SEVENTY-SECOND LEGISLATIVE DAY

St. Paul, Minnesota, Monday, May 11, 2026

The Senate met at 11:00 a.m. and was called to order by the President.

CALL OF THE SENATE

Senator Murphy imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Luke Nelson.

The members of the Senate gave the pledge of allegiance to the flag of the United States of America.

The roll was called, and the following Senators were present:

Abeler	Farnsworth	Jasinski	Marty	Rarick
Bahr	Fateh	Johnson	Mathews	Rasmusson
Boldon	Frentz	Johnson Stewart	Maye Quade	Rest
Carlson	Green	Klein	McEwen	Seeberger
Champion	Gruenhagen	Koran	Miller	Utke
Clark	Gustafson	Kreun	Mohamed	Weber
Coleman	Hauschild	Kunesh	Murphy	Wesenberg
Cwodzinski	Hawj	Kupec	Nelson	Westlin
Dahms	Heintzeman	Lang	Oumou Verbeten	Westrom
Dibble	Hemmingsen-Jaeger	Latz	Pappas	Wiklund
Dornink	Hoffman	Lieske	Pha	Xiong
Draheim	Holmstrom	Limmer	Port	
Drazkowski	Housley	Lucero	Pratt	
Duckworth	Howe	Mann	Putnam	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

May 7, 2026

The Honorable Bobby Joe Champion
President of the Senate

Dear Senator Champion:

Pursuant to Senate Rule 8.2, the following appointments have been withdrawn from the following committee and placed on the Confirmation Calendar:

From the Committee on Environment, Climate, and Legacy, to which were referred the following appointments as reported in the Journal for March 17, 2025:

CLEAN WATER COUNCIL
Eunice Biel
Christine Meyer
Fran Miron

Sincerely,
Thomas S. Bottern
Secretary of the Senate

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 856: A bill for an act relating to state government; creating the Office of the Inspector General; creating an advisory committee; requiring reports; transferring certain agency duties; placing limits and prohibiting certain programs from receiving public funds; making conforming and technical changes; providing for interagency agreements; appropriating money; amending Minnesota Statutes 2024, sections 3.971, by adding a subdivision; 13.82, subdivision 1; 15A.0815, subdivision 2; 127A.21, subdivisions 1a, 5, by adding subdivisions; 142A.03, by adding a subdivision; 142A.12, subdivision 5; 144.05, by adding a subdivision; 181.932, subdivision 1; 245.095, subdivision 5; 256.01, by adding a subdivision; 609.456, subdivision 2; 626.84, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 15D; repealing Minnesota Statutes 2024, sections 13.321, subdivision 12; 127A.21, subdivisions 1, 2, 3, 4, 6, 7.

Senate File No. 856 is herewith returned to the Senate.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Returned May 7, 2026

CONCURRENCE AND REPASSAGE

Senator Gustafson moved that the Senate concur in the amendments by the House to S.F. No. 856 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 856: A bill for an act relating to state government; creating the Office of the Inspector General; creating an advisory commission; making conforming and technical changes; providing

for interagency agreements; requiring reports; appropriating money; amending Minnesota Statutes 2024, sections 3.971, by adding a subdivision; 15A.0815, subdivision 2; 43A.32, by adding a subdivision; 127A.21, subdivision 1a, by adding subdivisions; 142A.03, by adding a subdivision; 142A.12, subdivision 5; 144.05, by adding a subdivision; 245.095, subdivision 5; 256.01, by adding a subdivision; 609.456, subdivision 2; Minnesota Statutes 2025 Supplement, sections 10A.01, subdivision 35; 13.82, subdivision 1; 127A.21, subdivision 5; 626.84, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 15E; repealing Minnesota Statutes 2024, sections 13.321, subdivision 12; 127A.21, subdivisions 1, 2, 3, 4, 6, 7.

S.F. No. 856 was read the third time, as amended by the House, and placed on its repassage.

Pursuant to Rule 41.2, Senator Hemmingsen-Jaeger moved that she be excused from voting on all questions pertaining to S.F. No. 856. The motion prevailed.

The question was taken on the repassage of S.F. No. 856, as amended by the House.

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Farnsworth	Johnson	Mathews	Rasmusson
Bahr	Fateh	Johnson Stewart	Maye Quade	Rest
Boldon	Frentz	Klein	McEwen	Seeberger
Carlson	Green	Koran	Miller	Utke
Champion	Gruenhagen	Kreun	Mohamed	Weber
Clark	Gustafson	Kunesh	Murphy	Wesenberg
Coleman	Hauschild	Kupec	Nelson	Westlin
Cwodzinski	Hawj	Lang	Oumou Verbeten	Westrom
Dahms	Heintzeman	Latz	Pappas	Wiklund
Dibble	Hoffman	Lieske	Pha	Xiong
Dornink	Holmstrom	Limmer	Port	
Draheim	Housley	Lucero	Pratt	
Drazkowski	Howe	Mann	Putnam	
Duckworth	Jasinski	Marty	Rarick	

Pursuant to Rule 40, Senator Kunesh cast the affirmative vote on behalf of the following Senators: Carlson, Mohamed, Port, Rest, and Xiong.

So the bill, as amended, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 4612: A bill for an act relating to state government; modifying provisions relating to the Departments of Health, Human Services, and Children, Youth, and Families; making changes for federal compliance; establishing work or community engagement requirements; providing for pharmacy dispensing reimbursements; modifying reimbursement rates for mental health services; modifying mental health provider credentialing requirements; modifying the county share for

Supplemental Nutrition Assistance Program costs; modernizing child care and family child care licensing; modifying the Minnesota African American Family Preservation and Child Welfare Disproportionality Act; establishing a committee, legislative commission, and advisory task force; establishing a hospital stabilization program; transferring regulatory oversight of health maintenance organizations to the commissioner of commerce; requiring coverage of infertility treatment; regulating gas resource development; providing for health care worker retention and protection; requiring reports; authorizing rulemaking; requiring transfer; appropriating money; amending Minnesota Statutes 2024, sections 16A.103, by adding a subdivision; 60A.50, subdivision 3; 60A.951, subdivision 3; 60A.985, subdivision 8; 60A.9853, subdivision 1; 60A.9854; 60B.03, subdivision 2; 60G.01, subdivisions 2, 4; 62A.02, subdivision 8; 62A.021, subdivision 1; 62A.61; 62A.65, subdivisions 7, 8; 62D.08, subdivisions 1, 2, 3, 7; 62D.12, subdivision 1; 62D.124, subdivision 5; 62D.221, subdivisions 1, 2; 62E.11, subdivisions 9, 13; 62J.60, subdivision 5; 62L.02, subdivision 8; 62L.08, subdivision 11; 62L.09, subdivision 3; 62L.10, subdivision 4; 62L.11, subdivision 2; 62M.11; 62Q.01, subdivision 2; 62Q.096; 62Q.106; 62Q.188, subdivision 2; 62Q.37, subdivision 2; 62Q.47; 62Q.51, subdivision 3; 62Q.556, subdivisions 3, 4; 62Q.679; 62Q.69, subdivisions 2, 3; 62Q.71; 62Q.73, subdivisions 3, 10; 62Q.81, subdivision 7; 62U.04, subdivision 13, by adding a subdivision; 103I.001; 103I.005, subdivisions 9, 21, by adding subdivisions; 103I.601, subdivision 1, by adding subdivisions; 142D.21, subdivision 3; 142F.05, by adding subdivisions; 144.1222, subdivision 4, by adding a subdivision; 144.1501, subdivision 2; 144.1503, subdivision 7; 144.1505, subdivisions 1, 2, 3; 144.1507, subdivisions 1, 2, 4, by adding a subdivision; 144.1911, subdivisions 1, 5, 6; 144.555, by adding subdivisions; 145A.14, subdivision 2a; 151.741, subdivision 4; 245.462, by adding a subdivision; 245.4711, subdivision 5; 245.4881, subdivision 5; 245A.211, subdivision 1; 256.01, by adding a subdivision; 256.017, subdivision 2; 256B.01; 256B.04, subdivision 27; 256B.056, subdivisions 1, 2a, 7, 7a; 256B.0561, subdivision 2; 256B.06, subdivision 4; 256B.0625, by adding a subdivision; 256B.076, subdivision 1, by adding subdivisions; 256B.094, subdivisions 2, 3, 6; 256B.75; 260.63, subdivision 10; 260.64, subdivision 2; 260.67, subdivision 2; 260.68, subdivision 2; 260.69, subdivision 1; 260.693, subdivision 2; 260C.451, by adding a subdivision; 295.52, subdivision 8; Minnesota Statutes 2025 Supplement, sections 62D.21; 62D.211; 142A.03, subdivision 2; 144.125, subdivision 1; 151.741, subdivision 5; 245A.07, subdivision 3; 245C.02, subdivision 15a; 245C.05, subdivision 5; 256.043, subdivision 3; 256.9657, subdivision 2b; 256.969, subdivision 2f; 256B.0625, subdivisions 8, 20; 256B.0924, subdivision 6; 256B.1973, subdivision 9; 256B.69, subdivision 6d; 256B.761, by adding a subdivision; 260.691, subdivision 1; 260.692, subdivisions 1, 2, 3; Laws 2024, chapter 117, sections 21; 22; Laws 2024, chapter 127, article 67, section 7; proposing coding for new law in Minnesota Statutes, chapters 62D; 62Q; 103I; 142D; 144; 245A; 256; 256B; 260; proposing coding for new law as Minnesota Statutes, chapters 142H; 142I; repealing Minnesota Statutes 2024, sections 142B.01, subdivisions 11, 12, 13, 25, 26, 27; 142B.41, subdivisions 4, 6, 7, 8, 10, 11, 12, 13; 142B.54, subdivisions 1, 2, 3; 142B.62; 142B.65, subdivisions 1, 2, 3, 4, 5, 6, 7, 10; 142B.66, subdivisions 1, 2, 4, 5; 142B.70, subdivisions 1, 2, 3, 4, 5, 6, 9, 10, 11, 12; 142B.71; 142B.72; 142B.74; 142B.75; 142B.76; 142B.77; 151.741, subdivisions 2, 3, 6; 256B.0625, subdivision 38; 256B.198; 260.63, subdivision 9; Minnesota Statutes 2025 Supplement, sections 142B.41, subdivision 9; 142B.65, subdivisions 8, 9; 142B.66, subdivision 3; 142B.70, subdivisions 7, 8; 256B.69, subdivision 6i; Minnesota Rules, parts 9502.0300; 9502.0315; 9502.0325; 9502.0335; 9502.0341; 9502.0345; 9502.0355; 9502.0365; 9502.0367; 9502.0375; 9502.0395; 9502.0405; 9502.0415; 9502.0425; 9502.0435, subparts 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16; 9502.0445; 9503.0005; 9503.0010; 9503.0015; 9503.0030; 9503.0031; 9503.0032; 9503.0033; 9503.0034; 9503.0040; 9503.0045; 9503.0050; 9503.0055; 9503.0060; 9503.0065; 9503.0070; 9503.0075; 9503.0080; 9503.0085; 9503.0090; 9503.0095; 9503.0100; 9503.0105;

9503.0110; 9503.0115; 9503.0120; 9503.0125; 9503.0130; 9503.0140; 9503.0145; 9503.0150; 9503.0155; 9503.0170.

Senate File No. 4612 is herewith returned to the Senate.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Returned May 7, 2026

Senator Wiklund moved that the Senate do not concur in the amendments by the House to S.F. No. 4612, and that a Conference Committee of 4 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 6 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 3432: A bill for an act relating to public safety; requiring removal of identifying equipment and insignia from emergency vehicles sold to the public; providing for security and protective services of certain state officials; requiring a report; appropriating money; amending Minnesota Statutes 2024, sections 299D.03, subdivision 1; 299E.01, subdivisions 1, 2, 3, 4, by adding a subdivision; Laws 2025, chapter 35, article 1, sections 2; 4; 5; Laws 2025, chapter 39, article 1, section 2; Laws 2025, First Special Session chapter 8, article 1, section 4, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 169; 299A; 299E.

There has been appointed as such committee on the part of the House:

Moller, Liebling, Curran, Novotny, Scott and Olson.

Senate File No. 3432 is herewith returned to the Senate.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Returned May 7, 2026

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 3131, 3295, 3298, 3682, 4102, and 4591.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Transmitted May 7, 2026

FIRST READING OF HOUSE BILLS

The following bills were read the first time.

H.F. No. 3131: A bill for an act relating to transportation; authorizing issuance of cancer-related disability parking certificates; amending Minnesota Statutes 2024, section 169.345, subdivisions 2a, 3b, by adding a subdivision.

Referred to the Committee on Transportation.

H.F. No. 3295: A bill for an act relating to Open Meeting Law; authorizing meeting broadcasting through social media; amending Minnesota Statutes 2024, section 13D.065.

Referred to the Committee on State and Local Government.

H.F. No. 3298: A bill for an act relating to energy; establishing reimbursement program for underground petroleum storage tank systems with pressurized single-walled steel piping; amending Minnesota Statutes 2024, sections 115C.08, subdivision 4; 115C.09, by adding a subdivision.

Referred to the Committee on Energy, Utilities, Environment, and Climate.

H.F. No. 3682: A bill for an act relating to state government; requiring a grantee fraud risk rating system and corresponding grants management requirements; appropriating money; amending Minnesota Statutes 2024, section 16B.97, subdivision 4.

Referred to the Committee on State and Local Government.

H.F. No. 4102: A bill for an act relating to public safety; modifying requirements for State Patrol compensation study; allowing for volunteer chaplains within the state patrol; amending Minnesota Statutes 2024, section 299D.03, subdivisions 2, 2a; Laws 2024, chapter 104, article 1, section 2; proposing coding for new law in Minnesota Statutes, chapter 299D.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 4273, now on General Orders.

H.F. No. 4591: A bill for an act relating to state government; modifying eligibility for public television station block grants and noncommercial radio station grants; appropriating money; amending Minnesota Statutes 2024, sections 129D.13, subdivision 1; 129D.14, subdivision 3.

Referred to the Committee on Finance.

REPORTS OF COMMITTEES

Senator Murphy moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on H.F. Nos. 3860 and 4455. The motion prevailed.

Senator Marty from the Committee on Finance, to which was re-referred

S.F. No. 5073: A bill for an act relating to agriculture; modifying agriculture policy provisions; modifying farm down payment assistance provisions; modifying seed potato provisions; modifying fees; allowing eggs to be donated past their quality assurance date; requiring reports; modifying prior appropriations; appropriating money; amending Minnesota Statutes 2024, sections 17.458, subdivision 1; 18J.01; 18J.02; 18J.03; 18J.04, subdivisions 1, 2, 3, 4; 18J.05, subdivisions 1, 2, 6;

18J.06; 18J.07, subdivisions 3, 4, 5; 18J.09; 18K.02, subdivisions 5, 6; 18K.04, subdivision 1; 21.111; 21.112, by adding a subdivision; 21.113; 21.115; 21.117; 21.119; 21.1195; 21.891, subdivision 2; 28A.0752; 29.21, by adding a subdivision; 29.26; 32D.30, subdivision 5; 41A.19; 41B.048, subdivisions 2, 4, 5, by adding subdivisions; 583.215; Minnesota Statutes 2025 Supplement, sections 17.1017, subdivision 9; 17.133, subdivisions 1, 2; 28A.04, subdivision 1; 28A.08, subdivision 3; Laws 2023, chapter 43, article 1, section 2, subdivisions 4, as amended, 5, as amended; Laws 2025, chapter 34, article 1, section 2, subdivisions 2, 3, as amended, 4, as amended; proposing coding for new law in Minnesota Statutes, chapter 21; repealing Minnesota Statutes 2024, sections 18K.02, subdivision 7; 18K.03, subdivision 2; 28A.075.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 24, before "Agricultural" insert "board of directors of the"

Page 2, delete section 2

Page 81, line 12, delete "of" and delete "even-numbered"

Renumber the sections in sequence

Amend the title numbers accordingly

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Xiong from the Committee on State and Local Government, to which was referred

H.F. No. 3860: A bill for an act relating to state government; extending the Legislative Commission on Cybersecurity; amending Minnesota Statutes 2024, section 3.888, subdivision 7.

Reports the same back with the recommendation that the bill do pass.

Pursuant to Senate Concurrent Resolution No. 6, the bill was referred to the Committee on Rules and Administration.

Senator Xiong from the Committee on State and Local Government, to which was referred

H.F. No. 4455: A bill for an act relating to local government; updating terminology related to Ramsey County human resources personnel structure; adjusting certain positions to unclassified service for consistency with other similar positions; repealing obsolete language; making technical changes; amending Minnesota Statutes 2024, sections 383A.281, subdivision 13; 383A.283, subdivisions 2, 3; 383A.284, subdivisions 1, 2, 3, 4, 5; 383A.285, subdivisions 2, 3, 4, 5, 10; 383A.286, subdivisions 2, 3; 383A.288, subdivisions 5, 6; 383A.289, subdivisions 1, 3; 383A.291, subdivision 1a; 383A.292, subdivisions 1, 2; 383A.294, subdivision 6; 383A.295, subdivisions 1, 2; repealing Minnesota Statutes 2024, sections 383A.298; 383A.301.

Reports the same back with the recommendation that the bill do pass.

Pursuant to Senate Concurrent Resolution No. 6, the bill was referred to the Committee on Rules and Administration.

Senator Murphy, from the Committee on Rules and Administration, to which was referred

H.F. No. 4240 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
4240	4006				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 4240 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 4240, the second engrossment; and insert the language after the enacting clause of S.F. No. 4006, the first engrossment; further, delete the title of H.F. No. 4240, the second engrossment; and insert the title of S.F. No. 4006, the first engrossment.

And when so amended H.F. No. 4240 will be identical to S.F. No. 4006, and further recommends that H.F. No. 4240 be given its second reading and substituted for S.F. No. 4006, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Senator Marty from the Committee on Finance, to which was re-referred

H.F. No. 3379: A bill for an act relating to human services; repealing housing stabilization services; amending Minnesota Statutes 2024, sections 256B.0658; 256L.03, subdivision 1; Minnesota Statutes 2025 Supplement, sections 245C.03, subdivision 6; 245C.10, subdivision 6; 256B.04, subdivision 21; 256B.0701, subdivision 9; repealing Minnesota Statutes 2024, section 256B.051, subdivisions 1, 4, 7; Minnesota Statutes 2025 Supplement, section 256B.051, subdivisions 2, 3, 5, 6, 6a, 6b, 8, 9, 10.

Reports the same back with the recommendation that H.F. 3379, the first unofficial engrossment, be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

HEALTH CARE

Section 1. Minnesota Statutes 2025 Supplement, section 15.013, is amended by adding a subdivision to read:

Subd. 7. **Exemption.** Nothing in this section modifies, supersedes, limits, or expands the authority of the commissioner of human services to impose sanctions under section 256B.064.

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

Sec. 2. Minnesota Statutes 2024, section 62M.07, subdivision 2, is amended to read:

Subd. 2. **Prior authorization of certain services prohibited.** (a) No utilization review organization, health plan company, or claims administrator may conduct or require prior authorization of:

(1) emergency confinement or an emergency service. The enrollee or the enrollee's authorized representative may be required to notify the health plan company, claims administrator, or utilization review organization as soon as reasonably possible after the beginning of the emergency confinement or emergency service;

(2) outpatient mental health treatment or outpatient substance use disorder treatment, except for treatment which is a medication. Prior authorizations required for medications used for outpatient mental health treatment or outpatient substance use disorder treatment must be processed according to section 62M.05, subdivision 3b, for initial determinations, and according to section 62M.06, subdivision 2, for appeals;

(3) antineoplastic cancer treatment that is consistent with guidelines of the National Comprehensive Cancer Network, except for treatment which is a medication. Prior authorizations required for medications used for antineoplastic cancer treatment must be processed according to section 62M.05, subdivision 3b, for initial determinations, and according to section 62M.06, subdivision 2, for appeals;

(4) services that currently have a rating of A or B from the United States Preventive Services Task Force, immunizations recommended by the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention, or preventive services and screenings provided to women as described in Code of Federal Regulations, title 45, section 147.130;

(5) pediatric hospice services provided by a hospice provider licensed under sections 144A.75 to 144A.755; and

(6) treatment delivered through a neonatal abstinence program operated by pediatric pain or palliative care subspecialists.

Clauses (2) to (6) are effective January 1, 2026, and apply to health benefit plans offered, sold, issued, or renewed on or after that date.

(b) Nothing in this subdivision prohibits a utilization review organization, health plan company, or claims administrator from conducting or requiring prior authorization to authorize services by a provider type designated as high-risk under section 256B.044, subdivision 1.

Sec. 3. Minnesota Statutes 2024, section 142B.01, subdivision 8, is amended to read:

Subd. 8. **Controlling individual.** (a) "Controlling individual" means an owner of a program or service provider licensed under this chapter and the following individuals, if applicable:

(1) each officer of the organization, including the chief executive officer and chief financial officer;

(2) the individual designated as the authorized agent under section 142B.10, subdivision 1, paragraph (b);

(3) the individual designated as the compliance officer under section ~~256B.04, subdivision 21, paragraph (g)~~ 256B.044, subdivision 7, paragraph (b);

(4) each managerial official whose responsibilities include the direction of the management or policies of a program;

(5) the individual designated as the primary provider of care for a special family child care program under section 142B.41, subdivision 4, paragraph (d); and

(6) the president and treasurer of the board of directors of a nonprofit corporation.

(b) Controlling individual does not include:

(1) a bank, savings bank, trust company, savings association, credit union, industrial loan and thrift company, investment banking firm, or insurance company unless the entity operates a program directly or through a subsidiary;

(2) an individual who is a state or federal official, or state or federal employee, or a member or employee of the governing body of a political subdivision of the state or federal government that operates one or more programs, unless the individual is also an officer, owner, or managerial official of the program; receives remuneration from the program; or owns any of the beneficial interests not excluded in this subdivision;

(3) an individual who owns less than five percent of the outstanding common shares of a corporation:

(i) whose securities are exempt under section 80A.45, clause (6); or

(ii) whose transactions are exempt under section 80A.46, clause (2);

(4) an individual who is a member of an organization exempt from taxation under section 290.05, unless the individual is also an officer, owner, or managerial official of the program or owns any of the beneficial interests not excluded in this subdivision. This clause does not exclude from the definition of controlling individual an organization that is exempt from taxation; or

(5) an employee stock ownership plan trust, or a participant or board member of an employee stock ownership plan, unless the participant or board member is a controlling individual according to paragraph (a).

(c) For purposes of this subdivision, "managerial official" means an individual who has the decision-making authority related to the operation of the program, and the responsibility for the ongoing management of or direction of the policies, services, or employees of the program. A site director who has no ownership interest in the program is not considered to be a managerial official for purposes of this definition.

Sec. 4. Minnesota Statutes 2024, section 245.095, is amended by adding a subdivision to read:

Subd. 7. **Exemption.** Nothing in this section modifies, supersedes, limits, or expands the commissioner's authority to impose sanctions under section 256B.064.

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

Sec. 5. Minnesota Statutes 2024, section 245A.02, subdivision 5a, is amended to read:

Subd. 5a. **Controlling individual.** (a) "Controlling individual" means an owner of a program or service provider licensed under this chapter and the following individuals, if applicable:

(1) each officer of the organization, including the chief executive officer and chief financial officer;

(2) the individual designated as the authorized agent under section 245A.04, subdivision 1, paragraph (b);

(3) the individual designated as the compliance officer under section ~~256B.04, subdivision 21, paragraph (g)~~ 256B.044, subdivision 7, paragraph (b);

(4) each managerial official whose responsibilities include the direction of the management or policies of a program; and

(5) the president and treasurer of the board of directors of a nonprofit corporation.

(b) Controlling individual does not include:

(1) a bank, savings bank, trust company, savings association, credit union, industrial loan and thrift company, investment banking firm, or insurance company unless the entity operates a program directly or through a subsidiary;

(2) an individual who is a state or federal official, or state or federal employee, or a member or employee of the governing body of a political subdivision of the state or federal government that operates one or more programs, unless the individual is also an officer, owner, or managerial official of the program, receives remuneration from the program, or owns any of the beneficial interests not excluded in this subdivision;

(3) an individual who owns less than five percent of the outstanding common shares of a corporation:

(i) whose securities are exempt under section 80A.45, clause (6); or

(ii) whose transactions are exempt under section 80A.46, clause (2);

(4) an individual who is a member of an organization exempt from taxation under section 290.05, unless the individual is also an officer, owner, or managerial official of the program or owns any of the beneficial interests not excluded in this subdivision. This clause does not exclude from the definition of controlling individual an organization that is exempt from taxation; or

(5) an employee stock ownership plan trust, or a participant or board member of an employee stock ownership plan, unless the participant or board member is a controlling individual according to paragraph (a).

(c) For purposes of this subdivision, "managerial official" means an individual who has the decision-making authority related to the operation of the program, and the responsibility for the ongoing management of or direction of the policies, services, or employees of the program. A site director who has no ownership interest in the program is not considered to be a managerial official for purposes of this definition.

Sec. 6. Minnesota Statutes 2025 Supplement, section 245A.04, subdivision 1, is amended to read:

Subdivision 1. **Application for licensure.** (a) An individual, organization, or government entity that is subject to licensure under section 245A.03 must apply for a license. The application must be made on the forms and in the manner prescribed by the commissioner. The commissioner shall provide the applicant with instruction in completing the application and provide information about the rules and requirements of other state agencies that affect the applicant. An applicant seeking licensure in Minnesota with headquarters outside of Minnesota must have a program office located within 30 miles of the Minnesota border. An applicant who intends to buy or otherwise acquire a program or services licensed under this chapter that is owned by another license holder must apply for a license under this chapter and comply with the application procedures in this section and section 245A.043. A license issued pursuant to a change of ownership under section 245A.043 is not subject to any moratorium imposed under section 245A.03, subdivision 7 or 7a, provided the change of ownership does not result in an increase in licensed capacity or service scope.

The commissioner shall act on the application within 90 working days after a complete application and any required reports have been received from other state agencies or departments, counties, municipalities, or other political subdivisions. The commissioner shall not consider an application to be complete until the commissioner receives all of the required information. If the applicant or a controlling individual is the subject of a pending administrative, civil, or criminal investigation, the application is not complete until the investigation has closed or the related legal proceedings are complete.

When the commissioner receives an application for initial licensure that is incomplete because the applicant failed to submit required documents or that is substantially deficient because the documents submitted do not meet licensing requirements, the commissioner shall provide the applicant written notice that the application is incomplete or substantially deficient. In the written notice to the applicant the commissioner shall identify documents that are missing or deficient and give the applicant 45 days to resubmit a second application that is substantially complete. An applicant's failure to submit a substantially complete application after receiving notice from the commissioner is a basis for license denial under section 245A.043.

(b) An application for licensure must identify all controlling individuals as defined in section 245A.02, subdivision 5a, and must designate one individual to be the authorized agent. The application must be signed by the authorized agent and must include the authorized agent's first, middle, and last name; mailing address; and email address. By submitting an application for licensure, the authorized agent consents to electronic communication with the commissioner throughout the

application process. The authorized agent must be authorized to accept service on behalf of all of the controlling individuals. A government entity that holds multiple licenses under this chapter may designate one authorized agent for all licenses issued under this chapter or may designate a different authorized agent for each license. Service on the authorized agent is service on all of the controlling individuals. It is not a defense to any action arising under this chapter that service was not made on each controlling individual. The designation of a controlling individual as the authorized agent under this paragraph does not affect the legal responsibility of any other controlling individual under this chapter.

(c) An applicant or license holder must have a policy that prohibits license holders, employees, subcontractors, and volunteers, when directly responsible for persons served by the program, from abusing prescription medication or being in any manner under the influence of a chemical that impairs the individual's ability to provide services or care. The license holder must train employees, subcontractors, and volunteers about the program's drug and alcohol policy before the employee, subcontractor, or volunteer has direct contact, as defined in section 245C.02, subdivision 11, with a person served by the program.

(d) An applicant and license holder must have a program grievance procedure that permits persons served by the program and their authorized representatives to bring a grievance to the highest level of authority in the program.

(e) The commissioner may limit communication during the application process to the authorized agent or the controlling individuals identified on the license application and for whom a background study was initiated under chapter 245C. Upon implementation of the provider licensing and reporting hub, applicants and license holders must use the hub in the manner prescribed by the commissioner. The commissioner may require the applicant, except for child foster care, to demonstrate competence in the applicable licensing requirements by successfully completing a written examination. The commissioner may develop a prescribed written examination format.

(f) When an applicant is an individual, the applicant must provide:

(1) the applicant's taxpayer identification numbers including the Social Security number or Minnesota tax identification number, and federal employer identification number if the applicant has employees;

(2) at the request of the commissioner, a copy of the most recent filing with the secretary of state that includes the complete business name, if any;

(3) if doing business under a different name, the doing business as (DBA) name, as registered with the secretary of state;

(4) if applicable, the applicant's National Provider Identifier (NPI) number and Unique Minnesota Provider Identifier (UMPI) number; and

(5) at the request of the commissioner, the notarized signature of the applicant or authorized agent.

(g) When an applicant is an organization, the applicant must provide:

(1) the applicant's taxpayer identification numbers including the Minnesota tax identification number and federal employer identification number;

(2) at the request of the commissioner, a copy of the most recent filing with the secretary of state that includes the complete business name, and if doing business under a different name, the doing business as (DBA) name, as registered with the secretary of state;

(3) the first, middle, and last name, and address for all individuals who will be controlling individuals, including all officers, owners, and managerial officials as defined in section 245A.02, subdivision 5a, and the date that the background study was initiated by the applicant for each controlling individual;

(4) if applicable, the applicant's NPI number and UMPI number;

(5) the documents that created the organization and that determine the organization's internal governance and the relations among the persons that own the organization, have an interest in the organization, or are members of the organization, in each case as provided or authorized by the organization's governing statute, which may include a partnership agreement, bylaws, articles of organization, organizational chart, and operating agreement, or comparable documents as provided in the organization's governing statute; and

(6) the notarized signature of the applicant or authorized agent.

(h) When the applicant is a government entity, the applicant must provide:

(1) the name of the government agency, political subdivision, or other unit of government seeking the license and the name of the program or services that will be licensed;

(2) the applicant's taxpayer identification numbers including the Minnesota tax identification number and federal employer identification number;

(3) a letter signed by the manager, administrator, or other executive of the government entity authorizing the submission of the license application; and

(4) if applicable, the applicant's NPI number and UMPI number.

(i) At the time of application for licensure or renewal of a license under this chapter, the applicant or license holder must acknowledge on the form provided by the commissioner if the applicant or license holder elects to receive any public funding reimbursement from the commissioner for services provided under the license that:

(1) the applicant's or license holder's compliance with the provider enrollment agreement or registration requirements for receipt of public funding may be monitored by the commissioner as part of a licensing investigation or licensing inspection; and

(2) noncompliance with the provider enrollment agreement or registration requirements for receipt of public funding that is identified through a licensing investigation or licensing inspection, or noncompliance with a licensing requirement that is a basis of enrollment for reimbursement for a service, may result in:

(i) a correction order or a conditional license under section 245A.06, or sanctions under section 245A.07;

(ii) nonpayment of claims submitted by the license holder for public program reimbursement;

(iii) recovery of payments made for the service;

(iv) disenrollment in the public payment program; or

(v) other administrative, civil, or criminal penalties as provided by law.

(j) An applicant or license holder who acknowledges under paragraph (i) that the applicant or license holder elects to receive any publicly funded reimbursement from the commissioner for services provided under the license that are designated by the commissioner as high-risk under section 256B.044, subdivision 1, must provide an attestation with the notarized signature of the applicant or authorized agent stating whether the applicant or authorized agent received from an unaffiliated business or consultant any assistance preparing:

(1) the application;

(2) the renewal;

(3) any documentation or written policies submitted with the application;

(4) any documentation or written policies submitted with the renewal; or

(5) any documentation or written policies maintained as a requirement of licensure or enrollment as a medical assistance provider.

Sec. 7. Minnesota Statutes 2025 Supplement, section 245A.04, subdivision 7, is amended to read:

Subd. 7. **Grant of license; license extension.** (a) If the commissioner determines that the program complies with all applicable rules and laws, the commissioner shall issue a license consistent with this section or, if applicable, a temporary change of ownership license under section 245A.043. At minimum, the license shall state:

(1) the name of the license holder;

(2) the address of the program;

(3) the effective date and expiration date of the license;

(4) the type of license and the specific service the license holder is licensed to provide;

(5) the maximum number and ages of persons that may receive services from the program; and

(6) any special conditions of licensure.

(b) The commissioner may issue a license for a period not to exceed two years if:

(1) the commissioner is unable to conduct the observation required by subdivision 4, paragraph (a), clause (3), because the program is not yet operational;

(2) certain records and documents are not available because persons are not yet receiving services from the program; and

(3) the applicant complies with applicable laws and rules in all other respects.

(c) A decision by the commissioner to issue a license does not guarantee that any person or persons will be placed or cared for in the licensed program.

(d) Except as provided in paragraphs (i) and (j), the commissioner shall not issue a license if the applicant, license holder, or an affiliated controlling individual has:

(1) been disqualified and the disqualification was not set aside and no variance has been granted;

(2) been denied a license under this chapter or chapter 142B within the past two years;

(3) had a license issued under this chapter or chapter 142B revoked within the past five years; or

(4) failed to submit the information required of an applicant under subdivision 1, paragraph (f), (g), ~~or~~ (h), or (j), after being requested by the commissioner.

When a license issued under this chapter or chapter 142B is revoked, the license holder and each affiliated controlling individual with a revoked license may not hold any license under chapter 245A for five years following the revocation, and other licenses held by the applicant or license holder or licenses affiliated with each controlling individual shall also be revoked.

(e) Notwithstanding paragraph (d), the commissioner may elect not to revoke a license affiliated with a license holder or controlling individual that had a license revoked within the past five years if the commissioner determines that (1) the license holder or controlling individual is operating the program in substantial compliance with applicable laws and rules and (2) the program's continued operation is in the best interests of the community being served.

(f) Notwithstanding paragraph (d), the commissioner may issue a new license in response to an application that is affiliated with an applicant, license holder, or controlling individual that had an application denied within the past two years or a license revoked within the past five years if the commissioner determines that (1) the applicant or controlling individual has operated one or more programs in substantial compliance with applicable laws and rules and (2) the program's operation would be in the best interests of the community to be served.

(g) In determining whether a program's operation would be in the best interests of the community to be served, the commissioner shall consider factors such as the number of persons served, the availability of alternative services available in the surrounding community, the management structure of the program, whether the program provides culturally specific services, and other relevant factors.

(h) The commissioner shall not issue or reissue a license under this chapter if an individual living in the household where the services will be provided as specified under section 245C.03,

subdivision 1, has been disqualified and the disqualification has not been set aside and no variance has been granted.

(i) Pursuant to section 245A.07, subdivision 1, paragraph (b), when a license issued under this chapter has been suspended or revoked and the suspension or revocation is under appeal, the program may continue to operate pending a final order from the commissioner. If the license under suspension or revocation will expire before a final order is issued, a temporary provisional license may be issued provided any applicable license fee is paid before the temporary provisional license is issued.

(j) Notwithstanding paragraph (i), when a revocation is based on the disqualification of a controlling individual or license holder, and the controlling individual or license holder is ordered under section 245C.17 to be immediately removed from direct contact with persons receiving services or is ordered to be under continuous, direct supervision when providing direct contact services, the program may continue to operate only if the program complies with the order and submits documentation demonstrating compliance with the order. If the disqualified individual fails to submit a timely request for reconsideration, or if the disqualification is not set aside and no variance is granted, the order to immediately remove the individual from direct contact or to be under continuous, direct supervision remains in effect pending the outcome of a hearing and final order from the commissioner.

(k) Unless otherwise specified by statute, all licenses issued under this chapter expire at 12:01 a.m. on the day after the expiration date stated on the license. A license holder must comply with the requirements in section 245A.10 and be reissued a new license to operate the program or the program must not be operated after the expiration date. Adult foster care, family adult day services, child foster residence setting, and community residential services license holders must apply for and be granted a new license to operate the program or the program must not be operated after the expiration date. Upon implementation of the provider licensing and reporting hub, licenses may be issued each calendar year.

(l) The commissioner shall not issue or reissue a license under this chapter if it has been determined that a Tribal licensing authority has established jurisdiction to license the program or service.

(m) The commissioner of human services may coordinate and share data with the commissioner of children, youth, and families to enforce this section.

(n) For substance use disorder treatment programs, for the purposes of paragraph (a), clause (5), the maximum number of persons who may receive services from the program includes persons served at satellite locations.

Sec. 8. Minnesota Statutes 2025 Supplement, section 245A.05, is amended to read:

245A.05 DENIAL OF APPLICATION.

(a) The commissioner may deny a license if an applicant or controlling individual:

(1) fails to submit a substantially complete application after receiving notice from the commissioner under section 245A.04, subdivision 1;

(2) fails to comply with applicable laws or rules;

(3) knowingly withholds relevant information from or gives false or misleading information to the commissioner in connection with an application for a license or during an investigation;

(4) has a disqualification that has not been set aside under section 245C.22 and no variance has been granted;

(5) has an individual living in the household who received a background study under section 245C.03, subdivision 1, paragraph (a), clause (2), who has a disqualification that has not been set aside under section 245C.22, and no variance has been granted;

(6) is associated with an individual who received a background study under section 245C.03, subdivision 1, paragraph (a), clause (6), who may have unsupervised access to children or vulnerable adults, and who has a disqualification that has not been set aside under section 245C.22, and no variance has been granted;

(7) fails to comply with section 245A.04, subdivision 1, paragraph (f) ~~or~~, (g), or (j);

(8) fails to demonstrate competent knowledge as required by section 245A.04, subdivision 6;

(9) has a history of noncompliance as a license holder or controlling individual with applicable laws or rules, including but not limited to this chapter and chapters 142E and 245C;

(10) is prohibited from holding a license according to section 245.095; or

(11) is the subject of a pending administrative, civil, or criminal investigation.

(b) An applicant whose application has been denied by the commissioner must be given notice of the denial, which must state the reasons for the denial in plain language. Notice must be given by certified mail, by personal service, or through the provider licensing and reporting hub. The notice must state the reasons the application was denied and must inform the applicant of the right to a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The applicant may appeal the denial by notifying the commissioner in writing by certified mail, by personal service, or through the provider licensing and reporting hub. If mailed, the appeal must be postmarked and sent to the commissioner within 20 calendar days after the applicant received the notice of denial. If an appeal request is made by personal service, it must be received by the commissioner within 20 calendar days after the applicant received the notice of denial. If the order is issued through the provider hub, the appeal must be received by the commissioner within 20 calendar days from the date the commissioner issued the order through the hub. Section 245A.08 applies to hearings held to appeal the commissioner's denial of an application.

Sec. 9. Minnesota Statutes 2024, section 245D.081, subdivision 3, is amended to read:

Subd. 3. **Program management and oversight.** (a) The license holder must designate a managerial staff person or persons to provide program management and oversight of the services provided by the license holder. The designated manager is responsible for the following:

(1) maintaining a current understanding of the licensing requirements sufficient to ensure compliance throughout the program as identified in section 245A.04, subdivision 1, paragraph (e),

and when applicable, as identified in section ~~256B.04, subdivision 21, paragraph (g)~~ 256B.044, subdivision 7;

(2) ensuring the duties of the designated coordinator are fulfilled according to the requirements in subdivision 2;

(3) ensuring the program implements corrective action identified as necessary by the program following review of incident and emergency reports according to the requirements in section 245D.11, subdivision 2, clause (7). An internal review of incident reports of alleged or suspected maltreatment must be conducted according to the requirements in section 245A.65, subdivision 1, paragraph (b);

(4) evaluation of satisfaction of persons served by the program, the person's legal representative, if any, and the case manager, with the service delivery and progress toward accomplishing outcomes identified in sections 245D.07 and 245D.071, and ensuring and protecting each person's rights as identified in section 245D.04;

(5) ensuring staff competency requirements are met according to the requirements in section 245D.09, subdivision 3, and ensuring staff orientation and training is provided according to the requirements in section 245D.09, subdivisions 4, 4a, and 5;

(6) ensuring corrective action is taken when ordered by the commissioner and that the terms and conditions of the license and any variances are met; and

(7) evaluating the information identified in clauses (1) to (6) to develop, document, and implement ongoing program improvements.

(b) The designated manager must be competent to perform the duties as required and must minimally meet the education and training requirements identified in subdivision 2, paragraph (b), and have a minimum of three years of supervisory level experience in a program that provides care or education to vulnerable adults or children.

Sec. 10. Minnesota Statutes 2025 Supplement, section 256.01, subdivision 2, is amended to read:

Subd. 2. **Specific powers.** Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall carry out the specific duties in paragraphs (a) through (z):

(a) Administer and supervise the forms of public assistance provided for by state law and other welfare activities or services that are vested in the commissioner. Administration and supervision of human services activities or services includes, but is not limited to, assuring timely and accurate distribution of benefits, completeness of service, and quality program management. In addition to administering and supervising human services activities vested by law in the department, the commissioner shall have the authority to:

(1) require county agency participation in training and technical assistance programs to promote compliance with statutes, rules, federal laws, regulations, and policies governing human services;

(2) monitor, on an ongoing basis, the performance of county agencies in the operation and administration of human services, enforce compliance with statutes, rules, federal laws, regulations,

and policies governing welfare services and promote excellence of administration and program operation;

(3) develop a quality control program or other monitoring program to review county performance and accuracy of benefit determinations;

(4) require county agencies to make an adjustment to the public assistance benefits issued to any individual consistent with federal law and regulation and state law and rule and to issue or recover benefits as appropriate;

(5) delay or deny payment of all or part of the state and federal share of benefits and administrative reimbursement according to the procedures set forth in section 256.017;

(6) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using appropriated funds; and

(7) enter into contractual agreements with federally recognized Indian Tribes with a reservation in Minnesota to the extent necessary for the Tribe to operate a federally approved family assistance program or any other program under the supervision of the commissioner. The commissioner shall consult with the affected county or counties in the contractual agreement negotiations, if the county or counties wish to be included, in order to avoid the duplication of county and Tribal assistance program services. The commissioner may establish necessary accounts for the purposes of receiving and disbursing funds as necessary for the operation of the programs.

The commissioner shall work in conjunction with the commissioner of children, youth, and families to carry out the duties of this paragraph when necessary and feasible.

(b) Inform county agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to county agency administration of the programs.

(c) Administer and supervise all noninstitutional service to persons with disabilities, including persons who have vision impairments, and persons who are deaf, deafblind, and hard-of-hearing or with other disabilities. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals operated by the executive board when it is not feasible to provide the service in state hospitals operated by the executive board.

(d) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(e) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(f) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(g) Act as designated guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as developmentally disabled.

(h) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(i) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(j) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by county agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(k) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(1) the United States Secretary of Health and Human Services has agreed, for the same project, to waive state plan requirements relative to statewide uniformity; and

(2) a comprehensive plan, including estimated project costs, shall be approved by the Legislative Advisory Commission and filed with the commissioner of administration.

(l) According to federal requirements and in coordination with the commissioner of children, youth, and families, establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(m) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for medical assistance in the following manner:

(1) one-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs. Disallowances shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for medical assistance. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due; and

(2) notwithstanding the provisions of clause (1), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in clause (1), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to clause (1).

(n) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches $1,000,000. When the balance in the account exceeds $1,000,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

(o) Have the authority to establish and enforce the following county reporting requirements:

(1) the commissioner shall establish fiscal and statistical reporting requirements necessary to account for the expenditure of funds allocated to counties for human services programs. When establishing financial and statistical reporting requirements, the commissioner shall evaluate all reports, in consultation with the counties, to determine if the reports can be simplified or the number of reports can be reduced;

(2) the county board shall submit monthly or quarterly reports to the department as required by the commissioner. Monthly reports are due no later than 15 working days after the end of the month. Quarterly reports are due no later than 30 calendar days after the end of the quarter, unless the commissioner determines that the deadline must be shortened to 20 calendar days to avoid jeopardizing compliance with federal deadlines or risking a loss of federal funding. Only reports that are complete, legible, and in the required format shall be accepted by the commissioner;

(3) if the required reports are not received by the deadlines established in clause (2), the commissioner may delay payments and withhold funds from the county board until the next reporting period. When the report is needed to account for the use of federal funds and the late report results in a reduction in federal funding, the commissioner shall withhold from the county boards with late reports an amount equal to the reduction in federal funding until full federal funding is received;

(4) a county board that submits reports that are late, illegible, incomplete, or not in the required format for two out of three consecutive reporting periods is considered noncompliant. When a county board is found to be noncompliant, the commissioner shall notify the county board of the reason the county board is considered noncompliant and request that the county board develop a corrective action plan stating how the county board plans to correct the problem. The corrective action plan must be submitted to the commissioner within 45 days after the date the county board received notice of noncompliance;

(5) the final deadline for fiscal reports or amendments to fiscal reports is one year after the date the report was originally due. If the commissioner does not receive a report by the final deadline, the county board forfeits the funding associated with the report for that reporting period and the county board must repay any funds associated with the report received for that reporting period;

(6) the commissioner may not delay payments, withhold funds, or require repayment under clause (3) or (5) if the county demonstrates that the commissioner failed to provide appropriate forms, guidelines, and technical assistance to enable the county to comply with the requirements. If the county board disagrees with an action taken by the commissioner under clause (3) or (5), the county board may appeal the action according to sections 14.57 to 14.69; and

(7) counties subject to withholding of funds under clause (3) or forfeiture or repayment of funds under clause (5) shall not reduce or withhold benefits or services to clients to cover costs incurred due to actions taken by the commissioner under clause (3) or (5).

(p) Allocate federal fiscal disallowances or sanctions for audit exceptions when federal fiscal disallowances or sanctions are based on a statewide random sample in direct proportion to each county's claim for that period.

(q) Be responsible for ensuring the detection, prevention, investigation, and resolution of fraudulent activities or behavior by applicants, recipients, and other participants in the human services programs administered by the department, including but not limited to a preenrollment risk assessment. A preenrollment risk assessment under this paragraph must be conducted in accordance with the procedures and criteria established in section 256B.0437.

(r) Require county agencies to identify overpayments, establish claims, and utilize all available and cost-beneficial methodologies to collect and recover these overpayments in the human services programs administered by the department.

(s) Have the authority to administer the federal drug rebate program for drugs purchased under the medical assistance program as allowed by section 1927 of title XIX of the Social Security Act and according to the terms and conditions of section 1927. Rebates shall be collected for all drugs that have been dispensed or administered in an outpatient setting and that are from manufacturers who have signed a rebate agreement with the United States Department of Health and Human Services.

(t) Have the authority to administer a supplemental drug rebate program for drugs purchased under the medical assistance program. The commissioner may enter into supplemental rebate contracts with pharmaceutical manufacturers and may require prior authorization for drugs that are from manufacturers that have not signed a supplemental rebate contract. Prior authorization of drugs shall be subject to the provisions of section 256B.0625, subdivision 13.

(u) Operate the department's communication systems account established in Laws 1993, First Special Session chapter 1, article 1, section 2, subdivision 2, to manage shared communication costs necessary for the operation of the programs the commissioner supervises. Each account must be used to manage shared communication costs necessary for the operations of the programs the commissioner supervises. The commissioner may distribute the costs of operating and maintaining communication systems to participants in a manner that reflects actual usage. Costs may include acquisition, licensing, insurance, maintenance, repair, staff time and other costs as determined by the commissioner. Nonprofit organizations and state, county, and local government agencies involved in the operation of programs the commissioner supervises may participate in the use of the department's communications technology and share in the cost of operation. The commissioner may accept on behalf of the state any gift, bequest, devise or personal property of any kind, or money

tendered to the state for any lawful purpose pertaining to the communication activities of the department. Any money received for this purpose must be deposited in the department's communication systems accounts. Money collected by the commissioner for the use of communication systems must be deposited in the state communication systems account and is appropriated to the commissioner for purposes of this section.

(v) Receive any federal matching money that is made available through the medical assistance program for the consumer satisfaction survey. Any federal money received for the survey is appropriated to the commissioner for this purpose. The commissioner may expend the federal money received for the consumer satisfaction survey in either year of the biennium.

(w) Designate community information and referral call centers and incorporate cost reimbursement claims from the designated community information and referral call centers into the federal cost reimbursement claiming processes of the department according to federal law, rule, and regulations. Existing information and referral centers provided by Greater Twin Cities United Way or existing call centers for which Greater Twin Cities United Way has legal authority to represent, shall be included in these designations upon review by the commissioner and assurance that these services are accredited and in compliance with national standards. Any reimbursement is appropriated to the commissioner and all designated information and referral centers shall receive payments according to normal department schedules established by the commissioner upon final approval of allocation methodologies from the United States Department of Health and Human Services Division of Cost Allocation or other appropriate authorities.

(x) Develop recommended standards for adult foster care homes that address the components of specialized therapeutic services to be provided by adult foster care homes with those services.

(y) Authorize the method of payment to or from the department as part of the human services programs administered by the department. This authorization includes the receipt or disbursement of funds held by the department in a fiduciary capacity as part of the human services programs administered by the department.

(z) Designate the agencies that operate the Senior LinkAge Line under section 256.975, subdivision 7, and the Disability Hub under subdivision 24 as the state of Minnesota Aging and Disability Resource Center under United States Code, title 42, section 3001, the Older Americans Act Amendments of 2006, and incorporate cost reimbursement claims from the designated centers into the federal cost reimbursement claiming processes of the department according to federal law, rule, and regulations. Any reimbursement must be appropriated to the commissioner and treated consistent with section 256.011. All Aging and Disability Resource Center designated agencies shall receive payments of grant funding that supports the activity and generates the federal financial participation according to Board on Aging administrative granting mechanisms.

