

1.1 moves to amend H.F. No. 4354 as follows:

1.2 Page 1, after line 11, insert:

1.3 **"ARTICLE 1**
1.4 **DIRECT CARE AND TREATMENT POLICY"**

1.5 Page 16, after line 10, insert:

1.6 **"ARTICLE 2**
1.7 **DEPARTMENT OF HUMAN SERVICES OFFICE OF INSPECTOR GENERAL**

1.8 Section 1. Minnesota Statutes 2024, section 13A.03, is amended by adding a subdivision
1.9 to read:

1.10 Subd. 2a. **Exception.** Law enforcement may delay notification under section 13A.02,
1.11 subdivision 3, or authorize another government authority to delay notification to a customer
1.12 without a court order if law enforcement determines in writing that notification would
1.13 compromise the integrity of a current and ongoing criminal investigation. The written
1.14 determination from law enforcement must be renewed every 90 days.

1.15 Sec. 2. Minnesota Statutes 2024, section 245.095, subdivision 2, is amended to read:

1.16 Subd. 2. **Definitions.** (a) For purposes of this section, the following definitions have the
1.17 meanings given.

1.18 (b) "Associated entity" means a provider or vendor owned or controlled by an excluded
1.19 individual.

1.20 (c) "Associated individual" means an individual or entity that has a relationship with
1.21 the business or its owners or controlling individuals, such that the individual or entity would
1.22 have knowledge of the financial practices of the program in question.

2.1 (d) "Convicted" means a judgment of conviction has been entered by a federal, state, or
 2.2 local court, regardless of whether an appeal from the judgment is pending, and includes a
 2.3 stay of adjudication, a court-ordered diversion program, or a plea of guilty or nolo contendere.

2.4 (e) "Credible allegation of fraud" means an allegation that has been verified by the
 2.5 commissioner from any source, including but not limited to:

2.6 (1) fraud hotline complaints;

2.7 (2) claims data mining;

2.8 (3) patterns identified through provider audits, civil false claims cases, and law
 2.9 enforcement investigations; and

2.10 (4) court filings and other legal documents, including but not limited to police reports,
 2.11 complaints, indictments, informations, affidavits, declarations, and search warrants.

2.12 ~~(d)~~ (f) "Excluded" means removed under other authorities from a program administered
 2.13 by a Minnesota state or federal agency, including. Excluded includes but is not limited to:

2.14 (1) a final determination to stop payments;

2.15 (2) a conclusive background study disqualification, except for a disqualification issued
 2.16 under section 245C.15, subdivision 4c, that has not been set aside or had a variance granted
 2.17 under section 245C.15; and

2.18 (3) a final agency decision regarding a denial of a license application.

2.19 (g) "Fraud" has the meaning given in section 256B.02, subdivision 20.

2.20 ~~(e)~~ (h) "Individual" means a natural person providing products or services as a provider
 2.21 or vendor.

2.22 ~~(f)~~ (i) "Provider" means any entity, individual, owner, controlling individual, license
 2.23 holder, director, or managerial official of an entity receiving payment from a program
 2.24 administered by a Minnesota state or federal agency.

2.25 Sec. 3. Minnesota Statutes 2024, section 245.095, subdivision 5, is amended to read:

2.26 Subd. 5. **Withholding of payments.** (a) Except as otherwise provided by state or federal
 2.27 law, the commissioner may withhold payments to a provider, vendor, individual, associated
 2.28 individual, or associated entity in any program administered by the commissioner if the
 2.29 commissioner determines:

2.30 (1) there is a credible allegation of fraud for which an investigation is pending for a
 2.31 program administered by a Minnesota state or federal agency;

3.1 (2) the individual, the entity, or an associated individual or entity was convicted of a
3.2 crime, in state or federal court, for an offense that involves fraud or theft against a program
3.3 administered by the commissioner or another state or federal agency;

3.4 (3) the provider is operating after a state or federal agency orders the suspension,
3.5 revocation, or decertification of the provider's license or certification, or if the provider is
3.6 subject to a temporary immediate suspension, regardless of whether the action is under
3.7 appeal; or

3.8 (4) the provider, vendor, individual, associated individual, or associated entity, including
3.9 those receiving funds under any contract or registered program, has a background study
3.10 disqualification under section 245C.15, subdivisions 1 to 4b, that has not been set aside and
3.11 for which no variance has been issued.

3.12 ~~(b) For purposes of this subdivision, "credible allegation of fraud" means an allegation~~
3.13 ~~that has been verified by the commissioner from any source, including but not limited to:~~

3.14 ~~(1) fraud hotline complaints;~~

3.15 ~~(2) claims data mining;~~

3.16 ~~(3) patterns identified through provider audits, civil false claims cases, and law~~
3.17 ~~enforcement investigations; and~~

3.18 ~~(4) court filings and other legal documents, including but not limited to police reports,~~
3.19 ~~complaints, indictments, informations, affidavits, declarations, and search warrants.~~

3.20 ~~(e)~~ (b) The commissioner must send notice of the withholding of payments within five
3.21 days of taking such action. The notice must:

3.22 (1) state that payments are being withheld according to this subdivision;

3.23 (2) set forth the general allegations related to the withholding action, except the notice
3.24 need not disclose specific information concerning an ongoing investigation;

3.25 (3) state that the withholding is for a temporary period and cite the circumstances under
3.26 which the withholding will be terminated; and

3.27 (4) inform the provider, vendor, individual, associated individual, or associated entity
3.28 of the right to submit written evidence to contest the withholding action for consideration
3.29 by the commissioner.

3.30 ~~(d)~~ (c) If the commissioner withholds payments under this subdivision, the provider,
3.31 vendor, individual, associated individual, or associated entity has a right to request
3.32 administrative reconsideration. A request for administrative reconsideration must be made

4.1 in writing, state with specificity the reasons the payment withholding decision is in error,
4.2 and include documents to support the request. Within 60 days from receipt of the request,
4.3 the commissioner shall judiciously review allegations, facts, evidence available to the
4.4 commissioner, and information submitted by the provider, vendor, individual, associated
4.5 individual, or associated entity to determine whether the payment withholding should remain
4.6 in place.

4.7 ~~(e)~~ (d) The commissioner shall stop withholding payments if the commissioner determines
4.8 there is insufficient evidence of fraud by the provider, vendor, individual, associated
4.9 individual, or associated entity or when legal proceedings relating to the alleged fraud are
4.10 completed, unless the commissioner has sent notice under subdivision 3 to the provider,
4.11 vendor, individual, associated individual, or associated entity.

4.12 ~~(f)~~ (e) The withholding of payments under this section is a temporary action and is not
4.13 subject to appeal under section 256.045 or chapter 14.

4.14 (f) Section 15.013 does not apply to the commissioner taking action under this section.

4.15 Sec. 4. Minnesota Statutes 2024, section 245A.02, subdivision 13, is amended to read:

4.16 Subd. 13. **Individual who is related.** "Individual who is related" means a spouse, a
4.17 parent, a birth or adopted child or stepchild, a stepparent, a stepbrother, a stepsister, a niece,
4.18 a nephew, an adoptive parent, a grandparent, a sibling, an aunt, an uncle, a cousin, or a legal
4.19 guardian, including an individual who has a relationship named in this subdivision through
4.20 marriage.

4.21 **EFFECTIVE DATE.** This section is effective July 1, 2026.

4.22 Sec. 5. Minnesota Statutes 2025 Supplement, section 245A.03, subdivision 2, is amended
4.23 to read:

4.24 Subd. 2. **Exclusion from licensure.** (a) This chapter does not apply to:

4.25 (1) residential or nonresidential programs that are provided to a person by an individual
4.26 who is related;

4.27 (2) nonresidential programs that are provided by an unrelated individual to persons from
4.28 a single related family;

4.29 (3) residential or nonresidential programs that are provided to adults who do not misuse
4.30 substances or have a substance use disorder, a mental illness, a developmental disability, a
4.31 functional impairment, or a physical disability;

- 5.1 (4) sheltered workshops or work activity programs that are certified by the commissioner
5.2 of employment and economic development;
- 5.3 (5) programs operated by a public school for children 33 months or older;
- 5.4 (6) nonresidential programs primarily for children that provide care or supervision for
5.5 periods of less than three hours a day while the child's parent or legal guardian is in the
5.6 same building as the nonresidential program or present within another building that is
5.7 directly contiguous to the building in which the nonresidential program is located;
- 5.8 (7) nursing homes or hospitals licensed by the commissioner of health except as specified
5.9 under section 245A.02;
- 5.10 (8) board and lodge facilities licensed by the commissioner of health that do not provide
5.11 children's residential services under Minnesota Rules, chapter 2960, mental health or
5.12 substance use disorder treatment;
- 5.13 (9) programs licensed by the commissioner of corrections;
- 5.14 (10) recreation programs for children or adults that are operated or approved by a park
5.15 and recreation board whose primary purpose is to provide social and recreational activities;
- 5.16 (11) noncertified boarding care homes unless they provide services for five or more
5.17 persons whose primary diagnosis is mental illness or a developmental disability;
- 5.18 (12) programs for children such as scouting, boys clubs, girls clubs, and sports and art
5.19 programs, and nonresidential programs for children provided for a cumulative total of less
5.20 than 30 days in any 12-month period;
- 5.21 (13) residential programs for persons with mental illness, that are located in hospitals;
- 5.22 (14) camps licensed by the commissioner of health under Minnesota Rules, chapter
5.23 4630;
- 5.24 (15) mental health outpatient services for adults with mental illness or children with
5.25 mental illness;
- 5.26 (16) residential programs serving school-age children whose sole purpose is cultural or
5.27 educational exchange, until the commissioner adopts appropriate rules;
- 5.28 (17) community support services programs as defined in section 245.462, subdivision
5.29 6, and family community support services as defined in section 245.4871, subdivision 17;
- 5.30 (18) assisted living facilities licensed by the commissioner of health under chapter 144G;

6.1 (19) substance use disorder treatment activities of licensed professionals in private
6.2 practice as defined in section 245G.01, subdivision 17;

6.3 (20) consumer-directed community support service funded under the Medicaid waiver
6.4 for persons with developmental disabilities when the individual who provided the service
6.5 is:

6.6 (i) the same individual who is the direct payee of these specific waiver funds or paid by
6.7 a fiscal agent, fiscal intermediary, or employer of record; and

6.8 (ii) not otherwise under the control of a residential or nonresidential program that is
6.9 required to be licensed under this chapter when providing the service;

6.10 (21) a county that is an eligible vendor under section 254B.0501 to provide care
6.11 coordination and comprehensive assessment services;

6.12 (22) a recovery community organization that is an eligible vendor under section
6.13 254B.0501 to provide peer recovery support services; or

6.14 (23) programs licensed by the commissioner of children, youth, and families in chapter
6.15 142B.

6.16 (b) For purposes of paragraph (a), clause (6), a building is directly contiguous to a
6.17 building in which a nonresidential program is located if it shares a common wall with the
6.18 building in which the nonresidential program is located or is attached to that building by
6.19 skyway, tunnel, atrium, or common roof.

6.20 (c) Except for the home and community-based services identified in section 245D.03,
6.21 subdivision 1, nothing in this chapter shall be construed to require licensure for any services
6.22 provided and funded according to an approved federal waiver plan where licensure is
6.23 specifically identified as not being a condition for the services and funding.

6.24 (d) Notwithstanding section 245A.02, subdivision 13, programs initially licensed prior
6.25 to July 1, 2026, may continue to operate under the definition of related individual in
6.26 Minnesota Statutes 2024, section 245A.02, subdivision 13, until the service recipient related
6.27 to the license holder by marriage or as a cousin is no longer receiving services licensed
6.28 under this chapter.

6.29 Sec. 6. Minnesota Statutes 2024, section 245A.043, subdivision 2, is amended to read:

6.30 Subd. 2. **Change in ownership.** ~~(a)~~ If the commissioner determines that there is a change
6.31 in ownership, the commissioner shall require submission of a new license application. This

7.1 subdivision does not apply to a licensed program or service located in a home where the
7.2 license holder resides. A change in ownership occurs when:

7.3 (1) ~~except as provided in paragraph (b)~~, the license holder sells or transfers 100 percent
7.4 of the property, stock, or assets;

7.5 (2) the license holder merges with another organization;

7.6 (3) the license holder consolidates with two or more organizations, resulting in the
7.7 creation of a new organization;

7.8 (4) there is a change to the federal tax identification number associated with the license
7.9 holder; or

7.10 (5) ~~except as provided in paragraph (b)~~, all controlling individuals for the original license
7.11 have changed.

7.12 ~~(b) For changes under paragraph (a), clause (1) or (5), no change in ownership has~~
7.13 ~~occurred and a new license application is not required if at least one controlling individual~~
7.14 ~~has been affiliated as a controlling individual for the license for at least the previous 12~~
7.15 ~~months immediately preceding the change.~~

7.16 Sec. 7. Minnesota Statutes 2025 Supplement, section 245A.043, subdivision 2a, is amended
7.17 to read:

7.18 Subd. 2a. **Review of change in ownership.** ~~(a)~~ After a change in ownership under
7.19 subdivision 2, ~~paragraph (a)~~, the commissioner may complete a review for all new license
7.20 holders within 12 months after the new license is issued.

