

Chapter 9

2025 First Special Session

Subject Human Services Finance Bill

Bill H.F. 3

Analyst Danyell A. Punelli (articles 1-3, 6-7, 9, and 11-14)
 Sarah Sunderman (articles 4-5 and 10)
 Elisabeth Klarqvist (article 8)

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Overview

This act establishes the fiscal year 2026-2027 budget for the Department of Human Services (DHS) and Direct Care and Treatment and contains provisions relating to aging and older adult services; disability services; health care; substance use disorder treatment; direct care and treatment; early intensive developmental and behavioral intervention reform; homelessness, housing, and support services; the Department of Health; DHS program integrity; and other miscellaneous provisions.

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Article 1: Aging and Older Adult Services

This article makes various changes to provisions governing the Nursing Home Workforce Standards Board, the long-term services and supports loan program, nursing facility payment rates, and the elderly waiver disproportionate share program.

Section Description - Article 1: Aging and Older Adult Services

- 1 Investigation of market conditions.**
Amends § 181.213, subd. 2. Removes language prohibiting standards from being effective until an appropriation sufficient to cover the rate increase and federal approval of the rate increase is obtained.
- 2 Effective dates for new employment standards.**
Amends § 181.213, by adding subd. 2a. Specifies effective dates for new employment standards determined by the board.
- 3 Implementation of rate increases.**
Amends § 181.213, by adding subd. 2b. Makes this section effective only for rate years in which both the CPI-U inflation limits and percentage increase limits for nursing facility operating payment rates are in effect. Requires increases in MA nursing facility payment rates necessary to comply with new nursing home employment standards to be made in the form of a rate adjustment for nursing home employment standards under the chapter of statutes governing nursing facility payment rates.
- 4 Long-term services and supports loan program.**
Amends § 256.4792. Makes the loan program ongoing and removes nursing facilities from eligibility. Requires nursing facilities that received a loan prior to August 1, 2025, to follow the criteria and repayment terms outlined in their executed loan agreements. Requires the commissioner to attempt to recover the unpaid amounts owed by a nursing facility in the event of a facility's closure prior to repayment. Requires the commissioner to annually report to the legislature on all nursing facilities that are delinquent in their repayments.

Makes this section effective for memoranda of understanding executed on or after August 1, 2025.
- 5 Nursing home license surcharge.**
Amends § 256.9657, subd. 1. Removes obsolete language and increases the nursing home license surcharge from \$2,815 to \$5,900 effective January 1, 2026, or the first day of the month following federal approval, whichever is later.

Provides an immediate effective date.

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- 6 **Authority.**
Amends § 256.9752, subd. 2. Requires the Minnesota Board on Aging to allocate to area agencies on aging state and federal senior nutrition funds in a manner consistent with the board’s intrastate funding formula (current law requires funds to be allocated consistent with federal requirements).

Provides an immediate effective date.
- 7 **Nutrition support services.**
Amends §256.9752, subd. 3. Modifies the list of allowable uses of nutrition support services funding allocated to area agencies on aging by the Board on Aging, and subjects state funds to federal requirements in accordance with the board’s intrastate funding formula.
- 8 **Bed layaway and delicensure.**
Amends § 256B.431, subd. 30. Makes conforming changes related to the phase-out of the nursing facility single-bed room incentive and layaways.

Provides a July 1, 2025, effective date.
- 9 **Alternate rates for nursing facilities.**
Amends § 256B.434, subd. 4. Effective January 1, 2026, repeals inflationary adjustments for nursing facility property payment rates for facilities with contract rates under the APS system.
- 10 **Property rate increase for certain nursing facilities.**
Amends § 256B.434, subd. 4k. Modifies certain time-limited nursing facility property rate increases by extending the expiration date for the rate increases for facilities located in St. Paul, Duluth, and Chatfield and removing a time-limited property rate increase for a facility located in Fergus Falls.

Makes this section effective January 1, 2026.
- 11 **CPI-U inflation.**
Amends § 256R.02, by adding subd. 14a. Defines “CPI-U inflation” in the chapter of statutes governing nursing facility payment rates.

Provides an immediate effective date.
- 12 **Patient driven payment model or PDPM.**
Amends § 256R.02, by adding subd. 36a. Defines “patient driven payment model” in the chapter of statutes governing nursing facility payment rates.

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- Provides an immediate effective date.
- 13 **Resource utilization group or RUG.**
Amends § 256R.02, by adding subd. 45a. Defines “resource utilization group” in the chapter of statutes governing nursing facility payment rates.

Provides an immediate effective date.
- 14 **Determination of direct care payment rates.**
Amends § 256R.23, subd. 7. Establishes a four percent limit on annual inflationary adjustments for nursing facility direct care payment rates.

Provides a January 1, 2026, effective date.
- 15 **Determination of other care-related payment rates.**
Amends § 256R.23, subd. 8. Establishes a four percent limit on annual inflationary adjustments for nursing facility other care-related payment rates.

Provides a January 1, 2026, effective date.
- 16 **Determination of the other operating payment rate.**
Amends § 256R.24, subd. 3. Establishes a four percent limit on annual inflationary adjustments for nursing facility other operating payment rates.

Provides a January 1, 2026, effective date.
- 17 **External fixed costs payment rate.**
Amends § 256R.25. Restructures the section by breaking the language up into subdivisions. Modifies the nursing facility external fixed costs payment rate by making conforming changes to the portion related to the nursing home provider surcharge and adding the portion related to the rate adjustment for nursing home employment standards.

Makes the changes to the portion related to the surcharge effective January 1, 2026, or the first day of the month following federal approval, whichever is later. Makes the addition of the portion related to the rate adjustment for nursing home employment standards effective January 1, 2026, or upon federal approval, whichever occurs later. Requires the commissioner of human services to notify the revisor of statutes when federal approval is obtained.

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18 Transition period.

Amends § 256R.26, subd. 9. Corrects a cross-reference and makes a conforming change related to the repeal of the property rate inflation adjustment.

Provides a January 1, 2026, effective date.

19 Determination of interim payment rates.

Amends § 256R.27, subd. 2. Makes a conforming change related to breaking up the section governing the external fixed costs payment rate into subdivisions.

20 Determination of settle-up payment rates.

Amends §256R.27, subd. 3. Makes a conforming change related to breaking up the section governing the external fixed costs payment rate into subdivisions.

21 Single-bed room incentive.

Amends § 256R.41. Beginning January 1, 2027, phases out the single-bed room incentive by reducing the value of the incentive each year for five years until it is equal to zero.

Provides an immediate effective date.

22 Bed holds.

Amends § 256R.43. Modifies how nursing facility occupancy is determined for purposes of establishing leave day payments.

Provides an immediate effective date.

23 Rate adjustment for nursing home employment standards.

Creates § 256R.495.

Subd. 1. Nursing home employment standards rate adjustment. Provides a rate adjustment to pay for the nursing home employment standards promulgated by the Nursing Home Workforce Standards Board effective for each rate year in which the inflationary rate limits are in effect. In order to receive a rate adjustment under this section, requires a nursing facility to report to the commissioner the wage rate for every worker and contracted worker below the minimum employment standards established by the board.

Subd. 2. Application for rate adjustments. Requires a nursing facility to submit an application for each rate year in which the rate adjustment is available to the commissioner in a form and manner determined by the commissioner. Specifies the data that must be included in the application and the due date for the application. Allows the commissioner to request additional information needed

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to determine the rate adjustment and to waive the deadlines for submission of applications and additional information under extraordinary circumstances.

Subd. 3. Rate adjustment timeline. Specifies the timeline for approved rate adjustments, and requires the final rate adjustment to be included in the external fixed costs payment rate.

Subd. 4. January 1, 2026, rate adjustment calculation. Establishes the calculation for the January 1, 2026, rate adjustment.

Subd. 5. January 1, 2027, rate adjustment calculation. Establishes the calculation for the January 1, 2027, rate adjustment.

Makes this section effective July 1, 2025, or upon federal approval, whichever is later. Requires the commissioner of human services to notify the revisor of statutes when federal approval is obtained.

24 **Patient driven payment model phase-in.**

Creates § 256R.531.

Subd. 1. PDPM phase-in. From October 1, 2025, to December 31, 2028, requires the commissioner to determine an adjustment to the total payment rate for each facility as determined under the nursing facility payment rate structure to phase in the transition from the RUG-IV case mix classification system to the PDPM case mix classification system.

Subd. 1a. Definition. Defines “medical assistance facility average case mix index.”

Subd. 2. PDPM phase-in rate adjustment. Lays out the calculation the commissioner must use in determining a facility’s PDPM phase-in rate adjustment.

Subd. 3. RUG-IV standardized days and RUG-IV facility case mix index. Effective October 1, 2025, to December 31, 2027, requires the commissioner to determine the RUG-IV standardized days and RUG-IV medical assistance (MA) facility average case mix index. Specifies the calculation for RUG-IV facility average case mix index and RUG-IV standardized days for the rate year beginning January 1, 2028.

Subd. 4. RUG-IV medical assistance case mix adjusted direct care payment rate. Requires the commissioner to determine a facility’s RUG-IV MA case mix adjusted direct care payment rate and specifies the calculation for the MA case mix adjusted direct care payment rate.

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Subd. 5. PDPM medical assistance case mix adjusted direct care payment rate.
Requires the commissioner to determine a facility's PDPM MA case mix adjusted direct care payment rate and specifies the calculation for the PDPM MA case mix adjusted direct care payment rate.

Subd. 6. Blended medical assistance case mix adjusted direct care payment rate. Lays out the calculation the commissioner must use in determining a facility's blended MA case mix adjusted direct care payment rate.

Subd. 7. Expiration. Provides a January 1, 2029, sunset date.

Provides an October 1, 2025, effective date.

25 Rate adjustment application.

Amends § 256S.205, subd. 2. Allows a facility that received elderly waiver rate floor payments in rate year 2024 to submit an annual application to maintain its designation as a disproportionate share facility.

26 Rate adjustment eligibility criteria.

Amends § 256S.205, subd. 3. Removes the current sunset on elderly waiver disproportionate share payments.

27 Rate adjustment; rate floor.

Amends § 256S.205, subd. 5. Removes the current sunset on elderly waiver disproportionate share payments.

28 Expiration.

Amends § 256S.205, subd. 7. Extends the elderly waiver disproportionate share rate adjustment sunset date from January 1, 2026, to May 31, 2028.

29 Coercion prohibited.

Amends § 256S.205, by adding subd. 8. Prohibits a facility with a disproportionate share designation from pressuring, coercing, enticing, or otherwise unduly influencing a resident to become an elderly waiver participant. Requires facilities to periodically attest to the commissioner that the facility has not pressured, coerced, enticed, or otherwise unduly influenced a resident to become an elderly waiver participant. Requires the commissioner to terminate a facility's designation as a disproportionate share facility if the facility fails to submit the attestation within 60 days of the due date of the attestation or if the commissioner receives a credible allegation of a facility violating this provision.

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30 Compensation requirements.

Amends § 256S.205, by adding subd. 9. Requires a provider receiving a disproportionate share rate adjustment to use a minimum of 66 percent of the incremental increase in revenue generated by the rate floor for direct care staff compensation. Lists the items included in compensation.

31 Laws effective date.

Makes nursing facility consolidation rates effective January 1, 2026.

Provides an immediate effective date.

