

142.6 **ARTICLE 3**

142.7 **LONG-TERM SERVICES AND SUPPORTS REFORM**

142.8 Section 1. Minnesota Statutes 2024, section 256B.49, is amended by adding a subdivision

142.9 to read:

142.10 Subd. 17a. Service authorizations and service agreements; generally. Recipients

142.11 must be screened and authorized for services according to the federally approved waiver

142.12 application and its subsequent amendments.

142.13 Sec. 2. Minnesota Statutes 2024, section 256B.49, is amended by adding a subdivision to

142.14 read:

142.15 Subd. 17b. Service authorizations and service agreements; community access for

142.16 disability inclusion waiver services. (a) For service agreements under the community

142.17 access for disability inclusion waiver program only, the commissioner must require lead

142.18 agency supervisors to review and accept all service agreements entered by lead agency staff

142.19 into the Medicaid management information system (MMIS) prior to the commissioner's

142.20 approval of the service agreement.

142.21 (b) For a service agreement under the community access for disability inclusion waiver

142.22 with a proposed total authorized amount that exceeds the total authorized amount in the

142.23 recipient's prior service agreement by more than the value of legislatively enacted rate

142.24 increases, the commissioner must manually review and manually approve the service

142.25 agreement in the MMIS. For purposes of this paragraph, "prior service agreement" means

142.26 the service agreement that was in effect 12 months prior to the start date of the new proposed

142.27 service agreement.

142.28 (c) In a format prescribed by the commissioner, lead agencies must submit the following

142.29 information for all service agreements subject to the commissioner's approval in paragraph

142.30 (b):

142.31 (1) changes in the number of units authorized;

143.1 (2) new services authorized;

143.2 (3) changes in the values used to calculate service rates under section 256B.4914, except

143.3 for automatic adjustments required under section 256B.4914, subdivisions 5 and 5b;

143.4 (4) changes in the person's level of need requiring an increase in the amount of services

143.5 authorized;

143.6 (5) documentation detailing why the previous amount of services is not sufficient to

143.7 meet the person's needs; and

143.8 (6) anticipated impact if the total service amount is not increased to the proposed amount.

143.9 (d) Except for rate increases required under section 256B.4914, subdivisions 5 and 5b,  
143.10 and rate changes authorized by the 2025 legislature, the commissioner must not approve  
143.11 service agreements under paragraph (b) that are not the result of either a documented change  
143.12 in a person's assessed needs or documented evidence that the previous level of service was  
143.13 insufficient to meet the person's assessed needs.

143.14 (e) This subdivision expires upon full implementation of waiver reimagine. The  
143.15 commissioner must inform the revisor of statutes when waiver reimagine is fully  
143.16 implemented.

143.17 Sec. 3. Minnesota Statutes 2024, section 256B.49, subdivision 18, is amended to read:

143.18 Subd. 18. **Payments.** The commissioner shall reimburse approved vendors from the  
143.19 medical assistance account for the costs of providing home and community-based services  
143.20 to eligible recipients using the invoice processing procedures of the Medicaid management  
143.21 information system (MMIS). ~~Recipients will be screened and authorized for services~~  
143.22 ~~according to the federally approved waiver application and its subsequent amendments.~~

143.23 Sec. 4. **DIRECTION TO THE COMMISSIONER OF HUMAN SERVICES;**  
143.24 **LONG-TERM SERVICES AND SUPPORTS REFORM WORK GROUP.**

143.25 Subdivision 1. **Development of alternative service models for long-term services**  
143.26 **and supports.** (a) By October 1, 2025, the commissioner of human services must convene  
143.27 a group of department staff and community partners to assist the commissioner in developing  
143.28 alternative service models to provide long-term services and supports to people with limited  
143.29 dependencies, low-acuity assessed needs, or natural supports. The commissioner is  
143.30 encouraged to consider increasing available service models; tailoring available services to  
143.31 meet the needs of the target population; supplementing or subsidizing family caregivers,  
143.32 religious organizations, social clubs, and similar civic and service organizations; exercising  
144.1 the commissioner's authority under Minnesota Statutes, section 256B.092, subdivision 4a;  
144.2 reexamining the provision of services under Minnesota Statutes, section 245A.03, subdivision  
144.3 9; reexamining the viability of a demonstration project similar for the target population to  
144.4 the projects authorized under Minnesota Statutes, sections 256B.69, subdivision 23, and  
144.5 256B.77; modifying licensing and regulator requirements to permit family or other natural  
144.6 supports to live with a person with a disability, behavioral health needs, or an older adult  
144.7 in licensed settings, such as an assisted living facility or senior living setting; and tax credits  
144.8 or other tax incentives to encourage intergenerational living arrangements, accessory dwelling  
144.9 units, or other residential arrangements that permit easier access to natural supports.

