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<https://mn.gov/dhs/>

AT A GLANCE

- Health Care: In fiscal year 2023, each month an average of 1,384,143 people received healthcare coverage through Medical Assistance and 104,648 through MinnesotaCare
- Long Term Care in the Community: In fiscal year 2023, each month 62,827 received home and community based services through the disability waivers, 27,962 people through the elderly waiver, and 40,264 people received personal care services.
- Nursing Facilities: 11,227 people per month received care in nursing facilities in fiscal year 2023
- Substance Use Disorder Treatment: 52,214 people received treatment for substance use disorder through the Medicaid program in calendar year 2023
- Mental Health: 208,680 Minnesota adults received mental health services through Minnesota Health Care Programs in calendar year 2023
- Economic Support: About 21,777 people received assistance through the General Assistance program and 30,152 people received support through the Minnesota Supplemental Aid program in FY23
- Housing: About 20,218 people received Housing Support services each month in fiscal year 2023
- In FY23 DHS all funds spending was \$24.5 billionⁱ

PURPOSE

The Minnesota Department of Human Services (DHS), working in partnership with many others, helps people meet their basic needs so they can live in dignity and achieve their highest potential.

Our work is guided by the following values:

- We focus on people, not programs.
- We provide ladders up and safety nets for the people we serve.
- We work in partnership with others; we cannot do it alone.
- We are accountable for results, first to the people we serve and, ultimately, to all Minnesotans.

Minnesota has a strong tradition of providing human services for people in need so they can live as independently as possible, and of working to ensure that Minnesotans with disabilities are able to live, work and enjoy life in the most integrated setting desired.

DHS provides oversight and direction for most health and human services programs, making sure providers meet service expectations. Most services are delivered directly to people by counties, tribes, health care providers or other community partners.

Examples of our work include:

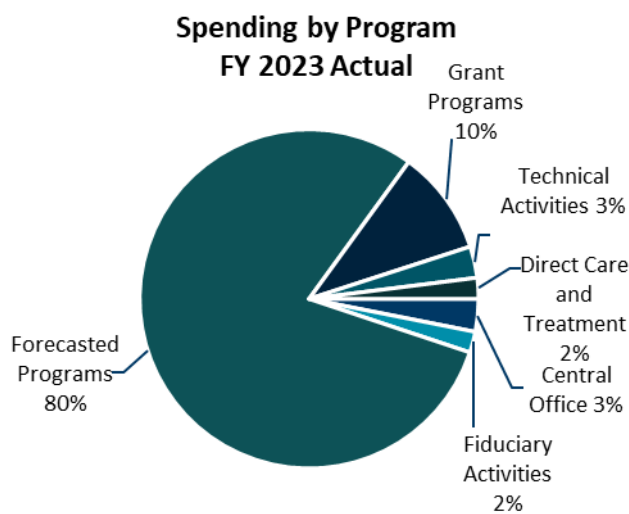
- Health care programs purchase medical care for children, older adults, people with disabilities and people with low incomes
- Home and community-based service programs help people with disabilities and older adults to receive support in their own homes and communities
- Mental health and substance use programs assist adults and children needing behavioral health services
- Housing programs assist people experiencing homelessness in finding shelter and securing long term housing stability
- Adult protective services ensure that older adults and people with disabilities are safe

- Grant programs support local delivery of human services for populations in need, including recent refugee immigrant populations, adults and children needing behavioral health services, people who are deaf or hard of hearing, people with disabilities, and older adults.

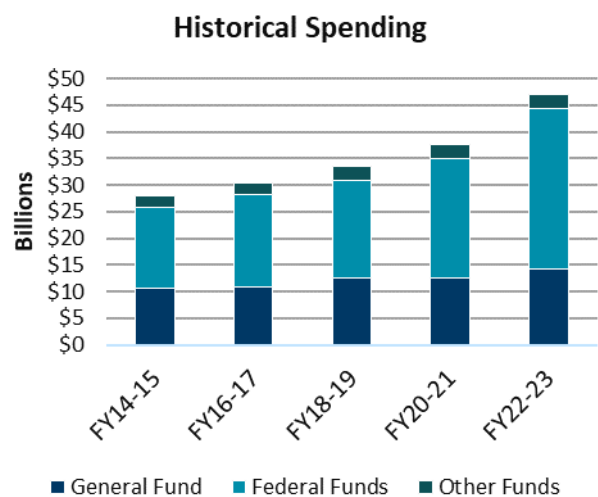
In fiscal year 2024, DHS began the transition of some programs and services to two new agencies, the Department of Children, Youth, and Families (DCYF), and Direct Care and Treatment (DCT). Beginning in fiscal year 2025, programs related to family economic support, nutrition, child care, child support and child welfare began transitioning from DHS to DCYF. By July 1, 2025, financial functions for these programs will transition to DCYF. Starting in fiscal year 2026, programs within Direct Care and Treatment of DHS will move into its own agency.

BUDGET

Below you will find all funds spending by program in fiscal year 2023. The majority of spending occurs within forecasted programs. Forecasted programs include: Medical assistance (89%), MinnesotaCare (3%), Economic support programs (6%) and other healthcare programs (2%).



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The data above reflects DHS prior to transitioning programs to the Department of Children Youth and Families and Direct Care and Treatment.

STRATEGIES

The 2023-2027 DHS Strategic Plan (<https://mn.gov/dhs/general-public/about-dhs/strategic-plan/>) includes three main outcomes and 14 goals.

Outcome: People in Minnesota thrive.

Goals:

1. Advance policy and programs that support equity, justice and stability in food, housing, income, child care and health care.
2. Promote adult and children's safety and wellbeing with easy access to behavioral health supports and optimal living situations.
3. Champion a service continuum that centers justice, equity and choice supporting people with disabilities and older adults to lead meaningful lives in community.
4. Invest in home, community, and facility-based care workforce and strengthen Minnesota's network of caregiving.

Outcome: People experience high-quality human services.

Goals:

1. Transform and strengthen the service delivery experience to be equitable, accessible, caring, and responsive.
2. Administer programs effectively and efficiently through streamlined processes and reduction of errors, fraud and waste.
3. Build capacity to partner with Tribal Nations and counties to envision a human services system that works for the people in Minnesota.
4. Build capacity to engage with community and amplify voices in decision making processes.
5. Equip partners and providers, with resources and technical assistance to maintain program integrity and deliver better services.

Outcome: People at DHS thrive in an inclusive environment.

Goals:

1. Become an anti-racist/multicultural organization and build equity into everything we do.
2. Create an organizational culture where employees experience inclusion, psychological safety, respect, wellbeing, and joy.
3. Build career pathways and create ways for staff to grow in their job.
4. Be a collaborative partner in the creation of separate state agencies while supporting employees and continuity of operations.
5. Enhance DHS's environmental sustainability.

The Department of Human Services' overall legal authority comes from Minnesota Statutes chapters 245 (<https://www.revisor.mn.gov/statutes?id=245>) and 256. (<https://www.revisor.mn.gov/statutes/?id=256>) We list additional program-specific legal authority at the end of each budget activity narrative.

ⁱ Excludes Fiduciary and Technical Activities

Human Services

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	6,534,793	7,680,763	9,242,631	10,461,736	9,547,040	10,244,831	9,572,224	9,872,912
1200 - State Government Special Rev	4,210	3,787	4,302	4,101	4,103	4,103	4,103	4,103
1201 - Health Related Boards				738	55	55	55	55
2000 - Restrict Misc Special Revenue	144,443	167,043	206,928	200,407	151,306	151,548	151,306	151,548
2001 - Other Misc Special Revenue	530,271	598,176	666,099	1,340,113	498,665	464,420	496,204	452,998
2005 - Opiate Epidemic Response	7,568	8,245	17,367	57,071	34,289	17,821	34,289	17,821
2360 - Health Care Access	681,992	429,038	886,013	1,296,456	1,151,104	1,097,605	1,180,021	1,130,610
2403 - Gift	1	2	2	426	15	15	15	15
3000 - Federal	14,301,610	15,321,582	14,155,238	16,061,884	14,111,162	14,684,269	14,111,162	14,684,269
3001 - Federal TANF	182,224	251,874	254,943	273,987				
3010 - Coronavirus Relief	24,323							
3015 - ARP-State Fiscal Recovery	114,913	52,838	5,600	14,972	588		588	
4100 - SOS TBI & Adol Ent Svcs	841	209						
4101 - DHS Chemical Dependency Servs	16,252	19,377						
4350 - MN State Operated Comm Svcs	121,856	143,915	171,290	183,788				
4503 - Minnesota State Industries	1,376	1,729	1,662	2,349				
4800 - Lottery	1,670	1,631	1,648	2,056	1,896	1,896	1,896	1,896
4925 - Family and Medical Benefit Ins					20,000	199	20,000	199
6000 - Miscellaneous Agency	11,297	13,441	10,768	21,759				
6003 - Child Support Enforcement	549,644	539,320	532,558	650,505				
Total	23,229,284	25,232,968	26,157,048	30,572,348	25,520,223	26,666,762	25,571,863	26,316,426
Biennial Change				8,267,144		(4,542,411)		(4,841,107)
Biennial % Change				17		(8)		(9)
Governor's Change from Base								(298,696)
Governor's % Change from Base								(1)

Expenditures by Program

Central Office Operations	600,902	649,734	752,188	1,376,936	533,301	506,295	588,240	567,381
Forecasted Programs	18,392,058	20,162,494	20,825,714	23,408,925	23,731,433	24,994,320	23,696,469	24,595,826
Grant Programs	2,409,875	2,467,147	2,533,871	3,435,509	689,794	600,555	734,802	601,713
Direct Care and Treatment	556,731	607,489	669,225	789,665				
Fiduciary Activities	555,448	547,210	544,774	675,332	9,300	9,400	9,300	9,400

Human Services

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
Technical Activities	775,599	864,592	900,662	990,303	617,858	617,625	617,858	617,625
DHS Federal Admin Reimbursement	(61,329)	(65,699)	(69,387)	(104,322)	(61,463)	(61,433)	(74,806)	(75,519)
Total	23,229,284	25,232,968	26,157,048	30,572,348	25,520,223	26,666,762	25,571,863	26,316,426

Expenditures by Category

Compensation	719,950	787,118	871,464	1,070,401	247,489	247,081	266,689	270,322
Operating Expenses	991,518	1,072,591	1,286,554	1,883,914	969,441	942,803	1,006,187	981,655
Grants, Aids and Subsidies	21,010,354	22,879,092	23,501,669	27,053,017	24,358,293	25,531,941	24,367,330	25,133,598
Capital Outlay-Real Property	938	4,605	11,686					
Other Financial Transaction	567,853	555,262	555,062	669,338	6,463	6,370	6,463	6,370
Total Before Federal Admin Reimbursement	23,290,613	25,298,667	26,226,435	30,676,670	25,581,686	26,728,195	25,646,669	26,391,945
Federal Admin Reimbursement	(61,329)	(65,699)	(69,387)	(104,322)	(61,463)	(61,433)	(74,806)	(75,519)
Total	23,229,284	25,232,968	26,157,048	30,572,348	25,520,223	26,666,762	25,571,863	26,316,426

