

1.1 A bill for an act

1.2 relating to human services; modifying human services background studies and

1.3 variances; aligning data and language for licensing laws; clarifying human services

1.4 licensing procedures; adding program integrity provisions; amending Minnesota

1.5 Statutes 2024, sections 13A.03, by adding a subdivision; 245.095, subdivisions 2,

1.6 5; 245A.02, subdivision 13; 245A.043, subdivision 2; 245A.07, subdivision 2a;

1.7 245C.02, subdivision 18; 245C.03, subdivision 1; 245C.04, subdivision 1; 245C.15,

1.8 subdivisions 2, 3, 4; 245C.24, subdivision 2; 245D.04, subdivision 3; 245D.10,

1.9 subdivision 4; 256B.02, by adding a subdivision; 256B.04, subdivision 10;

1.10 256B.064, subdivision 2; 256B.27, subdivision 3; Minnesota Statutes 2025

1.11 Supplement, sections 245A.03, subdivision 2; 245A.043, subdivision 2a; 245A.07,

1.12 subdivision 3; 245A.10, subdivision 4; 245A.142, subdivision 3; 245A.242,

1.13 subdivision 2; 245C.07; 245C.13, subdivision 2; 245C.15, subdivision 4a; 245C.22,

1.14 subdivision 5; 260E.03, subdivision 6; 260E.11, subdivision 1; 260E.14, subdivision

1.15 1; 626.5572, subdivision 13; repealing Minnesota Statutes 2024, section 245A.02,

1.16 subdivision 10b; Minnesota Statutes 2025 Supplement, section 245A.10,

1.17 subdivision 3a; Minnesota Rules, part 9505.2165, subpart 4.

1.18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.19 Section 1. Minnesota Statutes 2024, section 13A.03, is amended by adding a subdivision

1.20 to read:

1.21 Subd. 2a. **Exception.** Law enforcement may delay notification under section 13A.02,

1.22 subdivision 3, or authorize another government authority to delay notification to a customer

1.23 without a court order if law enforcement determines in writing that notification would

1.24 compromise the integrity of a current and ongoing criminal investigation. The written

1.25 determination from law enforcement must be renewed every 90 days.

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

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

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

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

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

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

2.14 (1) fraud hotline complaints;

2.15 (2) claims data mining;

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

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

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

2.22 (1) a final determination to stop payments;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.9 ~~(d)~~ (c) If the commissioner withholds payments under this subdivision, the provider,  
4.10 vendor, individual, associated individual, or associated entity has a right to request  
4.11 administrative reconsideration. A request for administrative reconsideration must be made  
4.12 in writing, state with specificity the reasons the payment withholding decision is in error,  
4.13 and include documents to support the request. Within 60 days from receipt of the request,  
4.14 the commissioner shall judiciously review allegations, facts, evidence available to the  
4.15 commissioner, and information submitted by the provider, vendor, individual, associated  
4.16 individual, or associated entity to determine whether the payment withholding should remain  
4.17 in place.

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

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

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

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

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

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

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

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

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

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

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

5.11 (4) sheltered workshops or work activity programs that are certified by the commissioner  
5.12 of employment and economic development;

5.13 (5) programs operated by a public school for children 33 months or older;

5.14 (6) nonresidential programs primarily for children that provide care or supervision for  
5.15 periods of less than three hours a day while the child's parent or legal guardian is in the  
5.16 same building as the nonresidential program or present within another building that is  
5.17 directly contiguous to the building in which the nonresidential program is located;

5.18 (7) nursing homes or hospitals licensed by the commissioner of health except as specified  
5.19 under section 245A.02;

5.20 (8) board and lodge facilities licensed by the commissioner of health that do not provide  
5.21 children's residential services under Minnesota Rules, chapter 2960, mental health or  
5.22 substance use disorder treatment;

5.23 (9) programs licensed by the commissioner of corrections;

5.24 (10) recreation programs for children or adults that are operated or approved by a park  
5.25 and recreation board whose primary purpose is to provide social and recreational activities;

5.26 (11) noncertified boarding care homes unless they provide services for five or more  
5.27 persons whose primary diagnosis is mental illness or a developmental disability;

5.28 (12) programs for children such as scouting, boys clubs, girls clubs, and sports and art  
5.29 programs, and nonresidential programs for children provided for a cumulative total of less  
5.30 than 30 days in any 12-month period;

5.31 (13) residential programs for persons with mental illness, that are located in hospitals;

6.1 (14) camps licensed by the commissioner of health under Minnesota Rules, chapter  
6.2 4630;

6.3 (15) mental health outpatient services for adults with mental illness or children with  
6.4 mental illness;

6.5 (16) residential programs serving school-age children whose sole purpose is cultural or  
6.6 educational exchange, until the commissioner adopts appropriate rules;

6.7 (17) community support services programs as defined in section 245.462, subdivision  
6.8 6, and family community support services as defined in section 245.4871, subdivision 17;

6.9 (18) assisted living facilities licensed by the commissioner of health under chapter 144G;

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

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

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

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

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

6.21 (22) a recovery community organization that is an eligible vendor under section  
6.22 254B.0501 to provide peer recovery support services; or

6.23 (23) programs licensed by the commissioner of children, youth, and families in chapter  
6.24 142B.