144.10 (b) By October 1, 2026, the commissioner must submit to the chairs and ranking minority  
144.11 members of the legislative committees with jurisdiction over medical assistance long-term  
144.12 services and supports a set of proposals that if enacted is estimated to reduce expected  
144.13 general fund expenditures relative to the February 2025 forecast during the biennium  
144.14 beginning July 1, 2027, by at least the amount assumed in subdivision 3, paragraph (a). An

- 144.15 estimate of the estimated savings as well as a summary of the expected impact on people  
144.16 served must accompany each proposal.
- 144.17 Subd. 2. **Administration.** (a) The commissioner of human services must provide meeting  
144.18 space and general administrative support to the workgroup.
- 144.19 (b) The commissioner of human services must contract with a third party to provide  
144.20 facilitation services for the workgroup. Use of a third party for this purpose is exempt from  
144.21 state procurement process requirements under Minnesota Statutes, chapter 16C.
- 144.22 (c) The commissioner of human services may contract with a third party or parties to  
144.23 provide policy research and analysis, data analysis, and administrative support related to  
144.24 drafting the action plan and supporting materials. Use of a third party for these purposes is  
144.25 exempt from state procurement process requirements under Minnesota Statutes, chapter  
144.26 16C.
- 144.27 Subd. 3. **Savings determination.** (a) When preparing the forecast for state revenues and  
144.28 expenditures under Minnesota Statutes, section 16A.103, the commissioner of management  
144.29 and budget must assume a reduction of human services spending of \$135,000,000 relative  
144.30 to the February 2025 forecast for the biennium beginning July 1, 2027, until the end of the  
144.31 legislative session that enacts a budget for the Department of Human Services for the  
144.32 biennium beginning July 1, 2027.
- 144.33 (b) Upon enactment of a budget for the Department of Human Services for the biennium  
144.34 beginning July 1, 2027, the legislature must identify enacted provisions that were  
145.1 recommended by or based on the action plan submitted by the commissioner of human  
145.2 services under subdivision 1.
- 145.3 (c) To the extent the net savings attributable to the provisions identified by the legislature  
145.4 under paragraph (b) for the biennium beginning July 1, 2027, are less than the assumed  
145.5 savings in paragraph (a), the commissioner of human services must implement the contingent  
145.6 rate reductions described in subdivision 4.
- 145.7 Subd. 4. **Contingent rate reductions.** If upon enactment of a budget for the Department  
145.8 of Human Services for the biennium beginning July 1, 2027, the net savings for the biennium  
145.9 beginning July 1, 2027, attributable to the provisions identified by the legislature under  
145.10 subdivision 3, paragraph (b), are less than the assumed savings in subdivision 3, paragraph  
145.11 (a), notwithstanding Minnesota Statutes, section 256B.4914, the commissioner of human  
145.12 services must adjust the competitive workforce factors under Minnesota Statutes, section  
145.13 256B.4914, subdivisions 6 to 9, to a value that will produce by June 30, 2029, a net reduction  
145.14 in expected general fund expenditures relative to the February 2025 forecast equal to the  
145.15 difference between the savings attributable to the provisions identified in subdivision 3,  
145.16 paragraph (b), and the assumed savings in subdivision 3, paragraph (a).
- 145.17 **EFFECTIVE DATE.** This section is effective July 1, 2025.

145.18 Sec. 5. **DIRECTION TO THE COMMISSIONERS OF HUMAN SERVICES AND**  
145.19 **MANAGEMENT AND BUDGET; COST SAVING REFORMS WORKING GROUP.**

145.20 Subdivision 1. **Identifying cost saving reforms.** (a) By October 1, 2025, the  
145.21 commissioner of human services must convene a group of department staff and community  
145.22 partners to assist the commissioner in identifying cost saving reforms to licensing  
145.23 requirements, service standards, provider qualifications, provider duties and responsibilities,  
145.24 lead agency duties and responsibilities, eligibility, covered services, service authorizations,  
145.25 service limits, service rate calculations, rate enhancements and add-ons, rate exceptions,  
145.26 rate limits, budget limits, or any other cost saving reforms to medical assistance long-term  
145.27 services and supports and other programs serving people with disabilities, people with  
145.28 behavioral health needs, or older adults.

