

**Subject** Governor’s human services budget bill

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### **Overview**

This bill contains the governor’s human services budget proposals for the 2026-2027 fiscal biennium, including proposals related to aging and older adult services, disability services, Direct Care and Treatment (DCT), behavioral health, health care, miscellaneous proposals, and appropriations for the Department of Human Services (DHS), DCT, and other agencies.

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## Article 1: Aging and Older Adult Services

This article makes various changes to nursing facility payment rates, including phasing in the patient driven payment model case mix classification system, limiting inflationary growth to two percent per year, creating a rate add-on for workforce standards, and repealing the nursing facility planned closure rate adjustments, single-bed room incentive, automatic inflationary adjustments for nursing facility property payment rates under the alternative payment system, border city rate adjustments, and incentives for bed layaways.

### Section Description - Article 1: Aging and Older Adult Services

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- 1 Exceptions for replacement beds.**  
Amends § 144A.071, subd. 4a. Makes conforming changes related to the repeal of the nursing facility planned closure rate adjustments.  
  
Provides an immediate effective date.
- 2 Exceptions for replacement beds after June 30, 2003.**  
Amends § 144A.071, subd. 4c. Makes conforming changes related to the repeal of automatic inflationary adjustments for nursing facility property payment rates under the alternative payment system and the nursing facility planned closure rate adjustments.  
  
Provides an immediate effective date.
- 3 Consolidation of nursing facilities.**  
Amends § 144A.071, subd. 4d. Makes conforming changes related to the repeal of the nursing facility planned closure rate adjustments.  
  
Provides an immediate effective date.
- 4 Facility closure rate adjustment.**  
Amends § 144A.161, subd. 10. Makes conforming changes related to the repeal of the nursing facility planned closure rate adjustments.  
  
Provides an immediate effective date.
- 5 Nursing home license surcharge.**  
Amends § 256.9657, subd. 1. Makes a conforming change related to the repeal of incentives for nursing facility bed layaways and removes obsolete language.  
  
Provides an immediate effective date.

**Section Description - Article 1: Aging and Older Adult Services**

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**6 Bed layaway and delicensure.**

Amends § 256B.431, subd. 30. Removes language related to nursing facility bed layaway incentives and makes conforming changes related to the repeal of automatic inflationary adjustments for nursing facility property payment rates under the alternative payment system. Prohibits the commissioner from increasing nursing facility property payment rates for nursing facility beds placed in or removed from layaway on or after July 1, 2025.

Provides a July 1, 2025, effective date.

**7 Employer health insurance costs.**

Amends § 256R.02, subd. 18. Modifies the definition of “employer health insurance costs” under the chapter of statutes governing nursing facility payment rates.

Provides an immediate effective date.

**8 External fixed costs.**

Amends § 256R.02, subd. 19. Makes conforming changes to the definition of “external fixed costs” in the chapter of statutes governing nursing facility payment rates related to the repeal of the nursing facility planned closure rate adjustments, the single-bed room incentive, and border city rate adjustments.

Provides a January 1, 2026, effective date.

**9 Fringe benefit costs.**

Amends § 256R.02, subd. 22. Modifies the definition of “fringe benefit costs” under the chapter of statutes governing nursing facility payment rates.

Provides an immediate effective date.

**10 Patient driven payment model or PDPM.**

Amends § 256R.02, by adding subd. 36a. Defines “patient driven payment model” in the chapter of statutes governing nursing facility payment rates.

Provides an immediate effective date.

**11 Resource utilization group or RUG.**

Amends § 256R.02, by adding subd. 45a. Defines “resource utilization group” in the chapter of statutes governing nursing facility payment rates.

Provides an immediate effective date.

**Section Description - Article 1: Aging and Older Adult Services**

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**12 Employer health insurance costs.**

Amends § 256R.10, subd. 8. Effective for the rate year beginning on January 1, 2026, caps the nursing facility annual reimbursement for employer health insurance costs at \$14,703 per enrollee. Requires the commissioner to adjust the annual reimbursement cap for employer health insurance costs by the previous year's cap plus an inflation adjustment based on the CPI-U.

Provides an immediate effective date.

**13 Determination of direct care payment rates.**

Amends § 256R.23, subd. 7. Limits inflationary growth to two percent of the previous year's other care-related payment rate.

Provides a January 1, 2026, effective date.

**14 Determination of other care-related payment rates.**

Amends § 256R.23, subd. 8. Limits inflationary growth to two percent of the previous year's other care-related payment rate.

Provides a January 1, 2026, effective date.

**15 Determination of other operating payment rate.**

Amends § 256R.24, subd. 3. Limits inflationary growth to two percent of the previous year's other operating payment rate.

Provides a January 1, 2026, effective date.

