

SF2689 - 6A - Medicaid Fraud Provis. & Criminal Penalties Mod.

Chief Author: **Ann Johnson Stewart**
 Committee: **Finance**
 Date Completed: **4/28/2026 1:59:51 PM**
 Lead Agency: **Attorney General**
 Other Agencies:
 Corrections Dept Human Services Dept
 Public Defense Board Sentencing Guidelines Comm
 Supreme Court

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Attorney General						
General Fund	-	-	1,231	1,231	1,231	
Human Services Dept						
General Fund	-	-	85	100	100	
State Total						
General Fund	-	-	1,316	1,331	1,331	
Total	-	-	1,316	1,331	1,331	
Biennial Total			1,316		2,662	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Attorney General					
General Fund	-	-	18	18	18
Human Services Dept					
General Fund	-	-	1.5	2	2
Total	-	-	19.5	20	20

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Chloe Burns **Date:** 4/28/2026 1:59:51 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Attorney General						
General Fund		-	-	1,231	1,231	1,231
Human Services Dept						
General Fund		-	-	85	100	100
Total		-	-	1,316	1,331	1,331
Biennial Total				1,316		2,662
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Attorney General						
General Fund		-	-	1,231	1,231	1,231
Human Services Dept						
General Fund		-	-	85	100	100
Total		-	-	1,316	1,331	1,331
Biennial Total				1,316		2,662
2 - Revenues, Transfers In*						
Attorney General						
General Fund		-	-	-	-	-
Human Services Dept						
General Fund		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

SF2689 - 6A - Medicaid Fraud Provis. & Criminal Penalties Mod.

Chief Author: **Ann Johnson Stewart**
 Committee: **Finance**
 Date Completed: **4/28/2026 1:59:51 PM**
 Agency: **Attorney General**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	1,231	1,231	1,231	1,231
Total	-	-	1,231	1,231	1,231	1,231
Biennial Total			1,231			2,462

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	18	18	18
Total	-	-	18	18	18

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Chloe Burns **Date:** 4/16/2026 3:48:49 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
General Fund	-	-	1,231	1,231	1,231	
Total	-	-	1,231	1,231	1,231	
Biennial Total			1,231			2,462
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	1,231	1,231	1,231	
Total	-	-	1,231	1,231	1,231	
Biennial Total			1,231			2,462
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-			-

Bill Description

SF2689-6A, coined the Medical Assistance Protection Act (the “MAP Act”), relates to the investigation and prosecution of Medicaid fraud in Minnesota. The Medicaid Fraud Control Unit (“MFCU”) of the Minnesota Attorney General’s Office (“AGO”) has authority to investigate and prosecute fraud within the Medicaid program and abuse, neglect, and financial exploitation at Medicaid-funded facilities.

SF2689-6A serves several objectives. First, it expands the AGO’s subpoena authority pursuant to Minn. Stat. § 8.16, subd. 1. The expanded subpoena authority includes wage and employment records, insurance records related to claim settlement, and banking, credit card, and financial records. This will provide the AGO with the same subpoena authority as county attorneys and the Minnesota Department of Human Services.

Second, SF2689-6A repeals Minnesota’s Medical Assistance Fraud criminal statute (Minn. Stat. § 609.466) and replaces it with a new Medical Assistance Fraud statute (Minn. Stat. § 609.467). The new statute removes language referencing Medical Assistance Fraud as a crime of attempt. It then covers a broader range of conduct at a more granular level. It also changes the penalty provisions to be more consistent with other statutes for completed crimes, and contains penalties that gradually increase depending on the amount of the victim’s loss. It also contains provisions allowing the State to collect restitution for a greater range of conduct related to criminal offenses.

Third, SF2689-6A amends Minn. Stat. § 256B.12 (Legal Representation) and Minn. Stat. § 628.26 (Limitations) to refer to the new Medical Assistance Fraud statute. It also includes Medical Assistance Fraud as a predicate crime for racketeering.

There is also an on-going annual appropriation of \$1,230,000 beginning in fiscal years 2027 to increase MFCU’s staff to be consistent with the recommendations of the United States Department of Health and Human Services Office of Inspector General (“HHS/OIG”).

Assumptions

Section 1 through Section 6, the changes to Medicaid Fraud statute, have no fiscal on the Attorney General’s Office.