Full-Time Equivalents

6,787.11	7,418.37	7,485.74	8,597.71	1,954.84	1,930.38	2,116.78	2,104.63
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Human Services

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In	19,008	107,287	18,594	597,803				
Direct Appropriation	6,890,253	7,935,171	10,428,517	10,403,435	9,811,930	10,494,986	9,847,485	10,124,822
Receipts	1,819	1,930	2,026	1,915	1,609	1,594	1,609	1,594
Transfers In	114,751	148,936	6,360,226	7,072,468	21,787	1,100	21,787	1,100
Transfers Out	342,325	392,680	6,758,338	7,526,612	243,872	208,465	241,411	197,043
Cancellations	35,411	53,694	152,201					
Balance Forward Out	69,023	18,582	597,804					
Expenditures	6,579,073	7,728,368	9,301,021	10,549,009	9,591,454	10,289,215	9,629,470	9,930,473
Federal Admin Reimbursement	(44,281)	(47,605)	(58,390)	(87,273)	(44,414)	(44,384)	(57,246)	(57,561)
Expenditures after Federal Admin Reimbursement	6,534,793	7,680,763	9,242,631	10,461,736	9,547,040	10,244,831	9,572,224	9,872,912
Biennial Change in Expenditures			5,488,811		87,504		(259,231)	
Biennial % Change in Expenditures			39		0		(1)	
Governor's Change from Base							(346,735)	
Governor's % Change from Base							(2)	
Full-Time Equivalents	4,096.61	4,465.19	4,674.44	5,451.96	1,031.97	1,031.97	1,193.91	1,206.22

1200 - State Government Special Rev

Balance Forward In		116		266				
Direct Appropriation	4,299	4,299	4,567	3,835	4,103	4,103	4,103	4,103
Open Appropriation	27	16						
Cancellations		645						
Balance Forward Out	116		265					
Expenditures	4,210	3,787	4,302	4,101	4,103	4,103	4,103	4,103
Biennial Change in Expenditures				406		(197)		(197)
Biennial % Change in Expenditures				5		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	34.63	31.85	34.36	34.98	31.98	31.98	31.98	31.98

1201 - Health Related Boards

Balance Forward In				279				
Direct Appropriation		522	334	574	170	170	170	170

Human Services

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
Transfers Out		275	55	115	115	115	115	115
Cancellations		247						
Balance Forward Out			279					
Expenditures				738	55	55	55	55
Biennial Change in Expenditures				738		(628)		(628)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In	43,126	33,021	32,630	26,314	2,654		2,654	
Receipts	124,628	158,599	200,653	169,334	150,306	150,548	150,306	150,548
Transfers In	14,020	9,934	7,240	11,185	4,771	4,820	4,771	4,820
Transfers Out	10,989	7,086	7,282	3,772	6,425	3,820	6,425	3,820
Balance Forward Out	26,343	27,426	26,314	2,654				
Expenditures	144,443	167,043	206,928	200,407	151,306	151,548	151,306	151,548
Biennial Change in Expenditures				95,849		(104,481)		(104,481)
Biennial % Change in Expenditures				31		(26)		(26)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	157.95	180.74	177.50	180.25	136.54	136.54	136.54	136.54

2001 - Other Misc Special Revenue

Balance Forward In	71,554	93,723	78,339	210,692	24,364	24,042	24,364	24,042
Receipts	280,191	337,810	379,960	683,971	263,086	243,327	263,086	243,327
Transfers In	238,496	254,028	424,355	480,250	279,795	264,793	277,334	253,371
Transfers Out	13,935	15,567	5,867	10,436	44,538	43,728	44,538	43,728
Balance Forward Out	46,036	71,818	210,688	24,364	24,042	24,014	24,042	24,014
Expenditures	530,271	598,176	666,099	1,340,113	498,665	464,420	496,204	452,998
Biennial Change in Expenditures				877,766		(1,043,127)		(1,057,010)
Biennial % Change in Expenditures				78		(52)		(53)
Governor's Change from Base								(13,883)
Governor's % Change from Base								(1)

Human Services

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Full-Time Equivalents	529.80	563.40	551.38	544.96	290.28	268.59	290.28	268.59

2005 - Opiate Epidemic Response

Balance Forward In		1,404	28,964	34,820				
Direct Appropriation	12,606	34,854	23,221	22,251	34,289	17,821	34,289	17,821
Open Appropriation	1	2						
Transfers In		1,404	60					
Transfers Out		1,404	60					
Cancellations	5,039	490						
Balance Forward Out		27,526	34,818					
Expenditures	7,568	8,245	17,367	57,071	34,289	17,821	34,289	17,821
Biennial Change in Expenditures				58,626		(22,328)		(22,328)
Biennial % Change in Expenditures				371		(30)		(30)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.00	3.06	7.04	7.04	6.16	6.16	6.16	6.16

2360 - Health Care Access

Balance Forward In	72	19,613	1	23,211				
Direct Appropriation	725,136	444,243	938,771	1,316,672	1,158,591	1,086,429	1,188,019	1,120,343
Open Appropriation	219	154						
Receipts	6,152	1,011	493	1,841	19,072	37,735	19,072	37,735
Transfers In	73,711	498,201	42,297	3,766				
Transfers Out	83,848	508,587	51,807	13,276	9,510	9,510	9,510	9,510
Cancellations	17,730	7,502	9,533	18,709				
Balance Forward Out	4,671		23,211					
Expenditures	699,041	447,133	897,010	1,313,505	1,168,153	1,114,654	1,197,581	1,148,568
Federal Admin Reimbursement	(17,049)	(18,095)	(10,997)	(17,049)	(17,049)	(17,049)	(17,560)	(17,958)
Expenditures after Federal Admin Reimbursement	681,992	429,038	886,013	1,296,456	1,151,104	1,097,605	1,180,021	1,130,610
Biennial Change in Expenditures				1,071,440		66,240		128,162
Biennial % Change in Expenditures				96		3		6
Governor's Change from Base								61,922
Governor's % Change from Base								3

Human Services

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Full-Time Equivalents	296.72	308.28	317.88	317.88	317.88	317.88	317.88	317.88

2400 - Endowment

Balance Forward In	65	65	67	71	72		72	
Receipts	0	2	3	1				
Transfers Out					72		72	
Balance Forward Out	65	67	71	72				

2403 - Gift

Balance Forward In	403	422	581	609	201		201	
Receipts	4	15	29	18	15	15	15	15
Transfers In		145	0					
Transfers Out			0		201		201	
Balance Forward Out	406	581	609	201				
Expenditures	1	2	2	426	15	15	15	15
Biennial Change in Expenditures				424		(398)		(398)
Biennial % Change in Expenditures				13,863		(93)		(93)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	261,234	267,947	352,991	310,319				
Receipts	14,273,398	15,400,654	14,112,566	15,751,565	14,111,162	14,684,269	14,111,162	14,684,269
Internal Billing Receipts				20				
Transfers In	16							
Transfers Out	16							
Balance Forward Out	233,022	347,019	310,319					
Expenditures	14,301,610	15,321,582	14,155,238	16,061,884	14,111,162	14,684,269	14,111,162	14,684,269
Biennial Change in Expenditures				593,930		(1,421,691)		(1,421,691)
Biennial % Change in Expenditures				2		(5)		(5)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	241.53	292.47	283.73	309.95	138.85	136.08	138.85	136.08

Human Services

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
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3001 - Federal TANF

Balance Forward In	142,023	236,217	255,815	261,606				
Receipts	260,679	261,027	260,734	261,026				
Transfers Out				248,645				
Balance Forward Out	220,478	245,370	261,606					
Expenditures	182,224	251,874	254,943	273,987				
Biennial Change in Expenditures				94,832		(528,930)		(528,930)
Biennial % Change in Expenditures				22		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	13.85	13.45	14.76	14.76				

3010 - Coronavirus Relief

Balance Forward In	5,033							
Direct Appropriation	22,040							
Cancellations	2,750							
Expenditures	24,323							
Biennial Change in Expenditures				(24,323)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.05							

3015 - ARP-State Fiscal Recovery

Balance Forward In		26,340		2,972	588		588	
Direct Appropriation	117,871	27,355	6,200	12,588	0	0	0	0
Cancellations	131	857						
Balance Forward Out	2,827		600	588				
Expenditures	114,913	52,838	5,600	14,972	588		588	
Biennial Change in Expenditures				(147,178)		(19,984)		(19,984)
Biennial % Change in Expenditures				(88)		(97)		(97)
Governor's Change from Base								0

Human Services

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Governor's % Change from Base								
Full-Time Equivalents	0.48	0.59	0.02					

4100 - SOS TBI & Adol Ent Svcs

Balance Forward In	432	155				
Receipts	565	180				
Transfers Out		126				
Balance Forward Out	155					
Expenditures	841	209				
Biennial Change in Expenditures				(1,051)	0	0
Biennial % Change in Expenditures				(100)		
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents	10.17	3.52				

4101 - DHS Chemical Dependency Servs

Balance Forward In	1,211	204	2,554			
Receipts	6,684	9,379				
Transfers In	8,438	12,032				
Transfers Out			2,554			
Balance Forward Out	80	2,239				
Expenditures	16,252	19,377				
Biennial Change in Expenditures				(35,630)	0	0
Biennial % Change in Expenditures				(100)		
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents	130.13	150.42				

4350 - MN State Operated Comm Svcs

Balance Forward In	15,737	31,937	46,567	30,623	28,957	28,957
Receipts	131,364	152,277	155,345	182,122		
Transfers In	6,122	8,629				
Transfers Out		3,000			28,957	28,957

Human Services

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Balance Forward Out	31,367	45,928	30,623	28,957				
Expenditures	121,856	143,915	171,290	183,788				
Biennial Change in Expenditures				89,306		(355,078)		(355,078)
Biennial % Change in Expenditures				34		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	1,272.84	1,404.88	1,423.13	1,727.75				

4503 - Minnesota State Industries

Balance Forward In	2,967	3,195	3,436	3,491	2,652		2,652	
Receipts	1,102	1,759	1,716	1,510				
Transfers Out					2,652		2,652	
Balance Forward Out	2,693	3,226	3,491	2,652				
Expenditures	1,376	1,729	1,662	2,349				
Biennial Change in Expenditures				906		(4,011)		(4,011)
Biennial % Change in Expenditures				29		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			1.00	7.00				

4800 - Lottery

Balance Forward In		87		160				
Direct Appropriation	1,896	1,896	1,896	1,896	1,896	1,896	1,896	1,896
Open Appropriation	1							
Cancellations	139	353	88					
Balance Forward Out	87		160					
Expenditures	1,670	1,631	1,648	2,056	1,896	1,896	1,896	1,896
Biennial Change in Expenditures				403		88		88
Biennial % Change in Expenditures				12		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.80			1.18	1.18	1.18	1.18	1.18