145.29 (b) By October 1, 2026, the commissioner must submit to the chairs and ranking minority  
145.30 members of the legislative committees with jurisdiction over medical assistance long-term  
145.31 services and supports an action plan that if enacted is estimated to reduce expected general  
145.32 fund expenditures relative to the February 2025 forecast during the biennium beginning  
145.33 July 1, 2027, by at least the amount assumed in subdivision 3, paragraph (a). Each strategy  
146.1 included in the action plan must include an estimate of the estimated savings as well as a  
146.2 summary of the expected impact on people served.

146.3 Subd. 2. **Administration.** (a) The commissioner of human services must provide meeting  
146.4 space and general administrative support to the workgroup.

146.5 (b) The commissioner of human services must contract with a third party to provide  
146.6 facilitation services for the workgroup. Use of a third party for this purpose is exempt from  
146.7 state procurement process requirements under Minnesota Statutes, chapter 16C.

146.8 (c) The commissioner of human services may contract with a third party or parties to  
146.9 provide policy research and analysis, data analysis, and administrative support related to  
146.10 drafting the action plan and supporting materials. Use of a third party for these purposes is  
146.11 exempt from state procurement process requirements under Minnesota Statutes, chapter  
146.12 16C.

146.13 Subd. 3. **Savings determination.** (a) When preparing the forecast for state revenues and  
146.14 expenditures under Minnesota Statutes, section 16A.103, the commissioner of management  
146.15 and budget must assume a reduction of human services spending of \$150,000,000 relative  
146.16 to the February 2025 forecast for the biennium beginning July 1, 2027, until the end of the  
146.17 legislative session that enacts a budget for the Department of Human Services for the  
146.18 biennium beginning July 1, 2027.

146.19 (b) Upon enactment of a budget for the Department of Human Services for the biennium  
146.20 beginning July 1, 2027, the legislature must identify enacted provisions that were  
146.21 recommended by or based on the action plan submitted by the commissioner of human  
146.22 services under subdivision 1.

146.23 (c) To the extent the net savings attributable to the provisions identified by the legislature  
146.24 under paragraph (b) for the biennium beginning July 1, 2027, are less than the assumed  
146.25 savings in paragraph (a), the commissioner of human services must implement the contingent  
146.26 rate reductions described in subdivision 4.

146.27 Subd. 4. **Contingent rate reductions.** If upon enactment of a budget for the Department  
146.28 of Human Services for the biennium beginning July 1, 2027, the net savings for the biennium  
146.29 beginning July 1, 2027, attributable to the provisions identified by the legislature under  
146.30 subdivision 3, paragraph (b), are less than the assumed savings in subdivision 3, paragraph  
146.31 (a), notwithstanding Minnesota Statutes, section 256B.4914, the commissioner of human  
146.32 services must adjust the competitive workforce factors under Minnesota Statutes, section  
146.33 256B.4914, subdivisions 6 to 9, to a value that will produce by June 30, 2029, a net reduction  
146.34 in expected general fund expenditures relative to the February 2025 forecast equal to the  
147.1 difference between the savings attributable to the provisions identified in subdivision 3,  
147.2 paragraph (b), and the assumed savings in subdivision 3, paragraph (a).

147.3 **EFFECTIVE DATE.** This section is effective July 1, 2025.

147.4 Sec. 6. **DIRECTION TO COMMISSIONER OF HUMAN SERVICES; OPTIONAL**  
147.5 **CONSULTATION SERVICES.**

147.6 The commissioner of human services must consider submitting a medical assistance  
147.7 state plan amendment to permit consultation services that are currently required under the  
147.8 community first services and supports program to be an optional service for individuals  
147.9 receiving waiver case management services under Minnesota Statutes, sections 256B.0913,  
147.10 256B.092, 256B.0922, and 256B.49, or Minnesota Statutes, chapter 256S.

147.11 Sec. 7. **DIRECTION TO THE COMMISSIONER OF HUMAN SERVICES;**  
147.12 **LONG-TERM CARE CONSULTATION SERVICES PAYMENT REFORM.**

147.13 Subdivision 1. **Development of alternative payment methodology for long-term care**  
147.14 **consultation services.** (a) The commissioner of human services must develop a proposal  
147.15 for a long-term care consultation services payment methodology that does not rely on a  
147.16 time study to determine reimbursement to the counties for providing long-term care  
147.17 consultation services under Minnesota Statutes, section 256B.0911. The new reimbursement  
147.18 methodology must be a methodology that:

147.19 (1) results in a flat reimbursement amount per long-term care consultation assessment  
147.20 under Minnesota Statutes, section 256B.0911;

147.21 (2) reduces expected general fund expenditures relative to the February 2025 forecast  
147.22 during the biennium beginning July 1, 2027, by at least the amount assumed in subdivision  
147.23 2, paragraph (a);

147.24 (3) preserves the commissioner's ability to allocate to medical assistance costs incurred  
147.25 by counties for providing long-term care consultation services; and

147.26 (4) does not jeopardize the commissioner's ability to allocate other local administrative  
147.27 costs to medical assistance or other federal programs.