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

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

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

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

7.7 Subd. 2. **Change in ownership.** (a) If the commissioner determines that there is a change  
 7.8 in ownership, the commissioner shall require submission of a new license application. This  
 7.9 subdivision does not apply to a licensed program or service located in a home where the  
 7.10 license holder resides. A change in ownership occurs when:

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

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

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

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

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

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

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

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

7.29 ~~(b) For all license holders subject to the exception in subdivision 2, paragraph (b), the~~  
 7.30 ~~license holder must notify the commissioner of the date of the change in controlling~~

8.1 individuals pursuant to section 245A.04, subdivision 7a, and the commissioner may complete  
 8.2 a review within 12 months following the change.

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

8.4 Subd. 2a. **Immediate suspension expedited hearing.** (a) Within five working days of  
 8.5 receipt of the license holder's timely appeal, the commissioner shall request assignment of  
 8.6 an administrative law judge. The request must include a proposed date, time, and place of  
 8.7 a hearing. A hearing must be conducted by an administrative law judge within 30 calendar  
 8.8 days of the request for assignment, unless an extension is requested by either party and  
 8.9 granted by the administrative law judge for good cause. The commissioner shall issue a  
 8.10 notice of hearing by certified mail or personal service at least ten working days before the  
 8.11 hearing. The scope of the hearing shall be limited solely to the issue of whether the temporary  
 8.12 immediate suspension should remain in effect pending the commissioner's final order under  
 8.13 section 245A.08, regarding a licensing sanction issued under subdivision 3 following the  
 8.14 immediate suspension. For suspensions under subdivision 2, paragraph (a), clause (1), the  
 8.15 burden of proof in expedited hearings under this subdivision ~~shall be limited to~~ is met only  
 8.16 if the commissioner's demonstration commissioner demonstrates that reasonable cause exists  
 8.17 to believe that the license holder's or controlling individual's actions or failure to comply  
 8.18 with applicable law or rule poses, or the actions of other individuals or conditions in the  
 8.19 program poses an imminent risk of harm to the health, safety, or rights of persons served  
 8.20 by the program. "Reasonable cause" means there exist specific articulable facts or  
 8.21 circumstances which provide the commissioner with a reasonable suspicion that there is an  
 8.22 imminent risk of harm to the health, safety, or rights of persons served by the program.  
 8.23 When the commissioner has determined there is reasonable cause to order the temporary  
 8.24 immediate suspension of a license based on a violation of safe sleep requirements, as defined  
 8.25 in section 245A.1435, the commissioner is not required to demonstrate that an infant died  
 8.26 or was injured as a result of the safe sleep violations. For suspensions under subdivision 2,  
 8.27 paragraph (a), clause (2), the burden of proof in expedited hearings under this subdivision  
 8.28 ~~shall be limited to~~ is met only if the commissioner's demonstration commissioner  
 8.29 demonstrates by a preponderance of the evidence that, since the license was revoked, the  
 8.30 license holder committed additional violations of law or rule which may adversely affect  
 8.31 the health or safety of persons served by the program.

8.32 (b) The administrative law judge shall issue findings of fact, conclusions, and a  
 8.33 recommendation within ten working days from the date of hearing. The parties shall have  
 8.34 ten calendar days to submit exceptions to the administrative law judge's report. The record  
 8.35 shall close at the end of the ten-day period for submission of exceptions. The commissioner's

9.1 final order shall be issued within ten working days from the close of the record. When an  
 9.2 appeal of a temporary immediate suspension is withdrawn or dismissed, the commissioner  
 9.3 shall issue a final order affirming the temporary immediate suspension within ten calendar  
 9.4 days of the commissioner's receipt of the withdrawal or dismissal. Within 90 calendar days  
 9.5 after an immediate suspension has been issued and the license holder has not submitted a  
 9.6 timely appeal under subdivision 2, paragraph (b), or within 90 calendar days after a final  
 9.7 order affirming an immediate suspension, the commissioner shall determine:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10.29 (b) If the license was suspended or revoked, the notice must inform the license holder  
10.30 of the right to a contested case hearing under chapter 14 and Minnesota Rules, parts  
10.31 1400.8505 to 1400.8612. The license holder may appeal an order suspending or revoking  
10.32 a license. The appeal of an order suspending or revoking a license must be made in writing

11.1 by certified mail, by personal service, or through the provider licensing and reporting hub.  
11.2 If mailed, the appeal must be postmarked and sent to the commissioner within ten calendar  
11.3 days after the license holder receives notice that the license has been suspended or revoked.  
11.4 If a request is made by personal service, it must be received by the commissioner within  
11.5 ten calendar days after the license holder received the order. If the order is issued through  
11.6 the provider hub, the appeal must be received by the commissioner within ten calendar days  
11.7 from the date the commissioner issued the order through the hub. Except as provided in  
11.8 subdivision 2a, paragraph (c), if a license holder submits a timely appeal of an order  
11.9 suspending or revoking a license, the license holder may continue to operate the program  
11.10 as provided in section 245A.04, subdivision 7, paragraphs (i) and (j), until the commissioner  
11.11 issues a final order on the suspension or revocation.