7.21 ~~(b) For all license holders subject to the exception in subdivision 2, paragraph (b), the~~
7.22 ~~license holder must notify the commissioner of the date of the change in controlling~~
7.23 ~~individuals pursuant to section 245A.04, subdivision 7a, and the commissioner may complete~~
7.24 ~~a review within 12 months following the change.~~

7.25 Sec. 8. Minnesota Statutes 2024, section 245A.07, subdivision 2a, is amended to read:

7.26 Subd. 2a. **Immediate suspension expedited hearing.** (a) Within five working days of
7.27 receipt of the license holder's timely appeal, the commissioner shall request assignment of
7.28 an administrative law judge. The request must include a proposed date, time, and place of
7.29 a hearing. A hearing must be conducted by an administrative law judge within 30 calendar
7.30 days of the request for assignment, unless an extension is requested by either party and
7.31 granted by the administrative law judge for good cause. The commissioner shall issue a

8.1 notice of hearing by certified mail or personal service at least ten working days before the
8.2 hearing. The scope of the hearing shall be limited solely to the issue of whether the temporary
8.3 immediate suspension should remain in effect pending the commissioner's final order under
8.4 section 245A.08, regarding a licensing sanction issued under subdivision 3 following the
8.5 immediate suspension. For suspensions under subdivision 2, paragraph (a), clause (1), the
8.6 burden of proof in expedited hearings under this subdivision ~~shall be limited to~~ is met only
8.7 ~~if the commissioner's demonstration~~ commissioner demonstrates that reasonable cause exists
8.8 to believe that the license holder's or controlling individual's actions or failure to comply
8.9 with applicable law or rule poses, or the actions of other individuals or conditions in the
8.10 program poses an imminent risk of harm to the health, safety, or rights of persons served
8.11 by the program. "Reasonable cause" means there exist specific articulable facts or
8.12 circumstances which provide the commissioner with a reasonable suspicion that there is an
8.13 imminent risk of harm to the health, safety, or rights of persons served by the program.
8.14 When the commissioner has determined there is reasonable cause to order the temporary
8.15 immediate suspension of a license based on a violation of safe sleep requirements, as defined
8.16 in section 245A.1435, the commissioner is not required to demonstrate that an infant died
8.17 or was injured as a result of the safe sleep violations. For suspensions under subdivision 2,
8.18 paragraph (a), clause (2), the burden of proof in expedited hearings under this subdivision
8.19 ~~shall be limited to~~ is met only if the commissioner demonstrates
8.20 by a preponderance of the evidence that, since the license was revoked, the
8.21 license holder committed additional violations of law or rule which may adversely affect
8.22 the health or safety of persons served by the program.

8.23 (b) The administrative law judge shall issue findings of fact, conclusions, and a
8.24 recommendation within ten working days from the date of hearing. The parties shall have
8.25 ten calendar days to submit exceptions to the administrative law judge's report. The record
8.26 shall close at the end of the ten-day period for submission of exceptions. The commissioner's
8.27 final order shall be issued within ten working days from the close of the record. When an
8.28 appeal of a temporary immediate suspension is withdrawn or dismissed, the commissioner
8.29 shall issue a final order affirming the temporary immediate suspension within ten calendar
8.30 days of the commissioner's receipt of the withdrawal or dismissal. Within 90 calendar days
8.31 after an immediate suspension has been issued and the license holder has not submitted a
8.32 timely appeal under subdivision 2, paragraph (b), or within 90 calendar days after a final
8.33 order affirming an immediate suspension, the commissioner shall determine:

9.1 (1) whether a final licensing sanction shall be issued under subdivision 3, paragraph (a),
9.2 clauses (1) to ~~(6)~~ (5). The license holder shall continue to be prohibited from operation of
9.3 the program during this 90-day period; or

9.4 (2) whether the outcome of related, ongoing investigations or judicial proceedings are
9.5 necessary to determine if a final licensing sanction under subdivision 3, paragraph (a),
9.6 clauses (1) to ~~(6)~~ (5), will be issued and whether persons served by the program remain at
9.7 an imminent risk of harm during the investigation period or proceedings. If so, the
9.8 commissioner shall issue a suspension order under subdivision 3, paragraph (a), clause ~~(7)~~.
9.9 (6); or

9.10 (3) whether the license holder or controlling individual remains the subject of a pending
9.11 administrative, civil, or criminal investigation or subject to an administrative or civil action
9.12 related to fraud against a program administered by a state or federal agency. If so, the
9.13 commissioner shall issue a suspension order under subdivision 3, paragraph (a), clause (6).

9.14 (c) When the final order under paragraph (b) affirms an immediate suspension, or the
9.15 license holder does not submit a timely appeal of the immediate suspension, and a final
9.16 licensing sanction is issued under subdivision 3 and the license holder appeals that sanction,
9.17 the license holder continues to be prohibited from operation of the program pending a final
9.18 commissioner's order under section 245A.08, subdivision 5, regarding the final licensing
9.19 sanction.

9.20 (d) The license holder shall continue to be prohibited from operation of the program
9.21 while a suspension order issued under paragraph (b), clause (2) or (3), remains in effect.

9.22 (e) For suspensions under subdivision 2, paragraph (a), clause (3), the burden of proof
9.23 in expedited hearings under this subdivision ~~shall be limited to~~ is met only if the
9.24 ~~commissioner's demonstration~~ commissioner demonstrates by a preponderance of the
9.25 evidence that a criminal complaint and warrant or summons was issued for the license holder
9.26 or controlling individual that was not dismissed, and that the criminal charge is an offense
9.27 that involves fraud or theft against a program administered by the commissioner.

9.28 (f) For suspensions under subdivision 2, paragraph (c), the burden of proof in expedited
9.29 hearings under this subdivision is met only if the commissioner demonstrates by a
9.30 preponderance of the evidence that the license holder or controlling individual is the subject
9.31 of a pending administrative, civil, or criminal investigation or is subject to an administrative
9.32 or civil action related to fraud against a program administered by a state or federal agency.

10.1 Sec. 9. Minnesota Statutes 2025 Supplement, section 245A.07, subdivision 3, is amended
10.2 to read:

10.3 Subd. 3. **License suspension, revocation, or fine.** (a) The commissioner may suspend
10.4 or revoke a license, or impose a fine if:

10.5 (1) a license holder fails to comply fully with applicable laws or rules including but not
10.6 limited to the requirements of this chapter and chapter 245C;

10.7 (2) a license holder, a controlling individual, or an individual living in the household
10.8 where the licensed services are provided or is otherwise subject to a background study has
10.9 been disqualified and the disqualification was not set aside and no variance has been granted;

10.10 (3) a license holder knowingly withholds relevant information from or gives false or
10.11 misleading information to the commissioner in connection with an application for a license,
10.12 in connection with the background study status of an individual, during an investigation,
10.13 or regarding compliance with applicable laws or rules;

10.14 (4) a license holder is excluded from any program administered by the commissioner
10.15 under section 245.095;

10.16 (5) revocation is required under section 245A.04, subdivision 7, paragraph (d); or

10.17 (6) suspension is necessary under subdivision 2a, paragraph (b), clause (2) or (3).

10.18 A license holder who has had a license issued under this chapter suspended, revoked,
10.19 or has been ordered to pay a fine must be given notice of the action by certified mail, by
10.20 personal service, or through the provider licensing and reporting hub. If mailed, the notice
10.21 must be mailed to the address shown on the application or the last known address of the
10.22 license holder. The notice must state in plain language the reasons the license was suspended
10.23 or revoked, or a fine was ordered.

10.24 (b) If the license was suspended or revoked, the notice must inform the license holder
10.25 of the right to a contested case hearing under chapter 14 and Minnesota Rules, parts
10.26 1400.8505 to 1400.8612. The license holder may appeal an order suspending or revoking
10.27 a license. The appeal of an order suspending or revoking a license must be made in writing
10.28 by certified mail, by personal service, or through the provider licensing and reporting hub.
10.29 If mailed, the appeal must be postmarked and sent to the commissioner within ten calendar
10.30 days after the license holder receives notice that the license has been suspended or revoked.
10.31 If a request is made by personal service, it must be received by the commissioner within
10.32 ten calendar days after the license holder received the order. If the order is issued through
10.33 the provider hub, the appeal must be received by the commissioner within ten calendar days

11.1 from the date the commissioner issued the order through the hub. Except as provided in
11.2 subdivision 2a, paragraph (c), if a license holder submits a timely appeal of an order
11.3 suspending or revoking a license, the license holder may continue to operate the program
11.4 as provided in section 245A.04, subdivision 7, paragraphs (i) and (j), until the commissioner
11.5 issues a final order on the suspension or revocation.

11.6 (c)(1) If the license holder was ordered to pay a fine, the notice must inform the license
11.7 holder of the responsibility for payment of fines and the right to a contested case hearing
11.8 under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The appeal of an
11.9 order to pay a fine must be made in writing by certified mail, by personal service, or through
11.10 the provider licensing and reporting hub. If mailed, the appeal must be postmarked and sent
11.11 to the commissioner within ten calendar days after the license holder receives notice that
11.12 the fine has been ordered. If a request is made by personal service, it must be received by
11.13 the commissioner within ten calendar days after the license holder received the order. If the
11.14 order is issued through the provider hub, the appeal must be received by the commissioner
11.15 within ten calendar days from the date the commissioner issued the order through the hub.

11.16 (2) The license holder shall pay the fines assessed on or before the payment date specified.
11.17 If the license holder fails to fully comply with the order, the commissioner may issue a
11.18 second fine or suspend the license until the license holder complies. If the license holder
11.19 receives state funds, the state, county, or municipal agencies or departments responsible for
11.20 administering the funds shall withhold payments and recover any payments made while the
11.21 license is suspended for failure to pay a fine. A timely appeal shall stay payment of the fine
11.22 until the commissioner issues a final order.

11.23 (3) A license holder shall promptly notify the commissioner of human services, in writing,
11.24 when a violation specified in the order to forfeit a fine is corrected. If upon reinspection the
11.25 commissioner determines that a violation has not been corrected as indicated by the order
11.26 to forfeit a fine, the commissioner may issue a second fine. The commissioner shall notify
11.27 the license holder by certified mail, by personal service, or through the provider licensing
11.28 and reporting hub that a second fine has been assessed. The license holder may appeal the
11.29 second fine as provided under this subdivision.

11.30 (4) Fines shall be assessed as follows:

11.31 (i) the license holder shall forfeit \$1,000 for each determination of maltreatment of a
11.32 child under chapter 260E or the maltreatment of a vulnerable adult under section 626.557
11.33 for which the license holder is determined responsible for the maltreatment under section
11.34 260E.30, subdivision 4, paragraphs (a) and (b), or 626.557, subdivision 9c, paragraph (c);

12.1 (ii) if the commissioner determines that a determination of maltreatment for which the
12.2 license holder is responsible is the result of maltreatment that meets the definition of serious
12.3 maltreatment as defined in section 245C.02, subdivision 18, the license holder shall forfeit
12.4 \$5,000;

12.5 (iii) the license holder shall forfeit \$200 for each occurrence of a violation of law or rule
12.6 governing matters of health, safety, or supervision, including but not limited to the provision
12.7 of adequate staff-to-child or adult ratios, and failure to comply with background study
12.8 requirements under chapter 245C; and

12.9 (iv) the license holder shall forfeit \$100 for each occurrence of a violation of law or rule
12.10 other than those subject to a \$5,000, \$1,000, or \$200 fine in items (i) to (iii).

12.11 For purposes of this section, "occurrence" means each violation identified in the
12.12 commissioner's fine order. Fines assessed against a license holder that holds a license to
12.13 provide home and community-based services, as identified in section 245D.03, subdivision
12.14 1, and a community residential setting or day services facility license under chapter 245D
12.15 where the services are provided, may be assessed against both licenses for the same
12.16 occurrence, but the combined amount of the fines shall not exceed the amount specified in
12.17 this clause for that occurrence.

12.18 (5) When a fine has been assessed, the license holder may not avoid payment by closing,
12.19 selling, or otherwise transferring the licensed program to a third party. In such an event, the
12.20 license holder will be personally liable for payment. In the case of a corporation, each
12.21 controlling individual is personally and jointly liable for payment.

12.22 (d) Except for background study violations involving the failure to comply with an order
12.23 to immediately remove an individual or an order to provide continuous, direct supervision,
12.24 the commissioner shall not issue a fine under paragraph (c) relating to a background study
12.25 violation to a license holder who self-corrects a background study violation before the
12.26 commissioner discovers the violation. A license holder who has previously exercised the
12.27 provisions of this paragraph to avoid a fine for a background study violation may not avoid
12.28 a fine for a subsequent background study violation unless at least 365 days have passed
12.29 since the license holder self-corrected the earlier background study violation.