Human Services

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
4925 - Family and Medical Benefit Ins								
Direct Appropriation			2,649		20,530	729	20,530	729
Transfers Out			2,649		530	530	530	530
Expenditures					20,000	199	20,000	199
Biennial Change in Expenditures				0		20,199		20,199
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

6000 - Miscellaneous Agency

Balance Forward In	6,075	7,725	8,989	8,166	1,070		1,070	
Receipts	12,494	14,490	9,945	20,620				
Transfers In		188						
Transfers Out		188		5,957	1,070		1,070	
Balance Forward Out	7,272	8,774	8,166	1,070				
Expenditures	11,297	13,441	10,768	21,759				
Biennial Change in Expenditures				7,789		(32,527)		(32,527)
Biennial % Change in Expenditures				31		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.55	0.52	0.50					

6003 - Child Support Enforcement

Balance Forward In	12,104	9,586	10,485	8,550				
Receipts	547,126	540,219	530,623	641,955				
Balance Forward Out	9,586	10,485	8,550					
Expenditures	549,644	539,320	532,558	650,505				
Biennial Change in Expenditures				94,099		(1,183,063)		(1,183,063)
Biennial % Change in Expenditures				9		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Human Services

Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Direct				
Fund: 1000 - General				
FY2025 Appropriations	10,282,768	10,282,768	10,282,768	20,565,536
Base Adjustments				
Current Law Base Change		687,454	1,261,054	1,948,508
Approved Transfer Between Appropriation				
Allocated Reduction (932)		(801)	(801)	(1,602)
Programs and Services Moving to DCYF		(961,303)	(1,028,528)	(1,989,831)
Minnesota Paid Leave Allocation		225	225	450
Programs Moving to New Agencies		(546,912)	(546,979)	(1,093,891)
November Forecast Adjustment (147,338)		168,257	354,239	522,496
February Forecast Adjustment 284,231		182,242	173,008	355,250
Forecast Base	10,418,729	9,811,930	10,494,986	20,306,916
Change Items				
Operating Adjustment		3,880	7,795	11,675
Extend Access to Audio-Only Telehealth		7,357	9,106	16,463
Maintain Funding to End HIV in MN		6,000		6,000
Sustainable Funding for Accessing Federal Data Sources		3,382	3,834	7,216
Strengthening Housing Stabilization Services		384	441	825
Detecting, Preventing, and Addressing Fraud, Waste, and Abuse in Human Services		8,557	9,962	18,519
Program Integrity Investigative and Analytics Infrastructure		5,658	5,993	11,651
EIDBI Provisional Licensure and Program Integrity		6,866	8,369	15,235
Substance Use Disorder Treatment Service Changes		327	(3,743)	(3,416)
Improving Supportive Recovery Housing Options		196	2,992	3,188
New Background Study Disqualifications to Address Fraud, Waste, and Abuse		351	367	718
Pharmacy Carve-Out		19,600	(11,885)	7,715
Uniform Administration of Non-Emergency Medical Transportation		15	(22,795)	(22,780)
Increase HMO Surcharge		7,346	18,540	25,886
MHCP Benefit Reductions - Chiropractic Care		(2,202)	(5,579)	(7,781)
Nursing Home Facility Payment System Changes		(17,662)	(51,316)	(68,978)
Investments in Community First Services and Supports		48,981	22,248	71,229
Nursing Home Workforce Standards Board Rules		5	1	6
Reduce Disability Waiver Growth: DWRS Rate Exceptions and Input Monitoring		(13,792)	(36,657)	(50,449)
Reduce Disability Waiver Growth: Residential Services		(1,315)	(95,689)	(97,004)
Reduce Disability Waiver Growth: Day and Unit Based Services		(4,295)	(41,825)	(46,120)
Reduce Disability Waiver Growth: Cap inflationary adjustments		(16,825)	(152,818)	(169,643)
Grant and Administrative Reductions		(349)	(349)	(698)
Behavioral Health Fund Reforms		(1,549)	(8,549)	(10,098)
Background Study Federal Compliance		123	96	219

Human Services

Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Budget Technical Changes				
Increasing the Health Care Access Fund Share of Medical Assistance		(25,000)	(25,000)	(50,000)
Reinstating Parental Fees		(484)	(3,703)	(4,187)
Total Governor's Recommendations	10,403,435	9,847,485	10,124,822	19,972,307
Fund: 1200 - State Government Special Rev				
FY2025 Appropriations	3,835	3,835	3,835	7,670
Base Adjustments				
Current Law Base Change		1,000	1,000	2,000
Approved Transfer Between Appropriation				
Programs and Services Moving to DCYF		(732)	(732)	(1,464)
Forecast Base	3,835	4,103	4,103	8,206
Total Governor's Recommendations	3,835	4,103	4,103	8,206
Fund: 1201 - Health Related Boards				
FY2025 Appropriations	574	574	574	1,148
Base Adjustments				
Current Law Base Change		(404)	(404)	(808)
Approved Transfer Between Appropriation				
Forecast Base	574	170	170	340
Total Governor's Recommendations	574	170	170	340
Fund: 2005 - Opiate Epidemic Response				
FY2025 Appropriations	22,251	22,251	22,251	44,502
Base Adjustments				
Current Law Base Change		15,291	(1,112)	14,179
Approved Transfer Between Appropriation				
Programs and Services Moving to DCYF		(3,318)	(3,318)	(6,636)
February Forecast Adjustment		65		65
Forecast Base	22,251	34,289	17,821	52,110
Total Governor's Recommendations	22,251	34,289	17,821	52,110
Fund: 2360 - Health Care Access				
FY2025 Appropriations	1,333,197	1,333,197	1,333,197	2,666,394
Base Adjustments				
Current Law Base Change		(178,869)	(260,902)	(439,771)
Approved Transfer Between Appropriation				
November Forecast Adjustment	(17,044)	(12,303)	(37,660)	(49,963)
February Forecast Adjustment	519	16,566	51,794	68,360
Forecast Base	1,316,672	1,158,591	1,086,429	2,245,020
Change Items				

Human Services

Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Operating Adjustment		1,595	3,122	4,717
Extend Access to Audio-Only Telehealth		1,072	1,326	2,398
Increase HMO Surcharge		1,761	4,466	6,227
Increasing the Health Care Access Fund Share of Medical Assistance		25,000	25,000	50,000
Total Governor's Recommendations	1,316,672	1,188,019	1,120,343	2,308,362
Fund: 3015 - ARP-State Fiscal Recovery				
FY2025 Appropriations	12,588	12,588	12,588	25,176
Base Adjustments				
All Other One-Time Appropriations		(12,588)	(12,588)	(25,176)
Forecast Base	12,588			
Total Governor's Recommendations	12,588			
Fund: 4800 - Lottery				
FY2025 Appropriations	1,896	1,896	1,896	3,792
Base Adjustments				
Current Law Base Change				
Forecast Base	1,896	1,896	1,896	3,792
Total Governor's Recommendations	1,896	1,896	1,896	3,792
Fund: 4925 - Family and Medical Benefit Ins				
Base Adjustments				
Current Law Base Change		20,530	729	21,259
Forecast Base		20,530	729	21,259
Total Governor's Recommendations		20,530	729	21,259
Dedicated				
Fund: 1000 - General				
Planned Spending	5,726	1,609	1,594	3,203
Forecast Base	5,726	1,609	1,594	3,203
Total Governor's Recommendations	5,726	1,609	1,594	3,203
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	200,407	151,306	151,548	302,854
Forecast Base	200,407	151,306	151,548	302,854
Total Governor's Recommendations	200,407	151,306	151,548	302,854
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	1,340,113	498,665	464,420	963,085
Forecast Base	1,340,113	498,665	464,420	963,085

Human Services

Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Change Items				
Substance Use Disorder Treatment Service Changes			(1,843)	(1,843)
Behavioral Health Fund Reforms		(2,461)	(9,579)	(12,040)
Budget Technical Changes	0			
Total Governor's Recommendations	1,340,113	496,204	452,998	949,202
Fund: 2360 - Health Care Access				
Planned Spending	1,841	19,072	37,735	56,807
Forecast Base	1,841	19,072	37,735	56,807
Total Governor's Recommendations	1,841	19,072	37,735	56,807
Fund: 2403 - Gift				
Planned Spending	426	15	15	30
Forecast Base	426	15	15	30
Total Governor's Recommendations	426	15	15	30
Fund: 3000 - Federal				
Planned Spending	16,061,884	14,111,162	14,684,269	28,795,431
Forecast Base	16,061,884	14,111,162	14,684,269	28,795,431
Total Governor's Recommendations	16,061,884	14,111,162	14,684,269	28,795,431
Fund: 3001 - Federal TANF				
Planned Spending	273,987			
Forecast Base	273,987			
Total Governor's Recommendations	273,987			
Fund: 4350 - MN State Operated Comm Svcs				
Planned Spending	183,788			
Forecast Base	183,788			
Total Governor's Recommendations	183,788			
Fund: 4503 - Minnesota State Industries				
Planned Spending	2,349			
Forecast Base	2,349			
Total Governor's Recommendations	2,349			
Fund: 6000 - Miscellaneous Agency				
Planned Spending	21,759			
Forecast Base	21,759			
Total Governor's Recommendations	21,759			

Human Services

Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Fund: 6003 - Child Support Enforcement				
Planned Spending	650,505			
Forecast Base	650,505			
Total Governor's Recommendations	650,505			
Federal Admin Reimbursement				
Fund: 1000 - General				
Forecast Federal Administrative Reimbursement	(87,273)	(44,414)	(44,384)	(88,798)
Change Items				
Operating Adjustment		(570)	(1,095)	(1,665)
Strengthening Housing Stabilization Services		(123)	(141)	(264)
Detecting, Preventing, and Addressing Fraud, Waste, and Abuse in Human Services		(2,637)	(3,069)	(5,706)
Program Integrity Investigative and Analytics Infrastructure		(151)	(179)	(330)
EIDBI Provisional Licensure and Program Integrity		(1,656)	(1,935)	(3,591)
Substance Use Disorder Treatment Service Changes		(46)	(54)	(100)
Improving Supportive Recovery Housing Options		(48)	(378)	(426)
New Background Study Disqualifications to Address Fraud, Waste, and Abuse		(95)	(111)	(206)
Pharmacy Carve-Out		(6,272)	(5,186)	(11,458)
Investments in Community First Services and Supports		(630)	(379)	(1,009)
Reduce Disability Waiver Growth: DWRS Rate Exceptions and Input Monitoring		(233)	(274)	(507)
Reduce Disability Waiver Growth: Residential Services		(92)	(65)	(157)
Behavioral Health Fund Reforms		(279)	(311)	(590)
Total Governor's Recommendations	(87,273)	(57,246)	(57,561)	(114,807)
Fund: 2360 - Health Care Access				
Forecast Federal Administrative Reimbursement	(17,049)	(17,049)	(17,049)	(34,098)
Change Items				
Operating Adjustment		(511)	(909)	(1,420)
Total Governor's Recommendations	(17,049)	(17,560)	(17,958)	(35,518)
Revenue Change Summary				
Dedicated				
Fund: 1000 - General				
Forecast Revenues	1,915	1,609	1,594	3,203
Total Governor's Recommendations	1,915	1,609	1,594	3,203