**16 External fixed costs payment rate.**

Amends § 256R.25. Makes conforming changes related to the repeal of nursing facility planned closure rate adjustments, single-bed room incentives, and border city facility rate adjustments.

Provides a January 1, 2026, effective date.

**17 Transition period.**

Amends § 256R.26, subd. 9. Makes conforming changes related to the repeal of the nursing facility planned closure rate adjustments, single-bed room incentives, and the automatic inflationary adjustments for nursing facility property payment rates under the alternative payment system.

Provides a January 1, 2026, effective date.

**Section Description - Article 1: Aging and Older Adult Services**

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**18 Bed holds.**

Amends § 256R.43. Specifies the manner in which the commissioner must determine occupancy for the purposes of establishing leave day payments.

Provides an immediate effective date.

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

Creates § 256R.531.

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

**Subd. 2. RUG-IV standardized days and facility case mix index.** Requires the commissioner to determine the RUG-IV standardized days and facility average case mix using the sum of the resident days by case mix classification for all payors on the Minnesota Statistical and Cost Report. Specifies the calculation for RUG-IV facility average case mix and standardized days for the rate year beginning January 1, 2028.

**Subd. 3. RUG-IV MA case mix adjusted direct care payment rate.** Requires the commissioner to determine a facility's RUG-IV blended medical assistance (MA) case mix adjusted direct care payment rate and specifies the calculation for the blended MA case mix adjusted direct care payment rate.

**Subd. 4. PDPM MA case mix adjusted direct care payment rate.** Requires the commissioner to determine a facility's PDPM MA case mix adjusted direct care payment rate and specifies the calculation for the PDPM MA case mix adjusted direct care payment rate.

**Subd. 5. Blended MA case mix adjusted direct care payment rate.** Lays out the calculation the commissioner must use in determining a facility's blended MA case mix adjusted direct care payment rate.

**Subd. 6. PDPM phase-in rate adjustment.** Lays out the calculation the commissioner must use in determining a facility's PDPM phase-in rate adjustment.

Provides an October 1, 2025, effective date.

**Section Description - Article 1: Aging and Older Adult Services**

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**20 Nursing facility rate add-on for workforce standards.**

Creates § 256R.532. Effective for rate years beginning on or after January 1, 2028, or upon federal approval, whichever is later, requires the commissioner to annually provide a rate add-on amount for nursing facilities reimbursed under the MA nursing facility payment rate system for the initial standards for wages for nursing home workers adopted by the Nursing Home Workforce Standards Board. Specifies the add-on amount effective January 1, 2028, and January 1, 2029. Effective upon federal approval, requires the commissioner to determine the add-on amount for subsequent rate years in consultation with the commissioner of labor and industry.

Provides an immediate effective date.

**21 Repealer.**

(a) Repeals Minn. Stat. § 256B.434, subd. 4 (alternate rates for nursing facilities); 256R.02, subd. 38 (prior system operating cost payment rate); 256R.40 (nursing facility planned closure rate adjustments); 256R.41 (single-bed room incentive); 256R.481 (rate adjustments for border city facilities); and 256R.53, subd. 1 (facility specific exemption; nursing facility in Golden Valley), effective January 1, 2026.

(b) Repeals Minn. Stat. § 144A.1888 (reuse of facilities); 256R.12, subd. 10 (allocation of self-insurance costs); and 256R.36 (hold harmless), effective the day following final enactment.

(c) Repeals Minn. Stat. § 256R.23, subd. 6 (payment rate limit reduction), effective October 1, 2025.

## **Article 2: Disability Services**

This article includes provisions relating to creating a Minnesota caregiver defined contribution retirement fund trust, establishing early intensive developmental and behavioral intervention (EIDBI) provisional licensure, increasing enhanced rates for PCA and CFSS services, requiring a five percent county share for residential services reimbursed under the Disability Waiver Rate System (DWRS), establishing a customized living services age limitation under the BI and CADI waivers, making various changes to DWRS.

**Section Description - Article 2: Disability Services**

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**1 Minnesota caregiver defined contribution retirement fund trust.**

Amends § 179A.54, by adding subd. 12. Authorizes the state and an exclusive representative to establish a joint labor and management trust, referred to as the Minnesota Caregiver Defined Contribution Retirement Fund Trust, for the exclusive purpose of creating, implementing, and administering a retirement plan for

**Section Description - Article 2: Disability Services**

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individual providers of direct support services who are represented by the exclusive representative. Requires the state to make financial contributions to the trust pursuant to a collective bargaining agreement. Specifies uses of the state financial contributions. Requires a board of trustees to jointly control the trust. Prohibits the trust from being an agent of either the state or the exclusive representative. Allows a third-party administrator, financial management institution, other appropriate entity, or any combination thereof to provide certain services to the board of trustees. Authorizes the state to purchase liability insurance for members of the board of trustees appointed by the governor. Prohibits financial contributions to or participation in the management or administration of the trust from being considered an unfair labor practice.