Sec. 11. Minnesota Statutes 2024, section 256B.02, is amended by adding a subdivision to read:

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

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

(i) theft in violation of section 609.52;

(ii) perjury in violation of section 609.48;

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

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

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

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

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

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

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

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

Sec. 12. Minnesota Statutes 2025 Supplement, section 256B.04, subdivision 21, is amended to read:

Subd. 21. **Provider enrollment.** ~~(a)~~ The commissioner shall enroll providers and conduct screening activities as required by sections 256B.0437 to 256B.0445 and Code of Federal Regulations, title 42, section 455, subpart E.

~~A provider must enroll each provider-controlled location where direct services are provided. The commissioner may deny a provider's incomplete application if a provider fails to respond to the commissioner's request for additional information within 60 days of the request. The commissioner must conduct a background study under chapter 245C, including a review of databases in section 245C.08, subdivision 1, paragraph (a), clauses (1) to (5), for a provider described in this paragraph. The background study requirement may be satisfied if the commissioner conducted a fingerprint-based background study on the provider that includes a review of databases in section 245C.08, subdivision 1, paragraph (a), clauses (1) to (5).~~

~~(b) The commissioner shall revalidate:~~

~~(1) each provider under this subdivision at least once every five years;~~

~~(2) each personal care assistance agency, CFSS provider agency, and CFSS financial management services provider under this subdivision at least once every three years;~~

~~(3) each EIDBI agency under this subdivision at least once every three years; and~~

~~(4) at the commissioner's discretion, any medical-assistance-only provider type the commissioner deems "high-risk" under this subdivision.~~

~~(c) The commissioner shall conduct revalidation as follows:~~

~~(1) provide 30-day notice of the revalidation due date including instructions for revalidation and a list of materials the provider must submit;~~

~~(2) if a provider fails to submit all required materials by the due date, notify the provider of the deficiency within 30 days after the due date and allow the provider an additional 30 days from the notification date to comply; and~~

~~(3) if a provider fails to remedy a deficiency within the 30-day time period, give 60-day notice of termination and immediately suspend the provider's ability to bill. The provider does not have the right to appeal suspension of ability to bill.~~

~~(d) If a provider fails to comply with any individual provider requirement or condition of participation, the commissioner may suspend the provider's ability to bill until the provider comes into compliance. The commissioner's decision to suspend the provider is not subject to an administrative appeal.~~

~~(e) Correspondence and notifications, including notifications of termination and other actions, may be delivered electronically to a provider's MN-ITS mailbox. This paragraph does not apply to correspondences and notifications related to background studies.~~

~~(f) If the commissioner or the Centers for Medicare and Medicaid Services determines that a provider is designated "high-risk," the commissioner may withhold payment from providers within that category upon initial enrollment for a 90-day period. The withholding for each provider must begin on the date of the first submission of a claim.~~

~~(g) An enrolled provider that is also licensed by the commissioner under chapter 245A, is licensed as a home care provider by the Department of Health under chapter 144A, or is licensed as an assisted living facility under chapter 144G and has a home and community-based services designation on the home care license under section 144A.484, must designate an individual as the entity's compliance officer. The compliance officer must:~~

~~(1) develop policies and procedures to assure adherence to medical assistance laws and regulations and to prevent inappropriate claims submissions;~~

~~(2) train the employees of the provider entity, and any agents or subcontractors of the provider entity including billers, on the policies and procedures under clause (1);~~

~~(3) respond to allegations of improper conduct related to the provision or billing of medical assistance services, and implement action to remediate any resulting problems;~~

~~(4) use evaluation techniques to monitor compliance with medical assistance laws and regulations;~~

~~(5) promptly report to the commissioner any identified violations of medical assistance laws or regulations; and~~

~~(6) within 60 days of discovery by the provider of a medical assistance reimbursement overpayment, report the overpayment to the commissioner and make arrangements with the commissioner for the commissioner's recovery of the overpayment.~~

~~The commissioner may require, as a condition of enrollment in medical assistance, that a provider within a particular industry sector or category establish a compliance program that contains the core elements established by the Centers for Medicare and Medicaid Services.~~

~~(h) The commissioner may revoke the enrollment of an ordering or rendering provider for a period of not more than one year, if the provider fails to maintain and, upon request from the commissioner, provide access to documentation relating to written orders or requests for payment for durable medical equipment, certifications for home health services, or referrals for other items or services written or ordered by such provider, when the commissioner has identified a pattern of a lack of documentation. A pattern means a failure to maintain documentation or provide access to documentation on more than one occasion. Nothing in this paragraph limits the authority of the commissioner to sanction a provider under the provisions of section 256B.064.~~

~~(i) The commissioner shall terminate or deny the enrollment of any individual or entity if the individual or entity has been terminated from participation in Medicare or under the Medicaid program or Children's Health Insurance Program of any other state. The commissioner may exempt a rehabilitation agency from termination or denial that would otherwise be required under this paragraph, if the agency:~~

~~(1) is unable to retain Medicare certification and enrollment solely due to a lack of billing to the Medicare program;~~

~~(2) meets all other applicable Medicare certification requirements based on an on-site review completed by the commissioner of health; and~~

~~(3) serves primarily a pediatric population.~~

~~(j) As a condition of enrollment in medical assistance, the commissioner shall require that a provider designated "moderate" or "high-risk" by the Centers for Medicare and Medicaid Services or the commissioner permit the Centers for Medicare and Medicaid Services, its agents, or its designated contractors and the state agency, its agents, or its designated contractors to conduct unannounced on-site inspections of any provider location. The commissioner shall publish in the Minnesota Health Care Program Provider Manual a list of provider types designated "limited," "moderate," or "high-risk," based on the criteria and standards used to designate Medicare providers in Code of Federal Regulations, title 42, section 424.518. The list and criteria are not subject to the requirements of chapter 14. The commissioner's designations are not subject to administrative appeal.~~

~~(k) As a condition of enrollment in medical assistance, the commissioner shall require that a high-risk provider, or a person with a direct or indirect ownership interest in the provider of five percent or higher, consent to criminal background checks, including fingerprinting, when required to do so under state law or by a determination by the commissioner or the Centers for Medicare and Medicaid Services that a provider is designated high-risk for fraud, waste, or abuse.~~

~~(l)(1) Upon initial enrollment, reenrollment, and notification of revalidation, all durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) medical suppliers meeting the durable~~

~~medical equipment provider and supplier definition in clause (3), operating in Minnesota and receiving Medicaid funds must purchase a surety bond that is annually renewed and designates the Minnesota Department of Human Services as the obligee, and must be submitted in a form approved by the commissioner. For purposes of this clause, the following medical suppliers are not required to obtain a surety bond: a federally qualified health center, a home health agency, the Indian Health Service, a pharmacy, and a rural health clinic.~~

~~(2) At the time of initial enrollment or reenrollment, durable medical equipment providers and suppliers defined in clause (3) must purchase a surety bond of $50,000. If a revalidating provider's Medicaid revenue in the previous calendar year is up to and including $300,000, the provider agency must purchase a surety bond of $50,000. If a revalidating provider's Medicaid revenue in the previous calendar year is over $300,000, the provider agency must purchase a surety bond of $100,000. The surety bond must allow for recovery of costs and fees in pursuing a claim on the bond. Any action to obtain monetary recovery or sanctions from a surety bond must occur within six years from the date the debt is affirmed by a final agency decision. An agency decision is final when the right to appeal the debt has been exhausted or the time to appeal has expired under section 256B.064.~~

~~(3) "Durable medical equipment provider or supplier" means a medical supplier that can purchase medical equipment or supplies for sale or rental to the general public and is able to perform or arrange for necessary repairs to and maintenance of equipment offered for sale or rental.~~

~~(m) The Department of Human Services may require a provider to purchase a surety bond as a condition of initial enrollment, reenrollment, reinstatement, or continued enrollment if: (1) the provider fails to demonstrate financial viability, (2) the department determines there is significant evidence of or potential for fraud and abuse by the provider, or (3) the provider or category of providers is designated high-risk pursuant to paragraph (f) and as per Code of Federal Regulations, title 42, section 455.450. The surety bond must be in an amount of $100,000 or ten percent of the provider's payments from Medicaid during the immediately preceding 12 months, whichever is greater. The surety bond must name the Department of Human Services as an obligee and must allow for recovery of costs and fees in pursuing a claim on the bond. This paragraph does not apply if the provider currently maintains a surety bond under the requirements in section 256B.051, 256B.0659, 256B.0701, or 256B.85.~~

Sec. 13. **[256B.0437] PREENROLLMENT ASSESSMENT.**

(a) Before enrolling a provider or agency, the commissioner may complete a preenrollment risk assessment of the provider or agency seeking to enroll to confirm the provider or agency's eligibility and the provider or agency's ability to meet the requirements of this chapter. The commissioner must utilize a risk-score framework as a component of the assessment that identifies service-specific fraud risk indicators, including but not limited to organizational readiness, financial stability, compliance history, and addressing service necessity.

(b) Based on the assessment of fraud risk indicators described in paragraph (a), the commissioner may deem the applicant ineligible and deny or rescind enrollment. The decision to deny or rescind enrollment must be made in writing and sent using a signature-verified confirmed delivery method. An applicant may request reconsideration of the decision regarding the applicant's eligibility in writing within 30 business days after the date the notice was issued. The commissioner must notify each applicant of the commissioner's final decision regarding the applicant's eligibility.

(c) A provider enrolled before July 1, 2026, that billed for services on or after January 1, 2025, must receive a positive preenrollment risk assessment no later than July 1, 2027, to remain eligible. A provider or agency enrolled before July 1, 2026, that has not billed for services on or after January 1, 2025, must receive a positive preenrollment risk assessment no later than July 1, 2026, to remain eligible. A provider that becomes ineligible under this paragraph regains eligibility after receiving a positive assessment under this section if the provider remains otherwise eligible.

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

Sec. 14. **[256B.044] PROVIDER ENROLLMENT.**

Subdivision 1. **Designating categorical risk levels.** (a) The commissioner must designate provider types as "limited-risk," "moderate-risk," or "high-risk," based on the criteria and standards used to designate Medicare providers in Code of Federal Regulations, title 42, section 424.518. The commissioner must publish a list of provider types and designated categorical risk levels in the Minnesota Health Care Program Provider Manual.

(b) The list and criteria are not subject to the requirements of chapter 14, and section 14.386 does not apply.

(c) The commissioner's designations are not subject to administrative appeal.

Subd. 2. **Service location enrollment.** A provider must enroll each provider-controlled location where direct services are provided.

Subd. 3. **Incomplete provider enrollment applications.** The commissioner may deny a provider's incomplete enrollment application if a provider fails to respond to the commissioner's request for additional information within 60 days of the request.

Subd. 4. **Required background studies.** (a) The commissioner must conduct a background study under chapter 245C, including a review of databases in section 245C.08, subdivision 1, paragraph (a), clauses (1) to (5), for a provider applying for enrollment under section 256B.04, subdivision 21. The background study requirement may be satisfied if the commissioner conducted a fingerprint-based background study on the provider that included a review of databases in section 245C.08, subdivision 1, paragraph (a), clauses (1) to (5).

(b) As a condition of enrollment in medical assistance, the commissioner must require that a high-risk provider, or a person with a direct or indirect ownership interest in the provider of five percent or higher, consent to criminal background checks, including fingerprinting, when required to do so under state law or by a determination by the commissioner or the Centers for Medicare and Medicaid Services (CMS) that a provider is designated high-risk.

Subd. 5. **Surety bonds.** (a) The commissioner may require a provider to purchase a surety bond as a condition of initial enrollment, revalidation, reenrollment, reinstatement, or continued enrollment if:

(1) the provider fails to demonstrate financial viability;

(2) the commissioner determines there is significant evidence of or potential for fraud and abuse by the provider; or

(3) the provider or category of providers is designated high-risk pursuant to subdivision 1 and Code of Federal Regulations, title 42, section 455.450.

(b) The surety bond must be in an amount of $100,000 or ten percent of the provider's payments from Medicaid during the immediately preceding 12 months, whichever is greater. The surety bond must name the Department of Human Services as an obligee, must be purchased new annually, and must allow for recovery of costs and fees in pursuing a claim on the bond. Any action to obtain monetary recovery or sanctions from a surety bond must occur within six years from the date the debt is affirmed by a final agency decision. An agency decision is final when the right to appeal the debt has been exhausted or the time to appeal has expired under section 256B.064.

(c) This subdivision does not apply if the provider currently maintains a surety bond under the requirements in section 256B.051, 256B.0659, 256B.0701, or 256B.85.

Subd. 6. **Required on-site inspections.** (a) As a condition of enrollment in medical assistance, the commissioner shall require that a provider designated moderate-risk or high-risk by CMS or the commissioner permit CMS, CMS's agents, or CMS's designated contractors and the state agency, the state agency's agents, or the state agency's designated contractors to conduct unannounced on-site inspections of any provider location.

(b) Consistent with the commissioner's authority under Code of Federal Regulations, title 42, section 455.452, prior to enrolling, prior to re-enrolling, and prior to revalidating a provider designated moderate-risk or high-risk, the commissioner must conduct unannounced on-site inspections of all provider locations.

Subd. 7. **Compliance programs.** (a) The commissioner may require, as a condition of enrollment in medical assistance, that a provider within a particular industry sector or category establish a compliance program that contains the core elements established by CMS.

(b) If an enrolled provider is required by the commissioner or by law to designate an individual as the provider's compliance officer, the compliance officer must:

(1) develop policies and procedures to ensure adherence to medical assistance laws and regulations and to prevent inappropriate claims submissions;

(2) train the employees of the provider entity and any agents or subcontractors of the provider entity, including billers, on the policies and procedures under clause (1);

(3) respond to allegations of improper conduct related to the provision or billing of medical assistance services and implement action to remediate any resulting problems;

(4) use evaluation techniques to monitor compliance with medical assistance laws and regulations;

(5) promptly report to the commissioner any identified violations of medical assistance laws or regulations; and

(6) within 60 days of discovery by the provider of a medical assistance reimbursement overpayment, report the overpayment to the commissioner and make arrangements with the commissioner for the commissioner's recovery of the overpayment.

Subd. 8. **Correspondence and notification.** The commissioner may deliver correspondence and notifications, including notifications of termination and other actions, electronically to a provider's MN-ITS mailbox. This subdivision does not apply to correspondence and notifications related to background studies.

Sec. 15. **[256B.0441] PROVIDER REVALIDATION.**

Subdivision 1. **Provider revalidation schedule.** The commissioner shall revalidate:

(1) each provider at least once every five years;

(2) each personal care assistance agency, community first services and supports (CFSS) agency-provider, and CFSS financial management services provider at least once every three years;

(3) each early intensive developmental and behavioral intervention agency at least once every three years; and

(4) at the commissioner's discretion, any medical-assistance-only provider type the commissioner deems high-risk under section 256B.044, subdivision 1.

Subd. 2. **Revalidation procedures.** The commissioner shall conduct revalidation as follows:

(1) provide 30 days' notice of the revalidation due date including instructions for revalidation and a list of materials the provider must submit; and

(2) if a provider fails to respond or remedy a deficiency within the 30-day time period, give 30 days' notice of termination and immediately suspend the provider's ability to bill. The provider does not have the right to appeal suspension of ability to bill.

Sec. 16. **[256B.0442] PROVIDER ENROLLMENT SUSPENSIONS AND TERMINATIONS.**

Subdivision 1. **Commissioner's general authority to suspend individual provider's enrollment.** (a) If a provider fails to comply with any individual provider requirement or condition of participation, the commissioner may suspend the provider's ability to bill until the provider comes into compliance.

(b) The commissioner's decision to suspend the provider is not subject to an administrative appeal.

Subd. 2. **Commissioner's authority to revoke enrollment of certain providers for lack of documentation.** (a) The commissioner may revoke the enrollment of an ordering or rendering provider for a period of not more than one year, if the provider fails to maintain and, upon request from the commissioner, provide access to documentation relating to written orders or requests for payment for durable medical equipment, certifications for home health services, or referrals for other items or services written or ordered by the provider, when the commissioner has identified a

pattern of a lack of documentation. A pattern means a failure to maintain documentation or provide access to documentation on more than one occasion.

(b) Nothing in this subdivision limits the authority of the commissioner to sanction a provider under section 256B.064.

Subd. 3. **Commissioner's duty to terminate provider enrollment.** (a) Except as provided in paragraph (b), the commissioner must terminate or deny the enrollment of any individual or entity if the individual or entity has been terminated from participation in Medicare or under the Medicaid program or Children's Health Insurance Program of any other state.

(b) The commissioner may exempt a rehabilitation agency from termination or denial that would otherwise be required under paragraph (a), if the agency:

(1) is unable to retain Medicare certification and enrollment solely due to a lack of billing to the Medicare program;

(2) meets all other applicable Medicare certification requirements based on an on-site review completed by the commissioner of health; and

(3) serves primarily a pediatric population.

Subd. 4. **Commissioner's authority to terminate provider enrollment for lack of submitted claims.** The commissioner may terminate the enrollment of an individual or entity provider if the individual or entity provider has not submitted any claims in the previous 12 consecutive calendar months.

Sec. 17. **[256B.0443] PROVIDER PAYMENT WITHHOLDS.**

(a) If the commissioner or the Centers for Medicare and Medicaid Services designates a provider type as high-risk under section 256B.044, subdivision 1, the commissioner may withhold payment from providers within that category upon initial enrollment for a 90-day period.

(b) The withholding for each provider must begin on the date of the first submission of a claim.

Sec. 18. **[256B.0444] ADDITIONAL PROVIDER ENROLLMENT REQUIREMENTS FOR HIGH-RISK PROVIDERS.**

Subdivision 1. **Applicability.** This section applies to any agency that provides a service designated by the commissioner as high-risk under section 256B.044, subdivision 1. For purposes of this section, "agency" means the legal entity that is applying to be or is enrolled with Minnesota health care programs as a medical assistance provider according to Minnesota Rules, part 9505.0195.

Subd. 2. **Mandatory training compliance.** (a) Effective January 1, 2027, before applying for enrollment or reenrollment as a medical assistance provider, an agency applying to provide services designated by the commissioner as high-risk must require all owners of the agency who are active in the day-to-day management and operations of the agency and managerial and supervisory employees to complete compliance training. All individuals who must complete training under this subdivision must repeat the training prior to revalidation of the agency as a medical assistance provider.

(b) New owners active in day-to-day management and operations of the agency and new managerial and supervisory employees of the agency must complete compliance training under this subdivision within 30 calendar days of becoming an owner of or employed by the agency and prior to conducting any management and operations activities for the agency. If an individual moves to another agency providing the same service and serves in a similar ownership or employment capacity, the individual is not required to repeat the training required under this subdivision. If the individual chooses not to repeat the compliance training, the individual must provide the agency with documentation proving the individual completed the compliance training within the provider revalidation schedule for the relevant provider type as determined by the commissioner under section 256B.0441.

(c) The commissioner must determine the format and content of the compliance training. The training must include the following topics, adapted as necessary for each provider type subject to the requirements of this subdivision:

(1) state and federal program billing, documentation, and service delivery requirements;

(2) enrollment requirements;

(3) provider program integrity, including fraud prevention, detection, and penalties;

(4) fair labor standards;

(5) workplace safety requirements; and

(6) recent changes in service requirements.

Sec. 19. **[256B.0445] ADDITIONAL PROVIDER ENROLLMENT REQUIREMENTS FOR SPECIFIC PROVIDER TYPES.**

Subdivision 1. **Durable medical equipment provider or supplier.** (a) For purposes of this subdivision, "durable medical equipment provider or supplier" means a medical supplier that can purchase medical equipment or supplies for sale or rent to the general public and is able to perform or arrange for necessary repairs to and maintenance of equipment offered for sale or rent.

(b) Upon initial enrollment, reenrollment, and notification of revalidation, all durable medical equipment, prosthetics, orthotics, and supplies medical suppliers meeting the durable medical equipment provider or supplier definition in paragraph (a), operating in Minnesota, and receiving Medicaid money must purchase a surety bond that is annually renewed, designates the Department of Human Services as the obligee, and is submitted in a form approved by the commissioner. For purposes of this paragraph, the following medical suppliers are not required to obtain a surety bond: a federally qualified health center, a home health agency, the Indian Health Service, a pharmacy, and a rural health clinic.

(c) At the time of initial enrollment or reenrollment, durable medical equipment providers or suppliers defined in paragraph (a) must purchase a surety bond of $50,000. If a revalidating provider's Medicaid revenue in the previous calendar year is up to and including $300,000, the provider agency must purchase a surety bond of $50,000. If a revalidating provider's Medicaid revenue in the previous calendar year is over $300,000, the provider agency must purchase a surety bond of $100,000. The

surety bond must be purchased new annually and must allow for recovery of costs and fees in pursuing a claim on the bond. Any action to obtain monetary recovery or sanctions from a surety bond must occur within six years from the date the debt is affirmed by a final agency decision. An agency decision is final when the right to appeal the debt has been exhausted or the time to appeal has expired under section 256B.064.

Subd. 2. **Providers licensed by the commissioner of human services.** An enrolled provider that is also licensed by the commissioner under chapter 245A must designate an individual as the licensee's compliance officer under section 256B.044, subdivision 7, paragraph (b).

Subd. 3. **Providers licensed by the commissioner of health.** An enrolled provider that is also licensed by the commissioner of health as a home care provider under chapter 144A with a home and community-based services designation under section 144A.484 on the home care license, or as an assisted living facility under chapter 144G, must designate an individual as the licensee's compliance officer under section 256B.044, subdivision 7, paragraph (b).

Sec. 20. **[256B.0447] PREPAYMENT REVIEW.**

Subdivision 1. **Prepayment review.** The commissioner must conduct prepayment review of all submitted fee-for-service medical assistance claims to ensure compliance with state and federal law and prevent improper payments before payment.

Subd. 2. **Notice.** (a) Except as provided in paragraph (b), the commissioner must provide written notice to a provider placed under prepayment review at least 60 days before the review is implemented. The notice must include:

(1) the basis for the review; and

(2) the effective date of the review.

(b) The commissioner may delay, limit, or withhold notice to a provider if providing notice would compromise program integrity, prejudice an audit or investigation, or conflict with federal law or federal guidance.

Subd. 3. **Continued enrollment of new clients.** Nothing in this section prohibits an enrolled provider that is subject to prepayment review from enrolling new clients or beneficiaries during the period of review unless otherwise prohibited by law or by a separate action of the commissioner.

Subd. 4. **Timely claims processing.** The commissioner must conduct prepayment review in a manner consistent with Code of Federal Regulations, title 42, section 447.45.

Subd. 5. **Relationship to other actions.** Prepayment review under this section does not preclude the commissioner from conducting a preliminary investigation, full investigation, payment suspension, postpayment review, audit, overpayment recovery, sanction, or referral to law enforcement under this chapter or under applicable federal law.

Subd. 6. **Phase-in.** The commissioner must develop a process to phase in the prepayment review process under this section based on provider volume, with high-volume providers subject to prepayment review first.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 21. **[256B.0448] POSTPAYMENT REVIEW.**

Subdivision 1. **Purpose and authority.** The commissioner may conduct postpayment review of claims, encounters, cost reports, rate submissions, and other billings submitted for payment or reimbursement under this chapter to identify improper payments and recover payments made in violation of state or federal law or program requirements.

Subd. 2. **Scope of review.** The commissioner may conduct postpayment review on a claim-by-claim basis or through other review methods authorized by state or federal law.

Subd. 3. **Provider obligations.** (a) A provider subject to postpayment review must maintain documentation necessary to support claims, encounters, cost reports, rate submissions, other billings submitted for payment or reimbursement under this chapter, and compliance with program requirements.

(b) The commissioner may require a provider to submit records or supporting documentation relevant to a postpayment review.

(c) A provider's failure to provide requested records or supporting documentation to the commissioner according to the timeline specified by the commissioner may result in recovery of payments or sanctions under section 256B.064 and other applicable laws.

Subd. 4. **Recovery and sanctions.** If postpayment review identifies an overpayment or other noncompliance with medical assistance payment requirements, the commissioner may recover payments and impose sanctions in accordance with section 256B.064 and other applicable laws.

Subd. 5. **Relationship to other actions.** Conducting postpayment review of a provider under this section does not preclude the commissioner from conducting a preliminary investigation, full investigation, enhanced prepayment review, payment suspension, audit, overpayment recovery, sanction, or referral to law enforcement under this chapter or applicable federal law.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 22. **[256B.0639] ACCESS TO RECORDS AND SERVICE LOCATIONS.**

(a) The commissioner may conduct on-site inspections of any and all vendors of medical care and the vendor's service locations. The vendor must give the commissioner immediate access without prior notice to the vendor's offices and service locations during regular business hours. The commissioner may request records and documents during an on-site inspection or by making a written request to the vendor. The commissioner may use the records and documents to verify the accuracy of any information submitted by the vendor to the commissioner, to determine compliance with service delivery and billing requirements, or to determine compliance with any other applicable laws or rules. Failing to provide the commissioner with immediate access to records or documents or failing to comply with a written request for records or documents, is a refusal under section 256B.064, subdivision 1a, paragraph (a), clause (5), and is cause for the vendor's immediate suspension of payment and termination under section 256B.064.

(b) Section 256B.27, subdivisions 4 and 5, apply to actions taken by the commissioner under this section. Notwithstanding any other law to the contrary, a vendor of medical care shall not be subject to any civil or criminal liability for providing access to medical records to the commissioner of human services pursuant to this section.

Sec. 23. Minnesota Statutes 2025 Supplement, section 256B.064, subdivision 1a, is amended to read:

Subd. 1a. **Grounds for sanctions.** (a) The commissioner may impose sanctions against any individual or entity that receives payments from medical assistance or provides goods or services for which payment is made from medical assistance for any of the following:

(1) fraud, theft, or abuse in connection with the provision of goods and services to recipients of public assistance for which payment is made from medical assistance;

(2) a pattern of presentment of false or duplicate claims or claims for services not medically necessary;

(3) a pattern of making false statements of material facts for the purpose of obtaining greater compensation than that to which the individual or entity is legally entitled;

(4) suspension or termination as a Medicare vendor;

(5) refusal to grant the state agency access during regular business hours to examine all records necessary to disclose the extent of services provided to program recipients and appropriateness of claims for payment;

(6) failure to repay an overpayment provided in section 256B.0641 or a fine finally established under this section;

(7) failure to correct errors in the maintenance of health service or financial records for which a fine was imposed or after issuance of a warning by the commissioner; and

(8) any reason for which an individual or entity could be excluded from participation in the Medicare program under section 1128, 1128A, or 1866(b)(2) of the Social Security Act.

(b) For the purposes of this section, goods or services for which payment is made from medical assistance includes but is not limited to care and services identified in section 256B.0625 or provided pursuant to any federally approved waiver.

(c) Regardless of the source of payment or other item of value, the commissioner may impose sanctions against any individual or entity that solicits, receives, pays, or offers to pay any illegal remuneration as described in section 142E.51, subdivision 6a, in violation of section 609.542, subdivision 2, or in violation of United States Code, title 42, section 1320a-7b(b)(1) or (2). No conviction is required before the commissioner can impose sanctions under this paragraph.

(d) The commissioner may impose sanctions against a pharmacy provider for failure to respond to a cost of dispensing survey under section 256B.0625, subdivision 13e, paragraph (g).

(e) The commissioner may impose sanctions against a pharmacy provider for failure to respond to a Minnesota drug acquisition cost survey under section 256B.0625, subdivision 13e, paragraph (i).

(f) For purposes of this subdivision, "abuse" does not include billing errors that result in unintended overcharges.

Sec. 24. Minnesota Statutes 2024, section 256B.064, subdivision 1b, is amended to read:

Subd. 1b. **Sanctions available.** (a) The commissioner may impose the following sanctions for the conduct described in subdivision 1a: ~~suspension or withholding of payments to an individual or entity and suspending or terminating participation in the program, or imposition of a fine under subdivision 2, paragraph (g).~~

(1) suspending payments to an individual or entity;

(2) temporarily withholding payments to an individual or entity;

(3) suspending participation in the program;

(4) terminating participation in the program; or

(5) imposing a fine under subdivision 2a.

(b) When imposing sanctions under this section, the commissioner ~~shall~~ must consider the nature, chronicity, or severity of the conduct and the effect of the conduct on the health and safety of persons served by the individual or entity.

(c) The commissioner ~~shall~~ must suspend an individual's or entity's participation in the program for a minimum of five years if the individual or entity is convicted of a crime, received a stay of adjudication, or entered a court-ordered diversion program for an offense related to a provision of a health service under medical assistance, including a federally approved waiver, or health care fraud.

(d) Regardless of imposition of sanctions, the commissioner may make a referral to the appropriate state licensing board.

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

Sec. 25. Minnesota Statutes 2024, section 256B.064, subdivision 1c, is amended to read:

Subd. 1c. **Grounds for and methods of monetary recovery.** (a) The commissioner may obtain monetary recovery from an individual or entity ~~that has been improperly paid by the department either as a result of conduct described in subdivision 1a or as a result of an error by the individual or entity submitting the claim or by the department, regardless of whether the error was intentional. Patterns need not be proven as a precondition to monetary recovery of erroneous or false claims, duplicate claims, claims for services not medically necessary, or claims based on false statements~~ for an overpayment as defined in Code of Federal Regulations, title 42, section 433.304.

(b) The commissioner may obtain monetary recovery using methods including but not limited to the following: assessing and recovering money improperly paid and debiting from future payments any money improperly paid. The commissioner ~~shall~~ must charge interest on money to be recovered if the recovery is to be made by installment payments or debits, except when the monetary recovery is of an overpayment that resulted from a department error. The interest charged ~~shall~~ must be the rate established by the commissioner of revenue under section 270C.40.

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

Sec. 26. Minnesota Statutes 2024, section 256B.064, subdivision 1d, is amended to read:

Subd. 1d. **Investigative costs.** (a) The commissioner may seek recovery of investigative costs from any individual or entity that ~~willfully submits a claim for reimbursement for services that the individual or entity knows, or reasonably should have known, is a false representation and that results in the payment of public funds for which the individual or entity is ineligible~~ violates the False Claims Act pursuant to United States Code, title 31, section 3729-3733 or section 15C.02.

(b) Billing errors that result in unintentional overcharges ~~shall~~ are not ~~be~~ grounds for investigative cost recoupment.

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

Sec. 27. Minnesota Statutes 2024, section 256B.064, subdivision 2, is amended to read:

Subd. 2. **Imposition of monetary recovery and sanctions; generally.** (a) The commissioner ~~shall~~ must determine any monetary amounts to be recovered and sanctions to be imposed upon an individual or entity under this section. Except as provided in ~~paragraphs (b) and (d), neither~~ subdivision 2c, the commissioner must not obtain a monetary recovery ~~nor~~ or impose a sanction ~~will be imposed by the commissioner~~ without prior notice and an opportunity for a hearing, according to chapter 14, on the commissioner's proposed action, provided that the commissioner may suspend or reduce payment to an individual or entity, except a nursing home or convalescent care facility, after notice and prior to the hearing if in the commissioner's opinion that action is necessary to protect the public welfare and the interests of the program.

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

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

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

~~(i) fraud hotline complaints;~~

~~(ii) claims data mining; and~~

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

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

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

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

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

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

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

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

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

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

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

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

~~(f)~~ (b) Upon receipt of a notice under paragraph (a) that a monetary recovery or sanction is to be imposed, an individual or entity may request a contested case, as defined in section 14.02, subdivision 3, by filing with the commissioner a written request of appeal. The appeal request must

be received by the commissioner no later than 30 days after the date the notification of monetary recovery or sanction was mailed to the individual or entity. The appeal request must specify:

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

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

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

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

(5) other information required by the commissioner.

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

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

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

Sec. 28. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision to read:

Subd. 2a. **Imposition of fines.** (a) The commissioner may order an individual or entity to forfeit a fine for failure to fully document services according to standards in this chapter and Minnesota Rules, chapter 9505. The commissioner may assess fines if specific required components of documentation are missing. The fine for incomplete documentation equals 20 percent of the amount paid on the claims for reimbursement submitted by the individual or entity, or up to $5,000, whichever is less.

(b) If the commissioner determines that an individual or entity repeatedly violated this chapter, chapter 245G or 254B, or Minnesota Rules, chapter 9505, related to the provision of services to program recipients and the submission of claims for payment, the commissioner may order an individual or entity to forfeit a fine based on the nature, severity, and chronicity of the violations, in an amount of up to $5,000 or 20 percent of the value of the claims, whichever is greater.

(c) The individual or entity must pay the fine assessed on or before the payment date specified by the commissioner. If the individual or entity fails to pay the fine, the commissioner may withhold or reduce payments and recover the amount of the fine.

(d) A timely appeal stays payment of the fine until the commissioner issues a final order.

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

Sec. 29. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision to read:

Subd. 2b. **Mandatory suspension or termination after exclusion from participation in Medicare.** (a) The commissioner must suspend or terminate an individual's or entity's participation in the program without providing advance notice and an opportunity for a hearing when the suspension or termination is required because of the individual's or entity's exclusion from participation in Medicare.

(b) Within five days of taking an action under paragraph (a), the commissioner must send notice of the suspension or termination. The notice must:

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

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

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

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

Sec. 30. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision to read:

Subd. 2c. **Imposition of withholding or reduction of payments without prior notice.** (a) Except when the commissioner finds good cause not to suspend payments under Code of Federal Regulations, title 42, section 455.23(e) or (f), the commissioner must temporarily withhold or reduce payments to an individual or entity without providing advance notice of the withholding or reduction if either of the following occurs:

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

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

(b) A credible allegation of fraud is an allegation that has been verified by the state from any source, including but not limited to:

(1) fraud hotline complaints;

(2) complaints from service recipients, guardians of service recipients, and case managers of service recipients;

(3) claims data mining;

(4) patterns identified through provider audits, civil false claims cases, law enforcement investigations, and investigations by other state or federal agencies; and

(5) court filings or other legal documents.

(c) The commissioner must send notice of the withholding or reduction of payments under paragraph (a) within five days of withholding or reducing payment unless requested in writing by a law enforcement agency to temporarily withhold the notice. The notice must:

(1) state that payments are being withheld or reduced according to paragraph (a);

(2) set forth the allegations as to the nature of the withholding or reduction in a manner reasonably calculated to provide notice, which must include but is not limited to date ranges of suspected claims, locations of suspected service delivery, general nature of individual or entity conduct, but need not disclose specific information that the commissioner determines is likely to jeopardize an ongoing investigation;

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

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

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

(d) The commissioner must immediately cease to withhold or reduce payments under this subdivision and must release the withheld or reduced payments no later than ten days following the earlier of (1) the individual or entity posts a surety bond as provided under subdivision 2e, (2) the commissioner determines there is insufficient evidence of fraud by the individual or entity, or (3) legal proceedings relating to the alleged fraud are completed, unless the commissioner has sent notice of intention to impose monetary recovery or sanctions.

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

Sec. 31. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision to read:

Subd. 2d. **Appeal of temporary payment withhold.** (a) Upon receipt of a notice under subdivision 2c, paragraph (c), that a payment withhold is imposed, an individual or entity may request a review under paragraph (c) of this subdivision by filing with the commissioner a written request of appeal. The appeal request must be received by the commissioner no later than 30 days after the date the notification of the payment withhold was mailed to the individual or entity. The

appeal request must specify the reason the payment withholding decision is in error and clearly request a hearing. The commissioner must refer the appeal request to the Court of Administrative Hearings within ten business days of receiving the appeal request.

(b) The cost of the review under paragraph (c) must be paid by the individual or entity.

(c) The burden of proof upon appeal of a temporary withhold is limited to whether the commissioner can establish there is a credible allegation of fraud as provided in subdivision 2c, paragraph (a), clause (2). The administrative law judge's recommendation to the commissioner must not make findings on the veracity of the underlying allegations of fraud, as the underlying investigation remains ongoing and underlying facts may be litigated in future administrative, civil, or criminal proceedings when a final agency decision is issued.

(d) To protect the integrity of the ongoing investigation, the commissioner must submit evidence to support the action to the administrative law judge under seal. The individual or entity may submit evidence to the administrative law judge that supports the position of the individual or entity that the payment withholding decision is in error. The administrative law judge must review the evidence in camera. The commissioner shall not be subject to discovery by the individual or entity during the proceedings.

(e) The commissioner must provide notice to the individual or entity when the administrative law judge makes a recommendation. The notice must be sent within ten business days of the administrative law judge's completed recommendation and must state that the appeal process under this subdivision is completed.

(f) The administrative law judge's findings of facts, conclusions of law, and recommendation as to whether there is a credible allegation of fraud, may not be used or considered for any other purpose, including impeachment, in any civil, criminal, administrative, or contractual proceeding. The administrative law judge's findings of facts, conclusions of law, and recommendation may not be held conclusive or binding or used as evidence in any separate or subsequent action in any other forum, be it contractual, administrative, or judicial, regardless of whether the action involves the same or related parties or involves the same facts.

Sec. 32. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision to read:

Subd. 2e. **Release of withheld or reduced payments.** (a) The commissioner must release to the individual or entity subject to a withhold or reduction of payments under subdivision 2c the amount of withheld or reduced payments for previously rendered services if the individual or entity posts a surety bond in an amount equal to the greater of (1) the amount of the withheld or reduced payments, or (2) the amount of the risk of exposure identified by the commissioner. A surety bond posted under this subdivision must be in addition to any other surety bond the individual or entity may have previously purchased as a condition of enrollment as a medical assistance provider.

(b) The commissioner may require an individual or owners or employees of an entity that posts a surety bond under this subdivision to complete remedial provider compliance training. The commissioner may require an individual or owners or employees of an entity that posts a surety bond under this subdivision to engage a third party approved by the commissioner to temporarily manage or provide technical assistance to the individual or entity.

(c) If the individual or entity elects to post a surety bond under this subdivision, the commissioner is not prohibited from utilizing prepayment review of submitted claims for ongoing services rendered by the individual or entity, imposing sanctions on the individual or entity, seeking recovery for improper payments paid to the individual or entity, or exercising any other regulatory powers, including enforcement of medical assistance provider enrollment requirements, licensing standards, or service standards.

Sec. 33. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision to read:

Subd. 2f. **Forfeiture of withheld payments upon criminal conviction.** Upon conviction for a crime related to the provision, management, or administration of a health service under medical assistance, a payment held pursuant to this section by the commissioner or a managed care organization that contracts with the commissioner under section 256B.035 is forfeited to the commissioner or managed care organization, regardless of the amount charged in the criminal complaint or the amount of criminal restitution ordered.

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

Sec. 34. Minnesota Statutes 2024, section 256B.064, subdivision 3, is amended to read:

Subd. 3. **Mandates on prohibited payments.** (a) The commissioner ~~shall~~ must maintain and publish a list of each excluded individual and entity that was convicted of a crime related to the provision, management, or administration of a medical assistance health service, or suspended or terminated under ~~subdivision 2~~ this section. Medical assistance payments cannot be made by an individual or entity for items or services furnished either directly or indirectly by an excluded individual or entity, or at the direction of excluded individuals or entities.

(b) The entity must check the exclusion list on a monthly basis and document the date and time the exclusion list was checked and the name and title of the person who checked the exclusion list. The entity must immediately terminate payments to an individual or entity on the exclusion list.

(c) An entity's requirement to check the exclusion list and to terminate payments to individuals or entities on the exclusion list applies to each individual or entity on the exclusion list, even if the named individual or entity is not responsible for direct patient care or direct submission of a claim to medical assistance.

(d) An entity that pays medical assistance program funds to an individual or entity on the exclusion list must refund any payment related to ~~either~~ items ~~or~~ and services rendered by an individual or entity on the exclusion list from the date the individual or entity is first paid or the date the individual or entity is placed on the exclusion list, whichever is later, and an entity may be subject to:

(1) sanctions under ~~subdivision 2~~ this section;

(2) a civil monetary penalty of up to $25,000 for each determination by the department that the vendor employed or contracted with an individual or entity on the exclusion list; and

(3) other fines or penalties allowed by law.

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

Sec. 35. Minnesota Statutes 2024, section 256B.064, subdivision 4, is amended to read:

Subd. 4. **Notice.** (a) The department ~~shall~~ must serve the notice required under ~~subdivision 2~~ this section using a signature-verified confirmed delivery method to the address submitted to the department by the individual or entity. Service is complete upon mailing.

(b) The department ~~shall~~ must give notice in writing to a recipient placed in the Minnesota restricted recipient program under section 256B.0646 and Minnesota Rules, part 9505.2200. The department ~~shall~~ must send the notice by first class mail to the recipient's current address on file with the department. A recipient placed in the Minnesota restricted recipient program may contest the placement by submitting a written request for a hearing to the department within 90 days of the notice being mailed.

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

Sec. 36. Minnesota Statutes 2024, section 256B.064, subdivision 5, is amended to read:

Subd. 5. **Immunity; good faith reporters.** (a) A person who makes a good faith report is immune from any civil or criminal liability that might otherwise arise from reporting or participating in the investigation. Nothing in this subdivision affects an individual's or entity's responsibility for an overpayment established under this subdivision.

(b) A person employed by a lead investigative agency who is conducting or supervising an investigation or enforcing the law according to the applicable law or rule is immune from any civil or criminal liability that might otherwise arise from the person's actions, if the person is acting in good faith and exercising due care.

(c) For purposes of this subdivision, "person" includes a natural person or any form of a business or legal entity.

(d) After an investigation is complete, the reporter's name must be kept confidential. The subject of the report may compel disclosure of the reporter's name only with the consent of the reporter or upon a written finding by a district court that the report was false and there is evidence that the report was made in bad faith. This subdivision does not alter disclosure responsibilities or obligations under the Rules of Criminal Procedure, except that when the identity of the reporter is relevant to a criminal prosecution the district court ~~shall~~ must conduct an in-camera review before determining whether to order disclosure of the reporter's identity.

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

Sec. 37. Minnesota Statutes 2024, section 256B.064, is amended by adding a subdivision to read:

Subd. 6. **Application.** This section supersedes any inconsistent or contrary provision of law.

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

Sec. 38. **[256B.0647] REMITTANCE ADVICE MONETARY RECOVERY.**

(a) The commissioner may use the remittance advice process under Code of Federal Regulations, title 45, part 162.1601, as the notice to a vendor or provider when seeking monetary recovery using a department-administered information technology system for programmatically processed claims. The remittance advice must be delivered electronically and constitutes the sole notice to the provider. The commissioner must withhold the payments at issue when using the remittance advice as the notice.

(b) Providers may seek reconsideration of a remittance under this section by mailing a request to the commissioner. The reconsideration request must be received no later than 30 calendar days from the posting of the remittance advice. A request for reconsideration does not stay the withholding of payments. The commissioner's disposition of a request for reconsideration is final and not subject to appeal under chapter 14. The request for reconsideration must include:

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

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

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

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

(5) other information required by the commissioner.

(c) The commissioner may not use the remittance advice process as notice required under section 256B.064.

Sec. 39. Minnesota Statutes 2025 Supplement, section 256B.0759, subdivision 4, is amended to read:

Subd. 4. **Provider payment rates.** (a) Payment rates for participating providers must be increased for services provided to medical assistance enrollees. To receive a rate increase, participating providers must meet demonstration project requirements and provide evidence of formal referral arrangements with providers delivering step-up or step-down levels of care. Providers that have enrolled in the demonstration project but have not met the provider standards under subdivision 3 as of July 1, 2022, are not eligible for a rate increase under this subdivision until the date that the provider meets the provider standards in subdivision 3. Services provided from July 1, 2022, to the date that the provider meets the provider standards under subdivision 3 shall be reimbursed at rates according to section 254B.0505, subdivision 1. Rate increases paid under this subdivision to a provider for services provided between July 1, 2021, and July 1, 2022, are not subject to recoupment when the provider is taking meaningful steps to meet demonstration project requirements that are not otherwise required by law, and the provider provides documentation to the commissioner, upon request, of the steps being taken.

(b) The commissioner may temporarily suspend payments to the provider according to section ~~256B.04, subdivision 21, paragraph (d)~~ 256B.0442, subdivision 1, if the provider does not meet the

requirements in paragraph (a). Payments withheld from the provider must be made once the commissioner determines that the requirements in paragraph (a) are met.

(c) For outpatient individual and group substance use disorder services under section 254B.0505, subdivision 1, clause (1), and adolescent treatment programs that are licensed as outpatient treatment programs according to sections 245G.01 to 245G.18, provided on or after January 1, 2021, payment rates must be increased by 20 percent over the rates in effect on December 31, 2020.

(d) Effective January 1, 2021, and contingent on annual federal approval, managed care plans and county-based purchasing plans must reimburse providers of the substance use disorder services meeting the criteria described in paragraph (a) who are employed by or under contract with the plan an amount that is at least equal to the fee-for-service base rate payment for the substance use disorder services described in paragraph (c). The commissioner must monitor the effect of this requirement on the rate of access to substance use disorder services and residential substance use disorder rates. Capitation rates paid to managed care organizations and county-based purchasing plans must reflect the impact of this requirement. This paragraph expires if federal approval is not received at any time as required under this paragraph.

(e) Effective July 1, 2021, contracts between managed care plans and county-based purchasing plans and providers to whom paragraph (d) applies must allow recovery of payments from those providers if, for any contract year, federal approval for the provisions of paragraph (d) is not received, and capitation rates are adjusted as a result. Payment recoveries must not exceed the amount equal to any decrease in rates that results from this provision.

(f) For substance use disorder services with medications for opioid use disorder under section 254B.0505, subdivision 1, clause (7), provided on or after January 1, 2021, payment rates must be increased by 20 percent over the rates in effect on December 31, 2020. Upon implementation of new rates according to section 254B.121, the 20 percent increase will no longer apply.

Sec. 40. Minnesota Statutes 2025 Supplement, section 256B.0949, subdivision 16, is amended to read:

Subd. 16. **Agency duties.** (a) An agency delivering an EIDBI service under this section must:

(1) enroll as a medical assistance Minnesota health care program provider according to Minnesota Rules, part 9505.0195, and ~~section 256B.04, subdivision 21~~ sections 256B.044 to 256B.0445, and meet all applicable provider standards and requirements;

(2) designate an individual as the agency's compliance officer who must perform the duties described in section ~~256B.04, subdivision 21, paragraph (g)~~ 256B.044, subdivision 7, paragraph (b);

(3) demonstrate compliance with federal and state laws for the delivery of and billing for EIDBI service;

(4) verify and maintain records of a service provided to the person or the person's legal representative as required under Minnesota Rules, parts 9505.2175 and 9505.2197;

(5) demonstrate that while enrolled or seeking enrollment as a Minnesota health care program provider the agency did not have a lead agency contract or provider agreement discontinued because of a conviction of fraud; or did not have an owner, board member, or manager fail a state or federal criminal background check or appear on the list of excluded individuals or entities maintained by the federal Department of Human Services Office of Inspector General;

(6) have established business practices including written policies and procedures, internal controls, and a system that demonstrates the organization's ability to deliver quality EIDBI services, appropriately submit claims, conduct required staff training, document staff qualifications, document service activities, and document service quality;

(7) have an office located in Minnesota or a border state;

(8) initiate a background study as required under subdivision 16a;

(9) report maltreatment according to section 626.557 and chapter 260E;

(10) comply with any data requests consistent with the Minnesota Government Data Practices Act, sections 256B.064 and 256B.27;

(11) provide training for all agency staff on the requirements and responsibilities listed in the Maltreatment of Minors Act, chapter 260E, and the Vulnerable Adult Protection Act, section 626.557, including mandated and voluntary reporting, nonretaliation, and the agency's policy for all staff on how to report suspected abuse and neglect;

(12) have a written policy to resolve issues collaboratively with the person and the person's legal representative when possible. The policy must include a timeline for when the person and the person's legal representative will be notified about issues that arise in the provision of services;

(13) provide the person's legal representative with prompt notification if the person is injured while being served by the agency. An incident report must be completed by the agency staff member in charge of the person. A copy of all incident and injury reports must remain on file at the agency for at least five years from the report of the incident;

(14) before starting a service, provide the person or the person's legal representative a description of the treatment modality that the person shall receive, including the staffing certification levels and training of the staff who shall provide a treatment;

(15) provide clinical supervision for a minimum of one hour for every 16 hours of direct treatment per person, unless otherwise authorized in the person's individual treatment plan; and

(16) provide required EIDBI intervention observation and direction at least once per month. Notwithstanding subdivision 13, paragraph (l), required EIDBI intervention observation and direction under this clause may be conducted via telehealth provided that no more than two consecutive monthly required EIDBI intervention observation and direction sessions under this clause are conducted via telehealth.

(b) Upon request of the commissioner, an agency delivering services under this section must:

(1) identify the agency's controlling individuals, as defined under section 245A.02, subdivision 5a;

(2) provide disclosures of the use of billing agencies and other consultants who do not provide EIDBI services; and

(3) provide copies of any contracts with consultants or independent contractors who do not provide EIDBI services, including hours contracted and responsibilities.

(c) When delivering the ITP, and annually thereafter, an agency must provide the person or the person's legal representative with:

(1) a written copy and a verbal explanation of the person's or person's legal representative's rights and the agency's responsibilities;

(2) documentation in the person's file the date that the person or the person's legal representative received a copy and explanation of the person's or person's legal representative's rights and the agency's responsibilities; and

(3) reasonable accommodations to provide the information in another format or language as needed to facilitate understanding of the person's or person's legal representative's rights and the agency's responsibilities.