147.28 (b) By October 1, 2026, the commissioner must submit to the chairs and ranking minority  
147.29 members of the legislative committees with jurisdiction over medical assistance long-term  
147.30 services and supports the proposal developed under paragraph (a) and any draft legislation  
147.31 required to implement the proposal.

148.1 Subd. 2. **Savings determination.** (a) When preparing the forecast for state revenues and  
148.2 expenditures under Minnesota Statutes, section 16A.103, the commissioner of management  
148.3 and budget must assume a reduction of human services spending of \$18,000,000 relative  
148.4 to the February 2025 forecast for the biennium beginning July 1, 2027, until the end of the  
148.5 legislative session that enacts a budget for the Department of Human Services for the  
148.6 biennium beginning July 1, 2027.

148.7 (b) Upon enactment of a budget for the Department of Human Services for the biennium  
148.8 beginning July 1, 2027, the legislature must identify enacted provisions that were  
148.9 recommended by or based on the proposal submitted by the commissioner of human services  
148.10 under subdivision 1.

148.11 (c) To the extent the net savings attributable to the provisions identified by the legislature  
148.12 under paragraph (b) for the biennium beginning July 1, 2027, are less than the assumed  
148.13 savings in paragraph (a), the commissioner of human services shall implement the contingent  
148.14 reductions in reimbursement to counties described in subdivision 4.

148.15 Subd. 3. **Contingent reimbursement reductions.** If upon enactment of a budget for  
148.16 the Department of Human Services for the biennium beginning July 1, 2027, the net savings  
148.17 for the biennium beginning July 1, 2027, attributable to the provisions identified by the  
148.18 legislature under subdivision 2, paragraph (b), are less than the assumed savings in  
148.19 subdivision 2, paragraph (a), notwithstanding Minnesota Statutes, section 256B.0911,  
148.20 subdivision 33, the commissioner of human services must reduce the percentage of the  
148.21 nonfederal share for the provision of long-term care consultation services the state pays to  
148.22 the counties as reimbursement to a value that will produce by June 30, 2029, a net reduction  
148.23 in expected general fund expenditures relative to the February 2025 forecast equal to the  
148.24 difference between the savings attributable to the provisions identified in subdivision 2,  
148.25 paragraph (b), and the assumed savings in subdivision 2, paragraph (a).

148.26 **EFFECTIVE DATE.** This section is effective July 1, 2025.

148.27 Sec. 8. **DIRECTIONS TO THE COMMISSIONERS OF HUMAN SERVICES AND**  
148.28 **MANAGEMENT AND BUDGET; ADDITIONAL OFFSETS TO CONTINGENT**  
148.29 **REIMBURSEMENT REDUCTIONS.**

148.30 (a) When preparing the forecast for state revenues and expenditures under Minnesota  
148.31 Statutes, section 16A.103, the commissioner of management and budget, in consultation  
148.32 with the commissioner of human services, must estimate the net reduction in estimated  
148.33 spending for the biennium beginning July 1, 2027, attributable to the amendments in sections

- 149.1 1 to 3 and 6 of this article that exceed the general fund reductions included in this act for  
149.2 these sections of this article.
- 149.3 (b) The commissioner of management and budget must reduce the assumed reductions  
149.4 in human services spending required under section 7, subdivision 2, paragraph (a), of this  
149.5 article by the amount identified in paragraph (a).
- 149.6 (c) If the amount identified in paragraph (a) exceeds the assumed reductions required  
149.7 under section 7, subdivision 2, paragraph (a), of this article, notwithstanding Minnesota  
149.8 Statutes, section 256B.0911, subdivision 33, the commissioner of human services must  
149.9 increase the percentage of the nonfederal share for the provision of long-term care  
149.10 consultation services the state pays to the counties as reimbursement to a value that will  
149.11 produce, by June 30, 2029, a net zero change in expected general fund expenditures relative  
149.12 to the February 2025 forecast for these services.