

April6, 2026

To: Simon Brown and the members of the Human Services Finance and Policy Committee

From: Jill Gardner Family Residential Services Provider

Jill Gardner

17618 229<sup>th</sup> Ave Nw

Big Lake MN 55309

Subject: Family Residential Services, Tiered rate cut another 25%, Pay for only 351 days instead of 365, Limit to inflationary cost to 2%

Hello, I first want to thank you for your time. My name is Jill Gardner. I am a 245D licensed Family Residential Services provider. I opened my home in 2009. I am licensed for 3 people, who have lived with me for 10, 14, and 15 years. Though they are not related to me in any way, they are like family to myself and my family. Their ages are 65, 76, and 80. They also do not work or go to day centers or have supportive families who take them anywhere. They are with me 365/24/7. Not 351 days, it is 365 days. I do need to have support staff to maintain 245D compliance. So, this math does not math! My income will be depleted by 68% with the snap of a finger. The bottom line is , I will not be able to afford any staff or be able to maintain the standards I am obligated to fulfill. I will have to close my home and my clients will have to move. They are supposed to have choices on where the get to live, now they will be forced to move to a strange place without the supports they receive currently at a home they know, trust and love.

I believe no one realizes these cuts to FRS homes will in reality increase costs for Minnesota. People will be displaced from their homes, only to be sent to more expensive alternatives, such as Hospitals, nursing homes, and other institutional facilities. This will only bring chaos, sadness, confusion and higher expenses.

Thank you for your time

Sincerely,

Jill Gardner



April 3, 2026

Chair Schomacker, Chair Noor, and Members of the Human Services Committee:

On behalf of ARRM and our over 200 providers of waiver services to individuals with disabilities, thank you for the opportunity to comment on the Governor's proposed Human Services Supplemental budget.

During the 2025 legislative session, this committee was faced with the impossible task of cutting \$1 billion in spending. As a result, over the next four years, services that support people with disabilities through one of the four disability waivers will see spending reductions of nearly \$1 billion. These cuts will have a profound impact on the services that people with disabilities can access, the wages of already underpaid Direct Support Professionals, and the overall sustainability of disability services and supports going forward.

As providers begin to plan for cuts and work with their staff, families, and individuals who access services on what future services look like, it is incredibly disheartening to see an additional \$400 million in cuts being proposed by Governor Walz's administration.

As the committee learns about and considers the proposals being brought forward, it is important to keep in mind that these cuts will impact access to services. These cuts will impact the pay for already low-paid workers, and these cuts will result in programs closing and services ending.

While there are many pieces to the proposed supplemental budget that ARRM opposes, below are a few that we want to highlight:

- **351 Day Billing Cap for Residential Services:** This proposal was brought forward by the administration during the 2025 legislative session and rejected by the legislature. Proponents of capping billable days at 351 point to a DWRS component value called an Absence and Utilization factor as justification. The absence piece accounts for the time individuals may be away from their home on vacation or long-term hospital stays, with the utilization piece accounting for beds that are open temporarily in a program. The Absence and Utilization factor is not specific to an individual; instead, it is an average for all individuals and tied to program expenses, not individual support. Capping billable days, in essence, eliminates a provider's ability to be made whole when there are open beds or extended absences within the program and results in a cut to reimbursement rates.
- **2% Annual Cap on Disability Waiver Rate Adjustments:** 98% of waiver service provider funding comes from Medicaid reimbursement rates that are determined through the Disability Waiver Rate System. Last year's budget changed rate setting by putting in an annual rate cap at 4% and changing to a different inflationary adjustment measure.



By proposing to lower the cap even further, the administration is keeping already underpaid Direct Support Professional wages low and drastically limiting the ability for rates to reflect current economic conditions to support providers in keeping up with the rising cost of inflation.

- **Moving the Awake Overnight Direct Care Wage to Minimum Wage:** Currently, in a Community Residential Setting, an individual can receive asleep overnight or awake overnight support. Individuals need to qualify to access awake overnight support. The asleep overnight rate is tied to the state minimum wage; the proposal to make these two services one wage would change the wage for staff who are awake and providing care overnight to a minimum wage service. The time of day that care is being provided should not matter; if you are awake and providing direct care, you should be compensated appropriately for that critical, life-saving care.
- **Eliminating Remote Supports:** Minnesota has long been a leader in the advancement of assistive technology and remote support for individuals with disabilities. Long before the COVID-19 pandemic forced us to consider how service needs could be met remotely, we were moving forward with initiatives that supported greater access to assistive technology as a way to promote independence and reduce reliance on staff. Taking away the ability for individuals to access supports remotely or utilize assistive technology overnight in a CRS takes the state backwards, especially because Minnesota is a Technology First state. This proposal by the administration is in direct opposition to the Technology First philosophy and will amplify staffing shortages, remove independence for individuals, and take away choice for how people want to receive their services.
- **Community Residential Setting Acuity-Based Limits:** Community Residential Settings are required to have a 24-hour plan of care for every individual who lives in the home. Putting hourly caps for certain individuals does not make sense in the way services are provided and will result in the closure of many CRS homes. While we are still trying to understand the details of this proposal, the number one question is this: how can you operate a home that provides 24-hour support while only getting reimbursed for a portion of those hours? Simply put, providers will not be able to continue to support these individuals.
- **Reversal of the 25% adjustment to Family Residential Rate Tiers:** Family Residential Services are a critical part of the service spectrum available to individuals on a disability waiver. Rates that were previously determined through the Disability Waiver Rate System have moved to a flat, tiered rate system, resulting in drastic rate cuts. During the 2025 legislative session, the legislature recognized the unsustainability of these rate tiers and passed legislation to increase those tiers by 25% to preserve these critical services. The administration's proposal to reverse that funding that was passed last session will further harm these important services, likely force many providers out of business, and shift the service needs of these individuals to more expensive options.
- **Integrated Community Supports (ICS) Service Changes:** Program integrity in all services is a top priority for ARRM, and we appreciate the thoughtful approach that the legislature has taken this session when it comes to proposed service changes. As we look at the ICS service specifically, we encourage that same thoughtful approach to

avoid the unintended consequence of individuals losing access to the service they chose. Communication with individuals who receive the ICS service, as well as service providers, is a key part of ensuring that we are designing a service that has strong program integrity measures and is still able to meet each person's unique needs.

- **Reducing Disability Grants:** The large and small Innovation Grants that are being proposed to be eliminated have served as a valuable mechanism for advancing innovative ideas, including the expanded application of technology. Removing access to this dedicated funding would take away critical resources that support new ideas, further education, and innovation in disability services.
- **DWRS Staffing Billing Requirements:** We understand the concerns that this proposal is looking to address. However, there are natural ebbs and flows in staffing, and we want to ensure that any proposal accounts for them. With that in mind, we are looking for further details on a few specific questions:
  - What is the timeframe that providers need to meet the 90% planned staffing level threshold?
  - Is the reduction of the billing rate temporary, until additional staff can be hired?
  - What is the proposed monitoring process to ensure compliance?

We urge the committee to reject the proposals being brought forward by the administration that would cut even more funding from disability waiver services. Slashing funding and bringing forward initiatives that have not been shared, discussed, or collaborated on with the provider community is not a way to ensure that individuals with disabilities have choice and access to the services they need from day to day.