Provides a July 1, 2025, effective date.

**2 Early intensive developmental and behavioral intervention provisional licensure.**

Creates § 245A.142. Establishes provisional licensing and regulation for early intensive developmental and behavioral intervention (EIDBI) agencies. Requires provisional licenses effective for up to one year to operate an EIDBI agency; specifies DHS regulatory functions, provisional license requirements, maltreatment reporting and background study requirements, sanctions, and reconsideration processes.

**3 Determining immediate risk of harm.**

Amends § 245C.16, subd. 1. Adds EIDBI background studies to exception to immediate risk of harm determination provisions.

Makes this section effective the day following final enactment.

**4 Enhanced rate.**

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

Provides an immediate effective date.

**5 Payment for targeted case management.**

Amends § 256B.0924, subd. 6. Allows the commissioner to make payments for Tribes according to Indian Health Services rates or other relevant federally approved rate setting methodologies for vulnerable adult and developmental disability targeted case management provided by Indian health services and facilities operated by a Tribe or Tribal organization.

**Section Description - Article 2: Disability Services**

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- Provides a July 1, 2025, effective date.
- 6 **EIDBI provider qualifications.**  
Amends § 256B.0949, subd. 15. Clarifies that qualified supervising professionals and level I, II, and III treatment providers must be employees of an EIDBI services provider.  
  
Provides an immediate effective date.
- 7 **Agency duties.**  
Amends § 256B.0949, subd. 16. Adds EIDBI agency duties to provide clinical supervision and in-person supervision sessions as specified.
- 8 **Provisional licensure.**  
Amends § 256B.0949, by adding subd. 18. Specifies that the commissioner will begin issuing provisional EIDBI agency licenses on January 1, 2026; provides 60 calendar days to apply for provisional licensure for agencies enrolled by December 31, 2025. Requires the commissioner to act on the application within 90 days of receipt.
- 9 **Division of cost.**  
Amends § 256B.19, subd. 1. Beginning July 1, 2026, or upon federal approval, whichever is later, requires a five percent county share for the costs of services for all people receiving community residential services, family residential services, customized living services, or integrated community supports under DWRS.  
  
Provides an immediate effective date.
- 10 **Customized living age limitation.**  
Amends § 256B.49, by adding subd. 30. Effective January 1, 2026, or upon federal approval, whichever is later, prohibits the commissioner from authorizing customized living services under the BI and CADI waivers for persons under age 55 unless the person was authorized for customized living services at any time prior to January 1, 2026.  
  
Provides an immediate effective date.
- 11 **Applicable services.**  
Amends § 256B.4914, subd. 3. Makes conforming changes to applicable services under DWRS related to changes to night supervision rates.  
  
Provides an immediate effective date, except a conforming technical change is effective January 1, 2026, or upon federal approval, whichever is later. Requires the



**Section Description - Article 2: Disability Services**

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- commissioner of human services to notify the revisor of statutes when federal approval is obtained.
- 12     **Base wage index; establishment and updates.**  
Amends § 256B.4914, subd. 5. Effective January 1, 2026, limits inflationary adjustments to the DWRS base wage index to two percent. If the result of a base wage index update is less than two percent, requires the commissioner to implement the full value of the change.  
  
Provides an immediate effective date.
- 13     **Base wage index; calculations.**  
Amends § 256B.4914, subd. 5a. Effective January 1, 2026, or upon federal approval, whichever is later, establishes base wage index calculations under DWRS for awake night supervision staff and asleep night supervision staff.  
  
Provides an immediate effective date.
- 14     **Standard component value adjustments.**  
Amends § 256B.4914, subd. 5b. Limits inflationary adjustments to the DWRS standard component values to two percent. If the result of a standard component value update is less than two percent, requires the commissioner to implement the full value of the change.  
  
Makes this section effective January 1, 2026, or upon federal approval, whichever is later. Requires the commissioner of human services to notify the revisor of statutes when federal approval is obtained.
- 15     **Community residential services; component values and calculation of payment rates.**  
Amends § 256B.4914, subd. 6a. Effective January 1, 2026, or upon federal approval, whichever is later, limits billing for community residential services to 351 days per year under DWRS.  
  
Provides an immediate effective date.
- 16     **Adult day services; component values and calculation of payment rates.**  
Amends § 256B.4914, subd. 7a. Reduces the absence and utilization factor ratio for adult day services under DWRS from 9.4 percent to 3.9 percent.  
  
Provides a January 1, 2026, effective date.

**Section Description - Article 2: Disability Services**

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- 17      **Day support services; component values and calculation of payment rates.**  
Amends § 256B.4914, subd. 7b. Reduces the absence and utilization factor ratio for day support services under DWRS from 9.4 percent to 3.9 percent.  
  