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

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

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

12.1 (4) Fines shall be assessed as follows:

12.2 (i) the license holder shall forfeit \$1,000 for each determination of maltreatment of a  
12.3 child under chapter 260E or the maltreatment of a vulnerable adult under section 626.557  
12.4 for which the license holder is determined responsible for the maltreatment under section  
12.5 260E.30, subdivision 4, paragraphs (a) and (b), or 626.557, subdivision 9c, paragraph (c);

12.6 (ii) if the commissioner determines that a determination of maltreatment for which the  
12.7 license holder is responsible is the result of maltreatment that meets the definition of serious  
12.8 maltreatment as defined in section 245C.02, subdivision 18, the license holder shall forfeit  
12.9 \$5,000;

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

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

12.16 For purposes of this section, "occurrence" means each violation identified in the  
12.17 commissioner's fine order. Fines assessed against a license holder that holds a license to  
12.18 provide home and community-based services, as identified in section 245D.03, subdivision  
12.19 1, and a community residential setting or day services facility license under chapter 245D  
12.20 where the services are provided, may be assessed against both licenses for the same  
12.21 occurrence, but the combined amount of the fines shall not exceed the amount specified in  
12.22 this clause for that occurrence.

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

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

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

13.3 Subd. 4. **License or certification fee for certain programs.** (a)(1) A program licensed  
13.4 to provide one or more of the home and community-based services and supports identified  
13.5 under chapter 245D to persons with disabilities or age 65 and older, shall pay an annual  
13.6 nonrefundable license fee based on revenues derived from the provision of services that  
13.7 would require licensure under chapter 245D during the calendar year immediately preceding  
13.8 the year in which the license fee is paid, according to the following schedule:

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

14.1	greater than \$1,000,000 but less than or	
14.2	equal to \$1,250,000	\$4,550
14.3	greater than \$1,250,000 but less than or	
14.4	equal to \$1,500,000	\$4,900
14.5	greater than \$1,500,000 but less than or	
14.6	equal to \$1,750,000	\$5,200
14.7	greater than \$1,750,000 but less than or	
14.8	equal to \$2,000,000	\$5,500
14.9	greater than \$2,000,000 but less than or	
14.10	equal to \$2,500,000	\$5,900
14.11	greater than \$2,500,000 but less than or	
14.12	equal to \$3,000,000	\$6,200
14.13	greater than \$3,000,000 but less than or	
14.14	equal to \$3,500,000	\$6,500
14.15	greater than \$3,500,000 but less than or	
14.16	equal to \$4,000,000	\$7,200
14.17	greater than \$4,000,000 but less than or	
14.18	equal to \$4,500,000	\$7,800
14.19	greater than \$4,500,000 but less than or	
14.20	equal to \$5,000,000	\$9,000
14.21	greater than \$5,000,000 but less than or	
14.22	equal to \$7,500,000	\$10,000
14.23	greater than \$7,500,000 but less than or	
14.24	equal to \$10,000,000	\$14,000
14.25	greater than \$10,000,000 but less than or	
14.26	equal to \$12,500,000	\$18,000
14.27	greater than \$12,500,000 but less than or	
14.28	equal to \$15,000,000	\$25,000
14.29	greater than \$15,000,000 but less than or	
14.30	equal to \$17,500,000	\$28,000
14.31	greater than \$17,500,000 but less than <u>or</u>	
14.32	<u>equal to</u> \$20,000,000	\$32,000
14.33	greater than \$20,000,000 but less than <u>or</u>	
14.34	<u>equal to</u> \$25,000,000	\$36,000
14.35	greater than \$25,000,000 but less than <u>or</u>	
14.36	<u>equal to</u> \$30,000,000	\$45,000
14.37	greater than \$30,000,000 but less than <u>or</u>	
14.38	<u>equal to</u> \$35,000,000	\$55,000
14.39	greater than \$35,000,000	\$75,000

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

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

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

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

15.9	Licensed Capacity	License Fee
15.10	1 to 24 persons	\$2,600
15.11	25 to 49 persons	\$3,000
15.12	50 to 74 persons	\$5,000
15.13	75 to 99 persons	\$10,000
15.14	100 to 199 persons	\$15,000
15.15	200 or more persons	\$20,000

15.16 (c) A detoxification program licensed under Minnesota Rules, parts 9530.6510 to  
15.17 9530.6590, or a withdrawal management program licensed under chapter 245F shall pay  
15.18 an annual nonrefundable license fee based on the following schedule:

15.19	Licensed Capacity	License Fee
15.20	1 to 24 persons	\$2,600
15.21	25 to 49 persons	\$3,000
15.22	50 or more persons	\$5,000