32 Repealer.

Repeals Minnesota Statutes, section 256R.02, subd. 38 (prior system operating cost payment rate), effective January 1, 2026. Repeals Minnesota Statutes, sections 256R.12, subd. 10 (allocation of self-insurance costs); and 256R.36 (hold harmless), effective immediately. Repeals Minnesota Statutes, section 256R.23, subd. 6 (payment rate limit reduction), effective October 1, 2025.

Article 2: Disability Services

This article makes various changes to disability services including enacting the provisions necessary to effectuate the direct support worker contract between the State of Minnesota and SEIU Healthcare Minnesota and Iowa, modifying HCBS standards for out-of-home respite care for children, modifying MnCHOICES provisions, modifying HCBS waiver service authorization requirements, and modifying certain DWRS payment rate provisions.

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1 Minnesota caregiver retirement fund trust.

Amends § 179A.54, by adding subd. 12. Authorizes the state and an exclusive representative to establish a joint labor and management trust, referred to as the Minnesota Caregiver Retirement Fund Trust, for the exclusive purpose of creating, implementing, and administering a retirement plan for individual providers of direct support services who are represented by the exclusive representative. Requires the state to make financial contributions to the trust pursuant to a collective bargaining agreement. Specifies uses of the state financial contributions. Requires a board of trustees to jointly control the trust. Prohibits the trust from being an agent of either the state or the exclusive representative. Allows a third-party administrator, financial management institution, other appropriate entity, or any combination thereof to provide certain services to the board of trustees. Authorizes the state to purchase liability insurance for members of the board of trustees appointed by the governor.

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Prohibits financial contributions to or participation in the management or administration of the trust from being considered an unfair labor practice.

Provides a July 1, 2025, effective date.

2 Compliance education required.

Amends § 245A.042, by adding subd. 5. Requires the commissioner to make compliance education available to all license holders operating programs licensed under the chapter of statutes governing home and community-based services standards.

Provides a January 1, 2027, effective date.

3 Legal resources required.

Amends § 245A.042 by adding subd. 6. Requires the commissioner to provide an HCBS license holder with a list of legal resources, if requested by a license holder that is subject to an enforcement action.

Provides a January 1, 2026, effective date.

4 Correction orders and conditional licenses for programs licensed as home and community-based services.

Amends § 245A.06, subd. 1a. Requires correction orders or conditional licenses for HCBS providers operating more than one service site to be site-specific. Specifies information the commissioner must provide to an HCBS license holder prior to issuing an order of conditional license. Allows the commissioner to reduce the length of time of a conditional license for an HCBS provider if the license holder demonstrates compliance or progress toward compliance before the conditional license period expires. Requires the commissioner to submit a report to the legislature on the number of correction orders and orders of conditional license issued to HCBS providers.

Provides a January 1, 2027, effective date.

5 Reconsideration of correction orders.

Amends § 245A.06, subd. 2. Removes language related to licensed family child care providers. If an HCBS license holder further disputes the commissioner's correction order, requires the commissioner to offer the option of mediation to an HCBS provider when a request for reconsideration is denied. Requires the cost of the mediation option to be paid by the license holder.

Provides a January 1, 2027, effective date.

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6 Positive support professional qualifications.

Amends § 245D.091, subd. 2. Adds individuals who have completed a competency-based training program as determined by the commissioner to the list of positive support professional qualifications under the chapter of statutes governing home and community-based standards.

7 Positive support analyst qualifications.

Amends § 245D.091, subd. 3. Modifies the list of requirements for positive support analysts to include completing a competency-based training program as determined by the commissioner.

8 Out-of-home respite care services for children.

Adds § 245D.13. Modifies home and community-based services standards for out-of-home respite care services for children.

Subd. 1. Licensed setting required. Limits home and community-based license holders providing out-of-home respite care services for children to only providing services in a licensed setting, unless exempt under subdivision 2. Defines “respite care services” for purposes of this section.

Subd. 2. Exemption from licensed setting requirement. Paragraph (a) specifies that this exemption does not apply to the provision of respite care services to a child in foster care under the chapters of statute that govern juvenile safety and placement and child in voluntary foster care for treatment.

Paragraph (b) allows a home and community-based services license holder to provide out-of-home respite care services for children in an unlicensed residential setting if certain requirements are met, including:

- all background studies are completed;
- a child’s case manager conducts and documents an assessment of the residential setting and its environment before services are provided and at least once each calendar year thereafter if services continue to be provided at that residence;
- the services are provided in a residential setting that is not licensed to provide any other licensed services;
- the services are provided to no more than four children at any one time;
- the services are not provided to children and adults over the age of 21 in the same residence at the same time; and
- the services are not provided to a single family for more than 46 calendar days in a calendar year and no more than ten consecutive days.

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Paragraph (c) prohibits a child from receiving out-of-home respite care services in more than two unlicensed residential settings in a calendar year.

Paragraph (d) requires the license holder to ensure the requirements of this section are met.

Subd. 3. Documentation requirements. Requires the license holder to maintain specified documentation.

Makes this section effective January 1, 2026, or upon federal approval, whichever is later. Requires the commissioner of human services to inform the revisor of statutes when federal approval is obtained.

9 Amount of support grant; use.

Amends § 252.32, subd. 3. Specifies family support grant money may be used for adaptive or one-on-one swimming lessons for drowning prevention for a dependent younger than 12 years of age whose disability puts the dependent at higher risk of drowning according to the CDC.

10 Support grants; criteria and limitations.

Amends § 256.476, subd. 4. Specifies consumer support grant money may be used for adaptive or one-on-one swimming lessons for drowning prevention for a dependent younger than 12 years of age whose disability puts the dependent at higher risk of drowning according to the CDC.

11 Enhanced rate.

Amends § 256B.0659, subd. 17a. Effective January 1, 2026, or upon federal approval, whichever is later, increases the PCA enhanced rate (from 107.5 percent to 112.5 percent) paid for services provided to persons who qualify for ten or more hours of PCA services per day when provided by a PCA who meets certain criteria.

Provides an immediate effective date.

12 Purpose and goal.

Amends § 256B.0911, subd. 1. Requires long-term care consultation services to be coordinated with long-term care options counseling at critical care transitions rather than for assisted living.

13 Definitions.

Amends §256B.0911, subd. 10. Makes a conforming change.

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- 14 **MnCHOICES assessor qualifications, training, and certification.**
Amends §256B.0911, subd. 13. Modifies qualifications for MnCHOICES assessors.
- 15 **Use of MnCHOICES certified assessors required.**
Amends § 256B.0911, subd. 14. Allows lead agencies to contract with any licensed hospital to conduct assessments of patients in the hospital when the lead agency has failed to meet certain obligations related to MnCHOICES assessments. Specifies qualifications hospital employees must meet in order to perform assessments under contract with a lead agency. Limits waiver-related tasks hospital employees may perform to the assessment. Prohibits hospitals from being reimbursed for long-term care consultation services. Makes the lead agency that enters into a contract with a hospital to conduct assessments responsible for oversight, compliance, and quality assurance for all assessments performed under the contract.
- 16 **MnCHOICES assessments.**
Amends § 256B.0911, subd. 17. Makes technical changes to the MnCHOICES assessment timeline.
- 17 **Remote reassessments.**
Amends § 256B.0911, subd. 24. Increases the number of consecutive remote reassessments that may be substituted for in-person assessments from two to four for disability waiver services.

Makes this section effective January 1, 2026, or upon federal approval, whichever is later. Requires the commissioner of human services to notify the revisor of statutes when federal approval is obtained.
- 18 **Verbal attestation or alternative to replace required reassessment signatures.**
Amends § 256B.0911, by adding subd. 24a. Effective January 1, 2026, or upon federal approval, whichever is later, requires the commissioner to allow for verbal attestation or another alternative to replace required reassessment signatures. Requires an assessor to send a request for written attestation via mail to obtain a signature from the service recipient within 30 days of completion of a reassessment.

Provides an immediate effective date.
- 19 **Attesting to no changes in needs or services.**
Amends § 256B.0911, by adding subd. 25a. Allows a person who is between the ages of 22 to 64 and receiving disability waiver services or community first services and supports to attest that they have unchanged needs from the most recent prior assessment or reassessment for up to two consecutive reassessments, if the lead agency provides informed choice and the person being assessed or the person's legal

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representative provide informed consent. Allows the person or the person's legal representative to request a full reassessment at any time. Requires the assessor to review the most recent prior assessment or reassessment before conducting the interview and to confirm that the information from the previous assessment or reassessment is current. Lists requirements the abbreviated assessment must meet. Specifies a person has appeal rights upon denial of attestation to no changes in needs or services.

Makes this section effective January 1, 2026, or upon federal approval, whichever is later. Requires the commissioner of human services to notify the revisor of statutes when federal approval is obtained.

20 Assessment and support planning; supplemental information.

Amends § 256B.0911, subd. 30. Requires the lead agency to provide to the person receiving long-term care consultation services information related to the person's right to appeal the decision regarding an attestation to no changes in needs or services.

21 Dashboard on assessment completions.

Amends § 256B.0911, by adding subd. 34. Requires the commissioner to maintain a dashboard on the department's public website containing summary data on the completion of MnCHOICES assessments and to update the dashboard at least twice per year. Lists the information that must be included on the dashboard.

Provides a January 1, 2026, effective date.

22 Case management services.

Amends § 256B.092, subd. 1a, as amended by Laws 2025, chapter 38, article 1, section 16. Requires the ongoing education in case management offered by DHS to include appropriate service authorization.

23 Authorization and termination of services.

Amends § 256B.092, subd. 3. Makes a conforming cross-reference change.

24 Service authorizations and service agreements.

Amends § 256B.092, by adding subd. 3b. Requires developmental disability waiver recipients to be screened and authorized for services according to the federally approved waiver application and its subsequent amendments. Specifies lead agency and commissioner's duties related to service authorizations and service agreements.

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- Makes this subdivision expire upon full implementation of Waiver Reimagine and requires the commissioner to inform the revisor of statutes when Waiver Reimagine is fully implemented.
- 25 **Payment for targeted case management.**
Amends § 256B.0924, subd. 6. Allows the commissioner to make payments for Tribes according to Indian Health Services rates or other relevant federally approved rate setting methodologies for vulnerable adult and developmental disability targeted case management provided by Indian health services and facilities operated by a Tribe or Tribal organization.

Provides a July 1, 2025, effective date.
- 26 **Case management.**
Amends § 256B.49, subd. 13. Requires the ongoing education in case management offered by DHS to include appropriate service authorization.
- 27 **Service authorizations and service agreements.**
Amends § 256B.49, by adding subd. 17a. Requires BI, CAC, and CADI disability waiver recipients to be screened and authorized for services according to the federally approved waiver application and its subsequent amendments. Specifies lead agency and commissioner’s duties related to service authorizations and service agreements.

Makes this subdivision expire upon full implementation of Waiver Reimagine and requires the commissioner to inform the revisor of statutes when Waiver Reimagine is fully implemented.
- 28 **Payments.**
Amends § 256B.49, subd. 18. Makes a conforming change related to disability waiver service authorizations.
- 29 **Advisory Task Force on Waiver Reimagine.**
Creates § 256B.4907. Establishes an Advisory Task Force on Waiver Reimagine.

 Subd. 1. Membership; co-chairs. Lists the members of the advisory task force and requires appointing authorities to make their appointments by September 30, 2025. Requires the governor to ensure representation from greater Minnesota when making appointments.