12.30 Sec. 10. Minnesota Statutes 2025 Supplement, section 245A.10, subdivision 4, is amended
12.31 to read:

12.32 Subd. 4. **License or certification fee for certain programs.** (a)(1) A program licensed
12.33 to provide one or more of the home and community-based services and supports identified

13.1 under chapter 245D to persons with disabilities or age 65 and older, shall pay an annual
 13.2 nonrefundable license fee based on revenues derived from the provision of services that
 13.3 would require licensure under chapter 245D during the calendar year immediately preceding
 13.4 the year in which the license fee is paid, according to the following schedule:

13.5	License Holder Annual Revenue	License Fee
13.6	less than or equal to \$10,000	\$250
13.7	greater than \$10,000 but less than or	
13.8	equal to \$25,000	\$375
13.9	greater than \$25,000 but less than or	
13.10	equal to \$50,000	\$500
13.11	greater than \$50,000 but less than or	
13.12	equal to \$100,000	\$625
13.13	greater than \$100,000 but less than or	
13.14	equal to \$150,000	\$750
13.15	greater than \$150,000 but less than or	
13.16	equal to \$200,000	\$1,000
13.17	greater than \$200,000 but less than or	
13.18	equal to \$250,000	\$1,250
13.19	greater than \$250,000 but less than or	
13.20	equal to \$300,000	\$1,500
13.21	greater than \$300,000 but less than or	
13.22	equal to \$350,000	\$1,750
13.23	greater than \$350,000 but less than or	
13.24	equal to \$400,000	\$2,000
13.25	greater than \$400,000 but less than or	
13.26	equal to \$450,000	\$2,250
13.27	greater than \$450,000 but less than or	
13.28	equal to \$500,000	\$2,500
13.29	greater than \$500,000 but less than or	
13.30	equal to \$600,000	\$2,850
13.31	greater than \$600,000 but less than or	
13.32	equal to \$700,000	\$3,200
13.33	greater than \$700,000 but less than or	
13.34	equal to \$800,000	\$3,600
13.35	greater than \$800,000 but less than or	
13.36	equal to \$900,000	\$3,900
13.37	greater than \$900,000 but less than or	
13.38	equal to \$1,000,000	\$4,250
13.39	greater than \$1,000,000 but less than or	
13.40	equal to \$1,250,000	\$4,550
13.41	greater than \$1,250,000 but less than or	
13.42	equal to \$1,500,000	\$4,900
13.43	greater than \$1,500,000 but less than or	
13.44	equal to \$1,750,000	\$5,200

14.1	greater than \$1,750,000 but less than or	
14.2	equal to \$2,000,000	\$5,500
14.3	greater than \$2,000,000 but less than or	
14.4	equal to \$2,500,000	\$5,900
14.5	greater than \$2,500,000 but less than or	
14.6	equal to \$3,000,000	\$6,200
14.7	greater than \$3,000,000 but less than or	
14.8	equal to \$3,500,000	\$6,500
14.9	greater than \$3,500,000 but less than or	
14.10	equal to \$4,000,000	\$7,200
14.11	greater than \$4,000,000 but less than or	
14.12	equal to \$4,500,000	\$7,800
14.13	greater than \$4,500,000 but less than or	
14.14	equal to \$5,000,000	\$9,000
14.15	greater than \$5,000,000 but less than or	
14.16	equal to \$7,500,000	\$10,000
14.17	greater than \$7,500,000 but less than or	
14.18	equal to \$10,000,000	\$14,000
14.19	greater than \$10,000,000 but less than or	
14.20	equal to \$12,500,000	\$18,000
14.21	greater than \$12,500,000 but less than or	
14.22	equal to \$15,000,000	\$25,000
14.23	greater than \$15,000,000 but less than or	
14.24	equal to \$17,500,000	\$28,000
14.25	greater than \$17,500,000 but less than <u>or</u>	
14.26	<u>equal to</u> \$20,000,000	\$32,000
14.27	greater than \$20,000,000 but less than <u>or</u>	
14.28	<u>equal to</u> \$25,000,000	\$36,000
14.29	greater than \$25,000,000 but less than <u>or</u>	
14.30	<u>equal to</u> \$30,000,000	\$45,000
14.31	greater than \$30,000,000 but less than <u>or</u>	
14.32	<u>equal to</u> \$35,000,000	\$55,000
14.33	greater than \$35,000,000	\$75,000

14.34 (2) If requested, the license holder shall provide the commissioner information to verify
 14.35 the license holder's annual revenues or other information as needed, including copies of
 14.36 documents submitted to the Department of Revenue.

14.37 (3) At each annual renewal, a license holder may elect to pay the highest renewal fee,
 14.38 and not provide annual revenue information to the commissioner.

14.39 (4) A license holder that knowingly provides the commissioner incorrect revenue amounts
 14.40 for the purpose of paying a lower license fee shall be subject to a civil penalty in the amount
 14.41 of double the fee the provider should have paid.

15.1 (b) A substance use disorder treatment program licensed under chapter 245G, to provide
 15.2 substance use disorder treatment shall pay an annual nonrefundable license fee based on
 15.3 the following schedule:

15.4	Licensed Capacity	License Fee
15.5	1 to 24 persons	\$2,600
15.6	25 to 49 persons	\$3,000
15.7	50 to 74 persons	\$5,000
15.8	75 to 99 persons	\$10,000
15.9	100 to 199 persons	\$15,000
15.10	200 or more persons	\$20,000

15.11 (c) A detoxification program licensed under Minnesota Rules, parts 9530.6510 to
 15.12 9530.6590, or a withdrawal management program licensed under chapter 245F shall pay
 15.13 an annual nonrefundable license fee based on the following schedule:

15.14	Licensed Capacity	License Fee
15.15	1 to 24 persons	\$2,600
15.16	25 to 49 persons	\$3,000
15.17	50 or more persons	\$5,000

15.18 A detoxification program that also operates a withdrawal management program at the same
 15.19 location shall only pay one fee based upon the licensed capacity of the program with the
 15.20 higher overall capacity.

15.21 (d) A children's residential facility licensed under Minnesota Rules, chapter 2960, to
 15.22 serve children shall pay an annual nonrefundable license fee based on the following schedule:

15.23	Licensed Capacity	License Fee
15.24	1 to 24 persons	\$1,000
15.25	25 to 49 persons	\$1,100
15.26	50 to 74 persons	\$1,200
15.27	75 to 99 persons	\$1,300
15.28	100 or more persons	\$1,400

15.29 (e) A residential facility licensed under section 245I.23 or Minnesota Rules, parts
 15.30 9520.0500 to 9520.0670, to serve persons with mental illness shall pay an annual
 15.31 nonrefundable license fee based on the following schedule:

15.32	Licensed Capacity	License Fee
15.33	1 to 24 persons	\$2,600

16.1	25 to 49 persons	\$3,000
16.2	50 or more persons	\$20,000

16.3 (f) A residential facility licensed under Minnesota Rules, parts 9570.2000 to 9570.3400,
 16.4 to serve persons with physical disabilities shall pay an annual nonrefundable license fee
 16.5 based on the following schedule:

16.6	Licensed Capacity	License Fee
16.7	1 to 24 persons	\$450
16.8	25 to 49 persons	\$650
16.9	50 to 74 persons	\$850
16.10	75 to 99 persons	\$1,050
16.11	100 or more persons	\$1,250

16.12 (g) A program licensed as an adult day care center licensed under Minnesota Rules,
 16.13 parts 9555.9600 to 9555.9730, shall pay an annual nonrefundable license fee based on the
 16.14 following schedule:

16.15	Licensed Capacity	License Fee
16.16	1 to 24 persons	\$2,600
16.17	25 to 49 persons	\$3,000
16.18	50 to 74 persons	\$5,000
16.19	75 to 99 persons	\$10,000
16.20	100 to 199 persons	\$15,000
16.21	200 or more persons	\$20,000

16.22 (h) A program licensed to provide treatment services to persons with sexual psychopathic
 16.23 personalities or sexually dangerous persons under Minnesota Rules, parts 9515.3000 to
 16.24 9515.3110, shall pay an annual nonrefundable license fee of \$20,000.

16.25 (i) A mental health clinic certified under section 245I.20 shall pay an annual
 16.26 nonrefundable certification fee of \$1,550. If the mental health clinic provides services at a
 16.27 primary location with satellite facilities, the satellite facilities shall be certified with the
 16.28 primary location without an additional charge.

16.29 (j) If a program subject to annual fees under paragraph (b) provides services at a primary
 16.30 location with satellite facilities, the satellite facilities must be licensed with the primary
 16.31 location and must be subject to an additional \$500 annual nonrefundable license fee per
 16.32 satellite facility.

17.1 Sec. 11. Minnesota Statutes 2025 Supplement, section 245A.142, subdivision 3, is amended
17.2 to read:

17.3 Subd. 3. **Provisional license.** (a) Beginning January 1, 2026, the commissioner shall
17.4 begin issuing provisional licenses to agencies enrolled under chapter 256B to provide EIDBI
17.5 services.

17.6 (b) Agencies enrolled before July 1, 2025, have until May 31, 2026, to submit an
17.7 application for provisional licensure on the forms and in the manner prescribed by the
17.8 commissioner.

17.9 (c) Beginning June 1, 2026, an agency must not operate if it has not submitted an
17.10 application for provisional licensure under this section. The commissioner shall disenroll
17.11 an agency from providing EIDBI services under chapter 256B if the agency fails to submit
17.12 an application for provisional licensure by May 31, 2026.

17.13 (d) The commissioner must determine whether a provisional license applicant complies
17.14 with all applicable rules and laws and either issue a provisional license to the applicant or
17.15 deny the application by December 31, 2026.

17.16 (e) A provisional license is effective until comprehensive EIDBI agency licensure
17.17 standards are in effect unless the provisional license is suspended or revoked.

17.18 (f) Initial provisional license applications are subject to the \$2,100 application fee under
17.19 section 245A.10, subdivision 3.

17.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

17.21 Sec. 12. Minnesota Statutes 2025 Supplement, section 245A.242, subdivision 2, is amended
17.22 to read:

17.23 Subd. 2. **Emergency overdose treatment.** (a) A license holder must maintain a supply
17.24 of opiate antagonists as defined in section 604A.04, subdivision 1, available for emergency
17.25 treatment of opioid overdose ~~and~~ For administration via intramuscular injection, a license
17.26 holder must have a written standing order protocol by a physician who is licensed under
17.27 chapter 147, advanced practice registered nurse who is licensed under chapter 148, or
17.28 physician assistant who is licensed under chapter 147A, that permits the license holder to
17.29 maintain a supply of intramuscular injection opiate antagonists on site. A license holder
17.30 must require staff to undergo training in the specific mode of administration used at the
17.31 program, which may include intranasal administration, intramuscular injection, or both,
17.32 before the staff has direct contact, as defined in section 245C.02, subdivision 11, with a
17.33 person served by the program.

18.1 (b) Notwithstanding any requirements to the contrary in Minnesota Rules, chapters 2960
18.2 and 9530, and Minnesota Statutes, chapters 245F, 245G, and 245I:

18.3 (1) emergency opiate antagonist medications are not required to be stored in a locked
18.4 area and staff and adult clients may carry this medication on them and store it in an unlocked
18.5 location;

18.6 (2) staff persons who only administer emergency opiate antagonist medications only
18.7 require the training required by paragraph (a), which any knowledgeable trainer may provide.
18.8 The trainer is not required to be a registered nurse or part of an accredited educational
18.9 institution; and

18.10 (3) nonresidential substance use disorder treatment programs that do not administer
18.11 client medications beyond emergency opiate antagonist medications are not required to
18.12 have the policies and procedures required in section 245G.08, subdivisions 5 and 6, and
18.13 must instead describe the program's procedures for administering opiate antagonist
18.14 medications in the license holder's description of health care services under section 245G.08,
18.15 subdivision 1.

18.16 Sec. 13. Minnesota Statutes 2024, section 245C.02, subdivision 18, is amended to read:

18.17 Subd. 18. **Serious maltreatment.** (a) "Serious maltreatment" means sexual abuse,
18.18 maltreatment resulting in death, neglect resulting in serious injury which reasonably requires
18.19 the care of a physician, advanced practice registered nurse, or physician assistant whether
18.20 or not the care of a physician, advanced practice registered nurse, or physician assistant was
18.21 sought, ~~or~~ abuse resulting in serious injury, or financial exploitation of a vulnerable adult
18.22 if the value of the funds or property is \$1,000 or greater.

18.23 (b) For purposes of this definition, "care of a physician, advanced practice registered
18.24 nurse, or physician assistant" is treatment received or ordered by a physician, physician
18.25 assistant, or advanced practice registered nurse, but does not include:

18.26 (1) diagnostic testing, assessment, or observation;

18.27 (2) the application of, recommendation to use, or prescription solely for a remedy that
18.28 is available over the counter without a prescription; or

18.29 (3) a prescription solely for a topical antibiotic to treat burns when there is no follow-up
18.30 appointment.

18.31 (c) For purposes of this definition, "abuse resulting in serious injury" means: bruises,
18.32 bites, skin laceration, or tissue damage; fractures; dislocations; evidence of internal injuries;

19.1 head injuries with loss of consciousness; extensive second-degree or third-degree burns and
19.2 other burns for which complications are present; extensive second-degree or third-degree
19.3 frostbite and other frostbite for which complications are present; irreversible mobility or
19.4 avulsion of teeth; injuries to the eyes; ingestion of foreign substances and objects that are
19.5 harmful; near drowning; and heat exhaustion or sunstroke.

19.6 (d) Serious maltreatment includes neglect when it results in criminal sexual conduct
19.7 against a child or vulnerable adult.

19.8 Sec. 14. Minnesota Statutes 2024, section 245C.03, subdivision 1, is amended to read:

19.9 Subdivision 1. **Programs licensed by the commissioner.** (a) The commissioner shall
19.10 conduct a background study on:

19.11 (1) the person or persons applying for a license;

19.12 (2) an individual age 13 and over living in the household where the licensed program
19.13 will be provided who is not receiving licensed services from the program;

19.14 (3) current or prospective employees of the applicant or license holder who will have
19.15 direct contact with persons served by the facility, agency, or program;

19.16 (4) volunteers or student volunteers who will have direct contact with persons served
19.17 by the program to provide program services if the contact is not under the continuous, direct
19.18 supervision by an individual listed in clause (1) or (3);

19.19 (5) an individual age ten to 12 living in the household where the licensed services will
19.20 be provided when the commissioner has reasonable cause as defined in section 245C.02,
19.21 subdivision 15;

19.22 (6) an individual who, without providing direct contact services at a licensed program,
19.23 may have unsupervised access to children or vulnerable adults receiving services from a
19.24 program, when the commissioner has reasonable cause as defined in section 245C.02,
19.25 subdivision 15; and

19.26 (7) all controlling individuals as defined in section 245A.02, subdivision 5a;

19.27 (8) notwithstanding clause (3), for children's residential facilities and foster residence
19.28 settings, any adult working in the facility, whether or not the individual will have direct
19.29 contact with persons served by the facility.

19.30 (b) For child foster care when the license holder resides in the home where foster care
19.31 services are provided, a short-term substitute caregiver providing direct contact services for

20.1 a child for less than 72 hours of continuous care is not required to receive a background
20.2 study under this chapter.

20.3 (c) This subdivision applies to the following programs that must be licensed under
20.4 chapter 245A:

20.5 (1) adult foster care;

20.6 (2) children's residential facilities;

20.7 (3) licensed home and community-based services under chapter 245D;

20.8 (4) residential mental health programs for adults;

20.9 (5) substance use disorder treatment programs under chapter 245G;

20.10 (6) withdrawal management programs under chapter 245F;

20.11 (7) adult day care centers;

20.12 (8) family adult day services;

20.13 (9) detoxification programs;

20.14 (10) community residential settings;

20.15 (11) intensive residential treatment services and residential crisis stabilization under
20.16 chapter 245I; ~~and~~

20.17 (12) treatment programs for persons with sexual psychopathic personality or sexually
20.18 dangerous persons, licensed under chapter 245A and according to Minnesota Rules, parts
20.19 9515.3000 to 9515.3110-; and

20.20 (13) children's foster residence settings.

