23.22 the MFIP program formerly codified in sections 256.031 to 256.0361, the AFDC program  
23.23 formerly codified in sections 256.72 to 256.871, chapter 142G, 256B, 256D, 256I, 256K,  
23.24 or 256L, child care assistance programs, and emergency assistance programs under section  
23.25 256D.06, is guilty of theft and shall be sentenced under section 609.52, subdivision 3, clauses  
23.26 (1) to (5):

23.27 (1) obtains or attempts to obtain, or aids or abets any person to obtain by means of a  
23.28 willfully false statement or representation, by intentional concealment of any material fact,  
23.29 or by impersonation or other fraudulent device, assistance or the continued receipt of  
23.30 assistance, to include child care assistance or food benefits produced according to sections  
23.31 145.891 to 145.897 and MinnesotaCare services according to sections 256.9365, 256.94,

24.1 and 256L.01 to 256L.15, to which the person is not entitled or assistance greater than that  
24.2 to which the person is entitled;

24.3 (2) knowingly aids or abets in buying or in any way disposing of the property of a  
24.4 recipient or applicant of assistance without the consent of the county agency; or

24.5 (3) obtains or attempts to obtain, alone or in collusion with others, the receipt of payments  
24.6 to which the individual is not entitled as a provider of subsidized child care, ~~or; by furnishing~~  
24.7 ~~or concurring in~~ offering, providing, soliciting, or receiving illegal remuneration as described  
24.8 in subdivision 6a or in violation of section 609.542, subdivision 2; or by submitting or aiding  
24.9 and abetting the submission of a willfully false claim for child care assistance.

24.10 (b) The continued receipt of assistance to which the person is not entitled or greater than  
24.11 that to which the person is entitled as a result of any of the acts, failure to act, or concealment  
24.12 described in this subdivision shall be deemed to be continuing offenses from the date that  
24.13 the first act or failure to act occurred.

24.14 Sec. 20. Minnesota Statutes 2024, section 256B.064, subdivision 1a, is amended to read:

24.15 Subd. 1a. **Grounds for sanctions.** (a) The commissioner may impose sanctions against  
24.16 any individual or entity that receives payments from medical assistance or provides goods  
24.17 or services for which payment is made from medical assistance for any of the following:

24.18 (1) fraud, theft, or abuse in connection with the provision of goods and services to recipients  
24.19 of public assistance for which payment is made from medical assistance; (2) a pattern of  
24.20 presentment of false or duplicate claims or claims for services not medically necessary; (3)  
24.21 a pattern of making false statements of material facts for the purpose of obtaining greater  
24.22 compensation than that to which the individual or entity is legally entitled; (4) suspension  
24.23 or termination as a Medicare vendor; (5) refusal to grant the state agency access during  
24.24 regular business hours to examine all records necessary to disclose the extent of services  
24.25 provided to program recipients and appropriateness of claims for payment; (6) failure to  
24.26 repay an overpayment or a fine finally established under this section; (7) failure to correct  
24.27 errors in the maintenance of health service or financial records for which a fine was imposed  
24.28 or after issuance of a warning by the commissioner; (8) soliciting or receiving any  
24.29 remuneration as defined in section 609.542, subdivision 3, or United States Code, title 42,  
24.30 section 1320a-7b(b)(1), and a criminal conviction is not required; (9) paying or offering to  
24.31 pay any remuneration as defined in section 609.542, subdivision 2, or United States Code,  
24.32 title 42, section 1320a-7b(b)(2), and a criminal conviction is not required; and (8) (10) any  
24.33 reason for which an individual or entity could be excluded from participation in the Medicare  
24.34 program under section 1128, 1128A, or 1866(b)(2) of the Social Security Act.



(b) For the purposes of this section, goods or services for which payment is made from medical assistance includes but is not limited to care and services identified in section 256B.0625 or provided pursuant to any federally approved waiver.

