



## Minnesota Senate Capital Investment Committee Senator Sandra L. Pappas, Chair

21 April 2026

***Committee Testimony on S.F. 4982 Hemmingsen-Jaeger Lease-Purchase Agreement and the Sale and Issuance of Certificates of Participation to Fund Improvements to or Replacement of the State's MAXIS System; Authorization and Appropriation***

Dear Senator Pappas and committee members,

Thank you for the opportunity to submit testimony on behalf of the Center of the American Experiment, Minnesota's think tank. American Experiment has worked hard to uncover fraud and promote solutions to fix the problem, especially in the Department of Human Services. Eligibility determination has become central to this debate, and rightly so. American Experiment has [published reports](#) showing that up to 20% of Minnesota's 1.2 million Medicaid enrollees could be ineligible.

Thank you for your work to combat waste, fraud, and abuse in our human services programs. Before any major investment in the MAXIS replacement, the state must first conduct a thorough, independent fraud investigation and implement fixes to close eligibility loopholes and reduce improper payments that have plagued the system for decades.

Minnesota's [MAXIS eligibility determination system](#), launched in 1989, handles highly sensitive data—including Social Security numbers, income records, medical diagnoses, and eligibility for Medicaid, SNAP, and other aid programs serving more than one million Minnesotans. Yet the antiquated DOS-based platform contributes to errors, manual workarounds, and fraud vulnerabilities. As [MinnPost reported](#) in "Waiting to load: The struggle to address IT systems that may contribute to social services fraud" (March 9, 2026), the system forces repeated data entry and lacks modern tools like AI to detect fraud. Gov. Walz has described it as "as antiquated as you can possibly imagine" and "prone" to errors.

A Star Tribune [column](#) by Jill Burcum, "Burcum: Tears, workarounds and 1990s screens push county staff to the limit" (September 28, 2025), highlighted county staff frustration, with inefficiencies costing millions and warnings of potential system collapse.

However, the same antiquated features that frustrate aging MAXIS technicians provide a silver lining: that antiquity and siloed data have delivered surprising stability and security. The ubiquity of health data

is a real problem. Rushing a lease-purchase replacement without first securing the data and fixing fraud risks letting the genie out of the bottle. Transitioning this sensitive information increases exposure to breaches. The 2024 Change Healthcare (Optum/UnitedHealth) ransomware [attack compromised an estimated 192.7 million individuals'](#) personal and medical data. Hackers exploited a remote access portal lacking multi-factor authentication, causing nationwide disruptions, costly identity monitoring, and eroded trust.

A similar incident with MAXIS data would be catastrophic for vulnerable families and for state liability.

Moreover, this legislation would create long-term general-fund lease obligations that encumber future legislatures, raising serious constitutional concerns. The Minnesota Constitution, [Article III](#), Section 1, divides the powers of government into three distinct departments—legislative, executive, and judicial—and prohibits one branch from exercising the powers of another. [Article XI](#) further limits public debt and requires that money be paid from the state treasury only in pursuance of an appropriation by law. One legislature should not pre-spend constituents' money or constrain elected bodies yet to serve. Capital dollars are scarce; locking them into a proprietary system prevents redirection to other needs. The constitution prevents this by requiring fresh legislative action each cycle for ongoing spending. A past legislature cannot force automatic payments without current appropriations.

While MAXIS is clunky, its limited integrations have provided stability and a smaller attack surface compared to interconnected platforms like MNSure, which has suffered outages and privacy issues. Modernization is needed, but only after fraud audits, proven security certifications, and protections against unmitigated lease payments.

I respectfully urge the Committee to reject S.F. 4982. Any legislation must prioritize fraud investigation and fixes first, protect future legislative discretion by limiting general-fund encumbrances, require independent third-party security audits and data-sovereignty clauses, and preserve stability until safeguards are ironclad.

Your constituents deserve fiscal responsibility, fraud prevention, and protection of their most private information. Rather than encumber future legislatures with inherently risky private contracts for public data, look for ways to help county case workers by giving them the resources and flexibility they need to do their jobs. "I'm not a robot" legislation offers the ability to finance county-based redetermination with more than \$300 million plus ongoing funding to completely pay for hardening data and integrating the next generation of system upgrades to protect against fraudsters.

Thank you for your service to the people of Minnesota.

Sincerely,

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1. Center of the American Experiment, “What the Medicaid Undercount Reveals about the Medicaid Unwinding,” <https://www.americanexperiment.org/reports/what-the-medicaid-undercount-reveals-about-the-medicaid-unwinding>.
2. Minnesota Department of Human Services, Enrollment home page, [https://www.dhs.state.mn.us/main/idcplg/Enrollment\\_home\\_page.doc?IdcService=GET\\_DYNAMIC\\_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=id\\_000398](https://www.dhs.state.mn.us/main/idcplg/Enrollment_home_page.doc?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=id_000398).
3. Matthew Blake, “Waiting to Load: The Struggle to Address IT Systems That May Contribute to Social Services Fraud,” MinnPost, March 9, 2026, <https://www.minnpost.com/state-government/2026/03/waiting-to-load-the-struggle-to-address-it-systems-that-may-contribute-to-social-services-fraud/>.
4. Jill Burcum, “Burcum: Tears, Workarounds and 1990s Screens Push County Staff to the Limit,” Star Tribune, September 28, 2025, <https://www.startribune.com/burcum-tears-workarounds-and-1990s-screens-push-county-staff-to-the-limit/601480904>.
5. “Change Healthcare Data Breach: Final Count Reaches 193 Million,” HIPAA Guide, <https://www.hipaaguide.net/change-healthcare-data-breach/> (reporting 192.7 million individuals affected).
6. Minnesota Constitution, art. III, § 1, [https://www.revisor.mn.gov/constitution/#article\\_11](https://www.revisor.mn.gov/constitution/#article_11) (note: the provided link points to Article XI but the citation matches the referenced separation of powers text).
7. Minnesota Constitution, art. XI, § 1, [https://www.revisor.mn.gov/constitution/#article\\_11](https://www.revisor.mn.gov/constitution/#article_11).