Section 7, an on-going appropriation for \$1,230,000, is separate from the proposed policy changes in Secs. 1-6 and is related to the recommendation from HHS/OIG that MFCU increase its staff size. HHS/OIG will be paying for 75% of the costs this expansion. The appropriation would cover the 25% State match and would allow MFCU to add the

recommended eighteen additional staff members. MFCU staffing levels are based on the size of a state's Medicaid budget. The present size of Minnesota's MFCU, 32, was set when the state's Medicaid budget was roughly \$13 billion. Now that the Medicaid budget is approaching \$20 billion, HHS OIG recommends Minnesota's MFCU increase its staffing levels.

MFCU operates pursuant to a federal grant whereby the 75% of the unit's budget comes from federal funding. By statute, the MFCU operates independently of Minnesota's single state agency, the Minnesota Department of Human Services ("DHS"). The federal funding further prohibits MFCU staff members from billing or incurring costs in any other capacity within the AGO. The MFCU does not work for or bill client agencies or incur any costs independent of MFCU work. The annual appropriation represents State's share of the costs associated with hiring 18 additional staff members. This appropriation would allow the AGO to add three additional attorneys, eleven additional investigators, and four additional support staff.

The indirect costs include an indirect rate of .208 on state share of salary (\$175,032) for the use of office-wide resources like accounting, IT support, database subscriptions, office internet and the like. The operations costs for the additional staff are \$214,371. That figure includes money for in-state travel related to investigation and trials, outstate travel for required trainings, office supplies, court reporters and transcripts, expert witnesses, storage for MFCU specific data, financial investigation software, equipment for trial presentations, delivery and courier costs for legal documents as needed, employee development, and court filing fees.

Expenditure and/or Revenue Formula

	Hourly billing rate	# of Hours	FY27	FY28	FY29
Attorney	\$178	4500	\$200,250 (25% state share)	\$200,250 (25% state share)	\$200,250 (25% state share)
Legal Assistant (Investigator/other non-attorney staff) \$114/hour	\$114	22,500	\$641,250 (25% state share)	\$641,250 (25% state share)	\$641,250 (25% state share)
Other: state share of indirect expenses and operations for 18 FTE			\$389,403	\$389,403	\$389,403
Totals	-	-	\$1,230,903	\$1,230,903	\$1,230,903

Long-Term Fiscal Considerations

n/a

Local Fiscal Impact

n/a

References/Sources

n/a

Agency Contact: Laura Sayles

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SF2689 - 6A - Medicaid Fraud Provis. & Criminal Penalties Mod.

Chief Author: **Ann Johnson Stewart**
 Committee: **Finance**
 Date Completed: **4/28/2026 1:59:51 PM**
 Agency: **Corrections Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Jim Carlson **Date:** 4/23/2026 1:26:06 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

The bill expands the MN State Attorney General’s subpoena authority and powers in certain fraud investigations, clarifies legal representation authority related to medical assistance cases, and creates a new standalone crime of medical assistance fraud with new tiered penalties. It updates related theft and criminal statutes, adjusts the statute of limitations for these offenses, appropriates funds to the MN State Attorney General’s office to combat medical assistance fraud, and repeals the existing medical assistance fraud statute.

Assumptions

The Minnesota Sentencing Guidelines Commission (MSGC) projects a negligible fiscal impact to state correctional resources as a result of this legislation.

Expenditure and/or Revenue Formula

None

Long-Term Fiscal Considerations

Unkown

Local Fiscal Impact

MSGC projects a negligible fiscal impact to local correctional resources as a result of this legislation.

References/Sources

MSGC

Department of Corrections staff

Agency Contact:

Agency Fiscal Note Coordinator Signature: Mark Besonen

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SF2689 - 6A - Medicaid Fraud Provis. & Criminal Penalties Mod.

Chief Author: **Ann Johnson Stewart**
 Committee: **Finance**
 Date Completed: **4/28/2026 1:59:51 PM**
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	85	100	100	
Total	-	-	85	100	100	
Biennial Total			85		200	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	1.5	2	2
Total	-	-	1.5	2	2

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Kate Schiller **Date:** 4/21/2026 1:26:10 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	85	100	100	
Total		-	-	85	100	100
Biennial Total				85		200
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	85	100	100	
Total		-	-	85	100	100
Biennial Total				85		200
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

This bill strengthens the state's response to Medicaid fraud by creating specific criminal offenses for submitting false medical assistance claims, carrying penalties of up to 20 years in prison and \$100,000 in fines. The legislation also expands the Attorney General's investigative authority, granting broader subpoena power to access financial, telecommunications, and employment records. The bill also provides ongoing funding for fraud prevention and authorizes the state to pursue both civil and criminal actions to recover improper payments and damages.

