

## Protecting public dollars in human services programs

### Overview

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Human services programs such as Medical Assistance, or Medicaid, improve the lives of Minnesota residents and help them lead healthy lives in communities across the state. Those who commit fraud prevent people from getting the high-quality services and supports they need, taint the work of providers who deliver excellent services, and undercut support for human services programs. Governor Tim Walz and Lieutenant Governor Peggy Flanagan are proposing a strong slate of legislative strategies to better prevent, detect, investigate and punish fraud. The proposals include strengthening investigation and enforcement authority and staff; using new technology to detect fraud; adding new oversight for autism programs; and tightening regulatory oversight.

### Proposals

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#### Establishing provisional licensing for autism services

Immediate action is needed to address program integrity for Early Intensive Developmental and Behavioral Intervention (EIDBI) programs serving children with autism spectrum disorder. Without licensing authority over these programs, the Department of Human Services has limited ability to identify issues proactively. Provisional licensing will give DHS the authority to investigate maltreatment allegations and protect the well-being of recipients while robust licensing standards are developed with community input. Other measures will shorten the Medicaid revalidation cycle from five years to three years; and tighten background study requirements.

#### Detecting, preventing and addressing fraud, waste and abuse

The Governor recommends strengthening anti-fraud efforts through improved oversight, more staff and new initiatives. The strategies will help DHS evolve to protect taxpayer dollars as fraud schemes become more sophisticated. New funding will allow DHS to contract for pre-payment review of some claims, holding payment until claims are verified. Another proposal clarifies recovery practices from surety bond companies, which protect the state from financial loss due to fraud, waste and abuse due to provider non-compliance. Expanding authority in licensing, payment withholds and data sharing will remove barriers to expedited action across state agencies. For example, DHS could withhold payment when a license is revoked or suspended by any state or federal agency. Clarifying midpoint billing for substance use disorder services will also address duplicative billing.

## **Using Artificial Intelligence to detect and prevent fraud**

Investments in Artificial Intelligence, Machine Learning and improved case management will help detect and prevent increasingly sophisticated Medicaid fraud schemes by malicious actors. Opportunities include analyzing data to uncover systemic risks; detecting patterns, assigning risk scores and flagging high-risk cases; and streamlining investigations and collaboration between auditors and investigators. This proposed pilot – in partnership with Minnesota Information Technology Services (MNIT) – could be adapted to other programs across state agencies in the future.

## **Preventing people suspected of fraud from working in human services programs**

New authority will allow the state to prohibit individuals under active investigation for fraud from holding any position involving ownership, management, control or billing activities in more than 60 types of human services programs. Currently, disqualification is limited to individuals with certain criminal or maltreatment histories in programs serving children and vulnerable adults. Many of these programs receive Medicaid or Child Care Assistance Program funding.

## **Prohibiting kickbacks in public programs**

This policy will make it illegal to financially incentivize clients or others to participate in fraud. This aligns with current federal anti-kickback laws for Medicaid. The Attorney General's Office would have new authority to pursue criminal charges when kickbacks are discovered.

## **Tightening billing regulations for substance use disorder treatment**

Billing for Medicaid-covered substance use disorder treatment will change to 15-minute increments instead of hourly increments. Reducing the length of billing units supports the needs of patients and ensures accurate billing. To align with national standards and better reflect services being provided, two billing codes for individual and group services will be split into six categories.

## **Bolstering oversight of recovery residences and sober homes**

The lack of oversight and continued growth of recovery residences raises concerns about resident rights and billing practices. While the 2023 Legislature enacted some requirements for recovery residences, no authority was designated to enforce those standards. The proposal establishes a certification process for recovery residences, an important step toward providing greater protection for residents and targeting this rapidly growing sector. The state will phase out the free-standing room and board model and replace it with housing support funding for certified recovery residences, with interim and long-term steps to ensure that people in recovery continue to have access to housing.

## **Strengthening Housing Stabilization Services**

More information, support and training for Housing Stabilization Services providers will help them deliver better-quality services and reduce billing errors. The proposal also includes additional capacity to process applications and reduce wait times for services.

## **For More Information**

[EIDBI Provisional Licensure and Program Integrity](#)  
[Detecting, Preventing, and Addressing Fraud, Waste, and Abuse in Human Services](#)  
[Program Integrity Investigative Analytics Infrastructure](#)  
[New Background Studies Disqualifications to Address Fraud, Waste, and Abuse in Human Services](#)  
[Substance Use Disorder Treatment Service Changes](#)  
[Improving Supportive Recovery Housing Options](#)  
[Strengthening Housing Stabilization Services](#)  
[Governor's Budget Recommendations for Human Services](#)