Human Services

Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	169,334	150,306	150,548	300,854
Total Governor's Recommendations	169,334	150,306	150,548	300,854
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	683,971	263,086	243,327	506,413
Total Governor's Recommendations	683,971	263,086	243,327	506,413
Fund: 2360 - Health Care Access				
Forecast Revenues	1,841	19,072	37,735	56,807
Total Governor's Recommendations	1,841	19,072	37,735	56,807
Fund: 2400 - Endowment				
Forecast Revenues	1			
Total Governor's Recommendations	1			
Fund: 2403 - Gift				
Forecast Revenues	18	15	15	30
Total Governor's Recommendations	18	15	15	30
Fund: 3000 - Federal				
Forecast Revenues	15,751,565	14,111,162	14,684,269	28,795,431
Total Governor's Recommendations	15,751,565	14,111,162	14,684,269	28,795,431
Fund: 3001 - Federal TANF				
Forecast Revenues	261,026			
Total Governor's Recommendations	261,026			
Fund: 4350 - MN State Operated Comm Svcs				
Forecast Revenues	182,122			
Total Governor's Recommendations	182,122			
Fund: 4503 - Minnesota State Industries				
Forecast Revenues	1,510			
Total Governor's Recommendations	1,510			
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	20,620			
Total Governor's Recommendations	20,620			

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Fund: 6003 - Child Support Enforcement				
Forecast Revenues	641,955			
Total Governor's Recommendations	641,955			
 Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	539,969	416,617	435,039	851,656
Change Items				
Detecting, Preventing, and Addressing Fraud, Waste, and Abuse in Human Services		2,934	2,639	5,573
Improving Supportive Recovery Housing Options			4	4
Increase HMO Surcharge		82,720	85,782	168,502
Reinstating Parental Fees		1,181	2,433	3,614
Total Governor's Recommendations	539,969	503,452	525,897	1,029,349
 Fund: 1200 - State Government Special Rev				
Forecast Revenues	5,799	2,900	2,900	5,800
Change Items				
EIDBI Provisional Licensure and Program Integrity		228	456	684
Total Governor's Recommendations	5,799	3,128	3,356	6,484

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Operating Adjustment (OP-50)

Fiscal Impact (\$000s)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
General Fund					
Expenditures	0	3,310	6,700	6,700	6,700
Revenues	0	0	0	0	0
Other Funds					
Expenditures	0	1,085	2,213	2,213	2,213
Revenues	0	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	4,395	8,913	8,913	8,913
FTEs Maintained	0	28.75	55.10	55.10	55.10

Recommendation:

The Governor recommends additional funding of \$3.310 million from the General Fund and \$1.085 million from the Health Care Access Fund in FY 2026 and \$6.700 million from the General Fund and \$2.213 million from the Health Care Access Fund in each subsequent year to help address operating cost increases at the Department of Human Services.

Rationale/Background:

The cost of operations rises each year due to increases in employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat year to year.

Agencies face challenging decisions to manage these rising costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. For the Department of Human Services, the following efficiencies have been implemented to help offset rising operating costs:

- Consolidation of Central Operations Functions.** The separation of Department of Human Services (DHS) into three agencies resulted in a loss of economies of scale for internal services such as human resources, finance, compliance, and security. DHS began planning to create greater efficiencies well before the transition was complete. This has included restructuring how central offices functions are performed at a smaller agency. Just one example of the restructuring involved combining accounts payable and payroll functions into a single unit, which reduces the overall number of staff needed to perform those functions. These changes reduced the amount of resources needed by DHS to perform core functions, which translated into a reduced request for gap funding during the 2024 legislative session, saving the taxpayers approximately \$350,000 per year.
- Consolidation of Office of the Inspector General (OIG) Data and Analytics, Policy, and Operations Functions.** Over the past two years, OIG has consolidated data analytics, policy, and certain operational functions at the enterprise level to ensure a more coordinated approach that recognized the interdependencies between OIG's background studies, licensing, and program integrity oversight functions. Beyond the enterprise level, OIG division-specific consolidations in the operations area have reduced duplicative administrative efforts and improved consistency, realizing additional organizational bandwidth. For example, OIG's Chief Legal Counsel (CLC) has grown the number of legal process

coordinators and consolidated those positions from across the division into a single team that provides services across the CLC teams. These actions have tremendously grown CLC's overall efficiency by giving attorneys more bandwidth to focus on legal work, identifying redundancies in our processes, and streamlining workflows/other tasks.

- **Greater Efficiency in HIV Supports Eligibility Determinations.** The HIV Unit made multiple improvements to eligibility processing related to services under the Ryan White Act. One technical fix automated elements of document processing and reduced the number of people needing to look at a document to determine what action to take. Prior to this change, one fulltime-equivalent's (FTE) primary function was document indexing, after which multiple staff had to review documents before appropriate actions were determined. The new centralized eligibility technology has reduced workflows and the number of eyes that need to review documents, eliminated the delay in opening referrals, and allows providers in the community to see in real time what actions have been taken. These changes have reduced processing time and increased transparency, reducing the number of calls to program staff for status updates or to advocate for expedited processing. Centralized eligibility enables staff to process an additional 250 applications for Ryan White services each month which has increased access to services without increased staffing.

For FY 2026-27, agencies will need to continue to find additional efficiencies and leverage management tools to help address budget pressures. Holding open vacancies in certain programs or delaying hiring in other programs are examples of ways agencies manage through constrained operating budgets. Such decisions are difficult and must be weighed against a program's ability to conduct business with less staffing and its impact to service delivery. Agencies will need additional tools and flexibility, similar to those available in the private sector and other government entities, to help address operating pressures in upcoming biennium.

Without additional resources to address these cost pressures, both in funding and in flexibility to manage internal budgets, services delivered to Minnesotans will be impacted.

Proposal:

The Governor recommends increasing agency operating budgets to support current services. For the Department of Human Services, this funding will help cover expected growth in employee compensation and insurance, rents, IT services and other operating costs.

Additionally, the Governor recommends providing the Department of Human Services with additional management tools to address upcoming operating pressures. This includes:

- The ability for executive branch agencies to carryforward unexpended non-grant operating appropriations for the second year of a biennium into the next beginning in FY 2025 (costs carried in standalone change item in MMB Non-Operating Budget Book).

These new authorities will provide agencies with additional flexibility to manage through cost pressures within agency divisions and prioritize needs to help minimize impacts on services to Minnesotans.

Dollars in Thousands

Net Impact by Fund	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	3,310	6,700	10,010	6,700	6,700	13,400
HCAF	1,085	2,213	3,298	2,213	2,213	4,426
Total All Funds	4,395	8,913	13,308	8,913	8,913	17,826

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	11	DHS Operating Costs	1,780	3,421	5,201	3,421	3,421	6,842
HCAF	11	DHS Operating Costs	1,595	2,841	4,437	2,841	2,841	5,682
GF	11	IT Systems Account	2,100	4,374	6,474	4,374	4,374	8,747
HCAF	11	IT Systems Account		281	281	281	281	562
HCAF	REV1	Health Care Access Fund FFP@32%	(511)	(909)	(1,420)	(909)	(909)	(1,818)
GF	REV1	General Fund FFP@32%	(570)	(1,095)	(1,664)	(1,095)	(1,095)	(2,189)

FTEs Maintained			FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
Fund	BACT#	Description	FY 24	FY 25	FY 24-25	FY 26	FY 27	FY 27-28
GF			16.36	32.72		32.72	32.72	
HCAF			12.38	22.38		22.38	22.38	
Total			28.75	55.10		55.10	55.10	

Results:

This recommendation is intended to help the Department of Human Services address rising cost pressures and mitigate impacts to current levels of service and information to the public.

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Extend Access to Audio-only Telehealth (HC-54)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	7,357	9,106	1,565	0
Revenues	0	0	0	0
Other Funds				
Expenditures	1,072	1,326	228	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	8,429	10,432	1,793	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends extending the authority for the use of audio-only telehealth in Minnesota Health Care Programs (MHCP) through FY2027. This proposal requests an investment of \$18,861,000 in the FY2026-2027 biennium and \$1,793,000 in the FY2028-2029 biennium.

Rationale/Background:

During the 2021 session, the Minnesota legislature passed a package of telehealth reforms to improve access to health care via telehealth during the COVID-19 pandemic. One component of this package was an extension of the ability for MHCP providers to provide audio-only telehealth, during the state peacetime emergency for COVID-19. The ability to provide audio-only telehealth was extended through June 30, 2025, to allow the Department of Human Services (DHS) and the Minnesota Department of Health (MDH) to conduct a study on the use of telehealth and to provide the legislature with recommendations around the continued use of audio-only telehealth.

The language passed in 2021 required the initial report to contain recommendations around the continued use of audio-only telehealth. However, until national coding updates were made in early 2022, DHS was unable to identify telehealth visits that were strictly audio-only. As a result, a preliminary, joint DHS/MDH report¹ was published in May 2023, to examine whether audio-only telehealth supports equitable access to health care services and if it eliminates barriers to care for vulnerable and underserved populations, without reducing the quality of care, worsening health outcomes, or decreasing satisfaction with care.

The final report² released in September 2024 makes the recommendation to continue to include audio-only telehealth as a type of telehealth service in Statute, and to extend payment parity for audio-only telehealth, beyond the current June 30, 2025 sunset, and until more complete evidence becomes available. An extension of the authority for audio-only telehealth will continue to address access issues for rural communities and people without the technology required for audio-visual telehealth, provide essential mental and behavioral health care, and ensure accessible follow up visits or monitoring for members.

¹ <https://www.health.state.mn.us/data/economics/telehealth/docs/prelimreport.pdf>

² <https://www.health.state.mn.us/data/economics/telehealth/docs/telefinalreport24.pdf>

During the 2021 session, and in response to the COVID-19 pandemic, the Minnesota legislature passed a package of telehealth reforms aimed at improving health care access, via telehealth. The legislation extended providers' ability to use audio-only telehealth through June 30, 2025, required the Departments of Human Services (DHS) and Health (MDH) to conduct a study on the use of telehealth, and required of the agencies recommendations to the legislature around the continued use of audio-only telehealth.

DHS was unable to identify telehealth visits that were strictly audio-only until national coding updates were made in early 2022, and was therefore unable to meet the requirement of releasing the initial report and recommendations on the continued use of the service. As a result, a preliminary, joint DHS/MDH report³ was published in May 2023 instead; the report examined whether audio-only telehealth would support equitable access to health care services and if it would eliminate barriers to care for vulnerable and underserved populations—without worsening health outcomes, reducing quality of care, or decreasing satisfaction with that care.