 Subd. 2. Meetings; administrative support. Requires the first meeting of the task force to be convened no later than November 30, 2025, requires the task force to meet at least quarterly, and subjects the task force to the Minnesota Open Meeting Law. Allows the task force to meet by telephone or interactive

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technology. Requires DHS to provide meeting space and administrative and research support to the task force.

Subd. 3. Duties. Lists the duties of the task force. Requires the task force to seek input from the public, counties, persons receiving disability waiver services, families of persons receiving disability waiver services, providers, state agencies, and advocacy groups. Require DHS to provide relevant data and research to the task force to facilitate their work.

Subd. 4. Compensation; expenses. Allows task force members to receive compensation and expense reimbursements as provided for in the statute governing advisory council and committee compensation.

Subd. 5. Report. Requires the task force to submit a report to the legislature that describes any concerns or recommendations related to Waiver Reimagine no later than January 15, 2027. Requires the commissioner to submit the Waiver Reimagine legislative report to the task force prior to submitting it to the legislature.

Subd. 6. Task force does not expire. Specifies the task force does not expire.

Provides an immediate effective date.

30 **Applicable services.**

Amends § 256B.4914, subd. 3. Makes conforming changes to applicable services under DWRS related to changes to night supervision rates. Removes obsolete language.

Provides an immediate effective date.

31 **Base wage index; establishment and updates.**

Amends § 256B.4914, subd. 5. Modifies future DWRS base wage index inflationary adjustments by basing future updates on the CPI-U and moving the language to subdivision 5b.

Makes this section effective January 1, 2026, or upon federal approval, whichever is later. Requires the commissioner of human services to notify the revisor of statutes when federal approval is obtained.

32 **Base wage index; calculations.**

Amends § 256B.4914, subd. 5a. Effective January 1, 2026, or upon federal approval, whichever is later, establishes base wage index calculations under DWRS for awake night supervision staff and asleep night supervision staff.

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- Provides an immediate effective date.
- 33 Standard component value adjustments.**
Amends § 256B.4914, subd. 5b. Limits inflationary adjustments to the DWRS base wage index and standard component values to eight percent over a two year period (adding the base wage index here also has the effect of making future inflationary adjustments to the base wage index based on the change in CPI-U rather than changes to Bureau of Labor Statistics wage data). If the result of a standard component value update is less than eight percent, requires the commissioner to implement the full value of the change.
- Makes this section effective January 1, 2026, or upon federal approval, whichever is later. Requires the commissioner of human services to notify the revisor of statutes when federal approval is obtained.
- 34 Unit-based services with programming; component values and calculation of payment rates.**
Amends § 256B.4914, subd. 8. Effective January 1, 2026, or upon federal approval, whichever is later, limits billing for individualized home supports with training and individualized home supports with family training to a maximum of six hours per day under DWRS.
- Provides an immediate effective date.
- 35 Unit-based services without programming; component values and calculation of payment rates.**
Amends § 256B.4914, subd. 9. Effective January 1, 2026, or upon federal approval, whichever is later, modifies applicable services under unit-based services without programming to remove night supervision and add awake night supervision and asleep night supervision.
- Provides an immediate effective date.
- 36 Limitations on rate exceptions for residential services.**
Amends § 256B.4914, by adding subd. 14a. Effective July 1, 2026, requires the commissioner to implement limitations on the rate exceptions for community residential services, customized living services, family residential services, and integrated community supports under DWRS. Lists documentation needed for rate exceptions related to behavioral needs. Prohibits community residential services rate exceptions from including positive supports costs. Prohibits the commissioner from approving rate exceptions related to increased community time or transportation. Lists requirements and documentation needed for the commissioner to approve a rate exception annual renewal. Prohibits the commissioner from increasing rate

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exception annual renewals that request an exception to direct care or supervision wages more than the most recently implemented base wage index. Requires the commissioner to publish an annual report online detailing the impact of these limitations on home and community-based services (HCBS) spending.

Makes this section effective January 1, 2026, or upon federal approval, whichever is later. Requires the commissioner of human services to notify the revisor of statutes when federal approval is obtained.

37 Sanctions and monetary recovery.

Amends § 256B.4914, by adding subd. 20. Subjects DWRS payments to the statute governing MA sanctions and monetary recovery requirements.

38 Definitions.

Amends § 256B.85, subd. 2. Modifies the definition of “consultation services” in the section of statutes governing CFSS.

39 Assessment requirements.

Amends § 256B.85, subd. 5. Makes a conforming change to CFSS assessments.

40 Temporary authorization without assessment.

Amends § 256B.85, by adding subd. 5a. Moves existing language related to CFSS temporary authorizations without assessment to a new subdivision.

41 Community first services and supports; covered services.

Amends § 256B.85, subd. 7. Expands the list of covered services under CFSS to include swimming lessons for a participant younger than 12 years of age whose disability puts the participant at higher risk of drowning according to the CDC. Makes conforming changes related to consultation services.

Makes this section effective July 1, 2025, or upon federal approval, whichever is later. Requires the commissioner of human services to notify the revisor of statutes when federal approval is obtained.

42 Enhanced rate.

Amends § 256B.85, subd. 7a. Effective January 1, 2026, or upon federal approval, whichever is later, increases the CFSS enhanced rate (from 107.5 percent to 112.5 percent) paid for services provided to persons who qualify for ten or more hours of CFSS services per day when provided by a support worker who meets certain criteria.

Provides an immediate effective date.

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- 43 **Determination of CFSS service authorization amount.**
Amends § 256B.85, subd. 8. Effective January 1, 2026, or upon federal approval, whichever is later, modifies the information on which the CFSS service budget for budget model participation is based.

Provides an immediate effective date.
- 44 **Authorization; exceptions.**
Amends § 256B.85, subd. 8a. Makes a conforming cross-reference change.
- 45 **Agency-provider model.**
Amends § 256B.85, subd. 11. Makes a clarifying change.
- 46 **Budget model.**
Amends § 256B.85, subd. 13. Makes a conforming change related to consultation services.
- 47 **Support workers requirements.**
Amends § 256B.85, subd. 16. Effective January 1, 2026, or upon federal approval, whichever is later, allows CFSS to qualify for an enhanced budget if the support worker providing the services meets specified criteria.

Provides an immediate effective date.
- 48 **Consultation services provider qualifications and requirements.**
Amends § 256B.85, subd. 17a. Makes conforming changes related to consultation services.
- 49 **Payment rates; component values.**
Amends § 256B.851, subd. 5. Removes obsolete language and makes conforming changes related to CFSS payment rates.

Provides an immediate effective date.
- 50 **Payment rates; implementation components.**
Amends §256B.851, subd. 5a. Effective January 1, 2026, or upon federal approval, whichever is later, modifies CFSS implementation components.

Provides an immediate effective date.

Section Description - Article 2: Disability Services

- 51 **Payment rates; worker retention components.**
Amends §256B.851, subd. 5b. Effective January 1, 2026, or upon federal approval, whichever is later, modifies CFSS worker retention components.

Provides an immediate effective date.
- 52 **Payment rates; enhanced worker retention components.**
Amends §256B.851, subd. 5c. Effective January 1, 2027, or upon federal approval, whichever is later, establishes CFSS implementation components for support workers who meet specified criteria related to number of hours of PCA services provided.

Provides an immediate effective date.
- 53 **Payment rates; rate determination.**
Amends § 256B.851, subd. 6. Includes PCA provider agency claims in the requirement to incorporate the worker retention components. Makes conforming changes.

Makes this section effective January 1, 2026, or upon federal approval, whichever is later. Requires the commissioner to notify the revisor of statutes when federal approval is obtained.
- 54 **Treatment of rate adjustments provided outside of cost components.**
Amends § 256B.851, subd. 7. Makes conforming changes.

Makes this section effective January 1, 2026, or upon federal approval, whichever is later. Requires the commissioner to notify the revisor of statutes when federal approval is obtained.
- 55 **Budget determinations.**
Amends § 256B.851, subd. 7a. Requires the commissioner to increase the CFSS budget model authorization for CFSS participant-employers employing individual providers who meet specified criteria and to determine the amount and method of the authorization increase.

Makes this section effective January 1, 2026, or upon federal approval, whichever is later. Requires the commissioner to notify the revisor of statutes when federal approval is obtained.
- 56 **Waiver Reimagine Phase II.**
Amends Laws 2021, First Special Session ch. 7, art. 13, § 73. Requires the commissioner to develop an individualized budget methodology exception to support access to self-directed home care nursing services and lists eligibility criteria for the

Section Description - Article 2: Disability Services

budget exception. Moves uncodified language related to the development and implementation of an online support planning and tracking tool to this section.

Provides an immediate effective date.

57 Evaluation and report.

Amends Laws 2023, ch. 61, art. 1, § 61, subd. 4. Extends the deadline for submission of the final report on supported-decision-making grants from December 1, 2025, to December 1, 2026.

58 Long-term services and supports advisory council.

Establishes a long-term services and supports advisory council to advise and assist the legislature and the governor to reduce cost growth in long-term services and supports, build greater efficiencies into the long-term care services system, and achieve better outcomes for Minnesotans with long-term care needs. Lists council membership; designates the commissioner of human services or the commissioner's designee as the chair of the council; and lays out requirements related to compensation, administrative support, frequency of meetings, council duties, savings determinations, and contingent spending reductions. Makes the council expire July 1, 2028.

Provides a July 1, 2025, effective date.

59 Positive supports competency program.

Requires the commissioner to establish a positive supports competency program using a community partner driven process. Lists required components of the competency program.

60 Budget increase for consumer-directed community supports.

Effective January 1, 2026, or upon federal approval, whichever is later, requires the commissioner to increase CDCS budgets under the HCBS waivers and alternative care program by 0.13 percent.

Provides an immediate effective date.

61 Enhanced budget increase for consumer-directed community supports.

Effective January 1, 2026, or upon federal approval, whichever is later, requires the commissioner to increase the CDCS budget enhancement percentage under the HCBS waivers and alternative care program from 7.5 percent to 12.5 percent.

Provides an immediate effective date.

Section Description - Article 2: Disability Services

- 62 Stipend payments to SEIU Healthcare Minnesota and Iowa bargaining unit members.**
Requires the commissioner to issue stipend payments to collective bargaining unit members as required by the labor agreements between the state of Minnesota and SEIU Healthcare Minnesota and Iowa. Defines the term “subtraction” for purposes of this section. Specifies the amount of the stipend payments received by collective bargaining unit members is a subtraction and is excluded from income for purposes of determining income eligibility for property tax refunds. Prohibits stipend payments from being considered income, assets, or personal property for purposes of determining or recertifying eligibility for various economic assistance, housing assistance, child care assistance, and health care programs. (This section is superseded by Laws 2025, First Special Session chapter 13, article 1, section 19.)

Provides an immediate effective date.
- 63 Direction to commissioner; cost reporting improvement and direct care staff review.**
Requires the commissioner to make recommendations to the legislature to: (1) clarify DWRS provider cost reporting requirements; and (2) modify compensation encumbrance requirements to support direct care staff retention and the provision of quality services.
- 64 Direction to the commissioner of human services; long-term care consultation services payment reform.**
Requires the commissioner to develop a proposal for a long-term care consultation services payment methodology that does not rely on a time study to determine reimbursement to counties. Lists characteristics that must be included in the new reimbursement methodology. Specifies requirements for savings determinations and contingent reimbursement reductions.