20.21 **EFFECTIVE DATE.** This section is effective November 3, 2026.

20.22 Sec. 15. Minnesota Statutes 2024, section 245C.04, subdivision 1, is amended to read:

20.23 Subdivision 1. **Licensed programs; other child care programs.** (a) The commissioner
20.24 shall conduct a background study of an individual required to be studied under section
20.25 245C.03, subdivision 1, at least upon application for initial license for all license types.

20.26 (b) The commissioner shall conduct a background study of an individual required to be
20.27 studied under section 245C.03, subdivision 1, including a child care background study
20.28 subject as defined in section 245C.02, subdivision 6a, in a family child care program, licensed
20.29 child care center, certified license-exempt child care center, or legal nonlicensed child care
20.30 provider, on a schedule determined by the commissioner. Except as provided in section

21.1 245C.05, subdivision 5a, a child care background study must include submission of
21.2 fingerprints for a national criminal history record check and a review of the information
21.3 under section 245C.08. A background study for a child care program must be repeated
21.4 within five years from the most recent study conducted under this paragraph.

21.5 (c) At reauthorization or when a new background study is needed under section 142E.16,
21.6 subdivision 2, for a legal nonlicensed child care provider authorized under chapter 142E:

21.7 (1) for a background study affiliated with a legal nonlicensed child care provider, the
21.8 individual shall provide information required under section 245C.05, subdivision 1,
21.9 paragraphs (a), (b), and (d), to the commissioner and be fingerprinted and photographed
21.10 under section 245C.05, subdivision 5; and

21.11 (2) the commissioner shall verify the information received under clause (1) and submit
21.12 the request in NETStudy 2.0 to complete the background study.

21.13 (d) At reapplication for a family child care license:

21.14 (1) for a background study affiliated with a licensed family child care center, the
21.15 individual shall provide information required under section 245C.05, subdivision 1,
21.16 paragraphs (a), (b), and (d), to the county agency, and be fingerprinted and photographed
21.17 under section 245C.05, subdivision 5;

21.18 (2) the county agency shall verify the information received under clause (1) and forward
21.19 the information to the commissioner and submit the request in NETStudy 2.0 to complete
21.20 the background study; and

21.21 (3) the background study conducted by the commissioner under this paragraph must
21.22 include a review of the information required under section 245C.08.

21.23 ~~(e) The commissioner is not required to conduct a study of an individual at the time of~~
21.24 ~~reapplication for a license if the individual's background study was completed by the~~
21.25 ~~commissioner of human services and the following conditions are met:~~

21.26 ~~(1) a study of the individual was conducted either at the time of initial licensure or when~~
21.27 ~~the individual became affiliated with the license holder;~~

21.28 ~~(2) the individual has been continuously affiliated with the license holder since the last~~
21.29 ~~study was conducted; and~~

21.30 ~~(3) the last study of the individual was conducted on or after October 1, 1995.~~

22.1 ~~(f)~~ (e) The commissioner of human services shall conduct a background study of an
22.2 individual specified under section 245C.03, subdivision 1, paragraph (a), clauses (2) to (6),
22.3 who is newly affiliated with a child foster family setting license holder:

22.4 (1) the county or private agency shall collect and forward to the commissioner the
22.5 information required under section 245C.05, subdivisions 1 and 5, when the child foster
22.6 family setting applicant or license holder resides in the home where child foster care services
22.7 are provided; and

22.8 (2) the background study conducted by the commissioner of human services under this
22.9 paragraph must include a review of the information required under section 245C.08,
22.10 subdivisions 1, 3, and 4.

22.11 ~~(g)~~ (f) The commissioner shall conduct a background study of an individual specified
22.12 under section 245C.03, subdivision 1, paragraph (a), clauses (2) to (6), who is newly affiliated
22.13 with an adult foster care or family adult day services and with a family child care license
22.14 holder or a legal nonlicensed child care provider authorized under chapter 142E and:

22.15 (1) except as provided in section 245C.05, subdivision 5a, the county shall collect and
22.16 forward to the commissioner the information required under section 245C.05, subdivision
22.17 1, paragraphs (a) and (b), and subdivision 5, paragraph (b), for background studies conducted
22.18 by the commissioner for all family adult day services, for adult foster care when the adult
22.19 foster care license holder resides in the adult foster care residence, and for family child care
22.20 and legal nonlicensed child care authorized under chapter 142E;

22.21 (2) the license holder shall collect and forward to the commissioner the information
22.22 required under section 245C.05, subdivisions 1, paragraphs (a) and (b); and 5, paragraphs
22.23 (a) and (b), for background studies conducted by the commissioner for adult foster care
22.24 when the license holder does not reside in the adult foster care residence; and

22.25 (3) the background study conducted by the commissioner under this paragraph must
22.26 include a review of the information required under section 245C.08, subdivision 1, paragraph
22.27 (a), and subdivisions 3 and 4.

22.28 ~~(h)~~ (g) Applicants for licensure, license holders, and other entities as provided in this
22.29 chapter must submit completed background study requests to the commissioner using the
22.30 electronic system known as NETStudy 2.0 before individuals specified in section 245C.03,
22.31 subdivision 1, begin positions allowing direct contact in any licensed program.

22.32 ~~(i)~~ (h) For an individual who is not on the entity's active roster, the entity must initiate
22.33 a new background study through NETStudy when:

23.1 (1) an individual returns to a position requiring a background study following an absence
23.2 of 120 or more consecutive days; or

23.3 (2) a program that discontinued providing licensed direct contact services for 120 or
23.4 more consecutive days begins to provide direct contact licensed services again.

23.5 The license holder shall maintain a copy of the notification provided to the commissioner
23.6 under this paragraph in the program's files. If the individual's disqualification was previously
23.7 set aside for the license holder's program and the new background study results in no new
23.8 information that indicates the individual may pose a risk of harm to persons receiving
23.9 services from the license holder, the previous set-aside shall remain in effect.

23.10 ~~(h)~~ (i) For purposes of this section, a physician licensed under chapter 147, advanced
23.11 practice registered nurse licensed under chapter 148, or physician assistant licensed under
23.12 chapter 147A is considered to be continuously affiliated upon the license holder's receipt
23.13 from the commissioner of health or human services of the physician's, advanced practice
23.14 registered nurse's, or physician assistant's background study results.

23.15 ~~(k)~~ (j) For purposes of family child care, a substitute caregiver must receive repeat
23.16 background studies at the time of each license renewal.

23.17 ~~(l)~~ (k) A repeat background study at the time of license renewal is not required if the
23.18 family child care substitute caregiver's background study was completed by the commissioner
23.19 on or after October 1, 2017, and the substitute caregiver is on the license holder's active
23.20 roster in NETStudy 2.0.

23.21 ~~(m)~~ (l) Before and after school programs authorized under chapter 142E, are exempt
23.22 from the background study requirements under section 123B.03, for an employee for whom
23.23 a background study under this chapter has been completed.

23.24 Sec. 16. Minnesota Statutes 2025 Supplement, section 245C.07, is amended to read:

23.25 **245C.07 STUDY SUBJECT AFFILIATED WITH MULTIPLE FACILITIES.**

23.26 (a) Subject to the conditions in paragraph (d), when a license holder, applicant, or other
23.27 entity owns multiple programs or services that are licensed by the Department of Human
23.28 Services; Department of Children, Youth, and Families; Department of Health; or Department
23.29 of Corrections, only one background study is required for an individual who provides direct
23.30 contact services in one or more of the licensed programs or services if:

24.1 (1) the license holder designates one individual with one address and telephone number
24.2 as the person to receive sensitive background study information for the multiple licensed
24.3 programs or services that depend on the same background study; and

24.4 (2) the individual designated to receive the sensitive background study information is
24.5 capable of determining, upon request of the department, whether a background study subject
24.6 is providing direct contact services in one or more of the license holder's programs or services
24.7 and, if so, at which location or locations.

24.8 (b) When a license holder maintains background study compliance for multiple licensed
24.9 programs according to paragraph (a), and one or more of the licensed programs closes, the
24.10 license holder shall immediately notify the commissioner which staff must be transferred
24.11 to an active license so that the background studies can be electronically paired with the
24.12 license holder's active program.

24.13 (c) When a background study is being initiated by a licensed program or service or a
24.14 foster care provider that is also licensed under chapter 144G, a study subject affiliated with
24.15 multiple licensed programs or services may attach to the background study form a cover
24.16 letter indicating the additional names of the programs or services, addresses, and background
24.17 study identification numbers.

24.18 When the commissioner receives a notice, the commissioner shall notify each program
24.19 or service identified by the background study subject of the study results.

24.20 The background study notice the commissioner sends to the subsequent agencies shall
24.21 satisfy those programs' or services' responsibilities for initiating a background study on that
24.22 individual.

24.23 ~~(d) If a background study was conducted on an individual related to child foster care~~
24.24 ~~and the requirements under paragraph (a) are met, the background study is transferable~~
24.25 ~~across all licensed programs.~~ If a background study was conducted on an individual under
24.26 a license other than child foster care and the requirements under paragraph (a) are met, the
24.27 background study is transferable to all licensed programs except child foster care.

24.28 (e) The provisions of this section that allow a single background study in one or more
24.29 licensed programs or services do not apply to background studies submitted by adoption
24.30 agencies, supplemental nursing services agencies, personnel pool agencies, educational
24.31 programs, professional services agencies, temporary personnel agencies, and unlicensed
24.32 personal care provider organizations.

25.1 (f) For an entity operating under NETStudy 2.0, the entity's active roster must be the
25.2 system used to document when a background study subject is affiliated with multiple entities.
25.3 For a background study to be transferable:

25.4 (1) the background study subject must be on and moving to a roster for which the person
25.5 designated to receive sensitive background study information is the same; and

25.6 (2) the same entity must own or legally control both the roster from which the transfer
25.7 is occurring and the roster to which the transfer is occurring. For an entity that holds or
25.8 controls multiple licenses, or unlicensed personal care provider organizations, there must
25.9 be a common highest level entity that has a legally identifiable structure that can be verified
25.10 through records available from the secretary of state.

25.11 **EFFECTIVE DATE.** This section is effective July 1, 2026.

25.12 Sec. 17. Minnesota Statutes 2025 Supplement, section 245C.13, subdivision 2, is amended
25.13 to read:

25.14 Subd. 2. **Activities pending completion of background study.** The subject of a
25.15 background study may not perform any activity requiring a background study under
25.16 paragraph (c) until the commissioner has issued one of the notices under paragraph (a).

25.17 (a) Notices from the commissioner required prior to activity under paragraph (c) include:

25.18 (1) a notice of the study results under section 245C.17 stating that:

25.19 (i) the individual is not disqualified; or

25.20 (ii) more time is needed to complete the study but the individual is not required to be
25.21 removed from direct contact or access to people receiving services prior to completion of
25.22 the study as provided under section 245C.17, subdivision 1, paragraph (b) or (c). The notice
25.23 that more time is needed to complete the study must also indicate whether the individual is
25.24 required to be under continuous direct supervision prior to completion of the background
25.25 study. When more time is necessary to complete a background study of an individual
25.26 affiliated with a Title IV-E eligible children's residential facility or foster residence setting,
25.27 the individual may not work in the facility or setting regardless of whether or not the
25.28 individual is supervised;

25.29 (2) a notice that a disqualification has been set aside under section 245C.23; or

25.30 (3) a notice that a variance has been granted related to the individual under section
25.31 245C.30.

26.1 (b) For a child care background study ~~affiliated with a licensed child care center or~~
26.2 ~~certified license-exempt child care center~~ subject required to submit fingerprints for a
26.3 national criminal history check, except as provided in section 245C.05, subdivision 5a, the
26.4 notice sent under paragraph (a), clause (1), item (ii), must not be issued until the
26.5 commissioner receives a qualifying result for the individual for the fingerprint-based national
26.6 criminal history record check or the fingerprint-based criminal history information from
26.7 the Bureau of Criminal Apprehension. The notice must require the individual to be under
26.8 continuous direct supervision prior to completion of the remainder of the background study
26.9 except as permitted in subdivision 3.

26.10 (c) Activities prohibited prior to receipt of notice under paragraph (a) include:

26.11 (1) being issued a license;

26.12 (2) living in the household where the licensed program will be provided;

26.13 (3) providing direct contact services to persons served by a program unless the subject
26.14 is under continuous direct supervision;

26.15 (4) having access to persons receiving services if the background study was completed
26.16 under section 144.057, subdivision 1, or 245C.03, subdivision 1, paragraph (a), clause (2),
26.17 (5), or (6), unless the subject is under continuous direct supervision;

26.18 (5) for ~~licensed child care centers and certified license-exempt child care centers~~ a child
26.19 care background study subject, providing direct contact services to persons served by the
26.20 program performing any act listed in section 245C.02, subdivision 6a, unless the study is
26.21 being renewed under section 245C.04, subdivision 1, paragraph (b), and it has been less
26.22 than five years since the child care background study subject was previously disqualified
26.23 or provided notice under paragraph (a), clause (1), item (i);

26.24 (6) for children's residential facilities or foster residence settings, working in the facility
26.25 or setting;

26.26 (7) for background studies affiliated with a personal care provider organization, except
26.27 as provided in section 245C.03, subdivision 3b, before a personal care assistant provides
26.28 services, the personal care assistance provider agency must initiate a background study of
26.29 the personal care assistant under this chapter and the personal care assistance provider
26.30 agency must have received a notice from the commissioner that the personal care assistant
26.31 is:

26.32 (i) not disqualified under section 245C.14; or

27.1 (ii) disqualified, but the personal care assistant has received a set aside of the
27.2 disqualification under section 245C.22; or

27.3 (8) for background studies affiliated with an early intensive developmental and behavioral
27.4 intervention provider, before an individual provides services, the early intensive
27.5 developmental and behavioral intervention provider must initiate a background study for
27.6 the individual under this chapter and the early intensive developmental and behavioral
27.7 intervention provider must have received a notice from the commissioner that the individual
27.8 is:

27.9 (i) not disqualified under section 245C.14; or

27.10 (ii) disqualified, but the individual has received a set-aside of the disqualification under
27.11 section 245C.22.