Provides a January 1, 2026, effective date.
- 18      **Prevocational services; component values and calculation of payment rates.**  
Amends § 256B.4914, subd. 7c. Reduces the absence and utilization factor ratio for prevocational services under DWRS from 9.4 percent to 3.9 percent.  
  
Provides a January 1, 2026, effective date.
- 19      **Unit-based services with programming; component values and calculation of payment rates.**  
Amends § 256B.4914, subd. 8. Effective January 1, 2026, or upon federal approval, whichever is later, limits billing for individualized home supports with training and individualized home supports with family training to a maximum of eight hours per day under DWRS.  
  
Provides an immediate effective date.
- 20      **Unit-based services without programming; component values and calculation of payment rates.**  
Amends § 256B.4914, subd. 9. Effective January 1, 2026, or upon federal approval, whichever is later, modifies applicable services under unit-based services without programming to remove night supervision and add awake night supervision and asleep night supervision.  
  
Provides an immediate effective date.
- 21      **Limitations on rate exceptions for residential services.**  
Amends § 256B.4914, by adding subd. 14a. Effective July 1, 2026, requires the commissioner to implement limitations on the size and number of rate exceptions for community residential services, customized living services, family residential services, and integrated community supports under DWRS. Requires the commissioner to restrict rate exceptions to the absence and utilization factor ratio to people temporarily receiving hospital or crisis respite services. Prohibits the commissioner from granting an exception for more than 351 leave days per calendar year. Lists documentation needed for rate exceptions related to behavioral needs. Prohibits community residential services rate exceptions from including positive supports costs. Prohibits the commissioner from approving rate exceptions related to increased community time or transportation. Lists requirements and documentation needed for the commissioner to approve a rate exception annual renewal. Prohibits

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

Provides a January 1, 2026, effective date.

**22 Sanctions and monetary recovery.**

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

**23 Enhanced rate.**

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

Provides an immediate effective date.

**24 Determination of CFSS service authorization amount.**

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

Provides an immediate effective date.

**25 Support workers requirements.**

Amends § 256B.85, subd. 16. Effective January 1, 2026, or upon federal approval, whichever is later, allows CFSS to qualify for an enhanced budget if the support worker providing the services meets specified criteria.

Makes this section effective the day following federal approval.

**26 Payment rates; component values.**

Amends § 256B.851, subd. 5. Effective January 1, 2026, or upon federal approval, whichever is later, modifies CFSS implementation components and worker retention components. Effective January 1, 2027, or upon federal approval, whichever is later, establishes CFSS implementation components for support workers who meet specified criteria related to number of hours of PCA services provided.

Provides an immediate effective date.

**Section Description - Article 2: Disability Services**

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**27 Payment rates; rate determination.**

Amends § 256B.851, subd. 6. Includes PCA provider agency claims in the requirement to incorporate the worker retention component. Requires the commissioner to increase the CFSS budget model authorization for CFSS participant-employers employing individual providers who meet specified criteria and to determine the amount and method of the authorization increase.

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

**28 Facilities and schools.**

Amends § 260E.14, subd. 1. Specifies that DHS is the agency responsible for screening and investigating allegations of maltreatment in a provisionally licensed EIDBI agency.

Provides an unspecified effective date.

**29 Lead investigative agency.**

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

Provides an unspecified effective date.

**30 Transition to nonprovisional EIDBI license; future licensure standards.**

Requires the commissioner to develop a process and transition plan for full EIDBI agency licensure by January 1, 2026. Requires the commissioner to draft standards and submit proposed legislation to the legislature for full EIDBI licensure by December 1, 2026.

Makes this section effective August 1, 2025.

**31 Budget increase for CDCS.**

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

Provides an immediate effective date.

**Section Description - Article 2: Disability Services**

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**32 Enhanced budget increase for CDCS.**

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

Provides an immediate effective date.

**33 Stipend payments to SEIU Healthcare Minnesota and Iowa bargaining unit members.**

Requires the commissioner to issue stipend payments to collective bargaining unit members as required by the labor agreements between the state of Minnesota and SEIU Healthcare Minnesota and Iowa. Defines the term “subtraction” for purposes of this section. Specifies the amount of the stipend payments received by collective bargaining unit members is a subtraction and is excluded from income for purposes of determining income eligibility for property tax refunds. Prohibits stipend payments from being considered income, assets, or personal property for purposes of determining or recertifying eligibility for various economic assistance, housing assistance, child care assistance, and health care programs.

**34 Residential overnight staffing reform study.**

Requires the commissioner of human services to conduct a study of overnight supervision requirements in community residential services to assess and determine the thresholds necessary for an individual to qualify for awake overnight supervision. Lists topics that may be evaluated as part of the study. Requires the commissioner to submit a report to the legislature by June 30, 2027, and specifies the information that must be included in the report.