Provides a July 1, 2025, effective date.
- 65 Community first services and supports reimbursement during acute care hospital stays.**
Paragraph (a) requires the commissioner of human services to seek to amend Minnesota’s federally approved CFSS program to reimburse for the delivery of CFSS during an acute care stay in an acute care hospital setting that does not have the effect of isolating individuals receiving CFSS from the broader community of individuals not receiving CFSS. Paragraph (b) lists requirements reimbursed services must meet.

Makes paragraph (a) effective the day following final enactment and paragraph (b) effective January 1, 2026, or upon federal approval, whichever is later. Requires the

Section Description - Article 2: Disability Services

- commissioner of human services to notify the revisor of statutes when federal approval is obtained.
- 66 **Direction to commissioner; guidance to counties.**
Upon receipt of approval from CMS, requires the commissioner of human services to provide guidance to counties on the administration of the family support program, the consumer support program, MA disability waivers, and CDCS to clarify that the cost of adaptive or one-on-one swimming lessons provided to a person younger than 12 years of age whose disability puts the person at greater risk of drowning according to the CDC is an allowable use of money.
- 67 **Direction to commissioner; swimming lessons covered under disability waivers.**
Requires the commissioner of human services to include swimming lessons for a participant younger than 12 years of age whose disability puts the participant at a higher risk of drowning as a covered service under the disability waivers.
- 68 **Direction to the commissioner of human services; increase to payments for family residential and life sharing services.**
Effective January 1, 2026, or upon federal approval, whichever is later, increases the previously established but not yet effective rates for family residential services by 25.84 percent. Requires rates for life sharing services to be ten percent higher than the corresponding family residential services rate.
- 69 **Direction to commissioner of human services; optional consultation services.**
Authorizes the commissioner of human services to submit an MA state plan amendment to permit consultation services that are currently required under CFSS to be an optional service for individuals receiving waiver case management services.
- 70 **Repealer.**
Repeals Laws 2023, ch. 59, art. 3, § 11 (direct care provider premiums); Laws 2024, ch. 127, art. 46, § 39 (legislative task force on guardianship); Laws 2021, First Special Session ch. 7, art. 13, § 75, subd. 3, as amended by Laws 2024, ch. 108, art. 1, § 28 (Waiver Reimagine Advisory Committee); and Laws 2021, First Special Session ch. 7, art. 13, § 75, subd. 6, as amended by Laws 2024, ch. 108, art. 1, § 28 (Waiver Reimagine online support planning tool).

Article 3: Health Care

This article provides for expedited state medical review team disability determinations and extends the sunset date of temporary rates for enteral nutrition and supplies.

Section Description - Article 3: Health Care

1 State medical review team; expedited disability determinations.

Amends § 256.01, by adding subd. 29a. Requires the commissioner to: (1) establish an expedited disability determinations process for applicants in specified high-risk categories; (2) designate staff within the state medical review team to coordinate expedited requests, communicate with county and Tribal agencies, and ensure timely electronic transmission of required documentation; and (3) maintain a contract for electronic signature and document transmission services to support expedited determinations.

Provides an immediate effective date.

2 Reimbursement for basic care services.

Amends § 256B.766. Modifies the section of statute governing reimbursement for MA basic care services by breaking the section into subdivisions, making conforming changes, and removing obsolete language. Modifies temporary rates for enteral nutrition and supplies extending the sunset date from June 30, 2025, to June 30, 2027.

Article 4: Substance Use Disorder Treatment

This article modifies substance use disorder treatment program licensing and service requirements, establishes recovery residence certification requirements, limits behavioral health fund service eligibility to 60 consecutive days per year, and requires the commissioner or Tribal Nation, rather than the local agency, to make behavioral health fund eligibility determinations. The article also adjusts substance use disorder treatment payment rates, adds recovery community organization compliance training, recodifies section 254B.05, and requires the commissioner to conduct a study, develop recommendations, and submit a report to the legislature to eliminate limitations on licensed health professionals' ability to provide substance use disorder treatment services.

Section Description - Article 4: Substance Use Disorder Treatment

1 Certified community behavioral health clinics.

Amends § 245.735, subd. 3. Updates cross-reference.

Makes this section effective July 1, 2026, or upon federal approval, whichever is later.

2 Facility or program.

Amends § 245.91, subd. 4, as amended by Laws 2025, chapter 38, article 8, section 48. Updates terminology from “sober home” to “recovery residence.”

Section Description - Article 4: Substance Use Disorder Treatment

- Makes this section effective January 1, 2027.
- 3 **Peer recovery support services.**
Amends § 245F.08, subd. 3. Updates cross-reference.
Makes this section effective July 1, 2026, or upon federal approval, whichever is later.
- 4 **Guest speaker.**
Amends § 245G.01, subd. 13b. Makes technical changes.
- 5 **Individual counseling.**
Amends § 245G.01 by adding subd. 13d. Defines “individual counseling” in chapter 245G (substance use disorder treatment program licensure).
Makes this section effective July 1, 2026, or upon federal approval, whichever is later.
- 6 **Psychoeducation.**
Amends § 245G.01 by adding subd. 20f. Defines “psychoeducation” in chapter 245G.
Makes this section effective July 1, 2026, or upon federal approval, whichever is later.
- 7 **Psychosocial treatment services.**
Amends § 245G.01 by adding subd. 20g. Defines “psychosocial treatment services” in chapter 245G.
Makes this section effective July 1, 2026, or upon federal approval, whichever is later.
- 8 **Recovery support services.**
Amends § 245G.01 by adding subd. 20h. Defines “recovery support services” in chapter 245G.
Makes this section effective July 1, 2026, or upon federal approval, whichever is later.
- 9 **Treatment coordination.**
Amends § 245G.01 by adding subd. 26a. Defines “treatment coordination” in chapter 245G.
Makes this section effective July 1, 2026, or upon federal approval, whichever is later.
- 10 **Exemption from license requirement.**
Amends § 245G.02, subd. 2. Modifies subdivisions in exemption for a license holder providing the initial set of substance use disorder services, to include

Section Description - Article 4: Substance Use Disorder Treatment

psychoeducation services and exclude services previously listed in section 245G.07, subdivisions 1 and 2.

Makes this section effective July 1, 2026, or upon federal approval, whichever is later.

11 Treatment service.

Amends § 245G.07, subd. 1. Removes distinction between residential and nonresidential programs for purposes of treatment services. Moves services from clauses in paragraph (a) to new subdivisions. Adds paragraph (c) to specify that a supportive service alone is not a treatment service; lists supportive services. Adds paragraph (d) to require that treatment services provided in a group setting be provided in a cohesive manner and setting.

Makes this section effective July 1, 2026, or upon federal approval, whichever is later.

12 Psychosocial treatment service.

Amends § 245G.07 by adding subd. 1a. Outlines requirements for providing psychosocial treatment services.

Makes this section effective July 1, 2026, or upon federal approval, whichever is later.

13 Treatment coordination.

Amends § 245G.07 by adding subd. 1b. Outlines requirements for providing one-to-one treatment coordination services.

Makes this section effective July 1, 2026, or upon federal approval, whichever is later.

14 Ancillary treatment service.

Amends § 245G.07 by adding subd. 2a. Outlines requirements for providing ancillary treatment services; lists recovery support services and peer recovery support services as ancillary treatment services. Makes this section effective July 1, 2026, or upon federal approval, whichever is later.

15 Treatment service providers.

Amends § 245G.07, subd. 3. Replaces “counselors” with treatment service providers; requires all treatment services to be provided by an individual specifically qualified to provide the service. Lists provider requirements for psychosocial treatment services, treatment coordination, recovery support services, and peer recovery support services.

Makes this section effective July 1, 2026, or upon federal approval, whichever is later.

Section Description - Article 4: Substance Use Disorder Treatment

16 Location of service provision.

Amends § 245G.07, subd. 4. For license holders providing telehealth treatment services, requires a physical location in Minnesota and requires them to offer in-person psychosocial treatment services to each client. Modifies reference to ancillary treatment services.

Makes this section effective July 1, 2026, or upon federal approval, whichever is later.

17 Paraprofessionals.

Amends § 245G.11, subd. 6. Clarifies paraprofessional responsibilities; allows paraprofessionals to perform intake and orientation tasks and to be the designated staff member responsible for the delivery of treatment services; specifies treatment services a paraprofessional is not qualified to provide.

Makes this section effective July 1, 2026, or upon federal approval, whichever is later.

18 Behavioral health practitioners.

Amends § 245G.11 by adding subd. 12. Establishes qualifications for behavioral health practitioners, to align with mental health practitioner qualifications. Specifies scope of practice for behavioral health practitioners to provide recovery support services. Requires at least one hour of supervision per month.

Makes this section effective July 1, 2026, or upon federal approval, whichever is later.

19 Waiting list.

Amends § 245G.22, subd. 11. Updates cross-reference.

Makes this section effective July 1, 2026, or upon federal approval, whichever is later.

20 Nonmedication treatment services; documentation.

Amends § 245G.22, subd. 15, as amended by Laws 2025, chapter 38, article 5, section 26. Updates cross-reference and makes conforming changes related to the change to treatment service units.

Makes this section effective July 1, 2026, or upon federal approval, whichever is later.

21 Civil commitments.

Amends § 254A.19, subd. 4. Modifies behavioral health fund eligibility provisions by changing from county access to individual eligibility, and requiring the commissioner, rather than the county, to determine financial eligibility. Makes this section effective July 1, 2026.

Section Description - Article 4: Substance Use Disorder Treatment

22 Psychosocial treatment services.

Amends § 254B.01, subd. 10. Updates language for psychosocial treatment services provisions added in the bill. Makes this section effective July 1, 2026, or upon federal approval, whichever is later.

23 Recovery residence.

Amends § 254B.01, subd. 11. Changes terminology from “sober home” to “recovery residence.”

Makes this section effective January 1, 2027.

24 Tribal allocation.

Amends § 254B.02, subd. 5. Modifies behavioral health fund local agency allocation provision, to specify payments to Tribal Nation servicing agencies and require the commissioner to make eligibility determinations. Makes this section effective July 1, 2026.

25 Financial eligibility determinations.

Amends § 254B.03, subd. 1. Requires the commissioner or Tribal Nation servicing agencies to determine behavioral health fund financial eligibility, rather than local agencies. Removes provision limiting vendor eligibility. Deletes obsolete language. Makes this section effective July 1, 2026.

26 Counties to pay state for county share.

Amends § 254B.03, subd. 3. Modifies language from “local agency” to “county” and changes authorizing entity to the commissioner. Makes this section effective July 1, 2026.

27 Client eligibility.

Amends § 254B.04, subd. 1a, as amended by Laws 2025, chapter 38, article 7, section 4. Requires the commissioner, rather than the local agency, to assist with access to needed substance use disorder treatment services. Modifies cross-references. Adds paragraph (j) to specify that a person is eligible for behavioral health fund services for one 60-consecutive-calendar-day period per year, and allows for additional eligibility requests.

Makes paragraph (d) effective July 1, 2025, and makes paragraphs (b), (g), and (j) effective July 1, 2026.

Section Description - Article 4: Substance Use Disorder Treatment

- 28 **Commissioner responsibility to provide administrative services.**
Amends § 254B.04, subd. 5. Updates subdivision to account for change to commissioner responsibility to assist with access to substance use disorder treatment services.