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

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

15.28	Licensed Capacity	License Fee
15.29	1 to 24 persons	\$1,000
15.30	25 to 49 persons	\$1,100
15.31	50 to 74 persons	\$1,200
15.32	75 to 99 persons	\$1,300
15.33	100 or more persons	\$1,400

16.1 (e) A residential facility licensed under section 245I.23 or Minnesota Rules, parts  
 16.2 9520.0500 to 9520.0670, to serve persons with mental illness shall pay an annual  
 16.3 nonrefundable license fee based on the following schedule:

16.4	Licensed Capacity	License Fee
16.5	1 to 24 persons	\$2,600
16.6	25 to 49 persons	\$3,000
16.7	50 or more persons	\$20,000

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

16.11	Licensed Capacity	License Fee
16.12	1 to 24 persons	\$450
16.13	25 to 49 persons	\$650
16.14	50 to 74 persons	\$850
16.15	75 to 99 persons	\$1,050
16.16	100 or more persons	\$1,250

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

16.20	Licensed Capacity	License Fee
16.21	1 to 24 persons	\$2,600
16.22	25 to 49 persons	\$3,000
16.23	50 to 74 persons	\$5,000
16.24	75 to 99 persons	\$10,000
16.25	100 to 199 persons	\$15,000
16.26	200 or more persons	\$20,000

16.27 (h) A program licensed to provide treatment services to persons with sexual psychopathic  
 16.28 personalities or sexually dangerous persons under Minnesota Rules, parts 9515.3000 to  
 16.29 9515.3110, shall pay an annual nonrefundable license fee of \$20,000.

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

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

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

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

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

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

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

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

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

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

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

17.27 Subd. 2. **Emergency overdose treatment.** (a) A license holder must maintain a supply  
17.28 of opiate antagonists as defined in section 604A.04, subdivision 1, available for emergency  
17.29 treatment of opioid overdose ~~and~~. For administration via intramuscular injection, a license  
17.30 holder must have a written standing order protocol by a physician who is licensed under  
17.31 chapter 147, advanced practice registered nurse who is licensed under chapter 148, or  
17.32 physician assistant who is licensed under chapter 147A, that permits the license holder to

18.1 maintain a supply of intramuscular injection opiate antagonists on site. A license holder  
 18.2 must require staff to undergo training in the specific mode of administration used at the  
 18.3 program, which may include intranasal administration, intramuscular injection, or both,  
 18.4 before the staff has direct contact, as defined in section 245C.02, subdivision 11, with a  
 18.5 person served by the program.

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

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

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

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

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

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

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

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

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

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

19.3 (c) For purposes of this definition, "abuse resulting in serious injury" means: bruises,  
19.4 bites, skin laceration, or tissue damage; fractures; dislocations; evidence of internal injuries;  
19.5 head injuries with loss of consciousness; extensive second-degree or third-degree burns and  
19.6 other burns for which complications are present; extensive second-degree or third-degree  
19.7 frostbite and other frostbite for which complications are present; irreversible mobility or  
19.8 avulsion of teeth; injuries to the eyes; ingestion of foreign substances and objects that are  
19.9 harmful; near drowning; and heat exhaustion or sunstroke.

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

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

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

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

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

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

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

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

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

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

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

20.4 (b) For child foster care when the license holder resides in the home where foster care  
 20.5 services are provided, a short-term substitute caregiver providing direct contact services for  
 20.6 a child for less than 72 hours of continuous care is not required to receive a background  
 20.7 study under this chapter.

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

20.10 (1) adult foster care;

20.11 (2) children's residential facilities;

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

20.13 (4) residential mental health programs for adults;

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

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

20.16 (7) adult day care centers;

20.17 (8) family adult day services;

20.18 (9) detoxification programs;

20.19 (10) community residential settings;

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

20.22 (12) treatment programs for persons with sexual psychopathic personality or sexually  
 20.23 dangerous persons, licensed under chapter 245A and according to Minnesota Rules, parts  
 20.24 9515.3000 to 9515.3110.; and

20.25 (13) children's foster residence settings.

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

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

20.28 Subdivision 1. **Licensed programs; other child care programs.** (a) The commissioner  
 20.29 shall conduct a background study of an individual required to be studied under section  
 20.30 245C.03, subdivision 1, at least upon application for initial license for all license types.

21.1 (b) The commissioner shall conduct a background study of an individual required to be  
21.2 studied under section 245C.03, subdivision 1, including a child care background study  
21.3 subject as defined in section 245C.02, subdivision 6a, in a family child care program, licensed  
21.4 child care center, certified license-exempt child care center, or legal nonlicensed child care  
21.5 provider, on a schedule determined by the commissioner. Except as provided in section  
21.6 245C.05, subdivision 5a, a child care background study must include submission of  
21.7 fingerprints for a national criminal history record check and a review of the information  
21.8 under section 245C.08. A background study for a child care program must be repeated  
21.9 within five years from the most recent study conducted under this paragraph.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22.31 ~~(h)~~ (g) Applicants for licensure, license holders, and other entities as provided in this  
 22.32 chapter must submit completed background study requests to the commissioner using the

23.1 electronic system known as NETStudy 2.0 before individuals specified in section 245C.03,  
 23.2 subdivision 1, begin positions allowing direct contact in any licensed program.