(c) Regardless of the source of payment or other thing of value, the commissioner may impose sanctions against any individual or entity that solicits, receives, pays, or offers to pay any any illegal remuneration as described in section 256.98, subdivision 6a, in violation of section 609.542, subdivision 2, or in violation of United States Code, title 42, section 1320a-7b(b)(1) or (2). No conviction is required before the commissioner can impose sanctions under this paragraph.

~~(b)~~ (d) The commissioner may impose sanctions against a pharmacy provider for failure to respond to a cost of dispensing survey under section 256B.0625, subdivision 13e, paragraph (h)."

Page 6, after line 32, insert:

"Sec. 22. Minnesota Statutes 2024, section 256G.01, subdivision 3, is amended to read:

Subd. 3. **Program coverage.** This chapter applies to all social service programs administered by the commissioner of human services or the Direct Care and Treatment executive board in which residence is the determining factor in establishing financial responsibility. These include, but are not limited to: commitment proceedings, including voluntary admissions; emergency holds; competency proceedings under chapter 611; poor relief funded wholly through local agencies; social services, including title XX, IV-E and section 256K.10; social services programs funded wholly through the resources of county agencies; social services provided under the Minnesota Indian Family Preservation Act, sections 260.751 to 260.781; costs for delinquency confinement under section 393.07, subdivision 2; service responsibility for these programs; and housing support under chapter 256I.

Sec. 23. Minnesota Statutes 2024, section 256G.08, subdivision 1, is amended to read:

Subdivision 1. **Commitment and competency proceedings.** In cases of voluntary admission, ~~or~~ commitment to state or other institutions, or criminal orders for inpatient examination or participation in a competency attainment program under chapter 611, the committing county or the county from which the first criminal order for inpatient examination or order for participation in a competency attainment program under chapter 611 is issued shall initially pay for all costs. This includes the expenses of the taking into custody, confinement, emergency holds under sections 253B.051, subdivisions 1 and 2, and 253B.07,

26.1 examination, commitment, conveyance to the place of detention, rehearing, and hearings  
26.2 under ~~section~~ sections 253B.092 and 611.47, including hearings held under ~~that section~~  
26.3 ~~which~~ those sections that are venued outside the county of commitment or the county of  
26.4 the chapter 611 competency proceedings order.

26.5 Sec. 24. Minnesota Statutes 2024, section 256G.08, subdivision 2, is amended to read:

26.6 Subd. 2. **Responsibility for nonresidents.** If a person committed, ~~or~~ voluntarily admitted  
26.7 to a state institution, or ordered for inpatient examination or participation in a competency  
26.8 attainment program under chapter 611 has no residence in this state, financial responsibility  
26.9 belongs to the county of commitment or the county from which the first criminal order for  
26.10 inpatient examination or order for participation in a competency attainment program under  
26.11 chapter 611 was issued.

26.12 Sec. 25. Minnesota Statutes 2024, section 256G.09, subdivision 1, is amended to read:

26.13 Subdivision 1. **General procedures.** If upon investigation the local agency decides that  
26.14 the application, ~~or~~ commitment, or first criminal order under chapter 611 was not filed in  
26.15 the county of financial responsibility as defined by this chapter, but that the applicant is  
26.16 otherwise eligible for assistance, it shall send a copy of the application, ~~or~~ commitment  
26.17 claim, or chapter 611 claim together with the record of any investigation it has made, to the  
26.18 county it believes is financially responsible. The copy and record must be sent within 60  
26.19 days of the date the application was approved or the claim was paid. The first local agency  
26.20 shall provide assistance to the applicant until financial responsibility is transferred under  
26.21 this section.

26.22 The county receiving the transmittal has 30 days to accept or reject financial  
26.23 responsibility. A failure to respond within 30 days establishes financial responsibility by  
26.24 the receiving county.

26.25 Sec. 26. Minnesota Statutes 2024, section 256G.09, subdivision 2, is amended to read:

26.26 Subd. 2. **Financial disputes.** (a) If the county receiving the transmittal does not believe  
26.27 it is financially responsible, it should provide to the commissioner of human services and  
26.28 the initially responsible county a statement of all facts and documents necessary for the  
26.29 commissioner to make the requested determination of financial responsibility. The submission  
26.30 must clearly state the program area in dispute and must state the specific basis upon which  
26.31 the submitting county is denying financial responsibility.