Assumptions

This legislation will result in an increase in documentation requests coming from MFCU, which Medicaid Payment and Provider Services (MPPS) team within the Health Care Administration (HCA) to track, redact as appropriate, and submit to OIG. As a result, MPPS staff likely will be required to appear and testify more frequently in court. As such, MPPS requires two additional MPPS PEC Quality Analysts (MAPE 14L) to help ensure there are timely responses and be available for testifying as needed.

FTEs are assumed to begin October 2026, and require an up-front administrative cost of \$17,744, and ongoing monthly administrative costs of \$2,506. Fringe benefits are estimated using the most recent union contracts.

DHS does not assume any IT systems changes associated with this legislation.

Expenditure and/or Revenue Formula

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2024	FY2025	FY2026	FY2027
GF	11	HCA MPPS Ad	0	85	100	100

		min FTEs - (0, 2, 2, 2) (@29 % State Share)				
		Total Net Fiscal Impact	0	85	100	100
		Full Time Equiv alents	0	1.5	2	2

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Chris Zempel

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SF2689 - 6A - Medicaid Fraud Provis. & Criminal Penalties Mod.

Chief Author: **Ann Johnson Stewart**
 Committee: **Finance**
 Date Completed: **4/28/2026 1:59:51 PM**
 Agency: **Public Defense Board**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Susan Nelson **Date:** 4/22/2026 10:03:50 AM
Phone: 651-296-6054 **Email:** susan.nelson@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

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State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
	Total	-	-	-	-	-
	Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
	Total	-	-	-	-	-
	Biennial Total			-		-
2 - Revenues, Transfers In*						
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

The bill would modify provisions governing Medicaid fraud, and includes felony penalties for fraud depending on the dollar amount of the fraud.

Assumptions

There would be no foreeable impact on caseloads or workloads. These types of cases are typically not public defender cases.

Expenditure and/or Revenue Formula

There would be no impact on caseloads as a result of this bill.

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

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SF2689 - 6A - Medicaid Fraud Provis. & Criminal Penalties Mod.

Chief Author: **Ann Johnson Stewart**
 Committee: **Finance**
 Date Completed: **4/28/2026 1:59:51 PM**
 Agency: **Sentencing Guidelines Comm**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Jim Carlson **Date:** 4/16/2026 2:35:34 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

Section 1 expands the Attorney General’s subpoena power.

Sections 3, 4, and 8 repeal the existing medical assistance fraud crimes found in Minn. Stat. §§ 609.466 & 609.52, subd. 2(a)(3)(iii), and replace them with a new § 609.467 (Medical Assistance Fraud), with expanded elements and new penalty tiers. Sections 2 and 6 are conforming amendments.

Section 3 establishes four felony tiers for violating the prohibitions of new Minn. Stat. § 609.467, subd. 1:

The first tier, with a five-year, \$10,000 maximum penalty, is the general penalty for violation. No minimum loss to a victim is specified.

The second tier, with a 10-year, \$20,000 maximum penalty, applies to a violation that causes more than \$10,000, but not more than \$100,000, aggregate loss to a victim.

The third tier, with a 20-year, \$100,000 maximum penalty, applies to a violation that causes more than \$100,000, but not more than \$1,000,000, aggregate loss to a victim.

The fourth tier, with a 30-year, \$1,000,000 maximum penalty, applies to a violation that causes more than \$1,000,000 aggregate loss to a victim.

Section 3 establishes a gross misdemeanor crime for knowingly and intentionally failing to keep or maintain required medical assistance records.

Section 3 also provides expansive provisions regarding the prosecution of offenses committed outside the statutory limitations period; venue; and restitution for similar and related, albeit uncharged, misconduct.

Sections 3 and 4 are effective August 1, 2026, and apply to crimes committed on or after that date.

Section 5 adds to the list of criminal acts that may support the crime of racketeering the following: a violation of Minn. Stat. § 609.467; a theft by fraudulent false representation, by swindle, or by fraudulent diversion of corporate funds, if the crime involves a state agency; and attempts and conspiracies to commit one of these crimes.

Section 7 appropriates funds for the Attorney General to combat medical assistance fraud.

Assumptions

No assumptions are made about sections 1 and 7.