Sec. 41. Minnesota Statutes 2024, section 256B.0949, subdivision 17, is amended to read:

Subd. 17. **Provider shortage; authority for exceptions.** (a) In consultation with the Early Intensive Developmental and Behavioral Intervention Advisory Council and stakeholders, including agencies, professionals, parents of people with ASD or a related condition, and advocacy organizations, the commissioner shall determine if a shortage of EIDBI providers exists. For the purposes of this subdivision, "shortage of EIDBI providers" means a lack of availability of providers who meet the EIDBI provider qualification requirements under subdivision 15 that results in the delay of access to timely services under this section, or that significantly impairs the ability of a provider agency to have sufficient providers to meet the requirements of this section. The commissioner shall consider geographic factors when determining the prevalence of a shortage. The commissioner may determine that a shortage exists only in a specific region of the state, multiple regions of the state, or statewide. The commissioner shall also consider the availability of various types of treatment modalities covered under this section.

(b) The commissioner, in consultation with the Early Intensive Developmental and Behavioral Intervention Advisory Council and stakeholders, must establish processes and criteria for granting an exception under this paragraph. The commissioner may grant an exception only if the exception would not compromise a person's safety and not diminish the effectiveness of the treatment. The commissioner may establish an expiration date for an exception granted under this paragraph. The commissioner may grant an exception for the following:

(1) EIDBI provider qualifications under this section;

(2) medical assistance provider enrollment requirements under ~~section 256B.04, subdivision 21~~ sections 256B.044 to 256B.0445; or

(3) EIDBI provider or agency standards or requirements.

(c) If the commissioner, in consultation with the Early Intensive Developmental and Behavioral Intervention Advisory Council and stakeholders, determines that a shortage no longer exists, the commissioner must submit a notice that a shortage no longer exists to the chairs and ranking minority members of the senate and the house of representatives committees with jurisdiction over health and human services. The commissioner must post the notice for public comment for 30 days. The commissioner shall consider public comments before submitting to the legislature a request to end the shortage declaration. The commissioner shall not declare the shortage of EIDBI providers ended without direction from the legislature to declare it ended.

Sec. 42. Minnesota Statutes 2024, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. **Managed care contracts.** (a) Managed care contracts under this section and section 256L.12 shall be entered into or renewed on a calendar year basis. The commissioner may issue separate contracts with requirements specific to services to medical assistance recipients age 65 and older.

(b) A prepaid health plan providing covered health services for eligible persons pursuant to chapters 256B and 256L is responsible for complying with the terms of its contract with the commissioner. Requirements applicable to managed care programs under chapters 256B and 256L established after the effective date of a contract with the commissioner take effect when the contract is next issued or renewed.

(c) The commissioner shall withhold five percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program pending completion of performance targets. Each performance target must be quantifiable, objective, measurable, and reasonably attainable, except in the case of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. Clinical or utilization performance targets and their related criteria must consider evidence-based research and reasonable interventions when available or applicable to the populations served, and must be developed with input from external clinical experts and stakeholders, including managed care plans, county-based purchasing plans, and providers. The managed care or county-based purchasing plan must demonstrate, to the commissioner's satisfaction, that the data submitted regarding attainment of the performance target is accurate. The commissioner shall periodically change the administrative measures used as performance targets in order to improve plan performance across a broader range of administrative services. The performance targets must include measurement of plan efforts to contain spending on health care services and administrative activities. The commissioner may adopt plan-specific performance targets that take into account factors affecting only one plan, including characteristics of the plan's enrollee population. The withheld funds must be returned no sooner than July of the following year if performance targets in the contract are achieved. The commissioner may exclude special demonstration projects under subdivision 23.

(d) The commissioner shall require that managed care plans:

(1) use the assessment and authorization processes, forms, timelines, standards, documentation, and data reporting requirements, protocols, billing processes, and policies consistent with medical

assistance fee-for-service or the Department of Human Services contract requirements for all personal care assistance services under section 256B.0659 and community first services and supports under section 256B.85;

(2) by January 30 of each year that follows a rate increase for any aspect of services under section 256B.0659 or 256B.85, inform the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over rates determined under section 256B.851 of the amount of the rate increase that is paid to each personal care assistance provider agency with which the plan has a contract; ~~and~~

(3) use a six-month timely filing standard and provide an exemption to the timely filing timeliness for the resubmission of claims where there has been a denial, request for more information, or system issue~~.~~;

(4) have in place a prepayment review process for all claims that includes claims edit processing and policies consistent with the procedures under section 256B.0447; and

(5) publish metrics related to program integrity actions and outcomes on a publicly available website.

(e) Effective for services rendered on or after January 1, 2013, through December 31, 2013, the commissioner shall withhold 4.5 percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(f) Effective for services rendered on or after January 1, 2014, the commissioner shall withhold three percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(g) A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this section that is reasonably expected to be returned.

(h) Contracts between the commissioner and a prepaid health plan are exempt from the set-aside and preference provisions of section 16C.16, subdivisions 6, paragraph (a), and 7.

(i) The return of the withhold under paragraphs (e) and (f) is not subject to the requirements of paragraph (c).

(j) Managed care plans and county-based purchasing plans shall maintain current and fully executed agreements for all subcontractors, including bargaining groups, for administrative services that are expensed to the state's public health care programs. Subcontractor agreements determined to be material, as defined by the commissioner after taking into account state contracting and relevant statutory requirements, must be in the form of a written instrument or electronic document containing the elements of offer, acceptance, consideration, payment terms, scope, duration of the contract,

and how the subcontractor services relate to state public health care programs. Upon request, the commissioner shall have access to all subcontractor documentation under this paragraph. Nothing in this paragraph shall allow release of information that is nonpublic data pursuant to section 13.02.

(k) The commissioner has the right to recover from a managed care plan the full monetary amount of any claims identified as improperly paid during audits or investigations by the commissioner or the commissioner's contractors or the Centers for Medicare and Medicaid Services.

Sec. 43. Minnesota Statutes 2024, section 256B.69, is amended by adding a subdivision to read:

Subd. 10a. **Data sharing for program integrity.** If the commissioner receives a written report from a managed care plan that has reason to believe that a provider, vendor, managed care employee, subcontractor, or enrollee committed fraud under this chapter or chapter 256L, the commissioner must provide summary data, as defined in section 13.02, subdivision 19, from the report to other managed care plans contracted under this section within ten days of receiving the report. Nothing in this subdivision allows release of information that is nonpublic data pursuant to section 13.02, subdivision 9.

Sec. 44. Minnesota Statutes 2024, section 256B.69, subdivision 37, is amended to read:

Subd. 37. **Networks.** (a) The commissioner shall ensure that a managed care organization's network providers are enrolled with the commissioner as medical assistance providers, and that the providers comply with the provider disclosure, screening, and enrollment requirements in Code of Federal Regulations, part 42, section 455. A provider that has a network provider contract with the managed care organization is not required to provide services to a medical assistance or MinnesotaCare recipient who is receiving services through the fee-for-service system.

(b) A managed care organization may enter into a network provider contract with a provider that is not a medical assistance provider for a period of up to 120 days pending the outcome of the medical assistance provider enrollment process. A managed care organization must terminate the contract upon notification that the provider cannot be enrolled as a medical assistance provider or upon expiration of the 120-day period if notification has not been received within that period. The managed care organization must notify each affected enrollee of the provider contract termination.

(c) For purposes of this subdivision, "network provider" means any provider, group of providers, entity with a network provider agreement with the managed care organization, or subcontractor that receives payments from the managed care organization either directly or indirectly to provide services under a managed care contract between the commissioner and the managed care organization.

(d) A managed care organization is not required to include a provider in its network before approving the provider's credentials in accordance with section 62Q.097.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 45. **MANDATORY COMPLIANCE TRAINING FOR CURRENTLY ENROLLED HIGH-RISK MEDICAL ASSISTANCE PROVIDERS.**

The owners and employees of any medical assistance provider agency subject to the requirements of Minnesota Statutes, section 256B.0444, subdivision 2, and enrolled before January 1, 2027, must

complete initial compliance training by January 1, 2028. Owners and employees of PCA and CFSS agencies who enrolled before January 1, 2027, and have previously completed training under Minnesota Statutes, section 256B.0659, subdivision 21, paragraph (c), or 256B.85, subdivision 12, paragraph (c), are not subject to the initial training requirements of this section but must repeat the compliance training prior to revalidation as a medical assistance provider.

ARTICLE 2

DEPARTMENT OF HUMAN SERVICES OFFICE OF INSPECTOR GENERAL POLICY

Section 1. Minnesota Statutes 2024, section 245.095, subdivision 2, is amended to read:

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

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

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

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

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

(1) fraud hotline complaints;

(2) claims data mining;

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

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

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

(1) a final determination to stop payments~~.~~;

(2) a conclusive background study disqualification, except for a disqualification issued under section 245C.15, subdivision 4c, that has not been set aside or had a variance granted under section 245C.30; and

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

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

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

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

Sec. 2. Minnesota Statutes 2024, section 245.095, subdivision 5, is amended to read:

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

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

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

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

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

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

~~(1) fraud hotline complaints;~~

~~(2) claims data mining;~~

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

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

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

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

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

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

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

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

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

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

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

Sec. 3. Minnesota Statutes 2024, section 245A.02, subdivision 13, is amended to read:

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

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

Sec. 4. Minnesota Statutes 2025 Supplement, section 245A.03, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

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

(9) programs licensed by the commissioner of corrections;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Notwithstanding section 245A.02, subdivision 13, programs initially licensed prior to July 1, 2026, may continue to operate under and must comply with the definition of related individual in Minnesota Statutes 2024, section 245A.02, subdivision 13, until the service recipient related to the license holder is no longer receiving services licensed under this chapter.

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

Sec. 5. Minnesota Statutes 2024, section 245A.043, subdivision 2, is amended to read:

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

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

(2) the license holder merges with another organization;

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

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

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

~~(b) For changes under paragraph (a), clause (1) or (5), no change in ownership has occurred and a new license application is not required 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.~~

EFFECTIVE DATE. This section is effective October 1, 2026.

Sec. 6. Minnesota Statutes 2025 Supplement, section 245A.043, subdivision 2a, is amended to read:

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

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

EFFECTIVE DATE. This section is effective October 1, 2026.

Sec. 7. Minnesota Statutes 2024, section 245A.07, subdivision 2a, is amended to read:

Subd. 2a. **Immediate suspension expedited hearing.** (a) Within five working days of receipt of the license holder's timely appeal, the commissioner shall request assignment of an administrative law judge. The request must include a proposed date, time, and place of a hearing. A hearing must be conducted by an administrative law judge within 30 calendar days of the request for assignment, unless an extension is requested by either party and granted by the administrative law judge for good cause. The commissioner shall issue a notice of hearing by certified mail or personal service at least ten working days before the hearing. The scope of the hearing shall be limited solely to the issue of whether the temporary immediate suspension should remain in effect pending the commissioner's final order under section 245A.08, regarding a licensing sanction issued under subdivision 3 following the immediate suspension. For suspensions under subdivision 2, paragraph (a), clause (1), the burden of proof in expedited hearings under this subdivision ~~shall be limited to~~ is met only if the ~~commissioner's demonstration~~ commissioner demonstrates that reasonable cause exists to believe that the license holder's or controlling individual's actions or failure to comply with applicable law or rule poses, or the actions of other individuals or conditions in the program poses an imminent risk of harm to the health, safety, or rights of persons served by the program. "Reasonable cause" means there exist specific articulable facts or circumstances which provide the commissioner with a reasonable suspicion that there is an imminent risk of harm to the health, safety, or rights of persons served by the program. When the commissioner has determined there is reasonable cause to order the temporary immediate suspension of a license based on a violation of safe sleep requirements, as defined in section 245A.1435, the commissioner is not required to demonstrate

that an infant died or was injured as a result of the safe sleep violations. For suspensions under subdivision 2, paragraph (a), clause (2), the burden of proof in expedited hearings under this subdivision ~~shall be limited to~~ is met only if the ~~commissioner's demonstration~~ commissioner demonstrates by a preponderance of the evidence that, since the license was revoked, the license holder committed additional violations of law or rule which may adversely affect the health or safety of persons served by the program.

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

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

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

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

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

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

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

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

Sec. 8. Minnesota Statutes 2025 Supplement, section 245A.07, subdivision 3, is amended to read:

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

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

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

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

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

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

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

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

(b) If the license was suspended or revoked, the notice must inform the license holder of the right to a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The license holder may appeal an order suspending or revoking a license. The appeal of an order suspending or revoking a license must be made in writing by certified mail, by personal service, or through the provider licensing and reporting hub. If mailed, the appeal must be postmarked and sent to the commissioner within ten calendar days after the license holder receives notice that the license has been suspended or revoked. If a request is made by personal service, it must be received by the commissioner within ten calendar days after the license holder received the order. If the order is issued through the provider hub, the appeal must be received by the commissioner within ten calendar days from the date the commissioner issued the order through the hub. Except as provided in subdivision 2a, paragraph (c), if a license holder submits a timely appeal of an order suspending or revoking a license, the license holder may continue to operate the program as provided in section

245A.04, subdivision 7, paragraphs (i) and (j), until the commissioner issues a final order on the suspension or revocation.

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

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

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

(4) Fines shall be assessed as follows:

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

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

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

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

For purposes of this section, "occurrence" means each violation identified in the commissioner's fine order. Fines assessed against a license holder that holds a license to provide home and

community-based services, as identified in section 245D.03, subdivision 1, and a community residential setting or day services facility license under chapter 245D where the services are provided, may be assessed against both licenses for the same occurrence, but the combined amount of the fines shall not exceed the amount specified in this clause for that occurrence.

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

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

Sec. 9. Minnesota Statutes 2024, section 256B.04, subdivision 10, is amended to read:

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

Sec. 10. Minnesota Statutes 2025 Supplement, section 256B.051, subdivision 6, is amended to read:

Subd. 6. **Agency qualifications and duties.** An agency is eligible for reimbursement under this section only if the agency:

(1) is confirmed by the commissioner as an eligible provider after a pre-enrollment risk assessment under subdivision 6a;

(2) is enrolled as a medical assistance Minnesota health care program provider and meets all applicable provider standards and requirements;

(3) demonstrates compliance with federal and state laws and policies for housing stabilization services as determined by the commissioner;

(4) complies with background study requirements under chapter 245C and maintains documentation of background study requests and results;

(5) provides at the time of enrollment, reenrollment, and revalidation in a format determined by the commissioner, proof of surety bond coverage for each business location providing services. Upon new enrollment, or if the provider's medical assistance revenue in the previous calendar year is $300,000 or less, the provider agency must purchase a surety bond of $50,000. If the provider's medical assistance revenue in the previous year is over $300,000, the provider agency must purchase a surety bond of $100,000. The surety bond must be in a form approved by the commissioner, must be ~~renewed~~ purchased new annually, and must allow for recovery of costs and fees in pursuing a claim on the bond. Any action to obtain monetary recovery or sanctions from a surety bond must occur within six years from the date the debt is affirmed by a final agency decision. An agency decision is final when the right to appeal the debt has been exhausted or the time to appeal has expired under section 256B.064;

(6) directly provides housing stabilization services using employees of the agency and not by using a subcontractor or reporting agent;

(7) ensures all controlling individuals and employees of the agency complete annual vulnerable adult training; and

(8) completes compliance training as required under subdivision 6b.

Sec. 11. Minnesota Statutes 2025 Supplement, section 256B.0659, subdivision 21, is amended to read:

Subd. 21. **Requirements for provider enrollment of personal care assistance provider agencies.** (a) All personal care assistance provider agencies must provide, at the time of enrollment, reenrollment, and revalidation as a personal care assistance provider agency in a format determined by the commissioner, information and documentation that includes, but is not limited to, the following:

(1) the personal care assistance provider agency's current contact information including address, telephone number, and email address;

(2) proof of surety bond coverage for each business location providing services. Upon new enrollment, or if the provider's Medicaid revenue in the previous calendar year is up to and including $300,000, the provider agency must purchase a surety bond of $50,000. If the Medicaid revenue in the previous year is over $300,000, the provider agency must purchase a surety bond of $100,000. The surety bond must be in a form approved by the commissioner, must be ~~renewed~~ purchased new annually, and must allow for recovery of costs and fees in pursuing a claim on the bond. Any action to obtain monetary recovery or sanctions from a surety bond must occur within six years from the date the debt is affirmed by a final agency decision. An agency decision is final when the right to appeal the debt has been exhausted or the time to appeal has expired under section 256B.064;

(3) proof of fidelity bond coverage in the amount of $20,000 for each business location providing service;

(4) proof of workers' compensation insurance coverage identifying the business location where personal care assistance services are provided;

(5) proof of liability insurance coverage identifying the business location where personal care assistance services are provided and naming the department as a certificate holder;

(6) a copy of the personal care assistance provider agency's written policies and procedures including: hiring of employees; training requirements; service delivery; and employee and consumer safety including process for notification and resolution of consumer grievances, identification and prevention of communicable diseases, and employee misconduct;

(7) copies of all other forms the personal care assistance provider agency uses in the course of daily business including, but not limited to:

(i) a copy of the personal care assistance provider agency's time sheet if the time sheet varies from the standard time sheet for personal care assistance services approved by the commissioner, and a letter requesting approval of the personal care assistance provider agency's nonstandard time sheet;

(ii) the personal care assistance provider agency's template for the personal care assistance care plan; and

(iii) the personal care assistance provider agency's template for the written agreement in subdivision 20 for recipients using the personal care assistance choice option, if applicable;

(8) a list of all training and classes that the personal care assistance provider agency requires of its staff providing personal care assistance services;

(9) documentation that the personal care assistance provider agency and staff have successfully completed all the training required by this section, including the requirements under subdivision 11, paragraph (d), if enhanced personal care assistance services are provided and submitted for an enhanced rate under subdivision 17a;

(10) documentation of the agency's marketing practices;

(11) disclosure of ownership, leasing, or management of all residential properties that is used or could be used for providing home care services;

(12) documentation that the agency will use the following percentages of revenue generated from the medical assistance rate paid for personal care assistance services for employee personal care assistant wages and benefits: 72.5 percent of revenue in the personal care assistance choice option and 72.5 percent of revenue from other personal care assistance providers. The revenue generated by the qualified professional and the reasonable costs associated with the qualified professional shall not be used in making this calculation; and

(13) effective May 15, 2010, documentation that the agency does not burden recipients' free exercise of their right to choose service providers by requiring personal care assistants to sign an agreement not to work with any particular personal care assistance recipient or for another personal care assistance provider agency after leaving the agency and that the agency is not taking action on any such agreements or requirements regardless of the date signed.

(b) Personal care assistance provider agencies shall provide the information specified in paragraph (a) to the commissioner at the time the personal care assistance provider agency enrolls as a vendor or upon request from the commissioner. The commissioner shall collect the information specified in paragraph (a) from all personal care assistance providers beginning July 1, 2009.

(c) All personal care assistance provider agencies shall require all employees in management and supervisory positions and owners of the agency who are active in the day-to-day management and operations of the agency to complete mandatory training as determined by the commissioner before submitting an application for enrollment of the agency as a provider. All personal care assistance provider agencies shall also require qualified professionals to complete the training required by subdivision 13 before submitting an application for enrollment of the agency as a provider. Employees in management and supervisory positions and owners who are active in the day-to-day operations of an agency who have completed the required training as an employee with a personal care assistance provider agency do not need to repeat the required training if they are hired by another agency, if they have completed the training within the past three years. By September 1, 2010, the required training must be available with meaningful access according to title VI of the Civil Rights Act and federal regulations adopted under that law or any guidance from the United States Health and Human Services Department. The required training must be available online or by electronic remote connection. The required training must provide for competency testing. Personal care assistance provider agency billing staff shall complete training about personal care assistance program financial management. This training is effective July 1, 2009. Any personal care assistance provider agency enrolled before that date shall, if it has not already, complete the provider training within 18 months of July 1, 2009. Any new owners or employees in management and supervisory positions involved in the day-to-day operations are required to complete mandatory training as a requisite of working for the agency. Personal care assistance provider agencies certified for participation in Medicare as home health agencies are exempt from the training required in this subdivision. When available, Medicare-certified home health agency owners, supervisors, or managers must successfully complete the competency test.

(d) All surety bonds, fidelity bonds, workers' compensation insurance, and liability insurance required by this subdivision must be maintained continuously <u>and purchased new annually</u>. After initial enrollment, a provider must submit proof of bonds and required coverages at any time at the request of the commissioner. Services provided while there are lapses in coverage are not eligible for payment. Lapses in coverage may result in sanctions, including termination. The commissioner shall send instructions and a due date to submit the requested information to the personal care assistance provider agency.

Sec. 12. Minnesota Statutes 2025 Supplement, section 256B.0701, subdivision 9, is amended to read:

Subd. 9. **Provider qualifications and duties.** A provider is eligible for reimbursement under this section only if the provider:

(1) is confirmed by the commissioner as an eligible provider after a pre-enrollment risk assessment under subdivision 10;

(2) is enrolled as a medical assistance Minnesota health care program provider and meets all applicable provider standards and requirements;

(3) demonstrates compliance with federal and state laws and policies for housing stabilization services as determined by the commissioner;

(4) complies with background study requirements under chapter 245C and maintains documentation of background study requests and results;

(5) provides at the time of enrollment, reenrollment, and revalidation in a format determined by the commissioner, proof of surety bond coverage for each business location providing services. Upon new enrollment, or if the provider's medical assistance revenue in the previous calendar year is $300,000 or less, the provider agency must purchase a surety bond of $50,000. If the provider's medical assistance revenue in the previous year is over $300,000, the provider agency must purchase a surety bond of $100,000. The surety bond must be in a form approved by the commissioner, must be ~~renewed~~ purchased new annually, and must allow for recovery of costs and fees in pursuing a claim on the bond. Any action to obtain monetary recovery or sanctions from a surety bond must occur within six years from the date the debt is affirmed by a final agency decision. An agency decision is final when the right to appeal the debt has been exhausted or the time to appeal has expired under section 256B.064;

(6) ensures all controlling individuals and employees of the agency complete annual vulnerable adult training;

(7) completes compliance training as required under subdivision 11; and

(8) complies with the habitability inspection requirements in subdivision 13.

Sec. 13. Minnesota Statutes 2025 Supplement, section 256B.85, subdivision 12, is amended to read:

Subd. 12. **Requirements for enrollment of CFSS agency-providers.** (a) All CFSS agency-providers must provide, at the time of enrollment, reenrollment, and revalidation as a CFSS agency-provider in a format determined by the commissioner, information and documentation that includes but is not limited to the following:

(1) the CFSS agency-provider's current contact information including address, telephone number, and email address;

(2) proof of surety bond coverage. Upon new enrollment, or if the agency-provider's Medicaid revenue in the previous calendar year is less than or equal to $300,000, the agency-provider must purchase a surety bond of $50,000. If the agency-provider's Medicaid revenue in the previous calendar year is greater than $300,000, the agency-provider must purchase a surety bond of $100,000. The surety bond must be in a form approved by the commissioner, must be ~~renewed~~ purchased new annually, and must allow for recovery of costs and fees in pursuing a claim on the bond. Any action to obtain monetary recovery or sanctions from a surety bond must occur within six years from the date the debt is affirmed by a final agency decision. An agency decision is final when the right to appeal the debt has been exhausted or the time to appeal has expired under section 256B.064;

(3) proof of fidelity bond coverage in the amount of $20,000 per provider location;

(4) proof of workers' compensation insurance coverage;

(5) proof of liability insurance;

(6) a copy of the CFSS agency-provider's organizational chart identifying the names and roles of all owners, managing employees, staff, board of directors, and additional documentation reporting any affiliations of the directors and owners to other service providers;

(7) proof that the CFSS agency-provider has written policies and procedures including: hiring of employees; training requirements; service delivery; and employee and consumer safety, including the process for notification and resolution of participant grievances, incident response, identification and prevention of communicable diseases, and employee misconduct;

(8) proof that the CFSS agency-provider has all of the following forms and documents:

(i) a copy of the CFSS agency-provider's time sheet; and

(ii) a copy of the participant's individual CFSS service delivery plan;

(9) a list of all training and classes that the CFSS agency-provider requires of its staff providing CFSS services;

(10) documentation that the CFSS agency-provider and staff have successfully completed all the training required by this section;

(11) documentation of the agency-provider's marketing practices;

(12) disclosure of ownership, leasing, or management of all residential properties that are used or could be used for providing home care services;

(13) documentation that the agency-provider will use at least the following percentages of revenue generated from the medical assistance rate paid for CFSS services for CFSS support worker wages and benefits: 72.5 percent of revenue from CFSS providers, except 100 percent of the revenue generated by a medical assistance rate increase due to a collective bargaining agreement under section 179A.54 must be used for support worker wages and benefits. The revenue generated by the worker training and development services and the reasonable costs associated with the worker training and development services shall not be used in making this calculation; and

(14) documentation that the agency-provider does not burden participants' free exercise of their right to choose service providers by requiring CFSS support workers to sign an agreement not to work with any particular CFSS participant or for another CFSS agency-provider after leaving the agency and that the agency is not taking action on any such agreements or requirements regardless of the date signed.

(b) CFSS agency-providers shall provide to the commissioner the information specified in paragraph (a).

(c) All CFSS agency-providers shall require all employees in management and supervisory positions and owners of the agency who are active in the day-to-day management and operations of the agency to complete mandatory training as determined by the commissioner. Employees in management and supervisory positions and owners who are active in the day-to-day operations of an agency who have completed the required training as an employee with a CFSS agency-provider

do not need to repeat the required training if they are hired by another agency and they have completed the training within the past three years. CFSS agency-provider billing staff shall complete training about CFSS program financial management. Any new owners or employees in management and supervisory positions involved in the day-to-day operations are required to complete mandatory training as a requisite of working for the agency.

(d) Agency-providers shall submit all required documentation in this section within 30 days of notification from the commissioner. If an agency-provider fails to submit all the required documentation, the commissioner may take action under subdivision 23a.

Sec. 14. Minnesota Statutes 2025 Supplement, section 256B.85, subdivision 17a, is amended to read:

Subd. 17a. **Consultation services provider qualifications and requirements.** Consultation services providers must meet the following qualifications and requirements:

(1) meet the requirements under subdivision 10, paragraph (a), excluding clauses (4) and (5);

(2) be under contract with the department and enrolled as a Minnesota health care program provider;

(3) not be the FMS provider, the lead agency, or the CFSS or home and community-based services waiver vendor or agency-provider to the participant;

(4) meet the service standards as established by the commissioner;

(5) have proof of surety bond coverage. Upon new enrollment, or if the consultation service provider's Medicaid revenue in the previous calendar year is less than or equal to $300,000, the consultation service provider must purchase a surety bond of $50,000. If the agency-provider's Medicaid revenue in the previous calendar year is greater than $300,000, the consultation service provider must purchase a surety bond of $100,000. The surety bond must be in a form approved by the commissioner, must be ~~renewed~~ purchased new annually, and must allow for recovery of costs and fees in pursuing a claim on the bond. Any action to obtain monetary recovery or sanctions from a surety bond must occur within six years from the date the debt is affirmed by a final agency decision. An agency decision is final when the right to appeal the debt has been exhausted or the time to appeal has expired under section 256B.064;

(6) employ lead professional staff with a minimum of two years of experience in providing services such as support planning, support broker, case management or care coordination, or consultation services and consumer education to participants using a self-directed program using FMS under medical assistance;

(7) report maltreatment as required under chapter 260E and section 626.557;

(8) comply with medical assistance provider requirements;

(9) understand the CFSS program and its policies;

(10) be knowledgeable about self-directed principles and the application of the person-centered planning process;

(11) have general knowledge of the FMS provider duties and the vendor fiscal/employer agent model, including all applicable federal, state, and local laws and regulations regarding tax, labor, employment, and liability and workers' compensation coverage for household workers; and

(12) have all employees, including lead professional staff, staff in management and supervisory positions, and owners of the agency who are active in the day-to-day management and operations of the agency, complete training as specified in the contract with the department.

Sec. 15. **REPEALER.**

Minnesota Statutes 2025 Supplement, sections 245A.042, subdivision 5; and 245A.10, subdivision 3a, are repealed.

EFFECTIVE DATE. This section is effective October 1, 2026.

ARTICLE 3

BACKGROUND STUDIES

Section 1. Minnesota Statutes 2024, section 245C.03, subdivision 3a, is amended to read:

Subd. 3a. **Personal care assistance provider agency; background studies.** Personal care assistance provider agencies enrolled to provide personal care assistance services under the medical assistance program must meet the following requirements:

(1) owners who have a five percent interest or more, board members, and all managing employees are subject to a background study as provided in this chapter. This requirement applies to currently enrolled personal care assistance provider agencies and agencies seeking enrollment as a personal care assistance provider agency. "Managing employee" has the same meaning as in Code of Federal Regulations, title 42, section 455.101. An organization is barred from enrollment if:

(i) the organization has not initiated background studies of owners and managing employees; or

(ii) the organization has initiated background studies of owners and managing employees and the commissioner has sent the organization a notice that an owner or managing employee of the organization has been disqualified under section 245C.14, and the owner or managing employee has not received a set aside of the disqualification under section 245C.22; and

(2) a background study must be initiated and completed for all employee and volunteer qualified professionals.

EFFECTIVE DATE. This section is effective September 15, 2026.

Sec. 2. Minnesota Statutes 2024, section 245C.03, subdivision 9, is amended to read:

Subd. 9. **Community first services and supports and financial management services organizations.** Individuals affiliated with Community First Services and Supports (CFSS) agency-providers and Financial Management Services (FMS) providers enrolled to provide CFSS services under the medical assistance program must meet the following requirements:

(1) owners who have a five percent interest or more, board members, and all managing employees are subject to a background study under this chapter. This requirement applies to currently enrolled providers and agencies seeking enrollment. "Managing employee" has the meaning given in Code of Federal Regulations, title 42, section 455.101. An organization is barred from enrollment if:

(i) the organization has not initiated background studies of owners and managing employees; or

(ii) the organization has initiated background studies of owners and managing employees and the commissioner has sent the organization a notice that an owner or managing employee of the organization has been disqualified under section 245C.14 and the owner or managing employee has not received a set aside of the disqualification under section 245C.22;

(2) a background study must be initiated and completed for all ~~staff~~ employees or volunteers who will have direct contact with the participant to provide worker training and development; and

(3) a background study must be initiated and completed for all employee and volunteer support workers.

EFFECTIVE DATE. This section is effective September 15, 2026.

Sec. 3. Minnesota Statutes 2024, section 245C.03, is amended by adding a subdivision to read:

Subd. 17. **Providers of adult rehabilitative mental health services.** The commissioner must conduct background studies on any individual who is an owner with an ownership stake of at least five percent in an adult rehabilitative mental health services provider, an operator of an adult rehabilitative mental health services provider, or an employee or volunteer who has direct contact with people receiving adult rehabilitative mental health services under section 256B.0623. For purposes of this subdivision, operator includes board members or other individuals who oversee the billing, management, or policies of the services provided.

EFFECTIVE DATE. This section is effective upon implementation in NETStudy 2.0, but no sooner than October 13, 2026.

Sec. 4. Minnesota Statutes 2024, section 245C.03, is amended by adding a subdivision to read:

Subd. 18. **Providers of peer recovery services.** The commissioner must conduct background studies on any individual who is an owner with an ownership stake of at least five percent in a peer recovery services provider, an operator of a peer recovery services provider, or an employee or volunteer who has direct contact with people receiving peer recovery services under section 254B.052. For purposes of this subdivision, "operator" includes board members or other individuals who oversee the billing, management, or policies of the services provided.

Sec. 5. Minnesota Statutes 2024, section 245C.03, is amended by adding a subdivision to read:

Subd. 19. **Providers of adult assertive community treatment services.** The commissioner must conduct background studies on any individual who is an owner with an ownership stake of at least five percent in an adult assertive community treatment services provider, an operator of an adult assertive community treatment services provider, or an employee or volunteer who has direct

contact with people receiving adult assertive community treatment services under section 256B.0622. For purposes of this subdivision, "operator" includes board members or other individuals who oversee the billing, management, or policies of the services provided.

EFFECTIVE DATE. This section is effective upon implementation in NETStudy 2.0, but no sooner than February 16, 2027.

Sec. 6. Minnesota Statutes 2025 Supplement, section 245C.13, subdivision 2, is amended to read:

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

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

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

(i) the individual is not disqualified; or

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

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

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

(b) For a background study affiliated with a licensed child care center or certified license-exempt child care center, the notice sent under paragraph (a), clause (1), item (ii), must not be issued until the commissioner receives a qualifying result for the individual for the fingerprint-based national criminal history record check or the fingerprint-based criminal history information from the Bureau of Criminal Apprehension. The notice must require the individual to be under continuous direct supervision prior to completion of the remainder of the background study except as permitted in subdivision 3.

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

(1) being issued a license;

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

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

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

(5) for licensed child care centers and certified license-exempt child care centers, providing direct contact services to persons served by the program;

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

(7) for background studies affiliated with a personal care provider organization, ~~except as provided in section 245C.03, subdivision 3b,~~ early intensive developmental and behavioral intervention provider, housing support or supplementary services provider, special transportation services provider, or community first services and supports provider before ~~a personal care assistant~~ an individual provides services, the ~~personal care assistance provider agency~~ entity must initiate a background study of the ~~personal care assistant~~ individual under this chapter and the ~~personal care assistance provider agency~~ entity must have received a notice from the commissioner that the ~~personal care assistant~~ individual is:

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

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

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

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

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

EFFECTIVE DATE. This section is effective September 15, 2026.

Sec. 7. Minnesota Statutes 2025 Supplement, section 245C.16, subdivision 1, is amended to read:

Subdivision 1. **Determining immediate risk of harm.** (a) If the commissioner determines that the individual studied has a disqualifying characteristic, the commissioner shall review the information immediately available and make a determination as to the subject's immediate risk of harm to persons served by the program where the individual studied will have direct contact with, or access to, people receiving services.

(b) The commissioner shall consider all relevant information available, including the following factors in determining the immediate risk of harm:

(1) the recency of the disqualifying characteristic;

(2) the recency of discharge from probation for the crimes;

(3) the number of disqualifying characteristics;

(4) the intrusiveness or violence of the disqualifying characteristic;

(5) the vulnerability of the victim involved in the disqualifying characteristic;

(6) the similarity of the victim to the persons served by the program where the individual studied will have direct contact;

(7) whether the individual has a disqualification from a previous background study that has not been set aside;

(8) if the individual has a disqualification which may not be set aside because it is a permanent bar under section 245C.24, subdivision 1, or the individual is a child care background study subject who has a felony-level conviction for a drug-related offense in the last five years, the commissioner may order the immediate removal of the individual from any position allowing direct contact with, or access to, persons receiving services from the program and from working in a children's residential facility or foster residence setting; and

(9) if the individual has a disqualification which may not be set aside because it is a permanent bar under section 245C.24, subdivision 2, or the individual is a child care background study subject who has a felony-level conviction for a drug-related offense during the last five years, the commissioner may order the immediate removal of the individual from any position allowing direct contact with or access to persons receiving services from the center and from working in a licensed child care center or certified license-exempt child care center.

(c) This section does not apply when the subject of a background study is regulated by a health-related licensing board as defined in chapter 214, and the subject is determined to be responsible for substantiated maltreatment under section 626.557 or chapter 260E.

(d) This section does not apply to a background study related to an initial application for a child foster family setting license.

(e) Except for paragraph (f), this section does not apply to a background study that is also subject to the requirements under section ~~256B.0659, subdivisions 11 and 13, for a personal care assistant or a qualified professional as defined in section 256B.0659, subdivision 1, or to a background study for an individual providing early intensive developmental and behavioral intervention services under section 256B.0949~~ 245C.13, subdivision 2, paragraph (c), clause (7).

(f) If the commissioner has reason to believe, based on arrest information or an active maltreatment investigation, that an individual poses an imminent risk of harm to persons receiving services, the commissioner may order that the person be continuously supervised or immediately removed pending the conclusion of the maltreatment investigation or criminal proceedings.

EFFECTIVE DATE. This section is effective September 15, 2026.

ARTICLE 4

UNIFORM SERVICE STANDARDS

Section 1. Minnesota Statutes 2024, section 245.735, subdivision 6, is amended to read:

Subd. 6. **Section 223 of the Protecting Access to Medicare Act entities.** ~~(a) The commissioner must request federal approval to participate in the demonstration program established by section 223 of the Protecting Access to Medicare Act and, if approved, to continue to participate in the demonstration program as long as federal funding for the demonstration program remains available from the United States Department of Health and Human Services. To the extent practicable, the commissioner shall align the requirements of the demonstration program with the requirements under this section for CCBHCs receiving medical assistance reimbursement under the authority of the state's Medicaid state plan. A CCBHC may not apply to participate as a billing provider in both the CCBHC federal demonstration and the benefit for CCBHCs under the medical assistance program.~~

~~(b) The commissioner must follow federal payment guidance, including payment of the CCBHC daily bundled rate for services rendered by CCBHCs to individuals who are dually eligible for Medicare and medical assistance when Medicare is the primary payer for the service. Services provided by a CCBHC operating under the authority of the state's Medicaid state plan will not receive the prospective payment system rate for services rendered by CCBHCs to individuals who are dually eligible for Medicare and medical assistance when Medicare is the primary payer for the service.~~

~~(c)~~ Payment for services rendered by CCBHCs to individuals who have commercial insurance as the primary payer and medical assistance as secondary payer is subject to the requirements under section 256B.37. Services provided by a CCBHC operating under the authority of the 223 demonstration or the state's Medicaid state plan will not receive the prospective payment system rate for services rendered by CCBHCs to individuals who have commercial insurance as the primary payer and medical assistance as the secondary payer.

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

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

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

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

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

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

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

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

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

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

(9) programs licensed by the commissioner of corrections;

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

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

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

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

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

(15) mental health outpatient services for adults with mental illness or children with mental illness, except, effective January 1, 2028, for programs licensed under section 245A.044;

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

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

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

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

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

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

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective January 1, 2028.

Sec. 3. **[245A.044] LICENSED NONRESIDENTIAL BEHAVIORAL HEALTH SERVICES.**

Subdivision 1. **License required for certain nonresidential behavioral health services.** (a) Beginning January 1, 2028, providers of nonresidential mental health and substance use disorder services must obtain a license under this chapter to provide:

(1) adult rehabilitative mental health services under section 245I.22;

(2) children's therapeutic services and supports in the community under section 245I.30 and children's day treatment under section 245I.31;

(3) crisis response services under section 245I.24; and

(4) certified community behavioral health clinic services under section 245I.17.

(b) As a condition of licensure, an applicant or license holder must demonstrate and maintain verification of compliance with:

(1) licensing requirements under this chapter and chapter 245I; and

(2) applicable health care program requirements under Minnesota Rules, parts 9505.0170 to 9505.0475 and 9505.2160 to 9505.2245.

Subd. 2. **Implementation.** (a) Beginning July 1, 2027, the commissioner must begin issuing licenses to providers listed in subdivision 1. The commissioner must transition providers certified under section 245I.011 and listed in subdivision 1 into licensure with a phased-in schedule determined

by the commissioner. The commissioner must communicate the implementation schedule to providers at least three months before the application is made available.

(b) Applicants for licensure must have an approved certification under section 245I.011 at least 90 days before the date of the licensure application.

(c) A provider's certification under section 245I.011, subdivision 5, paragraph (a), clauses (2) to (4), or 6, paragraph (b), expires when the commissioner issues a decision on the provider's license application.

(d) Upon licensure, a license holder must notify clients and staff of policies and procedures outlined in the application.

(e) Notwithstanding paragraphs (a) and (c), subdivision 1, and sections 245I.17, 245I.22, 245I.24, 245I.30, and 245I.31, a provider listed under subdivision 1, paragraph (a), clauses (1) to (4), and certified under section 245I.011 may continue operating past January 1, 2028, until the commissioner issues a licensing decision if the provider submitted an application before January 1, 2028.

(f) If a provider fails to submit an application for licensure within the time frame in paragraph (b), the commissioner must disenroll the provider from reimbursement for the following services:

(1) adult rehabilitative mental health services under section 256B.0623;

(2) crisis response services under section 256B.0624;

(3) children's therapeutic services and supports under section 256B.0943; and

(4) certified community behavioral health clinics under section 256B.0625, subdivision 5m.

(g) The commissioner must disenroll a provider listed in paragraph (f) from medical assistance if:

(1) the provider's licensing application has been denied or the license has been suspended or revoked; and

(2) the provider appealed the application denial or the license suspension or revocation, and the commissioner issued a final order on the appeal affirming the action.

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

Sec. 4. Minnesota Statutes 2025 Supplement, section 245A.10, subdivision 3, is amended to read:

Subd. 3. **Application fee for initial license or certification.** (a) Except as provided in paragraphs (c) ~~and~~, (d), and (f), for fees required under subdivision 1, an applicant for an initial license or certification issued by the commissioner shall submit a $2,100 application fee with each new application required under this subdivision. The application fee shall not be prorated, is nonrefundable, and is in lieu of the annual license or certification fee that expires on December 31. The commissioner shall not process an application until the application fee is paid.

(b) Except as provided in paragraph (c), an applicant shall apply for a license to provide services at a specific location.

(c) For a license to provide home and community-based services to persons with disabilities or age 65 and older under chapter 245D, an applicant shall submit an application to provide services statewide. For fees required under subdivision 1, an applicant for an initial license issued by the commissioner to provide home and community-based services under chapter 245D shall submit a $4,200 application fee with each new application.

(d) For fees required under subdivision 1, an applicant for an initial license or certification issued by the commissioner for children's residential facility ~~or mental health clinic licensure or certification~~ shall submit a $500 application fee with each new application required under this subdivision.

(e) For fees required under subdivision 1, an applicant for an initial mental health clinic certification issued by the commissioner shall submit a $2,100 application fee with each new application required under this subdivision.

(f) For fees required under subdivision 1, an applicant for an initial license issued by the commissioner to provide services at a certified community behavioral health clinic under section 245I.17 shall submit a $4,200 application fee with each new application.

Sec. 5. Minnesota Statutes 2025 Supplement, section 245A.10, subdivision 4, is amended to read:

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

License Holder Annual Revenue	License Fee
less than or equal to $10,000	$250
greater than $10,000 but less than or equal to $25,000	$375
greater than $25,000 but less than or equal to $50,000	$500
greater than $50,000 but less than or equal to $100,000	$625
greater than $100,000 but less than or equal to $150,000	$750
greater than $150,000 but less than or equal to $200,000	$1,000
greater than $200,000 but less than or equal to $250,000	$1,250
greater than $250,000 but less than or equal to $300,000	$1,500

greater than $300,000 but less than or equal to $350,000	$1,750
greater than $350,000 but less than or equal to $400,000	$2,000
greater than $400,000 but less than or equal to $450,000	$2,250
greater than $450,000 but less than or equal to $500,000	$2,500
greater than $500,000 but less than or equal to $600,000	$2,850
greater than $600,000 but less than or equal to $700,000	$3,200
greater than $700,000 but less than or equal to $800,000	$3,600
greater than $800,000 but less than or equal to $900,000	$3,900
greater than $900,000 but less than or equal to $1,000,000	$4,250
greater than $1,000,000 but less than or equal to $1,250,000	$4,550
greater than $1,250,000 but less than or equal to $1,500,000	$4,900
greater than $1,500,000 but less than or equal to $1,750,000	$5,200
greater than $1,750,000 but less than or equal to $2,000,000	$5,500
greater than $2,000,000 but less than or equal to $2,500,000	$5,900
greater than $2,500,000 but less than or equal to $3,000,000	$6,200
greater than $3,000,000 but less than or equal to $3,500,000	$6,500
greater than $3,500,000 but less than or equal to $4,000,000	$7,200
greater than $4,000,000 but less than or equal to $4,500,000	$7,800
greater than $4,500,000 but less than or equal to $5,000,000	$9,000
greater than $5,000,000 but less than or equal to $7,500,000	$10,000
greater than $7,500,000 but less than or equal to $10,000,000	$14,000

greater than $10,000,000 but less than or equal to $12,500,000	$18,000
greater than $12,500,000 but less than or equal to $15,000,000	$25,000
greater than $15,000,000 but less than or equal to $17,500,000	$28,000
greater than $17,500,000 but less than $20,000,000	$32,000
greater than $20,000,000 but less than $25,000,000	$36,000
greater than $25,000,000 but less than $30,000,000	$45,000
greater than $30,000,000 but less than $35,000,000	$55,000
greater than $35,000,000	$75,000

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

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

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

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

Licensed Capacity	License Fee
1 to 24 persons	$2,600
25 to 49 persons	$3,000
50 to 74 persons	$5,000
75 to 99 persons	$10,000
100 to 199 persons	$15,000
200 or more persons	$20,000

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

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

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

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

Licensed Capacity	License Fee
1 to 24 persons	$1,000
25 to 49 persons	$1,100
50 to 74 persons	$1,200
75 to 99 persons	$1,300
100 or more persons	$1,400

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

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

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

Licensed Capacity	License Fee
1 to 24 persons	$450
25 to 49 persons	$650
50 to 74 persons	$850
75 to 99 persons	$1,050
100 or more persons	$1,250

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

Licensed Capacity	License Fee
1 to 24 persons	$2,600
25 to 49 persons	$3,000
50 to 74 persons	$5,000
75 to 99 persons	$10,000
100 to 199 persons	$15,000
200 or more persons	$20,000

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

(i) A mental health clinic certified under section 245I.20 shall pay an annual nonrefundable certification fee of ~~$1,550~~ $3,000. If the mental health clinic provides services at a primary location with satellite facilities, the satellite facilities shall be certified with the primary location without an additional charge.

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

(j) A program licensed to provide behavioral health treatment services licensed under section 245I.22, 245I.24, 245I.30, or 245I.31 shall pay an annual nonrefundable license fee of $3,000 for each license.

(k) Certified community behavioral health clinics licensed under section 245I.17 shall pay an annual nonrefundable license fee of $7,800.

Sec. 6. Minnesota Statutes 2024, section 245A.10, is amended by adding a subdivision to read:

Subd. 4a. **Fees for satellite locations.** (a) If a program subject to annual fees under subdivision 4, paragraph (b), provides services at a primary location with satellite facilities, the satellite facilities are licensed with the primary location and are subject to an additional $500 annual nonrefundable license fee per satellite facility.

(b) If a program subject to annual fees under subdivision 4, paragraph (j), provides services at a primary location with satellite sites or facilities, the satellite locations must be licensed with the primary location and are subject to an additional annual nonrefundable fee according to the following schedule:

(1) one to five satellite locations: $1,500;

(2) six to 19 satellite locations: $3,500; or

(3) 20 or more satellite locations: $5,000.

Sec. 7. Minnesota Statutes 2024, section 245A.65, subdivision 1a, is amended to read:

Subd. 1a. **Determination of vulnerable adult status.** (a) A license holder that provides services to adults who are excluded from the definition of vulnerable adult under section 626.5572, subdivision 21, paragraph (a), clause (2), must determine whether the person is a vulnerable adult under section 626.5572, subdivision 21, paragraph (a), clause (4). This determination must be made within 24 hours of:

(1) admission to the licensed program; and

(2) any incident that:

(i) was reported under section 626.557; or

(ii) would have been required to be reported under section 626.557, if one or more of the adults involved in the incident had been vulnerable adults.

(b) Upon determining that a person receiving services is a vulnerable adult under section 626.5572, subdivision 21, paragraph (a), clause (4), all requirements relative to vulnerable adults under this chapter and section 626.557 must be met by the license holder.

(c) Notwithstanding paragraph (a), clause (1), a license holder providing mobile crisis services must make the required determination within 24 hours of first providing crisis stabilization services to an adult under section 245I.24, subdivision 9.

Sec. 8. Minnesota Statutes 2024, section 245C.03, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

(1) adult foster care;

(2) children's residential facilities;

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

(4) residential mental health programs for adults;

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

(6) withdrawal management programs under chapter 245F;

(7) adult day care centers;

(8) family adult day services;

(9) detoxification programs;

(10) community residential settings;

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

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

(13) adult rehabilitative mental health services under chapter 245I;

(14) certified community behavioral health clinic services under chapter 245I;

(15) children's therapeutic services and supports under chapter 245I; and

(16) crisis response services under chapter 245I.

Sec. 9. Minnesota Statutes 2025 Supplement, section 245C.13, subdivision 2, is amended to read:

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

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

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

(i) the individual is not disqualified; or

(ii) more time is needed to complete the study but the individual is not required to be removed from direct contact or access to people receiving services prior to completion of the study as provided under section 245C.17, subdivision 1, paragraph (b) or (c). The notice that more time is needed to

complete the study must also indicate whether the individual is required to be under continuous direct supervision prior to completion of the background study. When more time is necessary to complete a background study of an individual affiliated with a Title IV-E eligible children's residential facility or foster residence setting, the individual may not work in the facility or setting regardless of whether or not the individual is supervised;

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

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

(b) For a background study affiliated with a licensed child care center or certified license-exempt child care center, the notice sent under paragraph (a), clause (1), item (ii), must not be issued until the commissioner receives a qualifying result for the individual for the fingerprint-based national criminal history record check or the fingerprint-based criminal history information from the Bureau of Criminal Apprehension. The notice must require the individual to be under continuous direct supervision prior to completion of the remainder of the background study except as permitted in subdivision 3.