(b) The initially responsible county then has 15 calendar days to submit its position and any supporting evidence to the commissioner. The absence of a submission by the initially responsible county does not limit the right of the commissioner of human services or Direct Care and Treatment executive board to issue a binding opinion based on the evidence actually submitted.

(c) A case must not be submitted until the local agency taking the application, ~~or making the commitment, or residing in the county from which the first criminal order under chapter 611 was issued~~ has made an initial determination about eligibility and financial responsibility, and services have been initiated. This paragraph does not prohibit the submission of closed cases that otherwise meet the applicable statute of limitations."

Page 8, delete section 9 and insert:

"Sec. 28. **[609.542] ILLEGAL REMUNERATIONS.**

**Subdivision 1. Definition.** As used in this section, "federal health care program" has the meaning given in United States Code, title 42, section 1320a-7b(f).

**Subd. 2. Human services program; unauthorized remuneration.** (a) A person who intentionally solicits or receives money, a discount, a credit, a waiver, a rebate, a good, a service, employment, or anything else of value in return for doing any of the following is guilty of a crime and may be sentenced as provided in subdivision 4:

(1) referring an individual to a person for the furnishing or arranging for the furnishing of any item or service for which payment may be made in whole or in part under a federal health care program, behavioral health program under chapter 254B, or program under chapter 142E;

(2) purchasing, leasing, ordering, or arranging for or recommending purchasing, leasing, or ordering any good, facility, service, or item for which payment may be made in whole or in part under a federal health care program, behavioral health program under chapter 254B, or program under chapter 142E; or

(3) applying for or receiving any item or service for which payment may be made in whole or in part under a federal health care program, behavioral health program under chapter 254B, or program under chapter 142E.

(b) A person who intentionally offers or provides money, a discount, a credit, a waiver, a rebate, a good, a service, employment, or anything else of value to induce a person to do any of the following is guilty of a crime and may be sentenced as provided in subdivision 4:

(1) refer an individual to a person for the furnishing or arranging for the furnishing of any item or service for which payment may be made in whole or in part under a federal health care program, behavioral health program under chapter 254B, or program under chapter 142E;

(2) purchase, lease, order, or arrange for or recommend purchasing, leasing, or ordering any good, facility, service, or item for which payment may be made in whole or in part under a federal health care program, behavioral health program under chapter 254B, or program under chapter 142E; or

(3) apply for or receive any item or service for which payment may be made in whole or in part under a federal health care program, behavioral health program under chapter 254B, or program under chapter 142E.

Subd. 3. **Exceptions.** (a) Subdivision 2 does not apply to any payment, discount, waiver, or other remuneration exempted under United States Code, title 42, section 1320a-7b(b)(3), or payment made under a federal health care program which is exempt from liability by United States Code, title 42, section 1001.952.

(b) For actions involving a program under chapter 142E, subdivision 2, does not apply to:

(1) any amount paid by an employer to a bona fide employee for providing covered items or services under chapter 142E while acting in the course and scope of employment; or

(2) child care provider discounts, scholarships, or other financial assistance to families allowed under section 142E.17, subdivision 7.

Subd. 4. **Penalties.** Whoever violates subdivision 2 may be sentenced as follows:

(1) to imprisonment of not more than 20 years or to payment of a fine of not more than \$100,000, or both, if the value of any money, discount, credit, waiver, rebate, good, service, employment, or other thing of value solicited, received, offered, or provided exceeds \$35,000;

(2) to imprisonment of not more than ten years or to payment of a fine of not more than \$20,000, or both, if the value of any money, discount, credit, waiver, rebate, good, service, employment, or other thing of value solicited, received, offered, or provided is more than \$5,000 but not more than \$35,000; or

(3) imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if the value of any money, discount, credit, waiver, rebate, good, service,

29.1 employment, or other thing of value solicited, received, offered, or provided is not more  
29.2 than \$5,000.