27.12 **EFFECTIVE DATE.** This section is effective July 1, 2026.

27.13 Sec. 18. Minnesota Statutes 2024, section 245C.15, subdivision 2, is amended to read:

27.14 Subd. 2. **15-year disqualification.** (a) An individual is disqualified under section 245C.14
27.15 if: (1) less than 15 years have passed since the discharge of the sentence imposed, if any,
27.16 for the offense; and (2) the individual has committed a felony-level violation of any of the
27.17 following offenses: sections 152.021, subdivision 1 or 2b, (aggravated controlled substance
27.18 crime in the first degree; sale crimes); 152.022, subdivision 1 (controlled substance crime
27.19 in the second degree; sale crimes); 152.023, subdivision 1 (controlled substance crime in
27.20 the third degree; sale crimes); 152.024, subdivision 1 (controlled substance crime in the
27.21 fourth degree; sale crimes); 256.98 (wrongfully obtaining assistance); 268.182 (fraud);
27.22 393.07, subdivision 10, paragraph (c) (federal SNAP fraud); 518B.01, subdivision 14
27.23 (violation of an order for protection); 609.165 (felon ineligible to possess firearm); 609.2112,
27.24 609.2113, or 609.2114 (criminal vehicular homicide or injury); 609.215 (suicide); 609.223
27.25 or 609.2231 (assault in the third or fourth degree); repeat offenses under 609.224 (assault
27.26 in the fifth degree); 609.229 (crimes committed for benefit of a gang); 609.2325 (criminal
27.27 abuse of a vulnerable adult); 609.2334 (violation of an order for protection against financial
27.28 exploitation of a vulnerable adult); 609.2335 (financial exploitation of a vulnerable adult);
27.29 609.235 (use of drugs to injure or facilitate crime); 609.24 (simple robbery); 609.247,
27.30 subdivision 4 (carjacking in the third degree); 609.255 (false imprisonment); 609.2664
27.31 (manslaughter of an unborn child in the first degree); 609.2665 (manslaughter of an unborn
27.32 child in the second degree); 609.267 (assault of an unborn child in the first degree); 609.2671
27.33 (assault of an unborn child in the second degree); 609.268 (injury or death of an unborn
27.34 child in the commission of a crime); 609.27 (coercion); 609.275 (attempt to coerce); 609.466

28.1 (medical assistance fraud); 609.495 (aiding an offender); 609.498, subdivision 1 or 1b
28.2 (aggravated first-degree or first-degree tampering with a witness); 609.52 (theft); 609.521
28.3 (possession of shoplifting gear); 609.522 (organized retail theft); 609.525 (bringing stolen
28.4 goods into Minnesota); 609.527 (identity theft); 609.53 (receiving stolen property); 609.535
28.5 (issuance of dishonored checks); 609.542 (illegal remunerations); 609.562 (arson in the
28.6 second degree); 609.563 (arson in the third degree); 609.582 (burglary); 609.59 (possession
28.7 of burglary tools); 609.611 (insurance fraud); 609.625 (aggravated forgery); 609.63 (forgery);
28.8 609.631 (check forgery; offering a forged check); 609.635 (obtaining signature by false
28.9 pretense); 609.66 (dangerous weapons); 609.67 (machine guns and short-barreled shotguns);
28.10 609.687 (adulteration); 609.71 (riot); 609.713 (terroristic threats); 609.746 (interference
28.11 with privacy); 609.82 (fraud in obtaining credit); 609.821 (financial transaction card fraud);
28.12 617.23 (indecent exposure), not involving a minor; repeat offenses under 617.241 (obscene
28.13 materials and performances; distribution and exhibition prohibited; penalty); or 624.713
28.14 (certain persons not to possess firearms).

28.15 (b) An individual is disqualified under section 245C.14 if less than 15 years has passed
28.16 since the individual's aiding and abetting, attempt, or conspiracy to commit any of the
28.17 offenses listed in paragraph (a), as each of these offenses is defined in Minnesota Statutes.

28.18 (c) An individual is disqualified under section 245C.14 if less than 15 years has passed
28.19 since the termination of the individual's parental rights under section 260C.301, subdivision
28.20 1, paragraph (b), or subdivision 3.

28.21 (d) An individual is disqualified under section 245C.14 if less than 15 years has passed
28.22 since the discharge of the sentence imposed for an offense in any other state or country, the
28.23 elements of which are substantially similar to the elements of the offenses listed in paragraph
28.24 (a) or since the termination of parental rights in any other state or country, the elements of
28.25 which are substantially similar to the elements listed in paragraph (c).

28.26 (e) If the individual studied commits one of the offenses listed in paragraph (a), but the
28.27 sentence or level of offense is a gross misdemeanor or misdemeanor, the individual is
28.28 disqualified but the disqualification look-back period for the offense is the period applicable
28.29 to the gross misdemeanor or misdemeanor disposition.

28.30 (f) When a disqualification is based on a judicial determination other than a conviction,
28.31 the disqualification period begins from the date of the court order. When a disqualification
28.32 is based on an admission, the disqualification period begins from the date of an admission
28.33 in court. When a disqualification is based on an Alford Plea, the disqualification period
28.34 begins from the date the Alford Plea is entered in court. When a disqualification is based

29.1 on a preponderance of evidence of a disqualifying act, the disqualification date begins from
29.2 the date of the dismissal, the date of discharge of the sentence imposed for a conviction for
29.3 a disqualifying crime of similar elements, or the date of the incident, whichever occurs last.

29.4 Sec. 19. Minnesota Statutes 2024, section 245C.15, subdivision 3, is amended to read:

29.5 Subd. 3. **Ten-year disqualification.** (a) An individual is disqualified under section
29.6 245C.14 if: (1) less than ten years have passed since the discharge of the sentence imposed,
29.7 if any, for the offense; and (2) the individual has committed a gross misdemeanor-level
29.8 violation of any of the following offenses: sections 256.98 (wrongfully obtaining assistance);
29.9 260B.425 (criminal jurisdiction for contributing to status as a juvenile petty offender or
29.10 delinquency); 260C.425 (criminal jurisdiction for contributing to need for protection or
29.11 services); 268.182 (fraud); 393.07, subdivision 10, paragraph (c) (federal SNAP fraud);
29.12 609.2112, 609.2113, or 609.2114 (criminal vehicular homicide or injury); 609.221 or 609.222
29.13 (assault in the first or second degree); 609.223 or 609.2231 (assault in the third or fourth
29.14 degree); 609.224 (assault in the fifth degree); 609.224, subdivision 2, paragraph (c) (assault
29.15 in the fifth degree by a caregiver against a vulnerable adult); 609.2242 and 609.2243
29.16 (domestic assault); 609.23 (mistreatment of persons confined); 609.231 (mistreatment of
29.17 residents or patients); 609.2325 (criminal abuse of a vulnerable adult); 609.233 (criminal
29.18 neglect of a vulnerable adult); 609.2334 (violation of an order for protection against financial
29.19 exploitation of a vulnerable adult); 609.2335 (financial exploitation of a vulnerable adult);
29.20 609.234 (failure to report maltreatment of a vulnerable adult); 609.265 (abduction); 609.275
29.21 (attempt to coerce); 609.324, subdivision 1a (other prohibited acts; minor engaged in
29.22 prostitution); 609.33 (disorderly house); 609.377 (malicious punishment of a child); 609.378
29.23 (neglect or endangerment of a child); 609.466 (medical assistance fraud); 609.52 (theft);
29.24 609.522 (organized retail theft); 609.525 (bringing stolen goods into Minnesota); 609.527
29.25 (identity theft); 609.53 (receiving stolen property); 609.535 (issuance of dishonored checks);
29.26 609.582 (burglary); 609.59 (possession of burglary tools); 609.611 (insurance fraud); 609.631
29.27 (check forgery; offering a forged check); 609.66 (dangerous weapons); 609.71 (riot); 609.72,
29.28 subdivision 3 (disorderly conduct against a vulnerable adult); 609.746 (interference with
29.29 privacy); 609.749, subdivision 2 (harassment); 609.82 (fraud in obtaining credit); 609.821
29.30 (financial transaction card fraud); 617.23 (indecent exposure), not involving a minor; 617.241
29.31 (obscene materials and performances); 617.243 (indecent literature, distribution); 617.293
29.32 (harmful materials; dissemination and display to minors prohibited); or Minnesota Statutes
29.33 2012, section 609.21; or violation of an order for protection under section 518B.01,
29.34 subdivision 14.

30.1 (b) An individual is disqualified under section 245C.14 if less than ten years has passed
30.2 since the individual's aiding and abetting, attempt, or conspiracy to commit any of the
30.3 offenses listed in paragraph (a), as each of these offenses is defined in Minnesota Statutes.

30.4 (c) An individual is disqualified under section 245C.14 if less than ten years has passed
30.5 since the discharge of the sentence imposed for an offense in any other state or country, the
30.6 elements of which are substantially similar to the elements of any of the offenses listed in
30.7 paragraph (a).

30.8 (d) If the individual studied commits one of the offenses listed in paragraph (a), but the
30.9 sentence or level of offense is a misdemeanor disposition, the individual is disqualified but
30.10 the disqualification lookback period for the offense is the period applicable to misdemeanors.

30.11 (e) When a disqualification is based on a judicial determination other than a conviction,
30.12 the disqualification period begins from the date of the court order. When a disqualification
30.13 is based on an admission, the disqualification period begins from the date of an admission
30.14 in court. When a disqualification is based on an Alford Plea, the disqualification period
30.15 begins from the date the Alford Plea is entered in court. When a disqualification is based
30.16 on a preponderance of evidence of a disqualifying act, the disqualification date begins from
30.17 the date of the dismissal, the date of discharge of the sentence imposed for a conviction for
30.18 a disqualifying crime of similar elements, or the date of the incident, whichever occurs last.

30.19 Sec. 20. Minnesota Statutes 2024, section 245C.15, subdivision 4, is amended to read:

30.20 Subd. 4. **Seven-year disqualification.** (a) An individual is disqualified under section
30.21 245C.14 if: (1) less than seven years has passed since the discharge of the sentence imposed,
30.22 if any, for the offense; and (2) the individual has committed a misdemeanor-level violation
30.23 of any of the following offenses: sections 256.98 (wrongfully obtaining assistance); 260B.425
30.24 (criminal jurisdiction for contributing to status as a juvenile petty offender or delinquency);
30.25 260C.425 (criminal jurisdiction for contributing to need for protection or services); 268.182
30.26 (fraud); 393.07, subdivision 10, paragraph (c) (federal SNAP fraud); 609.2112, 609.2113,
30.27 or 609.2114 (criminal vehicular homicide or injury); 609.221 (assault in the first degree);
30.28 609.222 (assault in the second degree); 609.223 (assault in the third degree); 609.2231
30.29 (assault in the fourth degree); 609.224 (assault in the fifth degree); 609.2242 (domestic
30.30 assault); 609.2334 (violation of an order for protection against financial exploitation of a
30.31 vulnerable adult); 609.2335 (financial exploitation of a vulnerable adult); 609.234 (failure
30.32 to report maltreatment of a vulnerable adult); 609.2672 (assault of an unborn child in the
30.33 third degree); 609.27 (coercion); violation of an order for protection under 609.3232
30.34 (protective order authorized; procedures; penalties); 609.466 (medical assistance fraud);

31.1 609.52 (theft); 609.522 (organized retail theft); 609.525 (bringing stolen goods into
31.2 Minnesota); 609.527 (identity theft); 609.53 (receiving stolen property); 609.535 (issuance
31.3 of dishonored checks); 609.611 (insurance fraud); 609.66 (dangerous weapons); 609.665
31.4 (spring guns); 609.746 (interference with privacy); 609.79 (obscene or harassing telephone
31.5 calls); 609.795 (letter, telegram, or package; opening; harassment); 609.82 (fraud in obtaining
31.6 credit); 609.821 (financial transaction card fraud); 617.23 (indecent exposure), not involving
31.7 a minor; 617.293 (harmful materials; dissemination and display to minors prohibited); or
31.8 Minnesota Statutes 2012, section 609.21; or violation of an order for protection under section
31.9 518B.01 (Domestic Abuse Act).

31.10 (b) An individual is disqualified under section 245C.14 if less than seven years has
31.11 passed since a determination or disposition of the individual's:

31.12 (1) failure to make required reports under section 260E.06 or 626.557, subdivision 3,
31.13 for incidents in which: (i) the final disposition under section 626.557 or chapter 260E was
31.14 substantiated maltreatment, and (ii) the maltreatment was recurring or serious; or

31.15 (2) substantiated serious or recurring maltreatment of a minor under chapter 260E, a
31.16 vulnerable adult under section 626.557, or serious or recurring maltreatment in any other
31.17 state, the elements of which are substantially similar to the elements of maltreatment under
31.18 section 626.557 or chapter 260E for which: (i) there is a preponderance of evidence that
31.19 the maltreatment occurred, and (ii) the subject was responsible for the maltreatment.

31.20 (c) An individual is disqualified under section 245C.14 if less than seven years has
31.21 passed since the individual's aiding and abetting, attempt, or conspiracy to commit any of
31.22 the offenses listed in paragraphs (a) and (b), as each of these offenses is defined in Minnesota
31.23 Statutes.

31.24 (d) An individual is disqualified under section 245C.14 if less than seven years has
31.25 passed since the discharge of the sentence imposed for an offense in any other state or
31.26 country, the elements of which are substantially similar to the elements of any of the offenses
31.27 listed in paragraphs (a) and (b).