It is assumed that due to the COVID-19 health pandemic, the cases sentenced in 2020 and 2021 may not be a fair approximation of cases sentenced in the future.

Sections 3, 4, and 8. It is assumed that the new medical assistance fraud crime under the new Minn. Stat. § 609.467 will replace the repealed medical assistance fraud crimes under the §§ 609.466 & 609.52, subd. 2(a)(3)(iii). The repealed crimes adopted the penalty scheme of the theft statute, § 609.52, with three felony tiers with the same statutory maximum penalties and the same general thresholds applicable to thefts of public funds (under \$5,000; over \$5,000; and over \$35,000), although the applicability of the over \$35,000 threshold is limited to specific theft provisions, including subd. 2(a)(3)(iii).

One of the responsibilities of the Commission is to assign severity-level (SL) rankings to new felony offenses passed by the Legislature. The Commission bases its decisions, in part, on the level of harm caused and the culpability of the person. The statutory maximum is also considered. It is assumed that the repealed Medical assistance fraud crimes are currently ranked at SL 2 if \$5,000 or less was stolen; at SL 3 if more than \$5,000 but not more than \$35,000 was stolen; and at SL 6 if more than \$35,000 was stolen.

The crime of aggravated forgery (Minn. Stat. § 609.625) is ranked at SL 2. It is assumed that crime established by the bill's Minn. Stat. § 609.467, subd. 1(6), is substantially similar to the crime of aggravated forgery, but limited to the context of records related to the delivery of medical assistance services, and lacking an element of intent to defraud.

The crime of forgery is ranked at SL 1; Minn. Stat. § 609.63, subd. 1(5), (6), & (7), relate to the destruction of documents. It is assumed that the bill's Minn. Stat. § 609.467, subd. 1(8), is somewhat similar to the crime of forgery, but with the additional elements that the documents be required to be maintained by law, and that the destruction follow a request by law enforcement.

It is assumed that the Commission will rank the first three tiers of the new medical assistance fraud (§ 609.467) the same as the existing medical assistance fraud (Minn. Stat. § 609.466) repealed under this bill even though the new monetary thresholds are higher. It is assumed that the new monetary thresholds are adjusted for inflation.

At SL 2 (general penalty), cases with a criminal history score of 6 or more are recommended prison sentences. At SL 3 (more than \$10,000, but not more than \$100,000), cases with a criminal history score of 4 or more are recommended prison sentences. At SL 6 (more than \$100,000, but not more than \$1,000,000), cases with a criminal history score of 3 or more are recommended prison sentences. It is assumed that the new fourth tier (more than \$1,000,000) will be ranked at SL 7.

Offenses ranked at SL 7 are: carjacking in the second degree; felony driving while impaired (DWI); financial exploitation of a vulnerable adult over \$35,000; labor trafficking for an extended period of time; and wildfire arson with damages over five dwellings, 500 acres, or crops in excess of \$100,000.

Currently, among offenses ranked at SL 7 (excluding felony DWI because of its unique sentencing requirements), the average imprisonment rate is 11.3 percent with an average of 51.8 months (serve 2/3 term of imprisonment = 34.5 mos.); an average of 77.4 percent of probationers received local confinement as a condition of probation; and the average pronounced confinement time was 122 days (serve 2/3 term = 81.3 days).

According to MSGC sentencing data from 2010 to 2024, 197 medical assistance fraud cases were sentenced (an annual average of 13 cases) under Minn. Stat. § 609.466 or 609.52, subd. 2(a)(3)(iii). Of those, 76 were ranked at SL 2 (an annual average of 5 cases), 119 were ranked at SL 3 (an annual average of 7.9 cases), and two were ranked at SL 6 (an annual average of 0.13).

MSGC staff examined the criminal complaints in the two cases sentenced from 2010 to 2024 that were ranked at SL 6, implying that over \$35,000 was stolen. Of those two cases, both involved a loss of more than \$100,000, but not more than \$1,000,000. Both cases were filed in 2013. One case involved an aggregate loss of \$824,343.90; and the other involved the aggregate loss of \$557,333.15.

Adjusted for 2026 inflation, one case would be valued at \$790,011.25; and one case would be valued at \$1,182,078.65. It is therefore assumed that in the future, one case every 14 years would be ranked at SL 6 and one case would be re-ranked at SL 7 (an annual average 0.07 cases).