29.3 Subd. 5. **Aggregation.** In a prosecution under this section, the value of any money,  
29.4 discount, credit, waiver, rebate, good, service, employment, or other thing of value solicited,  
29.5 received, offered, or provided within a six-month period may be aggregated and the defendant  
29.6 charged accordingly. When two or more offenses are committed by the same person in two  
29.7 or more counties, the accused may be prosecuted in any county in which one of the offenses  
29.8 was committed for all of the offenses aggregated under this subdivision.

29.9 Subd. 6. **False claims.** In addition to the penalties provided for in this section, a claim,  
29.10 as defined in section 15C.01, subdivision 2, that includes items or services resulting from  
29.11 a violation of this section constitutes a false or fraudulent claim for purposes of section  
29.12 15C.02.

29.13 **EFFECTIVE DATE.** This section is effective August 1, 2025, and applies to crimes  
29.14 committed on or after that date.

29.15 Sec. 29. Minnesota Statutes 2024, section 611.43, is amended by adding a subdivision to  
29.16 read:

29.17 Subd. 5. **Costs related to confined treatment.** (a) When a defendant is ordered to  
29.18 participate in an examination in a treatment facility, a locked treatment facility, or a  
29.19 state-operated treatment facility under subdivision 1, paragraph (b), the facility shall bill  
29.20 the responsible health plan first. The county in which the criminal charges are filed is  
29.21 responsible to pay any charges not covered by the health plan, including co-pays and  
29.22 deductibles. If the defendant has health plan coverage and is confined in a hospital, but the  
29.23 hospitalization does not meet the criteria in section 62M.07, subdivision 2, clause (1);  
29.24 62Q.53; 62Q.535, subdivision 1; or 253B.045, subdivision 6, the county in which criminal  
29.25 charges are filed is responsible for payment.

29.26 (b) The Direct Care and Treatment executive board shall determine the cost of  
29.27 confinement in a state-operated treatment facility based on the executive board's  
29.28 determination of cost of care pursuant to section 246.50, subdivision 5.

29.29 Sec. 30. Minnesota Statutes 2024, section 611.46, subdivision 1, is amended to read:

29.30 Subdivision 1. **Order to competency attainment program.** (a) If the court finds the  
29.31 defendant incompetent and the charges have not been dismissed, the court shall order the  
29.32 defendant to participate in a program to assist the defendant in attaining competency. The

court may order participation in a competency attainment program provided outside of a jail, a jail-based competency attainment program, or an alternative program. The court must determine the least-restrictive program appropriate to meet the defendant's needs and public safety. In making this determination, the court must consult with the forensic navigator and consider any recommendations of the court examiner. The court shall not order a defendant to participate in a jail-based program or a state-operated treatment program if the highest criminal charge is a targeted misdemeanor.

(b) If the court orders the defendant to a locked treatment facility or jail-based program, the court must calculate the defendant's custody credit and cannot order the defendant to a locked treatment facility or jail-based program for a period that would cause the defendant's custody credit to exceed the maximum sentence for the underlying charge.

(c) The court may only order the defendant to participate in competency attainment at an inpatient or residential treatment program under this section if the head of the treatment program determines that admission to the program is clinically appropriate and consents to the defendant's admission. The court may only order the defendant to participate in competency attainment at a state-operated treatment facility under this section if the Direct Care and Treatment executive board or a designee determines that admission of the defendant is clinically appropriate and consents to the defendant's admission. The court may require a competency program that qualifies as a locked facility or a state-operated treatment program to notify the court in writing of the basis for refusing consent for admission of the defendant in order to ensure transparency and maintain an accurate record. The court may not require personal appearance of any representative of a competency program. The court shall send a written request for notification to the locked facility or state-operated treatment program and the locked facility or state-operated treatment program shall provide a written response to the court within ten days of receipt of the court's request.