31.28 (e) When a disqualification is based on a judicial determination other than a conviction,
31.29 the disqualification period begins from the date of the court order. When a disqualification
31.30 is based on an admission, the disqualification period begins from the date of an admission
31.31 in court. When a disqualification is based on an Alford Plea, the disqualification period
31.32 begins from the date the Alford Plea is entered in court. When a disqualification is based
31.33 on a preponderance of evidence of a disqualifying act, the disqualification date begins from

32.1 the date of the dismissal, the date of discharge of the sentence imposed for a conviction for
32.2 a disqualifying crime of similar elements, or the date of the incident, whichever occurs last.

32.3 (f) An individual is disqualified under section 245C.14 if less than seven years has passed
32.4 since the individual was disqualified under section 256.98, subdivision 8.

32.5 Sec. 21. Minnesota Statutes 2025 Supplement, section 245C.15, subdivision 4a, is amended
32.6 to read:

32.7 Subd. 4a. **Licensed family foster setting disqualifications.** (a) Notwithstanding
32.8 subdivisions 1 to 4, 4b, and 4c, for a background study affiliated with a licensed family
32.9 foster setting, regardless of how much time has passed, an individual is disqualified under
32.10 section 245C.14 if the individual committed an act that resulted in a felony-level conviction
32.11 for sections: 609.185 (murder in the first degree); 609.19 (murder in the second degree);
32.12 609.195 (murder in the third degree); 609.20 (manslaughter in the first degree); 609.205
32.13 (manslaughter in the second degree); 609.2112 (criminal vehicular homicide); 609.221
32.14 (assault in the first degree); 609.223, subdivision 2 (assault in the third degree, past pattern
32.15 of child abuse); 609.223, subdivision 3 (assault in the third degree, victim under four); a
32.16 felony offense under sections 609.2242 and 609.2243 (domestic assault, spousal abuse,
32.17 child abuse or neglect, or a crime against children); 609.2247 (domestic assault by
32.18 strangulation); 609.2325 (criminal abuse of a vulnerable adult resulting in the death of a
32.19 vulnerable adult); 609.245 (aggravated robbery); 609.247, subdivision 2 or 3 (carjacking
32.20 in the first or second degree); 609.25 (kidnapping); 609.255 (false imprisonment); 609.2661
32.21 (murder of an unborn child in the first degree); 609.2662 (murder of an unborn child in the
32.22 second degree); 609.2663 (murder of an unborn child in the third degree); 609.2664
32.23 (manslaughter of an unborn child in the first degree); 609.2665 (manslaughter of an unborn
32.24 child in the second degree); 609.267 (assault of an unborn child in the first degree); 609.2671
32.25 (assault of an unborn child in the second degree); 609.268 (injury or death of an unborn
32.26 child in the commission of a crime); 609.322, subdivision 1 (solicitation, inducement, and
32.27 promotion of prostitution; sex trafficking in the first degree); 609.324, subdivision 1 (other
32.28 prohibited acts; engaging in, hiring, or agreeing to hire minor to engage in prostitution);
32.29 609.342 (criminal sexual conduct in the first degree); 609.343 (criminal sexual conduct in
32.30 the second degree); 609.344 (criminal sexual conduct in the third degree); 609.345 (criminal
32.31 sexual conduct in the fourth degree); 609.3451 (criminal sexual conduct in the fifth degree);
32.32 609.3453 (criminal sexual predatory conduct); 609.3458 (sexual extortion); 609.352
32.33 (solicitation of children to engage in sexual conduct); 609.377 (malicious punishment of a
32.34 child); 609.3775 (child torture); 609.378 (neglect or endangerment of a child); 609.561
32.35 (arson in the first degree); 609.582, subdivision 1 (burglary in the first degree); 609.746

33.1 (interference with privacy); 617.23 (indecent exposure); 617.246 (use of minors in sexual
33.2 performance prohibited); or 617.247 (possession of child sexual abuse material).

33.3 (b) Notwithstanding subdivisions 1 to 4, 4b, and 4c, for the purposes of a background
33.4 study affiliated with a licensed family foster setting, an individual is disqualified under
33.5 section 245C.14, regardless of how much time has passed, if the individual:

33.6 (1) committed an action under paragraph (e) that resulted in death or involved sexual
33.7 abuse, as defined in section 260E.03, subdivision 20;

33.8 (2) committed an act that resulted in a gross misdemeanor-level conviction for section
33.9 609.3451 (criminal sexual conduct in the fifth degree);

33.10 (3) committed an act against or involving a minor that resulted in a felony-level conviction
33.11 for: section 609.222 (assault in the second degree); 609.223, subdivision 1 (assault in the
33.12 third degree); 609.2231 (assault in the fourth degree); or 609.224 (assault in the fifth degree);
33.13 or

33.14 (4) committed an act that resulted in a misdemeanor or gross misdemeanor-level
33.15 conviction for section 617.293 (dissemination and display of harmful materials to minors).

33.16 (c) Notwithstanding subdivisions 1 to 4, 4b, and 4c, for a background study affiliated
33.17 with a licensed family foster setting, an individual is disqualified under section 245C.14 if
33.18 fewer than 20 years have passed since the termination of the individual's parental rights
33.19 under section 260C.301, subdivision 1, paragraph (b), or if the individual consented to a
33.20 termination of parental rights under section 260C.301, subdivision 1, paragraph (a), to settle
33.21 a petition to involuntarily terminate parental rights. An individual is disqualified under
33.22 section 245C.14 if fewer than 20 years have passed since the termination of the individual's
33.23 parental rights in any other state or country, where the conditions for the individual's
33.24 termination of parental rights are substantially similar to the conditions in section 260C.301,
33.25 subdivision 1, paragraph (b).

33.26 (d) Notwithstanding subdivisions 1 to 4, 4b, and 4c, for a background study affiliated
33.27 with a licensed family foster setting, an individual is disqualified under section 245C.14 if
33.28 fewer than five years have passed since a felony-level violation for sections: 152.021
33.29 (controlled substance crime in the first degree); 152.022 (controlled substance crime in the
33.30 second degree); 152.023 (controlled substance crime in the third degree); 152.024 (controlled
33.31 substance crime in the fourth degree); 152.025 (controlled substance crime in the fifth
33.32 degree); 152.0261 (importing controlled substances across state borders); 152.0262,
33.33 subdivision 1, paragraph (b) (possession of substance with intent to manufacture
33.34 methamphetamine); 152.027, subdivision 6, paragraph (c) (sale or possession of synthetic

34.1 cannabinoids); 152.096 (conspiracies prohibited); 152.097 (simulated controlled substances);
34.2 152.136 (anhydrous ammonia; prohibited conduct; criminal penalties; civil liabilities);
34.3 152.137 (fentanyl- and methamphetamine-related crimes involving children or vulnerable
34.4 adults); 169A.24 (felony first-degree driving while impaired); 243.166 (violation of predatory
34.5 offender registration requirements); 609.2113 (criminal vehicular operation; bodily harm);
34.6 609.2114 (criminal vehicular operation; unborn child); 609.228 (great bodily harm caused
34.7 by distribution of drugs); 609.2325 (criminal abuse of a vulnerable adult not resulting in
34.8 the death of a vulnerable adult); 609.233 (criminal neglect); 609.235 (use of drugs to injure
34.9 or facilitate a crime); 609.24 (simple robbery); 609.247, subdivision 4 (carjacking in the
34.10 third degree); 609.322, subdivision 1a (solicitation, inducement, and promotion of
34.11 prostitution; sex trafficking in the second degree); 609.498, subdivision 1 (tampering with
34.12 a witness in the first degree); 609.498, subdivision 1b (aggravated first-degree witness
34.13 tampering); 609.562 (arson in the second degree); 609.563 (arson in the third degree);
34.14 609.582, subdivision 2 (burglary in the second degree); 609.66 (felony dangerous weapons);
34.15 609.687 (adulteration); 609.713 (terroristic threats); 609.749, subdivision 3, 4, or 5
34.16 (felony-level harassment or stalking); 609.855, subdivision 5 (shooting at or in a public
34.17 transit vehicle or facility); or 624.713 (certain people not to possess firearms).

34.18 (e) Notwithstanding subdivisions 1 to 4, 4b, and 4c, except as provided in paragraph
34.19 (a), for a background study affiliated with a licensed family child foster care license, an
34.20 individual is disqualified under section 245C.14 if fewer than five years have passed since:

34.21 (1) a felony-level violation for an act not against or involving a minor that constitutes:
34.22 section 609.222 (assault in the second degree); 609.223, subdivision 1 (assault in the third
34.23 degree); 609.2231 (assault in the fourth degree); or 609.224, subdivision 4 (assault in the
34.24 fifth degree);

34.25 (2) a violation of an order for protection under section 518B.01, subdivision 14;

34.26 (3) a determination or disposition of the individual's failure to make required reports
34.27 under section 260E.06 or 626.557, subdivision 3, for incidents in which the final disposition
34.28 under chapter 260E or section 626.557 was substantiated maltreatment and the maltreatment
34.29 was recurring or serious;

34.30 (4) a determination or disposition of the individual's substantiated serious or recurring
34.31 maltreatment of a minor under chapter 260E, a vulnerable adult under section 626.557, or
34.32 serious or recurring maltreatment in any other state, the elements of which are substantially
34.33 similar to the elements of maltreatment under chapter 260E or section 626.557 and meet
34.34 the definition of serious maltreatment or recurring maltreatment;

35.1 (5) a gross misdemeanor-level violation for sections: 609.224, subdivision 2 (assault in
35.2 the fifth degree); 609.2242 and 609.2243 (domestic assault); 609.233 (criminal neglect);
35.3 609.377 (malicious punishment of a child); 609.378 (neglect or endangerment of a child);
35.4 609.746 (interference with privacy); 609.749 (stalking); or 617.23 (indecent exposure); or

35.5 (6) committing an act against or involving a minor that resulted in a misdemeanor-level
35.6 violation of section 609.224, subdivision 1 (assault in the fifth degree).

35.7 (f) For purposes of this subdivision, the disqualification begins from:

35.8 (1) the date of the alleged violation, if the individual was not convicted;

35.9 (2) the date of conviction, if the individual was convicted of the violation but not
35.10 committed to the custody of the commissioner of corrections; or

35.11 (3) the date of release from prison, if the individual was convicted of the violation and
35.12 committed to the custody of the commissioner of corrections.

35.13 Notwithstanding clause (3), if the individual is subsequently reincarcerated for a violation
35.14 of the individual's supervised release, the disqualification begins from the date of release
35.15 from the subsequent incarceration.

35.16 (g) An individual's aiding and abetting, attempt, or conspiracy to commit any of the
35.17 offenses listed in paragraphs (a) and (b), as each of these offenses is defined in Minnesota
35.18 Statutes, permanently disqualifies the individual under section 245C.14. An individual is
35.19 disqualified under section 245C.14 if fewer than five years have passed since the individual's
35.20 aiding and abetting, attempt, or conspiracy to commit any of the offenses listed in paragraphs
35.21 (d) and (e).

35.22 (h) An individual's offense in any other state or country, where the elements of the
35.23 offense are substantially similar to any of the offenses listed in paragraphs (a) and (b),
35.24 permanently disqualifies the individual under section 245C.14. An individual is disqualified
35.25 under section 245C.14 if fewer than five years have passed since an offense in any other
35.26 state or country, the elements of which are substantially similar to the elements of any
35.27 offense listed in paragraphs (d) and (e).

35.28 Sec. 22. Minnesota Statutes 2025 Supplement, section 245C.22, subdivision 5, is amended
35.29 to read:

35.30 Subd. 5. **Scope of set-aside.** (a) If the commissioner sets aside a disqualification under
35.31 this section, the disqualified individual remains disqualified, but may hold a license and
35.32 have direct contact with or access to persons receiving services. Except as provided in

36.1 paragraph (b), the commissioner's set-aside of a disqualification is limited solely to the
36.2 licensed program, applicant, or agency specified in the set aside notice under section 245C.23.
36.3 For personal care provider organizations, financial management services organizations,
36.4 community first services and supports organizations, unlicensed home and community-based
36.5 organizations, and consumer-directed community supports organizations, the commissioner's
36.6 set-aside may further be limited to a specific individual who is receiving services. For new
36.7 background studies required under section 245C.04, subdivision 1, paragraph ~~(h)~~ (g), if an
36.8 individual's disqualification was previously set aside for the license holder's program and
36.9 the new background study results in no new information that indicates the individual may
36.10 pose a risk of harm to persons receiving services from the license holder, the previous
36.11 set-aside shall remain in effect.

36.12 (b) If the commissioner has previously set aside an individual's disqualification for one
36.13 or more programs or agencies, and the individual is the subject of a subsequent background
36.14 study for a different program or agency, the commissioner shall determine whether the
36.15 disqualification is set aside for the program or agency that initiated the subsequent
36.16 background study. A notice of a set-aside under paragraph (c) shall be issued within 15
36.17 working days if all of the following criteria are met:

36.18 (1) the subsequent background study was initiated in connection with a program licensed
36.19 or regulated under the same provisions of law and rule for at least one program for which
36.20 the individual's disqualification was previously set aside by the commissioner;

36.21 (2) the individual is not disqualified for an offense specified in section 245C.15,
36.22 subdivision 1 or 2;

36.23 (3) the commissioner has received no new information to indicate that the individual
36.24 may pose a risk of harm to any person served by the program; and

36.25 (4) the previous set-aside was not limited to a specific person receiving services.

36.26 (c) Notwithstanding paragraph (b), clause (2), for an individual who is employed in the
36.27 substance use disorder field, if the commissioner has previously set aside an individual's
36.28 disqualification for one or more programs or agencies in the substance use disorder treatment
36.29 field, and the individual is the subject of a subsequent background study for a different
36.30 program or agency in the substance use disorder treatment field, the commissioner shall set
36.31 aside the disqualification for the program or agency in the substance use disorder treatment
36.32 field that initiated the subsequent background study when the criteria under paragraph (b),
36.33 clauses (1), (3), and (4), are met and the individual is not disqualified for an offense specified

37.1 in section 245C.15, subdivision 1. A notice of a set-aside under paragraph (d) shall be issued
37.2 within 15 working days.