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

(1) being issued a license;

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

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

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

(5) for licensed child care centers and certified license-exempt child care centers, providing direct contact services to persons served by the program;

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

(7) for background studies affiliated with a personal care provider organization, except as provided in section 245C.03, subdivision 3b, or with an early intensive developmental and behavioral intervention provider or adult rehabilitative mental health services provider, before ~~a personal care assistant~~ an individual provides services, the ~~personal care assistance provider agency~~ entity must initiate a background study of the ~~personal care assistant~~ individual under this chapter and the ~~personal care assistance provider agency~~ entity must have received a notice from the commissioner that the ~~personal care assistant~~ individual is:

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

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

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

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

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

Sec. 10. Minnesota Statutes 2024, section 245G.03, subdivision 1, is amended to read:

Subdivision 1. **License requirements.** (a) An applicant for a license to provide substance use disorder treatment must comply with the general requirements in section 626.557; chapters 245A, 245C, and 260E; and Minnesota Rules, chapter 9544.

(b) The commissioner may grant variances to the requirements in this chapter that do not affect the client's health or safety if the conditions in section 245A.04, subdivision 9, are met.

(c) If a program is licensed according to this chapter and is part of a certified community behavioral health clinic under section ~~245.735~~ 245I.17, the license holder must comply with the requirements in section ~~245.735~~ 245I.17, subdivisions ~~4b to 4e~~ 12 and 13, as part of the licensing requirements under this chapter.

Sec. 11. Minnesota Statutes 2024, section 245I.011, subdivision 3, is amended to read:

Subd. 3. **Certification required.** (a) An individual, organization, or government entity that is exempt from licensure under section 245A.03, subdivision 2, paragraph (a), clause ~~(12)~~ (15), and chooses to be identified as a certified mental health clinic must:

(1) be a mental health clinic that is certified under section 245I.20;

(2) comply with all of the responsibilities assigned to a license holder by this chapter except subdivision 1; and

(3) comply with all of the responsibilities assigned to a certification holder by chapter 245A.

(b) An individual, organization, or government entity described by this subdivision must obtain a criminal background study for each staff person or volunteer who provides direct contact services to clients.

~~(c) If a clinic is certified according to this chapter and is part of a certified community behavioral health clinic under section 245.735, the license holder must comply with the requirements in section 245.735, subdivisions 4b to 4e, as part of the licensing requirements under this chapter.~~

EFFECTIVE DATE. This section is effective the day following final enactment, except the amendment striking paragraph (c) is effective January 1, 2028.

Sec. 12. Minnesota Statutes 2024, section 245I.011, subdivision 5, is amended to read:

Subd. 5. **Programs certified under chapter 256B.** (a) An individual, organization, or government entity certified under the following sections must comply with all of the responsibilities assigned to a license holder under this chapter except subdivision 1:

(1) an assertive community treatment provider under section 256B.0622, subdivision 3a;

~~(2) an adult rehabilitative mental health services provider under section 256B.0623;~~

~~(3) a mobile crisis team under section 256B.0624;~~

~~(4) a children's therapeutic services and supports provider under section 256B.0943;~~

~~(5)~~ (2) a children's intensive behavioral health services provider under section 256B.0946; and

~~(6)~~ (3) an intensive nonresidential rehabilitative mental health services provider under section 256B.0947.

(b) An individual, organization, or government entity certified under the sections listed in paragraph (a)~~, clauses (1) to (6),~~ must obtain a criminal background study for each staff person and volunteer providing direct contact services to a client.

EFFECTIVE DATE. This section is effective January 1, 2028.

Sec. 13. Minnesota Statutes 2024, section 245I.011, is amended by adding a subdivision to read:

Subd. 6. **License required for nonresidential programs.** (a) Beginning January 1, 2028, an individual, organization, or government entity must have a license under this chapter to provide the following services:

(1) adult rehabilitative mental health services, as defined in section 256B.0623;

(2) mobile crisis services, as defined in section 256B.0624;

(3) children's therapeutic services and supports, as defined in section 256B.0943; or

(4) certified community behavioral health clinic services, as defined in sections 245I.17 and 256B.0625, subdivision 5m.

(b) An individual, organization, or government entity certified as any of the following must remain certified according to subdivision 5 until the commissioner issues a license, the commissioner denies the license application, or the certification expires according to chapter 245A:

(1) an adult rehabilitative mental health services provider under section 256B.0623;

(2) a mobile crisis team under section 256B.0624;

(3) a children's therapeutic services and supports provider under section 256B.0943; or

(4) a certified community behavioral health clinic under section 245.735.

Sec. 14. Minnesota Statutes 2024, section 245I.02, is amended by adding a subdivision to read:

Subd. 1a. **Alcohol and drug counselor.** "Alcohol and drug counselor" means an individual qualified under section 245G.11, subdivision 5.

Sec. 15. Minnesota Statutes 2024, section 245I.02, is amended by adding a subdivision to read:

Subd. 10a. **Comprehensive evaluation.** "Comprehensive evaluation" means a person-centered, family-centered, and trauma-informed evaluation conducted according to section 245I.17, subdivision 12.

Sec. 16. Minnesota Statutes 2024, section 245I.02, is amended by adding a subdivision to read:

Subd. 18a. **Initial evaluation.** "Initial evaluation" means the assessment and preliminary diagnosis necessary to begin client services, conducted according to section 245I.17.

Sec. 17. Minnesota Statutes 2024, section 245I.02, is amended by adding a subdivision to read:

Subd. 31a. **Psychotherapy.** "Psychotherapy" has the meaning given in section 256B.0671, subdivision 11.

Sec. 18. Minnesota Statutes 2024, section 245I.02, subdivision 33, is amended to read:

Subd. 33. **Rehabilitative mental health services.** "Rehabilitative mental health services" means mental health services provided to ~~an adult~~ a client that enable the client to develop and achieve psychiatric stability, social competencies, personal and emotional adjustment, independent living skills, family roles, and community skills when symptoms of mental illness has impaired any of the client's abilities in these areas. Rehabilitative mental health services include interventions that allow a client to self-monitor, compensate for, counteract, or replace psychosocial skills deficits or maladaptive skills acquired over the course of a mental illness. For a child client, rehabilitative mental health services include interventions to restore a child or adolescent to an age-appropriate developmental trajectory that has been disrupted by a mental illness.

Sec. 19. Minnesota Statutes 2024, section 245I.02, subdivision 39, is amended to read:

Subd. 39. **Treatment plan.** "Treatment plan" means services that a license holder formulates to respond to a client's needs and goals. A treatment plan includes individual treatment plans under section 245I.10, subdivisions 7 and 8; initial treatment plans under section 245I.23, subdivision 7; and crisis treatment plans under sections 245I.23, subdivision 8, and 256B.0624, subdivision 11. For a license holder under section 245I.17, a treatment plan is the integrated treatment plan developed according to section 245I.17, subdivision 13.

Sec. 20. Minnesota Statutes 2024, section 245I.03, subdivision 4, is amended to read:

Subd. 4. **Behavioral emergencies.** (a) A license holder must have procedures that each staff person follows when responding to a client who exhibits behavior that threatens the immediate safety of the client or others. A license holder's behavioral emergency procedures must incorporate person-centered planning and trauma-informed care.

(b) A license holder's behavioral emergency procedures must include:

(1) a plan designed to prevent the client from inflicting self-harm and harming others;

(2) contact information for emergency resources that a staff person must use when the license holder's behavioral emergency procedures are unsuccessful in controlling a client's behavior;

(3) the types of behavioral emergency procedures that a staff person may use;

(4) the specific circumstances under which the program may use behavioral emergency procedures; ~~and~~

(5) the staff persons whom the license holder authorizes to implement behavioral emergency procedures~~.~~; and

(6) the contact information for the local crisis team.

(c) The license holder's behavioral emergency procedures must not include secluding or restraining a client except as allowed under section 245.8261.

(d) Staff persons must not use behavioral emergency procedures to enforce program rules or for the convenience of staff persons. Behavioral emergency procedures must not be part of any client's treatment plan. A staff person may not use behavioral emergency procedures except in response to a client's current behavior that threatens the immediate safety of the client or others.

Sec. 21. Minnesota Statutes 2024, section 245I.03, is amended by adding a subdivision to read:

Subd. 11. **Quality assurance and improvement plan.** (a) At a minimum, a license holder must develop a written quality assurance and improvement plan that includes plans for:

(1) encouraging ongoing consultation among members of the treatment team;

(2) obtaining and evaluating feedback about services from clients, family and other natural supports, referral sources, and staff persons;

(3) measuring and evaluating client outcomes;

(4) reviewing client suicide deaths and suicide attempts;

(5) examining the quality of clinical service delivery to clients; and

(6) self-monitoring of compliance with this chapter.

(b) At least annually, a license holder must review, evaluate, and update the quality assurance and improvement plan. The review must:

(1) include documentation of the actions that the certification holder will take as a result of information obtained from monitoring activities in the plan; and

(2) establish goals for improved service delivery to clients for the next year.

Sec. 22. Minnesota Statutes 2025 Supplement, section 245I.04, subdivision 5, is amended to read:

Subd. 5. **Behavioral health practitioner scope of practice.** (a) A behavioral health practitioner under the treatment supervision of a mental health professional or certified rehabilitation specialist may provide an adult client with client education, rehabilitative mental health services, functional assessments, level of care assessments, crisis planning, and treatment plans. A behavioral health practitioner under the treatment supervision of a mental health professional may provide skill-building services ~~to a child client~~, crisis planning, and complete treatment plans for a child client.

(b) A behavioral health practitioner must not provide treatment supervision to other staff persons. A behavioral health practitioner may provide direction to mental health rehabilitation workers and mental health behavioral aides.

(c) A behavioral health practitioner who provides services to clients according to section 256B.0624 may perform crisis assessments and interventions for a client.

Sec. 23. Minnesota Statutes 2025 Supplement, section 245I.04, subdivision 17, is amended to read:

Subd. 17. **Mental health behavioral aide scope of practice.** While under the treatment supervision of a mental health professional, a mental health behavioral aide may ~~practice psychosocial skills with~~ provide skill-building services to a child client ~~according to the child's treatment plan and individual behavior plan that a mental health professional, clinical trainee, or behavioral health practitioner has previously taught to the child~~.

Sec. 24. Minnesota Statutes 2024, section 245I.06, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) A license holder must ensure that a mental health professional or certified rehabilitation specialist provides treatment supervision to each staff person who provides services to a client and who is not a mental health professional or certified rehabilitation specialist. When providing treatment supervision, a treatment supervisor must follow a staff person's written treatment supervision plan.

(b) Treatment supervision must focus on each client's treatment needs and the ability of the staff person under treatment supervision to provide services to each client, including the following topics related to the staff person's current caseload:

(1) a review and evaluation of the interventions that the staff person delivers to each client;

(2) instruction on alternative strategies if a client is not achieving treatment goals;

(3) a review and evaluation of each client's assessments, treatment plans, and progress notes for accuracy and appropriateness;

(4) instruction on the cultural norms or values of the clients and communities that the license holder serves and the impact that a client's culture has on providing treatment;

(5) evaluation of and feedback regarding a direct service staff person's areas of competency; ~~and~~

(6) coaching, teaching, and practicing skills with a staff person~~.~~; and

(7) modeling service practices that respect the client, include the client in planning and implementation of the individual treatment plan, recognize the client's strengths, and coordinate with other involved parties and providers.

(c) A treatment supervisor must provide treatment supervision to a staff person using methods that allow for immediate feedback, including in-person, telephone, and interactive video supervision.

(d) A treatment supervisor's responsibility for a staff person receiving treatment supervision is limited to the services provided by the associated license holder. If a staff person receiving treatment supervision is employed by multiple license holders, each license holder is responsible for providing treatment supervision related to the treatment of the license holder's clients.

Sec. 25. Minnesota Statutes 2024, section 245I.06, subdivision 2, is amended to read:

Subd. 2. **Treatment supervision planning.** (a) A treatment supervisor and the staff person supervised by the treatment supervisor must develop a written treatment supervision plan. The license holder must ensure that a new staff person's treatment supervision plan is completed, approved by the staff person, and implemented by a treatment supervisor and the new staff person within 30 days of the new staff person's first day of employment. The license holder must review and update each staff person's treatment supervision plan annually.

(b) Each staff person's treatment supervision plan must include:

(1) the name and qualifications of the staff person receiving treatment supervision;

(2) the names and licensures of the treatment supervisors who are supervising the staff person;

(3) how frequently the treatment supervisors must provide treatment supervision to the staff person; and

(4) the staff person's authorized scope of practice, including a description of the client ~~population~~ ages that the staff person serves, and a description of the treatment methods and modalities that the staff person may use to provide services to clients.

Sec. 26. Minnesota Statutes 2024, section 245I.07, is amended to read:

245I.07 PERSONNEL FILES.

(a) For each staff person, a license holder must maintain a personnel file that includes:

(1) verification of the staff person's qualifications required for the position including training, education, practicum or internship agreement, licensure, and any other required qualifications;

(2) documentation related to the staff person's background study;

(3) the hiring date of the staff person;

(4) a description of the staff person's job responsibilities with the license holder;

(5) the date that the staff person's specific duties and responsibilities became effective, including the date that the staff person began having direct contact with clients;

(6) documentation of the staff person's training as required by section 245I.05, subdivision 2;

(7) a verification copy of license renewals that the staff person completed during the staff person's employment;

(8) annual job performance evaluations; and

(9) if applicable, the staff person's alleged and substantiated violations of the license holder's policies under section 245I.03, subdivision 8, clauses (3) to (7), and the license holder's response.

(b) The license holder must ensure that all personnel files are readily accessible for the commissioner's review. The license holder is not required to keep personnel files in a single location.

(c) For a license holder under section 245I.17, a personnel file for staff who provide substance use disorder treatment services must include records of training required under section 245G.13, subdivision 2.

Sec. 27. Minnesota Statutes 2024, section 245I.10, is amended by adding a subdivision to read:

Subd. 2a. **Evaluation, treatment authorization, and planning in a certified community behavioral health clinic.** Notwithstanding subdivisions 2 and 7, a license holder under section 245I.17 must meet the requirements for assessments under section 245I.17, subdivisions 11 and 12, and for treatment planning under section 245I.17, subdivision 13. Certified community behavioral health clinic service planning and authorization must comply with the standards in section 245I.17.

Sec. 28. Minnesota Statutes 2024, section 245I.10, subdivision 6, is amended to read:

Subd. 6. **Standard diagnostic assessment; required elements.** (a) Only a mental health professional or a clinical trainee may complete a standard diagnostic assessment of a client. A standard diagnostic assessment of a client must include a face-to-face interview with a client and a written evaluation of the client. The assessor must complete a client's standard diagnostic assessment within the client's cultural context. An alcohol and drug counselor may gather and document the information in paragraphs (b) and (c) when completing a comprehensive assessment according to section 245G.05.

(b) When completing a standard diagnostic assessment of a client, the assessor must gather and document information about the client's current life situation, including the following information:

(1) the client's age;

(2) the client's current living situation, including the client's housing status and household members;

(3) the status of the client's basic needs;

(4) the client's education level and employment status;

(5) the client's current medications;

(6) any immediate risks to the client's health and safety, including withdrawal symptoms, medical conditions, and behavioral and emotional symptoms;

(7) the client's perceptions of the client's condition;

(8) the client's description of the client's symptoms, including the reason for the client's referral;

(9) the client's history of mental health and substance use disorder treatment;

(10) cultural influences on the client; and

(11) substance use history, if applicable, including:

(i) amounts and types of substances, frequency and duration, route of administration, periods of abstinence, and circumstances of relapse; and

(ii) the impact to functioning when under the influence of substances, including legal interventions.

(c) If the assessor cannot obtain the information that this paragraph requires without retraumatizing the client or harming the client's willingness to engage in treatment, the assessor must identify which topics will require further assessment during the course of the client's treatment. The assessor must gather and document information related to the following topics:

(1) the client's relationship with the client's family and other significant personal relationships, including the client's evaluation of the quality of each relationship;

(2) the client's strengths and resources, including the extent and quality of the client's social networks;

(3) important developmental incidents in the client's life;

(4) maltreatment, trauma, potential brain injuries, and abuse that the client has suffered;

(5) the client's history of or exposure to alcohol and drug usage and treatment; and

(6) the client's health history and the client's family health history, including the client's physical, chemical, and mental health history.

(d) When completing a standard diagnostic assessment of a client, an assessor must use a recognized diagnostic framework.

(1) When completing a standard diagnostic assessment of a client who is five years of age or younger, the assessor must use the current edition of the DC: 0-5 Diagnostic Classification of Mental Health and Development Disorders of Infancy and Early Childhood published by Zero to Three.

(2) When completing a standard diagnostic assessment of a client who is six years of age or older, the assessor must use the current edition of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association.

(3) When completing a standard diagnostic assessment of a client who is 12 to 17 years of age, an assessor must use either the CRAFFT Questionnaire or the criteria in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association to screen and assess the client for a substance use disorder.

~~(3)~~ (4) When completing a standard diagnostic assessment of a client who is 18 years of age or older, an assessor must use either (i) the CAGE-AID Questionnaire or (ii) the criteria in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association to screen and assess the client for a substance use disorder.

(e) When completing a standard diagnostic assessment of a client, the assessor must include and document the following components of the assessment:

(1) the client's mental status examination;

(2) the client's baseline measurements; symptoms; behavior; skills; abilities; resources; vulnerabilities; safety needs, including client information that supports the assessor's findings after applying a recognized diagnostic framework from paragraph (d); and any differential diagnosis of the client; and

(3) an explanation of: (i) how the assessor diagnosed the client using the information from the client's interview, assessment, psychological testing, and collateral information about the client; (ii) the client's needs; (iii) the client's risk factors; (iv) the client's strengths; and (v) the client's responsivity factors.

(f) When completing a standard diagnostic assessment of a client, the assessor must consult the client and the client's family about which services that the client and the family prefer to treat the client. ~~The assessor must make referrals for the client as to services required by law.~~

(g) Information from other providers and prior assessments may be used to complete the diagnostic assessment if the source of the information is documented in the diagnostic assessment.

(h) If the client screens positive for a need for substance use disorder treatment services, the assessor must document what actions will be taken to address the client's co-occurring conditions.

(i) The assessor must determine if the client is eligible for targeted case management services according to section 245.462, subdivision 20, or 245.4871, subdivision 6, and refer the client to the county or contracted provider as appropriate.

Sec. 29. Minnesota Statutes 2024, section 245I.10, subdivision 8, is amended to read:

Subd. 8. **Individual treatment plan; required elements.** (a) After completing a client's diagnostic assessment or reviewing a client's diagnostic assessment received from a different provider and before providing services to the client beyond those permitted under subdivision 7, the license holder must complete the client's individual treatment plan. The license holder must:

(1) base the client's individual treatment plan on the client's diagnostic assessment and baseline measurements;

(2) for a child client, use a child-centered, family-driven, and culturally appropriate planning process that allows the child's parents and guardians to observe and participate in the child's individual and family treatment services, assessments, and treatment planning;

(3) for an adult client, use a person-centered, culturally appropriate planning process that allows the client's family and other natural supports to observe and participate in the client's treatment services, assessments, and treatment planning;

(4) identify the client's treatment goals, measureable treatment objectives, a schedule for accomplishing the client's treatment goals and objectives, a treatment strategy, and the individuals responsible for providing treatment services and supports to the client. The license holder must have a treatment strategy to engage the client in treatment if the client:

(i) has a history of not engaging in treatment; and

(ii) is ordered by a court to participate in treatment services or to take neuroleptic medications;

(5) identify the participants involved in the client's treatment planning. The client must be a participant in the client's treatment planning. If applicable, the license holder must document the reasons that the license holder did not involve the client's family, case manager, or other natural supports in the client's treatment planning; and

~~(6) review the client's individual treatment plan every 180 days and update the client's individual treatment plan with the client's treatment progress, new treatment objectives and goals or, if the client has not made treatment progress, changes in the license holder's approach to treatment; and~~

~~(7)~~ (6) ensure that the client approves of the client's individual treatment plan unless a court orders the client's treatment plan under chapter 253B.

(b) If the client disagrees with the client's treatment plan, the license holder must document in the client file the reasons why the client does not agree with the treatment plan. If the license holder cannot obtain the client's approval of the treatment plan, a mental health professional must make efforts to obtain approval from a person who is authorized to consent on the client's behalf within 30 days after the client's previous individual treatment plan expired. A license holder may not deny a client service during this time period solely because the license holder could not obtain the client's approval of the client's individual treatment plan. A license holder may continue to bill for the client's otherwise eligible services when the client re-engages in services.

(c) The individual treatment plan must be updated as necessary to reflect the changing needs of the client. The individual treatment plan must provide assistance with accessing necessary crisis services when the license holder is aware of the client's need for crisis services. The license holder must review the client's individual treatment plan every 180 days and update the client's individual treatment plan with the client's treatment progress, new treatment objectives and goals, or, if the client has not made treatment progress, changes in the license holder's approach to treatment.

Sec. 30. **[245I.17] CERTIFIED COMMUNITY BEHAVIORAL HEALTH CLINIC LICENSURE.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms in this subdivision have the meanings given.

(b) "Care coordination" means the activities required to coordinate care across settings and providers for an individual served to ensure seamless transitions across the full spectrum of health services. Care coordination includes:

(1) outreach and engagement;

(2) documenting a plan of care for medical, behavioral health, and social services and supports in the integrated treatment plan;

(3) assisting with obtaining appointments;

(4) confirming appointments are kept;

(5) developing a crisis plan;

(6) tracking medication; and

(7) implementing care coordination agreements with external providers. Care coordination may include psychiatric consultation with primary care practitioners and with mental health clinical care practitioners.

(c) "Certified community behavioral health clinic" or "CCBHC" means a provider of integrated behavioral health services that is licensed under this section and compliant with federal CCBHC requirements.

(d) "CCBHC client" means an individual who has participated in a preliminary screening and risk assessment and who has received at least one of the nine required services from a CCBHC.

(e) "Community needs assessment" means an assessment to identify community needs and determine the community behavioral health clinic's capacity to address the needs of the population being served.

(f) "Designated collaborating organization" means an entity meeting the requirements of subdivision 5 that has a formal agreement with a CCBHC to furnish CCBHC services.

(g) "Federal CCBHC criteria" means the most recently issued Certified Community Behavioral Health Clinic Certification Criteria published by the Substance Abuse and Mental Health Services Administration.

(h) "Needs assessment" means the community needs assessment described in federal criteria for CCBHC.

(i) "Preliminary screening and risk assessment" means a mandatory screening and risk assessment that is completed at the time of first contact, whether that contact is in person, by telephone, or using other remote communication.

Subd. 2. **Establishment of licensure.** (a) The certified community behavioral health clinic model is an integrated service delivery model that uses evidence-based behavioral health practices to achieve better outcomes for individuals experiencing behavioral health concerns while achieving sustainable rates through cost-based reimbursement for providers and economic efficiencies for payors.

(b) Beginning January 1, 2028, a CCBHC must be licensed under this section and chapter 245A.

(c) A CCBHC must meet the requirements of this section and federal CCBHC criteria. The commissioner may require a CCBHC applicant or license holder to submit documentation of compliance with state licensing requirements and federal CCBHC criteria. When permitted by the Substance Abuse and Mental Health Services Administration, the commissioner may select a transition date on which revisions to the federal CCBHC criteria become required as licensing conditions for CCBHCs.

Subd. 3. **License extension.** (a) The commissioner must extend a compliant license holder's license under this section for 36 months.

(b) The commissioner must complete a licensing review that includes an on-site inspection within six months before the expiration of the CCBHC's current license.

(c) Within 180 days of license expiration, a CCBHC license holder must submit to the commissioner all documentation required by the commissioner under subdivision 2, paragraph (c).

Subd. 4. **Required services and scope of licensure.** Within a declared service area, the CCBHC must be able to offer:

(1) mobile crisis services, directly or through a designated collaborating organization under subdivision 4;

(2) outpatient mental health and substance use disorder treatment services under subdivisions 9 and 10;

(3) screening, diagnosis, and risk assessment under subdivision 11;

(4) person- and family-centered treatment planning;

(5) psychiatric rehabilitation services under subdivision 14;

(6) community-based mental health care for veterans under subdivision 15;

(7) outpatient primary care screening and monitoring under subdivision 16;

(8) peer services under subdivision 17; and

(9) targeted case management under subdivision 18.

Subd. 5. **Designated collaborating organization.** (a) If a CCBHC is unable to provide mobile crisis services, the CCBHC may contract with another entity that is licensed to provide mobile crisis

services under section 245I.24 and that meets the requirements of the federal CCBHC criteria as a designated collaborating organization.

(b) The CCBHC must submit a designated collaborating organization arrangement for approval to the commissioner as part of the licensing process.

Subd. 6. **Exemptions to host county approval.** Notwithstanding any other law that requires a county contract or other form of county approval for a service listed in subdivision 4, a CCBHC that meets the requirements of this section may receive the prospective payment under section 256B.0625, subdivision 5m, for that service without a county contract or county approval.

Subd. 7. **Variances.** When the standards listed in this section or other applicable standards conflict or address similar issues in duplicative or incompatible ways, the commissioner may grant variances to state requirements if the variances do not conflict with federal requirements for services reimbursed under medical assistance. If standards overlap, the commissioner may substitute all or a part of a licensure or certification that is substantially the same as another licensure or certification. The commissioner must consult with stakeholders before granting variances under this provision. For a CCBHC that is licensed but not approved for prospective payment under section 256B.0625, subdivision 5m, the commissioner may grant a variance under this paragraph if the variance does not increase the state share of costs.

Subd. 8. **Evidence-based practices.** The commissioner must issue a list of required evidence-based practices to be delivered by CCBHCs and may also provide a list of recommended evidence-based practices. The commissioner may update the list to reflect advances in outcomes research and medical services for persons living with mental illnesses or substance use disorders. When developing the list, the commissioner must consider the adequacy of evidence to support the efficacy of the practice across cultures and ages, the workforce available, and the current availability of the practices in the state. At least 30 days before issuing the initial list or issuing any revisions, the commissioner must provide stakeholders with an opportunity to comment.

Subd. 9. **Outpatient mental health services.** (a) A license holder must provide outpatient mental health services that comply with the federal CCBHC criteria and applicable state standards in this chapter, except as provided in this subdivision.

(b) Completion of an initial or comprehensive evaluation fulfills the requirements to perform a diagnostic assessment in accordance with section 245I.10, subdivisions 2 and 6.

(c) An integrated treatment plan under this section fulfills the requirements to conduct treatment planning in accordance with section 245I.10, subdivisions 7 and 8.

(d) A license holder under this section is exempt from certification as a mental health clinic under section 245I.20.

Subd. 10. **Outpatient substance use disorder treatment.** (a) When a license holder provides substance use disorder treatment services to an individual with a substance use disorder diagnosis, the license holder must comply with the requirements for substance use disorder treatment services in chapter 245G, except as provided in this subdivision.

(b) Completion of a preliminary screening and risk assessment under this section fulfills the requirements to complete an initial services plan under section 245G.04, subdivision 1.

(c) Completion of a comprehensive evaluation under this section fulfills the requirements to administer a comprehensive assessment under section 245G.05.

(d) An integrated treatment plan under this section that contains a six-dimension analysis of the client's needs according to the third edition of ASAM criteria, as defined in section 254B.01, subdivision 2a, fulfills the requirements to provide an individual treatment plan under section 245G.06.

(e) A license holder under this section fulfills the requirement to document personnel files under section 245G.13, subdivision 3, by complying with the requirements of this chapter.

(f) A license holder under this section fulfills the requirement to protect client rights under section 245G.15 by complying with the requirements of section 245I.12.

(g) A license holder under this section fulfills the requirements to respond to behavioral emergencies under section 245G.16 by complying with the requirements of section 245I.03, subdivision 4.

(h) A license holder under this section is exempt from licensure under chapter 245G.

Subd. 11. **Initial triage and risk assessment.** (a) A license holder must have policies and procedures on:

(1) how staff will implement the requirements of this subdivision;

(2) staff positions authorized to complete triage and risk assessments;

(3) documenting the results of the risk screenings; and

(4) ensuring the client is offered timely services according to the federal CCBHC criteria.

(b) A license holder must conduct an initial triage and risk assessment when a new client requests services or is referred to services. A license holder may conduct an initial triage and risk assessment in person, by telephone, or through other remote communication. Based on the acuity of needs as assessed in the initial triage and risk assessment, the client must be categorized as having emergency, urgent, or routine needs.

(c) Based on these categorizations, the license holder must offer services that meet the relevant timelines under the federal CCBHC criteria.

(d) The license holder must provide training that addresses:

(1) when a prospective client requires intervention from qualified staff;

(2) the use of standardized measures that screen for significant risks;

(3) other factors that indicate a client has urgent needs besides the Columbia Suicide Severity Rating Scale or a self-harm screening; and

(4) overdose and substance use disorder risks.

Subd. 12. **Initial and comprehensive evaluation.** (a) A license holder under this section must provide initial and comprehensive evaluations according to this section and federal CCBHC criteria.

(b) An initial evaluation is necessary to authorize the provision of all medically necessary CCBHC services until the completion of a comprehensive evaluation. A comprehensive evaluation is necessary to authorize the provision of all medically necessary CCBHC services on an ongoing basis. A license holder must ensure that each client's comprehensive evaluation reflects the needs and assessments for all services provided.

Subd. 13. **Integrated treatment plan.** (a) A license holder under this section must complete an integrated treatment plan for each client following the client's comprehensive evaluation no later than 60 calendar days after the date of the first request for services.

(b) A license holder must document all required services under subdivision 9 within the integrated treatment plan based on the client's needs.

(c) A license holder must review and update a client's integrated treatment plan as necessary to reflect the changing needs of the client and progress made in treatment. If the client has not made treatment progress, updates to the treatment plan must indicate changes in the license holder's approach to treatment to better meet the needs of the client. A license holder must review and update the integrated treatment plan at least every 180 days or as clinically indicated.

Subd. 14. **Psychiatric rehabilitation services.** (a) For children, a license holder under this section must provide children's therapeutic services and supports according to sections 245I.30 and 245I.31, except that an initial or comprehensive assessment under this section fulfills the requirement to perform a standard diagnostic assessment.

(b) For adults, a license holder under this section must provide adult rehabilitative mental health services according to section 245I.22, except that:

(1) the license holder is exempt from the requirement to perform a level of care assessment under section 245I.22, subdivision 6, paragraph (b); and

(2) an initial or comprehensive assessment under this section fulfills the requirement to perform a standard diagnostic assessment.

Subd. 15. **Community-based care for veterans.** (a) The license holder must provide services according to federal requirements for eligibility and coordination with TRICARE and the United States Department of Veterans Affairs.

(b) The license holder must assign and document a principal behavioral health provider for every veteran receiving services.

Subd. 16. **Primary care screening and monitoring.** To fulfill the requirements for primary care screening, a license holder under this section must have policies and procedures detailing the

screenings to be performed with specific populations at the clinic. The policies and procedures must be approved by the medical director.

Subd. 17. **Peer services.** A license holder must be able to provide peer services as described by federal CCBHC criteria and sections 245G.07, subdivision 2, clause (8), 256B.0615, and 256B.0616.

Subd. 18. **Targeted case management.** (a) A license holder must provide mental health targeted case management as described by federal CCBHC criteria and section 256B.0625, subdivision 20.

(b) An initial or comprehensive evaluation under this section fulfills any requirement to perform a standard diagnostic assessment for targeted case management.

Subd. 19. **Community needs assessment.** (a) The community needs assessment must be a collaborative document that reflects the license holder's or applicant's engagement with current clients, other social and medical services agencies, community groups, underserved populations, and government agencies. The applicant or license holder must document an outreach plan within the community needs assessment to demonstrate how stakeholder feedback was solicited and reflected in the plan.

(b) The applicant or license holder must publicly post a draft community needs assessment on the organization's website for 30 days and submit a summary of public comments and recommendations from the comment period to the commissioner.

(c) In the draft community needs assessment, the applicant or license holder must declare a planned geographic service delivery area in which the CCBHC will be capable of providing all nine required services. An applicant must provide an analysis of how CCBHC status will lead to a significant improvement in the availability and quality of the services. An existing license holder must include analysis of which needs from prior needs assessments have been improved by the operation of the CCBHC. A clinic that has not made and demonstrated substantial progress in addressing the identified needs must specify what changes will occur to address the lack of progress.

(d) The commissioner must provide feedback and technical assistance if the community needs assessment must be revised.

Subd. 20. **Staffing plan.** Based on an accepted community needs assessment, the applicant or license holder must complete a staffing plan. The staffing plan must include analysis of the extent to which identified staffing levels will be capable of meeting the needs identified in the community needs assessment.

Subd. 21. **Data and evaluation.** A provider must submit documentation that establishes the ability of the clinic to complete the required data collection as a CCBHC, as determined by the commissioner. For an applicant that is an existing provider, the commissioner must review and evaluate data submitted related to claims, grants, and other reporting to ensure the data meets reporting requirements.

Subd. 22. **Cost reporting.** A provider must submit a cost report on the forms and in the manner required in section 256B.0625, subdivision 5m.

Sec. 31. **[245I.22] ADULT REHABILITATIVE MENTAL HEALTH SERVICES.**

Subdivision 1. **Generally.** Beginning January 1, 2028, a provider of adult mental health rehabilitative services must be licensed under this section and chapter 245A.

Subd. 2. **Definitions.** (a) For purposes of this section, the terms in this subdivision have the meanings given.

(b) "Adult mental health rehabilitative services" or "ARMHS" has the meaning given in section 245I.02, subdivision 33.

(c) "Basic living skills" means rehabilitative interventions that instruct, assist, and support the client with:

(1) interpersonal communication skills;

(2) community resource utilization and integration skills;

(3) crisis planning;

(4) relapse prevention skills;

(5) health care directives;

(6) budgeting and shopping skills;

(7) healthy lifestyle skills and practices;

(8) cooking and nutrition skills;

(9) transportation skills;

(10) mental illness symptom management skills;

(11) household management skills;

(12) employment-related skills; and

(13) parenting skills.

(d) "Community intervention" means a client's community assisting in the client's rehabilitation, including consultation with relatives, guardians, friends, employers, treatment providers, and other significant individuals. Community intervention is appropriate when directed exclusively to the treatment of the client.

(e) "Medication education services" means services provided individually or in groups that focus on educating the client about mental illness and symptoms, the role and effects of medications in treating symptoms of mental illness, and the side effects of medications. Medication education services must be coordinated with, but must not duplicate, medication management services. Medication education services must be provided by physicians, advanced practice registered nurses, pharmacists, physician assistants, or registered nurses.

(f) "Transition to community living services" means services that maintain continuity of contact between the ARMHS provider and the client and facilitate discharge from a hospital, residential treatment program, board and lodging facility, or nursing home. Transition to community living services must not be used to provide other areas of adult rehabilitative mental health services.

Subd. 3. **Service components.** An ARMHS provider must be capable of providing:

(1) basic living skills;

(2) medication education services;

(3) community intervention; and

(4) transition to community living services.

Subd. 4. **Provider requirements.** An ARMHS license holder must be enrolled with medical assistance and comply with standards in section 256B.0623.

Subd. 5. **Qualifications.** ARMHS must be provided by:

(1) a mental health professional qualified under section 245I.04, subdivision 2;

(2) a certified rehabilitation specialist qualified under section 245I.04, subdivision 8;

(3) a clinical trainee qualified under section 245I.04, subdivision 6;

(4) a behavioral health practitioner qualified under section 245I.04, subdivision 4;

(5) a mental health certified peer specialist qualified under section 245I.04, subdivision 12; or

(6) a mental health rehabilitation worker qualified under section 245I.04, subdivision 14.

Subd. 6. **Service planning.** (a) An ARMHS provider must complete a written functional assessment according to section 245I.10, subdivision 9, for each client.

(b) When an ARMHS provider completes a written functional assessment, the provider must also complete a level of care assessment, as defined in section 245I.02, subdivision 19, for the client.

Subd. 7. **Group modality.** ARMHS may be provided in group settings if appropriate to each participating client's needs and treatment plan. A group is defined as two to ten clients, at least one of whom is concurrently receiving ARMHS. The service and group must be specified in the client's individual treatment plan.

Sec. 32. **[245I.24] MOBILE CRISIS RESPONSE SERVICES.**

Subdivision 1. **Generally.** (a) Mobile crisis response services provide short-term, face-to-face mental health care in community settings for adults and children experiencing crisis to help individuals maintain safety and return to a baseline level of functioning.

(b) Beginning January 1, 2028, a provider of mobile crisis response services must be licensed under this section and chapter 245A.

Subd. 2. **Definitions.** (a) For purposes of this section, the terms in this subdivision have the meanings given.

(b) "Crisis assessment" means an immediate face-to-face assessment by a physician, a mental health professional, or a qualified member of a crisis team, as described in subdivision 5.

(c) "Crisis intervention" means face-to-face, short-term intensive mental health services initiated during a mental health crisis to help an individual cope with immediate stressors, identify and utilize available resources and strengths, engage in voluntary treatment, and begin to return to the individual's baseline level of functioning.

(d) "Crisis screening" means a screening of a client's potential mental health crisis situation under subdivision 6.

(e) "Crisis stabilization services" means individualized mental health services that are designed to restore an individual to the individual's baseline level of functioning. Crisis stabilization services may be provided in the individual's home, the home of a family member or friend of the individual, another community setting, a short-term supervised licensed residential program, or an emergency department. Crisis stabilization services include family psychoeducation.

(f) "Crisis team" means the staff of a provider entity who are supervised and prepared to provide mobile crisis services to a client in a potential mental health crisis situation.

(g) "Mental health crisis" is a behavioral, emotional, or psychiatric situation that, without the provision of crisis response services, would likely result in significantly reducing the individual's levels of functioning in primary activities of daily living, the individual needing emergency services under section 62Q.55, or the individual being placed in a more restrictive setting, including but not limited to inpatient hospitalization.

(h) "Mobile crisis services" means screening, assessment, intervention, and community-based crisis stabilization services that are provided to an individual client. Mobile crisis services does not include residential crisis stabilization.

Subd. 3. **Eligibility.** (a) An individual is eligible for crisis assessment services when the person has screened positive for a potential mental health crisis during a crisis screening.

(b) An individual is eligible for crisis intervention services and crisis stabilization services when the individual has been assessed during a crisis assessment to be experiencing a mental health crisis.

Subd. 4. **Policies, procedures, and practices specified.** (a) In addition to the policies and procedures required by section 245I.03, the license holder must establish, enforce, and maintain policies and procedures to:

(1) ensure that crisis screenings, crisis assessments, and crisis intervention services are available 24 hours per day, seven days per week;

(2) respond to a call for services in a designated service area or according to a written agreement with the local mental health authority for an adjacent area;

(3) have at least one mental health professional on staff at all times and at least one additional staff member capable of leading a crisis response in the community; and

(4) respond to clients in the community according to the requirements and priorities in subdivision 6.

(b) The license holder must provide the commissioner with information about the number of requests for service, the number of clients that the provider serves face-to-face, and client outcomes at least every six months, in a form and manner prescribed by the commissioner.

(c) The license holder must:

(1) provide support for an individual's family and natural supports by enabling the individual's family and natural supports to observe and participate in the individual's treatment, assessments, and planning services;

(2) implement culturally specific treatment identified in the crisis treatment plan that is meaningful and appropriate, as determined by the individual's culture, beliefs, values, and language;

(3) respond to an individual's changing intervention and care needs, as identified by the individual or a family member; and

(4) have the communication tools and procedures to communicate and consult promptly about crisis assessment and interventions as services are provided.

(d) The license holder must coordinate services with:

(1) county emergency services under section 245.469, community hospitals, ambulance services, transportation services, social services, law enforcement, engagement services, and mental health crisis services through regularly scheduled interagency meetings;

(2) other behavioral health service providers, county mental health authorities, or federally recognized American Indian authorities, and others as necessary, with the consent of the individual or parent or guardian;

(3) detoxification, withdrawal management services, and medical stabilization services as needed; and

(4) the individual's case manager if the individual is receiving case management services.

Subd. 5. **Crisis assessment and intervention staff qualifications.** (a) Crisis assessment and intervention services must be provided by:

(1) a mental health professional qualified under section 245I.04, subdivision 2;

(2) a clinical trainee qualified under section 245I.04, subdivision 6;

(3) a behavioral health practitioner qualified under section 245I.04, subdivision 4;

(4) a mental health certified family peer specialist qualified under section 245I.04, subdivision 12; or

(5) a mental health certified peer specialist qualified under section 245I.04, subdivision 10.

(b) When crisis assessment and intervention services are provided to an individual in the community, a mental health professional, clinical trainee, or mental health practitioner must lead the response.

(c) For providers under this section, the 30 hours of ongoing training required by section 245I.05, subdivision 4, paragraph (b), must be specific to providing crisis services to children and adults and include training about evidence-based practices identified by the commissioner of health to reduce the individual's risk of suicide and self-injurious behavior.

(d) At least six hours of the ongoing training under paragraph (c) must be specific to working with families and providing crisis stabilization services to children and include the following topics:

(1) developmental tasks of childhood and adolescence;

(2) family relationships;

(3) child and youth engagement and motivation, including motivational interviewing;

(4) culturally responsive care, including care for lesbian, gay, bisexual, transgender, and queer youth;

(5) positive behavior support;

(6) crisis intervention for youth with developmental disabilities;

(7) child traumatic stress, trauma-informed care, and trauma-focused cognitive behavioral therapy; and

(8) youth substance use.

(e) Individual providers must be experienced in crisis assessment, crisis intervention techniques, treatment engagement strategies, working with families, and clinical decision making under emergency conditions and have knowledge of local services and resources.

Subd. 6. **Crisis screening.** (a) A license holder may use the resources of emergency services under section 245.469 for crisis screening. The crisis screening must gather information, determine whether a mental health crisis situation exists, identify parties involved, and determine an appropriate response.

(b) When conducting a crisis screening, a provider must:

(1) employ evidence-based practices to reduce the individual's risk of suicide and self-injurious behavior;

(2) work with the individual to establish a plan and time frame for responding to the individual's mental health crisis, including responding to the individual's immediate need for support by telephone or text message until the provider can respond to the individual face-to-face;

(3) document significant factors in determining whether the individual is experiencing a mental health crisis, including prior requests for crisis services, an individual's recent presentation at an emergency department, known calls to 911 or law enforcement, or information from third parties with knowledge of an individual's history or current needs;

(4) accept calls from interested third parties and consider the additional needs or potential mental health crises that the third parties may be experiencing;

(5) provide psychoeducation, including reducing access to means of suicide, to relevant third parties including family members or other persons living with the individual; and

(6) consider other available services to determine which service intervention would best address the individual's needs and circumstances.

(c) For purposes of this section, the following situations indicate a positive screen for a potential mental health crisis:

(1) the individual presents at an emergency department or urgent care setting and the health care team at that location requested crisis services; or

(2) a peace officer requested crisis services for an individual who is potentially subject to transportation under section 253B.051.

(d) The provider must prioritize providing a face-to-face crisis assessment of the individual, unless a provider documents specific evidence to show why the face-to-face assessment was not possible, including insufficient staffing resources, concerns for staff or individual safety, or other clinical factors.

(e) A provider is not required to have direct contact with the individual to determine that the individual is experiencing a potential mental health crisis. A mobile crisis provider may gather relevant information about the individual from a third party to establish the individual's need for services and potential safety factors.

Subd. 7. **Crisis assessment.** (a) If an individual screens positive for a potential mental health crisis, a crisis assessment must be completed. A crisis assessment must evaluate any immediate needs for which services are needed and, as time permits, the individual's:

(1) current life situation;

(2) health information, including current medications;

(3) sources of stress;

(4) mental health problems and symptoms;

(5) strengths;

(6) cultural considerations;

(7) support network;

(8) vulnerabilities;

(9) current functioning; and

(10) preferences, as communicated directly by the individual or as communicated in a health care directive as described in chapters 145C and 253B, the crisis treatment plan described in subdivision 11, a crisis prevention plan, or a wellness recovery action plan.

(b) A provider must conduct a crisis assessment at the individual's location when appropriate and, when not appropriate, document the reasons.

(c) Whenever possible, the assessor must attempt to include input from the individual, the individual's family, and other natural supports to assess whether a crisis exists.

(d) A crisis assessment must include a determination of:

(1) whether the individual is willing to voluntarily engage in treatment;

(2) whether the individual has an advance directive; and

(3) gathering the individual's information and history from involved family or other natural supports.

(e) If a team determines that the individual does not need an acute level of care, the team must provide services or service coordination if the individual has a co-occurring substance use disorder and is otherwise eligible for services.

(f) If, after completing a crisis assessment, a provider refers the individual to an intensive setting, including an emergency department, inpatient hospitalization, or residential crisis stabilization, one of the crisis team members who completed or conferred about the individual's crisis assessment must immediately contact the referral entity and consult with the staff responsible for triage or intake at the referral entity. During the consultation, the crisis team member must convey key findings or concerns that led to the individual's referral. Following the consultation, the provider must also send written documentation to the referral entity. The provider must document if the individual or the individual's legal guardian signed releases for health records or if an exception under section 144.293, subdivision 5, exists.

Subd. 8. **Crisis intervention services.** (a) If the crisis assessment determines an individual needs mobile crisis intervention services, the license holder must provide crisis intervention services promptly. As able during the intervention, at least two members of the mobile crisis intervention team must confer directly or by telephone about the crisis assessment, crisis treatment plan, and actions taken and needed. At least one of the team members must be providing face-to-face crisis intervention services. If providing crisis intervention services, a clinical trainee or mental health practitioner must seek treatment supervision as required in subdivision 10.

(b) If a provider delivers crisis intervention services while the individual is absent, the provider must document the reason for delivering services while the individual is absent.

(c) The mobile crisis intervention team must develop a crisis treatment plan according to subdivision 11.

(d) The mobile crisis intervention team must document which crisis treatment plan goals and objectives have been met and when no further crisis intervention services are required.

(e) If the individual's mental health crisis is stabilized, but the individual needs a referral to other services, the team must provide referrals to these services. If the individual is unable to follow up on the referral, the team must link the individual to the service and follow up to ensure the individual is receiving the service.

Subd. 9. **Crisis stabilization services.** (a) Crisis stabilization services must be provided by qualified staff of a crisis stabilization services provider entity, which must:

(1) develop a crisis treatment plan that meets the criteria in subdivision 11;

(2) complete a vulnerable adult determination in accordance with section 245A.65, subdivision 1a;

(3) deliver crisis stabilization services according to the crisis treatment plan and include face-to-face contact with the individual receiving services by qualified staff for further assessment, help with referrals, updating of the crisis treatment plan, skills training, and collaboration with other service providers in the community;

(4) if the provider delivers crisis stabilization services while the individual is absent, document the reason for delivering services while the individual is absent; and

(5) if the individual's mental health crisis is stabilized and the individual does not have a health care directive or psychiatric declaration, as defined in chapter 145C or section 253B.03, subdivision 6d, offer to work with the individual to develop a directive or declaration.

(b) A staff member providing crisis stabilization services must be:

(1) a mental health professional qualified under section 245I.04, subdivision 2;

(2) a certified rehabilitation specialist qualified under section 245I.04, subdivision 8;

(3) a clinical trainee qualified under section 245I.04, subdivision 6;

(4) a behavioral health practitioner qualified under section 245I.04, subdivision 4;

(5) a mental health certified family peer specialist qualified under section 245I.04, subdivision 12;

(6) a mental health certified peer specialist qualified under section 245I.04, subdivision 10; or

(7) a mental health rehabilitation worker qualified under section 245I.04, subdivision 14.

(c) For providers under this section, the 30 hours of ongoing training required in section 245I.05, subdivision 4, paragraph (b), must be specific to providing crisis services to children and adults and include training about evidence-based practices identified by the commissioner of health to reduce an individual's risk of suicide and self-injurious behavior.

(d) For providers who deliver care to children 21 years of age or younger, at least six hours of the ongoing training under this subdivision must be specific to working with families and providing crisis stabilization services to children, including the following topics:

(1) developmental tasks of childhood and adolescence;

(2) family relationships;

(3) child and youth engagement and motivation, including motivational interviewing;

(4) culturally responsive care, including care for lesbian, gay, bisexual, transgender, and queer youth;

(5) positive behavior support;

(6) crisis intervention for youth with developmental disabilities;

(7) child traumatic stress, trauma-informed care, and trauma-focused cognitive behavioral therapy; and

(8) youth substance use.

This paragraph does not apply to adult residential crisis stabilization services providers licensed under section 245I.23 or providing services pursuant to section 256B.0624, subdivision 7a.

Subd. 10. **Supervision.** Clinical trainees and mental health practitioners may provide crisis assessment and crisis intervention services if the following treatment supervision requirements are met:

(1) the license holder must accept full responsibility for the services provided;

(2) a mental health professional working for the license holder must be immediately available by telephone or in person for treatment supervision;

(3) a mental health professional must be consulted, in person or by telephone, during the first three hours when a clinical trainee or mental health practitioner provides crisis assessment or crisis intervention services; and

(4) a mental health professional must:

(i) review and approve, as defined in section 245I.02, subdivision 2, the tentative crisis assessment and crisis treatment plan within 24 hours of first providing services to the individual, notwithstanding section 245I.08, subdivision 3; and

(ii) document the consultation required in clause (3).