Section 5. The racketeering statute's definition of "criminal act" has two parts. The first part is the general definition (the first sentence of Minn. Stat. § 609.902, subd. 4), which simply contains a list of crimes. To this list, the bill adds the new medical assistance fraud crime established in section 3. The second part is a special-victim definition, which includes certain types of theft within the definition of "criminal act" -- thefts by fraudulent false representation, theft by swindle, and thefts by fraudulent diversion of corporate funds -- but only when committed against particular classes of victims (currently limited to various types of insurance providers). The bill adds state agencies to this list of special theft victims.

The bill's expansion of racketeering to encompass medical assistance fraud in particular, and certain types of theft against state agencies in general, may lead to an increase in the number of racketeering convictions and sentences. The extent of that increase is not known. The extent of the impact of the bill's inclusion of medical assistance fraud within the general "criminal act" definition will be analyzed first, followed by the extent of the impact of the bill's expansion of the list of special theft victims to include state agencies.

Racketeering is an unranked offense. Some offenses are designated as unranked offenses. When the court sentences an unranked offense, the court must assign an appropriate SL and specify on the record why that particular level was assigned. The court may consider, but is not limited to, the following factors: the gravity of the specific conduct underlying the unranked offense; the SL assigned to any ranked offense with elements that are similar to the elements of the unranked offense; the conduct of and SL assigned to other offenders for the same unranked offense; and the SL assigned to other offenders engaged in similar conduct.

From 2010 to 2024, there were 45 cases sentenced (an annual average of 3 cases). One was ranked at SL 4; 10 were ranked at SL 6; five were ranked at SL 7; 18 were ranked at SL 8; 36 were ranked at SL 9; and four were ranked at SL 10. MSGC's dataset does not disclose what criminal acts comprised the pattern of criminal activity underlying a particular racketeering case. The average imprisonment rate for racketeering was 73.3 percent with an average pronounced duration of 80 months (2/3 term of imprisonment = 53.3 mos.). An average 83.3 percent of probationers received local confinement as a condition of their probation. The average pronounced confinement time was 146 days (2/3 term of confinement = 97 days).

With respect to the bill's expansion of racketeering to encompass medical assistance fraud, it is assumed that the resulting increase in racketeering convictions and penalties may be related to the case volume of the felony offenses currently in the general definition of "criminal act" (the first sentence of Minn. Stat. § 609.902, subd. 4) compared with the case volume of the new medical assistance fraud crime (Minn. Stat. § 609.467). It is assumed that the case volume of the new medical assistance fraud crime will be similar to the combined past case volume of the two repealed medical assistance fraud crimes: Minn. Stat. §§ 609.466 and 609.52, subd. 2(a)(3)(iii).

From 2010 to 2024, there were 140,230 sentences for felony violations of the 46 sections and one chapter listed in the general definition of "criminal act." In that same time period, there were 197 sentences for felony violations of the two repealed medical assistance fraud crimes. The addition of medical assistance fraud to the crimes listed in the general definition of "criminal act" represents a 0.14-percent increase by case volume ($197 \div 140,230$). It is therefore assumed that the convictions and penalties for racketeering will rise by about 0.14 percent as a result of the bill's expansion of racketeering to encompass medical assistance fraud, a negligible increase.

With respect to the bill's general expansion of racketeering to encompass specified types of theft against state agencies, it is assumed that the impact from this change is limited to theft by fraudulent false representation against state agencies, excluding medical assistance fraud. Theft by swindle, one of the specified types of theft, is excluded because it is separately defined as a "criminal act," regardless of victim, in the general definition. Theft by fraudulent diversion of corporate funds, another specified types of theft, is excluded because a state agency is unlikely to be the victim of such a crime. Medical assistance fraud, although one of the itemized ways of committing theft by fraudulent false representation, which is the remaining type of theft specified, is excluded because the impact of committing medical assistance fraud was already accounted for in the analysis of the impact of the bill's change to the general definition of "criminal act." The impact in question, then, is the impact of adding theft by fraudulent false representation -- including theft by check fraud, theft by a promise made with intent not to perform, and workers' compensation fraud, but excluding medical assistance fraud -- when committed against a state agency.

MSGC has no data on how frequently theft by fraudulent false representation is committed against a state agency. No impact is therefore estimated.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Based on the assumptions above, the impact is negligible.