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

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

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

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

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

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

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

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

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

23.29 **245C.07 STUDY SUBJECT AFFILIATED WITH MULTIPLE FACILITIES.**

23.30 (a) Subject to the conditions in paragraph (d), when a license holder, applicant, or other  
 23.31 entity owns multiple programs or services that are licensed by the Department of Human  
 23.32 Services; Department of Children, Youth, and Families; Department of Health; or Department

24.1 of Corrections, only one background study is required for an individual who provides direct  
24.2 contact services in one or more of the licensed programs or services if:

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

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

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

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

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

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

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

24.30 (e) The provisions of this section that allow a single background study in one or more  
24.31 licensed programs or services do not apply to background studies submitted by adoption  
24.32 agencies, supplemental nursing services agencies, personnel pool agencies, educational

25.1 programs, professional services agencies, temporary personnel agencies, and unlicensed  
25.2 personal care provider organizations.

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

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

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

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

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

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

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

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

25.21 (i) the individual is not disqualified; or

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

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

26.1 (3) a notice that a variance has been granted related to the individual under section  
26.2 245C.30.

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

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

26.13 (1) being issued a license;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28.1 (assault of an unborn child in the second degree); 609.268 (injury or death of an unborn  
28.2 child in the commission of a crime); 609.27 (coercion); 609.275 (attempt to coerce); 609.466  
28.3 (medical assistance fraud); 609.495 (aiding an offender); 609.498, subdivision 1 or 1b  
28.4 (aggravated first-degree or first-degree tampering with a witness); 609.52 (theft); 609.521  
28.5 (possession of shoplifting gear); 609.522 (organized retail theft); 609.525 (bringing stolen  
28.6 goods into Minnesota); 609.527 (identity theft); 609.53 (receiving stolen property); 609.535  
28.7 (issuance of dishonored checks); 609.542 (illegal remunerations); 609.562 (arson in the  
28.8 second degree); 609.563 (arson in the third degree); 609.582 (burglary); 609.59 (possession  
28.9 of burglary tools); 609.611 (insurance fraud); 609.625 (aggravated forgery); 609.63 (forgery);  
28.10 609.631 (check forgery; offering a forged check); 609.635 (obtaining signature by false  
28.11 pretense); 609.66 (dangerous weapons); 609.67 (machine guns and short-barreled shotguns);  
28.12 609.687 (adulteration); 609.71 (riot); 609.713 (terroristic threats); 609.746 (interference  
28.13 with privacy); 609.82 (fraud in obtaining credit); 609.821 (financial transaction card fraud);  
28.14 617.23 (indecent exposure), not involving a minor; repeat offenses under 617.241 (obscene  
28.15 materials and performances; distribution and exhibition prohibited; penalty); or 624.713  
28.16 (certain persons not to possess firearms).

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

28.20 (c) An individual is disqualified under section 245C.14 if less than 15 years has passed  
28.21 since the termination of the individual's parental rights under section 260C.301, subdivision  
28.22 1, paragraph (b), or subdivision 3.

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

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

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

29.1 in court. When a disqualification is based on an Alford Plea, the disqualification period  
29.2 begins from the date the Alford Plea is entered in court. When a disqualification is based  
29.3 on a preponderance of evidence of a disqualifying act, the disqualification date begins from  
29.4 the date of the dismissal, the date of discharge of the sentence imposed for a conviction for  
29.5 a disqualifying crime of similar elements, or the date of the incident, whichever occurs last.

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

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

30.1 2012, section 609.21; or violation of an order for protection under section 518B.01,  
30.2 subdivision 14.

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

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

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

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

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

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

31.1 third degree); 609.27 (coercion); violation of an order for protection under 609.3232  
31.2 (protective order authorized; procedures; penalties); 609.466 (medical assistance fraud);  
31.3 609.52 (theft); 609.522 (organized retail theft); 609.525 (bringing stolen goods into  
31.4 Minnesota); 609.527 (identity theft); 609.53 (receiving stolen property); 609.535 (issuance  
31.5 of dishonored checks); 609.611 (insurance fraud); 609.66 (dangerous weapons); 609.665  
31.6 (spring guns); 609.746 (interference with privacy); 609.79 (obscene or harassing telephone  
31.7 calls); 609.795 (letter, telegram, or package; opening; harassment); 609.82 (fraud in obtaining  
31.8 credit); 609.821 (financial transaction card fraud); 617.23 (indecent exposure), not involving  
31.9 a minor; 617.293 (harmful materials; dissemination and display to minors prohibited); or  
31.10 Minnesota Statutes 2012, section 609.21; or violation of an order for protection under section  
31.11 518B.01 (Domestic Abuse Act).

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

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

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

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

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

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

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

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

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

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

33.1 (arson in the first degree); 609.582, subdivision 1 (burglary in the first degree); 609.746  
 33.2 (interference with privacy); 617.23 (indecent exposure); 617.246 (use of minors in sexual  
 33.3 performance prohibited); or 617.247 (possession of child sexual abuse material).