Subd. 11. **Crisis treatment plan.** (a) Within 24 hours of an individual's admission, the license holder must complete the individual's crisis treatment plan. The license holder must:

(1) base the individual's crisis treatment plan on the individual's crisis assessment;

(2) consider crisis assistance strategies that have been effective for the individual in the past;

(3) for a child, use a child-centered, family-driven, and culturally appropriate planning process that allows the child's parents and guardians to observe or participate in the child's individual and family treatment services, assessment, and treatment planning;

(4) for an adult, use a person-centered, culturally appropriate planning process that allows the individual's family and other natural supports to observe or participate in treatment services, assessment, and treatment planning;

(5) identify the participants involved in the individual's treatment planning. The individual must be a participant if possible;

(6) identify the individual's initial treatment goals, measurable treatment objectives, and specific interventions that the license holder will use to help the person engage in treatment;

(7) include documentation of referral to and scheduling of services, including specific providers where applicable;

(8) ensure that the individual or the individual's legal guardian approves under section 245I.02, subdivision 2, of the individual's crisis treatment plan unless a court orders the individual's treatment plan under chapter 253B. If the individual or the individual's legal guardian disagrees with the crisis treatment plan, the license holder must document in the client file the reasons why the individual disagrees with the crisis treatment plan; and

(9) ensure that a treatment supervisor approves, as defined in section 245I.02, subdivision 2, of the individual's treatment plan within 24 hours of the individual's admission if a mental health practitioner or clinical trainee completes the crisis treatment plan, notwithstanding section 245I.08, subdivision 3.

(b) The provider entity must provide the individual and the individual's legal guardian with a copy of the crisis treatment plan.

Subd. 12. **Application requirements.** In a licensing application submitted under this section and section 245A.04, the applicant must demonstrate that the applicant is:

(1) enrolled as a medical assistance provider; and

(2) in compliance with the provider type requirements under section 256B.0624, subdivision 4, as determined by the commissioner.

Sec. 33. **[245I.30] CHILDREN'S THERAPEUTIC SERVICES AND SUPPORTS.**

Subdivision 1. **Generally.** (a) "Children's therapeutic services and supports" means a flexible package of community-based mental health services for children who require varying therapeutic

and rehabilitative levels of intervention to treat a diagnosed mental illness. Interventions are delivered using various treatment modalities and combinations of services designed to reach treatment outcomes identified in the individual treatment plan. Children's therapeutic services and supports include development and rehabilitative services that support a child's developmental treatment needs.

(b) Beginning January 1, 2028, a provider of children's therapeutic services and supports must be licensed under this section and chapter 245A.

Subd. 2. **Service components.** (a) A children's therapeutic services and supports license holder must be capable of providing:

(1) individual and family psychotherapy, psychotherapy for crises, and group psychotherapy;

(2) individual, family, or group skills training; and

(3) crisis planning.

(b) Crisis planning that meets the standards in section 245.4871, subdivision 9a, must be offered to each client's family.

Subd. 3. **Provider requirements.** A children's therapeutic services and supports license holder must be enrolled with medical assistance and comply with the requirements in section 256B.0943.

Subd. 4. **Qualifications of provider staff.** Children's therapeutic services and supports must be provided by:

(1) a mental health professional qualified under section 245I.04, subdivision 2;

(2) a clinical trainee qualified under section 245I.04, subdivision 6;

(3) a behavioral health practitioner qualified under section 245I.04, subdivision 4;

(4) a mental health certified family peer specialist qualified under section 245I.04, subdivision 12; or

(5) a mental health behavioral aide qualified under section 245I.04, subdivision 16.

Subd. 5. **Group modality.** Group skills training may be provided to multiple clients who, because of the nature of the clients' emotional, behavioral, or social dysfunction, can derive mutual benefit from interaction in a group setting. A group must consist of two to ten clients, at least one of whom is a client and is concurrently receiving a service under this section. The service and group must be specified in the client's individual treatment plan.

Sec. 34. **[245I.31] CHILDREN'S DAY TREATMENT.**

Subdivision 1. **Generally.** (a) For purposes of this section, "children's day treatment program" means a site-based structured mental health program consisting of psychotherapy and individual or group skills training provided by a team under the treatment supervision of a mental health professional.

(b) A children's day treatment program must be licensed for a specific location of operation and must not be part of inpatient or residential treatment services.

(c) A children's day treatment program must stabilize a client's mental health status while developing and improving the client's independent living and socialization skills. The goal of the day treatment program must be to reduce or relieve the effects of mental illness and provide training to enable the client to live in the community.

(d) Beginning January 1, 2028, a provider of children's day services must be licensed under this section and chapter 245A.

Subd. 2. **Service components.** A children's day treatment program must be capable of providing the services in section 245I.30, subdivision 2.

Subd. 3. **Provider requirements.** A children's day treatment license holder must:

(1) be enrolled as a provider with medical assistance;

(2) maintain a policy regarding the use of restrictive procedures and meet the requirements of section 245.8261;

(3) maintain a policy on medications in accordance with section 245I.11, subdivision 6; and

(4) meet group modality requirements in section 245I.30, subdivision 5.

Subd. 4. **Qualifications of provider staff.** Children's day treatment services must be provided by:

(1) a mental health professional qualified under section 245I.04, subdivision 2;

(2) a clinical trainee qualified under section 245I.04, subdivision 6; or

(3) a behavioral health practitioner qualified under section 245I.04, subdivision 4.

Sec. 35. Minnesota Statutes 2024, section 256B.0623, subdivision 1, is amended to read:

Subdivision 1. **Scope.** ~~Subject to federal approval,~~ Medical assistance covers medically necessary adult rehabilitative mental health services when the services are provided by an entity ~~meeting the standards in this section~~ licensed under section 245I.24. The provider entity must make reasonable and good faith efforts to report individual client outcomes to the commissioner, using instruments and protocols approved by the commissioner.

EFFECTIVE DATE. This section is effective January 1, 2028.

Sec. 36. Minnesota Statutes 2024, section 256B.0623, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** An eligible recipient is an individual who:

(1) is age 18 or older;

(2) is diagnosed with a medical condition, such as mental illness or traumatic brain injury, for which adult rehabilitative mental health services are needed;

(3) has substantial disability and functional impairment in three or more of the areas listed in section 245I.10, subdivision 9, paragraph (a), clause (4), so that self-sufficiency is markedly reduced; and

(4) has had a recent standard diagnostic assessment pursuant to section 245I.10, subdivision 6, by a qualified professional that documents adult rehabilitative mental health services are medically necessary to address identified disability and functional impairments and individual recipient goals.

EFFECTIVE DATE. This section is effective January 1, 2028.

Sec. 37. Minnesota Statutes 2024, section 256B.0623, subdivision 12, is amended to read:

Subd. 12. **Additional requirements.** ~~(a) Providers of adult rehabilitative mental health services must comply with the requirements relating to referrals for case management in section 245.467, subdivision 4.~~

~~(b) Adult rehabilitative mental health services are provided for most recipients in the recipient's home and community. Services may also be provided at the home of a relative or significant other, job site, psychosocial clubhouse, drop-in center, social setting, classroom, or other places in the community.~~ (a) Except for "transition to community services," the place of service does not include a regional treatment center, nursing home, residential treatment facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0670 (Rule 36), or section 245I.23, or an acute care hospital.

~~(c) Adult rehabilitative mental health services may be provided in group settings if appropriate to each participating recipient's needs and individual treatment plan. A group is defined as two to ten clients, at least one of whom is a recipient, who is concurrently receiving a service which is identified in this section. The service and group must be specified in the recipient's individual treatment plan.~~ (b) No more than two qualified staff may bill Medicaid for services provided to the same group of recipients. If two adult rehabilitative mental health workers bill for recipients in the same group session, they must each bill for different recipients.

~~(d)~~ (c) Adult rehabilitative mental health services are appropriate if provided to enable a recipient to retain stability and functioning, when the recipient is at risk of significant functional decompensation or requiring more restrictive service settings without these services.

~~(e) Adult rehabilitative mental health services instruct, assist, and support the recipient in areas including: interpersonal communication skills, community resource utilization and integration skills, crisis planning, relapse prevention skills, health care directives, budgeting and shopping skills, healthy lifestyle skills and practices, cooking and nutrition skills, transportation skills, medication education and monitoring, mental illness symptom management skills, household management skills, employment-related skills, parenting skills, and transition to community living services.~~

~~(f) Community intervention, including consultation with relatives, guardians, friends, employers, treatment providers, and other significant individuals, is appropriate when directed exclusively to the treatment of the client.~~

EFFECTIVE DATE. This section is effective January 1, 2028.

Sec. 38. Minnesota Statutes 2024, section 256B.0624, subdivision 1, is amended to read:

Subdivision 1. **Scope.** (a) ~~Subject to federal approval,~~ Medical assistance covers medically necessary crisis response services when the services are provided according to the standards in ~~this~~ section 245I.24.

(b) ~~Subject to federal approval,~~ Medical assistance covers medically necessary residential crisis stabilization for adults when the services are provided by an entity licensed under and meeting the standards in section 245I.23 or an entity with an adult foster care license meeting the standards in ~~this section~~ subdivision 7a.

(c) The provider entity must make reasonable and good faith efforts to report individual client outcomes to the commissioner using instruments and protocols approved by the commissioner.

EFFECTIVE DATE. This section is effective January 1, 2028.

Sec. 39. Minnesota Statutes 2024, section 256B.0624, subdivision 4, is amended to read:

Subd. 4. **Provider entity standards.** (a) A mobile crisis provider must be:

(1) a county board operated entity;

(2) an Indian health services facility or facility owned and operated by a tribe or Tribal organization operating under United States Code, title 325, section 450f; or

(3) a provider entity that is under contract with the county board in the county where the potential crisis or emergency is occurring. To provide services under this section, the provider entity must directly provide the services; or if services are subcontracted, the provider entity must maintain responsibility for services and billing.

~~(b) A mobile crisis provider must meet the following standards:~~

~~(1) ensure that crisis screenings, crisis assessments, and crisis intervention services are available to a recipient 24 hours a day, seven days a week;~~

~~(2) be able to respond to a call for services in a designated service area or according to a written agreement with the local mental health authority for an adjacent area;~~

~~(3) have at least one mental health professional on staff at all times and at least one additional staff member capable of leading a crisis response in the community; and~~

~~(4) provide the commissioner with information about the number of requests for service, the number of people that the provider serves face-to-face, outcomes, and the protocols that the provider uses when deciding when to respond in the community.~~

~~(c) A provider entity that provides crisis stabilization services in a residential setting under subdivision 7 is not required to meet the requirements of paragraphs (a) and (b), but must meet all other requirements of this subdivision.~~

~~(d) A crisis services provider must have the capacity to meet and carry out the standards in section 245I.011, subdivision 5, and the following standards:~~

~~(1) ensures that staff persons provide support for a recipient's family and natural supports, by enabling the recipient's family and natural supports to observe and participate in the recipient's treatment, assessments, and planning services;~~

~~(2) has adequate administrative ability to ensure availability of services;~~

~~(3) is able to ensure that staff providing these services are skilled in the delivery of mental health crisis response services to recipients;~~

~~(4) is able to ensure that staff are implementing culturally specific treatment identified in the crisis treatment plan that is meaningful and appropriate as determined by the recipient's culture, beliefs, values, and language;~~

~~(5) is able to ensure enough flexibility to respond to the changing intervention and care needs of a recipient as identified by the recipient or family member during the service partnership between the recipient and providers;~~

~~(6) is able to ensure that staff have the communication tools and procedures to communicate and consult promptly about crisis assessment and interventions as services occur;~~

~~(7) is able to coordinate these services with county emergency services, community hospitals, ambulance, transportation services, social services, law enforcement, engagement services, and mental health crisis services through regularly scheduled interagency meetings;~~

~~(8) is able to ensure that services are coordinated with other behavioral health service providers, county mental health authorities, or federally recognized American Indian authorities and others as necessary, with the consent of the recipient or parent or guardian. Services must also be coordinated with the recipient's case manager if the recipient is receiving case management services;~~

~~(9) is able to ensure that crisis intervention services are provided in a manner consistent with sections 245.461 to 245.486 and 245.487 to 245.4879;~~

~~(10) is able to coordinate detoxification services for the recipient according to Minnesota Rules, parts 9530.6605 to 9530.6655, or withdrawal management according to chapter 245F;~~

~~(11) is able to establish and maintain a quality assurance and evaluation plan to evaluate the outcomes of services and recipient satisfaction; and~~

~~(12) is an enrolled medical assistance provider.~~

(b) A mobile crisis provider must ensure services are provided consistent with section 245.469, subdivisions 1 and 2.

EFFECTIVE DATE. This section is effective January 1, 2028.

Sec. 40. Minnesota Statutes 2024, section 256B.0624, is amended by adding a subdivision to read:

Subd. 7a. **Residential crisis stabilization services in adult foster care settings.** (a) If crisis stabilization services are provided in a supervised, licensed residential setting that serves no more than four adult residents, and one or more individuals are present at the setting to receive residential crisis stabilization, the residential setting staff must include, for at least eight hours per day, at least one mental health professional, clinical trainee, certified rehabilitation specialist, or mental health practitioner.

(b) The commissioner must establish a statewide per diem rate for crisis stabilization services provided under this paragraph to medical assistance enrollees. The rate for a provider must not exceed the rate charged by that provider for the same service to other payers. Payment must not be made to more than one entity for each individual for services provided under this paragraph on a given day. The commissioner must set rates prospectively for the annual rate period. The commissioner must require providers to submit annual cost reports on a uniform cost reporting form and use submitted cost reports to inform the rate-setting process. The commissioner must recalculate the statewide per diem every year.

(c) A provider under this subdivision must follow the requirements under section 245I.24, subdivisions 4, paragraphs (c) and (d), and 9.

EFFECTIVE DATE. This section is effective January 1, 2028.

Sec. 41. Minnesota Statutes 2025 Supplement, section 256B.0625, subdivision 5m, is amended to read:

Subd. 5m. **Certified community behavioral health clinic services.** (a) Medical assistance covers services provided by a not-for-profit certified community behavioral health clinic (CCBHC) that meets the requirements of section ~~245.735, subdivision 3~~ 245I.17.

(b) The commissioner shall reimburse CCBHCs on a per-day basis for each day that an eligible service is delivered using the CCBHC daily bundled rate system for medical assistance payments as described in paragraph (c). The commissioner shall include a quality incentive payment in the CCBHC daily bundled rate system as described in paragraph (e). There is no county share for medical assistance services when reimbursed through the CCBHC daily bundled rate system.

(c) The commissioner shall ensure that the CCBHC daily bundled rate system for CCBHC payments under medical assistance meets the following requirements:

(1) the CCBHC daily bundled rate shall be a provider-specific rate calculated for each CCBHC, based on the daily cost of providing CCBHC services and the total annual allowable CCBHC costs divided by the total annual number of CCBHC visits. For calculating the payment rate, total annual visits include visits covered by medical assistance and visits not covered by medical assistance. Allowable costs include but are not limited to the salaries and benefits of medical assistance providers; the cost of CCBHC services provided under section ~~245.735, subdivision 3, paragraph (a), clauses (6) and (7)~~ 245I.17, subdivision 4; and other costs such as insurance or supplies needed to provide CCBHC services;

(2) payment shall be limited to one payment per day per medical assistance enrollee when an eligible CCBHC service is provided. A CCBHC visit is eligible for reimbursement if at least one of the CCBHC services listed under section ~~245.735, subdivision 3, paragraph (a), clause (6)~~ 245I.17,

subdivision 4, is furnished to a medical assistance enrollee by a health care practitioner or licensed agency employed by or under contract with a CCBHC;

(3) initial CCBHC daily bundled rates for newly ~~certified~~ licensed CCBHCs under section ~~245.735, subdivision 3~~ 245I.17, shall be established by the commissioner using a provider-specific rate based on the newly ~~certified~~ licensed CCBHC's audited historical cost report data adjusted for the expected cost of delivering CCBHC services. Estimates are subject to review by the commissioner and must include the expected cost of providing the full scope of CCBHC services and the expected number of visits for the rate period;

(4) the commissioner shall rebase CCBHC rates once every two years following the last rebasing and no less than 12 months following an initial rate or a rate change due to a change in the scope of services. For CCBHCs certified after September 30, 2020, and before January 1, 2021, the commissioner shall rebase rates according to this clause for services provided on or after January 1, 2024;

(5) the commissioner shall provide for a 60-day appeals process after notice of the results of the rebasing;

(6) an entity that receives a CCBHC daily bundled rate that overlaps with another federal Medicaid rate is not eligible for the CCBHC rate methodology;

(7) payments for CCBHC services to individuals enrolled in managed care shall be coordinated with the state's phase-out of CCBHC wrap payments. The commissioner shall complete the phase-out of CCBHC wrap payments within 60 days of the implementation of the CCBHC daily bundled rate system in the Medicaid Management Information System (MMIS), for CCBHCs reimbursed under this chapter, with a final settlement of payments due made payable to CCBHCs no later than 18 months thereafter;

(8) the CCBHC daily bundled rate for each CCBHC shall be updated by trending each provider-specific rate by the Medicare Economic Index for primary care services. This update shall occur each year in between rebasing periods determined by the commissioner in accordance with clause (4). CCBHCs must provide data on costs and visits to the state annually using the CCBHC cost report established by the commissioner; and

(9) a CCBHC may request a rate adjustment for changes in the CCBHC's scope of services when such changes are expected to result in an adjustment to the CCBHC payment rate by 2.5 percent or more. The CCBHC must provide the commissioner with information regarding the changes in the scope of services, including the estimated cost of providing the new or modified services and any projected increase or decrease in the number of visits resulting from the change. Estimated costs are subject to review by the commissioner. Rate adjustments for changes in scope shall occur no more than once per year in between rebasing periods per CCBHC and are effective on the date of the annual CCBHC rate update.

(d) Managed care plans and county-based purchasing plans shall reimburse CCBHC providers at the CCBHC daily bundled rate. The commissioner shall monitor the effect of this requirement on the rate of access to the services delivered by CCBHC providers. If, for any contract year, federal approval is not received for this paragraph, the commissioner must adjust the capitation rates paid to managed care plans and county-based purchasing plans for that contract year to reflect the removal

of this provision. Contracts between managed care plans and county-based purchasing plans and providers to whom this paragraph applies must allow recovery of payments from those providers if capitation rates are adjusted in accordance with this paragraph. Payment recoveries must not exceed the amount equal to any increase in rates that results from this provision. This paragraph expires if federal approval is not received for this paragraph at any time.

(e) The commissioner shall implement a quality incentive payment program for CCBHCs that meets the following requirements:

(1) a CCBHC shall receive a quality incentive payment upon meeting specific numeric thresholds for performance metrics established by the commissioner, in addition to payments for which the CCBHC is eligible under the CCBHC daily bundled rate system described in paragraph (c);

(2) a CCBHC must be ~~certified~~ licensed and enrolled as a CCBHC for the entire measurement year to be eligible for incentive payments;

(3) each CCBHC shall receive written notice of the criteria that must be met in order to receive quality incentive payments at least 90 days prior to the measurement year; and

(4) a CCBHC must provide the commissioner with data needed to determine incentive payment eligibility within six months following the measurement year. The commissioner shall notify CCBHC providers of their performance on the required measures and the incentive payment amount within 12 months following the measurement year.

(f) All claims to managed care plans for CCBHC services as provided under this section shall be submitted directly to, and paid by, the commissioner on the dates specified no later than January 1 of the following calendar year, if:

(1) one or more managed care plans does not comply with the federal requirement for payment of clean claims to CCBHCs, as defined in Code of Federal Regulations, title 42, section 447.45(b), and the managed care plan does not resolve the payment issue within 30 days of noncompliance; and

(2) the total amount of clean claims not paid in accordance with federal requirements by one or more managed care plans is 50 percent of, or greater than, the total CCBHC claims eligible for payment by managed care plans.

If the conditions in this paragraph are met between January 1 and June 30 of a calendar year, claims shall be submitted to and paid by the commissioner beginning on January 1 of the following year. If the conditions in this paragraph are met between July 1 and December 31 of a calendar year, claims shall be submitted to and paid by the commissioner beginning on July 1 of the following year.

(g) Peer services provided by a CCBHC ~~certified~~ licensed under section ~~245.735~~ 245I.17 are a covered service under medical assistance when a licensed mental health professional or alcohol and drug counselor determines that peer services are medically necessary. Eligibility under this subdivision for peer services provided by a CCBHC supersede eligibility standards under sections 256B.0615, 256B.0616, and 245G.07, subdivision 2a, paragraph (b), clause (2).

EFFECTIVE DATE. This section is effective January 1, 2028.

Sec. 42. Minnesota Statutes 2024, section 256B.0943, subdivision 2, is amended to read:

Subd. 2. **Covered service components of children's therapeutic services and supports.** (a) Subject to federal approval, medical assistance covers medically necessary children's therapeutic services and supports when the services are provided by an eligible provider entity ~~certified under and meeting the standards in this section~~ licensed under section 245I.30 or children's day treatment services licensed under section 245I.31. The provider entity must make reasonable and good faith efforts to report individual client outcomes to the commissioner, using instruments and protocols approved by the commissioner.

(b) The covered service components of children's therapeutic services and supports are:

~~(1) patient and/or family psychotherapy, family psychotherapy, psychotherapy for crisis, and group psychotherapy;~~

~~(2) individual, family, or group skills training provided by a mental health professional, clinical trainee, or mental health practitioner;~~

~~(3) crisis planning;~~

~~(4) mental health behavioral aide services;~~

(1) the services described in section 245I.30, subdivision 2, provided by providers licensed under section 245I.30 or 245I.31;

(2) administration of standardized measures;

~~(5)~~ (3) direction of a mental health behavioral aide; and

~~(6)~~ (4) mental health service plan development~~; and~~.

~~(7) children's day treatment.~~

(c) In delivering services under this section, a licensed provider entity must ensure that psychotherapy to address a child's underlying mental health disorder is documented as part of the child's ongoing treatment. A provider must deliver or arrange for medically necessary psychotherapy unless the child's parent or caregiver chooses not to receive the psychotherapy or the provider determines that psychotherapy is no longer medically necessary. When a provider determines that psychotherapy is no longer medically necessary, the provider must update required documentation, including but not limited to the individual treatment plan, the child's medical record, or other authorizations, to include the determination. When a provider determines that a child needs psychotherapy but psychotherapy cannot be delivered due to a shortage of licensed mental health professionals in the child's community, the provider must document the lack of access in the child's medical record.

(d) Medical assistance covers service plan development before completion of a child's individual treatment plan. Service plan development consists of development, review, and revision of the individual treatment plan by face-to-face or electronic communication, including time spent gathering

client history from other key figures or providers. The provider must document events, including the time spent with the family and other key participants in the child's life to approve the individual treatment plan. Service plan development is covered only if a treatment plan is completed or for work already completed at the time the client voluntarily chooses to disengage with services for the child. If it is determined upon review that a treatment plan was not completed for the child, the commissioner shall recover the payment for the service plan development.

(e) Medical assistance covers time spent administering and reporting standardized measures approved by the commissioner.

EFFECTIVE DATE. This section is effective January 1, 2028.

Sec. 43. Minnesota Statutes 2025 Supplement, section 256B.0943, subdivision 3, is amended to read:

Subd. 3. **Determination of client eligibility.** (a) A client's eligibility to receive children's therapeutic services and supports under this section shall be determined based on a standard diagnostic assessment by a mental health professional or a clinical trainee that is performed within one year before the initial start of service and updated as required under section 245I.10, subdivision 2. The standard diagnostic assessment must:

(1) determine whether ~~a child under age 18 has a diagnosis of mental illness or, if the person is between the ages of 18 and 21, whether~~ the person has a mental illness; and

(2) document children's therapeutic services and supports as medically necessary to address an identified disability, functional impairment, and the individual client's needs and goals~~; and~~.

~~(3) be used in the development of the individual treatment plan.~~

(b) Notwithstanding paragraph (a), a client may be determined to be eligible for up to five days of day treatment under this section based on a hospital's medical history and presentation examination of the client.

~~(c) Children's therapeutic services and supports include development and rehabilitative services that support a child's developmental treatment needs.~~

Sec. 44. Minnesota Statutes 2025 Supplement, section 256B.0943, subdivision 12, is amended to read:

Subd. 12. **Excluded services.** (a) The following services are not eligible for medical assistance payment as children's therapeutic services and supports:

(1) service components of children's therapeutic services and supports simultaneously provided by more than one provider entity unless prior authorization is obtained;

(2) treatment by multiple providers within the same agency at the same clock time, unless one service is delivered to the child and the other service is delivered to the child's family or treatment team without the child present;

(3) children's therapeutic services and supports provided in violation of medical assistance policy in Minnesota Rules, part 9505.0220;

(4) mental health behavioral aide services provided by a personal care assistant who is not qualified as a mental health behavioral aide and employed by a certified children's therapeutic services and supports provider entity;

(5) service components of CTSS that are the responsibility of a residential or program license holder, including foster care providers under the terms of a service agreement or administrative rules governing licensure; and

(6) adjunctive activities that may be offered by a provider entity but are not otherwise covered by medical assistance, including:

(i) a service that is primarily recreation oriented or that is provided in a setting that is not medically supervised. This includes sports activities, exercise groups, activities such as craft hours, leisure time, social hours, meal or snack time, trips to community activities, and tours;

(ii) a social or educational service that does not have or cannot reasonably be expected to have a therapeutic outcome related to the client's mental illness;

(iii) prevention or education programs provided to the community; and

(iv) treatment for clients with primary diagnoses of alcohol or other drug abuse.

(b) Time spent on administrative tasks before and after providing direct services, including scheduling or maintaining clinical records, is included in CTSS payments and may not be separately billed as additional clock hours of service.

Sec. 45. Minnesota Statutes 2025 Supplement, section 260E.14, subdivision 1, is amended to read:

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

(b) The Department of Human Services is the agency responsible for screening and investigating allegations of maltreatment in juvenile correctional facilities listed under section 241.021 located in the local welfare agency's county and in facilities licensed or certified under chapters 245A and 245D.

(c) The Department of Health is the agency responsible for screening and investigating allegations of maltreatment in facilities licensed under sections 144.50 to 144.58 and 144A.43 to 144A.482 or chapter 144H.

(d) The Department of Education is the agency responsible for screening and investigating allegations of maltreatment in a school as defined in section 120A.05, subdivisions 9, 11, and 13, and chapter 124E. The Department of Education's responsibility to screen and investigate includes

allegations of maltreatment involving students 18 through 21 years of age, including students receiving special education services, up to and including graduation and the issuance of a secondary or high school diploma.

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

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

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

(h) The Department of Human Services is the agency responsible for screening and investigating allegations of maltreatment of minors for mobile crisis response services and children's therapeutic services and supports programs licensed under chapter 245I.

Sec. 46. Minnesota Statutes 2025 Supplement, section 626.5572, subdivision 13, is amended to read:

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

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

(b) The Department of Human Services is the lead investigative agency for facilities or services licensed or required to be licensed as adult day care, adult foster care, community residential settings, programs for people with disabilities, EIDBI agencies, family adult day services, mental health programs licensed under chapter 245I, mental health clinics, substance use disorder programs, the Minnesota Sex Offender Program, or any other facility or service not listed in this subdivision that is licensed or required to be licensed by the Department of Human Services. The Department of Human Services is also the lead investigative agency for unlicensed EIDBI agencies under section 256B.0949. The Department of Human Services is the lead investigative agency for adult rehabilitative mental health services under section 245I.22, mobile crisis response services under section 245I.24, and certified community behavioral health clinics under section 245I.17.

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

EFFECTIVE DATE. This section is effective January 1, 2028.

Sec. 47. **REVISOR INSTRUCTION.**

The revisor of statutes shall renumber Minnesota Statutes, section 245.735, subdivisions 5 and 6, as Minnesota Statutes, section 245I.17, subdivisions 23 and 24.

Sec. 48. **REPEALER.**

(a) Minnesota Statutes 2024, sections 245.735, subdivisions 1a, 2a, 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 4a, 4b, 4c, 4e, 7, and 8; 245C.03, subdivision 7; 245I.20, subdivision 9; 245I.23, subdivision 23; 256B.0623, subdivisions 2, 4, 5, 6, and 9; 256B.0624, subdivisions 2, 3, 4a, 5, 6, 6a, 6b, 7, 8, 9, and 11; and 256B.0943, subdivisions 4, 5, 5a, 6, 7, and 11, are repealed.

(b) Minnesota Statutes 2025 Supplement, sections 245.735, subdivisions 3 and 4d; and 256B.0943, subdivisions 1 and 9, are repealed.

EFFECTIVE DATE. This section is effective January 1, 2028.

ARTICLE 5

AGING AND DISABILITY SERVICES

Section 1. Minnesota Statutes 2024, section 245A.03, subdivision 7, is amended to read:

Subd. 7. **Licensing moratorium.** (a) The commissioner shall not issue an initial license for child foster care licensed under Minnesota Rules, parts 2960.3000 to 2960.3340, which does not include child foster residence settings with residential program certifications for compliance with the Family First Prevention Services Act under section 245A.25, subdivision 1, paragraph (a), or adult foster care licensed under Minnesota Rules, parts 9555.5105 to 9555.6265, under this chapter for a physical location that will not be the primary residence of the license holder for the entire period of licensure. If a child foster residence setting that was previously exempt from the licensing moratorium under this paragraph has its Family First Prevention Services Act certification rescinded under section 245A.25, subdivision 9, or if a family adult foster care home license is issued during this moratorium, and the license holder changes the license holder's primary residence away from the physical location of the foster care license, the commissioner shall revoke the license according to section 245A.07. The commissioner shall not issue an initial license for a community residential setting licensed under chapter 245D. When approving an exception under this paragraph, the commissioner shall consider the resource need determination process in paragraph (h), the availability of foster care licensed beds in the geographic area in which the licensee seeks to operate, the results of a person's choices during their annual assessment and service plan review, and the recommendation of the local county board. The determination by the commissioner is final and not subject to appeal. Exceptions to the moratorium include:

(1) a license for a person in a foster care setting that is not the primary residence of the license holder and where at least 80 percent of the residents are 55 years of age or older;

(2) foster care licenses replacing foster care licenses in existence on May 15, 2009, or community residential setting licenses replacing adult foster care licenses in existence on December 31, 2013, and determined to be needed by the commissioner under paragraph (b);

(3) new foster care licenses or community residential setting licenses determined to be needed by the commissioner under paragraph (b) for the closure of a nursing facility, ICF/DD, or regional treatment center; restructuring of state-operated services that limits the capacity of state-operated facilities; or allowing movement to the community for people who no longer require the level of care provided in state-operated facilities as provided under section 256B.092, subdivision 13, or 256B.49, subdivision 24;

(4) new foster care licenses or community residential setting licenses determined to be needed by the commissioner under paragraph (b) for persons requiring hospital-level care; or

(5) new community residential setting licenses determined necessary by the commissioner for people affected by the closure of homes with a capacity of five or six beds currently licensed as supervised living facilities licensed under Minnesota Rules, chapter 4665, but not designated as intermediate care facilities. This exception is available until June 30, 2025.

(b) The commissioner shall determine the need for newly licensed foster care homes or community residential settings as defined under this subdivision. As part of the determination, the commissioner shall consider the availability of foster care capacity in the area in which the licensee seeks to operate, and the recommendation of the local county board. The determination by the commissioner must be final. A determination of need is not required for a change in ownership at the same address.

(c) When an adult resident served by the program moves out of a foster home that is not the primary residence of the license holder according to section 256B.49, subdivision 15, paragraph (f), or the adult community residential setting, the county shall immediately inform the Department of Human Services Licensing Division. The department may decrease the statewide licensed capacity for adult foster care settings.

(d) Residential settings that would otherwise be subject to the decreased license capacity established in paragraph (c) must be exempt if the license holder's beds are occupied by residents whose primary diagnosis is mental illness and the license holder is certified under the requirements in subdivision 6a or section 245D.33.

(e) A resource need determination process, managed at the state level, using the available data required by section 144A.351, and other data and information must be used to determine where the reduced capacity determined under section 256B.493 will be implemented. The commissioner shall consult with the stakeholders described in section 144A.351, and employ a variety of methods to improve the state's capacity to meet the informed decisions of those people who want to move out of corporate foster care or community residential settings, long-term service needs within budgetary limits, including seeking proposals from service providers or lead agencies to change service type, capacity, or location to improve services, increase the independence of residents, and better meet needs identified by the long-term services and supports reports and statewide data and information.

(f) At the time of application and reapplication for licensure, the applicant and the license holder that are subject to the moratorium or an exclusion established in paragraph (a) are required to inform the commissioner whether the physical location where the foster care will be provided is or will be the primary residence of the license holder for the entire period of licensure. If the primary residence of the applicant or license holder changes, the applicant or license holder must notify the

commissioner immediately. The commissioner shall print on the foster care license certificate whether or not the physical location is the primary residence of the license holder.

(g) License holders of foster care homes identified under paragraph (f) that are not the primary residence of the license holder and that also provide services in the foster care home that are covered by a federally approved home and community-based services waiver, as authorized under chapter 256S or section 256B.092 or 256B.49, must inform the human services licensing division that the license holder provides or intends to provide these waiver-funded services.

(h) The commissioner may adjust capacity to address needs identified in section 144A.351. Under this authority, the commissioner may approve new licensed settings or delicense existing settings. Delicensing of settings will be accomplished through a process identified in section 256B.493.

(i) The commissioner must notify a license holder when its corporate foster care or community residential setting licensed beds are reduced under this section. The notice of reduction of licensed beds must be in writing and delivered to the license holder by certified mail or personal service. The notice must state why the licensed beds are reduced and must inform the license holder of its right to request reconsideration by the commissioner. The license holder's request for reconsideration must be in writing. If mailed, the request for reconsideration must be postmarked and sent to the commissioner within 20 calendar days after the license holder's receipt of the notice of reduction of licensed beds. If a request for reconsideration is made by personal service, it must be received by the commissioner within 20 calendar days after the license holder's receipt of the notice of reduction of licensed beds.

(j) The commissioner shall not issue an initial license for children's residential treatment services licensed under Minnesota Rules, parts 2960.0580 to 2960.0700, under this chapter for a program that Centers for Medicare and Medicaid Services would consider an institution for mental diseases. Facilities that serve only private pay clients are exempt from the moratorium described in this paragraph. The commissioner has the authority to manage existing statewide capacity for children's residential treatment services subject to the moratorium under this paragraph and may issue an initial license for such facilities if the initial license would not increase the statewide capacity for children's residential treatment services subject to the moratorium under this paragraph.

(k) Except as permitted in this paragraph, the commissioner must not issue an initial license under chapter 245D authorizing integrated community supports under section 245D.03, subdivision 1, paragraph (c), clause (8), and must not approve a license change adding integrated community supports to an existing license under chapter 245D. The commissioner may approve an exception to the moratorium only when the applicant or licensee meets all requirements under section 245D.12, the request is not superseded by temporary moratoriums under section 245A.03, subdivision 7a, and the applicant submits documentation demonstrating compliance with:

(1) federal and state home and community-based services requirements for provider-controlled settings;

(2) the prohibition on the use of Medicaid money for room and board under section 256B.4912, subdivision 17, including the requirement that the provider not pay, subsidize, offset, or otherwise financially contribute to rent, utilities, or other housing costs; and

(3) all licensing requirements applicable to integrated community supports under chapter 245D.

In determining whether to approve an exception, the commissioner must consider statewide and regional capacity for integrated community supports based on needs-determination processes under paragraph (e). Nothing in this paragraph authorizes the commissioner to deny a change of ownership license, a temporary change of ownership license, or a temporary transitional license that is otherwise permissible under section 245A.043. A determination under this paragraph is final and not subject to appeal.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 2. Minnesota Statutes 2025 Supplement, section 245A.03, subdivision 7a, is amended to read:

Subd. 7a. **Discretionary temporary licensing moratorium.** (a) The commissioner must not accept an application from or issue an initial license for an individual, organization, or government entity seeking licensure under this chapter and must not add a new service to an existing license when the commissioner determines that exceptional growth in applications for licensure or requests to add new services exceeds the determined need for service capacity. The determined need for service capacity may be limited to a specific region, service focus, or other factors as determined by the commissioner. A temporary licensing moratorium issued under this subdivision is effective for a period of up to 24 months from the date the commissioner issues the moratorium.

(b) Any applicant that will not receive a license due to a temporary licensing moratorium issued under paragraph (a) may apply for a refund of licensing application fees for up to one year from the date the commissioner issues the moratorium.

(c) The commissioner must notify the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services at least 30 days prior to issuing a temporary moratorium under this subdivision and publish notice of the moratorium on the department's website. The notice must include:

(1) a list of all license types to which the moratorium will apply;

(2) the proposed start date of the moratorium; and

(3) the anticipated duration of the moratorium.

(d) The commissioner must establish and make publicly available the processes and criteria the commissioner will use to grant exceptions to a temporary moratorium issued under this subdivision.

(e) Nothing in this subdivision authorizes the commissioner to deny a change of ownership license, a temporary change of ownership license, or a temporary transitional license that is otherwise permissible under section 245A.043.

Sec. 3. Minnesota Statutes 2025 Supplement, section 245A.03, subdivision 7a, is amended to read:

Subd. 7a. **Discretionary temporary licensing moratorium.** (a) The commissioner must not accept an application from or issue an initial license for an individual, organization, or government

entity seeking licensure under this chapter and must not add a new service to an existing license when the commissioner determines based on documented and publicly available data that exceptional growth in applications for licensure or requests to add new services materially exceeds the determined need for service capacity. The determined need for service capacity may be limited to a specific region, service focus, or other factors as determined by the commissioner. A temporary licensing moratorium issued under this subdivision is effective for a period of up to 24 months from the date the commissioner issues the moratorium.

~~(b) Any applicant that will not receive a license due to a temporary licensing moratorium issued under paragraph (a) may apply for a refund of licensing application fees for up to one year from the date the commissioner issues the moratorium.~~

~~(c) The commissioner must notify the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services at least 30 days prior to issuing a temporary moratorium under this subdivision and publish notice of the moratorium on the department's website. The notice must include:~~

~~(1) a list of all license types to which the moratorium will apply;~~

~~(2) the proposed start date of the moratorium; and~~

~~(3) the anticipated duration of the moratorium.~~

~~(d) The commissioner must establish and make publicly available the processes and criteria the commissioner will use to grant exceptions to a temporary moratorium issued under this subdivision.~~

(b) For purposes of this subdivision, a determination of exceptional growth in applications for licensure or requests to add new services must be supported by:

(1) a comparative analysis of application growth over at least the prior three fiscal years;

(2) current service utilization and waiver enrollment data;

(3) projected enrollment trends; and

(4) a regional service capacity analysis.

(c) When determining the need for service capacity under this subdivision, the commissioner must document consideration of:

(1) geographic distribution of providers;

(2) accessibility for individuals with disabilities;

(3) language access and culturally specific service availability;

(4) rural and Tribal community access; and

(5) the capacity of providers to serve high-acuity or specialized populations.

(d) The determined need for service capacity must be limited to a specific region, service focus, or other factors as determined by the commissioner. The commissioner's determination that the statewide service capacity exceeds the statewide need is insufficient to support issuance of a moratorium under this subdivision.

(e) Prior to implementing a moratorium under this subdivision, the commissioner must:

(1) prepare written findings explaining the data and methodology used to determine excess capacity;

(2) document the access considerations required under this subdivision; and

(3) provide the written findings to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services at least 45 days prior to implementing the moratorium and publish notice on the department's website and in the State Register. The notice must include:

(i) a list of all license types to which the moratorium will apply;

(ii) the proposed start date;

(iii) the anticipated duration;

(iv) a summary of the data supporting the determination; and

(v) a description of the publicly available exception process under subdivision 7c.

(f) A temporary licensing moratorium issued under this subdivision is effective for a period of up to 24 months from the date the commissioner issues the moratorium.

(g) Notwithstanding paragraph (a), the commissioner may issue or modify a temporary licensing moratorium under this subdivision when required by a written directive, corrective action plan, waiver condition, or enforcement action issued by the Centers for Medicare and Medicaid Services (CMS). Prior to issuing a moratorium under this paragraph, the commissioner must:

(1) publish the CMS directive or correspondence necessitating the action;

(2) certify that the moratorium is narrowly tailored to address only the federally identified issue; and

(3) limit the duration to the minimum period necessary to achieve federal compliance.

A moratorium issued under this paragraph remains subject to the reporting requirements under subdivision 7c.

(h) Nothing in this subdivision authorizes the commissioner to deny a change of ownership license, a temporary change of ownership license, or a temporary transitional license that is otherwise permissible under section 245A.043.

Sec. 4. Minnesota Statutes 2024, section 245A.03, is amended by adding a subdivision to read:

Subd. 7b. **Refunds following implementation of a moratorium.** Any applicant that will not receive a license due to a temporary licensing moratorium issued under subdivision 7a may apply for a refund of licensing application fees for up to one year from the date the commissioner issues the moratorium.

Sec. 5. Minnesota Statutes 2024, section 245A.03, is amended by adding a subdivision to read:

Subd. 7c. **Publicly available exception process and ongoing reporting.** (a) The commissioner must establish and make publicly available an explanation of the processes and criteria the commissioner will use to grant exceptions to a temporary moratorium issued under subdivision 7a. The publicly available explanation must include:

(1) standardized submission requirements to which lead agencies must comply;

(2) objective exception evaluation criteria; and

(3) defined timelines for decision-making.

(b) During any period in which a moratorium under subdivision 7a is in effect, the commissioner must submit a report every 12 months to the chairs and ranking minority members of the legislative committees with jurisdiction over human services. The report must include:

(1) the number of applications received for a license subject to the moratorium;

(2) the number of applications rejected due to the moratorium;

(3) the number of exception requests received, approved, and denied;

(4) the geographic distribution of exception requests; and

(5) an updated analysis of service capacity and utilization.

Sec. 6. Minnesota Statutes 2024, section 245A.042, is amended by adding a subdivision to read:

Subd. 7. **Department of Human Services home and community-based services early and often licensor and compliance team.** (a) The commissioner must establish and maintain a home and community-based services early and often licensor and compliance team to deliver proactive and coordinated support to applicants through the application process and to license holders during the first year of operation of the licensed home and community-based program. The commissioner must ensure that the home and community-based services early and often licensor and compliance team has sufficient staff and resources to perform the functions required under this subdivision. The commissioner must ensure that the licensor and compliance team has members with expertise in licensing requirements and members with expertise in medical assistance enrollment requirements, medical assistance service delivery requirements, and medical assistance billing requirements.

(b) The home and community-based services early and often licensor and compliance team must provide technical assistance to applicants regarding completing and submitting license applications under this chapter and chapter 256D and medical assistance provider enrollment applications under section 256B.04, subdivision 21.

(c) The home and community-based services early and often licensor and compliance team must conduct an initial scheduled technical assistance visit three months after the effective date of an initial license for the purpose of providing technical assistance to the license holder. The team must provide technical assistance related to achieving and maintaining compliance with the applicable laws, rules, and regulations governing the provision of and reimbursement for home and community-based services under this chapter and chapters 245D, 256B, and 256S and waiver plans.

(d) The home and community-based services early and often licensor and compliance team must conduct three unscheduled visits after the beginning of the sixth calendar month following the effective date of an initial license and before the end of the eighteenth month following the effective date of an initial license.

(e) If during the technical assistance visit or during the following three unannounced visits, the team finds that the license holder has failed to achieve compliance with an applicable law, rule, or regulation, and the failure does not imminently endanger the health, safety, or rights of persons served by the program, the team may issue a licensing and compliance review report with recommendations for achieving and maintaining compliance.

(f) Nothing in this subdivision shall be construed to limit the commissioner's authority to:

(1) suspend or revoke a license or issue a fine at any time under section 245A.07 or issue correction orders and make a license conditional for failure to comply with applicable laws, rules, or regulations under section 245A.06 based on the nature, chronicity, or severity of the violation of a law, rule, or regulation and the effect of the violation on the health, safety, or rights of persons served by the program; or

(2) impose a sanction under section 256B.064 based on the nature, chronicity, or severity of the violation of law, rule, or regulation.

Sec. 7. Minnesota Statutes 2024, section 245D.261, subdivision 3, is amended to read:

Subd. 3. **Provider requirements for remote overnight supervision; commissioner notification.** (a) A license holder providing remote overnight supervision in a community residential setting must:

(1) use technology;

(2) notify the commissioner of the community residential setting's intent to use technology in lieu of on-site staff. The notification must:

(i) indicate a start date for the use of technology; and

(ii) attest that all requirements under this section are met and policies required under subdivision 4 are available upon request;

(3) clearly state in each person's support plan addendum that the community residential setting is a program without the in-person presence of overnight direct support;

(4) include with each person's support plan addendum the license holder's protocols for responding to situations that present a serious risk to the health, safety, or rights of residents served by the program; ~~and~~

(5) include in each person's support plan addendum the person's maximum permissible response time as determined by the person's support team; and

(6) ensure that any third-party monitoring company the license holder contracts with to provide overnight supervision maintains an appropriate staff ratio to ensure that the maximum permissible response time specified in clause (5) is met.

(b) Upon being notified via technology that an incident has occurred that jeopardizes the health, safety, or rights of a resident, the license holder must document an evaluation of the need for the physical presence of a staff member and determine whether a physical presence is needed in a time that is less than the maximum permissible response time under paragraph (a), clause (5). If it is determined that a physical presence is needed that requires a response time less than the maximum response time under paragraph (a), clause (5), the plan under subdivision 4, paragraph (a), clause (6), must be deployed.

(c) A license holder must notify the commissioner if remote overnight supervision technology will no longer be used by the license holder.

(d) Upon receipt of notification of use of remote overnight supervision or discontinuation of use of remote overnight supervision by a license holder, the commissioner shall notify the county licensing agency and update the license.

Sec. 8. Minnesota Statutes 2024, section 256.01, is amended by adding a subdivision to read:

Subd. 45. **Department of Human Services home and community-based services provider support and technical assistance team.** The commissioner must establish and maintain a home and community-based services provider support and technical assistance team to deliver proactive and coordinated support to home and community-based services providers. The commissioner must ensure that the home and community-based services provider support and technical assistance team has sufficient staff and resources to perform the functions required under this subdivision. The home and community-based services provider support and technical assistance team must:

(1) serve as a provider liaison and help desk for providers' technical, regulatory, and operational questions;

(2) develop training and onboarding materials for home and community-based services providers;

(3) collect data on home and community-based provider challenges;

(4) coordinate the functions of the department, including information technology, licensing, provider enrollment, service delivery oversight, and program integrity oversight to clarify program requirements, provider requirements, and service requirements and to support providers with compliance and prevention of fraud; and

(5) make recommendations to the commissioner regarding changes to the operations of the department or to the design and implementation of home and community-based services that would improve the delivery of services and improve program integrity.

Sec. 9. Minnesota Statutes 2025 Supplement, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. **Transportation costs.** (a) "Nonemergency medical transportation service" means motor vehicle transportation provided by a public or private person that serves Minnesota health care program beneficiaries who do not require emergency ambulance service, as defined in section 144E.001, subdivision 3, to obtain covered medical services.

(b) For purposes of this subdivision, "rural urban commuting area" or "RUCA" means a census-tract based classification system under which a geographical area is determined to be urban, rural, or super rural. This paragraph expires July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance.

(c) Medical assistance covers medical transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by eligible persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, nonemergency medical transportation company, or other recognized providers of transportation services. Medical transportation must be provided by:

(1) nonemergency medical transportation providers who meet the requirements of this subdivision;

(2) ambulances, as defined in section 144E.001, subdivision 2;

(3) taxicabs that meet the requirements of this subdivision;

(4) public transportation, within the meaning of "public transportation" as defined in section 174.22, subdivision 7; or

(5) not-for-hire vehicles, including volunteer drivers, as defined in section 65B.472, subdivision 1, paragraph (p).

(d) Medical assistance covers nonemergency medical transportation provided by nonemergency medical transportation providers enrolled in the Minnesota health care programs. All nonemergency medical transportation providers must comply with the operating standards for special transportation service as defined in sections 174.29 to 174.30 and Minnesota Rules, chapter 8840, and all drivers must be individually enrolled with the commissioner and reported on the claim as the individual who provided the service. All nonemergency medical transportation providers shall bill for nonemergency medical transportation services in accordance with Minnesota health care programs criteria. Publicly operated transit systems, volunteers, and not-for-hire vehicles are exempt from the requirements outlined in this paragraph. This paragraph expires upon the effective date of paragraph (e).

(e) Effective January 1, 2027, or upon federal approval, whichever is later, medical assistance covers nonemergency medical transportation provided by nonemergency medical transportation providers enrolled in the Minnesota health care programs. All nonemergency medical transportation providers must comply with the operating standards for special transportation service as defined in sections 174.29 to 174.30 and Minnesota Rules, chapter 8840, and all drivers must be individually enrolled with the commissioner and reported on the claim as the individual who provided the service.

All nonemergency medical transportation providers must bill for nonemergency medical transportation services in accordance with Minnesota health care programs criteria and comply with the requirements of section 256B.073. Publicly operated transit systems, volunteers, and not-for-hire vehicles are exempt from the requirements outlined in this paragraph.

~~(e)~~ (f) An organization may be terminated, denied, or suspended from enrollment if:

(1) the provider has not initiated background studies on the individuals specified in section 174.30, subdivision 10, paragraph (a), clauses (1) to (3); or

(2) the provider has initiated background studies on the individuals specified in section 174.30, subdivision 10, paragraph (a), clauses (1) to (3), and:

(i) the commissioner has sent the provider a notice that the individual has been disqualified under section 245C.14; and

(ii) the individual has not received a disqualification set-aside specific to the special transportation services provider under sections 245C.22 and 245C.23.

~~(f)~~ (g) The administrative agency of nonemergency medical transportation must:

(1) adhere to the policies defined by the commissioner;

(2) pay nonemergency medical transportation providers for services provided to Minnesota health care programs beneficiaries to obtain covered medical services;

(3) provide data monthly to the commissioner on appeals, complaints, no-shows, canceled trips, and number of trips by mode; and

(4) by July 1, 2016, in accordance with subdivision 18e, utilize a web-based single administrative structure assessment tool that meets the technical requirements established by the commissioner, reconciles trip information with claims being submitted by providers, and ensures prompt payment for nonemergency medical transportation services. This paragraph expires July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance.