Makes this section effective July 1, 2026.
- 29 **Commissioner to determine client financial eligibility.**
Amends § 254B.04, subd. 6. Updates subdivision to account for change to commissioner determination of behavioral health fund eligibility and 60-day limit.

Makes this section effective July 1, 2026.
- 30 **Span of eligibility.**
Amends § 254B.04, subd. 6a. Updates subdivision to account for change to commissioner determination of behavioral health fund eligibility.

Makes this section effective July 1, 2026.
- 31 **Licensure or certification required.**
Amends § 254B.05, subd. 1, as amended by Laws 2025, chapter 38, article 4, section 31. Updates references and terminology; adds reference to peer recovery support services. Adds requirement for recovery community organizations to comply with new required training.

Makes this section effective July 1, 2026, or upon federal approval, whichever is later.
- 32 **Room and board provider requirements.**
Amends § 254B.05, subd. 1a, as amended by Laws 2025, chapter 38, article 7, section 5. Prohibits room and board services vendors from being approved after June 30, 2025, to receive behavioral health fund payments. Allows for continued payments for those already approved until June 30, 2027.

Makes this section effective the day following final enactment.
- 33 **Rate requirements.**
Amends § 254B.05, subd. 5, as amended by Laws 2025, chapter 38, article 4, section 32. Makes technical changes related to adding new subdivision 6. Removes base payment rates for numerous residential treatment services, which are modified in new subdivision 6. Makes additional clarifying changes to enhanced rate requirements; moves requirement for a program that provides arrangements for off-

Section Description - Article 4: Substance Use Disorder Treatment

site child care to maintain current documentation of the child care provider's current licensure from paragraph (d).

34 Rate adjustments.

Amends § 254B.05 by adding subd. 6. Effective January 1, 2026, adjusts rates for substance use disorder treatment services as follows:

- for low-intensity residential services, rates are set at 100 percent of the modeled rate from the DHS rate study;
- for high-intensity residential services, rates are set at 83 percent of the modeled rate from the DHS rate study; and
- for treatment coordination services, rates are set at 100 percent of the modeled rate from the DHS rate study.

Paragraph (b) requires annual inflation adjustments for all rates under paragraph (a), beginning January 1, 2027.

Makes this section effective January 1, 2026, or upon federal approval, whichever is later.

35 Recovery community organization vendor compliance training.

Amends § 254B.052 by adding subd. 4. Effective January 1, 2027, for vendor enrollment, requires a recovery community organization to require all owners active in management and operations, managers, and supervisors to complete compliance training before applying for enrollment as an eligible vendor and every three years thereafter. Specifies topics the training must include.

Paragraph (b) requires any new owners active in management and operations, managers, or supervisors to complete the compliance training. Exempts individuals moving to another recovery organization from this requirement if they can document completion of training within the past three years.

Paragraph (c) requires the commissioner to make the training available by July 1, 2026.

Paragraph (d) requires vendors already enrolled before January 1, 2027, to document completion of the compliance training by January 1, 2028.

36 American Indian agreements.

Amends § 254B.09, subd. 2. Replaces local agency with Tribal unit for purposes of American Indian agreements for substance use disorder treatment services payment. Makes this section effective July 1, 2026.

Section Description - Article 4: Substance Use Disorder Treatment

37 Level of care requirements.

Amends § 254B.19, subd. 1. Updates terminology and references. Makes this section effective July 1, 2026, or upon federal approval, whichever is later.

38 Definitions.

Proposes coding for § 254B.21. Defines the following terms for purposes of sections regulating recovery residences:

- Applicant
- Certified recovery residence
- Co-occurring disorders
- Operator
- Recovery residence
- Recovery residence registry
- Resident
- Staff
- Substance free
- Substance use disorder

Makes this section effective January 1, 2027.

39 Residence requirements and resident rights.

Proposes coding for § 254B.211.

Subd. 1. Applicability. Specifies that this section applies to all recovery residences.

Subd. 2. Residence requirements. Establishes recovery residence requirements. Requires recovery residences to:

- Comply with state and local laws, regulations, and ordinances;
- Have safety policies and procedures;
- Maintain a supply of an opiate antagonist in the residence, post information on proper use, and train staff;
- Have written policies related to medication access and storage; residency termination; and staff qualifications;
- Return all property and medications to a person discharged, keep items for at least 60 days if a person did not collect items, and contact a person's emergency contacts to collect items;
- Ensure separation of money of persons served by the program;
- Document emergency contact information;

Section Description - Article 4: Substance Use Disorder Treatment

- Maintain contact information for community emergency resources;
- Prohibit relationships between operators and residents;
- Allow residents use legally prescribed drugs for treatment of opioid use disorder, co-occurring substance use disorders, and mental health conditions;
- Have a fee schedule and refund policy;
- Have rules for residents and procedures to maintain a respectful environment;
- Have policies that promote participation in treatment and recovery supports; require abstinence from substances; and establish procedures on person and room searches;
- Distribute the recovery resident bill of rights, rules, certification, and grievance process;
- Have code of ethics policies that meet specified standards; and
- Have a description of how residents are involved in residence governance.

Subd. 3. Resident bill of rights. Lists rights of all individuals living in recovery residences.

Makes this section effective January 1, 2027.

40 **Complaints against recovery residences.**

Proposes coding for § 254B.212.

Subd. 1. In general. Specifies that complaints may be made to and reviewed or investigated by the commissioner.

Subd. 2. Types of complaints. Requires the commissioner to receive and review complaints related to health and safety, management, and illegal activities or threats in recovery residences.

Subd. 3. Investigation. Requires the commissioner to immediately refer complaints regarding illegal activities or threats to law enforcement, and to continue investigating such complaints unless asked by law enforcement to stop investigating. Requires the commissioner to investigate all other complaints and take any action necessary to investigate.

Subd. 4. Anonymity. Requires a complainant to disclose their identity to the commissioner; prohibits the commissioner from disclosing the complainant's identity unless ordered by a court or authorized by the complainant.

Section Description - Article 4: Substance Use Disorder Treatment

Subd. 5. Prohibition against retaliation. Prohibits retaliation for making a complaint against a recovery residence.

Makes this section effective January 1, 2027.

41 **Certification.**

Proposes coding for § 254B.213.

Subd. 1. Voluntary certification. Requires the commissioner to establish and provide for the administration of a voluntary certification program for recovery residences based on national best practices.

Subd. 2. Application requirements. Lists documents an applicant for certification must submit on forms approved by the commissioner.

Subd. 3. Inspection pursuant to an application. Requires the commissioner to conduct an initial on-site inspection upon receiving a completed certification application.

Subd. 4. Certification. Requires the commissioner to certify a recovery residence upon approval of the application and after the initial inspection. Specifies that certification terminates after three years, if not renewed. Requires the commissioner to issue proof of certification.

Subd. 5. Display of proof of certification. Requires a recovery residence to publicly display proof of certification.

Subd. 6. Nontransferability. Prohibits transfer of certifications to another address or certification holder without prior commissioner approval.

Makes this section effective January 1, 2027.

42 **Monitoring and oversight of certified recovery residences.**

Proposes coding for § 254B.214.

Subd. 1. Monitoring and inspections. Requires the commissioner to conduct an on-site certification review every three years, offer the certification holder a choice of dates for the review, and make the results and correction orders publicly available on the department's website.

Subd. 2. Commissioner's right of access. For purposes of inspection or investigation under this section, requires recovery residences to allow the commissioner access to the physical premises, documents and records, residents, staff, and personnel records. Requires the recovery residence to allow such

Section Description - Article 4: Substance Use Disorder Treatment

access without prior notice and as often as necessary if the commissioner is conducting an inspection or investigating alleged maltreatment or an alleged violation.

Subd. 3. Correction orders. Allows the commissioner to issue a correction order for a violation of a law or rule; specifies what the correction order must state. Outlines process and requirements for requesting reconsideration of a correction order. Allows the commissioner to decertify a recovery residence if the residence failed to correct a violation in a correction order.

Subd. 4. Decertification. Allows the commissioner to decertify a recovery residence for specified reasons. Requires the commissioner to inform the certification holder of the right to a contested case hearing; outlines process for appealing a decertification.

Subd. 5. Notifications required and noncompliance. Requires a certification holder to notify the commissioner within 15 days, in writing, of changes that affect the ability of the certification holder to comply with certification standards. Requires the commissioner to give written notice and up to 180 days to correct conditions before decertification. Requires the recovery residence to develop interim procedures to resolve noncompliance, and requires the commissioner to immediately decertify a residence if the residence does not comply with notification requirements under this subdivision.

Makes this section effective January 1, 2027.

43 **Certification levels.**

Proposes coding for § 254B.215. Requires the commissioner to specify whether a recovery residence is a level-one or level-two certified recovery residence. Establishes requirements for level-one and level-two certification.

Makes this section effective January 1, 2027.

44 **Resident record.**

Proposes coding for § 254B.216. Requires a certified recovery residence to maintain documentation with the resident's signature that the resident received listed items and notices prior to or on the first day of residency.

Makes this section effective January 1, 2027.

Section Description - Article 4: Substance Use Disorder Treatment

- 45 **Appropriations from registration and license fee account.**
Amends § 256.043, subd. 3. Replaces grants with direct payments to Tribal Nations and urban Indian communities for traditional healing practices and culturally specific behavioral health providers. Modifies evaluation requirements.
- 46 **Certified community behavioral health clinic services.**
Amends § 256B.0625, subd. 5m, as amended by Laws 2025, chapter 20, section 208. Updates cross-reference.

Makes this section effective July 1, 2026, or upon federal approval, whichever is later.
- 47 **Behavioral health home services staff qualifications.**
Amends § 256B.0757, subd. 4c. Updates cross-reference.

Makes this section effective July 1, 2026, or upon federal approval, whichever is later.
- 48 **Reimbursement for mental health services.**
Amends § 256B.761. Makes clarifying change.
- 49 **License required; staffing qualifications.**
Amends § 256I.04, subd. 2a. Effective January 1, 2027, allows the commissioner to enter into housing support agreements with board and lodging establishments that are certified recovery residences. Specifies that DHS is the lead agency for the agreement.
- 50 **Recovery residence title protection.**
Amends § 325F.725. Updates terminology for recovery residences.

Makes this section effective January 1, 2027.
- 51 **Recovery residence workgroup.**
Paragraph (a) requires the commissioner to convene a workgroup to develop recommendations specific to recovery residences. Lists tasks the workgroup must complete. Paragraph (b) lists the required members of the workgroup. Paragraph (c) requires the workgroup to meet at least monthly, requires the commissioner to provide administrative support and meeting space, and allows for remote meetings. Paragraph (d) requires the commissioner to appoint members by October 1, 2025, and convene the first meeting by January 15, 2026. Paragraph (e) requires the workgroup to submit a final report and recommendations to the legislature by January 1, 2027.

Section Description - Article 4: Substance Use Disorder Treatment

52 Direction to commissioner; substance use disorder treatment staff report and recommendations.

Requires the commissioner of human services to, in consultation with the Board of Nursing, Board of Behavioral Health and Therapy, and Board of Medical Practice, conduct a study, develop recommendations, and submit a report to the legislature for amendments to Minnesota Statutes, chapter 245G, that would eliminate limitations on licensed health professionals' ability to provide substance use disorder treatment services while practicing within their licensed or statutory scopes of practice.