We want to thank this committee for its commitment to people with disabilities and look forward to working with you during the remainder of the session.

Sara Grafstrom  
Senior Director of State and Federal Policy, ARRM



(651) 291-1086



info@arrm.org



www.arrm.org



860 Blue Gentian Road, Suite 190  
Eagan, MN 55121

Dear State Represenative  
I am writing to you because I don't  
to leave my home I like my home  
because it safe and clean and  
I feel loved and safe I like the  
people I live with they make me  
feel loved please support those  
#LE 4288 and #4310 please help us  
keep our home thank you for  
doing this for me

from Debra Gordon

§ by Emma Cordova

This home means alot to me

Because this home makes me safe.

in the past. I Realy didn't feel safe.

in the past Because I ~~was~~ didn't

have a mom or Dad to talk to about  
any thing ~~but~~ Now I do. And we do

Alot of fun stuff. And we do alot

of family stuff. I've never use to

Be this happy in my intire life.

this ~~was~~ family setting is the best I

ever had. Please Support HP 4288

and SF 4310 ~~Please don't~~ I don't

want to lose my home.

Dear Human Services Finance and Policy Committee Members

My Name is Judyann Fridgen; I am a family residential provider. I love my job and want to keep my program open. I am asking you not to support the governor's budget proposal. Already, family residential homes have closed, and more continue with the flat rates. Additional cuts will most definitely close even more homes.

Please understand there is a human cost to all of this. When family residential homes close people will be forced to find new homes. Most likely they will not find homes in the same area. The people supported will lose what they view as their home, their family, their neighbors, their friends, their jobs, their healthcare teams. You and I wouldn't be able to handle this stress. Why should we be putting our most vulnerable in a position like this? Please understand this will cause a mental health crisis nobody is prepared for. This will cost the state far more than realized both with more expensive homes and dealing with the mental health needs required.

Additionally, I do not agree with the proposal to include limiting billing for residential services for 351 days and changing the absence and utilization factor. We cannot operate our programs without being paid. These are 365-day programs. There are costs to every single day.

Please do not support limiting inflationary adjustment to two percent per year for disability waiver rate system and the value-based reimbursement system for nursing homes. This limits the growth of escalating costs in disability waivers and nursing homes. These programs are essential and should be valued as such.

Thank you for your time and consideration

Judyann Fridgen

4/6/2026

Dear House Members,

My name is Julie Eittreim and I have been doing Family Residential Services, formerly called Family Foster Care, since 2015. I left my job, as a Wright County Social Worker, to do adult foster care and provide individuals with person centered care and an option to live in a family setting versus a group home. **I will have to close my doors this year if the Tiered Flat Rate is not reversed, this will be an additional 3 beds lost in Wright County. The State has already lost 244 Family Residential Beds since September 2025 due to the Tiered Flat Rate cuts,** that were proposed and now have become reality.

The Flat Tiered Rate does not allow for person centered care which includes 1 to 1 staffing which is critical in my home. I have two women who due to mental health and high behaviors require 1:1. If I lose my staff, which I most certainly will with a Tiered Flat Rate, as I will not be able to afford to pay them on less than minimum wage.

On top of the Tiered Flat Rate Governor Walz wants to cut rates for Family Residential Providers by another 25% and does not want to pay us for the 365 days of care we provide. Governor Walz only wants to pay us for 351 days!

The big question I have is WHY are Family Residential Service Providers being targeted for rate cuts? The cuts to Family Residential Services will not be a cost savings but a cost shift. Corporate Group Homes or Community Residential Services as they are now called will cost significantly more and institutional settings like nursing homes will cost significantly more than a Family Residential Setting. I am aware that MARSH MN submitted a cost comparison study to the Health and Human Services Committee which verifies the increased cost to the state.

If the Flat Rate Structure combined with the new MNCHOICES 2.0 assessment tool are not reversed and amended, Family Residential Service Providers will be severely underfunded and will not be able to serve individuals with high medical, behavioral, or supervision needs. Critical Services will be excluded; there will be no funding for intensive services including 1:1 or 2:1 staffing, awake overnights, nursing-level or care, or extraordinary care exceptions. Family Service Providers will not be able to maintain 245D.07 safety standards under these rates. The MnChoices2.0 tool ignores and omits behavioral and medical factors.

The Tiered Flat Rate will create funding crisis which in turn will move our individuals out of 'least-restrictive' Family Residential Services into more restrictive and more costly settings like Community Residential Settings (corporate group homes) or nursing homes. Families, if the individuals are fortunate enough to have one, will have to scramble to find alternate housing when Family Residential Service Providers have to close their doors.

Family Residential Providers and the individuals we serve need your support in voting against the Governor's budget proposal. According to the Olmsted Act individuals are allowed the right to live in the least restrictive setting possible. If the current budget proposal is passed, approved the individuals we serve will lose their ability to choose where to live and will lose their right to live in the least restrictive setting.

Thank you for your time

Julie Eittreim

Eittreim Family Foster Care

1700 Whitetail Run

Buffalo MN 55313

612-388-3942

Hello,

I'm writing to express my concern about the Governor's proposal to reduce Intensive Residential Treatment Services (IRTS) from 90 days to 30 days. This change puts high-acuity individuals at risk. Many people leaving inpatient hospitalization are still stabilizing at 30 days and remain highly vulnerable to readmission. Shortening the length of stay: Disrupts recovery just as progress begins; Adds unnecessary administrative burden through frequent reauthorizations; Risks increasing costs due to avoidable hospital readmissions. IRTS already includes rigorous documentation and assessment to ensure medical necessity. This change does not improve care—it undermines it.

As a Targeted Case Manager who has worked with several clients who have utilized this service, I've seen remarkable levels of improvement between 30 and 90 days of their stay. It takes time to connect individuals with the services and supports they need to stay safe in the community. If they're also unhoused, which is sometimes the case, there are even greater barriers to connecting with these resources if they're discharged before supports are in place.

Thank you,

**Joe Asleson, LSW**

Case Manager | Case Management

*Pronouns: He/Him/His*

**Direct:** [612-386-4819](tel:612-386-4819) | **Main:** [612-874-6409](tel:612-874-6409) | **Fax:** [612-874-0157](tel:612-874-0157)



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2312 Snelling Avenue, Minneapolis, MN 55404

[touchstonemh.org](http://touchstonemh.org) |   

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Date: 04/06/2026

**Subject: Do Not** Support Governor's Budget Proposal – Protect Family Residential Services Homes

Dear House Representative's,

My name is James Falk and I am a Family Residential Services (FRS) provider in Moorhead, Minnesota. My home currently supports two individuals with disabilities.

I want to thank you for reading this letter and hoping you will not pass the new budget proposal.

I entered this field after leaving a career of more than thirty years because a person who had been living in a family residential home within our extended family network needed continued stability. When that provider retired, we worked intentionally to ensure the individual could remain within a familiar support system instead of experiencing another disruptive placement. This continuity of care is one of the unique strengths of Family Residential Services.

The proposed flat tier rate structure places homes like mine at serious financial risk. I have already been forced to accept a second resident simply to plan for the financial survival of the home. This decision was not driven by the individuals' needs but by the uncertainty created by the proposed funding change. If it gets cut another 25% there is no way that I will be able to keep the clients, I have. Instead of saving money you will be paying more because they will be going into a corporate residential services. Then you will be paying at least 3 times the amount more.