## **Article 3: Direct Care and Treatment**

This article contains provisions related to inpatient criminal competency attainment examinations and programs, and increases the county share for costs of care for individuals in the Minnesota Sex Offender Program (MSOP).

**Section Description - Article 3: Direct Care and Treatment**

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**1 Definitions.**

Amends § 13.46, subd. 1. Adds the Minnesota Competency Attainment Board and forensic navigators to definition of “welfare system” in data practices chapter.

**Section Description - Article 3: Direct Care and Treatment**

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- 2 Liability of county; reimbursement.**  
Amends § 246B.10. Increases county share for the cost of care in MSOP to 40 percent for each day an individual spends at the facility or receives services while on provision discharge; modifies county cost of care; makes technical changes.
- 3 Program coverage.**  
Amends § 256G.01, subd. 3. Adds competency proceedings to social service programs financial responsibility determination section.
- 4 Commitment and competency proceedings.**  
Amends § 256G.08, subd. 1. Adds criminal orders for inpatient examination or participation in a competency attainment program to county costs provision; adds the county from which the order was issued to the initial cost payment requirement. Makes additional conforming changes.
- 5 Responsibility for nonresidents.**  
Amends § 256G.08, subd. 2. Adds criminal orders for inpatient examination or participation in a competency attainment program to provision assigning county costs when an individual is not a resident of Minnesota.
- 6 General procedures.**  
Amends § 256G.09, subd. 1. Adds criminal orders for competency attainment to subdivision governing procedures for disputes about county financial responsibility.
- 7 Financial disputes.**  
Amends § 256G.09, subd. 2. Adds criminal competency attainment orders to subdivision governing financial disputes about county financial responsibility.
- 8 Costs related to confined treatment.**  
Amends § 611.43 by adding subd. 5. Requires a facility to first bill the responsible health plan when a defendant is ordered to participate in a competency examination in a treatment facility, locked treatment facility, or state-operated treatment facility. Specifies that the county in which criminal charges are filed is responsible for costs not covered by the health plan; specifies additional county responsibility for payment. Requires the Direct Care and Treatment executive board to determine the cost of confinement in a state-operated treatment facility.
- 9 Order to competency attainment program.**  
Amends § 611.46, subd. 1. Adds paragraph (i), requiring an inpatient competency attainment or alternative program or facility to notify specified individuals and entities if the defendant is placed on a leave or elopement status, and if the defendant returns. Adds paragraph (j) requiring that defense counsel and

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**Section Description - Article 3: Direct Care and Treatment**

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prosecutors have access to information about a defendant’s participation and treatment in a competency attainment or alternative program.

**10 Data access.**

Amends § 611.55 by adding subd. 5. Requires forensic navigators to have access to all data collected, created, or maintained by a competency attainment or alternative program. Allows a program to request a copy of the court order appointing the navigator before disclosing any private information.

## **Article 4: Behavioral Health**

This article modifies substance use disorder treatment program licensing and service requirements, establishes recovery residence certification requirements, modifies adult mental health initiative provisions, modifies county shares for costs and division of costs for substance use disorder treatment, limits behavioral health fund service eligibility 60 consecutive days per year, and requires the commissioner or Tribal nation, rather than the local agency, to make behavioral health fund eligibility determinations.

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**Section Description - Article 4: Behavioral Health**

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**1 Program design and implementation.**

Amends § 245.4661, subd. 2. Modifies adult mental health initiative funding utilization, to require the use of all other eligible funding first.

**2 Duties of commissioner.**

Amends § 245.4661, subd. 6. Removes adult mental health initiative grant criteria.

**3 Duties of adult mental health initiative board.**

Amends § 245.4661, subd. 7. Modifies adult mental health initiative board information submission requirements, to require only the submission of data and participation in an evaluation of the initiatives. Specifies that oral reports using a system designed by the commissioner and the reporting community meets the information submission requirements for services provided to American Indians.

**4 Facility or program.**

Amends § 245.91, subd. 4. Updates terminology from “sober home” to “recovery residence.” Makes this section effective January 1, 2027.

**Section Description - Article 4: Behavioral Health**

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- 5        **Guest speaker.**  
Amends § 245G.01, subd. 13b. Modifies cross-reference.
- 6        **Individual counseling.**  
Amends § 245G.01 by adding subd. 13d. Defines “individual counseling” in chapter 245G (substance use disorder treatment program licensure).
- 7        **Psychoeducation.**  
Amends § 245G.01 by adding subd. 20f. Defines “psychoeducation” in chapter 245G.
- 8        **Psychosocial treatment services.**  
Amends § 245G.01 by adding subd. 20g. Defines “psychosocial treatment services” in chapter 245G.
- 9        **Recovery support services.**  
Amends § 245G.01 by adding subd. 20h. Defines “recovery support services” in chapter 245G.
- 10       **Treatment coordination.**  
Amends § 245G.01 by adding subd. 26a. Defines “treatment coordination” in chapter 245G.
- 11       **Exemption from license requirement.**  
Amends § 245G.02, subd. 2. Modifies subdivisions in exemption for a license holder providing the initial set of substance use disorder services, to include psychoeducation services and exclude services previously listed in section 245G.07, subdivisions 1 and 2.  
  