A final report⁴ making recommendations for the continuous inclusion of the service, as a type of telehealth service, was released in September 2024; this final report recommended an extension of payment parity for audio-only telehealth, beyond the current June 30, 2025 sunset date in Statute, and until more complete evidence on the service becomes available. This will continue efforts at addressing barriers to accessing care for MHCP members—especially for rural communities and people without the necessary technology needed for audio-visual telehealth.

Proposal:

This proposal extends the option for members to continue to access services through audio-only telehealth through June 30, 2027. This extension will ensure access to critical health care services. Without this proposal, the current access ends on July 1, 2025, and it is anticipated that people will lose access to critical health care services, particularly mental health services and health care services accessed in rural areas.

This proposal extends members' ability to continue accessing audio-only telehealth services, through June 30, 2027. This extension will ensure member access to critical health care services, including mental and health care services needed by rural communities.

Impact on Children and Families:

The use of telehealth, including audio-only telehealth, has helped maintain access to health care for many children and families, particularly for those in rural areas, and people with limited mobility or access to transportation. Extending the allowance for audio-only telehealth, will maintain this important access for children and families.

Equity and Inclusion:

Audio-only telehealth addresses socio-economic barriers to care, including supporting people with cell plans with data limits that cannot accommodate audio-visual telehealth, and lack of devices that are compatible with telehealth audio-visual tools and apps. Lack of broadband access is one of the biggest barriers to telehealth, and health care providers in Minnesota share the lack of broadband in rural areas as making audio-only necessary. Use of audio-only telehealth offers accessible follow-up visits and monitoring for rural Minnesotans, and during the pandemic, health care providers in rural Minnesota reported using audio-only telehealth to monitor the symptoms of people with COVID-19 to help guide decisions on whether or when to bring a patient to the hospital.⁵ An evaluation of audio-only telehealth using data from the Census Bureau's Health Pulse Survey also found that almost 50% of people of color use audio-only to access telehealth, compared with only 38% of white

³ <https://www.health.state.mn.us/data/economics/telehealth/docs/prelimreport.pdf>

⁴ <https://www.health.state.mn.us/data/economics/telehealth/docs/telefinalreport24.pdf>

⁵ [Study of Telehealth Expansion and Payment Parity, Preliminary Report to MN Legislature, May 2023 \(state.mn.us\)](#)

patients—addressing issues such as limited language skills to navigate technology needed for audio-visual telehealth.⁶

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

This proposal does not directly impact tribes. However, tribal members will be able to continue to use audio-only telehealth to access health care.

Impacts to Counties:

This proposal does not directly impact counties.

IT Costs

No IT costs are anticipated as part of this proposal.

Results:

This proposal extends the option for members to access services through audio-only telehealth through FY 2027. If this proposal is not advanced, audio -only would no longer be an available option to members.

Through the course of evaluation post COVID, DHS has done several focus groups with members and providers on audio only, all of which indicate it is an option that both members and providers want to have available to them.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current Value</i>	<i>Date</i>	<i>Projected Value (without)</i>	<i>Projected Value (with)</i>	<i>Date</i>
Quantity	Number of Audio Only Telehealth Visits	Approximately 5% of all visits	2023	0	5%	1/1/2026

Fiscal Detail:

Net Impact by Fund (dollars in thousands)		FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund		7,357	9,106	16,463	1,565	0	1,565
HCAF		1,072	1,326	2,398	228	0	228
Federal TANF							
Other Fund							
Total All Funds		8,429	10,432	18,861	1,793	0	1,793

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	33ED	MA Grants	3,626	4,488	8,114	771	0	771
GF	33AD	MA Grants	261	323	584	56	0	56
GF	33FC	MA Grants	3,470	4,295	7,765	738	0	738
HCAF	31	MinnesotaCare Grants	1,072	1,326	2,398	228	0	228

⁶ Karimi, M., Lee, E. C., Couture, S. J., Gonzales, A., Grigorescu, V., Smith, S. R., De Lew, N. & Sommers, B. D. (2022). National Survey Trends in Telehealth Use in 2021: Disparities in Utilization and Audio vs. Video Services. Office of the Assistant Secretary for Planning and Evaluation. <https://aspe.hhs.gov/reports/hps-analysis-telehealth-use-2021>

Statutory Change(s):

[Laws of Minnesota 2021, Chapter 7, Article 6, Section 26; Minnesota Statutes, section 62A.673, subd. 2, paragraph \(h\).](#)

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Maintain Funding to End HIV in MN (AD-83)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	6,000	0	0	0
Revenues	0		0	0
		0		
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	6,000	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends investing \$6 million in the FY26-27 biennium in grant funding for supportive services for eligible people with HIV throughout Minnesota. This one-time investment will soften a current funding shortfall and will allow people with HIV to receive the needed supportive services, including core medical services, which are critical to end the HIV epidemic in Minnesota and to improve health outcomes for people living with HIV.

Rationale/Background:

Funding administered by the Minnesota Department of Human Services (DHS) HIV Supports Division includes a mix of funding sources including state grants, federal grants, and special revenue generated through the federal 340B rebate program. Federal funding for this work comes from the Ryan White Program administered by the Health Resources and Services Administration (HRSA). DHS currently receives about \$8.6 million annually from this source.

In 1998, HRSA published a final Federal Register notice that allowed state AIDS Drug Assistance Programs (ADAPs) to use rebates to access the drug pricing program authorized by Section 340B of the Public Health Service Act. Revenue generated by the rebate program meant that, historically, DHS did not have to limit services, reduce the formulary, or establish a waiting list as other states have had to. Rebate revenue generated by this program helped supplement the programmatic budget and for many years only a portion of the revenue was used. The HIV Supports Division was able to accumulate a rebate reserve during this era, which allowed it to provide consistent funding to its recipients, despite year-to-year fluctuations from its own funding sources. This became especially helpful as the population of people with HIV (PWH) needing services in Minnesota grew substantially from 5,566 in December 2006 to 9,996 in December 2023, an 80% increase.

In November 2012, HRSA issued guidance prohibiting states from accumulating additional rebate fund balances and requiring states to plan to spenddown existing accumulated balances. As required, DHS phased down the spenddown through multiple years and the accumulated balance has now been spent. The HIV Supports Division also anticipates a further reduction in rebate revenue due to changes in Medicare, starting in 2025. The maximum out-of-pocket for prescriptions will be reduced to \$2,000, limiting what ADAP can pay for, which will directly reduce the amount of rebate revenue that can be generated. Lastly, commercial insurance companies on MNSure and the private market change their benefits structure each year, which make it difficult for 340B programs like this to collect rebate revenue to consistently fund programs. With the rebate revenue spenddown and reduced

projections going forward, the DHS needs additional funding to meet the demands of the growing population of PWH in Minnesota.

State grants for HIV services fund HIV supportive services and insurance access for eligible PWH have not increased in nearly two decades. The funding level for these services, since 2006, has ranged between \$2.2 and \$2.45 million. While state funding for supportive services for PWH has remained relatively flat, the number of PWH has nearly doubled, whereby the HIV Supports Division has had to find ways year after year to provide more services with ostensibly less funding. This was doable when rebate revenue could be accumulated but is no longer an option.

New HIV diagnoses are declining nationally, however, Minnesota has averaged about 300 new HIV diagnoses annually despite major advances in HIV care and prevention and has recently seen increases in new infections. From December 2022 to December 2023 alone, new HIV diagnoses rose 24%, from 261 to 324 new diagnoses, the highest number of new diagnoses in over a decade. Advances in medical care have enabled PWH to live longer, which has led to a higher and higher prevalence of PWH in Minnesota every year seeking supportive services. In February 2020, for the first time in Minnesota’s history since its first reported case of HIV in 1982, Minnesota declared an HIV outbreak, which it is still responding to. Three separate HIV outbreaks have since been declared, two in Hennepin/Ramsey Counties and one in the Duluth area. Table 1 shows the behavioral risk categories, outbreak locations, and number of related HIV diagnoses.

Table 1: HIV Outbreaks in Minnesota

People at High-Risk	Hennepin/Ramsey Counties	Duluth Area
People who use injection drugs or share needles/works*	145	15
People experiencing homelessness or unstable housing	98	11
People who exchange sex for income or other items they need	27	<5**
Men who have sex with men	85	16
Current Case Count	258	39

*Men who have sex with men and use injection drugs are included in this category and exclude from the “men who have sex with men” category below

**Data of people who exchange sex for income or other items is suppressed due to low numbers. Percentage of cases with reported sex work in Duluth is much lower than in the Twin Cities outbreaks’ but is not zero

Additional notes:

Persons can be in multiple groups (i.e., A person could use injection drugs and have a history of homelessness).

These data are based on interviews and thus may not be 100% complete due to loss-to-follow-up and difficulties reaching people.

On paper, Minnesota does a lot of things well. Compared to all other states, it has some of the lowest unemployment, highest median household income, and highest percentage of homeownership. When stratified by race/ethnicity, however, Minnesota has some of the worst outcomes for non-White individuals. Financial, housing, and employment barriers are what frequently prevent PWH from maintaining viral suppression, especially in communities of color¹. The HIV epidemic exemplifies Minnesota’s disparities, with communities of color representing 66% of new diagnoses despite only accounting for 22% of the overall state population. Black, African-born, and Hispanic communities continue to be the most overrepresented groups with new HIV diagnoses.

¹ <https://www.tandfonline.com/doi/full/10.1080/09540121.2023.2179593>

Advancements in HIV treatment and related research have confirmed that people who reach and sustain viral suppression of their HIV have better individual health outcomes and are unable to transmit HIV through sexual activities. Helping people meet needs to be able to engage in and focus on medical care, leading to viral suppression is a primal goal of HIV support services. Findings from University of Minnesota researchers Wheatley et al² demonstrate that PWH in Minnesota who are stably housed maintain viral suppression at significantly higher rates than those who are unstably housed (83% vs. 53%). Viral suppression is the medical gold standard to keep individuals healthy and to prevent HIV transmission, also known as U=U (undetectable equals untransmissible). Additionally, their research showed that utilization of any Ryan White service, like those administered by DHS, increased the probability of sustained viral suppression, even when stratified by race/ethnicity. These findings help show the impact of Ryan White services and underscore the need for HIV-specific services in addition to mainstream supportive services.

Significant advances in HIV medical care and prevention in the last ten years have given us the ability to end the HIV epidemic. According to McCann et al.³, it will cost \$44.9 billion annually (adjusted for inflation) to decrease new HIV diagnoses nationally. The actual cost will be much higher, though, because this is only the price estimate for antiretroviral therapy.

