

## **A Letter of All Letters: Save Family Residential Services Before It's Too Late**

To: Human Services Committee, Minnesota State Legislators, and the People of Minnesota

From: Julie Steinke, Family Residential Services Provider & Direct Support Professional

Date: February 17th 2026

**Subject: Family Residential Services Will Collapse Under the Flat Tiered-Rate System—We Must Remain on the Current DWRS Model**

We are at the edge of a precipice. If action is not taken immediately, Family Residential Services (FRS) in Minnesota will collapse in 2026 and lives hang in the balance.

**Right now, Family Residential Services providers operate under the Disability Waiver Rate System (DWRS)**—a carefully developed, individualized rate structure that enables us to provide 24/7, person centered care to Minnesotans with significant disabilities. Under DWRS, we can request rate exceptions when our residents need additional support due to medical complexity, behavioral challenges, or aging. This system works. It is not perfect, but it is functional and fair.

**In 2023, that changed.** Laws 2023, Chapter 61, Article 1, Sections 46(m) and 47, mandated that Family Residential Services be absorbed into a rigid, one-size-fits-all **flat tiered-rate system**—effective **January 1, 2026 or pending CMS approval (which I hope never happens)**—without any ability to request exceptions. These changes were embedded into Minn. Stat. §256B.4914, which governs the DWRS rate framework.

Let that sink in: **Providers who serve the most medically fragile and behaviorally complex individuals will lose 42%-82% or more of their funding, with no legal recourse to ask for more.**

Even more alarming: **this was done without consulting the families, providers, or residents it impacts.** There was no broad outreach, no public education, no transparent cost analysis.

Let me be clear. If this tiered rate system goes into effect as planned, **Family Residential Services will not survive.**

We are not group homes. We are not facilities. We are family homes licensed under 245D. We serve people who have chosen to live with us long-term in a stable, nurturing environment. Many of our residents require 24-hour, year-round support. Many have profound developmental disabilities, traumatic brain injuries, autism, and co-occurring mental health diagnoses. They do not fit into standard “tiers.”

And yet, the 2023 law removes all exceptions. It flattens their humanity into formulas. It pushes providers like myself to shut our doors, not because we want to, but because **we legally, ethically, and financially cannot comply** with DHS 245D HCBS requirements on just a fraction of the funding we need.

We have tried—year after year—to stop this.

Bills like SF 3841/ HF 3712 (2024) died, and SF 2297 / HF 1894 (2025) sought to **delay implementation** until 2029 and establish an advisory task force with stakeholders at the table. They were widely supported. They died quietly in end-of-session closed door negotiations. **SF 3027** sought to clarify licensing and repeal part of the 2023 law but remained hollow and never advanced.

**Our voices are being ignored.**

DHS continues to insist on implementing the tiered rate without transparency or stakeholder input. There is no public-facing plan. No provider training. **Many families will not know they are losing their homes until the day their provider closes.** This is inhumane.

**We are calling on every person of conscience in this state to demand action:**

1. **Keep Family Residential Services on the current DWRS model** with the ability to request exceptions under Minn. Stat. §245D.10, Subd. 3a.
2. **Fully repeal the 2023 mandate** for tiered rates in FRS (Laws 2023, ch. 61, art. 1, §46(m), §47) subd. 19.
3. **Direct DHS to launch transparent education and outreach** to affected families, counties, and providers immediately.

We need transparency. We need fairness. We need time. But most of all, we need **respect for the lives of people with disabilities who chose Family Residential Services as their home.**

**This is our last stand. If you allow this law to go into effect, the closures will be swift, the trauma deep, and the responsibility will lie with those who had the power to stop it.**

Please, do not let Family Residential Services die in silence.

Sincerely,

Julie Steinke, Family Residential Services Provider/DSP