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

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

33.9 (2) committed an act that resulted in a gross misdemeanor-level conviction for section  
 33.10 609.3451 (criminal sexual conduct in the fifth degree);

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

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

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

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

34.1 methamphetamine); 152.027, subdivision 6, paragraph (c) (sale or possession of synthetic  
 34.2 cannabinoids); 152.096 (conspiracies prohibited); 152.097 (simulated controlled substances);  
 34.3 152.136 (anhydrous ammonia; prohibited conduct; criminal penalties; civil liabilities);  
 34.4 152.137 (fentanyl- and methamphetamine-related crimes involving children or vulnerable  
 34.5 adults); 169A.24 (felony first-degree driving while impaired); 243.166 (violation of predatory  
 34.6 offender registration requirements); 609.2113 (criminal vehicular operation; bodily harm);  
 34.7 609.2114 (criminal vehicular operation; unborn child); 609.228 (great bodily harm caused  
 34.8 by distribution of drugs); 609.2325 (criminal abuse of a vulnerable adult not resulting in  
 34.9 the death of a vulnerable adult); 609.233 (criminal neglect); 609.235 (use of drugs to injure  
 34.10 or facilitate a crime); 609.24 (simple robbery); 609.247, subdivision 4 (carjacking in the  
 34.11 third degree); 609.322, subdivision 1a (solicitation, inducement, and promotion of  
 34.12 prostitution; sex trafficking in the second degree); 609.498, subdivision 1 (tampering with  
 34.13 a witness in the first degree); 609.498, subdivision 1b (aggravated first-degree witness  
 34.14 tampering); 609.562 (arson in the second degree); 609.563 (arson in the third degree);  
 34.15 609.582, subdivision 2 (burglary in the second degree); 609.66 (felony dangerous weapons);  
 34.16 609.687 (adulteration); 609.713 (terroristic threats); 609.749, subdivision 3, 4, or 5  
 34.17 (felony-level harassment or stalking); 609.855, subdivision 5 (shooting at or in a public  
 34.18 transit vehicle or facility); or 624.713 (certain people not to possess firearms).

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

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

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

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

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

35.1 similar to the elements of maltreatment under chapter 260E or section 626.557 and meet  
35.2 the definition of serious maltreatment or recurring maltreatment;

35.3 (5) a gross misdemeanor-level violation for sections: 609.224, subdivision 2 (assault in  
35.4 the fifth degree); 609.2242 and 609.2243 (domestic assault); 609.233 (criminal neglect);  
35.5 609.377 (malicious punishment of a child); 609.378 (neglect or endangerment of a child);  
35.6 609.746 (interference with privacy); 609.749 (stalking); or 617.23 (indecent exposure); or

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

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

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

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

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

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

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

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

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

36.3 Subd. 5. **Scope of set-aside.** (a) If the commissioner sets aside a disqualification under  
36.4 this section, the disqualified individual remains disqualified, but may hold a license and  
36.5 have direct contact with or access to persons receiving services. Except as provided in  
36.6 paragraph (b), the commissioner's set-aside of a disqualification is limited solely to the  
36.7 licensed program, applicant, or agency specified in the set aside notice under section 245C.23.  
36.8 For personal care provider organizations, financial management services organizations,  
36.9 community first services and supports organizations, unlicensed home and community-based  
36.10 organizations, and consumer-directed community supports organizations, the commissioner's  
36.11 set-aside may further be limited to a specific individual who is receiving services. For new  
36.12 background studies required under section 245C.04, subdivision 1, paragraph ~~(h)~~ (g), if an  
36.13 individual's disqualification was previously set aside for the license holder's program and  
36.14 the new background study results in no new information that indicates the individual may  
36.15 pose a risk of harm to persons receiving services from the license holder, the previous  
36.16 set-aside shall remain in effect.

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

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

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

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

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

36.31 (c) Notwithstanding paragraph (b), clause (2), for an individual who is employed in the  
36.32 substance use disorder field, if the commissioner has previously set aside an individual's  
36.33 disqualification for one or more programs or agencies in the substance use disorder treatment  
36.34 field, and the individual is the subject of a subsequent background study for a different

37.1 program or agency in the substance use disorder treatment field, the commissioner shall set  
37.2 aside the disqualification for the program or agency in the substance use disorder treatment  
37.3 field that initiated the subsequent background study when the criteria under paragraph (b),  
37.4 clauses (1), (3), and (4), are met and the individual is not disqualified for an offense specified  
37.5 in section 245C.15, subdivision 1. A notice of a set-aside under paragraph (d) shall be issued  
37.6 within 15 working days.

37.7 (d) When a disqualification is set aside under paragraph (b), the notice of background  
37.8 study results issued under section 245C.17, in addition to the requirements under section  
37.9 245C.17, shall state that the disqualification is set aside for the program or agency that  
37.10 initiated the subsequent background study. The notice must inform the individual that the  
37.11 individual may request reconsideration of the disqualification under section 245C.21 on the  
37.12 basis that the information used to disqualify the individual is incorrect.