~~(g)~~ (h) Effective July 1, 2026, for medical fee-for-service and January 1, 2027, for prepaid medical assistance, the administrative agency of nonemergency medical transportation must:

(1) adhere to the policies defined by the commissioner;

(2) pay nonemergency medical transportation providers for services provided to Minnesota health care program beneficiaries to obtain covered medical services; and

(3) provide data monthly to the commissioner on appeals, complaints, no-shows, canceled trips, and number of trips by mode.

~~(h)~~ (i) Until the commissioner implements the single administrative structure and delivery system under subdivision 18e, clients shall obtain their level-of-service certificate from the commissioner or an entity approved by the commissioner that does not dispatch rides for clients using modes of

transportation under paragraph ~~(n)~~ (o), clauses (4), (5), (6), and (7). This paragraph expires July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance.

~~(i)~~ (j) The commissioner may use an order by the recipient's attending physician, advanced practice registered nurse, physician assistant, or a medical or mental health professional to certify that the recipient requires nonemergency medical transportation services. Nonemergency medical transportation providers shall perform driver-assisted services for eligible individuals, when appropriate. Driver-assisted service includes passenger pickup at and return to the individual's residence or place of business, assistance with admittance of the individual to the medical facility, and assistance in passenger securement or in securing of wheelchairs, child seats, or stretchers in the vehicle.

~~(j)~~ (k) Nonemergency medical transportation providers must take clients to the health care provider using the most direct route, and must not exceed 30 miles for a trip to a primary care provider or 60 miles for a trip to a specialty care provider, unless the client receives authorization from the local agency. This paragraph expires July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance.

~~(k)~~ (l) Effective July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance, nonemergency medical transportation providers must take clients to the health care provider using the most direct route and must not exceed 30 miles for a trip to a primary care provider or 60 miles for a trip to a specialty care provider, unless the client receives authorization from the administrator.

~~(l)~~ (m) Nonemergency medical transportation providers may not bill for separate base rates for the continuation of a trip beyond the original destination. Nonemergency medical transportation providers must maintain trip logs, which include pickup and drop-off times, signed by the medical provider or client, whichever is deemed most appropriate, attesting to mileage traveled to obtain covered medical services. Clients requesting client mileage reimbursement must sign the trip log attesting mileage traveled to obtain covered medical services.

~~(m)~~ (n) The administrative agency shall use the level of service process established by the commissioner to determine the client's most appropriate mode of transportation. If public transit or a certified transportation provider is not available to provide the appropriate service mode for the client, the client may receive a onetime service upgrade.

~~(n)~~ (o) The covered modes of transportation are:

(1) client reimbursement, which includes client mileage reimbursement provided to clients who have their own transportation, or to family or an acquaintance who provides transportation to the client;

(2) volunteer transport, which includes transportation by volunteers using their own vehicle;

(3) unassisted transport, which includes transportation provided to a client by a taxicab or public transit. If a taxicab or public transit is not available, the client can receive transportation from another nonemergency medical transportation provider;

(4) assisted transport, which includes transport provided to clients who require assistance by a nonemergency medical transportation provider;

(5) lift-equipped/ramp transport, which includes transport provided to a client who is dependent on a device and requires a nonemergency medical transportation provider with a vehicle containing a lift or ramp;

(6) protected transport, which includes transport provided to a client who has received a prescreening that has deemed other forms of transportation inappropriate and who requires a provider: (i) with a protected vehicle that is not an ambulance or police car and has safety locks, a video recorder, and a transparent thermoplastic partition between the passenger and the vehicle driver; and (ii) who is certified as a protected transport provider; and

(7) stretcher transport, which includes transport for a client in a prone or supine position and requires a nonemergency medical transportation provider with a vehicle that can transport a client in a prone or supine position.

~~(o)~~ (p) The local agency shall be the single administrative agency and shall administer and reimburse for modes defined in paragraph ~~(n)~~ (o) according to paragraphs ~~(r)~~ (s) to ~~(t)~~ (u) when the commissioner has developed, made available, and funded the web-based single administrative structure, assessment tool, and level of need assessment under subdivision 18e. The local agency's financial obligation is limited to funds provided by the state or federal government. This paragraph expires July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance.

~~(p)~~ (q) The commissioner shall:

(1) verify that the mode and use of nonemergency medical transportation is appropriate;

(2) verify that the client is going to an approved medical appointment; and

(3) investigate all complaints and appeals.

~~(q)~~ (r) The administrative agency shall pay for the services provided in this subdivision and seek reimbursement from the commissioner, if appropriate. As vendors of medical care, local agencies are subject to the provisions in section 256B.041, the sanctions and monetary recovery actions in section 256B.064, and Minnesota Rules, parts 9505.2160 to 9505.2245. This paragraph expires July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance.

~~(r)~~ (s) Payments for nonemergency medical transportation must be paid based on the client's assessed mode under paragraph ~~(m)~~ (n), not the type of vehicle used to provide the service. The medical assistance reimbursement rates for nonemergency medical transportation services that are payable by or on behalf of the commissioner for nonemergency medical transportation services are:

(1) $0.22 per mile for client reimbursement;

(2) up to 100 percent of the Internal Revenue Service business deduction rate for volunteer transport;

(3) equivalent to the standard fare for unassisted transport when provided by public transit, and $12.10 for the base rate and $1.43 per mile when provided by a nonemergency medical transportation provider;

(4) $14.30 for the base rate and $1.43 per mile for assisted transport;

(5) $19.80 for the base rate and $1.70 per mile for lift-equipped/ramp transport;

(6) $75 for the base rate and $2.40 per mile for protected transport; and

(7) $60 for the base rate and $2.40 per mile for stretcher transport, and $9 per trip for an additional attendant if deemed medically necessary. This paragraph expires July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance.

~~(s)~~ (t) Effective July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance, payments for nonemergency medical transportation must be paid based on the client's assessed mode under paragraph ~~(m)~~ (n), not the type of vehicle used to provide the service.

~~(t)~~ (u) The base rate for nonemergency medical transportation services in areas defined under RUCA to be super rural is equal to 111.3 percent of the respective base rate in paragraph ~~(r)~~ (s), clauses (1) to (7). The mileage rate for nonemergency medical transportation services in areas defined under RUCA to be rural or super rural areas is:

(1) for a trip equal to 17 miles or less, equal to 125 percent of the respective mileage rate in paragraph ~~(r)~~ (s), clauses (1) to (7); and

(2) for a trip between 18 and 50 miles, equal to 112.5 percent of the respective mileage rate in paragraph ~~(r)~~ (s), clauses (1) to (7). This paragraph expires July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance.

~~(u)~~ (v) For purposes of reimbursement rates for nonemergency medical transportation services under paragraphs ~~(r)~~ (s) to ~~(t)~~ (u), the zip code of the recipient's place of residence shall determine whether the urban, rural, or super rural reimbursement rate applies. This paragraph expires July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance.

~~(v)~~ (w) The commissioner, when determining reimbursement rates for nonemergency medical transportation, shall exempt all modes of transportation listed under paragraph ~~(n)~~ (o) from Minnesota Rules, part 9505.0445, item R, subitem (2).

~~(w)~~ (x) Effective for the first day of each calendar quarter in which the price of gasoline as posted publicly by the United States Energy Information Administration exceeds $3.00 per gallon, the commissioner shall adjust the rate paid per mile in paragraph ~~(r)~~ (s) by one percent up or down for every increase or decrease of ten cents for the price of gasoline. The increase or decrease must be calculated using a base gasoline price of $3.00. The percentage increase or decrease must be calculated using the average of the most recently available price of all grades of gasoline for Minnesota as posted publicly by the United States Energy Information Administration. This paragraph expires July 1, 2026, for medical assistance fee-for-service and January 1, 2027, for prepaid medical assistance.

Sec. 10. Minnesota Statutes 2024, section 256B.0625, subdivision 17b, is amended to read:

Subd. 17b. **Documentation required.** (a) As a condition for payment, nonemergency medical transportation providers must document each occurrence of a service provided to a recipient according to this subdivision. Providers must maintain records sufficient to distinguish individual trips with specific vehicles and drivers. The documentation may be collected and maintained using electronic systems or software or in paper form but must be made available and produced upon request. Program funds paid for transportation that is not documented according to this subdivision may be subject to recovery by the commissioner pursuant to section 256B.064.

(b) A nonemergency medical transportation provider must compile transportation trip records that are written in English and legible according to the standard of a reasonable person and that include each of the following elements:

(1) the recipient's name;

(2) the date or dates the service is provided, if different than the date the entry was made;

(3) either the printed name of the driver sufficient to distinguish the driver of service or the driver's provider number;

(4) the date and the signature of the driver attesting that the record accurately represents the services provided and the actual miles driven, and acknowledging that misreporting information that results in ineligible or excessive payments may result in civil or criminal action;

(5) the date and the signature of the recipient or authorized party attesting that transportation services were provided as indicated on the transportation trip record, or the signature of the medical services provider certifying that the recipient was transported to the medical services provider destination. In the event that both the medical services provider and the recipient or authorized party refuse or are unable to provide signatures, the driver must document on the transportation trip record that signatures were requested and not provided;

(6) the address, or the description if the address is not available, of both the origin and destination, and the mileage for the most direct route from the origin to the destination;

(7) the name or number of the mode of transportation in which the service is provided;

(8) the license plate number of the vehicle used to transport the recipient;

(9) the time of the recipient pickup;

(10) the time of the recipient drop-off;

(11) the odometer reading of the vehicle used to transport the recipient taken at the time of pickup;

(12) the odometer reading of the vehicle used to transport the recipient taken at the time of drop-off;

(13) the name of the extra attendant when an extra attendant is used to provide special transportation service; and

(14) the documentation indicating the method that was used to determine the most direct route.

(c) In determining whether the commissioner will seek recovery, the documentation requirements in this section apply retroactively to audit findings beginning January 1, 2020, and to all audit findings thereafter.

(d) Effective January 1, 2027, or upon federal approval, whichever is later, records that comply with section 256B.073 may be used to meet the requirements of this subdivision if all required elements are included in the record.

Sec. 11. Minnesota Statutes 2024, section 256B.0625, is amended by adding a subdivision to read:

Subd. 77. **Early intensive developmental and behavioral intervention benefit.** Medical assistance covers early intensive developmental and behavioral intervention services according to section 256B.0949.

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

Sec. 12. Minnesota Statutes 2024, section 256B.073, subdivision 1, is amended to read:

Subdivision 1. **Documentation; establishment and operation.** The commissioner of human services shall establish ~~implementation requirements and standards for~~ and maintain the requirements and standards for the ongoing operation of electronic visit verification to comply with the 21st Century Cures Act, Public Law 114-255. Within available appropriations, the commissioner shall take steps to comply with the electronic visit verification requirements in the 21st Century Cures Act, Public Law 114-255.

Sec. 13. Minnesota Statutes 2024, section 256B.073, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For purposes of this section, the terms in this subdivision have the meanings given ~~them~~.

(b) "Data aggregator" means the entity designated by the commissioner to collect, store, and transmit electronic visit verification data from providers and third-party systems to the commissioner in accordance with the standards and requirements established under this section.

~~(b)~~ (c) "Electronic visit verification" or "EVV" means the ~~electronic documentation of the~~ process required under United States Code, title 42, section 1396b(l), and this section used to electronically verify the:

(1) type of service performed;

(2) individual receiving the service;

(3) date of the service;

(4) location of the service delivery;

(5) individual providing the service; ~~and~~

(6) time the service begins and ends; and

(7) method by which the service recipient, the service recipient's legal guardian or conservator, or the service recipient's parent, if the service recipient is a minor, attests to the accuracy of the information contained on the electronic visit verification.

(d) "Electronic visit verification data" means information collected through an electronic visit verification system, including data elements required under United States Code, title 42, section 1396b(l), and any additional data elements specified by the commissioner under this section.

~~(c)~~ (e) "Electronic visit verification system" means a system ~~that provides electronic verification of services~~ used to collect, verify, and transmit electronic visit verification data to the commissioner or the commissioner's designated data aggregator that complies with the 21st Century Cures Act, Public Law 114-255, and the requirements of subdivision 3.

(f) "Electronic visit verification vendor" means any entity that develops, provides, or supports an electronic visit verification system, including the state-provided vendor and any third-party vendor.

(g) "Financial management services provider" means an entity enrolled with the commissioner to provide financial management services under section 256B.85 or other applicable law and responsible for fiscal, payroll, and reporting functions on behalf of participant employers.

(h) "Home health agency" means a home care provider agency that is Medicare certified under Code of Federal Regulations, title 42, part 484, and licensed as a home care provider under chapter 144A.

(i) "Individual" means a person who receives services subject to electronic visit verification under the medical assistance program.

(j) "Managed care organization" means a public or private organization that contracts with the commissioner under section 256B.69 or other applicable law to deliver health care services to individuals eligible for medical assistance or MinnesotaCare.

(k) "Manual visit" means a visit:

(1) entered administratively and not by the caregiver at the time of service delivery; or

(2) where data elements are edited after the time of service delivery.

(l) "Provider" means an individual or organization that meets one or more of the following conditions:

(1) is enrolled as a Minnesota health care programs provider;

(2) provides services through a managed care organization under contract with the commissioner under section 256B.69;

(3) is a financial management services provider; or

(4) is a participant employer under section 256B.85, subdivision 7, or an employer of record directing services under section 256B.49, subdivision 16.

~~(d)~~ (m) "Service" means one of the following:

(1) personal care assistance services as defined in section 256B.0625, subdivision 19a, and provided according to section 256B.0659;

(2) community first services and supports under section 256B.85;

(3) home health services under section 256B.0625, subdivision 6a; ~~or~~

(4) adult companion services;

(5) adult day services;

(6) adult rehabilitative mental health services;

(7) assertive community treatment;

(8) early intensive developmental and behavioral intervention;

(9) integrated community supports;

(10) nonemergency medical transportation services;

(11) recovery peer support;

(12) recuperative care;

(13) home and community-based services reimbursed at an hourly or specified minute-based rate and provided according to a federally approved waiver plan as authorized under chapter 256S or section 256B.0913, 256B.092, or 256B.49; or

(14) other medical supplies and equipment or home and community-based services that are required to be electronically verified by the 21st Century Cures Act, Public Law 114-255.

(n) "State-provided electronic visit verification system" means the electronic visit verification system made available by the commissioner to providers at no cost for services subject to federal electronic visit verification requirements.

(o) "Third-party electronic visit verification system" means an electronic visit verification system purchased or operated by a provider or vendor other than the state-provided system designated by the commissioner.

(p) "Verification method" means the electronic process used to capture and verify visit information, including telephone, fixed visit verification devices, or mobile applications, as approved by the commissioner.

(q) "Visit" means a single occurrence of service delivery subject to electronic visit verification.

(r) "Worker" means an individual who provides personal care assistance services, community first services and supports, home health services, consumer-directed community supports, or other services identified by the commissioner as subject to electronic visit.

Sec. 14. Minnesota Statutes 2024, section 256B.073, subdivision 3, is amended to read:

Subd. 3. **Requirements.** (a) In ~~developing implementation requirements for~~ administering electronic visit verification, the commissioner ~~shall~~ must ensure that the system and related requirements:

(1) are minimally administratively and financially ~~burdensome to a provider~~ reasonable for providers of services;

(2) ~~are minimally burdensome~~ support continued access to ~~the~~ services and are designed to avoid disruption to service ~~recipient and the least disruptive to the service recipient in receiving and maintaining allowed services~~ delivery or receipt;

(3) consider existing best practices and use of electronic visit verification;

(4) are conducted according to all state and federal laws;

(5) are effective methods for preventing fraud when balanced against the requirements of clauses (1) and (2); and

(6) are consistent with the Department of Human Services' policies related to covered services, flexibility of service use, and quality assurance.

(b) The commissioner ~~shall~~ must make training and guidance available to providers of services on the electronic visit verification ~~system~~ requirements and system use.

(c) The commissioner ~~shall~~ must establish baseline measurements related to preventing fraud and establish measures to determine the effect of electronic visit verification requirements on program integrity.

(d) The commissioner ~~shall~~ must make a ~~state-selected~~ state-provided electronic visit verification system available to providers of services.

(e) The commissioner ~~shall~~ must make available and publish on the agency website the name and contact information for the vendor of the ~~state-selected~~ state-provided electronic visit verification system and the other vendors that offer alternative electronic visit verification systems. The information provided must state that the ~~state-selected~~ state-provided electronic visit verification system is offered at no cost to the provider of services and that the provider of services may choose an alternative system that may be at a cost to the provider.

(f) The commissioner may establish implementation dates and implementation schedules for system functions subject to electronic visit verification under this section, including but not limited to verification methods or technical requirements.

(g) The commissioner may waive the requirements of this section for any service component or setting when the application of electronic visit verification is contrary to paragraph (a).

Sec. 15. Minnesota Statutes 2024, section 256B.073, is amended by adding a subdivision to read:

Subd. 4a. **Electronic visit verification system options.** (a) A provider of services must use an electronic visit verification system that complies with the requirements established by the commissioner. A provider of services may use either the state-provided system or a third-party system. All systems used for compliance must provide data to the commissioner in the format and frequency required by the commissioner.

(b) The commissioner must make a state-provided electronic visit verification system available at no cost to providers of services. The commissioner must provide training on the system to all providers of services.

(c) The commissioner must allow providers of services to utilize a third-party electronic visit verification system that the commissioner determines meets the requirements of this section.

(d) A provider of services using a third-party electronic visit verification system that meets all technical specifications and federal and state laws must:

(1) collect and submit all data for each visit to the commissioner, including but not limited to manual entries;

(2) maintain compliance identified by the commissioner, including but not limited to incorporating into the system any changes in data requirements that must be transmitted to the commissioner; and

(3) integrate the system with the data aggregator to accurately send data.

(e) The data aggregator must be available at no cost to a provider of services for purposes of transmitting electronic visit verification data from approved third-party systems to the commissioner. Any costs associated with the development and use of a third-party system are the responsibility of the provider.

(f) If a provider is unable to integrate a third-party system with the data aggregator, the provider of services must use the state-provided electronic visit verification system.

(g) The commissioner must provide training on reviewing and correcting imported data in the data aggregator to providers of services.

Sec. 16. Minnesota Statutes 2024, section 256B.073, is amended by adding a subdivision to read:

Subd. 4b. **Provider responsibilities.** A provider of services must:

(1) use an electronic visit verification system that meets all technical and data submission requirements established by the commissioner;

(2) enroll with the state-provided electronic visit verification system or the data aggregator, as applicable;

(3) provide all information requested by the commissioner for enrollment, access, and data submission and ensure that such information remains accurate and up to date;

(4) maintain records for each individual receiving services subject to electronic visit verification, including but not limited to all required data elements;

(5) maintain a current list of workers providing services subject to electronic visit verification to individuals receiving services under medical assistance;

(6) provide the commissioner and any managed care organization with immediate, direct, and on-site or remote access to the electronic visit verification system;

(7) at the request of the commissioner or a managed care organization, allow review or copying of electronic visit verification documentation at no cost;

(8) ensure that electronic visit verification systems and related processes meet accessibility and confidentiality requirements under state and federal law;

(9) comply with all policies, procedures, and technical specifications issued by the commissioner under this section; and

(10) ensure that workers, participants, and other individuals using electronic visit verification are trained and comply with all documentation and data entry requirements established by the commissioner.

Sec. 17. Minnesota Statutes 2024, section 256B.073, subdivision 5, is amended to read:

Subd. 5. **Vendor requirements.** (a) The vendor of the electronic visit verification system ~~selected~~ provided by the commissioner and the vendor's affiliate must comply with the requirements of this subdivision.

(b) The vendor of the ~~state-selected~~ state-provided electronic visit verification system and the vendor's affiliate must:

(1) notify the provider of services that the provider may choose the ~~state-selected~~ state-provided electronic visit verification system at no cost to the provider;

(2) offer the ~~state-selected~~ state-provided electronic visit verification system to the provider of services prior to offering any fee-based electronic visit verification system;

(3) notify the provider of services that the provider may choose any fee-based electronic visit verification system prior to offering the vendor's or its affiliate's fee-based electronic visit verification system; and

(4) when offering the ~~state-selected~~ state-provided electronic visit verification system, clearly differentiate between the ~~state-selected~~ state-provided electronic visit verification system and the vendor's or its affiliate's alternative fee-based system.

(c) The vendor of the ~~state-selected~~ state-provided electronic visit verification system and the vendor's affiliate must not use state data that are not available to other vendors of electronic visit verification systems to promote or sell the vendor's or its affiliate's alternative electronic visit verification system.

(d) Upon request from the provider, the vendor of the ~~state-selected~~ state-provided electronic visit verification system must provide proof of compliance with the requirements of paragraph (b).

(e) An agreement between the vendor of the ~~state-selected~~ state-provided electronic visit verification system or its affiliate and a provider of services for an electronic visit verification system that is not the ~~state-selected~~ state-provided system entered into on or after July 1, 2023, is subject to immediate termination by the provider if the vendor violates any of the requirements of paragraph (b).

Sec. 18. Minnesota Statutes 2024, section 256B.073, is amended by adding a subdivision to read:

Subd. 6. **Data and documentation.** (a) A provider of services must submit electronic visit verification data to the commissioner or the data aggregator in accordance with the technical standards, format, and frequency established under this section. The commissioner may use integrated electronic visit verification data for oversight, quality assurance, and program integrity purposes consistent with state and federal law.

(b) The commissioner and managed care organizations must use electronic visit verification data to validate claims for payment under medical assistance. Claims that cannot be validated in accordance with electronic visit verification requirements may be subject to actions by the commissioner as authorized under state and federal law, including actions related to payment, program integrity, or provider compliance.

(c) A provider of services must record all required electronic visit verification data at the time of service delivery using an approved verification method. To be compliant with electronic visit verification requirements, a provider of services must document a visit with all required data elements recorded at the time of service delivery.

(d) A manual visit does not comply with electronic visit verification requirements. A manual visit must be confirmed and verified according to processes established by the commissioner before being used to validate or support a claim for payment.

(e) A worker providing services subject to electronic visit verification must record the start and end times of each visit at the time the service is delivered using an approved verification method. A worker must complete and verify all time documentation, including but not limited to verification of service type, date, and duration, on the date the service occurs and be consistent with documentation requirements of the service being provided. A provider of services must maintain documentation demonstrating compliance with this subdivision and make the documentation available to the commissioner or a managed care organization upon request.

Sec. 19. Minnesota Statutes 2024, section 256B.073, is amended by adding a subdivision to read:

Subd. 7. **Third-party system responsibilities.** (a) This subdivision is effective for Early Intensive Developmental and Behavioral Intervention services beginning July 1, 2027, or upon federal approval, whichever is later. This subdivision is effective for all other services subject to this subdivision beginning January 1, 2027, or upon federal approval, whichever is later.

(b) A provider of services using a third-party electronic visit verification system must ensure that the system meets all technical, functional, and data-exchange requirements established by the commissioner and transmits data to the commissioner or the data aggregator in the format and frequency required by the commissioner.

(c) A third-party electronic visit verification vendor must:

(1) comply with all technical, contractual, privacy, and security standards established by the commissioner;

(2) not use or disclose state data for any purpose other than fulfilling the requirements of this section or federal law;

(3) provide the commissioner access to system documentation, data mapping, and audit records upon request; and

(4) immediately report to the commissioner any data transmission failure, breach, or interruption affecting the commissioner's ability to receive required electronic visit verification data.

(d) A provider of services remains responsible for ensuring compliance with this section even when using a third-party electronic visit verification system.

(e) The third-party vendor must ensure training on the system is available to providers of services.

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

Sec. 20. Minnesota Statutes 2024, section 256B.0911, subdivision 32, is amended to read:

Subd. 32. **Administrative activity.** (a) The commissioner shall:

(1) streamline the processes, including timelines for when assessments need to be completed;

(2) provide the services in this section; ~~and~~

(3) implement integrated solutions to automate the business processes to the extent necessary for support plan approval, reimbursement, program planning, evaluation, and policy development~~.~~; and

(4) grant limited role-based access to a person's support plan in the MnCHOICES system to home and community-based service providers who have been designated as a provider for that person by a lead agency for the purpose of signing the person's support plan electronically and

demonstrating that the provider has reviewed, understood, and agrees to deliver services as outlined in the plan.

(b) The commissioner shall work with lead agencies responsible for conducting long-term care consultation services to:

(1) modify the MnCHOICES application and assessment policies to create efficiencies while ensuring federal compliance with medical assistance and long-term services and supports eligibility criteria; and

(2) develop a set of measurable benchmarks sufficient to demonstrate quarterly improvement in the average time per assessment and other mutually agreed upon measures of increasing efficiency.

(c) The commissioner shall collect data on the benchmarks developed under paragraph (b) and provide to the lead agencies an annual trend analysis of the data in order to demonstrate the commissioner's compliance with the requirements of this subdivision.

Sec. 21. Minnesota Statutes 2025 Supplement, section 256B.0949, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) The terms used in this section have the meanings given in this subdivision.

(b) "Advanced certification" means a person who has completed advanced certification in an approved modality under subdivision 13, paragraph (b).

(c) "Agency" means the legal entity that is enrolled with Minnesota health care programs as a medical assistance provider according to Minnesota Rules, part 9505.0195, to provide EIDBI services and that has the legal responsibility to ensure that its employees carry out the responsibilities defined in this section. Agency includes a licensed individual professional who practices independently and acts as an agency.

(d) "Autism spectrum disorder or a related condition" or "ASD or a related condition" means either autism spectrum disorder (ASD) as defined in the current version of the Diagnostic and Statistical Manual of Mental Disorders (DSM) or a condition that is found to be closely related to ASD, as identified under the current version of the DSM, and meets all of the following criteria:

(1) is severe and chronic;

(2) results in impairment of adaptive behavior and function similar to that of a person with ASD;

(3) requires treatment or services similar to those required for a person with ASD; and

(4) results in substantial functional limitations in three core developmental deficits of ASD: social or interpersonal interaction; functional communication, including nonverbal or social communication; and restrictive or repetitive behaviors or hyperreactivity or hyporeactivity to sensory input; and may include deficits or a high level of support in one or more of the following domains:

(i) behavioral challenges and self-regulation;

(ii) cognition;

(iii) learning and play;

(iv) self-care; or

(v) safety.

(e) "Behavior analyst" means an individual licensed under sections 148.9981 to 148.9995 as a behavior analyst.

(f) "Clinical supervision" means the overall responsibility for the control and direction of EIDBI service delivery, including ~~individual treatment planning,~~ staff supervision, including observation and direction; individual treatment plan development and progress monitoring~~,~~; family training and counseling; and ~~treatment review~~ coordinated care conference coordination for each person. Clinical supervision is provided by a qualified supervising professional (QSP) who takes full professional responsibility for the service provided by each supervisee and the clinical effectiveness of all interventions.

(g) "Commissioner" means the commissioner of human services, unless otherwise specified.

(h) "Comprehensive multidisciplinary evaluation" or "CMDE" means a comprehensive evaluation of a person to determine medical necessity for EIDBI services based on the requirements in subdivision 5.

(i) "Department" means the Department of Human Services, unless otherwise specified.

(j) "Early intensive developmental and behavioral intervention benefit" or "EIDBI benefit" means a variety of individualized, intensive treatment modalities approved and published by the commissioner that are based in behavioral and developmental science consistent with best practices on effectiveness.

(k) "Employee of an agency" or "employee" means any individual who is employed temporarily, part time, or full time by the agency that is submitting claims or billing for the work, services, supervision, or treatment performed by the individual. Employee does not include an independent contractor, billing agency, or consultant who is not providing EIDBI services. Employee does not include an individual who performs work, provides services, supervises, or provides treatment for less than 80 hours in a 12-month period.

(l) "Generalizable goals" means results or gains that are observed during a variety of activities over time with different people, such as providers, family members, other adults, and people, and in different environments including, but not limited to, clinics, homes, schools, and the community.

(m) "Incident" means when any of the following occur:

(1) an illness, accident, or injury that requires first aid treatment;

(2) a bump or blow to the head; or

(3) an unusual or unexpected event that jeopardizes the safety of a person or staff, including a person leaving the agency unattended.

(n) "Individual treatment plan" or "ITP" means the person-centered, individualized written plan of care that integrates and coordinates person and family information from the CMDE for a person who meets medical necessity for the EIDBI benefit. An individual treatment plan must meet the standards in subdivision 6.

(o) "Legal representative" means the parent of a child who is under 18 years of age, a court-appointed guardian, or other representative with legal authority to make decisions about service for a person. For the purpose of this subdivision, "other representative with legal authority to make decisions" includes a health care agent or an attorney-in-fact authorized through a health care directive or power of attorney.

(p) "Mental health professional" means a staff person who is qualified according to section 245I.04, subdivision 2.

(q) "Person" means an individual under 21 years of age.

(r) "Person-centered" means a service that both responds to the identified needs, interests, values, preferences, and desired outcomes of the person or the person's legal representative and respects the person's history, dignity, and cultural background and allows inclusion and participation in the person's community.

(s) "Qualified EIDBI provider" means an individual who is a QSP or a level I, level II, or level III treatment provider.

Sec. 22. Minnesota Statutes 2025 Supplement, section 256B.0949, subdivision 16, is amended to read:

Subd. 16. **Agency duties.** (a) An agency delivering an EIDBI service under this section must:

(1) enroll as a medical assistance Minnesota health care program provider according to Minnesota Rules, part 9505.0195, and section 256B.04, subdivision 21, and meet all applicable provider standards and requirements;

(2) designate an individual as the agency's compliance officer who must perform the duties described in section 256B.04, subdivision 21, paragraph (g);

(3) demonstrate compliance with federal and state laws for the delivery of and billing for EIDBI service;

(4) verify and maintain records of a service provided to the person or the person's legal representative as required under Minnesota Rules, parts 9505.2175 and 9505.2197;

(5) demonstrate that while enrolled or seeking enrollment as a Minnesota health care program provider the agency did not have a lead agency contract or provider agreement discontinued because of a conviction of fraud; or did not have an owner, board member, or manager fail a state or federal criminal background check or appear on the list of excluded individuals or entities maintained by the federal Department of Human Services Office of Inspector General;

(6) have established business practices including written policies and procedures, internal controls, and a system that demonstrates the organization's ability to deliver quality EIDBI services, appropriately submit claims, conduct required staff training, document staff qualifications, document service activities, and document service quality;

(7) have an office located in Minnesota or a border state;

(8) initiate a background study as required under subdivision 16a;

(9) report maltreatment according to section 626.557 and chapter 260E;

(10) comply with any data requests consistent with the Minnesota Government Data Practices Act, sections 256B.064 and 256B.27;

(11) provide training for all agency staff on the requirements and responsibilities listed in the Maltreatment of Minors Act, chapter 260E, and the Vulnerable Adult Protection Act, section 626.557, including mandated and voluntary reporting, nonretaliation, and the agency's policy for all staff on how to report suspected abuse and neglect;

(12) have a written policy to resolve issues collaboratively with the person and the person's legal representative when possible. The policy must include a timeline for when the person and the person's legal representative will be notified about issues that arise in the provision of services;

(13) provide the person's legal representative with prompt notification if the person is injured while being served by the agency. An incident report must be completed by the agency staff member in charge of the person. A copy of all incident and injury reports must remain on file at the agency for at least five years from the report of the incident;

(14) before starting a service, provide the person or the person's legal representative a description of the treatment modality that the person shall receive, including the staffing certification levels and training of the staff who shall provide a treatment;

(15) provide clinical supervision for a minimum of one hour for every 16 hours of direct treatment per person, unless otherwise authorized in the person's individual treatment plan; and

(16) provide the required EIDBI intervention observation and direction by a QSP or Level I provider at least once per month. Notwithstanding subdivision 13, paragraph (l), required EIDBI intervention observation and direction under this clause may be conducted via telehealth provided that no more than two consecutive monthly required EIDBI intervention observation and direction sessions under this clause are conducted via telehealth.

(b) Upon request of the commissioner, an agency delivering services under this section must:

(1) identify the agency's controlling individuals, as defined under section 245A.02, subdivision 5a;

(2) provide disclosures of the use of billing agencies and other consultants who do not provide EIDBI services; and

(3) provide copies of any contracts with consultants or independent contractors who do not provide EIDBI services, including hours contracted and responsibilities.

(c) When delivering the ITP, and annually thereafter, an agency must provide the person or the person's legal representative with:

(1) a written copy and a verbal explanation of the person's or person's legal representative's rights and the agency's responsibilities;

(2) documentation in the person's file the date that the person or the person's legal representative received a copy and explanation of the person's or person's legal representative's rights and the agency's responsibilities; and

(3) reasonable accommodations to provide the information in another format or language as needed to facilitate understanding of the person's or person's legal representative's rights and the agency's responsibilities.

Sec. 23. Minnesota Statutes 2024, section 256B.0949, is amended by adding a subdivision to read:

Subd. 19. **Documentation requirements.** (a) CMDE and EIDBI providers must ensure that all documentation, including but not limited to health service records and personnel files, complies with this subdivision, subdivision 16, and Minnesota Rules, parts 9505.2175 and 9505.2197. Documentation must be complete, legible, accurate, and readily accessible.

(b) All documentation must:

(1) be legible and understandable to individuals outside service delivery;

(2) include the participant's name on each health record page and the provider's name on each personnel file page;

(3) be signed and dated by the provider completing the documentation, with the provider's full name, title, and credentials;

(4) be entered within 72 hours of service, and contain a record and explanation of any delays in entry;

(5) clearly reflect clinical decision-making and support medical necessity;

(6) be securely stored in accordance with the Health Insurance Portability and Accountability Act (HIPAA), Public Law 104-191;

(7) be stored in accordance with state and federal document retention laws;

(8) be available for review or audit;

(9) include a record of caregiver involvement where applicable; and

(10) include a record of supervision and oversight for staff providing services requiring supervision under EIDBI policy.

(c) Each EIDBI service occurrence must be documented in a progress note in a manner and with the information determined by the commissioner.

(d) All providers must maintain current personnel records for each employee in a manner determined by the commissioner that include:

(1) the employee's name, contact information, and hire date;

(2) the employee's completed employment application and acknowledgment of duties;

(3) the job description for the employee's job with the effective date;

(4) verification of the employee's qualifications, including but not limited to education, licenses, certifications, enrollment attestation, degrees, transcripts, and experience;

(5) a background check pursuant to chapter 245C;

(6) orientation and required training the employee attended, including but not limited to training on mandated reporting, cultural responsiveness, and EIDBI competencies;

(7) the dates of the employee's first supervised and unsupervised client contact following employment;

(8) documentation of supervision received by the employee, including but not limited to the supervisor's name and credentials, dates of supervision, and supervision content;

(9) the employee's CPR and emergency response training, if required; and

(10) the employee's annual performance evaluations.

Sec. 24. Minnesota Statutes 2024, section 256B.4912, subdivision 12, is amended to read:

Subd. 12. **Home and community-based service documentation requirements.** (a) Unless the provider is required to use an electronic visit verification system authorized under section 256B.073, the provider must collect and maintain documentation ~~may be collected and maintained~~ electronically or in paper form ~~by providers and must be produced~~. The provider must produce all documentation upon request by the commissioner.

(b) Documentation of a delivered service must be in English and must be legible according to the standard of a reasonable person.

(c) If the service is reimbursed at an hourly or specified minute-based rate, each documentation of the provision of a service, unless otherwise specified, must include:

(1) the date the documentation occurred;

(2) the day, month, and year when the service was provided;

(3) the start and stop times with a.m. and p.m. designations, except for case management services as defined under chapter 256S and sections 256B.0913, subdivision 7; 256B.092, subdivision 1a; and 256B.49, subdivision 13;

(4) the service name or description of the service provided; and

(5) the name, signature, and title, if any, of the provider of service. If the service is provided by multiple staff members, the provider may designate a staff member responsible for verifying services and completing the documentation required by this paragraph.

(d) If the service is reimbursed at a daily rate or does not meet the requirements in paragraph (c), each documentation of the provision of a service, unless otherwise specified, must include:

(1) the date the documentation occurred;

(2) the day, month, and year when the service was provided;

(3) the service name or description of the service provided; and

(4) the name, signature, and title, if any, of the person providing the service. If the service is provided by multiple staff, the provider may designate a staff member responsible for verifying services and completing the documentation required by this paragraph. The designated staff member verifying the services must include in the documentation of the provision of a service the names of all staff who provided the service.

Sec. 25. Minnesota Statutes 2024, section 256B.4912, is amended by adding a subdivision to read:

Subd. 17. **Prohibition on room and board payments.** (a) The provider must not use medical assistance money to pay for room and board, including but not limited to rent, mortgage payments, utilities, property taxes, homeowners association fees, or any other housing-related cost, in accordance with federal home and community-based services waiver requirements under United States Code, title 42, section 1396n(c), and Code of Federal Regulations, title 42, section 441.310.

(b) A provider of home and community-based services, including but not limited to integrated community supports under section 245D.03, subdivision 1, paragraph (c), clause (8), must not:

(1) use, allocate, or apply any payment for home and community-based services to cover, subsidize, discount, or otherwise contribute to any room and board expenses for a person receiving services;

(2) apply agency operating margins, reserves, or profits derived from home and community-based services to pay for rent or pay other housing costs for persons receiving services; or

(3) enter into any financial arrangement, discount, concession, or reimbursement structure that has the effect of using medical assistance service revenue to offset the housing costs of a person receiving services.

(c) Nothing in this subdivision prohibits a provider from charging a person for room and board in accordance with chapter 504B or applicable housing support laws, provided the charge is

independent of medical assistance payments and complies with all federal home and community-based services setting requirements, including but not limited to tenancy protections under Code of Federal Regulations, title 42, section 441.301(c)(4)(vi)(A).

(d) The commissioner may pursue corrective action, payment recovery, sanctions under section 256B.064, and licensing action under chapter 245A or 245D for a violation of this subdivision.

(e) Notwithstanding paragraphs (a) and (b), payment for room and board is permitted when explicitly included as part of a service authorized in a federally approved home and community-based services waiver under United States Code, title 42, section 1396n(c).

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 26. Minnesota Statutes 2025 Supplement, section 256B.4914, subdivision 5a, is amended to read:

Subd. 5a. **Base wage index; calculations.** The base wage index must be calculated as follows:

(1) for supervisory staff, 100 percent of the median wage for community and social services specialist (SOC code 21-1099), with the exception of the supervisor of positive supports professional, positive supports analyst, and positive supports specialist, which is 100 percent of the median wage for clinical counseling and school psychologist (SOC code 19-3031);

(2) for registered nurse staff, 100 percent of the median wage for registered nurses (SOC code 29-1141);

(3) for licensed practical nurse staff, 100 percent of the median wage for licensed practical nurses (SOC code 29-2061);

(4) for residential asleep-overnight staff, the minimum wage in Minnesota for large employers;

(5) for residential direct care staff, the sum of:

(i) 15 percent of the subtotal of 50 percent of the median wage for home health and personal care aide (SOC code 31-1120); 30 percent of the median wage for nursing assistant (SOC code 31-1131); and 20 percent of the median wage for social and human services aide (SOC code 21-1093); and

(ii) 85 percent of the subtotal of 40 percent of the median wage for home health and personal care aide (SOC code 31-1120); 20 percent of the median wage for nursing assistant (SOC code 31-1131); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aide (SOC code 21-1093);

(6) for adult day services staff, 70 percent of the median wage for nursing assistant (SOC code 31-1131); and 30 percent of the median wage for home health and personal care aide (SOC code 31-1120);

(7) for day support services staff and prevocational services staff, 20 percent of the median wage for nursing assistant (SOC code 31-1131); 20 percent of the median wage for psychiatric technician

(SOC code 29-2053); and 60 percent of the median wage for social and human services aide (SOC code 21-1093);

(8) for positive supports analyst staff, 100 percent of the median wage for substance abuse, behavioral disorder, and mental health counselor (SOC code 21-1018);

(9) for positive supports professional staff, 100 percent of the median wage for clinical counseling and school psychologist (SOC code 19-3031);

(10) for positive supports specialist staff, 100 percent of the median wage for psychiatric technicians (SOC code 29-2053);

(11) for individualized home supports with family training staff, 20 percent of the median wage for nursing aide (SOC code 31-1131); 30 percent of the median wage for community social service specialist (SOC code 21-1099); 40 percent of the median wage for social and human services aide (SOC code 21-1093); and ten percent of the median wage for psychiatric technician (SOC code 29-2053);

(12) for individualized home supports with training services staff, 40 percent of the median wage for community social service specialist (SOC code 21-1099); 50 percent of the median wage for social and human services aide (SOC code 21-1093); and ten percent of the median wage for psychiatric technician (SOC code 29-2053);

(13) for employment support services staff, 50 percent of the median wage for rehabilitation counselor (SOC code 21-1015); and 50 percent of the median wage for community and social services specialist (SOC code 21-1099);

(14) for employment exploration services staff, 50 percent of the median wage for education, guidance, school, and vocational counselor (SOC code 21-1012); and 50 percent of the median wage for community and social services specialist (SOC code 21-1099);

(15) for employment development services staff, 50 percent of the median wage for education, guidance, school, and vocational counselors (SOC code 21-1012); and 50 percent of the median wage for community and social services specialist (SOC code 21-1099);

(16) for individualized home support without training staff, 50 percent of the median wage for home health and personal care aide (SOC code 31-1120); and 50 percent of the median wage for nursing assistant (SOC code 31-1131);

(17) effective until the effective date of clauses (18) and (19), for night supervision staff, 40 percent of the median wage for home health and personal care aide (SOC code 31-1120); 20 percent of the median wage for nursing assistant (SOC code 31-1131); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aide (SOC code 21-1093);

(18) effective January 1, 2026, or upon federal approval, whichever is later, for awake night supervision staff, 40 percent of the median wage for home health and personal care aide (SOC code 31-1120); 20 percent of the median wage for nursing assistant (SOC code 31-1131); 20 of percent

the median wage for psychiatric technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aid (SOC code 21-1093); ~~and~~

(19) effective January 1, 2026, or upon federal approval, whichever is later, for asleep night supervision staff, the minimum wage in Minnesota for large employers~~.~~; and

(20) for integrated community support staff, 40 percent of the median wage for community and social services specialist (SOC code 21-1099); 50 percent of the median wage for social and human services aide (SOC code 21-1093); and ten percent of the median wage for psychiatric technician (SOC code 29-2053).

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 27. Minnesota Statutes 2024, section 256B.4914, subdivision 6, is amended to read:

Subd. 6. **Residential support services; generally.** (a) For purposes of this section, residential support services includes 24-hour customized living services, community residential services, and customized living services~~, and integrated community supports~~.

(b) A unit of service for residential support services is a day. Any portion of any calendar day, within allowable Medicaid rules, where an individual spends time in a residential setting is billable as a day. The number of days authorized for all individuals enrolling in residential support services must include every day that services start and end.

(c) When the available shared staffing hours in a residential setting are insufficient to meet the needs of an individual who enrolled in residential support services after January 1, 2014, then individual staffing hours shall be used.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 28. Minnesota Statutes 2024, section 256B.4914, is amended by adding a subdivision to read:

Subd. 8a. **Integrated community supports unit-based services with programming; component values and calculation of payment rates.** (a) Component values for integrated community supports unit-based services with programming are:

(1) competitive workforce factor: 6.7 percent;

(2) supervisory span of control ratio: 11 percent;

(3) employee vacation, sick, and training allowance ratio: 8.71 percent;

(4) employee-related cost ratio: 23.6 percent;

(5) program plan support ratio: 27 percent;

(6) client programming and support ratio: 9.2 percent;

(7) general administrative support ratio: 13.25 percent;

(8) program-related expense ratio: 6.1 percent; and

(9) absence and utilization factor ratio: 9.4 percent.

(b) A unit of integrated community supports unit-based services with programming is 15 minutes.

(c) Payments for integrated community supports must be calculated as follows:

(1) determine the number of units of service to meet a recipient's needs;

(2) determine the appropriate hourly staff wage rates derived by the commissioner as provided in subdivisions 5 and 5a;

(3) except for subdivision 5a, clauses (1) to (4), multiply the result of clause (2) by the product of one plus the competitive workforce factor;

(4) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (3);

(5) multiply the number of direct staffing hours by the appropriate staff wage;

(6) multiply the number of direct staffing hours by the product of the supervisory span of control ratio and the appropriate supervisory staff wage in subdivision 5a, clause (1);

(7) combine the results of clauses (5) and (6), and multiply the result by one plus the employee vacation, sick, and training allowance ratio. This is defined as the direct staffing rate;

(8) for program plan support, multiply the result of clause (7) by one plus the program plan support ratio divided by the approved capacity for the integrated community supports setting;

(9) for employee-related expenses, multiply the result of clause (8) by one plus the employee-related cost ratio;

(10) for client programming and supports, multiply the result of clause (9) by one plus the client programming and support ratio;

(11) this is the subtotal rate;

(12) sum the standard general administrative support ratio, the program-related expense ratio, and the absence and utilization factor ratio; and

(13) divide the result of clause (11) by one minus the result of clause (12). This is the total payment amount.

(d) The commissioner must establish maximum allowable in-person and remote service hours used in the rate methodology for integrated community supports based on the recipient's case-mix classification. The total number of service hours entered into the rate framework must not exceed the following limits:

(1) for case mix classifications A, C, and L, a maximum of two hours per day;

(2) for case mix classifications B, D, and F, a maximum of four hours per day;

(3) for case mix classifications E, G, I, J, and K, a maximum of six hours per day; and

(4) for case mix classification H, a maximum of eight hours per day.

(e) The daily limit in paragraph (d) does not limit a person's use of other disability waiver services, which may be provided on the same day by the same provider providing integrated community supports. Nothing in paragraph (d) prohibits approval of a rate exception for individuals with exceptional or complex needs.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 29. Minnesota Statutes 2024, section 256B.4914, is amended by adding a subdivision to read:

Subd. 10e. **Documentation of staffing; auditing and rate review.** (a) Effective for services provided on or after January 1, 2029, a provider enrolled to provide residential services under subdivision 6 must maintain documentation of direct staffing hours provided to each person receiving services, including but not limited to documentation identifying:

(1) the name, role, and unique identifier for each staff person who provided services to match records to payroll, time and attendance systems, and any other source documentation;

(2) the date services were provided;

(3) the total number of hours of direct support provided;

(4) awake overnight staffing hours provided, if applicable;

(5) asleep overnight staffing hours provided, if applicable; and

(6) any other staffing information required by the commissioner.

(b) A provider must maintain documentation in a manner and format determined by the commissioner for at least six years. If a provider changes payroll vendors, merges operations, or changes staffing identifiers, the provider must maintain a documented link between prior and current staffing identifiers sufficient to allow tracking of hours worked, turnover, and role classification for each staff person.

(c) A provider must submit the documentation required under paragraph (a) to the commissioner annually, in a manner and format determined by the commissioner. The commissioner must establish multiple submission windows throughout the calendar year and may assign providers to a submission window for administrative efficiency and system capacity. Documentation must reflect staffing provided during the prior calendar year and must be submitted no later than the final business day of the provider's assigned submission window. The commissioner may conduct random or targeted validations and audits of submitted data and may require supplemental documentation as necessary to verify accuracy and compliance.

(d) The commissioner must conduct periodic analysis of documentation submitted under this subdivision and may validate staffing data through random audits or other verification methods.

(e) Based on the analysis under paragraph (d), the commissioner may provide recommendations to lead agencies regarding modifications to the rate of a person receiving services, including increases or decreases necessary to align the rate with staffing provided to the person as demonstrated by the submitted historical staffing documentation. Recommendations must be based on the requirements of this section and applicable federal and state requirements governing rate setting.

(f) If a provider fails to submit documentation requested within the submission window in paragraph (c), the commissioner must issue a written notice of noncompliance. If documentation is not received within 60 days following the notice of noncompliance, the commissioner may temporarily suspend payments to the provider until the required documentation is submitted. The commissioner must make withheld payments to the provider once the required documentation is received. If such noncompliance persists, the commissioner may adjust future rate payments, require the provider to submit a corrective action plan, or pursue other enforcement actions as authorized by law.

(g) The commissioner must publish annual aggregate reports summarizing audit findings and trends related to staffing provided under this section.

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

Sec. 30. Minnesota Statutes 2024, section 256B.4914, is amended by adding a subdivision to read:

Subd. 21. **Administrative fees charged by providers and vendors.** Effective July 1, 2027, or upon federal approval, whichever is later, the commissioner must limit administrative fees charged by enrolled providers and vendors approved by lead agencies to no more than six percent of the total cost of the service or purchased goods. This limit applies to the following services and other new market rate services as determined by the commissioner:

(1) chore services billed daily;

(2) transitional services; and

(3) transportation.

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

Sec. 31. Minnesota Statutes 2024, section 256B.492, is amended by adding a subdivision to read:

Subd. 4. **Integrated community supports setting approval moratorium and exception.** (a) The commissioner must not approve a new integrated community supports setting or approve an expansion of an existing integrated community supports setting except as provided in this subdivision.

(b) The commissioner may approve an exception to the moratorium only when the applicant demonstrates indirect control of the setting and compliance with:

(1) the federal home and community-based services requirements under Code of Federal Regulations, title 42, section 441.301(c);

(2) the prohibition on the use of medical assistance money for room and board under section 256B.4912, subdivision 17;

(3) independent lease requirements consistent with chapter 504B; and

(4) all documentation requirements under section 245D.12.