FRS homes provide consistent, family-style environments for individuals who often struggle in larger settings with rotating staff. If many FRS homes close due to this change, individuals will likely be pushed into higher-cost settings that may not meet their needs.

I respectfully ask that you do not support the Governor's budget proposal and return FRS providers to the DWRS framework so that homes like mine can continue providing stable care for vulnerable Minnesotans.

Thank you for your time and for your work on behalf of individuals with disabilities.

Sincerely,  
James L. Falk  
Moorhead, Minnesota  
402-350-6954  
falk220@gmail.com

My name is Juanita Vaughn, and along with my husband Rick, I operate the Vaughn Family Home, a licensed Family Residential Services provider in Monticello, Minnesota. For more than 30 years, we have opened our home to individuals with disabilities, providing 24-hour care in a family setting.

Today, we support an individual who cannot live independently due to significant cognitive limitations. He relies on us for constant supervision and assistance with daily living, safety, and decision-making. Without this level of care, he would not be able to safely function on his own. What makes family residential care different is the level of personal attention we provide. In our home, care is not shift-based or institutional—it is consistent, relationship-driven, and tailored to one individual. Over the years, we have supported people with very high medical and behavioral needs, and in some cases helped them gain enough independence to move into the community. Even when that is not possible, we work every day to give the people in our care as much independence, dignity, and stability as they can achieve.

I am writing to ask for your support of SF 4310, which would restore the framework rate methodology under the Disability Waiver Rate System (DWRS).

The framework rate system is essential because it reflects the actual needs of the individual. It accounts for staffing levels, supervision requirements, and the complexity of care. The current flat tiered rate system does not. It treats providers caring for individuals with vastly different needs as if they require the same level of support.

Under the current system, our funding would be reduced by 65.4%. That kind of reduction makes it impossible for us to continue providing the level of care our resident depends on.

This is not just about our home. Statewide, it is estimated that nearly 70% of Family Residential Services providers could be forced to close under the tiered rate system. That would displace approximately 3,300 vulnerable individuals, many of whom have nowhere else to go. Minnesota does not have the capacity to absorb these individuals into institutional settings, and forcing such moves would undermine their stability and well-being and removing their choice of where they want to live.

Restoring the framework rate through SF 4310 is not new spending—it is a return to a system that worked. It ensures funding follows the needs of the individual, which is both practical and responsible.

We ask you to support SF 4310 and help preserve the homes and care that so many individuals depend on.

Thank you for your time and for your service to our community.

Sincerely,

Juanita and Rick Vaughn  
Vaughn Family Home

Dear Sir,

**I am a family foster care provider and have had developmentally disabled women in my home for 24 years.**

**As of May 1, my pay will be cut between 50 and 60%.**

**Now with this new bill, I stand to have further cuts to my pay.**

**I am respectfully begging that you read this and deeply consider the impacts these cuts are going to have. Many foster homes who provide loving family care will have to close.**

**Please do not pass the Governor's budget proposal to cut FRS another 25%, to pay all waiver providers for 365 days not only 351, and to not approve an only 2% inflationary rate for any waiver provider. I welcome a phone call and thank you for your consideration.**

**Julie Balmer  
Balmer Adult Foster Care**

I can't believe that anyone with a heart feels it's ok to make such dramatic cuts to us. We now as of 2026 have to pay an additional \$2,100 in June for our license and 2,100 in December. I am losing almost 50% of my wages. Then you're saying we can't bill for 14 days because our residents go home that much during the year. I have 3 disabled adults. My first one never stays overnight with anyone but me. My second client goes home for holidays and my 3rd client his mom and dad live over half the year in Texas. He goes to their camper a couple days in the summer. I am going to have to make drastic cuts and my guys don't understand why all they see is what we don't get to do anymore. I am not looking at getting rich. I opened my Foster Home to help these guys with everything. Appointments, getting to work, going on outings and living the best life they can. Please please reconsider who this is hurting.

KariKelsey Patton

April 7, 2026

Members of the House Human Services Committee,

My name is Lori Schluttenhofer and I work at Opportunity Partners, Inc. - an organization that provides support services to people with disabilities. I also serve on the Board of Directors of MOHR, a statewide association of over 100 non profit organizations providing employment and day support services to Minnesotans with disabilities.

**Thank you for the opportunity to submit testimony on behalf of MOHR regarding the Governor's recently released budget proposal, which includes extremely disappointing proposed state funding reductions for waiver-funded disability employment and day support services.**

The first proposal that will have a significant negative impact on access to these disability services is found on the middle of page 8 of the [2026 DHS Governor's Budget Summary document](#) posted to the committee webpage. This proposal would reduce the absence and utilization factor for day services from 9.4% to 3.9% within the Disability Waiver Rate System (DWRS). The Absence and Utilization Factor in the DWRS helps offset fixed program costs when participants have unplanned absences. Reducing this factor would significantly jeopardize access to life changing Day Support Services—especially for programs serving people with the most complex health and disability needs. Their complex needs often come with more frequent absences. I would like to note that in 2024, my organization experienced an 11% rate of absence from day services, which include prevocational work skill training, community engagement, communication and sensory supports, and life enrichment programs. What this translates to is a roughly 5% reduction in state reimbursement rates for the day support services provided to Minnesotans with disabilities.

The second proposal with a significant negative impact, found on the bottom of page 8 of the summary document, proposes to cap scheduled economic adjustments to the reimbursement rates for all services under the Disability Waiver Rate System at two percent per year. Under current law, rates within the Disability Waiver Rate System are adjusted every other year based on federal economic data published almost two years prior to the adjustments. Capping these adjustments will further exacerbate the already existing gap between the cost of providing these services and their reimbursement rates.

**State reimbursement rates for our services go primarily to staff wages. Funding reductions like those proposed in the Governor's budget will further perpetuate the already too-low wages we are able to offer to our staff, which in turn will make it harder for people across Minnesota with significant disabilities to access the supports they need to gain new skills and increase their independence.**

We also have strong concerns regarding a third proposal, found on the bottom of page 3 of the summary document, applying Electronic Visit Verification (EVV) requirements to Waiver Transportation. This proposal disregards the fundamental mismatch between the structure of the Waiver Transportation service and the design of EVV. Waiver Transportation is authorized and delivered as discrete trips (i.e., an event), not time-based units, and relies on shared rides, flexible routing, coordination activities, and real-time adjustments that do not align with EVV's clock-in/clock-out requirements. There is no practical way to implement EVV without requiring providers to generate artificial or inaccurate data, placing them at imminent risk of non-compliance. Faced with these constraints, providers would certainly be forced to scale back or discontinue transportation services altogether, directly & catastrophically limiting access to employment, day services, and community-based supports. Importantly, Waiver Transportation

already contains strong program integrity safeguards, including documented trips tied to authorized services and destinations, attendance verification, and transparency in shared rides.

We know that our state's policymakers face important questions about how to meet the critical needs of our state within the confines of the revenues available and how to implement meaningful additional program integrity measures. We hope the Governor and legislature will see our community members with disabilities and their support staff as a priority in that work. At this time of significant workforce shortages, waiting lists for services, and repercussions from last session's nearly \$1 billion in reductions to waiver-funded disability services, these proposals from the Governor further exacerbate the very real gap between reimbursement rates and the cost of providing services.