Makes this section effective July 1, 2026.
- 12       **Treatment service.**  
Amends § 245G.07, subd. 1. Removes distinction between residential and nonresidential programs for purposes of treatment services. Moves services from clauses in paragraph (a) to new subdivisions. Adds paragraph (c) to specify that a supportive service alone is not a treatment service; lists supportive services. Adds paragraph (d) to require that treatment services provided in a group setting be provided in a cohesive manner and setting.
- 13       **Psychosocial treatment service.**  
Amends § 245G.07 by adding subd. 1a. Outlines requirements for providing psychosocial treatment services.



**Section Description - Article 4: Behavioral Health**

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- 14      **Treatment coordination.**  
Amends § 245G.07 by adding subd. 1b. Outlines requirements for providing one-to-one treatment coordination services.
- 15      **Ancillary treatment service.**  
Amends § 245G.07 by adding subd. 2a. Outlines requirements for providing ancillary treatment services; lists ancillary treatment services.
- 16      **Treatment service providers.**  
Amends § 245G.07, subd. 3. Replaces “counselors” with treatment service providers; requires all treatment services to be provided by an individual specifically qualified to provide the service. Lists provider requirements for psychosocial treatment services, treatment coordination, recovery support services, and peer recovery support services.
- 17      **Location of service provision.**  
Amends § 245G.07, subd. 4. For license holders providing telehealth treatment services, requires a physical location in Minnesota and requires them to offer in-person psychosocial treatment services to each client. Modifies reference to ancillary treatment services.
- 18      **Paraprofessionals.**  
Amends § 245G.11, subd. 6. Clarifies paraprofessional responsibilities; allows paraprofessionals to perform intake and orientation tasks and to be the designated staff member responsible for the delivery of treatment services; specifies treatment services a paraprofessional is not qualified to provide.
- 19      **Treatment coordination provider qualifications.**  
Amends § 245G.11, subd. 7. Modifies alternative qualifications for treatment coordination providers; removes bachelor’s degree requirement.
- 20      **Behavioral health practitioners.**  
Amends § 245G.11 by adding subd. 12. Establishes qualifications for behavioral health practitioners, to align with mental health practitioner qualifications. Specifies scope of practice for behavioral health practitioners to provide recovery support services. Requires at least one hour of supervision per month.
- 21      **Waiting list.**  
Amends § 245G.22, subd. 11. Updates cross-reference.

**Section Description - Article 4: Behavioral Health**

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- 22      **Nonmedication treatment services; documentation.**  
Amends § 245G.22, subd. 15. Updates cross-reference.
- 23      **Civil commitments.**  
Amends § 254A.19, subd. 4. Modifies behavioral health fund eligibility provisions by changing from county access to individual eligibility, and requiring the commissioner, rather than the county, to determine financial eligibility. Makes this section effective July 1, 2025.
- 24      **Psychosocial treatment services.**  
Amends § 254B.01, subd. 10. Updates language for psychosocial treatment services provisions added in the bill.
- 25      **Recovery residence.**  
Amends § 254B.01, subd. 11. Changes terminology from “sober home” to “recovery residence.”  
  
Makes this section effective January 1, 2027.
- 26      **Tribal allocation.**  
Amends § 254B.02, subd. 5. Modifies behavioral health fund local agency allocation provision, to specify payments to Tribal Nation servicing agencies and require the commissioner to make eligibility determinations. Makes this section effective July 1, 2025.
- 27      **Financial eligibility determinations.**  
Amends § 254B.03, subd. 1. Requires the commissioner or Tribal Nation servicing agencies to determine behavioral health fund financial eligibility, rather than local agencies. Removes provision limiting vendor eligibility. Deletes obsolete language. Makes this section effective July 1, 2025.
- 28      **Counties to pay state for county share.**  
Amends § 254B.03, subd. 3. Modifies language from “local agency” to “county” and changes authorizing entity to the commissioner. Makes this section effective July 1, 2025.
- 29      **Division of costs.**  
Amends § 254B.03, subd. 4. Increases county payments for costs of substance use disorder services from 22.95 percent to 50 percent, but maintains the 22.95 percent share for services for individuals living in carceral settings. Exempts MA-covered services and room and board services from county contributions. Requires 50