(d) If the defendant is confined in jail and has not received competency attainment services within 30 days of the finding of incompetency, the court shall review the case with input from the prosecutor and defense counsel and may:

(1) order the defendant to participate in an appropriate competency attainment program that takes place outside of a jail;

(2) order a conditional release of the defendant with conditions that include but are not limited to a requirement that the defendant participate in a competency attainment program when one becomes available and accessible;

31.1 (3) make a determination as to whether the defendant is likely to attain competency in  
31.2 the reasonably foreseeable future and proceed under section 611.49; or

31.3 (4) upon a motion, dismiss the charges in the interest of justice.

31.4 (e) The court may order any hospital, treatment facility, or correctional facility that has  
31.5 provided care or supervision to a defendant in the previous two years to provide copies of  
31.6 the defendant's medical records to the competency attainment program or alternative program  
31.7 in which the defendant was ordered to participate. This information shall be provided in a  
31.8 consistent and timely manner and pursuant to all applicable laws.

31.9 (f) If at any time the defendant refuses to participate in a competency attainment program  
31.10 or an alternative program, the head of the program shall notify the court and any entity  
31.11 responsible for supervision of the defendant.

31.12 (g) At any time, the head of the program may discharge the defendant from the program  
31.13 or facility. The head of the program must notify the court, prosecutor, defense counsel, and  
31.14 any entity responsible for the supervision of the defendant prior to any planned discharge.  
31.15 Absent emergency circumstances, this notification shall be made five days prior to the  
31.16 discharge if the defendant is not being discharged to jail or a correctional facility. Upon the  
31.17 receipt of notification of discharge or upon the request of either party in response to  
31.18 notification of discharge, the court may order that a defendant who is subject to bail or  
31.19 unmet conditions of release be returned to jail upon being discharged from the program or  
31.20 facility. If the court orders a defendant returned to jail, the court shall notify the parties and  
31.21 head of the program at least one day before the defendant's planned discharge, except in  
31.22 the event of an emergency discharge where one day notice is not possible. The court must  
31.23 hold a review hearing within seven days of the defendant's return to jail. The forensic  
31.24 navigator must be given notice of the hearing and be allowed to participate.

31.25 (h) If the defendant is discharged from the program or facility under emergency  
31.26 circumstances, notification of emergency discharge shall include a description of the  
31.27 emergency circumstances and may include a request for emergency transportation. The  
31.28 court shall make a determination on a request for emergency transportation within 24 hours.  
31.29 Nothing in this section prohibits a law enforcement agency from transporting a defendant  
31.30 pursuant to any other authority.

31.31 (i) If the defendant is ordered to participate in an inpatient or residential competency  
31.32 attainment or alternative program, the program or facility must notify the court, prosecutor,  
31.33 defense counsel, and any entity responsible for the supervision of the defendant if the

32.1 defendant is placed on a leave or elopement status from the program and if the defendant  
32.2 returns to the program from a leave or elopement status.

32.3 (j) Defense counsel and prosecutors must have access to information relevant to a  
32.4 defendant's participation and treatment in a competency attainment program or alternative  
32.5 program, including but not limited to discharge planning.

32.6 Sec. 31. Minnesota Statutes 2024, section 611.55, is amended by adding a subdivision to  
32.7 read:

32.8 Subd. 5. **Data access.** Forensic navigators must have access to all data collected, created,  
32.9 or maintained by a competency attainment program or an alternative program regarding a  
32.10 defendant in order for navigators to carry out their duties under this section. A competency  
32.11 attainment program or alternative program may request a copy of the court order appointing  
32.12 the forensic navigator before disclosing any private information about a defendant.

32.13 Sec. 32. Laws 2023, chapter 70, article 7, section 34, the effective date, is amended to  
32.14 read:

32.15 **EFFECTIVE DATE.** This section is effective ~~for background studies requested on or~~  
32.16 ~~after August 1, 2024~~ the day following final enactment."

32.17 Renumber the sections in sequence and correct the internal references

32.18 Amend the title accordingly