Our state must take steps forward – not backwards as these proposals do - on efforts to address the disability services workforce shortage to better support Minnesotans with disabilities to live full and meaningful lives. Thank you for your attention to these issues, and we stand ready to partner in this important work.

Lori Schluttenhofer, Opportunity Partners, MOHR, [lschluttenhofer@opportunities.org](mailto:lschluttenhofer@opportunities.org)

Dear Human Services Committee

I am asking that you support SF 4310, corresponding bill HF 4288. My son was in a corporate group home and did not do well in there. He currently is living in a Family Residential Setting and does not want to give up his home. This is important to him. It is hard to understand why just because he lives in a family residential setting his home is jeopardized due to funding but it wouldn't be in a corporate home.

I believe my son has the right to live where he chooses to live. Please support this bill.

Sincerely



Le Larson

4120 ct Rd 1 SW

Kensington MN 56343



To: Chairs Noor and Schomacker; Committee members of the Human Services Finance and Policy Committee

From: Brian Zirbes, MARRCH Executive Director

Subject: Public Testimony on the [DHS 2026 Supplemental Budget](#)

Date: April 6, 2026

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MARRCH, the statewide trade association for Substance Use Disorder (SUD) programs and professionals, represents thousands of dedicated individuals and organizations committed to providing life-saving care to Minnesotans. Through education, training, advocacy, and public policy engagement, we support the critical work of our members and the countless lives they touch each year.

There are three proposals in the Governor's Supplemental budget that we would like to draw attention to.

Transforming the Human Services System (OP-50):

This proposal contemplates shifting some eligibility functions from the county to the State. Does the State have the capacity to effectively complete this transition along with all the other current pressures on DHS? One of the proposals passed during the 2025 special session aimed to limit Behavioral Health Fund eligibility from 12 months to 2 months, and transition enrollment from the counties to DHS by July 2026. This is an ambitious timeline for a vital function for people accessing SUD services that are not enrolled in Medical Assistance or any other insurance plan. What is the status of this proposal meeting its intended deadline this summer?

There are two parts in the Billing and Payment Oversight for Disability, Older Adult, and Behavioral Health Services (AD-68) proposal we would like addressed.

Electronic Visit Verification (EVV):

We support and encourage this committee's effort to improve program integrity and oversight. We want to ensure that potential changes have the right intended effect on

enhancing oversight without undue burden. Peer Recovery Support Services (PRS) is one of the 14 high risk services. In 245G (substance use disorder) residential and non-residential programs, PRS is an additional treatment service that they can provide or arrange for. Withdrawal Management (245F) programs are residential programs and they must offer Peer Recovery Support Services, as a part of stabilization services. Recovery Community Organizations (RCOs) are also vendors of PRS.

For RCOs, 245G, and 245F programs, bringing on EVV would be a new concept and requirement for them. Our members are quickly familiarizing themselves with the requirements, what it would take to implement and integrate this into their businesses. The findings from the recent [Outpatient Rate Study](#) indicated that PRS reimbursement rates need to be increased 89% to match the cost of delivering the service. As this committee contemplates adding additional regulations to vendors of this service, we ask that you also consider addressing the reimbursement rate to get it more in line with the cost of delivering the service.

Limit Electronic Visit Verification to:

- Only the high-risk service Peer Recovery Support, provided by an eligible vendor. Not all services provided by 245G (Substance Use Disorder) or 245F (Withdrawal Management)
- Only require EVV for services that occur in the community, outside of a licensed location.
  - Residential programs are paid a per diem. A program gets paid the same rate if they provide 15 minutes or 2 hours of PRS.

Limits on SUD services:

During the public comment period, MARRCH [submitted a letter](#) raising concerns that, *'We need a clear definition of the difference between psychotherapy and psychoeducation that persons with somewhat different backgrounds, who are without inter-rater reliability training, can apply consistently with each other in diverse situations that occur within SUD programs.'* Before limits can be placed on psychoeducation, there needs to be clarity on what the difference is between psychotherapy and psychoeducation. Additionally, what is the rationale for limiting psychoeducation to 2 hours a day or 6 hours a week?

Earlier Effective Date for Improving Supportive Housing Options (BH-53):

Proposes to move Recovery Residence certification up a year and eliminate Free Standing Room and Board by December 2026 instead of July 2027. Given the already noted pressures on DHS, is it feasible to implement these proposals in less time? We caution

removing stable housing sources before a certification and payment mechanism can be implemented and running smoothly.

We appreciate the efforts of DHS and other state agencies in developing and updating the programs and services that affect Substance Use Disorder treatment and recovery services. We look forward to working with bill authors on language to achieve the intended outcomes without creating adverse consequences for providers.

Thank you for your time and consideration. We stand ready to assist and provide any further information to support these critical changes.

Governor Walz, House of Representatives,

My name is Becky Bosl, Cedar Hills Foster Care, 19605 150<sup>th</sup> Street, Sauk Centre, MN 56378. I have been a 245D licensed Family Residential Service Provider since 2016.

I strongly **OPPOSE** the Governor's Budget Proposal.

This budget proposal will inevitably cost the State of Minnesota more money long term. These significant cuts will force Family Residential Service homes to close, resulting in thousands of individuals being moved (against their will) to higher cost settings. Family Residential Services have always been an affordable care option. Cutting us out of the sector will have significant financial impact.

Family Residential Services have already seen significant cuts with the 2023 legislation moving us to a tiered rate structure. Our resident is already expecting a 41.5% decrease in funding. The new proposal will be a 53.5% decrease in funding. Many homes will face more drastic cuts than that. These cuts are unsustainable for the majority of our Family Residential Homes. An additional 25% decrease on the tiered rates will ultimately lead to most family homes closing their doors, leaving our vulnerable adults without a home, reducing statewide capacity, and shifting to more costly and restrictive settings.

The governor's proposal to reduce our billable days to 351 is outrageous. Expecting the providers who never get a break, their clients do not have families to go home to, to now have to provide 14 days of services for free is ridiculous. Providers do not bill for the days our residents are away from the program. This only punishes those who have residents that don't have families to go home to. If any other business expected their employees to work 14 days for free, it would be horrifying. This is completely unacceptable. Would you be okay with two weeks of unpaid work? No other entity that I am aware of can legally get away with this. How is this legal or justified?

Inflationary adjustments should also be based on the ever-changing costs of living. Capping the inflationary increases at 2% will have lasting impacts. The cost of living changes within our programs too. We provide food, housing, supplies, transportation, utilities, etc. These expenses fluctuate for residential services just the same as they do everywhere else.

I do have a question I would like you all to consider. Why is it that Family Residential Services are being targeted for cuts SIGNIFICANTLY more than the other waived service providers? Why is it that people with disabilities receiving these services will be drastically underfunded for choosing to live in a family setting? Our Family Residential Services are 245D licensed homes. We follow the same statutes, guidelines, and expectations as other settings (like our Corporate Group Homes). Family residential services offer a unique opportunity for people to live in a family home, receive person-centered support and consistency in staffing, all while receiving exceptional, professional, and highly trained supportive services.