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

37.14 Subd. 2. **Permanent bar to set aside a disqualification.** (a) Except as provided in  
37.15 paragraphs (b) to ~~(g)~~ (f), the commissioner may not set aside the disqualification of any  
37.16 individual disqualified pursuant to this chapter, regardless of how much time has passed,  
37.17 if the individual was disqualified for a crime or conduct listed in section 245C.15, subdivision  
37.18 1.

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

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

38.1 609.205; 609.25; 609.342 to 609.3453; 609.352; 617.23, subdivision 2, clause (1), or 3,  
38.2 clause (1); 617.246; or 617.247.

38.3 (d) When a licensed foster care provider adopts an individual who had received foster  
38.4 care services from the provider for over six months, and the adopted individual is required  
38.5 to receive a background study under section 245C.03, subdivision 1, paragraph (a), clause  
38.6 (2) or (6), the commissioner may grant a variance to the license holder under section 245C.30  
38.7 to permit the adopted individual with a permanent disqualification to remain affiliated with  
38.8 the license holder under the conditions of the variance when the variance is recommended  
38.9 by the county of responsibility for each of the remaining individuals in placement in the  
38.10 home and the licensing agency for the home.

38.11 (e) For an individual 18 years of age or older affiliated with a licensed family foster  
38.12 setting, the commissioner must not set aside or grant a variance for the disqualification of  
38.13 any individual disqualified pursuant to this chapter, regardless of how much time has passed,  
38.14 if the individual was disqualified for a crime or conduct listed in section 245C.15, subdivision  
38.15 4a, paragraphs (a) and (b).

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

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

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

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

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

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

38.31 (3) be free from maltreatment;

39.1 (4) be free from restraint, time out, seclusion, restrictive intervention, or other prohibited  
39.2 procedure identified in section 245D.06, subdivision 5, or successor provisions, except for:  
39.3 (i) emergency use of manual restraint to protect the person from imminent danger to self  
39.4 or others according to the requirements in section 245D.061 or successor provisions; or (ii)  
39.5 the use of safety interventions as part of a positive support transition plan under section  
39.6 245D.06, subdivision 8, or successor provisions;

39.7 (5) receive services in a clean and safe environment when the license holder is the owner,  
39.8 lessor, or tenant of the service site;

39.9 (6) be treated with courtesy and respect and receive respectful treatment of the person's  
39.10 property;

39.11 (7) reasonable observance of cultural and ethnic practice and religion;

39.12 (8) be free from bias and harassment regarding race, gender, age, disability, spirituality,  
39.13 and sexual orientation;

39.14 (9) be informed of and use the license holder's grievance policy and procedures, including  
39.15 knowing how to contact persons responsible for addressing problems and to appeal under  
39.16 section 256.045;

39.17 (10) know the name, telephone number, and the website, email, and street addresses of  
39.18 protection and advocacy services, including the appropriate state-appointed ombudsman,  
39.19 and a brief description of how to file a complaint with these offices;

39.20 (11) assert these rights personally, or have them asserted by the person's family,  
39.21 authorized representative, or legal representative, without retaliation;

39.22 (12) give or withhold written informed consent to participate in any research or  
39.23 experimental treatment;

39.24 (13) associate with other persons of the person's choice in the community;

39.25 (14) personal privacy, including the right to use the lock on the person's bedroom or unit  
39.26 door;

39.27 (15) engage in chosen activities; and

39.28 (16) access to the person's personal possessions at any time, including financial resources.

39.29 (b) For a person residing in a residential site licensed according to chapter 245A, or  
39.30 where the license holder is the owner, lessor, or tenant of the residential service site,  
39.31 protection-related rights also include the right to:

40.1 (1) have daily, private access to and use of a non-coin-operated telephone for local calls  
40.2 and long-distance calls made collect or paid for by the person;

40.3 (2) receive and send, without interference, uncensored, unopened mail or electronic  
40.4 correspondence or communication;

40.5 (3) have use of and free access to common areas in the residence and the freedom to  
40.6 come and go from the residence at will;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

41.16 (ii) service suspension and termination policy and procedure required under subdivision  
 41.17 ~~3;~~ and

41.18 (iii) emergency use of manual restraints policy and procedure required under section  
 41.19 245D.061, subdivision 9, or successor provisions.

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

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

41.22 ~~(ii) emergency use of manual restraints policy and procedure required under section~~  
 41.23 ~~245D.061, subdivision 9, or successor provisions; and~~

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

41.25 (c) The license holder must provide a written notice to all persons or their legal  
 41.26 representatives and case managers at least 30 days before implementing any procedural  
 41.27 revisions to policies affecting a person's service-related or protection-related rights under  
 41.28 section 245D.04 and maltreatment reporting policies and procedures. The notice must  
 41.29 explain the revision that was made and include a copy of the revised policy and procedure.  
 41.30 The license holder must document the reasonable cause for not providing the notice at least  
 41.31 30 days before implementing the revisions.