A major issue in HIV prevention is housing stability. The CDC explains in this brief⁴ how PWH who have stable housing have better health outcomes compared to PWH who experience housing instability. This can be seen locally in Minnesota, where there have been over 110 confirmed HIV diagnoses since 2020 attributed to the encampment related HIV outbreak, many of whom are Native American. Addressing the HIV epidemic improves the lives of PWH and improves community health by reducing new HIV infections. Addressing the HIV epidemic also fundamentally addresses the racial and ethnic health disparities that have been ignored and pushed aside for many years. how PWH who have stable housing have better health outcomes compared to PWH who experience housing instability. This can be seen locally in Minnesota, where there have been over 110 confirmed HIV diagnoses since 2020 attributed to the encampment related HIV outbreak, many of whom are Native American. Addressing the HIV epidemic improves the lives of PWH and improves community health by reducing new HIV infections. Addressing the HIV epidemic also fundamentally addresses the racial and ethnic health disparities that have been ignored and pushed aside for many years.

Community members, PWH, and HIV service providers all gave input to the Minnesota Department of Health (MDH) and DHS that eventually led to the END HIV MN plan, which was presented to the Minnesota legislature in January 2019. Importantly, this approval did not come with additional funding to achieve the mandated outcomes, listed below in Table 2:

Table 2: Comparison of Legislative Mandates and Minnesota's Progress

Outcome	Legislative Outcome for 2025	Latest Data
1. Reduce the number of new diagnoses by at least 75 percent:	25% reduction (75% by 2035)	24% increase from 2022 to 2023
2. Increase the percentage of individuals living with HIV who know their serostatus to at least 90 percent:	90%	90%*
3. Increase the percentage of individuals living with HIV who are receiving HIV treatment to at least 90 percent:	90%	82% linkage to care in 30 days*

² <https://www.tandfonline.com/doi/full/10.1080/09540121.2022.2126960>

³ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7042880/>

⁴ https://www.cdc.gov/hivpartners/php/data-for-impact/?CDC_AAref_Val=https://www.cdc.gov/hiv/policies/data/role-of-housing-in-ending-the-hiv-epidemic.html

4. Increase the percentage of individuals living with HIV who are virally suppressed to at least 90 percent:	90%	66% of all PWH are virally suppressed (88% of PWH retained in care are virally suppressed)*
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*Data from the 2022 HIV Care Continuum. 2023 data will be available September of 2024.

Outcomes 2-4 have stagnated since 2017, with only outcome 2 achieving the 90% goal (though that was accomplished in 2017 and has not seen an improvement since). Outcome 1, however, has worsened, with a substantial increase in new HIV diagnoses in 2023, unseen in the state in nearly a decade. A multitude of factors contributed to the drastic increase in new diagnoses but without increased funding the numbers are unlikely to improve.

This data reflects outcomes and trends before the unprecedented loss of HIV services from two community-based organizations in Minneapolis in 2024. In 2024, the African American AIDS Task Force discontinued direct services for people with HIV and Rainbow Health Minnesota, formerly known as Minnesota AIDS Project, closed suddenly and ended all services. These changes disrupted care and impacted access to supportive services for more than 2,000 PWH in Minnesota, about 20% of the entire HIV community. DHS worked closely with other funders to stabilize these services. Without an increased investment in supportive HIV services from the State of Minnesota, further disruptions to services and ongoing negative trends in the mandated goals of END HIV MN are likely.

Proposal:

DHS administers funding for supportive services, including core medical services, for eligible PWH throughout Minnesota. These services are structured based on guidance from the federal funder, HRSA. Funding administered by the HIV Supports Division at DHS includes a mix of funding resources, including State grants, federal grants, and special revenue generated through the federal 340B rebate program. Federal funding for this work comes from the Ryan White Program administered by HRSA. Minnesota currently receives about \$8.6 million annually in formula funding and an additional \$2-3 million annually from competitive supplemental funding from this source. DHS continues efforts to secure competitive supplemental federal funds to support critical HIV work.

The long-standing accumulate rebate balance has been spent, leaving the DHS HIV Supports Division's operating budget for SFY 26 short by over \$9 million compared to recent budget years. Thus, the program will have to reduce grants to organizations accordingly. Table 3 shows the anticipated annual cut, starting fiscal year 2026, by service category. The final amounts may adjust slightly based on ongoing guidance from the HIV community planning body and final outcomes from the procurement process.

Table 3: Projected SFY 2026 Cuts by HRSA Category/Service Activity

HRSA Category/Service Activity	All DHS Funding Streams FY 25	All DHS Funding Streams FY 26	Change (Total Funding)
HRSA Core Medical Services			
1 (tied) - AIDS Drug Assistance Program	\$15,137,656.00	\$15,137,656.00	\$-
1 (tied) - Mental Health Services	\$200,000.00	\$165,000.00	\$(35,000.00)
3 - Medical Case Management	\$3,594,974.00	\$1,480,083.00	\$(2,114,891.00)
4 - Early Intervention Services	\$1,072,312.00	\$460,000.00	\$(612,312.00)
5 - Substance Abuse: Outpatient	\$196,400.00	\$73,912.00	\$(122,488.00)
6 - Oral Health Care	\$-	\$-	\$-
7 - Outpatient/Ambulatory Health Services	\$420,517.00	\$321,750.00	\$(98,767.00)
8 - Health Insurance Program (HIP)	\$-	\$325,000.00	\$325,000.00
9 - Home and Community-based Health Services	\$-	\$-	\$-

HRSA Category/Service Activity	All DHS Funding Streams FY 25	All DHS Funding Streams FY 26	Change (Total Funding)
10 - Medical Nutrition Therapy	\$114,000.00	\$42,896.00	\$(71,104.00)
11 - Home Health Care	\$-	\$-	\$-
12 - Hospice Services	\$-	\$-	\$-
HRSA Support Services			
1 - Housing Services	\$391,400.00	\$441,830.00	\$50,430.00
2 - Emergency Financial Assistance	\$2,510,239.00	\$744,556.00	\$(1,765,683.00)
3 - Non-medical Case Management	\$2,284,938.00	\$240,000.00	\$(2,044,938.00)
4 - Food Bank/Home-delivered Meals	\$2,893,070.00	\$1,030,569.00	\$(1,862,501.00)
5 - Psychosocial Support	\$130,500.00	\$-	\$(130,500.00)
6 - Medical Transportation Services	\$560,698.00	\$454,200.00	\$(106,498.00)
7 - Outreach Services/Outreach Case Management	\$170,027.00	\$76,126.00	\$(93,901.00)
8 - Health Education/Risk Reduction	\$321,466.00	\$85,000.00	\$(236,466.00)
9 - Substance Abuse Services Residential	\$-	\$-	\$-
10 - Child Care Services	\$-	\$-	\$-
11 - Referral for Health Care/Supportive Services	\$539,255.00	\$271,245.00	\$(268,010.00)
12 - Other Professional Services	\$106,200.00	\$-	\$(106,200.00)
Total	\$30,643,652.00	\$21,349,823.00	\$(9,293,829.00)

Note: Table 3 summarizes the projected funding cuts to service programs that the HIV Supports Division provides to community organizations. Actual funding allocation would be determined with input from MCHACP.

Impact on Children and Families:

For at least the past five years, about 75 percent of PWH in Minnesota were assigned male at birth and about 25 percent were assigned female at birth. Due to advances in preventative perinatal care, transmission of HIV from mother to child is now very rare in Minnesota. Minnesota has not had a case of mother to child transmission of HIV since 2017. In the years since (2018-2023), there have been 321 births to pregnant PWH with no HIV infections occurring. Ongoing provision of services to pregnant PWH is crucial to continue this successful outcome.

In 2023, there was one reported diagnosis of someone under the age of 13, and 11 new diagnoses for ages 13-19. It should be noted that new HIV diagnoses are disproportionately impacting young adults, especially young male adults, ages 20-34, with 161 out of 267 (60 percent) new diagnoses in 2023 in this age group. There is a similar peak with people assigned female at birth but for ages 30-44 with 31 out of 57 (54 percent) new diagnoses.

It is also important to consider the impact of HIV from an intersectional perspective. With this, certain communities experience higher HIV impact on persons assigned female at birth. Persons assigned male at birth make up the majority of Minnesotans living with HIV. Nearly half (46 percent) of all new HIV diagnoses among persons assigned female at birth were Black African-born (23%) and Black not African-born (23%). Ongoing provision of services prioritizing communities of color is crucial to addressing HIV disparities to support families impacted by HIV and limit further incidence of children living with HIV.

Equity and Inclusion:

Despite incredible advances in medical care, the burden of new diagnoses disproportionately affects communities of color, especially Black, Indigenous, young people, transgender people, people experiencing homelessness and/or housing instability, people who inject drugs/people who use drugs, and people in Greater Minnesota. The chart below shows the 2023 Minnesota state population by race/ethnicity compared to the 2023 HIV diagnoses by race/ethnicity:

Table 4: HIV Diagnoses in Year 2023 and General Population in Minnesota by Race/Ethnicity

Race/Ethnicity	Minnesota Population – 2023	New HIV Diagnoses – 2023
Black	5%	21%
Black African-born	3%	10%
Hispanic	6%	22%
Asian/Pacific Islander	5%	4%
American Indian	1%	4%
White	78%	34%
Other	2%	7%

The most common known exposure among PWH in Minnesota is male-to-male sexual contact. Portions of LGBTQ+ communities experience HIV disparities, specifically gay men and transgender folks. Persistent racial and ethnic disparities linked to social determinants of health, like poverty, unequal access to health care, lack of access to education, stigma, racism, and homophobia, exacerbate the unequal HIV care and prevention outcomes seen in Minnesota.

The HIV outbreaks in Hennepin/Ramsey Counties and the Duluth area disproportionately impact people who inject drugs and people with unstable housing or unsheltered homelessness. Addressing the HIV outbreaks not only improves public health outcomes, but it also promotes justice and racial equity.

DHS is the designated agency to receive funding to provide core medical and supportive services for eligible PWH throughout Minnesota. DHS is the only entity receiving funds for HIV services that are for Greater Minnesota. This proposal would allow DHS to improve HIV services in Greater Minnesota, supporting geographic equity.

The funding requested in this proposal would allow services activities for communities impacted by HIV to be improved upon and reduce the health disparities gap that exists between white communities and communities of color.

Updates will be provided via email and during meetings with community groups, including the Minnesota Council for HIV/AIDS Care and Prevention (MCHACP), HIV Public Policy Coalition, HIV Community Coalition, Providers Connection Meeting, and other relevant meetings. These spaces reach the communities most impacted by HIV and providers that serve them.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes
☒ No

IT Costs

This proposal is not expected to incur IT costs.

Results:

Part A: Performance Measures

This proposal seeks a one-time increase to the DHS HIV Supports Division's baseline State grant funding award to help meet the outcomes established by the Minnesota legislature in 2017 (Minnesota Session Laws 2017, Chapter

75, Section 1⁵). This will allow PWH to receive the needed supportive services required to end the HIV epidemic in Minnesota and for the HIV Supports Division to make meaningful strides in its legislatively mandated goals to improve health outcomes for PWH and through that reduce new HIV diagnoses in the Minnesota.