Please consider the long-term impacts of cutting our waived service programs even more than we have already been cut. Homes WILL close. There is no plan in place to support our thousands of individuals who will be impacted. The increased cost of alternative settings is significant. My client's funding will cost our taxpayers 26.5% MORE on the current tiered rate and 63.2% MORE than the proposed rate if she is forced to move into a Community Residential Service setting. This budget proposal will not be a cost savings. In fact, it will shift waived services to higher cost settings.

Please support Minnesotans with disabilities, consistency and continuity of care in the least restrictive settings, and waived service providers.

Thank you for reading and considering my opposition to the Governor's Budget Proposal.

*Becky Bosl*

*Cedar Hills Foster Care*

*19605 150th Street*

*Sauk Centre, MN 56378*

*Phone: (320) 493-9500 or (320) 352-3453*

*Fax: (320) 352-3453*

*[beckybosl123@gmail.com](mailto:beckybosl123@gmail.com)*



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Protecting Person-Centered Care. Ensuring Federal Compliance.

## **FEDERAL COMPLIANCE RISK BRIEF**

### Proposed Flat Rate & Elimination of Rate Exceptions for Family Residential Services (FRS)

#### **Executive Summary**

The proposed transition of Family Residential Services (FRS) into a flat, tiered rate structure eliminates individualized rate exceptions for 1:1 staffing, 2:1 supports, awake overnight supervision, and nursing oversight.

This structural change places Minnesota at significant risk of violating federal Medicaid Home and Community-Based Services (HCBS) requirements under 42 C.F.R. § 441.301 and Section 1915(c) waiver assurances.

If reimbursement does not reflect assessed need, providers cannot legally implement person-centered service plans. This creates federal compliance exposure.

#### **Federal Requirements**

- 42 C.F.R. § 441.301(c)(1): Services must be delivered in accordance with a person-centered plan reflecting assessed needs and ensuring health and welfare.
- 42 C.F.R. § 441.301(c)(4): Services must be individualized and delivered in settings supporting autonomy and community integration.
- Section 1915(c) Waiver Assurances: States must ensure services are delivered as authorized and payment methodologies are sufficient to maintain access and safety.

#### **Structural Issue: Removal of Rate Exceptions**

Under current structure, rate exceptions allow adjustments when individuals require:

- 1:1 staffing due to behavioral or medical necessity
- 2:1 crisis stabilization supports
- Awake overnight supervision
- Enhanced nursing or medical oversight
- Complex safety interventions

The proposed flat rate eliminates these mechanisms entirely.

#### **Why Rate Exceptions Are Necessary**

- Align funding with MnCHOICES-assessed need
- Prevent institutional placement
- Maintain required staffing ratios
- Protect health and welfare
- Sustain workforce capacity for high-acuity individuals

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Without rate exceptions, individuals with complex needs are funded identically to those with minimal needs. Providers are left with unfunded mandates, making compliance with authorized service plans financially impossible.

### **Resulting Federal Compliance Risk**

- Inability to implement person-centered plans as authorized.
- Break in the link between assessment and reimbursement.
- Increased risk of CMS corrective action or waiver findings.
- Exposure of Federal Financial Participation (FFP).
- Potential service disruption for vulnerable adults.

### **Immediate Legislative Action Requested**

We respectfully urge legislators to contact:

- John Connolly  
Minnesota State Medicaid Director  
Minnesota Department of Human Services

Request clarification on how elimination of rate exceptions complies with 42 C.F.R. § 441.301 and how Minnesota will maintain federal waiver assurances if funding does not match assessed need.

### **Conclusion**

This proposal removes the structural mechanisms that allow Minnesota to meet federal HCBS requirements. A flat rate without individualized exceptions creates systemic compliance risk.

Returning FRS to the Disability Waiver Rate System (DWRS) preserves individualized funding, supports workforce sustainability, and protects federal compliance.

Minnesota must ensure its rate methodology allows providers to deliver services exactly as authorized in person-centered plans.

## Adult Foster Care Licenses by Capacity - September 2024

**Total Active AFC Licenses: 1,162**

**Total Available Beds: 2,778 Beds**

<b>Licensed Capacity of AFC Residence</b>	<b>Number of Residences</b>	<b>Percentage of all AFC Residences</b>	<b>Total Number of Beds</b>
1	344	29.6%	344
2	348	29.9%	696
3	190	16.4%	570
4	232	20.0%	928
5	48	4.1%	240

*Information drawn from DHS Licensing Information Lookup at <https://licensinglookup.dhs.state.mn.us/>*

## Adult Foster Care Licenses by Capacity - March 2025

**Total Active AFC Licenses: 1,137**

**Total Available Beds: 2,659 Beds**

<b>Licensed Capacity of AFC Residence</b>	<b>Number of Residences</b>	<b>Percentage of all AFC Residences</b>	<b>Total Number of Beds</b>
1	356	31.3%	356
2	340	29.9%	680
3	182	16.0%	546
4	213	18.7%	852
5	45	4.0%	225

*Information drawn from DHS Licensing Information Lookup on 03/13/2025 at <https://licensinglookup.dhs.state.mn.us/>*

## Adult Foster Care Licenses by Capacity - April 2026

**Total Active AFC Licenses: 1,090**

**Total Available Beds: 2,493 Beds**

Licensed Capacity of AFC Residence	Number of Residences	Percentage of all AFC Residences	Total Number of Beds
1	357	32.8%	357
2	330	30.3%	660
3	172	15.8%	516
4	195	17.8%	780
5	36	3.3%	180

*Information drawn from DHS Licensing Information Lookup on 4/5/2026 at <https://licensinglookup.dhs.state.mn.us/>*

### Notes:

1. In 2024, 62.6% of all AFC beds were in residences with capacity of 3 or more.
2. In 2025, 61.0% of all AFC beds were in residences with capacity of 3 or more.
3. In 2026, 59.2% of all AFC beds were in residences with a capacity of 3 or more.
4. Between 2024 and 2026, there are:
  - a. 285 less beds in AFC homes - a 10.3% decrease.
  - b. 12 less 5 bed homes - a 25% decrease.
  - c. 37 less 4 bed homes - a 16.0% decrease.
  - d. 18 less 3 bed homes - a 9.5% decrease.
  - e. 18 less 2 bed homes - a 5.2% decrease.
  - f. 13 more 1 bed homes - a 3.8% increase.

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Improving lives for adults living with mental illnesses as well as maintaining the viability of providers through one voice for quality adult mental health services.

Date: April 7, 2026

Chair Noor, Chair Schomacker, and Members of the Committee,

We are submitting this testimony on behalf of the Mental Health Providers Association of Minnesota (MHPAM). MHPAM is a non-profit association of mental health service providers. Our member organizations provide a variety of critical mental health services for adults throughout Minnesota such as: Intensive Residential Treatment Services (IRTS), Assertive Community Treatment (ACT), Home and Community Based Services (HCBS), Adult Rehabilitative Mental Health Services (ARMHS), Crisis Residential Stabilization Services, Targeted Case Management, and more.