(c) To approve an exception, the commissioner must determine that the lead agency has requested the additional capacity to meet the specific disability-related needs of the person. Priority must be given to geographic regions with insufficient integrated community supports capacity based on statewide or regional needs determination processes.

(d) For purposes of this subdivision, "integrated community supports setting" means a multifamily housing building where a provider delivers integrated community supports under section 245D.03, subdivision 1, paragraph (c), clause (8), and for which a provider has a provider-controlled or provider-associated financial interest as defined under section 245A.02, subdivision 10b.

(e) Nothing in this subdivision authorizes the commissioner to revoke approval of a previously approved setting following a change of ownership permissible under section 245A.043.

(f) A determination under this subdivision is final and not subject to appeal.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 32. Minnesota Statutes 2024, section 256I.03, subdivision 10a, is amended to read:

Subd. 10a. **Housing support.** "Housing support" means assistance that provides at a minimum room and board to persons who meet the eligibility requirements of section 256I.04. To receive payment for housing support, the residence must meet the requirements under:

(1) section 256I.04, ~~subdivisions~~ subdivision 2a, or 256I.041; and

(2) section 256I.04, subdivisions 2b to 2f.

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

Sec. 33. Minnesota Statutes 2024, section 256I.04, subdivision 1, is amended to read:

Subdivision 1. **Individual eligibility requirements.** An individual is eligible for and entitled to a housing support payment to be made on the individual's behalf if ~~the~~ an agency ~~has approved the setting~~ or the commissioner has a housing support agreement with the establishment where the individual will receive housing support and the individual meets the requirements in paragraph (a), (b), (c), or (d).

(a) The individual is aged, blind, or is over 18 years of age with a disability as determined under the criteria used by the title II program of the Social Security Act, and meets the resource restrictions and standards of section 256P.02, and the individual's countable income after deducting the (1)

exclusions and disregards of the SSI program, (2) the medical assistance personal needs allowance under section 256B.35, and (3) an amount equal to the income actually made available to a community spouse by an elderly waiver participant under the provisions of sections 256B.0575, paragraph (a), clause (4), and 256B.058, subdivision 2, is less than the monthly rate specified in the agency's agreement with the provider of housing support in which the individual resides.

(b) The individual meets a category of eligibility under section 256D.05, subdivision 1, paragraph (a), clauses (1), (3), (4) to (8), and (13), and paragraph (b), if applicable, and the individual's resources are less than the standards specified by section 256P.02, and the individual's countable income as determined under section 256P.06, less the medical assistance personal needs allowance under section 256B.35 is less than the monthly rate specified in the agency's agreement with the provider of housing support in which the individual resides.

(c) The individual lacks a fixed, adequate, nighttime residence upon discharge from a residential behavioral health treatment program, as determined by treatment staff from the residential behavioral health treatment program. An individual is eligible under this paragraph for up to three months, including a full or partial month from the individual's move-in date at a setting approved for housing support following discharge from treatment, plus two full months.

(d) The individual meets the criteria related to establishing a certified disability or disabling condition in paragraph (a) or (b) and lacks a fixed, adequate, nighttime residence upon discharge from a correctional facility, as determined by an authorized representative from a Minnesota-based correctional facility. An individual is eligible under this paragraph for up to three months, including a full or partial month from the individual's move-in date at a setting approved for housing support following release, plus two full months. Any income received by people who meet the disabling condition criteria established in paragraph (a) or (b) is not countable for the duration of eligibility under this paragraph.

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

Sec. 34. Minnesota Statutes 2025 Supplement, section 256I.04, subdivision 2a, is amended to read:

Subd. 2a. **License required; staffing qualifications.** (a) Except as provided in paragraph (b), an agency may not enter into an agreement with an establishment to provide housing support unless:

(1) the establishment is licensed by the Department of Health as a hotel and restaurant; a board and lodging establishment; a boarding care home before March 1, 1985; or a supervised living facility, and the service provider for residents of the facility is licensed under chapter 245A. However, an establishment licensed by the Department of Health to provide lodging need not also be licensed to provide board if meals are being supplied to residents under a contract with a food vendor who is licensed by the Department of Health; or

(2) the residence is: (i) licensed by the commissioner of human services under Minnesota Rules, parts 9555.5050 to 9555.6265; (ii) certified by a county human services agency prior to July 1, 1992, using the standards under Minnesota Rules, parts 9555.5050 to 9555.6265; (iii) licensed by the commissioner under Minnesota Rules, parts 2960.0010 to 2960.0120, with a variance under section 245A.04, subdivision 9; or (iv) licensed under section 245D.02, subdivision 4a, as a community residential setting by the commissioner of human services; or

(3) the facility is licensed under chapter 144G and provides three meals a day~~; or~~.

~~(4) effective January 1, 2027, the establishment is licensed by the Department of Health as a board and lodging establishment and is certified by the commissioner as a recovery residence in accordance with section 254B.215, subdivision 3, that is subject to the requirements of section 256I.04, subdivisions 2a to 2f. The Department of Human Services must serve as the lead agency for agreements entered into under this clause.~~

(b) ~~The requirements under paragraph (a) do not apply to establishments~~ An agency may enter into an agreement to provide housing support with an establishment exempt from state licensure because ~~they are~~ it is:

(1) located on an Indian ~~reservations~~ reservation and subject to tribal health and safety requirements; or

(2) a supportive housing ~~establishments~~ establishment where an individual has an approved habitability inspection and an individual lease agreement.

(c) Supportive housing establishments that serve individuals who have experienced long-term homelessness and emergency shelters must participate in the homeless management information system and a coordinated assessment system as defined by the commissioner.

(d) ~~Effective July 1, 2016,~~ An agency shall not have an agreement with a provider of housing support unless all staff members who have direct contact with recipients:

(1) have skills and knowledge acquired through one or more of the following:

(i) a course of study in a health- or human services-related field leading to a bachelor of arts, bachelor of science, or associate's degree;

(ii) one year of experience with the target population served;

(iii) experience as a mental health certified peer specialist according to section 256B.0615; or

(iv) meeting the requirements for unlicensed personnel under sections 144A.43 to 144A.483;

(2) hold a current driver's license appropriate to the vehicle driven if transporting recipients;

(3) complete training on vulnerable adults mandated reporting and child maltreatment mandated reporting, where applicable; and

(4) complete housing support orientation training offered by the commissioner.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 35. Minnesota Statutes 2024, section 256I.04, subdivision 2f, is amended to read:

Subd. 2f. **Required services.** (a) In ~~authorized~~ settings authorized under subdivision 2a or under section 256I.041, providers ~~shall~~ must ensure that participants have at a minimum:

(1) food preparation and service for three nutritional meals a day on site;

(2) a bed, clothing storage, linen, bedding, laundering, and laundry supplies or service;

(3) housekeeping, including cleaning and lavatory supplies or service; and

(4) maintenance and operation of the building and grounds, including heat, water, garbage removal, electricity, telephone for the site, cooling, supplies, and parts and tools to repair and maintain equipment and facilities.

(b) In addition, when providers serve participants described in subdivision 1, paragraph (c), the providers are required to assist the participants in applying for continuing housing support payments before the end of the eligibility period.

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

Sec. 36. **[256I.041] STATE-EXECUTED HOUSING SUPPORT AGREEMENTS.**

Subdivision 1. **State-executed housing support agreements.** At the request of the establishment, the commissioner may enter into a housing support agreement with the following types of establishments:

(1) a residence with an approved integrated community supports setting capacity report submitted under section 245D.12; and

(2) an establishment licensed by the commissioner of health as a board and lodging establishment and designated by the commissioner of human services as a level-two certified recovery residence under section 254B.215, subdivision 3.

Subd. 2. **Requirements of state-executed housing support agreements.** All housing support agreements into which the commissioner enters under this section are subject to the same requirements and limitations as housing support agreements entered into by other agencies, including the requirements of section 256I.04, subdivisions 2a to 2f.

Subd. 3. **Prohibited agreements.** The commissioner must not enter into housing support agreements with any establishment not described in subdivision 1.

Subd. 4. **Administration of state-executed housing support agreements.** For each state-executed housing support agreement, the commissioner must designate an agency that must administer the agreement, including determining eligibility for housing support and making payments in accordance with the terms of the agreement.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 37. Minnesota Statutes 2024, section 256I.05, subdivision 11, is amended to read:

Subd. 11. **Cost-neutral transfers from the housing support fund.** (a) The commissioner is authorized to make cost-neutral transfers from the housing support fund for beds under this section to other funding programs administered by the department after consultation with the agency in which the affected beds are located.

(b) The commissioner may also make cost-neutral transfers from the housing support fund to agencies for beds removed from the housing support census under a plan submitted by the agency and approved by the commissioner.

(c) The commissioner shall make a cost-neutral transfer of funding from the housing support fund to the agency for emergency shelter beds removed from the housing support census under a plan submitted by the agency and approved by the commissioner. Plans submitted under this paragraph must include anticipated and actual outcomes for persons experiencing homelessness in emergency shelters.

(d) Plans submitted under paragraph (b) or (c) must describe: (1) improved efficiencies in administration; (2) requirements for individual eligibility; and (3) plans for quality assurance monitoring and quality assurance outcomes. The commissioner shall review agency plans to monitor implementation and outcomes at least biennially, and more frequently if the commissioner deems necessary.

(e) Funding under paragraph (b), (c), or (d) may be used for the provision of room and board or supplemental services according to section 256I.03, subdivisions 14a and 14b. Providers must meet the requirements of both (1) either section 256I.04, subdivision 2a, or section 256I.041, and (2) section 256I.04, subdivisions ~~2a~~ 2b to 2f. Funding must be allocated annually, and the room and board portion of the allocation shall be adjusted according to the percentage change in the housing support room and board rate. The commissioner or agency may return beds to the housing support fund with 180 days' notice, including financial reconciliation.

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

Sec. 38. Minnesota Statutes 2024, section 256S.21, is amended by adding a subdivision to read:

Subd. 4. **Documentation of staffing; auditing and rate review for residential support services.** (a) For purposes of this subdivision, residential support services include 24-hour customized living services, customized living services, family adult foster care, and corporate adult foster care.

(b) Effective January 1, 2029, a provider enrolled to provide residential support services under this subdivision must maintain documentation of direct staffing hours provided to each person receiving services, including but not limited to documentation identifying:

(1) the name, role, and unique identifier for each staff person who provided services to match records to payroll, time and attendance systems, and any other source documentation;

(2) the date services were provided;

(3) the total number of hours of direct support provided;

(4) awake overnight staffing hours provided, if applicable;

(5) asleep overnight staffing hours provided, if applicable; and

(6) any other staffing information required by the commissioner.

(c) A provider must maintain documentation in a manner and format determined by the commissioner for at least six years. If a provider changes payroll vendors, merges operations, or changes staffing identifiers, the provider must maintain a documented link between prior and current staffing identifiers sufficient to allow tracking of hours worked, turnover, and role classification for each staff person.

(d) A provider must submit the documentation required under paragraph (b) to the commissioner annually, in a manner and format determined by the commissioner. The commissioner must establish multiple submission windows throughout the calendar year and may assign providers to a submission window for administrative efficiency and system capacity. Documentation must reflect staffing provided during the prior calendar year and must be submitted no later than the final business day of the provider's assigned submission window. The commissioner may conduct random or targeted validations and audits of submitted data and may require supplemental documentation as necessary to verify accuracy and compliance.

(e) The commissioner must conduct periodic analysis of documentation submitted under this subdivision and may validate staffing data through random audits or other verification methods.

(f) Based on the analysis under paragraph (e), the commissioner may provide recommendations to lead agencies regarding modifications to the rate of the person receiving services, including increases or decreases necessary to align the rate with staffing provided to the person as demonstrated by the submitted historical staffing documentation. Recommendations must be based on the requirements of this section and applicable federal and state requirements governing rate setting.

(g) If a provider fails to submit documentation requested within the submission window under paragraph (d), the commissioner must issue a written notice of noncompliance. If documentation is not received within 60 days following the notice of noncompliance, the commissioner may temporarily suspend payments to the provider until the required documentation is submitted. The commissioner must make withheld payments to the provider once the required documentation is received. If such noncompliance persists, the commissioner may adjust future rate payments, require the provider to submit a corrective action plan, or pursue other enforcement actions as authorized by law.

(h) The commissioner must publish annual aggregate reports summarizing audit findings and trends related to staffing provided under this section.

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

Sec. 39. Minnesota Statutes 2024, section 256S.21, is amended by adding a subdivision to read:

Subd. 5. **Administrative fees charged by providers or vendors.** The commissioner must limit administrative fees charged by enrolled providers or vendors approved by lead agencies to no more than six percent of the total cost of the service or purchased goods. This limit applies to the following services but allows for the addition of other services determined by the commissioner:

(1) chore services billed daily;

(2) transitional services; and

(3) transportation.

EFFECTIVE DATE. This section is effective January 1, 2027.

Sec. 40. **MARKET RATE STUDY FOR HOME AND COMMUNITY-BASED SERVICES.**

(a) The commissioner of human services must conduct a market rate study to evaluate the adequacy, sustainability, and equity of payment rates for specific home and community-based services under the home and community-based services waivers authorized under Minnesota Statutes, sections 256B.092 and 256B.49.

(b) The study must include, at minimum, an analysis of the following services:

(1) employment support services delivered in remote or virtual settings;

(2) 24-hour emergency assistance;

(3) assistive technology;

(4) environmental accessibility adaptations;

(5) chore services;

(6) transitional services;

(7) independent living skills training; and

(8) specialist services, including positive support services and orientation and mobility services.

(c) In planning and conducting the market rate study, the commissioner must consult with interested parties, including but not limited to service providers, people with disabilities, lead agencies, Tribal Nations, culturally specific and community-based providers, and disability advocacy organizations. The consultation process must be designed to ensure meaningful participation from providers in greater Minnesota and from providers serving communities of color and Tribal Nations.

(d) In conducting the study, the commissioner must analyze provider costs, workforce availability, wage competitiveness, regional market conditions, inflationary impacts, and access issues. The commissioner must also evaluate whether current reimbursement methodologies reflect actual costs of providing services and support long-term access to qualified providers.

(e) By February 15, 2027, the commissioner must submit a report with findings and recommendations, including but not limited to any proposed statutory changes, to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance.

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

Sec. 41. **DIRECTION TO THE COMMISSIONER OF HUMAN SERVICES; METHOD OF VISIT VERIFICATION.**

The commissioner must develop methods for collecting signatures required under Minnesota Statutes, section 256B.073, subdivision 2, paragraph (c), clause (7), of the service recipient, the

service recipient's legal guardian or conservator, or the service recipient's parent, if the service recipient is a minor, on a statement acknowledging that providing false information on an electronic visit verification is a federal crime and attesting to the accuracy of the information contained on an electronic visit verification. The methods may differ to meet the needs of the service recipient, the service recipient's legal guardian or conservator, or the service recipient's parent, if the service recipient is a minor.

Sec. 42. **ELECTRONIC VISIT VERIFICATION AND MEDICAL ASSISTANCE CLAIMS VALIDATION.**

(a) The commissioner of human services must develop, test, and implement systems changes necessary to integrate data collected through electronic visit verification systems, as described under Minnesota Statutes, section 256B.073, with Minnesota's Medicaid Management Information System (MMIS). Data collected through electronic visit verification systems must be used as part of the commissioner's processes for validating claims for services subject to electronic visit verification.

(b) The commissioner of human services must require that managed care plans and county-based purchasing plans ensure electronic visit verification and claims system interoperability by January 1, 2027.

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

Sec. 43. **REPEALER.**

(a) Minnesota Statutes 2024, section 256B.073, subdivision 4, is repealed.

(b) Minnesota Statutes 2024, section 256B.4914, subdivision 6c, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective July 1, 2026. Paragraph (b) is effective January 1, 2027, or upon federal approval, whichever is later.

ARTICLE 6

HUMAN SERVICES ADMINISTRATIVE REFORM

Section 1. Minnesota Statutes 2024, section 16A.103, is amended by adding a subdivision to read:

Subd. 5. **Medical assistance; detailed costs.** (a) In the forecast of state revenues and expenditures under subdivision 1, the commissioner must include forecasted costs of each covered service provided under medical assistance.

(b) At the time of delivering the forecast of state revenues and expenditures under subdivision 1, the commissioner, in consultation with the commissioner of human services, must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over medical assistance that includes the information required under paragraph (a) and identifies the covered services that are mandatory benefits under federal law and regulations.

Sec. 2. Minnesota Statutes 2024, section 256B.05, subdivision 1, is amended to read:

Subdivision 1. **Administration of medical assistance.** (a) The county agencies shall administer medical assistance in their respective counties under the supervision of the state agency and the commissioner of human services as specified in section 256.01, and shall make such reports, prepare such statistics, and keep such records and accounts in relation to medical assistance as the state agency may require under section 256.01, subdivision 2, paragraph (o).

(b) The commissioner may administer specific duties related to determining medical assistance eligibility on behalf of county agency administrations to ensure compliance with federal and state requirements for the medical assistance program. If the commissioner elects to assume specific duties under this paragraph, the commissioner must undertake the assumed duties on a statewide and uniform administrative and operational basis.

Sec. 3. **DIRECTION TO COMMISSIONER; TRANSFER ASSESSMENT.**

(a) The commissioner of human services must procure a contract with a vendor to assess the current status of administration of medical assistance and plan for a transfer of administration of medical assistance to the commissioner by January 1, 2033. The commissioner must submit the assessment and plan to the chairs and ranking minority members of the legislative committees with jurisdiction over human services and health care policy and finance by October 1, 2028.

(b) The assessment and plan must include:

(1) a comprehensive assessment of medical assistance eligibility functions performed by counties and Tribal governments, including identification of handoffs between county and Tribal eligibility workers and state eligibility workers, and a catalog of eligibility functions performed by state eligibility workers;

(2) examination of current expenditures, administrative budgets, and federal financial participation in county and Tribal administrative work related to medical assistance eligibility activities;

(3) eligibility system review, mapping, and recommended updates; and

(4) recommendations for a successful transition of centralized eligibility functions based on consultation with stakeholders, review of information provided by county and Tribal governments, review of other states' best practices for maximizing federal dollars, a feasible timeline of activities, and required legislative changes and actions.

(c) The commissioner must consult with Minnesota's Tribal Nations, the Association of Minnesota Counties, and the Minnesota Association of County Social Service Administrators on the final deliverables included in the assessment.

Sec. 4. **DIRECTION TO COMMISSIONER; ASSESSMENT OF ADMINISTRATIVE ROLES.**

(a) The commissioners of human services and children, youth, and families, in consultation with Minnesota's Tribal Nations and counties, must conduct a study to assess and recommend improvements to the roles and responsibilities of the Departments of Human Services and Children, Youth, and Families, the counties, and Minnesota's Tribal Nations in administering human services programs.

(b) The study must include a comprehensive review of programs administered by the departments, including but not limited to medical assistance, MinnesotaCare, behavioral health services, long-term services and supports, housing and homelessness programs, Minnesota supplemental aid, general assistance, economic assistance, child support, child care and early learning, and licensing and oversight functions.

(c) The study must evaluate the:

(1) current roles and responsibilities held by the departments, the counties, and Minnesota's Tribal Nations in administering human services programs, including but not limited to the challenges and benefits of the current delegation of roles and responsibilities;

(2) lived experience of people accessing human services programs related to the delegation of administrative duties;

(3) financing of human services program administration across the departments, the counties, and Minnesota's Tribal Nations; and

(4) administration of human services programs in other states, focusing on the roles and responsibilities of the local governments versus the state Medicaid or human services agency, and identifying the benefits, challenges, and financing of the delegation of duties.

(d) The study must focus on the goals of transforming the human services system to ensure a transparent, accessible, accountable, equitable, and effective human services system.

(e) The study must provide recommendations for the optimal delegation of duties between the departments, the counties, and Minnesota's Tribal Nations in the delivery of human services. Recommendations must include:

(1) how the delegation of duties will improve the experience of people accessing human services;

(2) implementation and timing considerations to ensure continuity of services;

(3) systems technology adaptations required;

(4) workforce considerations; and

(5) financing strategies and the estimated fiscal impact to the state budget.

(f) Notwithstanding Minnesota Statutes, chapter 13 or other statutes or rules to the contrary, counties must provide financial, human resources, and other information necessary to complete the study in the form and manner and on the timeline requested by the commissioners.

(g) By October 1, 2028, the commissioners must submit a report on the study and recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over health; human services; and children, youth, and families policy and finance.

Sec. 5. **DIRECTION TO COMMISSIONER OF HUMAN SERVICES; EVALUATION OF DHS STRUCTURE AND PROCESSES.**

(a) The commissioner of human services must contract with an external consultant to continue and complete the project initiated under Executive Order 25-10, section 1, paragraph (g), to make recommendations to improve the Department of Human Services' performance as the state's Medicaid agency. The external consultant must evaluate the department's structure and processes and assess the adequacy of the department's current policies, procedures, systems, organizational structure, staffing levels, and funding to effectively increase program integrity, minimize fraud, and more effectively serve as the state's Medicaid agency.

(b) By October 1, 2026, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance. The report must include information on the recommendations of the external contractor made through September 30, 2026, and any actions the commissioner has taken in response to the external contractor's recommendations or other actions taken by the commissioner pursuant to Executive Order 25-10, section 1, paragraph (g), through September 30, 2026.

(c) By October 1, 2027, the commissioner must submit a summary of the recommendations of the external contractor with whom the commissioner contracted under Executive Order 25-10, section 1, paragraph (g), and any actions the commissioner has taken in response to either the external contractor's recommendations or other actions taken by the commissioner pursuant to Executive Order 25-10, section 1, paragraph (g). The summary must be submitted to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance.

(d) By October 1, 2028, the commissioner must submit the external consultant's report summarizing the evaluation and recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance. The commissioner must also submit draft legislative language to implement the recommendations of the external consultant's recommendations.

ARTICLE 7

CHILDREN, YOUTH, AND FAMILIES

Section 1. Minnesota Statutes 2024, section 142E.16, is amended by adding a subdivision to read:

Subd. 1a. **Training required for payments.** (a) As a condition of payment and prior to authorization, all providers receiving child care assistance payments must complete compliance training developed by the commissioner that addresses program integrity requirements including but not limited to record keeping and billing requirements. The commissioner shall develop criteria, reporting requirements, and standards for when providers need to renew training after their initial registration.

(b) Providers that do not have an active registration to receive child care assistance on or before April 12, 2027, must complete the training under this subdivision prior to authorization. Providers with an active registration on or before April 12, 2027, must complete the training under this subdivision before the provider's first renewal after April 12, 2027, or April 10, 2028, whichever is later.

ARTICLE 8

MISCELLANEOUS

Section 1. Minnesota Statutes 2024, section 245.096, is amended to read:

245.096 CHANGES TO GRANT PROGRAMS.

Prior to implementing any ~~substantial~~ changes to a grant funding formula disbursed through allocations administered by the commissioner, the commissioner must provide a report on the nature of the changes, the effect the changes will have, whether any funding will change, and other relevant information, to the chairs and ranking minority members of the legislative committees with jurisdiction over human services. The report must be provided prior to the start of a regular session, and the proposed changes cannot be implemented until after the adjournment of that regular session.

Sec. 2. **DIRECTION TO THE COMMISSIONER OF HUMAN SERVICES; CODIFYING THE OFFICE OF INSPECTOR GENERAL.**

(a) By December 1, 2026, the commissioner of human services must provide statutory language that codifies the Department of Human Services Office of Inspector General to the chairs and ranking minority members of the legislative committees with jurisdiction over human services and the nonpartisan staff from House Research Department and Senate Counsel, Research, and Fiscal Analysis whose drafting areas include human services. The statutory language must only contain:

(1) existing legal authority identified by the office that the office relies upon to carry out its duties; and

(2) policies and procedures necessary for the office to carry out its existing duties.

(b) The commissioner must not include desired policy changes to the office, its structure, or its duties within the codification language required under paragraph (a).

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

ARTICLE 9

DEPARTMENT OF HUMAN SERVICES APPROPRIATIONS

Section 1. **HUMAN SERVICES APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2025, First Special Session chapter 3, article 20, and Laws 2025, First Special Session chapter 9, article 12, to the agency and for purposes specified in this article. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figures "2026" and "2027" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2026, or June 30, 2027, respectively. Base adjustments mean the addition to or subtraction from the base level adjustment set in Laws 2025, First Special Session chapter 3, article 20, and Laws 2025, First Special Session chapter 9, article 12. Appropriations and

reductions to appropriations for the fiscal year ending June 30, 2026, are effective the day following final enactment unless a different effective date is explicit.

	APPROPRIATIONS Available for the Year Ending June 30 2026	2027
Sec. 2. **COMMISSIONER OF HUMAN SERVICES**	$ -0-	$ (95,072,000)

Appropriations by Fund	2026	2027
General	-0-	(97,085,000)
Special Government Revenue Fund	-0-	2,013,000

The amounts that may be spent for each purpose are specified in the following sections and subdivisions.

Sec. 3. **CENTRAL OFFICE; OPERATIONS**	$ -0-	$ 30,611,000

Subdivision 1. **Assessment of Roles in Administering Human Services Programs**

$3,000,000 in fiscal year 2027 is for an assessment of the administrative roles and responsibilities of the state agency, counties, and Tribal Nations administering human services programs. This is a onetime appropriation and is available until June 30, 2029.

Subd. 2. **Prepayment Review Vendor Contract**

$2,500,000 in fiscal year 2027 is for a competitively awarded contract to establish ongoing prepayment claims analysis technology for services provided under medical assistance. This is a onetime appropriation.

Subd. 3. **Prepayment Review Technology Contract**

$3,750,000 in fiscal year 2027 is for a competitively awarded vendor contract to support prepayment review technology to build on and reference existing claims edits

infrastructure, prior authorization criteria, and continuous refining of the prepayment review analytic module to automate fraud detection and payment integrity based on findings over time.

Subd. 4. **Base Level Adjustment**

The general fund base is increased by $22,087,000 in fiscal year 2028 and increased by $20,406,000 in fiscal year 2029.

Sec. 4. **CENTRAL OFFICE; HEALTH CARE**	**$**	**-0-**	**$**	**10,411,000**

Subdivision 1. **Medical Assistance Eligibility Study**

$2,000,000 in fiscal year 2027 is for a study on the transfer of eligibility functions of the medical assistance program performed by county and Tribal governments to the Department of Human Services. This is a onetime appropriation and is available until June 30, 2029.

Subd. 2. **Base Level Adjustment**

The general fund base is increased by $26,755,000 in fiscal year 2028 and increased by $26,767,000 in fiscal year 2029.

Sec. 5. **CENTRAL OFFICE; AGING AND DISABILITY SERVICES**	**$**	**-0-**	**$**	**9,101,000**

Subdivision 1. **Market Rate and Homemaking Services Rate Study**

$500,000 in fiscal year 2027 is for a study on rate setting methodologies for services currently offered under market rate methodologies and homemaking services. This is onetime appropriation and is available until June 30, 2028.

Subd. 2. **Base Level Adjustment**

The general fund base is increased by $10,096,000 in fiscal year 2028 and increased by $10,154,000 in fiscal year 2029.

Sec. 6. **CENTRAL OFFICE; BEHAVIORAL HEALTH** **$ -0- $ 1,558,000**

Base Level Adjustment

The general fund base is increased by $1,827,000 in fiscal year 2028 and increased by $1,827,000 in fiscal year 2029.

Sec. 7. **CENTRAL OFFICE; OFFICE OF INSPECTOR GENERAL** **$ -0- $ 41,436,000**

Subdivision 1. **Appropriations by Fund**

	Appropriations by Fund	
	2026	2027
General Fund	-0-	39,423,000
Special Government Revenue Fund	-0-	2,013,000

Subd. 2. **Post-Payment Review of Managed Care Organization Billing**

$30,000,000 in fiscal year 2027 is for a competitively awarded vendor contract to support post-payment review of managed care organization billing.

Subd. 3. **Base Level Adjustment**

The general fund base is increased by $41,112,000 in fiscal year 2028 and increased by $40,963,000 in fiscal year 2029. The special revenue government fund base is increased by $2,352,000 in fiscal year 2028 and increased by $2,352,000 in fiscal year 2029.

Sec. 8. **FORECASTED PROGRAMS; HOUSING SUPPORT** **$ -0- $ 2,467,000**

Sec. 9. **FORECASTED PROGRAMS; MEDICAL ASSISTANCE** **$ -0- $ (190,624,000)**

Sec. 10. **FORECASTED PROGRAMS; ALTERNATIVE CARE** **$ -0- $ (21,000)**

Sec. 11. **FORECASTED PROGRAMS; BEHAVIORAL HEALTH FUND** **$ -0- $ (11,000)**

Sec. 12. **EXPIRATION OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2027, unless a different expiration date is explicit or an appropriation is made available beyond June 30, 2027.

Sec. 13. **APPROPRIATIONS GIVEN EFFECT ONCE.**

If an appropriation, transfer, or cancellation in this article is enacted more than once during the 2026 legislative session, the appropriation, transfer, or cancellation must be given effect once.

ARTICLE 10

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES APPROPRIATIONS

Section 1. **CHILDREN, YOUTH, AND FAMILIES APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2025, First Special Session chapter 3, article 22, to the agency and for purposes specified in this article. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figures "2026" and "2027" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2026, or June 30, 2027, respectively. Base adjustments mean the addition to or subtraction from the base level adjustment set in Laws 2025, First Special Session chapter 3, article 22. Appropriations and reductions to appropriations for the fiscal year ending June 30, 2026, are effective the day following final enactment unless a different effective date is explicit.

	APPROPRIATIONS Available for the Year Ending June 30	
	2026	**2027**
Sec. 2. **COMMISSIONER OF CHILDREN, YOUTH, AND FAMILIES**	**$ -0-**	**$ 7,208,000**
Sec. 3. **OPERATIONS AND ADMINISTRATION; AGENCY-WIDE SUPPORTS**	**$ -0-**	**$ 5,777,000**

Subdivision 1. **Analysis of Governance Roles for DCYF Programs**

$2,500,000 in fiscal year 2027 is for a study to analyze the governance roles for DCYF programs. This is a onetime appropriation.

Subd. 2. **Base Level Adjustment**

The general fund base is increased by $3,012,000 in fiscal year 2028 and $3,013,000 in fiscal year 2029.

Sec. 4. **OPERATIONS AND ADMINISTRATION; EARLY CHILDHOOD** **$ -0- $ 612,000**

Base Level Adjustment

The general fund base is increased by $526,000 in fiscal year 2028 and $687,000 in fiscal year 2029.

Sec. 5. **GRANT PROGRAMS; SUPPORT SERVICES GRANTS** **$ -0- $ 819,000**

Subdivision 1. **Fraud Prevention Investigation Grants**

$819,000 in fiscal year 2027 is for additional fraud prevention investigation grants under Minnesota Statutes, section 256.983. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the amount for administrative costs under this section is $0.

Subd. 2. **Base Level Adjustment**

The general fund base is increased by $803,000 in fiscal year 2028 and increased by $803,000 in fiscal year 2029.

Sec. 6. **EXPIRATION OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2027, unless a different expiration date is explicit or an appropriation is made available beyond June 30, 2027.

Sec. 7. **APPROPRIATIONS GIVEN EFFECT ONCE.**

If an appropriation, transfer, or cancellation in this article is enacted more than once during the 2026 legislative session, the appropriation, transfer, or cancellation must be given effect once."

Delete the title and insert:

"A bill for an act relating to amending Minnesota Statutes 2024, sections 16A.103, by adding a subdivision; 62M.07, subdivision 2; 142B.01, subdivision 8; 142E.16, by adding a subdivision; 245.095, subdivisions 2, 5, by adding a subdivision; 245.096; 245.735, subdivision 6; 245A.02, subdivisions 5a, 13; 245A.03, subdivision 7, by adding subdivisions; 245A.042, by adding a subdivision; 245A.043, subdivision 2; 245A.07, subdivision 2a; 245A.10, by adding a subdivision;

245A.65, subdivision 1a; 245C.03, subdivisions 1, 3a, 9, by adding subdivisions; 245D.081, subdivision 3; 245D.261, subdivision 3; 245G.03, subdivision 1; 245I.011, subdivisions 3, 5, by adding a subdivision; 245I.02, subdivisions 33, 39, by adding subdivisions; 245I.03, subdivision 4, by adding a subdivision; 245I.06, subdivisions 1, 2; 245I.07; 245I.10, subdivisions 6, 8, by adding a subdivision; 256.01, by adding a subdivision; 256B.02, by adding a subdivision; 256B.04, subdivision 10; 256B.05, subdivision 1; 256B.0623, subdivisions 1, 3, 12; 256B.0624, subdivisions 1, 4, by adding a subdivision; 256B.0625, subdivision 17b, by adding a subdivision; 256B.064, subdivisions 1b, 1c, 1d, 2, 3, 4, 5, by adding subdivisions; 256B.073, subdivisions 1, 2, 3, 5, by adding subdivisions; 256B.0911, subdivision 32; 256B.0943, subdivision 2; 256B.0949, subdivision 17, by adding a subdivision; 256B.4912, subdivision 12, by adding a subdivision; 256B.4914, subdivision 6, by adding subdivisions; 256B.492, by adding a subdivision; 256B.69, subdivisions 5a, 37, by adding a subdivision; 256I.03, subdivision 10a; 256I.04, subdivisions 1, 2f; 256I.05, subdivision 11; 256S.21, by adding subdivisions; Minnesota Statutes 2025 Supplement, sections 15.013, by adding a subdivision; 245A.03, subdivisions 2, 7a; 245A.04, subdivisions 1, 7; 245A.043, subdivision 2a; 245A.05; 245A.07, subdivision 3; 245A.10, subdivisions 3, 4; 245C.13, subdivision 2; 245C.16, subdivision 1; 245I.04, subdivisions 5, 17; 256.01, subdivision 2; 256B.04, subdivision 21; 256B.051, subdivision 6; 256B.0625, subdivisions 5m, 17; 256B.064, subdivision 1a; 256B.0659, subdivision 21; 256B.0701, subdivision 9; 256B.0759, subdivision 4; 256B.0943, subdivisions 3, 12; 256B.0949, subdivisions 2, 16; 256B.4914, subdivision 5a; 256B.85, subdivisions 12, 17a; 256I.04, subdivision 2a; 260E.14, subdivision 1; 626.5572, subdivision 13; proposing coding for new law in Minnesota Statutes, chapters 245A; 245I; 256B; 256I; repealing Minnesota Statutes 2024, sections 245.735, subdivisions 1a, 2a, 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 4a, 4b, 4c, 4e, 7, 8; 245C.03, subdivision 7; 245I.20, subdivision 9; 245I.23, subdivision 23; 256B.0623, subdivisions 2, 4, 5, 6, 9; 256B.0624, subdivisions 2, 3, 4a, 5, 6, 6a, 6b, 7, 8, 9, 11; 256B.073, subdivision 4; 256B.0943, subdivisions 4, 5, 5a, 6, 7, 11; 256B.4914, subdivision 6c; Minnesota Statutes 2025 Supplement, sections 245.735, subdivisions 3, 4d; 245A.042, subdivision 5; 245A.10, subdivision 3a; 256B.0943, subdivisions 1, 9."

Amend the title accordingly

And when so amended the bill do pass. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. No. 5073 was read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 4240 and 3379 were read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Klein introduced--

S.F. No. 5273: A bill for an act relating to transportation; modifying requirements governing electronic motor vehicle documents; requiring certain electronic titling and lien release; providing

for certain electronic transmission and signatures related to motor vehicles; modifying rulemaking authority; making technical changes; amending Minnesota Statutes 2024, sections 168.33, subdivision 8a; 168A.06; 168A.09, subdivision 1, by adding a subdivision; 168A.14, as amended; 168A.18; 168A.20; 168A.24; 168A.29, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 168A.

Referred to the Committee on Transportation.

Senator Boldon introduced--

S.F. No. 5274: A bill for an act relating to education; providing anonymous threat reporting system grants to schools; requiring a report; appropriating money.

Referred to the Committee on Education Finance.

Senator Boldon introduced--

S.F. No. 5275: A bill for an act relating to taxation; individual income; increasing the amount of the Minnesota child credit; amending Minnesota Statutes 2024, section 290.0661, subdivisions 3, 7.

Referred to the Committee on Taxes.

Senator Boldon introduced--

S.F. No. 5276: A bill for an act relating to housing; creating eligibility for assistance to manufactured home owners experiencing economic displacement; eliminating maximum threshold for assistance through the manufactured home relocation trust fund; amending Minnesota Statutes 2024, sections 327C.015, by adding a subdivision; 327C.03, subdivision 6; 327C.095, subdivision 13; Minnesota Statutes 2025 Supplement, section 327C.095, subdivision 12.

Referred to the Committee on Housing and Homelessness Prevention.

Senators Oumou Verbeten, Champion, McEwen, and Abeler introduced--

S.F. No. 5277: A bill for an act relating to corrections; modifying the definition of employee under the Minnesota Fair Labor Standards Act and whistleblower protections to explicitly include incarcerated people; modifying the Public Employee Labor Relations Act and the Occupational Safety and Health Act of 1973 to include incarcerated persons; reclassifying inmates in state correctional institutions as employees; requiring a report; amending Minnesota Statutes 2024, sections 177.23, subdivision 7; 179A.03, subdivision 14; 181.931, subdivision 2; 182.651, subdivision 9; 241.27, subdivision 1; 243.23; 243.88, subdivision 2; 363A.03, subdivision 15.

Referred to the Committee on Judiciary and Public Safety.

Senators McEwen and Dibble introduced--

S.F. No. 5278: A bill for an act relating to employment; requiring covered employers to provide commuter benefits to covered employees; proposing coding for new law in Minnesota Statutes, chapter 181.

Referred to the Committee on Labor.

Senator Koran introduced--

S.F. No. 5279: A bill for an act relating to education finance; modifying the operating referendum ballot notice; eliminating the authority for the school board to renew a referendum without seeking voter approval unless notice requirements are met; amending Minnesota Statutes 2024, section 126C.17, subdivision 9, by adding a subdivision; Minnesota Statutes 2025 Supplement, section 126C.17, subdivision 9b.

Referred to the Committee on Education Finance.

Senators Dibble and McEwen introduced--

S.F. No. 5280: A bill for an act relating to transportation; creating a mobility hub working group; requiring a report.

Referred to the Committee on Transportation.

MOTIONS AND RESOLUTIONS

Senator Port moved that the name of Senator Champion be added as a co-author to S.F. No. 203. The motion prevailed.

Senator Frentz moved that the name of Senator Maye Quade be added as a co-author to S.F. No. 1122. The motion prevailed.

Senator Dahms moved that his name be stricken as a co-author to S.F. No. 3779. The motion prevailed.

Senator Seeberger moved that her name be stricken as chief author, shown as a co-author, and the name of Senator Rest be added as chief author to S.F. No. 3779. The motion prevailed.

Senator Rest moved that the names of Senators Hauschild, Dibble, and Putnam be added as co-authors to S.F. No. 3779. The motion prevailed.

Senator Dibble moved that the name of Senator Fateh be added as a co-author to S.F. No. 3879. The motion prevailed.

Senator Clark moved that the name of Senator Champion be added as a co-author to S.F. No. 4368. The motion prevailed.

Senator Dibble moved that the name of Senator Fateh be added as a co-author to S.F. No. 4554. The motion prevailed.

Senator Coleman moved that the name of Senator Oumou Verbeten be added as a co-author to S.F. No. 4602. The motion prevailed.

Senator Kreun moved that his name be stricken as chief author, shown as a co-author, and the name of Senator Maye Quade be shown as chief author to S.F. No. 4696. The motion prevailed.

Senator Rest moved that the name of Senator McEwen be added as a co-author to S.F. No. 4787. The motion prevailed.

Senator Pha moved that the name of Senator Boldon be added as a co-author to S.F. No. 5077. The motion prevailed.

Senator Hawj moved that the appointments withdrawn from the Committee on Environment, Climate, and Legacy and placed on the Confirmation Calendar under Senate Rule 8.2, reported in the Journal for March 17, 2025, be returned to the committee from which they were withdrawn.

CLEAN WATER COUNCIL
Eunice Biel
Christine Meyer
Fran Miron

The motion prevailed.

Senator Murphy moved that H.F. No. 4348 be taken from the table and referred to the Committee on Rules and Administration for comparison with S.F. No. 4503, now on General Orders. The motion prevailed.

H.F. No. 4348: A bill for an act relating to local government; designating thermal energy networks as public improvements and waterworks; amending Minnesota Statutes 2024, sections 429.011, subdivisions 2a, 5; 429.021, subdivision 1; 444.075, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 4503, now on General Orders.

Remaining on the Order of Business of Motions and Resolutions, Senator Murphy moved that the Senate take up the Confirmation Calendar. The motion prevailed.

CONFIRMATION

Senator Cwodzinski moved that the report from the Committee on Education Policy, reported May 4, 2026, pertaining to the appointments of the Professional Educator Licensing and Standards Board, be taken from the table. The motion prevailed.

Senator Cwodzinski moved that the foregoing report be now adopted. The motion prevailed.

Senator Cwodzinski moved that in accordance with the report from the Committee on Education Policy, reported May 4, 2026, the Senate, having given its advice, do now consent to and confirm the appointments of:

PROFESSIONAL EDUCATOR LICENSING AND STANDARDS BOARD

Amy Aho, Baxter, Crow Wing County, effective January 17, 2024 for a term expiring January 3, 2028.

Liana Lingofelt, Plymouth, Hennepin County, effective September 3, 2025 for a term expiring January 1, 2029.

Gift Saloka, Saint Cloud, Stearns County, effective March 12, 2025 for a term expiring January 3, 2028.

Brandee Shoemaker, Montevideo, Chippewa County, effective March 12, 2025 for a term expiring January 3, 2028.

Glazell Toledo, Brooklyn Park, Hennepin County, effective March 12, 2025 for a term expiring January 3, 2028.

Jennifer Trask, Solway, Beltrami County, effective July 3, 2023 for a term expiring January 4, 2027.

Nathan Wood, Barrett, Grant County, effective September 3, 2025 for a term expiring January 1, 2029.

The question was taken on the adoption of the Cwodzinski motion to consent to and confirm the appointments to the Professional Educator Licensing and Standards Board.

The roll was called, and there were yeas 34 and nays 32, as follows:

Those who voted in the affirmative were:

Boldon	Frentz	Klein	McEwen	Putnam
Carlson	Gustafson	Kunesh	Mohamed	Rest
Champion	Hauschild	Kupec	Murphy	Seeberger
Clark	Hawj	Latz	Oumou Verbeten	Westlin
Cwodzinski	Hemmingsen-Jaeger	Mann	Pappas	Wiklund
Dibble	Hoffman	Marty	Pha	Xiong
Fateh	Johnson Stewart	Maye Quade	Port	

Pursuant to Rule 40, Senator Kunesh cast the affirmative vote on behalf of the following Senators: Carlson, Mohamed, Port, Rest, and Xiong.

Those who voted in the negative were:

Bahr	Farnsworth	Jasinski	Lucero	Utke
Coleman	Green	Johnson	Mathews	Weber
Dahms	Gruenhagen	Koran	Miller	Wesenberg
Dornink	Heintzeman	Kreun	Nelson	Westrom
Draheim	Holmstrom	Lang	Pratt	
Drazkowski	Housley	Lieske	Rarick	
Duckworth	Howe	Limmer	Rasmusson	

Pursuant to Rule 40, Senator Jasinski cast the negative vote on behalf of the following Senator: Kreun.

The motion prevailed. So the appointments were confirmed.

MOTIONS AND RESOLUTIONS - CONTINUED

SPECIAL ORDERS

Pursuant to Rule 26, Senator Murphy, Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately:

S.F. No. 3720, H.F. No. 4252, S.F. No. 3699, and H.F. No. 3426.

SPECIAL ORDER

S.F. No. 3720: A bill for an act relating to workers' compensation; adopting 2026 recommendations of the Workers' Compensation Advisory Council; amending Minnesota Statutes 2024, sections 79.34, subdivisions 3, 4; 79.35; 79.36; 79.362; 79.38, subdivision 1; 175A.05, by adding a subdivision; 176.011, subdivision 15; 176.081, subdivision 9; 176.101, subdivision 2a; 176.155, subdivision 1; 176.221, subdivision 1; 176.322; repealing Minnesota Statutes 2024, sections 79.34, subdivision 2a; 79.361; 79.363.

S.F. No. 3720 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Duckworth	Housley	Mann	Pratt
Bahr	Farnsworth	Howe	Marty	Putnam
Boldon	Fateh	Jasinski	Mathews	Rarick
Carlson	Frentz	Johnson	Maye Quade	Rasmusson
Champion	Green	Johnson Stewart	McEwen	Rest
Clark	Gruenhagen	Klein	Miller	Seeberger
Coleman	Gustafson	Koran	Mohamed	Utke
Cwodzinski	Hauschild	Kreun	Murphy	Weber
Dahms	Hawj	Kunesh	Nelson	Wesenberg
Dibble	Heintzeman	Lang	Oumou Verbeten	Westlin
Dornink	Hemmingsen-Jaeger	Lieske	Pappas	Westrom
Draheim	Hoffman	Limmer	Pha	Wiklund
Drazkowski	Holmstrom	Lucero	Port	Xiong

Pursuant to Rule 40, Senator Kunesh cast the affirmative vote on behalf of the following Senators: Carlson, Mohamed, Port, Rest, and Xiong.

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 4252: A bill for an act relating to higher education; modifying student aid reporting requirements; requiring additional accommodations for parenting students; modifying American Indian Scholars program eligibility; modifying provisions related to private career schools, private and out-of-state postsecondary institutions, unemployment insurance aid, and developmental courses; allowing denial of funding due to fraud; authorizing a lease agreement for construction of a sports facility; specifying handling of uncashed distribution checks; requiring reports; appropriating money; amending Minnesota Statutes 2024, sections 135A.121, subdivision 2; 136A.053; 136A.091, subdivisions 2, 9; 136A.121, subdivision 2; 136A.1215, subdivision 5; 136A.1241, subdivision 8; 136A.125, subdivision 2; 136A.1274, subdivision 4; 136A.1275, subdivision 4; 136A.1465, subdivision 10; 136A.233, subdivision 3; 136A.62, by adding a subdivision; 136A.64, subdivisions 1, 5; 136A.65, subdivision 8; 136A.653, subdivisions 1b, 3a; 136A.672, subdivision 5; 136A.675, subdivision 1, by adding a subdivision; 136A.821, subdivisions 13, 16, 17; 136A.822, subdivisions 4, 10, 12, by adding subdivisions; 136A.823, subdivisions 1, 3; 136A.826, subdivision 1; 136A.827, subdivisions 1, 4; 136A.828, subdivision 6; 136A.829, subdivisions 1, 3; 136A.8295, subdivision 5; 136A.83; 136G.03, subdivisions 30, 31, by adding a subdivision; 136G.05, subdivision 10; 136G.13, by adding a subdivision; 268.193, subdivision 2; Minnesota Statutes 2025 Supplement, sections 135A.1582, subdivisions 1, 2, 3; 136A.246, subdivision 1a; 136A.69, subdivision 1; 136A.82, subdivision 1; 136A.821, subdivisions 5, 21; 136A.822, subdivisions 6, 8, 13; 136A.824, subdivisions 1, 2; 136A.833, subdivisions 1, 2; Laws 2025, First Special Session chapter 5, article 1, section 3, subdivisions 1, 3; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; repealing Minnesota Statutes 2024, sections 124D.09, subdivision 10a; 136A.657; 136A.827, subdivisions 1b, 2; 136A.834, subdivisions 2, 3, 4; 136G.03, subdivision 11; 136G.09, subdivision 10; Minnesota Statutes 2025 Supplement, section 136A.834, subdivisions 1, 5.

Senator Fateh moved to amend H.F. No. 4252, the first unofficial engrossment, as follows (A-5):

Page 4, line 2, delete "<u>, or its equivalent,</u>"

Page 4, line 14, strike "public college or university" and insert "<u>postsecondary institution</u>"

Page 5, line 12, strike "college or university" and insert "<u>postsecondary institution</u>"

Page 5, line 22, after "absence" insert "<u>for a reasonable period of time as determined to be medically necessary by a student's treating health care provider insofar as to not compromise the fundamental outcomes of the academic course, program, or activity. If the postsecondary institution has a medical leave or temporary disability policy that provides a longer period of leave, the policy must be made available to students affected by pregnancy and related conditions</u>"

Page 5, line 25, strike "and"

Page 5, line 29, strike the period and insert "<u>; and</u>"

Page 5, after line 29, insert:

"<u>(5) ensure the benefits and services provided to students affected by pregnancy are no less than those provided to students with temporary medical conditions.</u>"

Page 6, line 1, after "absence" insert "for a reasonable period of time as determined to be medically necessary by a student's treating health care provider or the health care provider of the parenting student's child insofar as to not compromise the fundamental outcomes of the academic course, program, or activity. If the postsecondary institution has a medical leave or temporary disability policy that provides a longer period of leave, the policy must be made available to students affected by pregnancy and related conditions and to parenting students" and strike "and"

Page 6, line 4, strike the period and insert "; and"

Page 6, after line 4, insert:

"(3) obtain reasonable modifications, including an excused absence for parenting students to attend to their child's health care needs, unless the modification would compromise the fundamental outcomes of the academic course, program, or activity."

Page 14, line 26, delete "1" and insert "1a"

Page 15, line 17, delete "1" and insert "1a"

The motion prevailed. So the amendment was adopted.