37.3 (d) When a disqualification is set aside under paragraph (b), the notice of background
37.4 study results issued under section 245C.17, in addition to the requirements under section
37.5 245C.17, shall state that the disqualification is set aside for the program or agency that
37.6 initiated the subsequent background study. The notice must inform the individual that the
37.7 individual may request reconsideration of the disqualification under section 245C.21 on the
37.8 basis that the information used to disqualify the individual is incorrect.

37.9 Sec. 23. Minnesota Statutes 2024, section 245C.24, subdivision 2, is amended to read:

37.10 Subd. 2. **Permanent bar to set aside a disqualification.** (a) Except as provided in
37.11 paragraphs (b) to ~~(g)~~ (f), the commissioner may not set aside the disqualification of any
37.12 individual disqualified pursuant to this chapter, regardless of how much time has passed,
37.13 if the individual was disqualified for a crime or conduct listed in section 245C.15, subdivision
37.14 1.

37.15 (b) For an individual in the substance use disorder or corrections field who was
37.16 disqualified for a crime or conduct listed under section 245C.15, subdivision 1, and whose
37.17 disqualification was set aside prior to July 1, 2005, the commissioner must consider granting
37.18 a variance pursuant to section 245C.30 for the license holder for a program dealing primarily
37.19 with adults. A request for reconsideration evaluated under this paragraph must include a
37.20 letter of recommendation from the license holder that was subject to the prior set-aside
37.21 decision addressing the individual's quality of care to children or vulnerable adults and the
37.22 circumstances of the individual's departure from that service.

37.23 (c) If an individual who requires a background study for nonemergency medical
37.24 transportation services under section 245C.03, subdivision 12, was disqualified for a crime
37.25 or conduct listed under section 245C.15, subdivision 1, and if more than 40 years have
37.26 passed since the discharge of the sentence imposed, the commissioner may consider granting
37.27 a set-aside pursuant to section 245C.22. A request for reconsideration evaluated under this
37.28 paragraph must include a letter of recommendation from the employer. This paragraph does
37.29 not apply to a person disqualified based on a violation of sections 243.166; 609.185 to
37.30 609.205; 609.25; 609.342 to 609.3453; 609.352; 617.23, subdivision 2, clause (1), or 3,
37.31 clause (1); 617.246; or 617.247.

37.32 (d) When a licensed foster care provider adopts an individual who had received foster
37.33 care services from the provider for over six months, and the adopted individual is required
37.34 to receive a background study under section 245C.03, subdivision 1, paragraph (a), clause

38.1 (2) or (6), the commissioner may grant a variance to the license holder under section 245C.30
38.2 to permit the adopted individual with a permanent disqualification to remain affiliated with
38.3 the license holder under the conditions of the variance when the variance is recommended
38.4 by the county of responsibility for each of the remaining individuals in placement in the
38.5 home and the licensing agency for the home.

38.6 (e) For an individual 18 years of age or older affiliated with a licensed family foster
38.7 setting, the commissioner must not set aside or grant a variance for the disqualification of
38.8 any individual disqualified pursuant to this chapter, regardless of how much time has passed,
38.9 if the individual was disqualified for a crime or conduct listed in section 245C.15, subdivision
38.10 4a, paragraphs (a) and (b).

38.11 (f) In connection with a family foster setting license, the commissioner may grant a
38.12 variance to the disqualification for an individual who is under 18 years of age at the time
38.13 the background study is submitted.

38.14 ~~(g) In connection with foster residence settings and children's residential facilities, the~~
38.15 ~~commissioner must not set aside or grant a variance for the disqualification of any individual~~
38.16 ~~disqualified pursuant to this chapter, regardless of how much time has passed, if the individual~~
38.17 ~~was disqualified for a crime or conduct listed in section 245C.15, subdivision 4a, paragraph~~
38.18 ~~(a) or (b).~~

38.19 Sec. 24. Minnesota Statutes 2024, section 245D.04, subdivision 3, is amended to read:

38.20 Subd. 3. **Protection-related rights.** (a) A person's protection-related rights include the
38.21 right to:

38.22 (1) have personal, financial, service, health, and medical information kept private, and
38.23 be advised of disclosure of this information by the license holder;

38.24 (2) access records and recorded information about the person in accordance with
38.25 applicable state and federal law, regulation, or rule;

38.26 (3) be free from maltreatment;

38.27 (4) be free from restraint, time out, seclusion, restrictive intervention, or other prohibited
38.28 procedure identified in section 245D.06, subdivision 5, or successor provisions, except for:

38.29 (i) emergency use of manual restraint to protect the person from imminent danger to self
38.30 or others according to the requirements in section 245D.061 or successor provisions; or (ii)
38.31 the use of safety interventions as part of a positive support transition plan under section
38.32 245D.06, subdivision 8, or successor provisions;

- 39.1 (5) receive services in a clean and safe environment when the license holder is the owner,
39.2 lessor, or tenant of the service site;
- 39.3 (6) be treated with courtesy and respect and receive respectful treatment of the person's
39.4 property;
- 39.5 (7) reasonable observance of cultural and ethnic practice and religion;
- 39.6 (8) be free from bias and harassment regarding race, gender, age, disability, spirituality,
39.7 and sexual orientation;
- 39.8 (9) be informed of and use the license holder's grievance policy and procedures, including
39.9 knowing how to contact persons responsible for addressing problems and to appeal under
39.10 section 256.045;
- 39.11 (10) know the name, telephone number, and the website, email, and street addresses of
39.12 protection and advocacy services, including the appropriate state-appointed ombudsman,
39.13 and a brief description of how to file a complaint with these offices;
- 39.14 (11) assert these rights personally, or have them asserted by the person's family,
39.15 authorized representative, or legal representative, without retaliation;
- 39.16 (12) give or withhold written informed consent to participate in any research or
39.17 experimental treatment;
- 39.18 (13) associate with other persons of the person's choice in the community;
- 39.19 (14) personal privacy, including the right to use the lock on the person's bedroom or unit
39.20 door;
- 39.21 (15) engage in chosen activities; and
- 39.22 (16) access to the person's personal possessions at any time, including financial resources.
- 39.23 (b) For a person residing in a residential site licensed according to chapter 245A, or
39.24 where the license holder is the owner, lessor, or tenant of the residential service site,
39.25 protection-related rights also include the right to:
- 39.26 (1) have daily, private access to and use of a non-coin-operated telephone for local calls
39.27 and long-distance calls made collect or paid for by the person;
- 39.28 (2) receive and send, without interference, uncensored, unopened mail or electronic
39.29 correspondence or communication;
- 39.30 (3) have use of and free access to common areas in the residence and the freedom to
39.31 come and go from the residence at will;

40.1 (4) choose the person's visitors and time of visits and have privacy for visits with the
40.2 person's spouse, next of kin, legal counsel, religious adviser, or others, in accordance with
40.3 section 363A.09 of the Human Rights Act, including privacy in the person's bedroom;

40.4 (5) have access to three nutritionally balanced meals and nutritious snacks between
40.5 meals each day;

40.6 (6) have freedom and support to access food and potable water at any time;

40.7 (7) have the freedom to furnish and decorate the person's bedroom or living unit;

40.8 (8) a setting that is clean and free from accumulation of dirt, grease, garbage, peeling
40.9 paint, mold, vermin, and insects;

40.10 (9) a setting that is free from hazards that threaten the person's health or safety; and

40.11 (10) a setting that meets the definition of a dwelling unit within a residential occupancy
40.12 as defined in the State Fire Code.

40.13 (c) Restriction of a person's rights under paragraph (a), clauses (13) to (16), or paragraph
40.14 (b), clauses (1) to (7), is allowed only if determined necessary to ensure the health, safety,
40.15 and well-being of the person. Any restriction of those rights must be documented in the
40.16 person's support plan or support plan addendum. The restriction must be implemented in
40.17 the least restrictive alternative manner necessary to protect the person and provide support
40.18 to reduce or eliminate the need for the restriction in the most integrated setting and inclusive
40.19 manner. The documentation must include the following information:

40.20 (1) the justification for the restriction based on an assessment of the person's vulnerability
40.21 related to exercising the right without restriction;

40.22 (2) the objective measures set as conditions for ending the restriction;

40.23 (3) a schedule for reviewing the need for the restriction based on the conditions for
40.24 ending the restriction to occur semiannually from the date of initial approval, at a minimum,
40.25 or more frequently if requested by the person, the person's legal representative, if any, and
40.26 case manager; and

40.27 (4) signed and dated approval for the restriction from the person, or the person's legal
40.28 representative, if any. A restriction may be implemented only when the required approval
40.29 has been obtained. Approval may be withdrawn at any time. If approval is withdrawn, the
40.30 right must be immediately and fully restored.

40.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

41.1 Sec. 25. Minnesota Statutes 2024, section 245D.10, subdivision 4, is amended to read:

41.2 Subd. 4. **Availability of current written policies and procedures.** (a) The license
41.3 holder must review and update, as needed, the written policies and procedures required
41.4 under this chapter.

41.5 (b)(1) The license holder must inform the person or the person's legal representative and
41.6 case manager of the policies and procedures affecting a person's rights under section 245D.04,
41.7 and provide copies of those policies and procedures, within five working days of service
41.8 initiation.

41.9 (2) If a license holder only provides basic services and supports, this includes the:

41.10 (i) grievance policy and procedure required under subdivision 2; ~~and~~

41.11 (ii) service suspension and termination policy and procedure required under subdivision
41.12 ~~3;~~ and

41.13 (iii) emergency use of manual restraints policy and procedure required under section
41.14 245D.061, subdivision 9, or successor provisions.

41.15 (3) For all other license holders this includes the:

41.16 (i) policies and procedures in clause (2); and

41.17 ~~(ii) emergency use of manual restraints policy and procedure required under section~~
41.18 ~~245D.061, subdivision 9, or successor provisions; and~~

41.19 ~~(iii)~~ (ii) data privacy requirements under section 245D.11, subdivision 3.

41.20 (c) The license holder must provide a written notice to all persons or their legal
41.21 representatives and case managers at least 30 days before implementing any procedural
41.22 revisions to policies affecting a person's service-related or protection-related rights under
41.23 section 245D.04 and maltreatment reporting policies and procedures. The notice must
41.24 explain the revision that was made and include a copy of the revised policy and procedure.
41.25 The license holder must document the reasonable cause for not providing the notice at least
41.26 30 days before implementing the revisions.

41.27 (d) Before implementing revisions to required policies and procedures, the license holder
41.28 must inform all employees of the revisions and provide training on implementation of the
41.29 revised policies and procedures.

41.30 (e) The license holder must annually notify all persons, or their legal representatives,
41.31 and case managers of any procedural revisions to policies required under this chapter, other
41.32 than those in paragraph (c). Upon request, the license holder must provide the person, or

42.1 the person's legal representative, and case manager with copies of the revised policies and
42.2 procedures.

42.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

42.4 Sec. 26. Minnesota Statutes 2024, section 256B.02, is amended by adding a subdivision
42.5 to read:

42.6 Subd. 20. **Fraud.** "Fraud" means an intentional deception or misrepresentation made by
42.7 a person with the knowledge that the deception could result in an unauthorized benefit to
42.8 the person or another person. Fraud includes:

42.9 (1) the following crimes, including attempts or conspiracy to commit the crimes:

42.10 (i) theft in violation of section 609.52;

42.11 (ii) perjury in violation of section 609.48;

42.12 (iii) aggravated forgery and forgery in violation of sections 609.625 and 609.63;

42.13 (iv) medical assistance fraud in violation of section 609.466;

42.14 (v) financial transaction card fraud in violation of section 609.821;

42.15 (vi) wrongfully obtaining assistance in violation of section 256.98;

42.16 (vii) illegal remunerations in violation of section 609.542; and

42.17 (viii) a felony listed in United States Code, title 42, section 1320a-7b(b)(1) or (2), subject
42.18 to any safe harbors established in Code of Federal Regulations, title 42, part 1001, section
42.19 952;

42.20 (2) any act that constitutes fraud under applicable federal or state law, including but not
42.21 limited to knowingly and willfully submitting an application for provider status that is false
42.22 or fraudulent in whole or in part; and

42.23 (3) an intentional submission of a claim for reimbursement under chapter 256B, knowing
42.24 or having reason to know the claim is ineligible for reimbursement in whole or in part and
42.25 acting with the intent to defraud the payor.

42.26 Sec. 27. Minnesota Statutes 2024, section 256B.04, subdivision 10, is amended to read:

42.27 Subd. 10. **Investigation of certain claims.** The commissioner must establish by rule
42.28 general criteria and procedures for the identification and prompt investigation of suspected
42.29 medical assistance fraud, theft, abuse, presentment of false or duplicate claims, presentment
42.30 of claims for services not reasonable or medically necessary, or false statement or

43.1 representation of material facts by a vendor of medical care, ~~and for the imposition of~~
43.2 ~~sanctions against a vendor of medical care.~~ The commissioner may utilize both prepayment
43.3 and postpayment review systems to review claims submitted by vendors. Payment of claims,
43.4 including payments made after a prepayment review, does not prohibit the commissioner
43.5 from completing a postpayment claims review and taking additional administrative actions
43.6 or monetary recovery against a vendor. If it appears to the state agency that a vendor of
43.7 medical care may have acted in a manner warranting civil or criminal proceedings, it shall
43.8 so inform the attorney general in writing.

43.9 Sec. 28. Minnesota Statutes 2024, section 256B.064, subdivision 2, is amended to read:

43.10 Subd. 2. **Imposition of monetary recovery and sanctions.** (a) The commissioner shall
43.11 determine any monetary amounts to be recovered and sanctions to be imposed upon an
43.12 individual or entity under this section. Except as provided in paragraphs (b) and (d), neither
43.13 a monetary recovery nor a sanction will be imposed by the commissioner without prior
43.14 notice and an opportunity for a hearing, according to chapter 14, on the commissioner's
43.15 proposed action, provided that the commissioner may suspend or reduce payment to an
43.16 individual or entity, except a nursing home or convalescent care facility, after notice and
43.17 prior to the hearing if in the commissioner's opinion that action is necessary to protect the
43.18 public welfare and the interests of the program.