Thank you for the opportunity to submit this testimony regarding the Governor's proposed budget. We would like to draw committee members' attention to a few key concerns we have regarding proposals included in the budget that will jeopardize access to needed mental health care for Minnesotans:

- 1) The proposal on the top of page 4 of the [2026 DHS Governor's Budget Summary document](#) reducing the standard service limit from 90 days to 30 days for Intensive Residential Treatment Services (IRTS). Reducing IRTS from 90 days to 30 days is problematic because high-acuity individuals leaving inpatient hospitalization are still stabilizing and remain at high risk for readmission. At 30 days, many are just beginning to make progress, and requiring frequent reauthorizations creates unnecessary administrative burden for providers and the state—without improving care—and could ultimately increase costs through avoidable hospital readmissions. There are already a number of required documentation and assessment processes within IRTS to ensure individuals are only receiving the level of care that is medically necessary.
- 2) The proposal on page 4, shifting Integrated Community Supports (ICS) to a 15-minute billing unit. ICS is delivered in two distinct settings: community-based services and 24/7 supportive housing. While a 15-minute billing unit may be appropriate for community-based settings where services are more episodic, a different solution is needed for 24/7 supportive housing. These programs rely on continuous staff presence, crisis response, and ongoing engagement that are not easily captured in discrete billing units, and a daily or bundled rate structure better reflects the nature of the service.
- 3) The proposal on page 8, requiring Community Residential Services to shift to asleep staff reimbursement rates (minimum wage) for overnight staff, unless an exception is granted. This proposal to reduce reimbursement rates for these critical services is not a person-centered approach to clients' individual needs. This is a fundamental change to how these services are expected to be delivered. This change would be very challenging for the clients receiving these services who rely on the critical supports provided by awake overnight staffing support and would further destabilize an already fragile workforce with historic shortages making it impossible to recruit and retain staff.

Thank you for the opportunity to submit these concerns about impact of these proposals on access to needed mental health services for Minnesotans across the state.

Ellie Skelton, Touchstone Mental Health, MHPAM] President, [eskelton@touchstonemh.org](mailto:eskelton@touchstonemh.org)

My wife and I are Family Residential Providers. We care for individuals whose medical needs exceed those of standard Community Residential Homes. Because their families are often not involved, we serve as their family, providing around-the-clock care based on love, respect, and person-centered inclusion.

Passing the proposed budget will once again put these individuals' needs aside. As funding decreases and allowable services shrink, we face the devastating possibility of having to close our home. This would force these individuals into hospitals or large facilities, where they risk losing their independence, voice, and personhood.

We ask you to consider the reality of these cuts: it is not possible to provide the same quality of specialized care and resources with a 40% reduction in compensation. While these cuts are intended to save money, they will ultimately cost the state more. Transitioning individuals from a thriving home environment to large-scale institutional care increases costs related to staffing and facilities, while the lack of one-on-one advocacy and consistent therapy will lead to increased dependency.

As Family Residential Providers, we ensure our individuals attend every therapy session and medical appointment, and we remain by their bedside during hospital stays. Large facilities simply cannot offer this level of dedicated support.

We urge you to reject the Governor's proposed budget and protect the rights and well-being of the individuals we serve.

Best regards,

Kirby and Jessica Sundet

Family Residential Provider/Adult Foster/Child Foster

11512 306<sup>th</sup> Ave NW

Princeton, MN 55371

320-703-8877

I am an adult foster care provider, serving adults with disabilities in Duluth, MN.

We have already been torn apart by cuts, Tier payment cuts and changes, and I personally know people whose doors will be closing (which will leave adults with disabilities without a home and stability.)

We implore you, please do NOT pass the Governors budget proposal to cut FRS another 25%, to pay all waiver providers for 365 days not only 351, and to not approve an only 2% inflationary rate for any waiver provider.

There is no job on earth where people would accept the kind of rate reduction we are being forced to accept.

Please do right by Minnesotans and those with disabilities.

Carolyn Dick

Victoria House AFC

Duluth MN

55803

218-340-9284

Dear Co-Chairs Noor and Schomacker,

I am writing to express concern about the proposed changes in the Governor's budget that would reduce Intensive Residential Treatment Services from 90 days to 30 days and move Integrated Community Supports to 15-minute billing units.

I worked as a mental health practitioner in an IRTS for 3 years, and during that time I saw how these programs keep people out of the hospital, helps them stabilize, and helps them achieve long term housing and improve their mental AND medical health. I'd encourage the recipients of this letter to conduct a google search for "how does untreated mental illness affect overall health." Using that information, you can infer the cost of acute care associated with neglecting these foundational needs. Lastly, extrapolate that to a systemic level of neglect and worsening comorbidities, and ask yourself...are we willing to make this short term sacrifice that will incur short and long term worsening of costs and communities?

These changes do not reflect the realities of mental health care delivery. Reducing IRTS to 30 days risks disrupting recovery for people who are still stabilizing after inpatient hospitalization, increases administrative burden through repeated reauthorizations, and may ultimately raise costs by contributing to avoidable hospital readmissions.

I am also concerned about applying 15-minute billing units to Integrated Community Supports in supportive housing settings. Programs that operate in 24/7 housing environments depend on continuous staff presence, immediate crisis response, and consistent, relationship-based support. A daily or bundled rate structure better reflects this model and is more likely to preserve housing stability and mental health outcomes for residents.

I urge you to oppose these proposed changes and support policies that align with the actual needs of providers and the people they serve. Minnesota should continue investing in mental health services that promote long-term stability rather than short-term cost shifting.

Thank you for your time and consideration.

Sincerely,  
Elijah Gavin

Address:  
3300 Colfax Ave S., Minneapolis, MN 55408

Testimony strongly opposing the Governor's Budget Proposal

Sandra Bond, President, MARSH

Donohue Foster Services, Owner

Chair and Members of the Committee,

Thank you for the opportunity to submit testimony in strong opposition to the Governor's Budget Proposal.

My name is Sandra Bond. I serve as President of MARSH, representing providers across Minnesota, and I am also a Family Residential Service provider through Donohue Foster Services. I am not speaking in theory—I am speaking from direct, daily experience with the real consequences of these policies.

We are not approaching a crisis. We are already in one.

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#### Issue #1 – Reversal of Approved Rate Increases

The Governor is proposing to reverse rate increases for Family Residential Services that were approved just last year following extensive legislative review and analysis tied to the transition to a flat-rate system. Reversing course now—just days into implementation—is not only destabilizing, it is devastating.

Family Residential Service providers are just now facing the reality of the flat-rate system implemented on April 1, 2026 and are trying to absorb its impact on their ability to meet the federal HCBS Rule requirements under 42 CFR §441.301(c). This new structure has already reduced revenue and destabilized operations across the state, and providers have had no time to adjust, recover, or stabilize.

Yet at this exact moment, the Governor is proposing to strip away an additional 25 percent tied to wages that were already below what is required to sustain this level of care. This is not a policy adjustment—it is a direct hit to providers at their most vulnerable point. Removing this funding will push programs past the point of viability. Closures will accelerate, and those that remain will be forced into noncompliance with federal 245D requirements.

The flat-rate system itself is fundamentally misaligned with those same federal 245D requirements. It does not cover the true cost of care, including 1:1 and 2:1 staffing, awake overnight supervision, nursing oversight, and the extensive documentation required for compliance. These are not optional services—they are federally mandated safeguards that protect the health and safety of vulnerable individuals.

Layering further reductions onto an already unstable system will not fix it—it will collapse it. Entire programs will not survive.

When funding fails to meet these requirements, providers are left with only two options: operate at a loss or shut down.

And they are shutting down.