53 Substance use disorder treatment billing units.

Directs the commissioner of human services to establish six new billing codes for nonresidential substance use disorder counseling, psychoeducation, and recovery support services; identify reimbursement rates for the new codes; and update the fee schedule. Requires the new codes to correspond to 15-minute units and to be effective on July 1, 2026, or upon federal approval, whichever is later.

54 Revisor instruction.

Instructs the revisor to make necessary cross-reference changes, remove statutory cross-references in Minnesota Statutes, and make any other necessary technical changes to conform with the renumbering of section 254B.05 in section 55.

55 Revisor instruction.

Provides a table to renumber and recodify section 254B.05.

56 Revisor instruction.

Instructs the revisor to change the term "mental health practitioner" to "behavioral health practitioner" throughout chapter 245I.

57 Repealer.

Repeals section 254B.01, subd. 5 (local agency definition), effective July 1, 2026.

Repeals section 254B.04, subdivision 2a (eligibility for room and board services for persons in outpatient substance use disorder treatment), effective July 1, 2027.

Repeals section 254B.181 (sober homes), effective January 1, 2027.

Repeals sections 245G.01, subdivision 20d (definition of skilled treatment services); and 245G.07, subdivision 2 (additional treatment service), effective July 1, 2026, or upon federal approval, whichever is later.

Article 5: Direct Care and Treatment

This article eliminates the expiring exceptions to county cost of care requirements for individuals in Anoka-Metro Regional Treatment Center (AMRTC) and community behavioral health hospitals. The article also contains provisions related to inpatient criminal competency attainment examinations and programs; requires the Direct Care and Treatment executive board to publish a referrals and admissions dashboard on the Direct Care and Treatment website; adds and modifies notice requirements for referrals to Direct Care and Treatment; extends free communication services in direct care and treatment programs and facilities until June 30, 2027; establishes the Priority Admissions Review Panel; and provides for a limited exception for up to ten civilly committed patients per year in hospital settings to be added to the Direct Care and Treatment admissions wait list.

Section Description - Article 5: Direct Care and Treatment

- 1 Anoka-Metro Regional Treatment Center.**
Amends § 246.54, subd. 1a. Removes expired and expiring exceptions to the county responsibility for the cost of care for committed persons awaiting discharge from AMRTC.

Makes this section effective July 1, 2025.
- 2 Community behavioral health hospitals.**
Amends § 246.54, subd. 1b. Removes expired and expiring exceptions to the county responsibility for the cost of care for committed persons awaiting discharge from community behavioral health hospitals.

Makes this section effective July 1, 2025.
- 3 Public notice of admission metrics.**
Amends § 246C.07 by adding subd. 9. Requires the Direct Care and Treatment executive board to publish a referrals and admissions dashboard on the Direct Care and Treatment website by January 1, 2026. Specifies data the dashboard must include; requires quarterly updates; and requires the executive board to provide information about an individual's relative placement on the wait list to the individual or the individual's legal representative, within existing data privacy laws.
- 4 Administrative requirements.**
Amends § 253B.10, subd. 1, as amended by Laws 2025, chapter 38, article 3, section 41. Modifies and adds notice requirements for referrals to Direct Care and Treatment, including relative priority status and factors impacting priority admissions status. Requires additional notice after 60 days for any individual not admitted to Direct Care and Treatment, and requires the agency or facility where an individual is

Section Description - Article 5: Direct Care and Treatment

- awaiting admission to transport the individual to Direct Care and Treatment within 48 hours after the offered admission date.
- 5 **Commitment and competency proceedings.**
Amends § 256G.08, subd. 1. Adds criminal orders for inpatient examination or participation in a competency attainment program to county costs provision; adds the county from which the order was issued to the initial cost payment requirement. Makes additional conforming changes.

Makes this section effective July 1, 2025.
- 6 **Responsibility for nonresidents.**
Amends § 256G.08, subd. 2. Adds criminal orders for inpatient examination or participation in a competency attainment program to provision assigning county costs when an individual is not a resident of Minnesota.

Makes this section effective July 1, 2025.
- 7 **General procedures.**
Amends § 256G.09, subd. 1. Adds criminal orders for competency attainment to subdivision governing procedures for disputes about county financial responsibility.

Makes this section effective July 1, 2025.
- 8 **Financial disputes.**
Amends § 256G.09, subd. 2, as amended by Laws 2025, chapter 21, section 54. Adds criminal competency attainment orders to subdivision governing financial disputes about county financial responsibility.

Makes this section effective July 1, 2025.
- 9 **Costs related to confined treatment.**
Amends § 611.43 by adding subd. 5. Requires a facility to first bill the responsible health plan when a defendant is ordered to participate in a competency examination in a treatment facility, locked treatment facility, or state-operated treatment facility. Specifies that the county in which criminal charges are filed is responsible for costs not covered by the health plan; specifies additional county responsibility for payment. Requires the Direct Care and Treatment executive board to determine the cost of confinement in a state-operated treatment facility.

Section Description - Article 5: Direct Care and Treatment

- 10 **Expiration.**
Amends Laws 2024, chapter 125, article 6, section 1, subdivision 7. Extends free communication services in direct care and treatment programs and facilities until June 30, 2027.
- 11 **Priority admissions review panel.**
Establishes the Priority Admissions Review Panel. Lists membership and allows individuals currently serving as members of the Priority Admissions Review Panel established under Laws 2024 to continue to serve as members of the Priority Admissions Review Panel. Specifies appointment procedures, compensation, officer and meeting requirements, administrative support, and data usage and privacy requirements. In subdivision 6, lists the panel’s duties. Requires a report to the legislature by February 1, 2026, that includes the results of the panel's evaluations and study, and any legislative proposals to carry out the panel’s recommendations.
- 12 **Direction for limited exception for admissions from hospital settings.**
Requires the commissioner of human services, and then the Direct Care and Treatment executive board after July 1, 2025, to immediately approve a limited exception for up to ten civilly committed patients per year in hospital settings to be added to the Direct Care and Treatment admissions wait list, until June 30, 2027.

Makes this section effective the day following final enactment.

Article 6: EIDBI Reform

This article contains provisions to establish early intensive developmental and behavioral intervention (EIDBI) provisional licensure, require the commissioner to develop comprehensive licensing standards, provide for various other EIDBI reforms, place a temporary moratorium on new EIDBI providers, clarify and expand EIDBI background study requirements, and clarify the agency responsible for EIDBI maltreatment investigations.

Section Description - Article 6: EIDBI Reform

- 1 **Early intensive developmental and behavioral intervention provisional licensure.**
Creates § 245A.142. Establishes provisional licensing and regulation for EIDBI agencies. Prohibits an agency from operating if it does not submit an application for provisional licensure by June 1, 2026; specifies DHS regulatory functions, provisional license requirements, reconsideration processes, and disenrollment.

Provides a July 1, 2025, effective date.

Section Description - Article 6: EIDBI Reform

- 2 Early intensive developmental and behavioral intervention providers.**
Amends § 245C.03, subd. 15. Clarifies and expands background study requirements for EIDBI agencies.
- 3 Early intensive developmental and behavioral intervention providers.**
Amends § 245C.04, by adding subd. 12. Requires EIDBI providers to initiate a background study using NetStudy 2.0 before the individual begins in a position allowing direct contact with persons served by the provider or before the individual becomes an operator or acquires five percent or more ownership.
- 4 Activities pending completion of background study.**
Amends § 245C.13, subd. 2. Prohibits individuals from providing EIDBI services prior to the provider receiving a notice that the individual is not disqualified under the statutes governing background study disqualifications, or is disqualified but the individual has received a set-aside of the disqualification.

Provides an August 5, 2025, effective date.
- 5 Determining immediate risk of harm.**
Amends § 245C.16, subd. 1. Adds EIDBI background studies to the exception to immediate risk of harm determination provisions.

Makes this section effective January 1, 2026.
- 6 Provider enrollment.**
Amends § 256B.04, subd. 21. Makes technical changes related to the implementation of CFSS. Requires the commissioner to revalidate each EIDBI agency enrolled in medical assistance and, at the commissioner’s discretion, any MA-only provider type the commissioner deems high-risk at least once every three years.

Provides a July 1, 2025, effective date.
- 7 Definitions.**
Amends § 256B.0949, subd. 2. Makes technical changes to existing definitions and defines “behavior analyst” and “employee of an agency” in the section of statutes governing the EIDBI MA benefit.

Provides an immediate effective date.
- 8 Covered services.**
Amends § 256B.0949, subd. 13. Modifies the list of approved EIDBI modalities and removes the commissioner’s authority to approve additional modalities.

Section Description - Article 6: EIDBI Reform

- Provides a July 1, 2025, effective date.
- 9 **EIDBI provider qualifications.**
Amends § 256B.0949, subd. 15. Modifies EIDBI provider qualifications by clarifying that level I, II, and III treatment providers must be employees of an EIDBI services provider. Expands the list of qualifications for level I and II treatment providers.

Provides an immediate effective date.
- 10 **EIDBI provider qualifications.**
Amends §256B.0949, subd. 15. Clarifies that qualified supervising professionals must be employees of an EIDBI services provider.

Provides a January 1, 2026, effective date.
- 11 **Agency duties.**
Amends § 256B.0949, subd. 16. Adds EIDBI agency duties to designate a compliance officer, appropriately submit claims, conduct staff training, document staff qualifications, document service activities, document service quality, initiate background studies, provide clinical supervision and in-person supervision sessions as specified, and provide specified information to the commissioner upon request.

Provides a January 1, 2026, effective date.
- 12 **Background studies.**
Amends § 256B.0949, subd. 16a. Requires an EIDBI agency to maintain documentation of background study requests and results. Prohibits individuals from providing EIDBI services prior to the provider receiving a notice that the individual is not disqualified under the statutes governing background study disqualifications, or disqualified but the individual has received a set-aside of the disqualification.

Provides a January 1, 2026, effective date.
- 13 **Site visits and sanctions.**
Amends § 256B.0949, by adding subd. 18. Allows the commissioner to conduct unannounced on-site inspections of any EIDBI agency and service location and to withhold payment from an agency or suspend or terminate the agency's enrollment number if the agency fails to provide access to the agency's service locations or records or the commissioner determines the agency has failed to comply with applicable laws or rules.

Provides a July 1, 2025, effective date.

Section Description - Article 6: EIDBI Reform

14 Facilities and schools.

Amends § 260E.14, subd. 1, as amended by Laws 2025, chapter 20, section 221. Specifies that DHS is the agency responsible for screening and investigating allegations of maltreatment in a provisionally licensed EIDBI agency.

Makes this section effective July 1, 2025.

15 Lead investigative agency.

Amends § 626.5572, subd. 13. Adds provisionally licensed EIDBI agencies to Vulnerable Adults Act designation of lead investigative agency.

Makes this section effective July 1, 2025.

16 Direction to the commissioner of human services; development of comprehensive EIDBI license.

By January 1, 2026, requires the commissioner of human services, in collaboration with the EIDBI Advisory Council, to develop comprehensive EIDBI licensing standards and a plan to transition EIDBI agencies from provisional licensure to a newly established comprehensive EIDBI license. Lists the topics on which the advisory council must provide the commissioner with advice. By January 1, 2027, requires the commissioner to propose standards for a nonprovisional comprehensive EIDBI license and submit proposed legislation to the legislative committees with jurisdiction over EIDBI services.