43.19 (b) Except when the commissioner finds good cause not to suspend payments under
43.20 Code of Federal Regulations, title 42, section 455.23(e) or (f), the commissioner shall
43.21 withhold or reduce payments to an individual or entity without providing advance notice
43.22 of such withholding or reduction if either of the following occurs:

43.23 (1) the individual or entity is convicted of a crime involving the conduct described in
43.24 subdivision 1a; or

43.25 (2) the commissioner determines there is a credible allegation of fraud for which an
43.26 investigation is pending under the program. Allegations are considered credible when they
43.27 have an indicium of reliability and the state agency has reviewed all allegations, facts, and
43.28 evidence carefully and acts judiciously on a case-by-case basis. A credible allegation of
43.29 fraud is an allegation which has been verified by the state, from any source, including but
43.30 not limited to:

43.31 (i) fraud hotline complaints;

43.32 (ii) claims data mining; and

44.1 (iii) patterns identified through provider audits, civil false claims cases, and law
44.2 enforcement investigations.

44.3 (c) The commissioner must send notice of the withholding or reduction of payments
44.4 under paragraph (b) within five days of taking such action unless requested in writing by a
44.5 law enforcement agency to temporarily withhold the notice. The notice must:

44.6 (1) state that payments are being withheld according to paragraph (b);

44.7 (2) set forth the general allegations as to the nature of the withholding action, but need
44.8 not disclose any specific information concerning an ongoing investigation;

44.9 (3) except in the case of a conviction for conduct described in subdivision 1a, state that
44.10 the withholding is for a temporary period and cite the circumstances under which withholding
44.11 will be terminated;

44.12 (4) identify the types of claims to which the withholding applies; and

44.13 (5) inform the individual or entity of the right to submit written evidence for consideration
44.14 by the commissioner.

44.15 The withholding of payments under paragraph (b) is a temporary action and is not subject
44.16 to a contested case for the purposes of chapter 14 nor subject to appeal under section 256.045.

44.17 (d) The withholding or reduction of payments will not continue after the commissioner
44.18 determines there is insufficient evidence of fraud by the individual or entity, or after legal
44.19 proceedings relating to the alleged fraud are completed, unless the commissioner has sent
44.20 notice of intention to impose monetary recovery or sanctions under paragraph (a). Upon
44.21 conviction for a crime related to the provision, management, or administration of a health
44.22 service under medical assistance, a payment held pursuant to this section by the commissioner
44.23 or a managed care organization that contracts with the commissioner under section 256B.035
44.24 is forfeited to the commissioner or managed care organization, regardless of the amount
44.25 charged in the criminal complaint or the amount of criminal restitution ordered.

44.26 (e) The commissioner shall suspend or terminate an individual's or entity's participation
44.27 in the program without providing advance notice and an opportunity for a hearing when the
44.28 suspension or termination is required because of the individual's or entity's exclusion from
44.29 participation in Medicare. Within five days of taking such action, the commissioner must
44.30 send notice of the suspension or termination. The notice must:

44.31 (1) state that suspension or termination is the result of the individual's or entity's exclusion
44.32 from Medicare;

45.1 (2) identify the effective date of the suspension or termination; and

45.2 (3) inform the individual or entity of the need to be reinstated to Medicare before
45.3 reapplying for participation in the program.

45.4 (f) Upon receipt of a notice under paragraph (a) that a monetary recovery or sanction is
45.5 to be imposed, an individual or entity may request a contested case, as defined in section
45.6 14.02, subdivision 3, by filing with the commissioner a written request of appeal. The appeal
45.7 request must be received by the commissioner no later than 30 days after the date the
45.8 notification of monetary recovery or sanction was mailed to the individual or entity. The
45.9 appeal request must specify:

45.10 (1) each disputed item, the reason for the dispute, and an estimate of the dollar amount
45.11 involved for each disputed item;

45.12 (2) the computation that the individual or entity believes is correct;

45.13 (3) the authority in statute or rule upon which the individual or entity relies for each
45.14 disputed item;

45.15 (4) the name and address of the person or entity with whom contacts may be made
45.16 regarding the appeal; and

45.17 (5) other information required by the commissioner.

45.18 (g) The commissioner may order an individual or entity to forfeit a fine for failure to
45.19 fully document services according to standards in this chapter and Minnesota Rules, chapter
45.20 9505. The commissioner may assess fines if specific required components of documentation
45.21 are missing. The fine for incomplete documentation shall equal 20 percent of the amount
45.22 paid on the claims for reimbursement submitted by the individual or entity, or up to \$5,000,
45.23 whichever is less. If the commissioner determines that an individual or entity repeatedly
45.24 violated this chapter, chapter 254B or 245G, or Minnesota Rules, chapter 9505, related to
45.25 the provision of services to program recipients and the submission of claims for payment,
45.26 the commissioner may order an individual or entity to forfeit a fine based on the nature,
45.27 severity, and chronicity of the violations, in an amount of up to \$5,000 or 20 percent of the
45.28 value of the claims, whichever is greater.

45.29 (h) The individual or entity shall pay the fine assessed on or before the payment date
45.30 specified. If the individual or entity fails to pay the fine, the commissioner may withhold
45.31 or reduce payments and recover the amount of the fine. A timely appeal shall stay payment
45.32 of the fine until the commissioner issues a final order.

45.33 (i) Section 15.013 does not apply to the commissioner taking action under this section.

46.1 Sec. 29. Minnesota Statutes 2024, section 256B.27, subdivision 3, is amended to read:

46.2 Subd. 3. **Access to medical records.** The commissioner of human services, with the
46.3 written consent of the recipient, on file with the local welfare agency, shall be allowed
46.4 access in the manner and within the time prescribed by the commissioner to all personal
46.5 medical records of medical assistance recipients solely for the purposes of investigating
46.6 whether or not: (a) a vendor of medical care has submitted a claim for reimbursement, a
46.7 cost report or a rate application which is duplicative, erroneous, or false in whole or in part,
46.8 or which results in the vendor obtaining greater compensation than the vendor is legally
46.9 entitled to; or (b) the medical care was medically necessary. ~~When the commissioner is~~
46.10 ~~investigating a possible overpayment of Medicaid funds,~~ The commissioner may conduct
46.11 on-site inspections of any and all vendors and service locations or may request records from
46.12 a vendor to verify that information submitted to the commissioner is accurate, determine
46.13 compliance with service delivery and billing requirements, and determine compliance with
46.14 any other applicable laws or rules. The commissioner must be given immediate access
46.15 without prior notice to the vendor's office during regular business hours and to documentation
46.16 and records related to services provided and submission of claims for services provided.
46.17 The department shall document in writing the need for immediate access to records related
46.18 to a specific investigation. Denying the commissioner access to records is cause for the
46.19 vendor's immediate suspension of payment or termination according to section 256B.064.
46.20 The determination of provision of services not medically necessary shall be made by the
46.21 commissioner. Notwithstanding any other law to the contrary, a vendor of medical care
46.22 shall not be subject to any civil or criminal liability for providing access to medical records
46.23 to the commissioner of human services pursuant to this section.

46.24 Sec. 30. Minnesota Statutes 2025 Supplement, section 260E.03, subdivision 6, is amended
46.25 to read:

46.26 Subd. 6. **Facility.** "Facility" means:

46.27 (1) a licensed or unlicensed day care facility, certified license-exempt child care center,
46.28 residential facility, agency, psychiatric residential treatment facility, hospital, sanitarium,
46.29 or other facility or institution required to be licensed under sections 144.50 to 144.58,
46.30 241.021, or 245A.01 to 245A.16, or chapter 142B, 142C, 144H, or 245D;

46.31 (2) a school as defined in section 120A.05, subdivisions 9, 11, and 13; and chapter 124E;
46.32 or

46.33 (3) a nonlicensed personal care provider organization as defined in section 256B.0625,
46.34 subdivision 19a.

47.1 Sec. 31. Minnesota Statutes 2025 Supplement, section 260E.11, subdivision 1, is amended
47.2 to read:

47.3 Subdivision 1. **Reports of maltreatment in facility.** A person mandated to report child
47.4 maltreatment occurring within a licensed facility shall report the information to the agency
47.5 responsible for licensing or certifying the facility under sections 144.50 to 144.58, 241.021,
47.6 and 245A.01 to 245A.16 or chapter 142B, 142C, 144H, or 245D or to a nonlicensed personal
47.7 care provider organization as defined in section 256B.0625, subdivision 19a. A person
47.8 mandated to report child maltreatment occurring within a federally certified psychiatric
47.9 residential treatment facility must report the information to the Department of Health.

47.10 Sec. 32. Minnesota Statutes 2025 Supplement, section 260E.14, subdivision 1, is amended
47.11 to read:

47.12 Subdivision 1. **Facilities and schools.** (a) The local welfare agency is the agency
47.13 responsible for investigating allegations of maltreatment in child foster care, family child
47.14 care, legally nonlicensed child care, and reports involving children served by an unlicensed
47.15 personal care provider organization under section 256B.0659. Copies of findings related to
47.16 personal care provider organizations under section 256B.0659 must be forwarded to the
47.17 Department of Human Services provider enrollment.

47.18 (b) The Department of Human Services is the agency responsible for screening and
47.19 investigating allegations of maltreatment in juvenile correctional facilities listed under
47.20 section 241.021 located in the local welfare agency's county and in facilities licensed or
47.21 certified under chapters 245A and 245D, except federally certified psychiatric residential
47.22 treatment facilities.

47.23 (c) The Department of Health is the agency responsible for screening and investigating
47.24 allegations of maltreatment in facilities licensed under sections 144.50 to 144.58 and 144A.43
47.25 to 144A.482 ~~or~~, chapter 144H, or federally certified as a psychiatric residential treatment
47.26 facility.

47.27 (d) The Department of Education is the agency responsible for screening and investigating
47.28 allegations of maltreatment in a school as defined in section 120A.05, subdivisions 9, 11,
47.29 and 13, and chapter 124E. The Department of Education's responsibility to screen and
47.30 investigate includes allegations of maltreatment involving students 18 through 21 years of
47.31 age, including students receiving special education services, up to and including graduation
47.32 and the issuance of a secondary or high school diploma.

48.1 (e) The Department of Human Services is the agency responsible for screening and
48.2 investigating allegations of maltreatment of minors in an EIDBI agency operating under
48.3 sections 245A.142 and 256B.0949.

48.4 (f) A health or corrections agency receiving a report may request the local welfare agency
48.5 to provide assistance pursuant to this section and sections 260E.20 and 260E.22.

48.6 (g) The Department of Children, Youth, and Families is the agency responsible for
48.7 screening and investigating allegations of maltreatment in facilities or programs not listed
48.8 in paragraph (a) that are licensed or certified under chapters 142B and 142C.

48.9 Sec. 33. Minnesota Statutes 2025 Supplement, section 626.5572, subdivision 13, is amended
48.10 to read:

48.11 Subd. 13. **Lead investigative agency.** "Lead investigative agency" is the primary
48.12 administrative agency responsible for investigating reports made under section 626.557.

48.13 (a) The Department of Health is the lead investigative agency for facilities or services
48.14 licensed or required to be licensed as hospitals, home care providers, nursing homes, boarding
48.15 care homes, hospice providers, residential facilities that are also federally certified as
48.16 intermediate care facilities that serve people with developmental disabilities, federally
48.17 certified psychiatric residential treatment facilities, or any other facility or service not listed
48.18 in this subdivision that is licensed or required to be licensed by the Department of Health
48.19 for the care of vulnerable adults. "Home care provider" has the meaning provided in section
48.20 144A.43, subdivision 4, and applies when care or services are delivered in the vulnerable
48.21 adult's home.

48.22 (b) The Department of Human Services is the lead investigative agency for facilities or
48.23 services licensed or required to be licensed as adult day care, adult foster care, community
48.24 residential settings, programs for people with disabilities, EIDBI agencies, family adult day
48.25 services, mental health programs, mental health clinics, substance use disorder programs,
48.26 the Minnesota Sex Offender Program, or any other facility or service not listed in this
48.27 subdivision that is licensed or required to be licensed by the Department of Human Services,
48.28 except federally certified psychiatric residential treatment facilities. The Department of
48.29 Human Services is also the lead investigative agency for unlicensed EIDBI agencies under
48.30 section 256B.0949.

48.31 (c) The county social service agency or its designee is the lead investigative agency for
48.32 all other reports, including but not limited to reports involving vulnerable adults receiving
48.33 services from a personal care provider organization under section 256B.0659.

49.1 Sec. 34. **NEW BACKGROUND STUDIES FOR INDIVIDUALS NOT IN NETSTUDY**

49.2 **2.0.**

49.3 By March 1, 2027, the commissioner of human services and counties must conduct new
49.4 background studies for all individuals specified under Minnesota Statutes, section 245C.03,
49.5 subdivision 1, paragraph (a), clauses (2) to (6), and affiliated with a child foster family
49.6 setting license holder, adult foster care or family adult day services and with a family child
49.7 care license holder, or a legal nonlicensed child care provider authorized under Minnesota
49.8 Statutes, chapter 142E. The commissioner or county must follow the requirements in
49.9 Minnesota Statutes, section 245C.04, subdivision 1, paragraphs (e) and (f), when conducting
49.10 the background studies under this section. The new background studies must be submitted
49.11 through NETStudy 2.0.

49.12 **EFFECTIVE DATE.** This section is effective September 1, 2026.

49.13 Sec. 35. **REPEALER.**

49.14 (a) Minnesota Statutes 2024, section 245A.02, subdivision 10b, is repealed.

49.15 (b) Minnesota Statutes 2025 Supplement, section 245A.10, subdivision 3a, is repealed.

49.16 (c) Minnesota Rules, part 9505.2165, subpart 4, is repealed."

49.17 Amend the title accordingly