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- percent of state collections from private or third-party pay to be distributed to the county that paid for the cost of treatment. Makes this section effective July 1, 2025.
- 30 **Client eligibility.**  
Amends § 254B.04, subd. 1a. Requires the commissioner, rather than the local agency, to assist with access to needed substance use disorder treatment services. Modifies cross-references. Adds paragraph (j) to specify that a person is eligible for behavioral health fund services for one 60-consecutive-calendar-day period per year, and allows for additional eligibility requests. Makes this section effective July 1, 2025.
- 31 **Commissioner responsibility to provide administrative services.**  
Amends § 254B.04, subd. 5. Updates subdivision to account for change to commissioner responsibility to assist with access to substance use disorder treatment services.
- 32 **Commissioner to determine client financial eligibility.**  
Amends § 254B.04, subd. 6. Updates subdivision to account for change to commissioner determination of behavioral health fund eligibility and 60-day limit.
- 33 **Span of eligibility.**  
Amends § 254B.04, subd. 6a. Updates subdivision to account for change to commissioner determination of behavioral health fund eligibility.
- 34 **Licensure or certification required.**  
Amends § 254B.05, subd. 1. Updates references and terminology; adds reference to peer recovery support services.
- 35 **Room and board provider requirements.**  
Amends § 254B.05, subd. 1a. Prohibits room and board services vendors from being approved after June 30, 2025, to receive behavioral health fund payments. Allows for continued payments for those already approved until June 30, 2027.  
  
Makes this section effective the day following final enactment.
- 36 **Allocation of collections.**  
Amends § 254B.06, subd. 2. Modifies allocation of patient payments and third-party payments to the special revenue account and the financially responsible county. Makes this section effective July 1, 2025.

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- 37     **American Indian agreements.**  
Amends § 254B.09, subd. 2. Replaces local agency with Tribal unit for purposes of American Indian agreements for substance use disorder treatment services payment. Makes this section effective July 1, 2025.
- 38     **Requirements.**  
Amends § 254B.181, subd. 1. Updates terminology; modifies and adds requirements for recovery residences, related to certification, safety policies and procedures, opiate antagonist staff training, residency termination and eviction procedures, separation of client funds, substance abstinence and drug screening policies, posting of rules and policies, search policies and procedures, code of ethics policies and procedures, resident governance involvement, and procedures to maintain a respectful environment.
- 39     **Bill of rights.**  
Amends § 254B.181, subd. 2. Updates terminology for recovery residences; adds certifying entity to contact information provided.
- 40     **Complaints.**  
Amends § 254B.181, subd. 3. Updates terminology for recovery residences; adds certifying entity to complaint provision.
- 41     **Resident records.**  
Amends § 254B.181 by adding subd. 5. Requires recovery residences to maintain documentation for each resident of a written agreement prior to beginning residency; specifies what the agreement and resident documentation must include. Specifies that resident records are private data under the data practices act.
- 42     **Staff requirements.**  
Amends § 254B.181 by adding subd. 6. Requires certified level 2 recovery residence programs to have staff to model and teach recovery skills and behaviors; lists policies such programs must have.
- 43     **Recovery residence certification.**  
Proposes coding for § 254B.182. Requires the commissioner of human services to certify all recovery residences in Minnesota beginning January 1, 2027.  
  
Requires the commissioner to publish a list of recovery residences; specifies what the list must include. Requires the commissioner to make certification requirements publicly accessible, review and recertify every three years, compile an annual report,

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- review and certify all recovery residences beginning July 1, 2027, and make certification decisions within 90 days of application.
- Allows for decertification with 30 days' notice. Establishes reconsideration procedures.
- 44 **Level of care requirements.**  
Amends § 254B.19, subd. 1. Updates terminology and references.
- 45 **Appropriations from registration and license fee account.**  
Amends § 256.043, subd. 3. Replaces grants with direct payments to Tribal nations and urban Indian communities for traditional healing practices and culturally specific behavioral health providers. Modifies evaluation requirements.
- 46 **Certified community behavioral health clinic services.**  
Amends § 256B.0625, subd. 5m. Updates cross-reference.
- 47 **Behavioral health home services staff qualifications.**  
Amends § 256B.0757, subd. 4c. Updates cross-reference.
- 48 **License required; staffing qualifications.**  
Amends § 256I.04, subd. 2a. Effective January 1, 2027, allows the commissioner to enter into housing support agreements with board and lodging establishments that are certified recovery residences. Specifies that DHS is the lead agency for the agreement.
- 49 **Recovery residence title protection.**  
Amends § 325F.725. Updates terminology for recovery residences.
- Makes this section effective the day following final enactment.
- 50 **Working group for recovery residences.**  
Requires the commissioner to convene a working group on recovery residences. Outlines the duties of the working group and individuals and entities that must be included in the working group, to be appointed by the commissioner by October 1, 2025. Requires the working group to meet at least monthly, beginning no later than January 15, 2026, and requires the commissioner to provide administrative support and meeting space. Requires the working group to submit a legislative report by January 1, 2027.

