

2025 Anti-Fraud Package

Governor Walz's 2025 anti-fraud package will address fraud by strengthening investigative and enforcement authority, creating better detection and oversight, and increasing criminal penalties.

Stronger Investigative and Enforcement Authority

- **BCA Statewide Fraud and Financial Crimes Unit:** Establishes a centralized Financial Crimes & Fraud Section at the BCA dedicated to investigating financial crimes and fraud. This includes an Executive Order to integrate Department of Commerce Fraud Bureau agents and an additional budget proposal for further resources.
- **Expand the Attorney General's Medicaid Fraud Investigatory Unit:** Adds investigatory capacity to the AGO's Medicaid Fraud Unit, responsible for investigating and prosecuting Medicaid providers who submit false claims for reimbursement.
- **Clear and Expanded Authority to Stop Payments and Sanction Bad Actors:** Enterprise-wide and agency specific proposals to clearly enable agencies to withhold payments from potentially fraudulent actors, prevent bad actors from getting state contracts across multiple state agencies, and debar entities from receiving state dollars.

Better Detection and Oversight

- **Using Artificial Intelligence to Detect and Prevent Fraud:** Uses AI to compare information and detect Medicaid payment discrepancies in real time.
- **Strengthen EIDBI (Autism Center) Oversight and Licensing:** Requires EIDBI providers to be licensed, which increases requirements to provide EIDBI services and gives the state levers to discipline providers who do not meet requirements.
- **Enterprise-Wide Coordination on Internal Controls and Oversight:** Adds capacity to manage and maintain over 130 policies and procedures, strengthening MMB's responsibility to oversee state funds and the state workforce.
- **Enhanced Oversight of Charter Schools:** Clarifies MDE's authority to reduce a charter school's state aid if a school makes a purchase out of compliance with the procurement policy and requires charter schools to submit contracts with charter management organizations to MDE on an annual basis.

Increased Criminal Penalties

- **New "Theft of Public Funds" Statute:** Creates a new Theft of Public Funds statute to increase criminal penalties by 20% compared to the existing theft statute.
- **DHS Anti-Kick Back Authority:** Mimics federal law by making it illegal for individuals to financially incentivize clients or other entities to send them clients and gives the AGO authority to pursue criminal charges.

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DHS Preventing and Detecting Fraud, Waste, and Abuse: Adds capacity to prevent, detect, analyze, and investigate alleged cases of fraud, waste, or abuse; allows disclosure of payment withholds.

DHS Substance Use Disorder (SUD) Treatment Service Changes: Tightens regulations on SUD providers, including requiring 15-minute billing increments.

Strengthen DHS Grants Internal Controls Capacity: Creates new capacity for auditors, investigators, and data analysts to ensure DHS-administered grants have proper oversight and funds are used correctly.

DHS Recovery Residence Certification: Establishes a regulatory body over sober homes and recovery residences.

DHS Background Study Disqualifications: Allows DHS to disqualify an individual from receiving state funds administered by DHS when they are being investigated for fraud.

MDE OIG Access to Data and Records: Allows MDE OIG to immediately access records maintained by program participants when there is an open investigation.

MDE Protecting Investigative Data: Ensures investigative data is kept confidential during an open investigation, maintains the confidentiality of reporter's identities after an investigation is closed, and provides immunity for good faith reports.

MDE Charter Procurement Policy: Clarifies MDE's authority to reduce a charter school's state aid if a charter school makes a purchase without following a procurement policy adopted by the school's board.

MDE Charter School Oversight Policy: Requires charter schools to submit contracts with charter management organizations to MDE on an annual basis.

MDE Food Service Program Regulation: Supports program integrity of non-school sponsors in food programs overseen by MDE, includes staffing requirements and growth restrictions in applications criteria, provides board of director guidance and information on appropriate salary ranges.

MDE Fraud Prevention Staffing: Creates positions within the office of general counsel for additional support in nutrition programs and charter school oversight to prevent and stop fraud.

DCYF Financial Integrity Staffing: Adds capacity for DCYF to implement the agency's current legal and compliance responsibilities.

DCYF CCAP Electronic Attendance Recording System: Funds a statewide electronic attendance recordkeeping system for the Child Care Assistance Program, improving internal controls and enabling more accurate information of attendance records and billing.

DOR K-12 Credit Oversight: Prevents third party vendors from receiving an advance cash payment of an individual's K-12 credit and ensures that the only K-12 credits that are allowed are those that DOR issues directly to individuals when those individuals file their returns.