Between September 2025 and April 1, 2026, 65 AFC homes have closed, eliminating 161 beds across Minnesota—161 individuals displaced from their homes. Since CMS approval on March 25, 2026, another 19 homes have already indicated they will close before year's end, eliminating an additional 33 beds. This is before the Governor's proposed budget.

At Donohue Foster Services, we currently support 21 programs—and we are preparing for more closures. Since January 1, 2026, we have closed three programs, transitioned one, and assisted three in transferring to other providers. Three more will close on April 30. Without legislative intervention, the remaining programs will follow.

This is not sustainable. This is system failure.

Providers are being pushed beyond the breaking point. Revenue has dropped so dramatically that small business owners can no longer meet basic operating expenses—let alone sustain their own livelihoods. At the same time, costs continue to rise. In 2026, providers face a new \$2,100 245A license fee, while 245D licensing fees remain based on outdated 2025 revenue levels that no longer reflect reality.

When funding is reduced so drastically, compliance is no longer possible—not because providers are unwilling, and not because of poor performance, but because the system no longer funds what it requires.

Providers are being forced into an impossible position: close their doors or risk being cited for maltreatment for not meeting federal HCBS standards.

No provider should ever be forced to choose between financial insolvency and regulatory violation. Yet that is exactly what this proposal demands.

And the consequences do not stop with providers. When these homes close, individuals are displaced from their communities and pushed into more restrictive settings.

That directly contradicts Minnesota's obligations under the Olmstead Plan and the Jensen Settlement, which require services to be delivered in the most integrated, least restrictive setting possible.

This proposal does not move the state forward—it reverses that progress.

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## Issue #2 – Proposed 351-Day Billing Cap

The proposed 351-day billing cap will only accelerate this crisis. MARSH strongly opposes it.

Family Residential Services operate 365 days a year. There are no “off days” in residential care. The flat-rate system—just implemented on April 1, 2026—was built on that reality. Capping billing at 351 days does not reduce the need for care—it simply eliminates payment for it.

This is an unfunded mandate layered on top of an already destabilizing system.

Providers are being hit on all sides: first by the implementation of a flat-rate system that has already reduced revenue, then by the proposed removal of critical wage-related funding, and now by a requirement to provide weeks of care each year with no reimbursement. This compounding impact will push providers out of the system entirely.

Current statute already limits billing when an individual is hospitalized or out of the home for a full 24-hour period. That policy already accounts for times when services are not delivered in the home.

But this proposal assumes individuals will be absent for approximately two weeks each year. That assumption is simply not accurate.

Many individuals do not have family to visit. Many are not hospitalized. They remain in their homes and require care every single day.

Under this proposal, care will still be required—but providers will not be paid. They will be expected to deliver services for free while still meeting all federal and state requirements.

The financial impact is immediate. Providers lose two full weeks of their revenue with no reduction in costs. Staffing, housing, utilities, insurance, and compliance obligations do not disappear because billing is capped.

The outcome is predictable: more closures, fewer providers, reduced access to care, and increased risk for the very individuals this system is meant to protect.

And once again, when community-based providers disappear, individuals are pushed into more restrictive, institutional settings.

Can you imagine any Minnesota business imposing a policy that states that employees must work for two weeks without pay per year? I’m sure you can’t.

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## Conclusion

Taken together, these proposals do not stabilize the system—they dismantle it.

They accelerate closures, eliminate capacity, and make compliance with federal standards unattainable.

If enacted, this will not simply weaken Family Residential Services—it will end them as a viable model of care in Minnesota.

And when that happens, the state will fail in its obligation to provide services in the most integrated setting, undoing years of progress under Olmstead and Jensen.

MARSH strongly urges the Legislature to reject these provisions and instead pursue solutions that align funding with actual costs, stabilize providers, and protect the individuals who depend on these services every day.

I like my room and being able to buy  
stuff at stores and online with Mike's help.

I like having friends and my girlfriend  
spend the night.

I like swimming, camping, and boating  
with my foster family.

It is nice to have a place I'm wanted  
for holidays.

It is nice to have the support for  
work scheduling and transportation.

I get to sleep in, that's great.

Mitchell Schulz

April 6, 2026

Human Services Finance and Policy Committee  
Minnesota State Capitol / Minnesota Senate Building  
St. Paul, MN 55155

Human Services Finance and Policy Committee,

My name is Anita Garner, and I am a Family Residential Service provider in Douglas County. I have been providing 24-hour residential support to individuals with disabilities for 12.5 years. I currently help to support two people who require seizure support, medication administration four times daily, emergency medication support, behavior support, activities of daily living assistance (meal and snack prep and cleanup, personal cares, toileting, and toileting mishaps, shaving, water temp monitoring), transportation, finance tracking and support, medical appointments support, social appointments support, 1:1 supervision, chronic illness monitoring and care, communication and communication device support, seizure monitor management, schedules for work and transportation, management for 245D compliance and county compliance. Included in my work are meetings, emails, and phone calls.

Please do not support the Governor's Budget Proposal.

*This proposal includes limiting billing for residential services to 351 days and changing the absence and utilization factor for day.*

If we can survive the current rate cuts, this proposal will close our doors. We will not be able to provide the required services for the people we serve. 14 days of free care is NOT reasonable. No other entity would be asked to provide services for free. We have a person who does not have any place to go so he spends holidays with us. We provide services 24 hours a day for 365 days. We work three eight-hour shifts. The Governor wants to NOT pay us for time worked.

*The Governor also recommends reversing the rate tier increases for Family Residential and Life Sharing Services.*

If we can survive the current rate cuts, this proposal will close our doors. At the current rates our people are underfunded. We will not be able to provide the required services, and we would be in non-compliance with DHS statutes.

The DWRS framework rate methodology accounts for the actual staffing needs of each individual that is served. It considers shared and individual direct support hours, overnight supervision, and the specific level of care each person requires. This is not a one-size-fits-all system. It is the only rate structure that accurately reflects what it costs to provide safe, quality, person-centered care in a home setting.

The flat-tiered rate system that replaced the framework does not account for individual needs. Under the tiered system, a provider caring for someone who requires constant 1:1 supervision receives the same rate as a provider whose residents are largely independent. This is unsustainable.

*The Governor recommends limiting inflationary adjustments to two percent per year for disability waiver services in the disability waiver rate system.*

This is discrimination. Recommending that people with disabilities receive less than the current rate of inflation. Their purchasing power needs to match the rate of inflation. Their needs do not decrease because the governor wants his budget to balance.

Modeling has shown that approximately 70% of FRS providers could be forced to close under the flat-tiered rate system. That represents an estimated 3,300 individuals who would lose their homes and their support systems. Minnesota does not have the institutional capacity to absorb these individuals, and forced displacement would violate the principles of the Olmstead Decision and the Americans with Disabilities Act.

I respectfully ask that you to NOT support the governor's budget proposal. FRS homes cannot carry the weight of the Governor's failure to monitor and prevent fraud.

Thank you for your time and your service to the people of Minnesota.

Sincerely,

Anita Garner, DCDM  
13075 Turtle Lake Ct SW  
Alexandria, MN 56308  
Phone: 320-219-3275

Dear Human Services Finance and Policy Committee Members

My Name is Shawn Fridgen; I am a family residential provider. I love my job and want to keep my program open. I am asking you not to support the governor's budget proposal. Already, family residential homes have closed, and more continue with the flat rates. Additional cuts will most definitely close even more homes.

