2026 Office of Inspector General Policy Bill

IG-01: Background Studies Disqualification Changes

The Minnesota Department of Human Services (DHS) completes background studies as required by Minnesota Statutes 245C, for people who work in certain programs serving children and vulnerable adults. As part of its regular evaluation of 245C, DHS reviews the lists of disqualifying crimes and conduct to ensure alignment with current Minnesota law, to comply with federal and state program requirements, and to provide protection to children and vulnerable adults. This proposal includes the following changes:

- Adds order for protection for financial abuse of a vulnerable adult (609.2334) to 245C.15.
- Adds the new anti-kickback crime (609.542) to 245C.15.
- Corrects change made during 2024 session that removed interference with privacy at the gross misdemeanor level (609.746) from 245C.15.
- Modifies disqualifications for financial exploitation in 245C to ensure consistent application. (This change is made in 245C.02 definitions)
- Corrects current statute that requires five-year and two-year disqualifications to apply to family child foster care background studies, which was not the original intention.

These changes align chapter 245C with changes made to criminal code or human services and licensing statutes, or in an effort to conform state background studies statute with federal requirements.

IG-02: Child and Adult Foster Care and Adult Day Services Requiring New Fingerprint-Based Studies in NS2

DHS background studies are conducted using the NETStudy 2.0 system. Prior to the implementation of NETStudy 2.0 studies were submitted in the NETStudy system. Most background study types have moved into the NETStudy 2.0 system. Child Foster Care and Adult Day Centers are still in NETStudy. This proposal adds the remaining providers to the NETStudy 2.0 system and makes necessary system changes.

IG-03: Background Studies Clean-Up and Technical Changes

This proposal contains changes to chapter 245C making clarifying, technical or conforming changes based on past agency proposals, other past legislation, or due to changes to Background Studies policy or practice.

Provider Type Clarification

This amends 245C.03, subd. 1(c) to add Child Foster Residence Settings, formerly referred to as cooperate Child Foster Care. This change is already reflected in Netstudy 2.0, so this simply conforms statute with current practice.

Variance prohibition correction

In a prior session DHS proposed, and the legislature passed, a provision for foster residence settings and children's residential facilities (CRFs) to have the same permanent bars to a set aside or variance as licensed family foster settings. This removes language problematic for implementing that change.

IG-16: Background Studies Federal Compliance

The Department of Human Services (DHS) identified the following changes necessary to comply with federal requirements for receiving criminal history record information:

Child foster care transferability clarification:

Current law allows a background study related to child foster care to be transferable across all licensed programs except child foster care. These types of studies do not have comparable requirements. Federal requirements do not allow a study with a higher level of requirements to transfer to a program with a lower level.

Child care supervision:

The 2025 legislature made changes to 245C.13 to align language for notices and supervision requirements for child care background studies with the CCDF federal regulations. This proposal would clarify that certain child care study subjects cannot work while their study processes. Those study subjects will not be able to work at all until DHS has received a “qualifying result” from either the FBI or Minnesota criminal background check.

IG-20: Change of Ownership Definition Alignment

This proposal aims to enhance program integrity by ensuring DHS licensing is accurately capturing ownership information. This proposal closes a loophole that allows for change of ownership changes without notifying DHS. Currently, statute states that no change of ownership has occurred if at least one individual has been affiliated with the license for the prior 12 months. This proposal removes this language.

IG-23: SUD and Mental Health Policy

The Emergency Overdose Treatment section of Minnesota Statutes Chapter 245A (245A.242) requires that certain programs maintain a supply of opiate antagonists on hand available for emergency treatment of opioid overdose. This proposal eliminates the requirement for a standing order for nasal spray opiate antagonists (naloxone, Narcan) in Substance Use Disorder (SUD), Children's Residential Facilities (CRF), detoxification, withdrawal management, and Intensive Residential Treatment Services/Residential Crisis Stabilization (IRTS/RCS) programs in 245A.242 subd 2 (a).

IG-24: DHS Licensing Policy Clean-Up

This proposal includes technical and clarifying changes that impact DHS-licensed programs.

Repeal DHS as lead investigative agency for PRTFs

Codifies a practice that's currently being conducted through an Interagency Agreement and authorizes MDH to be the lead investigative agency for maltreatment investigations under the Maltreatment of Minors Act and the Vulnerable Adults Act.

HCBS clarifying fixes

This proposal aligns requirements in chapter 245D with what is already required in the Positive Supports Rule by clarifying that 245D license holders must maintain and share their emergency use of manual restraints policy and procedures with a person or their legal representative and their case manager. The proposal also protects individuals living in 245D residential settings by clarifying that their rights related to the safety and condition of their residence cannot be waived. Residents have a right to a setting that is clean, free from hazards, and compliant with the State Fire Code.