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

42.4 (e) The license holder must annually notify all persons, or their legal representatives,  
 42.5 and case managers of any procedural revisions to policies required under this chapter, other  
 42.6 than those in paragraph (c). Upon request, the license holder must provide the person, or  
 42.7 the person's legal representative, and case manager with copies of the revised policies and  
 42.8 procedures.

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

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

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

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

42.16 (i) theft in violation of section 609.52;

42.17 (ii) perjury in violation of section 609.48;

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

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

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

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

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

42.23 (viii) a felony listed in United States Code, title 42, section 1320a-7b(b)(1) or (2), subject  
 42.24 to any safe harbors established in Code of Federal Regulations, title 42, part 1001, section  
 42.25 952;

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

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

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

43.2 Subd. 10. **Investigation of certain claims.** The commissioner must establish by rule  
43.3 general criteria and procedures for the identification and prompt investigation of suspected  
43.4 medical assistance fraud, theft, abuse, presentment of false or duplicate claims, presentment  
43.5 of claims for services not reasonable or medically necessary, or false statement or  
43.6 representation of material facts by a vendor of medical care, ~~and for the imposition of~~  
43.7 sanctions against a vendor of medical care. The commissioner may utilize both prepayment  
43.8 and postpayment review systems to review claims submitted by vendors. Payment of claims,  
43.9 including payments made after a prepayment review, does not prohibit the commissioner  
43.10 from completing a postpayment claims review and taking additional administrative actions  
43.11 or monetary recovery against a vendor. If it appears to the state agency that a vendor of  
43.12 medical care may have acted in a manner warranting civil or criminal proceedings, it shall  
43.13 so inform the attorney general in writing.

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

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

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

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

43.30 (2) the commissioner determines there is a credible allegation of fraud for which an  
43.31 investigation is pending under the program. Allegations are considered credible when they  
43.32 have an indicium of reliability and the state agency has reviewed all allegations, facts, and  
43.33 evidence carefully and acts judiciously on a case-by-case basis. A credible allegation of

44.1 fraud is an allegation which has been verified by the state, from any source, including but  
44.2 not limited to:

44.3 (i) fraud hotline complaints;

44.4 (ii) claims data mining; and

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

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

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

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

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

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

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

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

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

44.30 (e) The commissioner shall suspend or terminate an individual's or entity's participation  
44.31 in the program without providing advance notice and an opportunity for a hearing when the  
44.32 suspension or termination is required because of the individual's or entity's exclusion from

45.1 participation in Medicare. Within five days of taking such action, the commissioner must  
45.2 send notice of the suspension or termination. The notice must:

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

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

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

45.8 (f) Upon receipt of a notice under paragraph (a) that a monetary recovery or sanction is  
45.9 to be imposed, an individual or entity may request a contested case, as defined in section  
45.10 14.02, subdivision 3, by filing with the commissioner a written request of appeal. The appeal  
45.11 request must be received by the commissioner no later than 30 days after the date the  
45.12 notification of monetary recovery or sanction was mailed to the individual or entity. The  
45.13 appeal request must specify:

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

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

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

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

45.21 (5) other information required by the commissioner.

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

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

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

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

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

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

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

46.32 (1) a licensed or unlicensed day care facility, certified license-exempt child care center,  
 46.33 residential facility, agency, psychiatric residential treatment facility, hospital, sanitarium,

47.1 or other facility or institution required to be licensed under sections 144.50 to 144.58,  
47.2 241.021, or 245A.01 to 245A.16, or chapter 142B, 142C, 144H, or 245D;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

48.19 (a) The Department of Health is the lead investigative agency for facilities or services  
48.20 licensed or required to be licensed as hospitals, home care providers, nursing homes, boarding  
48.21 care homes, hospice providers, residential facilities that are also federally certified as  
48.22 intermediate care facilities that serve people with developmental disabilities, federally  
48.23 certified psychiatric residential treatment facilities, or any other facility or service not listed  
48.24 in this subdivision that is licensed or required to be licensed by the Department of Health  
48.25 for the care of vulnerable adults. "Home care provider" has the meaning provided in section  
48.26 144A.43, subdivision 4, and applies when care or services are delivered in the vulnerable  
48.27 adult's home.

48.28 (b) The Department of Human Services is the lead investigative agency for facilities or  
48.29 services licensed or required to be licensed as adult day care, adult foster care, community  
48.30 residential settings, programs for people with disabilities, EIDBI agencies, family adult day  
48.31 services, mental health programs, mental health clinics, substance use disorder programs,  
48.32 the Minnesota Sex Offender Program, or any other facility or service not listed in this  
48.33 subdivision that is licensed or required to be licensed by the Department of Human Services,

49.1 except federally certified psychiatric residential treatment facilities. The Department of  
49.2 Human Services is also the lead investigative agency for unlicensed EIDBI agencies under  
49.3 section 256B.0949.

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

49.7 Sec. 34. **NEW BACKGROUND STUDIES FOR INDIVIDUALS NOT IN NETSTUDY**  
49.8 **2.0.**

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

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

49.19 Sec. 35. **REPEALER.**

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

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

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