Performance Measures:

1. The overall goal is to reduce new HIV diagnoses in Minnesota. It will take a couple years for data to identify the full effects of increased funding through the entire HIV care continuum, but some updated data will be available within one year of the HIV Supports Division awarding updated grant funds to community organizations.
2. As mentioned earlier, Wheatley et al. demonstrated through their research that Ryan White service utilization in the Minneapolis/St. Paul area showed greater sustained viral suppression as opposed to those not using Ryan White services. With a reduced operating budget, it necessarily follows that there will be a reduction in sustained viral suppression, whereas an increase in the State award to the HIV Supports Division would allow for greater Ryan White service availability and therefore a higher percentage of PWH with sustained viral suppression. Tracking viral suppression is embedded in every HIV service activity administered by DHS
3. See Table 5, below.
4. Anecdotal stories from community and community organizations (e.g., during meetings with Program Officers, during Provider Connection Meetings, during MCHACP meetings) will reflect any progress made on the performance measures. The HIV community is very attuned to whether the community at large is improving or not and will provide feedback to the HIV Supports Division. There are many coalitions/committees that periodically hold listening sessions, which will be a good space to solicit community feedback regarding the qualitative aspect of these performance measures.

Table 5: Performance Measures for HIV Supports Division

Measure	Measure type	Measure data source	Most recent data	Projected change
Reduce the number of new diagnoses by at least 75 percent.	Quantity	MDH HIV Care Continuum	24% increase from 2022 to 2023	Reduce new HIV diagnoses to below 300 annually
Increase the percentage of individuals living with HIV who know their serostatus to at least 90 percent.	Quantity	MDH HIV Care Continuum	90%	Maintain or increase above 90%
Increase the percentage of individuals living with HIV who are receiving HIV treatment to at least 90 percent.	Quantity	MDH HIV Care Continuum CAREWare (HIV Client Level Database)	82% linkage to care in 30 days	Increase to 90%
Increase the percentage of individuals living with HIV who are virally suppressed to at least 90 percent.	Quantity	MDH HIV Incidence Report CAREWare (HIV Client Level Database)	66% of all PWH are virally suppressed (88% of PWH retained in care are virally suppressed)	Increase to 90%

Note: If this proposal moves forward, the Division will continue to refine program measures to reflect HIV Supportive Services outcomes.

⁵ <https://www.revisor.mn.gov/laws/2017/0/Session+Law/Chapter/75/>

Part B: Use of Evidence

DHS has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

Evidence-based practice:	Source:
Barriers, opportunities, and potential costs of expanding HIV support services	https://www.tandfonline.com/doi/full/10.1080/09540121.2023.2179593
Variation in local Ryan White HIV/AIDS program service use and impacts on viral suppression: informing quality improvement efforts	https://www.tandfonline.com/doi/full/10.1080/09540121.2022.2126960
HIV Antiretroviral Therapy Costs in the United States, 2012-2018	https://pmc.ncbi.nlm.nih.gov/articles/PMC7042880/

Fiscal Detail:

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29
General Fund	6,000	0	6,000	0	0	0
HCAF						
Federal TANF						
Other Fund						
Total All Funds	6,000	0	6,000	0	0	0

Fund	BACT#	Description	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29
GF	55	Disabilities Grant	6,000	0	6,000	0	0	0

		Requested FTEs						
Fund	BACT#	Description	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29

Statutory Change(s):

Rider language

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Sustainable Funding for Accessing Federal Data Sources (HC-80)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	3,382	3,834	4,578	5,484
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	3,382	3,834	4,578	5,484
FTEs	0	0	0	0

Recommendation:

The Governor recommends funding costs the state incurs to verify eligibility for Minnesota Health Care Programs (MHCP) applicants and enrollees. This proposal requests an investment of \$7,216,000 in the FY2026-2027 biennium and \$10,062,000 in the FY2028-2029 biennium.

Rationale/Background:

The Commercial Source of Income (CSI) service is used to verify eligibility for MHCP applicants and enrollees. The service has been provided through the federal HUB by Centers for Medicare and Medicaid (CMS) at no charge to states. With the exponential increase of states' use of CSI service, and corresponding increase in costs, CMS has transitioned the CSI service to a Medicaid-claimable service, with a 75/25 systems match rate. As a result, Minnesota now has state costs associated with this service. This proposal provides ongoing funding to cover the state share of this service.

Proposal:

This proposal seeks ongoing funding to pay for the Minnesota Eligibility Technology System (METS) to use the CSI via the federal data services HUB, to verify income for enrollees.

Impact on Children and Families:

This proposal does not have any direct impact on children and families, or any adverse impact on applicants or enrollees. However, if the Minnesota Department of Human Services (DHS) does not receive ongoing funding to use the CSI service to verify income, more Minnesota Health Care Programs (MHCP) applicants and enrollees will be required to provide paper documentation of their earned income and assets. Individuals and families with earned income will be less likely to have their eligibility automatically renewed, and some will lose coverage when they fail to provide paper documentation.

Equity and Inclusion:

This proposal has no inherent positive or negative impacts on equity. However, without this funding, it could worsen existing health disparities in Minnesota. MHCP enrollees are, by definition, low income.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

This proposal does not have a direct impact on Tribal governments, as this income data service is currently in place. DHS' migration to a claimable service for Commercial Sources of Income has also been transparent to Tribal processing entities' operations and administration of Minnesota Health Care Programs.

Impacts to Counties:

This proposal does not have a direct effect on counties, as this income data service is currently in place, and counties currently use the Asset Verification System (AVS).

IT Costs

No additional systems changes are anticipated as a result of this proposal.

Results:

The result of this proposal will be ongoing funding for the use of the CSI service through the Federal Data Services Hub to verify income for MA and MinnesotaCare applicants and enrollees with eligibility supported by METS. It will also result in ongoing funding for the AVS service for certain MA applicants and enrollees with eligibility supported by MAXIS.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	3,382	3,834	7,216	4,578	5,484	10,062
HCAF						
Federal TANF						
Other Fund						
Total All Funds	3,382	3,834	7,216	4,578	5,484	10,062

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	11	IDS (state share @ 31%)	3,382	3,834	7,216	4,578	5,484	10,062

Statutory Change(s):

This proposal does not make any statutory changes.

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Strengthening Housing Stabilization Services (HS-40)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	261	300	300	300
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	261	300	300	300
FTEs	2.25	3	3	3

Request:

The Governor recommends strengthening the 1915(i) Home and Community-Based Services (HCBS) Housing Stabilization Services (HSS) benefit by increasing DHS capacity to (1) improve timely access to benefits for individuals and (2) provide training and technical assistance for providers. In addition, the Governor recommends updating statutory language to clarify alignment with federal eligibility requirements for the 1915(i) HSS benefit as related to income.

Rationale/Background:

Homelessness and housing instability continue to impact people across Minnesota. The 2023 Minnesota Homeless Study conducted by Wilder Research shows that the number of people experiencing homelessness on a single night was 10,522¹. Supportive services help people find housing more quickly and stay stably housed, reducing costs related to incarceration, emergency room visits, shelters, and detox programs.²

In 2020, Minnesota was one of the first states in the country to implement the Medicaid-funded Housing Stabilization Services program using a 1915(i) State Plan Amendment. Housing Stabilization Services allow providers to support individuals across their housing journey, from homelessness, instability, or institutionalization to stable housing. It can help people find and keep housing, cover moving expenses, and follow the person with consistent service provision to improve outcomes.

The demand for Housing Stabilization Services has outpaced expectations and continues to increase. When the program was initially implemented, the State projected that the program would serve approximately 7,800 people. Four years later, over 14,100 people are enrolled. In June 2023, DHS received 2,459 applications over a four-week period. By March 2024, this number had increased to 3,290—a 34% increase in less than a year. Eligibility Review Specialists (ERS) have consistently reviewed approximately 2,000 requests per month. Despite maintaining this pace, the ERS now face a three-month processing backlog due to the high volume of requests.

When processing time increases, the consequences extend beyond the waiting period itself. Providers who provide services while an individual's application is pending approval may go months without guarantee of payment for staff time and risk not being reimbursed at all if an applicant is denied. The financial strain and

¹ "Single Night Count of People Experiencing Homelessness."

(https://www.wilder.org/sites/default/files/2023_HomelessCounts_FactSheet_3_18_24.pdf) Minnesota Homeless Study. March 2024.

² "Evidence Behind Approaches That End Homelessness." United States Interagency Council on Homelessness, 2019.

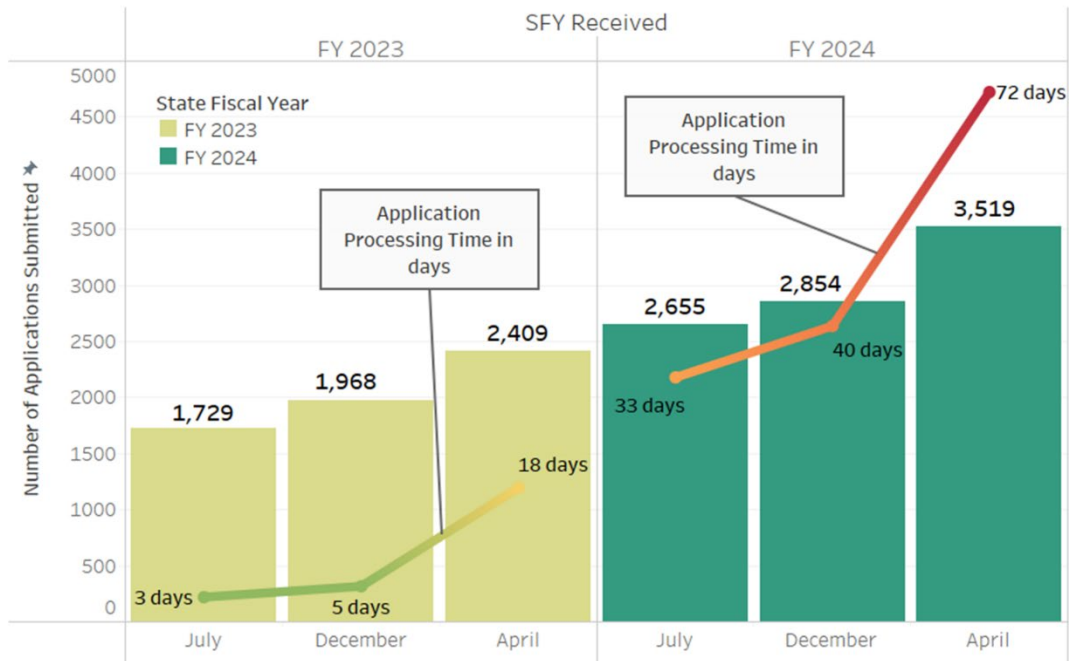
uncertainty caused by these delays lead some providers to stop providing Housing Stabilization Services altogether, further limiting service options for individuals in need.