HCBS renewal fee clean-up

Technical change to account for HCBS revenues that equal exact dollar amounts within the renewal fee schedule. Adding "or equal to" to the new categories of fees will capture revenues that align with the top end of the revenue category.

Clarifying language to 245A Temporary Immediate Suspension provisions

Language was added to 245A.07, subdivision 2 in 2025 to allow DHS to issue a temporary immediate suspension of a license if the license holder or controlling individual is the subject of an investigation related to fraud. Language already in statue allows DHS to issue a suspension following a temporary immediate suspension when the outcome of a related, ongoing investigation or judicial proceeding was necessary to determine if a final licensing sanction would be issued. However, the language currently includes a requirement that the commissioner consider whether the persons served by the program remain at an imminent risk of harm during the investigation or proceedings. Subdivision 2(c) does not require a determination that there was an imminent risk of harm. Consequently, if a TIS was issued under that provision and at the end of 90 days the investigation is

still open, then DHS would not be able to issue a suspension under that language. This proposal adds burden of proof language to 245A.07 and adds language allowing DHS to issue a suspension under subdivision 2(c) if there is a related, ongoing investigation or judicial proceeding.

Clarify definition of related individuals

This change aligns the definition in 245A.02, subd. 13 with the definition of relative used in the Community-Based Services Manual (CBSM) for disability waiver services this is intended to address situations where a license holder is providing services to a spouse's relative (e.g. sibling) in the relative's home. This will align licensing statute with DHS disability waiver services CBSM and relative caregivers may instead access HCBS supports and services designed for individuals living with their own family which does not require a DHS license.

IG-32 Collecting Claims Under Multiple Surety Bonds

The Department of Human Services Office of Inspector General Program Integrity Oversight Division (DHS-PIO) has identified issues when it comes to collecting multiple claims from surety bond companies. Bond companies claim that even though they issued a bond every year and have claims that span multiple bonds, that DHS-PIO can only collect under one of the bond periods. Current statute is not clear that each bond is its own obligation. This proposal would help clarify the language so DHS-PIO can collect under multiple bonds and that each surety bond is one contract.

IG-33 Program Integrity Oversight Division Returning and Cleanup Policy

Expanding Payment Withhold Authority

Currently DHS can only suspend payment under 245.095, subd. 5 due to a credible allegation of fraud and pending investigation. Proposal expands authority to stop payment for a revoked or suspended license, criminal conviction of fraud in another state or federal agency and following a background study disqualification.

Exception for DHS from Minn. Stat. 15.013

Language passed in 2025 provides a 60-day limit to a payment withhold and the right to an appeal via a contested case hearing. This is problematic for DHS as 60 days is not long enough to conduct a comprehensive investigation, and the appeal process could compromise investigations and create administrative burden. Proposal adds language to 245.095, subd 5 and 256B.064, subd. 2(c)(5) that Section 15.013 does not apply to the commissioner and that the withholding of payments under these sections are temporary action and not subject to appeal as set forth in 15.013.

Clarifying definition of "excluded" in 245.095

Aligns 245.095 with language passed in 2025 that created a new background study disqualification related to fraud.

Pre-payment review authority clarification

Clarifies existing pre-payment review authority. Currently, DHS can only sanction providers when a provider "receives payment" or when "payment is made from Medical Assistance." This proposal would allow DHS to proactively prevent fraudulent payments by conducting pre-payment reviews of claims.

IG-35 Expanding authority for increased on-site visits

This proposal gives DHS the ability to review health service and financial records through site visits when the provider has not yet submitted claims. This authority was authorized for EIDBI services in 2025, this proposal expands the ability to all of MN Health Care Programs (MHCP).

IG-36 Adding the definition of "fraud" to 256B

Currently, there is not a statutory definition of "fraud" in 256B, where most of the Department of Human Services Office of Inspector General Program Integrity Oversight's (DHS OIG-PIO) authority lies. Currently, it is included in Rule 9505.2165. Adding this definition to 256B will increase the ability of OIG-PIO to send referrals to the Medicaid Fraud Control Unit (MFCU) in the Attorney General's Office as new crimes come online that fit this definition, likely resulting in more fraud cases being prosecuted.

IG-37 Waiving notice to consumers when under investigation

Current statute requires DHS to provide a 180-day notice prior to utilizing the authority to subpoena bank records for administrative sanctions. The current process is expensive and time consuming. Waiving the 180-day notice of accessing financial information pursuant to a request by law enforcement would help protect the integrity of an ongoing investigation. This proposal amends 13A.03 to allow the commissioner to delay notification to the customer if doing so compromises the investigation.