17 Direction to the commissioner of human services; temporary moratorium on enrollment of new EIDBI providers.

Upon federal approval, prohibits the commissioner of human services from enrolling new EIDBI agencies to provide EIDBI services, but allows new locations where EIDBI services are provided by an agency that was enrolled before July 1, 2025.

Provides a July 1, 2025, effective date.

18 Existing EIDBI exceptions.

Requires exceptions to EIDBI requirements in effect on June 30, 2025, to remain in effect until full implementation of a new comprehensive EIDBI license.

19 Repealer.

Repeals Minnesota Statutes, section 256B.0949, subd. 9 (revision of treatment modalities), effective July 1, 2025.

Article 7: Homelessness, Housing, and Support Services

This article modifies housing stabilization services by expanding and clarifying background study requirements; provides for various housing stabilization services reforms including expanding agency qualifications and duties, expanding documentation requirements, requiring a pre-enrollment risk assessment, requiring certain individuals to periodically complete compliance training, and establishing service limits; modifies recuperative care services by requiring background studies on certain individuals, establishing provider qualifications and duties, requiring a pre-enrollment risk assessment, requiring certain individuals to periodically complete compliance training, and requiring a habitability inspection; and establishes housing support supplementary services rates for a provider operating indoor communities with low barriers to access, a provider located in Blue Earth County that operates a long-term residential facility with a total of 20 beds that serves chemically dependent women, and providers located in Otter Tail County that operate facilities and provide room and board and supplementary services to adults recovering from substance use disorder, mental illness, or housing instability.

Section Description - Article 7: Homelessness, Housing, and Support Services

- 1 **Unlicensed home and community-based waiver providers of service to seniors and individuals with disabilities and providers of housing stabilization services.**
Amends § 245C.03, subd. 6. Clarifies and expands background study requirements for housing stabilization services providers.

- 2 **Providers of recuperative care.**
Amends § 245C.03, by adding subd. 16. Requires the commissioner to conduct background studies on specified individuals affiliated with recuperative care providers.

Makes this section effective upon implementation in NetStudy 2.0 or January 13, 2026, whichever is later.

- 3 **Unlicensed home and community-based waiver providers of service to seniors and individuals with disabilities and providers of housing stabilization services.**
Amends § 245C.04, subd. 6. Requires new providers to initiate a background study before initial enrollment if the provider has not already initiated background studies as part of the service licensure requirements.

- 4 **Recuperative care providers.**
Amends § 245C.04, by adding subd. 13. Requires recuperative care providers to initiate background studies under NetStudy 2.0 before an individual begins in a position allowing direct contact with persons served by the provider, before the individual becomes an operator of the provider, or before the individual acquires an ownership interest of at least five percent in the provider.

Section Description - Article 7: Homelessness, Housing, and Support Services

- 5 **Unlicensed home and community-based waiver providers of service to seniors and individuals with disabilities and providers of housing stabilization services.**
Amends § 245C.10, subd. 6. Requires the commissioner to recover the cost of background studies initiated by housing stabilization services providers.
- 6 **Recuperative care providers.**
Amends § 245C.10, by adding subd. 22. Requires the commissioner to recover the cost of background studies initiated by recuperative care providers through a fee of no more than \$44 per study charged to the enrolled provider. Appropriates the fees collected to the commissioner for the purpose of conducting background studies.
- 7 **Provider enrollment.**
Amends § 256B.04, subd. 21. Exempts housing stabilization services and recuperative care providers from provider enrollment requirements to purchase a surety bond if they maintain a surety bond under the requirements of the sections of statute governing those services.

Provides a July 1, 2025, effective date.
- 8 **Definitions.**
Amends § 256B.051, subd. 2. Defines the terms “agency” and “employee of an agency” in the section of statutes governing housing stabilization services.
- 9 **Housing stabilization services.**
Amends § 256B.051, subd. 5. Clarifies services provided under housing stabilization services.
- 10 **Agency qualifications and duties.**
Amends § 256B.051, subd. 6. Expands the list of housing stabilization services agency duties to include being subject to a pre-enrollment risk assessment, providing proof of surety bond coverage, and completing compliance training.
- 11 **Pre-enrollment risk assessment.**
Amends § 256B.051, by adding subd. 6a. Requires the commissioner to complete a pre-enrollment risk assessment of a housing stabilization services agency seeking to enroll in medical assistance. Lists the items the commissioner must consider in completing the assessment. Gives the commissioner the authority to deem an agency ineligible and to deny or rescind enrollment. Specifies the timeline for currently enrolled providers to complete the pre-enrollment risk assessment to remain eligible.

Section Description - Article 7: Homelessness, Housing, and Support Services

12 Requirements for provider enrollment.

Amends § 256B.051, by adding subd. 6b. Effective January 1, 2027, requires a housing stabilization services agency to require specified individuals to complete compliance training before applying for enrollment and every three years thereafter. Lists the topics that must be included in the compliance training.

13 Documentation requirements.

Amends § 256B.051, subd. 8. Requires a housing stabilization services agency to document delivery of all services. Modifies the list of items that must be documented to include the full name of the recipient, the signature of the recipient, and a statement that it is a federal crime to provide false information on housing stabilization services billings for MA payments.

14 Service limits.

Amends § 256B.051, by adding subd. 9. Establishes service limits for housing stabilization services.

Makes this section effective January 1, 2026, or upon federal approval, whichever is later. Requires the commissioner of human services to notify the revisor of statutes when federal approval is obtained.

15 Service limit exceptions.

Amends § 256B.051, by adding subd. 10. Allows a provider to request authorization for additional hours if a recipient requires services exceeding the service limits. Specifies the information that must be included in a service limit exception request. Limits exceptions to individuals who meet specified criteria.

Makes this section effective January 1, 2026, or upon federal approval, whichever is later. Requires the commissioner of human services to notify the revisor of statutes when federal approval is obtained.

16 Definitions.

Amends § 256B.0701, subd. 1. Defines “habitability inspection” and modifies the definition of “provider” in the section of statutes governing recuperative care services.

17 Recuperative care settings.

Amends § 256B.0701, subd. 2. Requires recuperative care settings to meet habitability inspection requirements.

Section Description - Article 7: Homelessness, Housing, and Support Services

18 Provider qualifications and duties.

Amends § 256B.0701, by adding subd. 9. Establishes recuperative care provider qualifications and duties including enrolling as an MA provider, complying with background study requirements, completing a pre-enrollment risk assessment, and providing proof of surety bond coverage.

19 Pre-enrollment risk assessment.

Amends § 256B.0701, by adding subd. 10. Requires the commissioner to complete a pre-enrollment risk assessment of a recuperative care provider seeking to enroll in medical assistance. Lists the items the commissioner must consider in completing the assessment. Gives the commissioner the authority to deem a provider ineligible and to deny or rescind enrollment. Specifies the timeline for currently enrolled providers to complete the pre-enrollment risk assessment to remain eligible.

20 Requirements for provider enrollment; compliance training.

Amends § 256B.0701, by adding subd. 11. Effective January 1, 2027, requires a recuperative care provider to require specified individuals to complete compliance training before applying for enrollment and every three years thereafter. Lists the topics that must be included in the compliance training.

21 Requirements for provider enrollment; documentation of habitability inspection.

Amends § 256B.0701, by adding subd. 12. Effective July 1, 2025, requires a recuperative care provider to submit to the commissioner proof that the proposed service setting has been inspected by a qualified inspector and deemed habitable in order to enroll in MA as a recuperative care provider.

22 Habitability inspection requirements.

Amends § 256B.0701, by adding subd. 13. Requires recuperative care providers providing recuperative care services in an unlicensed setting to ensure the setting is inspected by a qualified inspector. Describes the characteristics of the setting that must be inspected. Prohibits recuperative care providers from providing services in an unlicensed setting prior to receiving a habitability inspection and documentation that the inspector deems the setting habitable. Requires the recuperative care provider to maintain documentation that the inspection occurred and the results of the inspection.

23 Supplementary rate for certain facilities.

Amends § 256I.05, by adding subd. 1v. Beginning July 1, 2026, provides a housing support supplementary services rate for a housing support provider operating indoor communities with low barriers to access. Limits the supplementary rate to \$975 per month, including any legislatively authorized inflationary adjustments.

Section Description - Article 7: Homelessness, Housing, and Support Services

- 24 **Supplemental rate; Blue Earth County.**
Amends § 256I.05, by adding subd. 1w. Beginning July 1, 2025, provides a housing support supplementary services rate for a housing support provider located in Blue Earth County that operates a long-term residential facility with a total of 20 beds that serves chemically dependent women. Limits the supplementary rate to \$750 per month, including any legislatively authorized inflationary adjustments.
- 25 **Supplemental rate; Otter Tail County.**
Amends § 256I.05, by adding subd. 1x. Beginning July 1, 2025, provides a housing support supplementary services rate for housing support providers located in Otter Tail County that operate facilities and provide room and board and supplementary services to adults recovering from substance use disorder, mental illness, or housing instability. Limits the supplementary rate to \$495 per month, including any legislatively authorized inflationary adjustments.
- 26 **Repealer.**
Repeals Minnesota Statutes, sections 245C.03, subdivision 13 (providers of housing stabilization services); and 245C.10, subdivision 16 (providers of housing stabilization services).

Article 8: Department of Health

This article makes changes to Department of Health statutes governing long-term care settings and to statutes governing case management services. It modifies the definitions of controlling person in nursing home and assisted living facility licensure statutes, modifies the membership and duties of the home care and assisted living advisory council, makes changes to how fines collected from assisted living facilities are distributed, modifies requirements and assisted living facility duties for terminations of assisted living contracts, requires notice to be provided before ownership or control of a nonprofit nursing home or assisted living facility is transferred to a for-profit entity, and modifies the services included in case management services provided to persons with developmental disabilities or with disabilities who are receiving home and community-based services.

Section Description - Article 8: Department of Health

- 1 **Controlling person.**
Amends § 144A.01, subd. 4. Amends the definition of controlling person for statutes governing nursing home licensure, to include, if no individual has at least a five percent ownership interest, every individual with an ownership interest in a privately

Section Description - Article 8: Department of Health

held corporation, limited liability company, or other business entity that collects capital investments from individuals or entities.

2 Fines.

Amends § 144A.474, subd. 11. Fines that the commissioner of health collects from home care providers are deposited in a dedicated special revenue account and annually appropriated to the commissioner of health to implement recommendations of the home care and assisted living advisory council. This section requires the commissioner to publish on the department website, an annual report on fines assessed on and collected from home care providers and how the fine money is allocated. Also strikes an obsolete paragraph.

3 Home care and assisted living advisory council.

Amends § 144A.4799. Increases the size of the home care and assisted living advisory council from 13 to 14 persons, modifies advisory council membership, and clarifies the authority of the advisory council to make recommendations to the commissioner on how to allocate fines collected from assisted living facilities, in addition to fines collected from home care providers. Requires the commissioner to act on the advisory council's recommendations on the use of fines within one year after the advisory council submits recommendations to the commissioner. Adds to the types of projects or initiatives the advisory council may recommend as uses of fines.

Effective date: this section is effective July 1, 2025, and the amendments to the requirements for public members of the advisory council apply to members initially appointed on or after that date.