Please understand there is a human cost to all of this. When family residential homes close people will be forced to find new homes. Most likely they will not find homes in the same area. The people supported will lose what they view as their home, their family, their neighbors, their friends, their jobs, their healthcare teams. You and I wouldn't be able to handle this stress. Why should we be putting our most vulnerable in a position like this? Please understand this will cause a mental health crisis nobody is prepared for. This will cost the state far more than realized both with more expensive homes and dealing with the mental health needs required.

Additionally, I do not agree with the proposal to include limiting billing for residential services for 351 days and changing the absence and utilization factor. We cannot operate our programs without being paid. These are 365-day programs. There are costs to every single day.

Please do not support limiting inflationary adjustment to two percent per year for disability waiver rate system and the value-based reimbursement system for nursing homes. This limits the growth of escalating costs in disability waivers and nursing homes. These programs are essential and should be valued as such.

Thank you for your time and consideration

Shawn Fridgen

April 6, 2026

Human Services Finance and Policy Committee  
Minnesota State Capitol / Minnesota Senate Building  
St. Paul, MN 55155

Human Services Finance and Policy Committee,

My name is Mike Garner, and I am a Family Residential Service provider in Douglas County. I have been providing 24-hour residential support to individuals with disabilities for 12.5 years. I currently help to support two people who require seizure support, medication administration four times daily, emergency medication support, behavior support, activities of daily living assistance (meal and snack prep and cleanup, personal cares, toileting, and toileting mishaps, shaving, water temp monitoring), transportation, finance tracking and support, medical appointments support, social appointments support, 1:1 supervision, chronic illness monitoring and care, communication and communication device support, seizure monitor management, schedules for work and transportation, management for 245D compliance and county compliance. Included in my work are meetings, emails, and phone calls.

Please do not support the Governor's Budget Proposal.

*This proposal includes limiting billing for residential services to 351 days and changing the absence and utilization factor for day.*

If we can survive the current rate cuts, this proposal will close our doors. We will not be able to provide the required services for the people we serve. 14 days of free care is NOT reasonable. No other entity would be asked to provide services for free. We have a person who does not have any place to go so he spends holidays with us. We provide services 24 hours a day for 365 days. We work three eight-hour shifts. The Governor wants to NOT pay us for time worked.

*The Governor also recommends reversing the rate tier increases for Family Residential and Life Sharing Services.*

If we can survive the current rate cuts, this proposal will close our doors. At the current rates our people are underfunded. We will not be able to provide the required services, and we would be in non-compliance with DHS statutes.

The DWRS framework rate methodology accounts for the actual staffing needs of each individual that is served. It considers shared and individual direct support hours, overnight supervision, and the specific level of care each person requires. This is not a one-size-fits-all system. It is the only rate structure that accurately reflects what it costs to provide safe, quality, person-centered care in a home setting.

The flat-tiered rate system that replaced the framework does not account for individual needs. Under the tiered system, a provider caring for someone who requires constant 1:1 supervision receives the same rate as a provider whose residents are largely independent. This is unsustainable.

*The Governor recommends limiting inflationary adjustments to two percent per year for disability waiver services in the disability waiver rate system.*

This is discrimination. Recommending that people with disabilities receive less than the current rate of inflation. Their purchasing power needs to match the rate of inflation. Their needs do not decrease because the governor wants his budget to balance.

Modeling has shown that approximately 70% of FRS providers could be forced to close under the flat-tiered rate system. That represents an estimated 3,300 individuals who would lose their homes and their support systems. Minnesota does not have the institutional capacity to absorb these individuals, and forced displacement would violate the principles of the Olmstead Decision and the Americans with Disabilities Act.

I respectfully ask that you to NOT support the governor's budget proposal. FRS homes cannot carry the weight of the Governor's failure to monitor and prevent fraud.

Thank you for your time and your service to the people of Minnesota.

Sincerely,

Mike Garner, DC  
13075 Turtle Lake Ct SW  
Alexandria, MN 56308  
Phone: 320-219-3275

Dear Chairman Noor and Human Services Finance and Policy Committee,

Thank you for the opportunity to write this letter in support of the bill SF 4310. Also, thank you to the author Senator Lieske, and coauthors Senator Rasmusson, and Senator Hoffman.

My name is Amy Staples. My husband, Dave, and I live near Kensington in the beautiful rolling hills near Andes Tower Hills ski resort. We have had the privilege of running a very important 245D business that cares for our state's most vulnerable adults. We are concerned that we will not be able to continue our business if the proposed cuts are made, sending our resident into a setting she did not choose.

Moving to the flat rate would mean that we would be giving the same amount of care to the individual for approximately 70% less pay. Her needs will not change. Because of this we are contemplating shutting our doors and pursuing different work. This job is complex in that we care for a person in our own home. The amount of time and care this takes is more than a full time job. We are responsible for this person 24 hours a day, 7 days a week. We work hard to meet her needs and to be threatened with this much of a pay cut is devastating.

Family Residential Services and Community Residential Services are both very important in the ecostructure of our state. Research shows us that Community Residential Services cost the state more, so why would we force so many people out of Family Residential Services into a more expensive option and one that is not of their choice? Both services should be paid the same.

As I write this I have a pit in my stomach. I want to do the right thing and keep our Family Residential Service business open because that's what's best for the person we care for, but I don't know if we will financially be able to do so. Please do not support the Governor's budget proposal. Part of this proposal includes limiting billing for residential services to 351 days. This means we would be working for no pay for two week. There are other devastating cuts that will likely close doors and leave many people without a place to live. Please vote for what's best for people. Please take our testimony to heart and know that's where they come from. Please vote YES for SF 4310.

Sincerely,

Amy Staples  
Dave Staples

17357 County Road 107 SW  
Kensington, MN 56343  
320-760-8225

**Please Support SF 4310 and Family-Based Adult Foster Care over Monopolized, Costly Institutional Care**

I write this to ask legislators to not pass the Governor's budget cuts that will cause families like mine to have to abandon adult foster care and leave the Minnesota taxpayer forced to pay ultra-high prices once the Governor's cuts greatly reduce the supply of available care.

I would like the legislators to understand that the new flat rate on 245D residential services will give Minnesota taxpayers the worst of all worlds: a small supply of sources for care and inflated, institutional prices for care for its disabled residents. The original Frameworks model was designed to fund providers based on each person's assessed needs. Yet, the flat rate now forces all providers to operate on the same budget, even though they deliver the same regulated work and meet the same 245D standards. This shift disproportionately harms Family Residential Services (FRS), which supports individuals with higher behavioral, medical, and supervision needs and is already more cost-effective than placement in a CRS. Without adequate funding, FRS homes will face closures, staffing cuts, and reduced transportation—directly undermining person-centered planning and limiting individuals' ability to choose where they live. Both FRS and CRS are essential parts of Minnesota's residential system, and the current rate structure puts that balance at risk.

Please include this communication as appropriate.

Thanks in advance, Simon, for directing my email to the appropriate audience.

I provide adult foster care in my home at 8722 Ironwood Trail N, Lake Elmo, MN 55042.

Jeffrey Vesel, [jeff.vesel@gmail.com](mailto:jeff.vesel@gmail.com)