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- 51      **Revisor instruction.**  
Instructs the revisor to change the term “mental health practitioner” to “behavioral health practitioner” throughout chapter 245I.
- 52      **Repealer.**  
Repeals sections 245G.01, subdivision 20d (definition of skilled treatment services); 245G.07, subdivision 2 (additional treatment service); and 254B.01, subdivision 5 (local agency definition), effective July 1, 2025. Repeals section 254B.04, subdivision 2a (eligibility for room and board services for persons in outpatient substance use disorder treatment), effective July 1, 2027.

## **Article 5: Health Care**

This article makes changes to the medical assistance (MA) program related to establishing a uniform nonemergency medical transportation (NEMT) program and directing MA providers to give the state medical review team access to the providers’ electronic health records.

**Section Description - Article 5: Health Care**

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- 1      **State medical review team.**  
Amends § 256.01, subd. 29. Directs MA providers to give the state medical review team access to the providers’ electronic health records, when available, to support the team’s work in making disability determinations for purposes of MA eligibility.
- 2      **Limitation on services.**  
Amends § 256B.04, subd. 12. Directs the commissioner of human services to place limits, with respect to emergency nonemergency transportation, on the types of services covered by MA, the frequency with which same or similar services can be covered by MA for an individual, and the amount MA pays for each service. Makes the limits effective July 1, 2026, for MA fee-for-service and January 1, 2027, for MA managed care.  
  
Makes the section effective immediately.
- 3      **Competitive bidding.**  
Amends § 256B.04, subd. 14. Provides that the commissioner may use competitive bidding and negotiation to obtain NEMT services for the MA program. Makes the change effective July 1, 2026, for MA fee-for-service and January 1, 2027, for MA managed care.

**Section Description - Article 5: Health Care**

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Makes the section effective immediately.

**4 Transportation costs.**

Amends § 256B.0625, subd. 17. Sunsets various requirements related to MA coverage of NEMT to conform with the new requirement for the commissioner to contract either statewide or regionally for the administration of NEMT under MA.

Paragraph (g) provides that the administrative agency for NEMT must: (1) adhere to policies issued by the commissioner; (2) pay NEMT providers for services provided to Minnesota health care program beneficiaries; and (3) provide data on a monthly basis to the commissioner on appeals, complaints, no-shows, canceled trips, and number of trips made. Makes these requirements effective July 1, 2026, for MA fee-for-service and January 1, 2027, for MA managed care.

Paragraph (s) provides that MA payments for NEMT must be based on the client's assessed mode of transportation, not the type of vehicle used to provide the services. Makes this requirement effective July 1, 2026, for MA fee-for-service and January 1, 2027, for MA managed care.

Makes the section effective immediately.

**5 Administration of nonemergency medical transportation.**

Adds a subdivision to § 256B.0625. Directs the commissioner to contract either statewide or regionally for the administration of NEMT under MA. Requires that the contract include the administration of NEMT for MA enrollees in managed care plans. Provides that the required contract or contracts must be effective July 1, 2026, for MA fee-for-service and January 1, 2027, for MA managed care.

Makes the section effective immediately.

**6 Repealer.**

Repeals the following subdivisions of section 256B.0625, effective July 1, 2026, for MA fee-for-service and January 1, 2027, for MA managed care:

- 18b (Broker dispatching prohibition);
- 18e (Single administrative structure and delivery system); and
- 18h (Nonemergency medical transportation provisions related to managed care).

## **Article 6: Miscellaneous**

This article modifies provisions related to nursing facility level of care and DHS federal administrative reimbursements.

<b>Section</b>	<b>Description - Article 6: Miscellaneous</b>
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<b>1</b>	<b>Nursing facility level of care.</b>
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	Amends § 144.0724, subd. 11. Allows a MnCHOICES assessment that occurred up to one calendar year before the effective date of MA eligibility to be used to establish MA payment for certain long-term care services, including elderly waivers, certain disability waivers, and the alternative care program. Currently, the assessment must have occurred no more than 60 calendar days before the effective date of MA eligibility to establish MA payment rates.
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<b>2</b>	<b>Federal administrative reimbursement dedicated.</b>
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	Amends § 256.01, subd. 34. Modifies the statutory appropriation of federal administrative reimbursements to DHS to include reimbursement for capacity building and implementation grant expenditures for the MA reentry demonstration program.
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## **Article 7: Department of Human Services Appropriations**

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

## **Article 8: Direct Care and Treatment Appropriations**

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

## **Article 9: Other Agency Appropriations**

This article provides appropriations for the Council on Disability and the Office of Ombudsman for Mental Health and Developmental Disabilities.





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