(Sections 3, 4, and 8: $0.07 \text{ cases annually moved to SL 7} \times 11.3\% \text{ imprisonment rate} \times 51.8 \text{ months per case} \times \frac{2}{3} \text{ term of imprisonment} \div 12 \text{ months per year} = 0.02 \text{ estimated prison beds.}$)

(Section 5: $0.0042 \text{ cases} \times 73.3\% \text{ imprisonment rate} \times 83.3 \text{ months per case} \times \frac{2}{3} \text{ term of imprisonment} \div 12 \text{ months per year} = 0.0142 \text{ estimated prison bed.}$)

$(0.02 + 0.0142 = 0.037)$

Local Fiscal Impact

Based on the assumptions above, the impact is negligible.

(Sections 3, 4, and 8: $0.063 \text{ non-prison cases annually moved to SL 7} \times 77.4\% \text{ local confinement as condition of probation rate} \times 122 \text{ days per case} \times \frac{2}{3} \text{ term of imprisonment} \div 365 \text{ days per year} = 0.01 \text{ local beds.}$)

(Section 5: $0.0012 \text{ non-prison cases annually} \times 83.3\% \text{ local confinement as condition of probation rate} \times 146 \text{ days per case} \times \frac{2}{3} \text{ term of imprisonment} \div 365 \text{ days per year} = 0.0003 \text{ local beds.}$)

$(0.01 + 0.0003 = 0.0103)$

References/Sources

MSGC Monitoring Data, 2010 to 2024.

2024 Minn. Sentencing Guidelines and Commentary.

62-CR-13-7494 Monetary loss from probable cause statement: \$824,343.90.

62-CR-13-5753 Monetary loss from probable cause statement: \$557,333.15.

Ian Webster, "CPI Inflation Calculator: \$824,343.90 in 2013 to 2026" (retrieved April 14, 2026, at <https://www.in2013dollars.com/us/inflation/2013?amount=824343.90> and <https://www.in2013dollars.com/us/inflation/2013?amount=557333.15>).

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SF2689 - 6A - Medicaid Fraud Provis. & Criminal Penalties Mod.

Chief Author: **Ann Johnson Stewart**
 Committee: **Finance**
 Date Completed: **4/28/2026 1:59:51 PM**
 Agency: **Supreme Court**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Susan Nelson **Date:** 4/28/2026 1:37:51 PM
Phone: 651-296-6054 **Email:** susan.nelson@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

SF2689-6A (“the bill”) makes several changes to Minnesota law related to medical assistance fraud, including: repealing the current medical assistance fraud statute, Minn. Stat. § 609.466; creating a new criminal statute establishing criminal offenses related to medical assistance fraud, section 609.467; and making a variety of conforming changes across several statutory provisions.

Changes impacting the Attorney General: The bill modifies Minn. Stat. § 8.16 (Attorney General; Administrative Subpoenas) to allow subpoena of wage and employment records, insurance records related to claim settlement, and a variety of financial records and documentation of fraud that belong to the subject of an investigation conducted pursuant to the attorney general’s authority in Minn. Stat. § 256B.12. The bill modifies Minn. Stat. § 256B.12 to allow the attorney general or appropriate county attorney to prosecute offenses under the new medical assistance fraud statute, Minn. Stat. § 609.467, instead of the current statute, Minn. Stat. § 609.466. The bill also appropriates funds to the attorney general to combat medical assistance fraud under the new medical assistance fraud statute, Minn. Stat. § 609.467.

General Criminal Law Changes:

The bill’s new medical assistance fraud statute, Minn. Stat. § 609.467, establishes two new criminal offenses: (1) medical assistance fraud, which carries various felony penalties depending on the aggregate amount of the underlying fraud; and (2) failure to keep or maintain medical assistance records, which carries a gross misdemeanor penalty and occurs when a person knowingly and intentionally fails to maintain required records to support a submitted claim. The bill establishes that, for purposes of calculating the statute of limitations, these offenses are continuing offenses so long as any part of the scheme, conspiracy, or conduct comprising the violation occurred within the requisite timeframe.