Senator Dahms moved to amend H.F. No. 4252, the first unofficial engrossment, as follows (A-8):

Page 7, after line 4, insert:

"Sec. 7. Minnesota Statutes 2024, section 135A.195, subdivision 6, is amended to read:

Subd. 6. **Exemption.** Notwithstanding subdivision 1, paragraph (b), this section does not apply to an addendum or amendment to a contract entered into by an institution of higher education on or before July 1, 2023, that increases or decreases the number of managed programs. This subdivision expires July 1, ~~2028~~ 2030."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Abeler moved to amend H.F. No. 4252, the first unofficial engrossment, as follows (A-4):

Page 3, after line 27, insert:

"Sec. 3. **[135A.0435] ATHLETIC FEES.**

The Board of Trustees of the Minnesota State Colleges and Universities must not impose or maintain any mandatory student fee or increase tuition for the purpose of compensating student athletes. The Board of Regents of the University of Minnesota is requested to consider adoption of a policy consistent with this section."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Holmstrom moved to amend H.F. No. 4252, the first unofficial engrossment, as follows (A-3):

Page 8, after line 11, insert:

"Sec. 10. **[136A.099] STATE-FUNDED FINANCIAL AID TO UNDOCUMENTED NONCITIZENS PROHIBITED.**

Notwithstanding any law to the contrary, noncitizens of the United States who are undocumented or otherwise not lawfully present in the United States must not receive from the commissioner any payment, grant, loan, subsidy, or other form of financial aid or assistance funded by state tax revenue.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to financial aid awards beginning in the fall term of the 2026-2027 academic year."

Page 12, after line 5, insert:

"Sec. 18. Minnesota Statutes 2025 Supplement, section 136A.1465, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** The following terms have the meanings given:

(1) "eligible student" means a resident student under section 136A.101, subdivision 8, clauses (1) to (8) or (10), who is enrolled in any public postsecondary educational institution or Tribal college and who meets the eligibility requirements in subdivision 2;

(2) "gift aid" includes:

(i) all federal financial aid that is not a loan or pursuant to a work-study program;

(ii) state financial aid, unless designated for other expenses, that is not a loan or pursuant to a work-study program;

(iii) institutional financial aid, including a grant, scholarship, tuition waiver, fellowship stipend, or other payment, unless designated for other expenses, that is not a loan or pursuant to a work-study program; and

(iv) all private financial aid that is not a loan or pursuant to a work-study program.

Financial aid from the state, public postsecondary educational institutions, and Tribal colleges that is specifically designated for other expenses is not gift aid for purposes of the North Star Promise scholarship.

(3) "other expenses" includes books, required supplies, child care, emergency assistance, food, and housing;

(4) "public postsecondary educational institution" means an institution operated by this state, or the Board of Regents of the University of Minnesota;

(5) "recognized cost of attendance" has the meaning given in United States Code, title 20, chapter 28, subchapter IV, part F, section 1087ll;

(6) "Tribal college" means a college defined in section 136A.1796, subdivision 1, paragraph (d); and

(7) "tuition and fees" means the eligible resident tuition and mandatory fees charged by an institution.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to scholarship awards beginning in the fall term of the 2026-2027 academic year."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 33 and nays 34, as follows:

Those who voted in the affirmative were:

Abeler	Duckworth	Howe	Limmer	Rasmusson
Bahr	Farnsworth	Jasinski	Lucero	Utke
Coleman	Green	Johnson	Mathews	Weber
Dahms	Gruenhagen	Koran	Miller	Wesenberg
Dornink	Heintzeman	Kreun	Nelson	Westrom
Draheim	Holmstrom	Lang	Pratt	
Drazkowski	Housley	Lieske	Rarick	

Those who voted in the negative were:

Boldon	Frentz	Klein	McEwen	Putnam
Carlson	Gustafson	Kunesh	Mohamed	Rest
Champion	Hauschild	Kupec	Murphy	Seeberger
Clark	Hawj	Latz	Oumou Verbeten	Westlin
Cwodzinski	Hemmingsen-Jaeger	Mann	Pappas	Wiklund
Dibble	Hoffman	Marty	Pha	Xiong
Fateh	Johnson Stewart	Maye Quade	Port	

Pursuant to Rule 40, Senator Kunesh cast the negative vote on behalf of the following Senators: Carlson, Mohamed, Port, Rest, and Xiong.

The motion did not prevail. So the amendment was not adopted.

Senator Boldon moved to amend H.F. No. 4252, the first unofficial engrossment, as follows (A-1):

Page 39, after line 13, insert:

"Sec. 60. **ROCHESTER COMMUNITY AND TECHNICAL COLLEGE; CITY OF ROCHESTER LEASE AGREEMENT.**

(a) The Board of Trustees of the Minnesota State Colleges and Universities may enter into a lease agreement with the city of Rochester, not to exceed 50 years, for the lease of land on the Rochester Community and Technical College for the construction of a sports facility.

(b) Siting and design of the facility must be consistent with the college's master plan and Minnesota State Colleges and Universities' building standards. Rochester Community and Technical College may negotiate for use of the facility for partial benefit of student and nonstudent purposes."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Oumou Verbeten moved to amend H.F. No. 4252, the first unofficial engrossment, as follows (A-7):

Page 38, line 27, after "by" insert "the Regent Candidate Advisory Council to"

The motion prevailed. So the amendment was adopted.

H.F. No. 4252 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 36 and nays 31, as follows:

Those who voted in the affirmative were:

Abeler	Frentz	Kunesh	Mohamed	Seeberger
Boldon	Gustafson	Kupec	Murphy	Westlin
Carlson	Hauschild	Latz	Oumou Verbeten	Wiklund
Champion	Hawj	Mann	Pappas	Xiong
Clark	Hemmingsen-Jaeger	Marty	Pha	
Cwodzinski	Hoffman	Maye Quade	Port	
Dibble	Johnson Stewart	McEwen	Putnam	
Fateh	Klein	Miller	Rest	

Pursuant to Rule 40, Senator Kunesh cast the affirmative vote on behalf of the following Senators: Carlson, Mohamed, Pha, Port, Rest, and Xiong.

Those who voted in the negative were:

Bahr	Farnsworth	Jasinski	Lucero	Weber
Coleman	Green	Johnson	Mathews	Wesenberg
Dahms	Gruenhagen	Koran	Nelson	Westrom
Dornink	Heintzeman	Kreun	Pratt	
Draheim	Holmstrom	Lang	Rarick	
Drazkowski	Housley	Lieske	Rasmusson	
Duckworth	Howe	Limmer	Utke	

So the bill, as amended, was passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 3699: A bill for an act relating to immigration enforcement; restricting law enforcement access to sensitive locations; establishing civil remedies; modifying the concealing identity crime; expanding the scope of use of force investigations; limiting access to certain information; amending Minnesota Statutes 2024, sections 13.319, by adding a subdivision; 13.32, subdivision 3; 123B.51, by adding a subdivision; 299C.80, subdivision 1; 609.662, by adding a subdivision; 609.735; 629.30, subdivision 2; Minnesota Statutes 2025 Supplement, section 13.32, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 120A; 135A; 142B; 144; 604; proposing coding for new law as Minnesota Statutes, chapter 480C.

Senator Latz moved to amend S.F. No. 3699 as follows (A11):

Page 2, line 23, delete "directs" and insert "authorizes"

Page 4, delete lines 1 and 2

Page 4, line 3, delete everything after "LIABILITY" and insert "LIMITATION."

Page 4, delete lines 4 to 6 and insert:

"(a) A judicial branch employee, acting in good faith, is not liable in a criminal, civil, or administrative proceeding for the employee's compliance with sections 480C.01 to 480C.03."

Page 4, line 7, delete everything after "defense" and insert "available under other law."

Page 4, delete lines 8 and 9

Page 4, delete section 5 and insert:

"Sec. 5. **EFFECTIVE DATE.**

Sections 1 to 4 are effective the day following final enactment."

Page 5, line 10, delete "or "judicial order authorizing the arrest""

Page 5, line 11, delete "directs" and insert "authorizes"

Page 5, line 12, delete "who is"

Page 5, after line 19, insert:

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

Page 5, line 22, after the second "facility" insert "employee"

Page 5, line 23, delete "site"

Page 6, after line 4, insert:

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

Page 8, line 7, delete everything after "LIABILITY" and insert "LIMITATION."

Page 8, delete lines 8 to 10 and insert:

"(a) A health care facility employee, acting in good faith, is not liable in a criminal, civil, or administrative proceeding for the employee's compliance with sections 144.6575 to 144.6577."

Page 8, line 11, delete everything after "defense" and insert "available under other law."

Page 8, delete line 12

Page 12, delete subdivision 1

Renumber the subdivisions in sequence and correct the internal references

Page 14, lines 8 and 24, delete "July 1, 2027" and insert "December 31, 2026"

Page 14, line 10, after "facility" insert "for purposes of civil immigration enforcement"

Page 14, after line 25, insert:

"Subd. 6. **Liability limitation.** A school employee, acting in good faith, is not liable in a criminal, civil, or administrative proceeding for the employee's compliance with this section. Nothing in this section affects any right or defense available under other law."

Page 14, after line 30, insert:

"(1) "law enforcement agency" means any local, state, or federal entity with statutory police powers and the ability to employ individuals authorized to make arrests;

(2) "law enforcement agent" means a person employed by a law enforcement agency who is authorized to make a civil arrest;"

Renumber the clauses in sequence

Page 14, line 32, after "(iv)" insert ", but does not include the described areas as they relate to private schools"

Page 15, lines 4, 9, and 12, delete "federal, state, or local" and insert "law enforcement"

Page 15, line 6, delete "federal, state, or"

Page 15, line 7, delete "local"

Page 15, after line 13 insert:

"(e) A school official, acting in good faith, is not liable in a criminal, civil, or administrative proceeding for the official's compliance with this section. Nothing in this section affects any right or defense available under other law."

Page 15, delete line 32 and insert:

"(2) "judicial warrant" means a written order from a state court or federal Article III court that authorizes a law enforcement agency or another person specifically named in the order to arrest a person;

(3) "law enforcement agency" means any local, state, or federal entity with statutory police powers and the ability to employ individuals authorized to make arrests; and

(4) "law enforcement agent" means a person employed by a law enforcement agency who is authorized to make a civil arrest."

Page 16, delete lines 1 and 2

Page 16, line 4, delete "allow" and insert "consent to"

Page 16, line 5, delete "to enter" and insert "entering" and delete "any purpose" and insert "purposes of civil immigration enforcement" and delete "officer" and insert "agent"

Page 16, line 6, after "valid" insert "judicial" and delete everything after "warrant"

Page 16, line 7, delete "judge"

Page 16, line 8, delete everything after "(b)"

Page 16, line 9, delete everything before "an"

Page 16, line 10, after "institution" insert "granting entry to a law enforcement agent engaged in civil immigration enforcement"

Page 16, line 15, delete "public" and insert "official, staff member, or other employee of the"

Page 16, line 16, delete "limit the officer's access" and insert "grant entry"

Page 16, after line 22, insert:

"Subd. 4. **Required procedures.** By December 31, 2026, a postsecondary institution must develop and adopt procedures for reviewing and authorizing requests from law enforcement agents to enter an institution or any of its facilities for purposes of civil immigration enforcement. The procedures must comply with the requirements of subdivision 3 and, at a minimum, include procedures for:

(1) reviewing requests and contacting the chief administrative official, president, or designee at the institution or facility, who may contact the school's legal counsel, and procedures for that authorized person or legal counsel to review requests to enter an institution or facility, including judicial warrants, nonjudicial warrants, and subpoenas;

(2) monitoring, accompanying, and documenting all interactions with law enforcement agents while on the institution or facility's premises; and

(3) notifying and seeking consent from a student's parent or guardian, or from the student if the student is 18 years old or older or emancipated, if a law enforcement agent requests access to a

student for immigration enforcement purposes, unless access is in compliance with a judicial warrant or subpoena that restricts the disclosure of the information to the student's parent or guardian."

Renumber the subdivisions in sequence

Page 17, delete subdivision 5 and insert:

"Subd. 6. **Liability limitation.** A postsecondary institution employee, acting in good faith, is not liable in a criminal, civil, or administrative proceeding for the employee's compliance with this section. Nothing in this section affects any right or defense available under other law."

Page 17, delete lines 20 to 22 and insert:

"(d) "Judicial warrant" means a written order from a state court or federal Article III court that authorizes a law enforcement agency or another person specifically named in the order to arrest a person.

(e) "Law enforcement agency" means any local, state, or federal entity with statutory police powers and the ability to employ individuals authorized to make arrests.

(f) "Law enforcement agent" means a person employed by a law enforcement agency who is authorized to make a civil arrest."

Page 17, lines 24 and 27, delete "federal, state, or local official" and insert "law enforcement agent"

Page 17, line 26, before "warrant" insert "valid judicial" and delete "signed by a judicial officer"

Page 17, line 30, delete "state, federal, or local" and insert "law enforcement agent"

Page 17, line 31, delete "official"

Page 18, after line 1, insert:

"Sec. 2. **[142B.667] CHILD CARE PROGRAMS; POLICIES REGARDING CIVIL IMMIGRATION ENFORCEMENT.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Child care program" means a child care center licensed under chapter 142B and Minnesota Rules, chapter 9503, or a certified license-exempt child care center licensed under chapter 142C.

(c) "Employee" has the meaning given in section 142B.665, subdivision 1.

(d) "Law enforcement agent" has the meaning given in section 142B.665, subdivision 1.

Subd. 2. **Policies on law enforcement agent present at child care program.** (a) By December 31, 2026, a child care program must develop and implement policies regarding interactions between child care program employees and law enforcement agents present at the child care program and

involved in civil immigration activities. The policies must be consistent with section 142B.665 and must include:

(1) procedures for notifying and seeking written consent from a child's parents or legal guardian if a law enforcement agent requests access to personally identifiable information from the child's records, unless such access is compliant with a judicial warrant or order or a subpoena that restricts the disclosure of the information to the child's parents or guardian;

(2) procedures to verify the identity and authority of any law enforcement agent present at the child care program, including but not limited to requesting and documenting the first and last name of the law enforcement agent, the name of the law enforcement agency, and the badge number of the law enforcement agent;

(3) procedures for notifying parents or guardians and the commissioner of children, youth, and families if an immigration enforcement action occurs at the child care program or its surrounding premises; and

(4) a written plan of action for interacting with law enforcement agents at the child care program that must be shared with a child's parent or legal guardian. The plan must include:

(i) a designation of spaces deemed to be private within the child care program's facility;

(ii) a designation of the child care program's director or the center director's designee to serve as the primary point of contact for interacting with law enforcement agents; and

(iii) procedures that a child care program's primary point of contact must follow to review and respond to any request for entry to the child care program by law enforcement, including judicial warrants, orders, and subpoenas.

(b) The child care program must ensure that all employees are trained on the policies under this subdivision.

Subd. 3. **Disclosing immigration information.** A child care program must not disclose or threaten to disclose to any other person, entity, or agency information regarding or relating to the actual or perceived citizenship or immigration status of a child or an associated person, unless disclosure is required by state or federal law.

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

Sec. 3. **[142B.668] LIABILITY LIMITATION.**

Subdivision 1. **Definition.** For purposes of this section, "employee" has the meaning given in section 142B.655, subdivision 1.

Subd. 2. **Liability limitation.** An employee, acting in good faith, is not liable in a criminal, civil, or administrative proceeding for the employee's compliance with sections 142B.665 and 142B.667.

Subd. 3. **Other rights and defenses.** Nothing in section 142B.655 or 142B.667 affects any right or defense available under other law."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 35 and nays 32, as follows:

Those who voted in the affirmative were:

Abeler	Fateh	Johnson Stewart	Maye Quade	Port
Boldon	Frentz	Klein	McEwen	Putnam
Carlson	Gustafson	Kunesh	Mohamed	Rest
Champion	Hauschild	Kupec	Murphy	Seeberger
Clark	Hawj	Latz	Oumou Verbeten	Westlin
Cwodzinski	Hemmingsen-Jaeger	Mann	Pappas	Wiklund
Dibble	Hoffman	Marty	Pha	Xiong

Pursuant to Rule 40, Senator Kunesh cast the affirmative vote on behalf of the following Senators: Carlson, Marty, Mohamed, Murphy, Pha, Rest, and Xiong.

Those who voted in the negative were:

Bahr	Farnsworth	Jasinski	Lucero	Utke
Coleman	Green	Johnson	Mathews	Weber
Dahms	Gruenhagen	Koran	Miller	Wesenberg
Dornink	Heintzeman	Kreun	Nelson	Westrom
Draheim	Holmstrom	Lang	Pratt	
Drazkowski	Housley	Lieske	Rarick	
Duckworth	Howe	Limmer	Rasmusson	

Pursuant to Rule 40, Senator Jasinski cast the negative vote on behalf of the following Senators: Johnson, Lieske, and Weber.

The motion prevailed. So the amendment was adopted.

Senator Kreun moved to amend S.F. No. 3699 as follows (A-9):

Page 3, line 6, after the semicolon, insert "and"

Page 3, line 7, delete the semicolon and insert a period

Page 3, delete lines 8 to 10

Senator Kreun moved to amend the Kreun (A-9) amendment to S.F. No. 3699 as follows (A10):

Page 1, delete lines 2 to 4 and insert:

"Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2024, section 299C.80, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings provided.

(b) "Federal agent" means an officer or employee of the Federal Bureau of Investigation, the Drug Enforcement Administration, the United States Marshal Service, the Secret Service, the Bureau

of Alcohol, Tobacco, Firearms and Explosives, the Department of Homeland Security, or the United States Postal Inspection Service, or their successor agencies.

~~(b)~~ (c) "Law enforcement agency" has the meaning given in section 626.84, subdivision 1, paragraph (f).

~~(c)~~ (d) "Officer-involved death" means the death of another that results from a federal agent or a peace officer's use of force while the agent or officer is on duty or off duty but performing activities that are within the scope of the agent or officer's law enforcement duties.

~~(d)~~ (e) "Peace officer" has the meaning given in section 626.84, subdivision 1, paragraph (c).

~~(e)~~ (f) "Superintendent" means the superintendent of the Bureau of Criminal Apprehension.

~~(f)~~ (g) "Unit" means the independent Use of Force Investigations Unit.

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively to officer-involved deaths that occurred on or after December 1, 2025.

Sec. 2. Minnesota Statutes 2024, section 471.59, subdivision 8, is amended to read:

Subd. 8. **Services performed by county or sheriff, commonality of powers.** (a) Notwithstanding the provisions of subdivision 1 requiring commonality of powers between parties to any agreement the board of county commissioners of any county may by resolution enter into agreements with any other governmental unit as defined in subdivision 1 to perform on behalf of that unit any service or function which that unit would be authorized to provide for itself.

(b) Notwithstanding the provisions of subdivision 1 requiring commonality of powers, a county sheriff must enter into an agreement under United States Code, title 8, section 1357(g), with the federal agency to perform services or functions that the federal agency would be authorized to provide for itself. A county sheriff does not require authorization from a county board of commissioners before entering into the agreement.

Sec. 3. **[471.9999] SEPARATION ORDINANCES.**

Subdivision 1. **Definition.** For the purposes of this section, "municipality" means a city, however organized, or a county.

Subd. 2. **Certain ordinances prohibited.** (a) A municipality must not adopt, enforce, or endorse an ordinance or policy under which the municipality or its instrumentalities prohibit or materially limit the enforcement of immigration laws. Policies prohibited under this section include, but are not limited to, any policy that limits or prohibits any employee or agent of a municipality from:

(1) communicating or cooperating with federal agencies or officials to verify or report the immigration status of any person; or

(2) soliciting or inquiring about a person's immigration status in the course of their duties.

(b) Any policy or ordinance adopted in violation of this section is invalid as of the date of its adoption and has no force or effect.

Sec. 4. **[604.51] CIVIL CAUSE OF ACTION FOR VIOLATIONS OF THE STATE AND FEDERAL CONSTITUTIONS.**

Subdivision 1. **Minnesota Constitution.** Any person who, under color of any statute, ordinance, regulation, custom, or usage of this state, or any other state or territory or the District of Columbia, subjects or causes to be subjected any United States citizen or lawful permanent resident residing in this state or within the jurisdiction of this state to the deprivation of any rights, privileges, or immunities secured by the Minnesota Constitution shall be liable to the party injured in an action at law, suit in equity, or other proper proceedings for redress.

Subd. 2. **Federal constitution.** Any person who, under color of any statute, ordinance, regulation, custom, or usage of the United States, this state, or of any other state or territory or the District of Columbia, subjects or causes to be subjected any United States citizen or lawful permanent resident residing in this state or within the jurisdiction of this state to the deprivation of any rights, privileges, or immunities secured by the United States Constitution shall be liable to the party injured in an action at law, suit in equity, or other proper proceedings for redress.

Subd. 3. **Damages.** In addition to any damages, injunctive relief, or other appropriate relief, in an action or proceeding brought under this section, the court may award to a prevailing plaintiff reasonable attorney fees and costs.

Subd. 4. **Statute of limitations.** An action under this section may not be commenced later than three years after the cause of action accrues.

Subd. 5. **Punitive damages.** In an action brought under this section based on a cause of action that accrued before the effective date of this section, the plaintiff is not entitled to an award of punitive damages under section 549.20.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to causes of action accruing on or after December 1, 2025.

Sec. 5. Minnesota Statutes 2024, section 609.50, subdivision 1, is amended to read:

Subdivision 1. **Crime.** (a) Whoever intentionally does any of the following may be sentenced as provided in subdivision 2:

(1) obstructs, hinders, or prevents the lawful execution of any legal process, civil or criminal, or apprehension of another on a charge or conviction of a criminal offense;

(2) obstructs, resists, or interferes with a peace officer while the officer is engaged in the performance of official duties;

(3) interferes with or obstructs a firefighter while the firefighter is engaged in the performance of official duties;

(4) interferes with or obstructs a member of an ambulance service personnel crew, as defined in section 144E.001, subdivision 3a, who is providing, or attempting to provide, emergency care; or

(5) by force or threat of force endeavors to obstruct any employee of the Department of Revenue, Department of Public Safety Driver and Vehicle Services Division, a driver's license agent appointed under section 171.061, or a deputy registrar appointed under section 168.33 while the employee is lawfully engaged in the performance of official duties for the purpose of deterring or interfering with the performance of those duties.

(b) It is a crime punishable as provided in subdivision 2 for someone to approach or remain within 25 feet of a peace officer:

(1) while knowing or having reason to know of the officer's status and that the officer is actively engaged in:

(i) a lawful arrest;

(ii) the transportation or supervision of an arrested person;

(iii) crowd control related to an arrest or potential arrest; or

(iv) the investigation of a criminal act;

(2) after having received a verbal warning from the officer, or another officer on the scene, not to approach or to back away; and

(3) with the intent to impede or interfere with the officer's ability to perform the activity.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to crimes committed on or after that date.

Sec. 6. Minnesota Statutes 2024, section 609.50, is amended by adding a subdivision to read:

Subd. 3. **Definition.** As used in this section, "peace officer" has the meaning given in section 626.84, subdivision 1, and also includes a federal law enforcement officer as defined in section 626.77, subdivision 3.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to crimes committed on or after that date.

Sec. 7. **[629.716] RELEASE ON IMMIGRATION DETAINER REQUEST; STAYED ORDER OF RELEASE.**

Subdivision 1. **Definition.** As used in this section, "immigration detainer" means the United States Department of Homeland Security Form I-247 or successor forms.

Subd. 2. **Stayed effectiveness of release orders.** In any criminal proceeding where the defendant is the subject of an immigration detainer issued by the United States Immigration and Customs Enforcement prior to a first appearance or a bail hearing, the effectiveness of release in an order of the court granting bail or pretrial release shall be deemed to be stayed for a period of time necessary to facilitate the secure transfer of custody of the person to federal authorities, not to exceed 48 hours, excluding Saturdays, Sundays, and holidays.

Subd. 3. **No new seizure.** The stay of release of a person pursuant to this section is presumptively reasonable due to compelling state and federal interests in public safety and in the secure transfer of a person in custody. Any period of stay under this section is a continuation of the original lawful custody of the state and does not constitute a new arrest, a warrantless seizure, or an independent period of detention. The 48-hour stay period shall not be construed as a denial of the right to bail.

Subd. 4. **Continuation of judicial oversight.** During the period of stayed execution of bail or release order, the person who is the subject of the bail or release order remains under the jurisdiction of the issuing court, and a defendant may post bail during the stay or while in federal custody.

Subd. 5. **Book and release.** Whenever a person has been arrested for an offense and is booked in a police station or county jail, the law enforcement agency having custody of the person must continue the detention for a period not to exceed 48 hours after the person's time of arrest, excluding Saturdays, Sundays, and Holidays, if the person is the subject of an immigration detainer issued by the United States Immigration and Customs Enforcement. The sole purpose of the continued detention under this subdivision shall be to securely transfer the custody of the person to the federal authorities within the time period.

Subd. 6. **Compliance with federal immigration agency permitted.** A law enforcement agency that has custody of a person subject to an immigration detainer issued by the United States Immigration and Customs Enforcement is authorized to:

(1) comply with, honor, and fulfill any request made in the immigration detainer provided by the federal government for the period authorized by this section;

(2) inform the person that the person is being held pursuant to an immigration detainer issued by the United States Immigration and Customs Enforcement;

(3) inform the United States Immigration and Customs Enforcement of the person's release date and time as soon as practical; and

(4) securely transfer custody of the person to federal authorities within the time period of the immigration detainer.

Subd. 7. **No effect on persons with lawful status.** This section does not apply to a person who is a United States citizen or an alien with lawful immigration status. A person may prove that the person is a United States citizen or has lawful immigration status in the United States by evidence including, but not limited to, a birth certificate, naturalization certificate, passport, valid United States visa, letters issued by the United States Department of Homeland Security, or other similar government-issued identification.

Subd. 8. **Mandatory release.** If a federal agency has not assumed physical custody of the defendant within the period allowed under subdivision 5 or 6, or within the 48-hour stayed period pursuant to subdivision 2, the bail or release shall become effective forthwith at the end of the stayed period, and the defendant shall be released provided all other conditions of bail remain satisfied.

Subd. 9. **Immunity.** No county, or any official, agent, peace officer, or employee shall be held liable for the good-faith detention of a person during the period authorized under this section. No

county, or any official, agent, peace officer, or employee shall be held liable for an incorrect determination of lawful status or release made in good faith pursuant to subdivision 7 or 8."

Amend the title accordingly"

Senator Klein questioned whether the Kreun (A10) amendment to the Kreun (A-9) amendment was germane.

The President ruled that the amendment to the amendment was not germane.

Senator Kreun appealed the decision of the President.

CALL OF THE SENATE

Senator Rasmusson imposed a call of the Senate for the balance of the proceedings on the Kreun appeal.

Senator Boldon moved that further proceedings under the roll call be dispensed with and the Sergeant at Arms be instructed to bring in the absent members. The motion did not prevail.

Senator Rasmusson moved that further proceedings under the roll call be dispensed with and the Sergeant at Arms be instructed to bring in the absent members. The motion prevailed.

The question was taken on "Shall the decision of the President be the judgment of the Senate?"

The roll was called, and there were yeas 34 and nays 33, as follows:

Those who voted in the affirmative were:

Boldon	Frentz	Klein	McEwen	Putnam
Carlson	Gustafson	Kunesh	Mohamed	Rest
Champion	Hauschild	Kupec	Murphy	Seeberger
Clark	Hawj	Latz	Oumou Verbeten	Westlin
Cwodzinski	Hemmingsen-Jaeger	Mann	Pappas	Wiklund
Dibble	Hoffman	Marty	Pha	Xiong
Fateh	Johnson Stewart	Maye Quade	Port	

Pursuant to Rule 40, Senator Kunesh cast the affirmative vote on behalf of the following Senators: Carlson, Klein, and Xiong.

Those who voted in the negative were:

Abeler	Duckworth	Howe	Limmer	Rasmusson
Bahr	Farnsworth	Jasinski	Lucero	Utke
Coleman	Green	Johnson	Mathews	Weber
Dahms	Gruenhagen	Koran	Miller	Wesenberg
Dornink	Heintzeman	Kreun	Nelson	Westrom
Draheim	Holmstrom	Lang	Pratt	
Drazkowski	Housley	Lieske	Rarick	

Pursuant to Rule 40, Senator Jasinski cast the negative vote on behalf of the following Senator: Lieske.

So the decision of the President was sustained.

Senator Kreun moved to amend the Kreun (A-9) amendment to S.F. No. 3699 as follows (A52):

Page 1, delete lines 2 to 4 and insert:

"Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2024, section 299C.80, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings provided.

(b) "Federal agent" means an officer or employee of the Federal Bureau of Investigation, the Drug Enforcement Administration, the United States Marshal Service, the Secret Service, the Bureau of Alcohol, Tobacco, Firearms and Explosives, the Department of Homeland Security, or the United States Postal Inspection Service, or their successor agencies.

~~(b)~~ (c) "Law enforcement agency" has the meaning given in section 626.84, subdivision 1, paragraph (f).

~~(c)~~ (d) "Officer-involved death" means the death of another that results from a federal agent or a peace officer's use of force while the agent or officer is on duty or off duty but performing activities that are within the scope of the agent or officer's law enforcement duties.

~~(d)~~ (e) "Peace officer" has the meaning given in section 626.84, subdivision 1, paragraph (c).

~~(e)~~ (f) "Superintendent" means the superintendent of the Bureau of Criminal Apprehension.

~~(f)~~ (g) "Unit" means the independent Use of Force Investigations Unit.

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively to officer-involved deaths that occurred on or after December 1, 2025.

Sec. 2. Minnesota Statutes 2024, section 471.59, subdivision 8, is amended to read:

Subd. 8. **Services performed by county or sheriff, commonality of powers.** (a) Notwithstanding the provisions of subdivision 1 requiring commonality of powers between parties to any agreement the board of county commissioners of any county may by resolution enter into agreements with any other governmental unit as defined in subdivision 1 to perform on behalf of that unit any service or function which that unit would be authorized to provide for itself.

(b) Notwithstanding the provisions of subdivision 1 requiring commonality of powers, a county sheriff must enter into an agreement under United States Code, title 8, section 1357(g), with the federal agency to perform services or functions that the federal agency would be authorized to provide for itself. A county sheriff does not require authorization from a county board of commissioners before entering into the agreement.

Sec. 3. **[471.9999] SEPARATION ORDINANCES.**

Subdivision 1. **Definition.** For the purposes of this section, "municipality" means a city, however organized, or a county or a township.

Subd. 2. **Certain ordinances prohibited.** (a) A municipality must not adopt, enforce, or endorse an ordinance or policy under which the municipality or its instrumentalities prohibit or materially limit the enforcement of immigration laws. Policies prohibited under this section include, but are not limited to, any policy that limits or prohibits any employee or agent of a municipality from:

(1) communicating or cooperating with federal agencies or officials to verify or report the immigration status of any person; or

(2) soliciting or inquiring about a person's immigration status in the course of their duties.

(b) Any policy or ordinance adopted in violation of this section is invalid as of the date of its adoption and has no force or effect.

Sec. 4. **[604.51] CIVIL CAUSE OF ACTION FOR VIOLATIONS OF THE STATE AND FEDERAL CONSTITUTIONS.**

Subdivision 1. **Minnesota Constitution.** Any person who, under color of any statute, ordinance, regulation, custom, or usage of this state, or any other state or territory or the District of Columbia, subjects or causes to be subjected any United States citizen or lawful permanent resident residing in this state or within the jurisdiction of this state to the deprivation of any rights, privileges, or immunities secured by the Minnesota Constitution shall be liable to the party injured in an action at law, suit in equity, or other proper proceedings for redress.

Subd. 2. **Federal constitution.** Any person who, under color of any statute, ordinance, regulation, custom, or usage of the United States, this state, or of any other state or territory or the District of Columbia, subjects or causes to be subjected any United States citizen or lawful permanent resident residing in this state or within the jurisdiction of this state to the deprivation of any rights, privileges, or immunities secured by the United States Constitution shall be liable to the party injured in an action at law, suit in equity, or other proper proceedings for redress.

Subd. 3. **Damages.** In addition to any damages, injunctive relief, or other appropriate relief, in an action or proceeding brought under this section, the court may award to a prevailing plaintiff reasonable attorney fees and costs.

Subd. 4. **Statute of limitations.** An action under this section may not be commenced later than three years after the cause of action accrues.

Subd. 5. **Punitive damages.** In an action brought under this section based on a cause of action that accrued before the effective date of this section, the plaintiff is not entitled to an award of punitive damages under section 549.20.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to causes of action accruing on or after December 1, 2025.

Sec. 5. Minnesota Statutes 2024, section 609.50, subdivision 1, is amended to read:

Subdivision 1. **Crime.** (a) Whoever intentionally does any of the following may be sentenced as provided in subdivision 2:

(1) obstructs, hinders, or prevents the lawful execution of any legal process, civil or criminal, or apprehension of another on a charge or conviction of a criminal offense;

(2) obstructs, resists, or interferes with a peace officer while the officer is engaged in the performance of official duties;

(3) interferes with or obstructs a firefighter while the firefighter is engaged in the performance of official duties;

(4) interferes with or obstructs a member of an ambulance service personnel crew, as defined in section 144E.001, subdivision 3a, who is providing, or attempting to provide, emergency care; or

(5) by force or threat of force endeavors to obstruct any employee of the Department of Revenue, Department of Public Safety Driver and Vehicle Services Division, a driver's license agent appointed under section 171.061, or a deputy registrar appointed under section 168.33 while the employee is lawfully engaged in the performance of official duties for the purpose of deterring or interfering with the performance of those duties.

(b) It is a crime punishable as provided in subdivision 2 for someone to approach or remain within 25 feet of a peace officer:

(1) while knowing or having reason to know of the officer's status and that the officer is actively engaged in:

(i) a lawful arrest;

(ii) the transportation or supervision of an arrested person;

(iii) crowd control related to an arrest or potential arrest; or

(iv) the investigation of a criminal act;

(2) after having received a verbal warning from the officer, or another officer on the scene, not to approach or to back away; and

(3) with the intent to impede or interfere with the officer's ability to perform the activity.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to crimes committed on or after that date.

Sec. 6. Minnesota Statutes 2024, section 609.50, is amended by adding a subdivision to read:

Subd. 3. **Definition.** As used in this section, "peace officer" has the meaning given in section 626.84, subdivision 1, and also includes a federal law enforcement officer as defined in section 626.77, subdivision 3.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to crimes committed on or after that date.

Sec. 7. **[629.716] RELEASE ON IMMIGRATION DETAINER REQUEST; STAYED ORDER OF RELEASE.**

Subdivision 1. **Definition.** As used in this section, "immigration detainer" means the United States Department of Homeland Security Form I-247 or successor forms.

Subd. 2. **Stayed effectiveness of release orders.** In any criminal proceeding where the defendant is the subject of an immigration detainer issued by the United States Immigration and Customs Enforcement prior to a first appearance or a bail hearing, the effectiveness of release in an order of the court granting bail or pretrial release shall be deemed to be stayed for a period of time necessary to facilitate the secure transfer of custody of the person to federal authorities, not to exceed 48 hours, excluding Saturdays, Sundays, and holidays.

Subd. 3. **No new seizure.** The stay of release of a person pursuant to this section is presumptively reasonable due to compelling state and federal interests in public safety and in the secure transfer of a person in custody. Any period of stay under this section is a continuation of the original lawful custody of the state and does not constitute a new arrest, a warrantless seizure, or an independent period of detention. The 48-hour stay period shall not be construed as a denial of the right to bail.

Subd. 4. **Continuation of judicial oversight.** During the period of stayed execution of bail or release order, the person who is the subject of the bail or release order remains under the jurisdiction of the issuing court, and a defendant may post bail during the stay or while in federal custody.

Subd. 5. **Book and release.** Whenever a person has been arrested for an offense and is booked in a police station or county jail, the law enforcement agency having custody of the person must continue the detention for a period not to exceed 48 hours after the person's time of arrest, excluding Saturdays, Sundays, and Holidays, if the person is the subject of an immigration detainer issued by the United States Immigration and Customs Enforcement. The sole purpose of the continued detention under this subdivision shall be to securely transfer the custody of the person to the federal authorities within the time period.

Subd. 6. **Compliance with federal immigration agency permitted.** A law enforcement agency that has custody of a person subject to an immigration detainer issued by the United States Immigration and Customs Enforcement is authorized to:

(1) comply with, honor, and fulfill any request made in the immigration detainer provided by the federal government for the period authorized by this section;

(2) inform the person that the person is being held pursuant to an immigration detainer issued by the United States Immigration and Customs Enforcement;

(3) inform the United States Immigration and Customs Enforcement of the person's release date and time as soon as practical; and

(4) securely transfer custody of the person to federal authorities within the time period of the immigration detainer.

Subd. 7. **No effect on persons with lawful status.** This section does not apply to a person who is a United States citizen or an alien with lawful immigration status. A person may prove that the

person is a United States citizen or has lawful immigration status in the United States by evidence including, but not limited to, a birth certificate, naturalization certificate, passport, valid United States visa, letters issued by the United States Department of Homeland Security, or other similar government-issued identification.

Subd. 8. **Mandatory release.** If a federal agency has not assumed physical custody of the defendant within the period allowed under subdivision 5 or 6, or within the 48-hour stayed period pursuant to subdivision 2, the bail or release shall become effective forthwith at the end of the stayed period, and the defendant shall be released provided all other conditions of bail remain satisfied.

Subd. 9. **Immunity.** No county, or any official, agent, peace officer, or employee shall be held liable for the good-faith detention of a person during the period authorized under this section. No county, or any official, agent, peace officer, or employee shall be held liable for an incorrect determination of lawful status or release made in good faith pursuant to subdivision 7 or 8.""

The question was taken on the adoption of the Kreun (A52) amendment to the Kreun (A-9) amendment.

The roll was called, and there were yeas 33 and nays 34, as follows:

Those who voted in the affirmative were:

Abeler	Duckworth	Howe	Limmer	Rasmusson
Bahr	Farnsworth	Jasinski	Lucero	Utke
Coleman	Green	Johnson	Mathews	Weber
Dahms	Gruenhagen	Koran	Miller	Wesenberg
Dornink	Heintzeman	Kreun	Nelson	Westrom
Draheim	Holmstrom	Lang	Pratt	
Drazkowski	Housley	Lieske	Rarick	

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Howe, Johnson, Lieske, and Utke.

Those who voted in the negative were:

Boldon	Frentz	Klein	McEwen	Putnam
Carlson	Gustafson	Kunesh	Mohamed	Rest
Champion	Hauschild	Kupec	Murphy	Seeberger
Clark	Hawj	Latz	Oumou Verbeten	Westlin
Cwodzinski	Hemmingsen-Jaeger	Mann	Pappas	Wiklund
Dibble	Hoffman	Marty	Pha	Xiong
Fateh	Johnson Stewart	Maye Quade	Port	

Pursuant to Rule 40, Senator Kunesh cast the negative vote on behalf of the following Senators: Carlson, Klein, Putnam, Wiklund, and Xiong.

The motion did not prevail. So the amendment to the amendment was not adopted.

The question was taken on the adoption of the Kreun (A-9) amendment.

The roll was called, and there were yeas 40 and nays 27, as follows:

Those who voted in the affirmative were:

Abeler	Farnsworth	Howe	Latz	Putnam
Bahr	Frentz	Jasinski	Lieske	Rarick
Coleman	Green	Johnson	Limmer	Rasmusson
Dahms	Gruenhagen	Klein	Lucero	Seeberger
Dornink	Hauschild	Koran	Mathews	Utke
Draheim	Heintzeman	Kreun	Miller	Weber
Drazkowski	Holmstrom	Kupec	Nelson	Wesenberg
Duckworth	Housley	Lang	Pratt	Westrom

Pursuant to Rule 40, Senator Kunesh cast the affirmative vote on behalf of the following Senators: Klein and Putnam.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Howe, Johnson, and Lieske.

Those who voted in the negative were:

Boldon	Fateh	Kunesh	Murphy	Westlin
Carlson	Gustafson	Mann	Oumou Verbeten	Wiklund
Champion	Hawj	Marty	Pappas	Xiong
Clark	Hemmingsen-Jaeger	Maye Quade	Pha	
Cwodzinski	Hoffman	McEwen	Port	
Dibble	Johnson Stewart	Mohamed	Rest	

Pursuant to Rule 40, Senator Kunesh cast the negative vote on behalf of the following Senators: Carlson, Rest, Wiklund, and Xiong.

The motion prevailed. So the amendment was adopted.

S.F. No. 3699 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 34 and nays 33, as follows:

Those who voted in the affirmative were:

Boldon	Frentz	Klein	McEwen	Putnam
Carlson	Gustafson	Kunesh	Mohamed	Rest
Champion	Hauschild	Kupec	Murphy	Seeberger
Clark	Hawj	Latz	Oumou Verbeten	Westlin
Cwodzinski	Hemmingsen-Jaeger	Mann	Pappas	Wiklund
Dibble	Hoffman	Marty	Pha	Xiong
Fateh	Johnson Stewart	Maye Quade	Port	

Pursuant to Rule 40, Senator Kunesh cast the affirmative vote on behalf of the following Senators: Carlson, Hauschild, Marty, Murphy, Port, Rest, and Xiong.

Those who voted in the negative were:

Abeler	Duckworth	Howe	Limmer	Rasmusson
Bahr	Farnsworth	Jasinski	Lucero	Utke
Coleman	Green	Johnson	Mathews	Weber
Dahms	Gruenhagen	Koran	Miller	Wesenberg
Dornink	Heintzeman	Kreun	Nelson	Westrom
Draheim	Holmstrom	Lang	Pratt	
Drazkowski	Housley	Lieske	Rarick	

Pursuant to Rule 40, Senator Jasinski cast the negative vote on behalf of the following Senators: Coleman, Johnson, and Lieske.

So the bill, as amended, was passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Messages From the House and First Reading of House Bills.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 4987.

Patrick Duffy Murphy, Chief Clerk, House of Representatives

Transmitted May 11, 2026

FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 4987: A bill for an act relating to transportation; providing for certain local highway designations; designating a portion of Ramsey County State-Aid Highway 96 as "Master Sergeant Nicole Amor Memorial Highway"; proposing coding for new law in Minnesota Statutes, chapter 160.

MOTIONS AND RESOLUTIONS - CONTINUED

SUSPENSION OF RULES

Senator Gustafson moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 4987 and that the rules of the Senate be so far suspended as to give H.F. No. 4987 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 4987 was read the second time.

H.F. No. 4987 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Fateh	Johnson	Mathews	Rasmusson
Boldon	Frentz	Johnson Stewart	Maye Quade	Rest
Carlson	Green	Klein	McEwen	Seeberger
Champion	Gruenhagen	Koran	Miller	Utke
Clark	Gustafson	Kreun	Mohamed	Weber
Coleman	Hauschild	Kunesh	Murphy	Wesenberg
Cwodzinski	Hawj	Kupec	Nelson	Westlin
Dahms	Heintzeman	Lang	Oumou Verbeten	Westrom
Dibble	Hemmingsen-Jaeger	Latz	Pappas	Wiklund
Dornink	Hoffman	Lieske	Pha	Xiong
Draheim	Holmstrom	Limmer	Port	
Drazkowski	Housley	Lucero	Pratt	
Duckworth	Howe	Mann	Putnam	
Farnsworth	Jasinski	Marty	Rarick	

Pursuant to Rule 40, Senator Kunesh cast the affirmative vote on behalf of the following Senators: Carlson, Fateh, Hauschild, Klein, Marty, Murphy, Port, Rest, and Xiong.

Pursuant to Rule 40, Senator Jasinski cast the affirmative vote on behalf of the following Senators: Coleman, Johnson, and Lieske.

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

SPECIAL ORDER

H.F. No. 3426: A bill for an act relating to natural resources; appropriating money from environment and natural resources trust fund; extending certain prior appropriations; modifying provisions on expenditures from environment and natural resources trust fund; modifying requirements for community grants program; amending Minnesota Statutes 2024, sections 116P.08, subdivision 4, by adding a subdivision; 116P.09, subdivision 6; 116X.03, by adding subdivisions.

Senator Westrom moved to amend H.F. No. 3426, as amended pursuant to Rule 45, adopted by the Senate May 5, 2026, as follows (A-3):

(The text of the amended House File is identical to S.F. No. 3857.)

Page 40, after line 22, insert:

"(r) **Rotational Grazing Pilot Grant Program**

$38,000 the second year is from the trust fund to the commissioner of agriculture for a rotational grazing pilot program. The commissioner must establish and administer a program that awards matching grants to Minnesota farmers for rotational grazing projects to enhance prairies and woodlands and help protect surface or drinking water sources. For purposes of this program, "rotational grazing" means a livestock grazing system in which fields are subdivided

into smaller paddocks, livestock density is controlled, and livestock is rotated through paddocks at a frequency that maintains vegetative cover, ensures regular access to fresh forage, and reduces soil compaction and erosion. The commissioner must award grants to Minnesota farmers for either of the following purposes: (1) to establish perennial forages for rotational grazing of livestock; or (2) to purchase rotational grazing system infrastructure, including fencing, watering, and other livestock management infrastructure to support rotational grazing of livestock. Rotational grazing of perennial forage or cover crops that help protect surface or drinking water sources are permitted purposes under this clause. Rotational grazing on any private or public land on which the farmer is authorized to graze is permitted under this clause."

Page 50, after line 14, insert:

"Subd. 17. **Transfer**

$186,000 of the appropriation for the emerging issues account in Laws 2024, chapter 83, section 2, subdivision 10, paragraph (b), is transferred from the Legislative-Citizen Commission on Minnesota Resources to the commissioner of agriculture for a rotational grazing pilot grant program."

Correct the subdivision and section totals and the appropriations by fund

The motion prevailed. So the amendment was adopted.

Senator Heintzeman moved to amend H.F. No. 3426, as amended pursuant to Rule 45, adopted by the Senate May 5, 2026, as follows (A-2):

(The text of the amended House File is identical to S.F. No. 3857.)

Page 19, delete lines 18 to 29

Reletter the paragraphs in sequence

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 34 and nays 29, as follows:

Those who voted in the affirmative were:

Abeler	Duckworth	Housley	Lieske	Rarick
Bahr	Farnsworth	Howe	Limmer	Rasmusson
Coleman	Green	Jasinski	Lucero	Utke
Dahms	Gruenhagen	Johnson	Mathews	Weber
Dornink	Heintzeman	Koran	Miller	Wesenberg
Draheim	Hoffman	Kreun	Nelson	Westrom
Drazkowski	Holmstrom	Lang	Pratt	

Pursuant to Rule 40, Senator Rasmusson cast the affirmative vote on behalf of the following Senators: Coleman, Housley, Jasinski, Johnson, Lang, Lieske, Miller, and Utke.

Those who voted in the negative were:

Boldon	Fateh	Kupec	Mohamed	Putnam
Carlson	Hawj	Latz	Murphy	Rest
Champion	Hemmingsen-Jaeger	Mann	Oumou Verbeten	Westlin
Clark	Johnson Stewart	Marty	Pappas	Wiklund
Cwodzinski	Klein	Maye Quade	Pha	Xiong
Dibble	Kunesh	McEwen	Port	

Pursuant to Rule 40, Senator Kunesh cast the negative vote on behalf of the following Senators: Boldon, Carlson, Fateh, Klein, Mann, Marty, Murphy, Pha, Port, Rest, Wiklund, and Xiong.

The motion prevailed. So the amendment was adopted.

H.F. No. 3426 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 44 and nays 23, as follows:

Those who voted in the affirmative were:

Abeler	Fateh	Klein	Maye Quade	Port
Boldon	Frentz	Kreun	McEwen	Putnam
Carlson	Gustafson	Kunesh	Miller	Rest
Champion	Hauschild	Kupec	Mohamed	Seeberger
Clark	Hawj	Lang	Murphy	Westlin
Cwodzinski	Hemmingsen-Jaeger	Latz	Nelson	Westrom
Dibble	Hoffman	Limmer	Oumou Verbeten	Wiklund
Dornink	Jasinski	Mann	Pappas	Xiong
Farnsworth	Johnson Stewart	Marty	Pha	

Pursuant to Rule 40, Senator Kunesh cast the affirmative vote on behalf of the following Senators: Boldon, Carlson, Fateh, Frentz, Hauschild, Klein, Mann, Marty, Murphy, Pha, Port, Rest, Wiklund, and Xiong.

Pursuant to Rule 40, Senator Rasmusson cast the affirmative vote on behalf of the following Senators: Jasinski, Lang, and Miller.

Those who voted in the negative were:

Bahr	Duckworth	Housley	Lucero	Utke
Coleman	Green	Howe	Mathews	Weber
Dahms	Gruenhagen	Johnson	Pratt	Wesenberg
Draheim	Heintzeman	Koran	Rarick	
Drazkowski	Holmstrom	Lieske	Rasmusson	

Pursuant to Rule 40, Senator Rasmusson cast the negative vote on behalf of the following Senators: Coleman, Housley, Johnson, Lieske, and Utke.

So the bill, as amended, was passed and its title was agreed to.

RECESS

Senator Murphy moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a recess, the President called the Senate to order.

APPOINTMENTS

Senator Murphy from the Subcommittee on Conference Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 4612: Senators Wiklund, Mann, Boldon, and Utke.

Senator Murphy moved that the foregoing appointments be approved. The motion prevailed.

ADJOURNMENT

Senator Murphy moved that the Senate do now adjourn until 11:00 a.m., Tuesday, May 12, 2026. The motion prevailed.

Thomas S. Bottern, Secretary of the Senate