



S.F. No. 2689 – MA FRAUD (5th Engrossment)

Author: Senator Ann M. Johnson Stewart

Prepared by: Kenneth P. Backhus, Senate Counsel
(kenneth.backhus@mnsenate.gov)

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Section 1 expands the authority of the attorney general to issue subpoenas in ongoing legitimate law enforcement investigations to include the following when relating to suspected public benefit fraud: wage and employment records; insurance records related to claim settlement; and specified financial records.

Section 2 makes a conforming change related to **section 3**.

Section 3 adds a new crime of medical assistance fraud (the existing crime is repealed in **section 8**).

Subdivision 1 establishes that a person can commit medical assistance fraud by committing any of eight acts: (1) obtaining medical assistance funds through some sort of false representation made with the intent to defraud; (2) making a claim for reimbursement while knowing that any part of the claim is ineligible for reimbursement; (3) providing false information on an enrollment application, provider agreement, or ownership disclosure; (4) owning or operating an entity that receives medical assistance funds while being prohibited from enrolling as a provider; (5) knowingly allowing someone else to own or operate an entity that receives medical assistance funds while the other person is prohibited from enrolling as a provider; (6) falsely making or altering a record related to the delivery of medical assistance services; (7) submitting a claim for personal care assistance services, community first services and supports, or other related services, knowing that required supervision services were not provided; or (8) destroying records that are required to be retained under chapter 256B or 245A, or rules adopted pursuant to those chapters, after receiving a lawful request to produce them.

Subdivision 2 establishes penalties for a violation of subdivision 1. Provides that the maximum prison sentence for a violation is five years unless one of the greater penalties applies. Establishes that the maximum prison sentence is 10 years if the violation causes a loss of more than \$10,000 but not more than \$100,000, 20 years if

the violation causes a loss of more than \$100,000 but not more than \$1,000,000, and 30 years if the violation causes a loss in excess of \$1,000,000.

Subdivision 3 establishes a gross misdemeanor penalty if a person intentionally fails to maintain medical, health care, and financial records as required under chapter 256B or 245A, or rules adopted pursuant to those chapters.

Subdivision 4 establishes that a violation of subdivision 1 or 3 is a continuing offense for the purpose of calculating whether the statute of limitations has expired.

Subdivision 5 establishes that a violation may be prosecuted in any county where the offense occurred or any county where the entity that received a claim for payment is located.

Subdivision 6 authorizes a court to order restitution for similar acts that are related to the offense but were not charged. Allows an offender to challenge restitution and directs the court to make a determination based on a preponderance of the evidence. Establishes that the burden of proof is on the prosecutor.

Section 4 makes a conforming change related to **section 3**.

Section 5 amends the definition of “criminal act” in the statutes addressing racketeer influenced and corrupt organizations (RICO) violations to include medical assistance fraud under **section 3**.

Section 6 makes a conforming change related to **section 3**.

Section 7 appropriates \$1,230,000 in fiscal year 2027 to the attorney general to combat medical assistance fraud. The appropriation is ongoing.

Section 8 appropriates \$85,000 in fiscal year 2027 to the commissioner of human services for compliance with attorney general documentation requests and associated participation in legal proceedings.

Section 9 repeals the current crime of medical assistance fraud, which is being replaced in **section 3**.



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95 University Ave. W., STE 3300, Saint Paul, MN, 55155