4 Controlling individual.

Amends § 144G.08, subd. 15. Amends the definition of controlling individual for statutes governing assisted living facility licensure to include:

- if no individual has at least a five percent ownership interest, every individual with an ownership interest in a privately held corporation, limited liability company, or other business entity that collects capital investments from individuals or entities; and
- any entity or natural person with a direct or indirect ownership interest in a corporation, partnership, or other business association that is a controlling individual; the land on which an assisted living facility is located; or the structure in which the assisted living facility is located.

5 Deposit of fines.

Amends § 144G.31, subd. 8. Specifies fines the commissioner of health collects from assisted living facilities must be used for a competitive grant program for assisted living facilities and other organizations to improve resident quality of care and

Section Description - Article 8: Department of Health

- outcomes in assisted living facilities. Prohibits an assisted living facility with a provisional license from applying for a grant under this subdivision. Requires the balance in the special revenue account as of January 1, 2026, to be appropriated for grants within two years, and after that requires money in the account to be appropriated annually. Specifies the minimum grant award is \$10,000 and allows the commissioner to retain up to ten percent of the amount available to administer the grant program.
- 6 **Definition.**
Amends § 144G.52, subd. 1. In a section establishing requirements for assisted living contract terminations, modifies the definition of termination to mean a termination of both housing and services or a termination of all services.
- 7 **Prerequisite to termination of a contract.**
Amends § 144G.52, subd. 2. For an expedited termination, modifies the time period within which an assisted living facility must hold a meeting with the resident, from at least seven days before the notice of termination is issued to at least five days before the notice of termination is issued.
- 8 **Termination for nonpayment.**
Amends § 144G.52, subd. 3. When issuing a notice of termination to an assisted living facility resident due to nonpayment, requires an assisted living facility to provide the resident with contact information for the Disability Hub if applicable.
- 9 **Content of notice of termination.**
Amends § 144G.52, subd. 8. When issuing a notice of contract termination to an assisted living facility resident, requires an assisted living facility to provide the resident, if applicable, with contact information for the Disability Hub and an explanation of information the Disability Hub may provide to the resident.
- 10 **Appeals process.**
Amends § 144G.54, subd. 3. In cases of an expedited termination of an assisted living contract or assisted living services, requires the Office of Administrative Hearings (OAH) to conduct an expedited hearing as soon as practicable and within ten calendar days after receiving the hearing request, and to issue a recommendation on the termination to the commissioner within five business days after the hearing (for other terminations OAH must hold the hearing within 14 calendar days after receiving the hearing request and OAH must issue a recommendation to the commissioner within ten business days after the hearing). Allows OAH to order a continuance.

Section Description - Article 8: Department of Health

- 11 **Application of chapter 504B to appeals of terminations.**
Amends § 144G.54, subd. 7. States an assisted living facility is entitled to a writ of recovery of premises and order to vacate if the resident appeals a termination of an assisted living contract and the termination is upheld, and if the facility complied with requirements to prepare a relocation plan and ensure a coordinated move for the resident.
- 12 **Duties of facility.**
Amends § 144G.55, subd. 1. Modifies an assisted living facility's duties when the facility terminates an assisted living contract, has a restricted license, reduces services so that the resident must move or obtain a new service provider, or conducts a planned closure, to require the facility to document its efforts to consult with the resident and others in making arrangements to move the resident. Provides that if an assisted living facility identifies the specified number of facilities able to meet the resident's service needs and documents the resident's decision regarding a move, the facility has met its obligation in this section to ensure a coordinated move.
- 13 **Definitions.**
Adds § 145D.40. Defines the following terms for sections 145D.40 to 145D.41: assisted living facility, nursing home, and ownership or control.
- 14 **Notice of certain acquisitions of nursing homes and assisted living facilities.**
Adds § 145D.41. Requires a nonprofit nursing home or nonprofit assisted living facility to provide written notice to the commissioner of health and commissioner of human services at least 120 days before ownership or control of the nonprofit facility is transferred to a for-profit entity. With this notice, requires the for-profit entity to provide the attorney general, commissioner of health, and commissioner of human services with the names of individuals with an interest in the for-profit entity and percentage of interest each individual holds.

Effective date: this section is effective July 1, 2025, and applies to transfers of ownership or control occurring on or after that date.
- 15 **Case management services.**
Amends § 256B.092, subd. 1a. Requires case management services provided to people with developmental disabilities who are receiving home and community-based services to include assisting and cooperating with assisted living facilities to ensure coordinated moves for assisted living facility residents due to assisted living facility contract terminations, service reductions, planned closures, and license restrictions.

Section Description - Article 8: Department of Health

16 Case management.

Amends § 256B.49, subd. 13. Requires case management services provided to persons with disabilities who are receiving home and community-based services to include assisting and cooperating with assisted living facilities to ensure coordinated moves for assisted living facility residents due to assisted living facility contract terminations, service reductions, planned closures, and license restrictions.

Article 9: Miscellaneous

This article makes a conforming change to MnCHOICES assessments; modifies the Mentally Ill and Dangerous Civil Commitment Reform Task Force purpose, duties, and expiration date; and instructs the revisor of statutes to modify terminology.

Section Description - Article 9: Miscellaneous

1 Nursing facility level of care.

Amends § 144.0724, subd. 11. Allows a MnCHOICES assessment that occurred up to one calendar year before the effective date of MA eligibility to be used to establish MA payment for certain long-term care services, including elderly waivers, certain disability waivers, and the alternative care program. Currently, the assessment must have occurred no more than 60 calendar days before the effective date of MA eligibility to establish MA payment rates.

2 Establishment; purpose.

Amends Laws 2024, ch. 125, art. 4, § 9, subd. 1. Expands the purpose of the Mentally Ill and Dangerous Civil Commitment Reform Task Force.

3 Duties; expungements and vacatur.

Amends Laws 2024, ch. 125, art. 4, § 9, by adding subd. 7a. Requires the Mentally Ill and Dangerous Civil Commitment Reform Task Force to review and analyze current trends in civil commitments as mentally ill and dangerous, expungements, and vacatur, and develop recommended statutory changes necessary to provide clear direction related to expunging or vacating a civil commitment as mentally ill and dangerous.

4 Report required.

Amends Laws 2024, ch. 125, art. 4, § 9, subd. 8. Requires the Mentally Ill and Dangerous Civil Commitment Reform Task Force to submit a report to the legislature by August 1, 2026, that includes the recommended statutory changes related to expunging or vacating a civil commitment as mentally ill and dangerous.

Section Description - Article 9: Miscellaneous

- 5 **Expiration.**
Changes the expiration date of the Mentally Ill and Dangerous Civil Commitment Reform Task Force from January 1, 2026, to January 1, 2027.
- 6 **Revisor instruction.**
Instructs the revisor of statutes to change the term “emotional disturbance” or similar terms to “mental illness” or similar terms wherever the terms appear in Minnesota Statutes and to make technical and other necessary changes to sentence structure to preserve the meaning of the text.

Article 10: Department of Human Services Program Integrity

This article allows the commissioner of human services to issue a temporary licensing moratorium, allows for licensing reviews after changes in ownership, modifies licensing application and annual fees for a range of human services license types, and specifies deposits and appropriations of collected fee amounts.

Section Description - Article 10: Department of Human Services Program Integrity

- 1 **Discretionary temporary licensing moratorium.**
Amends § 245A.03 by adding subd. 7a. Allows the commissioner to issue a temporary licensing moratorium for up to 24 months for all license types if the commissioner determines that exceptional growth in applications or requests to add new services exceeds the determined need for service capacity. Outlines refund, notice, and exception requirements.
- 2 **Grant of license; license extension.**
Amends § 245A.04, subd. 7, as amended by Laws 2025, chapter 38, article 5, section 6. Adds requirement for a DHS license to state the specific service the license holder is licensed to provide.
- 3 **Review of change in ownership.**
Amends § 245A.043 by adding subd. 2a. Allows for a review for all new license holders within 12 months after a change in ownership or change in controlling individuals; requires notice to the commissioner of a change in controlling individuals.
- 4 **Application or license fee required.**
Amends § 245A.10, subd. 1. Removes licensing fee exception for child foster residence settings, adult foster care, or community residential settings.

Section Description - Article 10: Department of Human Services Program Integrity

Makes this section effective January 1, 2026.

5 Application or license inspection fee required; programs with county oversight.

Amends § 245A.10, subd. 2. Adds service types to programs with county oversight; increases licensing fee to \$2,100; and removes county ability to choose to waive licensing fees under certain circumstances.

Makes this section effective January 1, 2026.

6 Application fee for initial license or certification.

Amends § 245A.10, subd. 3. Increases application fee for most types of DHS licensees from \$500 to \$2,100 and requires a new application fee for each new license holder when a partial change of ownership occurs. Paragraph (d) sets application fees for children's residential facility or mental health clinic licensure or certification at \$500.

Makes this section effective January 1, 2026.

7 Fee for change of ownership exception.

Amends § 245A.10 by adding subd. 3a. For entities that fall under the exception to the change of ownership requirements, if at least one controlling individual has been affiliated as a controlling individual for the license for at least the previous 12 months immediately preceding the change, sets fees at \$2,100, \$4,200 for chapter 245D licensees, and \$500 for children's residential facilities or mental health clinics.

Makes this section effective January 1, 2026.

8 License or certification fee for certain programs.

Amends § 245A.10, subd. 4. Increases annual license fees for home and community-based services and supports, substance use disorder treatment programs, detoxification programs, specified residential mental health programs, and adult day care centers. Requires an additional \$500 annual fee for any satellite substance use disorder treatment facilities.

Makes this section effective January 1, 2026.

9 Deposit of license fees.

Amends § 245A.10, subd. 8. Adds program integrity activities to the human services licensing account.

Makes this section effective January 1, 2026.

Section Description - Article 10: Department of Human Services Program Integrity

10 Deposit of county-delegated licensing application fees; appropriation.

Amends § 245A.10 by adding subd. 8a. Requires the commissioner to deposit 50 percent of licensing application fees from county-delegated service types into the human services licensing and program integrity account and 50 percent to the credit of the county licensing account in the special revenue fund of each county.

Makes this section effective January 1, 2026.

11 Distribution to county; appropriation.

Amends § 245A.10 by adding subd. 8b. On a quarterly basis, requires the amount determined under subdivision 8a to be appropriated to the commissioner to issue a payment from the county licensing account in favor of the treasurer of each county for which the commissioner collected a licensing application fee.

Makes this section effective January 1, 2026.

Article 11: Forecast Adjustments

This article adjusts fiscal year 2025 appropriations for DHS forecasted programs including MFIP, MFIP child care assistance, general assistance, MSA, housing support, Northstar care for children, MinnesotaCare, MA, and the behavioral health fund.

Article 12: Department of Human Services Appropriations

This article provides fiscal year 2026-2027 appropriations for DHS, including appropriations for the central office; housing support; medical assistance; alternative care; the behavioral health fund; child and community services grants; health care grants; long-term care grants; aging and adult services grants; deaf, deafblind, and hard of hearing grants; disability grants; adult mental health grants; children's mental health grants; and substance use disorder treatment support grants.

Article 13: Direct Care and Treatment Appropriations

This article provides fiscal year 2026-2027 appropriations for DCT, including appropriations for mental health and substance abuse, community-based services, forensic services, the Minnesota Sex Offender Program, and administration.

Article 14: Other Agency Appropriations

This article provides fiscal year 2026-2027 appropriations for the Department of Health, Council on Disability, the Office of Ombudsman for Mental Health and Developmental Disabilities, the Office of Administrative Hearings, and the Department of Administration.



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