The bill establishes a variety of conduct that constitutes medical assistance fraud, including: (1) while acting with intent to defraud, conducting activity related to a scheme or artifice to obtain any money or credits relating to payment of medical assistance funds by false representations; (2) while acting with intent to defraud, conducting activity related to a claim for reimbursement or related submissions while knowing or having reason to know that any part of the claim or submission is ineligible for payment or reimbursement; (3) while acting with intent to defraud, knowingly providing false information, or intentionally omitting material information, as part of various applications, agreements, or disclosures required of medical assistance providers; (4) exercising control over an entity receiving medical assistance funds while knowing or having reason to know that the actor has been suspended or is prohibited from enrolling as a provider; (5) knowingly and intelligently permitting another person to exercise control over an entity receiving medical assistance funds while knowing or having reason to know the other person is suspended or prohibited from enrolling as a provider; (6) falsely making or altering records relating to medical assistance services; (7) acting with intent to defraud in relation to claims for personal care assistant services while knowing or having reason to know that qualified services were not provided; and (8) intentionally destroying or attempting or conspiring to destroy specified records after receiving a lawful request for such records.

The bill authorizes courts to order restitution payments from persons convicted of the offenses in section 609.467. Restitution authorized under the bill includes not only direct losses stemming from the conviction, but also losses resulting

from similar conduct related to the offense if the related conduct occurred within the statute of limitations and proper notice is provided by the prosecution. The bill establishes preponderance of the evidence as the standard for courts to apply when issuing restitution orders regarding related similar conduct; the bill places the burden on the prosecution. The bill specifies that impacted defendants maintain the right to challenge restitution pursuant to Minn. Stat. § 611A.045, subd. 3.

The bill also modifies Minn. Stat. § 609.52 (Theft) to remove the current subd. 2(a)(3)(iii) which establishes theft specifically related to medical assistance, and modifies Minn. Stat. § 609.902, subd. 4 (definitions relevant to RICO offenses) to add the new medical assistance fraud statute, section 609.467, and certain theft offenses against any state agency to the definition of “criminal act” under the RICO statutes.

The bill amends Minn. Stat. § 628.26, the statute of limitations, to replace the current reference to section 609.466 with a reference to section 609.467 to apply the 6-year limit to the new statute.

Assumptions

It is assumed that criminal case filings will increase as a result of the bill because the bill expands the crime of medical assistance fraud; creates a new offense related to failing to maintain appropriate records; establishes additional tools for the attorney general to investigate and prosecute medical assistance fraud; and appropriates money to the attorney general to investigate and prosecute medical assistance fraud.

It is assumed that all cases that are currently charged under Minn. Stat. §§ 609.466 and 609.52, subd. 2(a)(3)(iii) will now be charged under the new statute, section 609.467, and that the increase in cases will correspond to a portion of the current filing rates under those statutes. While the potential increase in case filings is unknown, for purposes of this fiscal note, it is assumed that increased case filings will correspond to no more than 20% of current charging rates under Minn. Stat. §§ 609.466 and 609.52, subd. 2(a)(3)(iii). Based on judicial branch data used to estimate judge and staff time necessary to process criminal cases, it is assumed the bill will not require an additional judge or staff FTE.

It is assumed there may be more litigation regarding restitution because, in addition to direct losses stemming from the conviction, the bill allows restitution to be ordered for losses stemming from related, similar conduct that was not charged and did not result in a conviction. It is also assumed that some of those restitution issues will be resolved through negotiation between the parties. It is assumed that the standard restitution process will be followed including: the filing of restitution affidavits to describe, itemize, and justify the amount of the losses; the holding of hearings upon a proper challenge to restitution; and the issuance of restitution orders only when appropriately supported consistent with legal requirements. See Minn. Stat. §§ 611A.04 and 611A.045. It is assumed the judicial branch will absorb any increase in work specific to restitution issues.

Expenditure and/or Revenue Formula

Based on five years of judicial branch data (2021-2025) there were a total of ten charges filed alleging a violation of Minn. Stat. § 609.466, or an annual average of two criminal charges statewide, and 780 charges under Minn. Stat. § 609.52, subd. 2(a)(3)(iii), or an annual average of 156 charges statewide. Together there is an annual average of 158 charges filed statewide alleging violations of Minn. Stat. §§ 609.466 and 609.52, subd. 2(a)(3)(iii). ($2 + 156 = 158$)

If each charge represented a separate criminal case, a 20% increase in case filings would amount to an additional 32 cases annually statewide. ($158 * .2 = 31.6$) Based on judicial branch data used to estimate judge and staff time necessary to process various types of cases, an additional 32 criminal cases annually would not require an additional judge or staff person statewide. Even if filing rates doubled as a result of this bill, an additional 158 cases statewide per year would not require an additional judge or staff FTE.

This bill is not expected to have a significant fiscal impact on the judicial branch in that it will not require an additional judge or staff FTE.

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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