Request type	Effect of long processing delays
Initial Application	Due to the processing wait time, many providers are unwilling to provide services for the recipient until an approval notification has been received. If the application is denied, the provider must fix the errors and resubmit, causing additional delays.
Renewal	Due to the processing wait time, a renewal request can cause a provider already offering services to a recipient to go months without knowing if they will be reimbursed. Additionally, if the renewal request is denied, the provider must fix the errors and resubmit, causing additional delays, which sometimes results in homelessness for the recipient or a provider closing their business.
Provider Change	Due to the processing wait time, a provider change can take almost three months to process or six months if the first submission is denied. Since a provider change is typically requested because the recipient is unsatisfied with their services, the extended processing delay causes the recipient to remain with a provider they feel is not helping them until the request is approved.

DHS has attempted various internal strategies to manage this demand, including authorizing staff to work overtime, but this has not been sufficient nor sustainable to respond to the need. DHS reviewed what changes were possible within the existing 1915(i) State Plan Amendment, the agreement made between Minnesota and CMS, to simplify application review to speed processing time. DHS has confirmed that it needs more resources to address the program's growth. Without more staff to respond to requests, processing time will continue to increase.

The growth in the program shows that Housing Stabilization Services fills a critical need, and the program is a primary tool that Minnesota can use to address housing instability. Currently, the DHS Housing Stabilization Services Application Processing Team (7 staff) can process an average of 24,000 applications annually (2,000 per month). With the number of applications surpassing the team's capacity, processing time has extended to over three months. DHS requests an additional two full-time employees (FTEs) to help meet the current volume of requests.

Housing Stabilization Services Application Processing Time and Applications Submitted by SFY

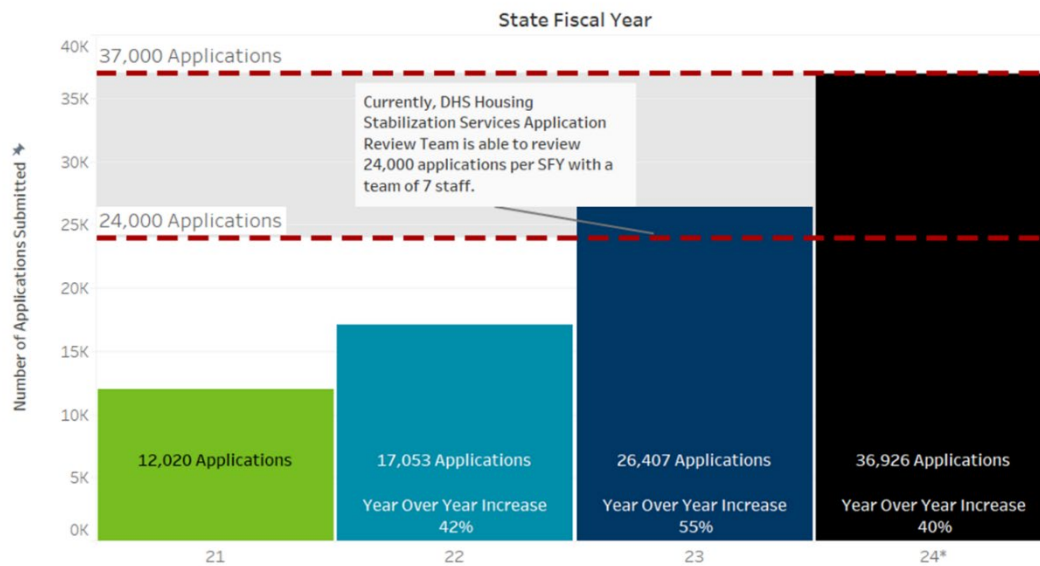


Data Source

Housing Stabilization Services Application Database (HousingStabilityViews)

The bar chart below shows the year over year change in applications submitted SFY21–24 and the projected number of applications for SFY25. The current DHS staff capacity of 7 staff processing 24,000 per year does not meet the need for services as the number of applications submitted continues to increase each year. Additional Eligibility Review Specialists are needed to better meet the demand.

Housing Stabilization Services Year Over Year Change in Applications Submitted



Notes

*SFY24- shows actual and estimated applications submitted for SFY24. A portion of applications from SFY24 have yet to be reviewed by DHS.

Data Source: Housing Stabilization Application Database (HousingStabilityViews)

Feedback from local agencies (including counties, county collaborations, and Tribal Governments) has also highlighted the need for more training support from DHS for Housing Stabilization Services (HSS) providers. Local agency partners have experienced a gap in support to providers navigating Medicaid or the housing and homelessness response system for the first time. Some counties have developed their own trainings for providers to fill that gap, but most regions have no capacity to provide this training and technical assistance, and where it does exist, inconsistencies in the information provided have resulted in confusion.

During the community engagement forum with providers on August 6, 2024, providers repeatedly emphasized their need for more access to high quality training and technical assistance from the state. DHS has learned from the federally run Housing and Services Partnership Accelerator (<https://acl.gov/HousingAndServices/Accelerator>) that other states have developed much more robust systems for offering providers Medicaid-related support. Housing and homeless providers, especially smaller organizations and organizations with no history of providing Medicaid services, require targeted support, training, and technical assistance to make their programs function. DHS requests one permanent FTE to provide ongoing training and technical assistance to meet this need and strengthen program integrity.

Federal guidelines for receiving 1915(i) State Plan Amendment services require that an individual be at or below 150% of the Federal Poverty Level (FPL). Minnesota statute currently states that an individual must be enrolled in Medical Assistance to be eligible for HSS; however, pregnant individuals can qualify for Medical Assistance if they are at or below 278% of the FPL, creating a discrepancy between federal and state eligibility criteria. Amending statute to clarify that an individual must be enrolled in Medical Assistance and at or below 150% of the FPL to be eligible for HSS will avoid confusion when assessing eligibility and ensure the program is federally compliant.

Proposal:

Several years after implementation, state program administrators and community partners have identified aspects of Housing Stabilization Services that are creating barriers to both providers and recipients. This proposal begins to address challenges and opportunities within the current Housing Stabilization Program by increasing DHS capacity to review applications and oversee training and technical assistance with 3 permanent FTEs:

- Two additional permanent positions to support the Eligibility Review Specialist team.
- One new, permanent position to support ongoing provider training, technical assistance, and community engagement.

DHS has a critical need to increase capacity for Eligibility Review Specialists to provide a timely response to requests and applications and support providers with technical assistance and training. Without staffing increases, the Housing Stabilization Services program will not be able to function as it is intended, and DHS will erode trust in the community.

Adding two permanent positions to process applications will increase administrative capacity required to help reduce application review times, which have lengthened to the point of causing critical housing and service access problems. The desired benchmark for time to review and approve or deny an application is 30 days or less.

DHS must do more to give providers information, support, and training necessary for Housing Stabilization Services to operate effectively. Currently, providers with experience and infrastructure to bill Medicaid services have enrolled to provide Housing Stabilization Services but may lack the necessary housing system expertise and knowledge to be successful; and housing and homeless providers have enrolled with the critical housing system knowledge but may lack the administrative capacity and expertise to navigate Medicaid billing. With a permanent position for training and technical assistance, Minnesota will better align itself with other successful state models, such as Washington.

This request was developed in partnership with MN Housing and the MN Interagency Council on Homelessness, and it is a key strategy named in the interagency plan Crossroads to Justice: Minnesota's New Pathway to

Housing, Racial, and Health Justice for People Facing Homelessness (<https://mich.mn.gov/crossroads-justice-strategic-plan>).

This proposal also seeks to amend statute to clarify that an individual must be enrolled in Medical Assistance and at or below 150% of the FPL to be eligible for HSS, in addition to meeting other eligibility criteria. This clarification is necessary to ensure federal compliance and will help avoid confusion when assessing individuals' eligibility.

Impact on Children and Families:

Housing Stabilization Services supports households where one-person age 18 or over is eligible for the services. The services have supported families when a parent is eligible for services, as well as youth aged 18 -24. According to the 2023 Wilder Research Minnesota Homeless Study, children and youth aged 24 and younger account for four out of every ten people experiencing homelessness. People living in families with children under 18 account for nearly half of people experiencing homelessness in the state.³ For young children, homelessness means additional strain on academic and social well-being. The impacts of homelessness and housing instability on young people are well documented, impacting behavior, employability, relationships, and brain development.⁴

To ensure that all families and young people in Minnesota have a healthy start, we need more high-quality services to support people with low incomes. According to the United States Interagency Council on Homelessness, supportive housing with wrap-around services is a proven, cost-saving intervention that reduces the use of crisis services, including shelters, jails, ambulances, and hospitals.⁵ This proposal will strengthen the Housing Stabilization Services program and support more timely access to housing-related services for eligible families.

The clarification of eligibility language will create necessary alignment with federal requirements for a 1915(i) State Plan Amendment service and maintain access to HSS for those individuals who are eligible, including head of households and pregnant individuals who are at or below 150% of Federal Poverty Level.

Equity and Inclusion:

Housing Stabilization Services are available to people enrolled in Medical Assistance who have a disability, have an assessed need, and are experiencing homelessness or at risk of homelessness. People in this population disproportionately represent Black, Indigenous and other Communities of Color. As noted by the Wilder homeless study, "Systemic racism, including a history of genocide, slavery, segregation, and anti-Black and Brown policies, has created huge racial disparities in wealth and homeownership in our country. Discriminatory policies have inhibited generations of African American and Native American people from building wealth, resulting in severe inequalities within the homeless population."⁶ This proposal was informed by extensive community engagement and Tribal consultation, which highlights the need for DHS to be more responsive and helpful to the communities facing the greatest disparities in homelessness and housing instability.

³ Wilder Research. "Minnesota Homeless Study: 2023 Study Results." Accessed May 23, 2024 (<https://www.wilder.org/mnhomeless/results>).

⁴ Dickrell, Stephanie. "Child homelessness can have long-term consequences." *SC Times*. June 4, 2016. Accessed May 23, 2024 (<https://www.sctimes.com/story/news/local/homelesskids/2016/06/04/child-homelessness-can-have-long-term-consequences/84902750/>).

⁵ United States Interagency Council on Homelessness. "Evidence Behind Approaches that Drive an End to Homelessness." 2019 (<https://www.usich.gov/sites/default/files/document/Evidence-Behind-Approaches-That-End-Homelessness-Brief-2019.pdf>).

⁶ Wilder Research. "Homelessness in the Twin Cities and Greater Minnesota." Accessed October 14, 2024.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

The State works closely with Tribal partners to support success. Tribes and Tribal entities can and have enrolled in Housing Stabilization Services, and the investments made in this proposal will have a positive impact on enrolled Tribal providers. DHS will continue to work with Tribal partners to ensure ongoing relationships, outreach, and effective service development for Native American and Indigenous recipients.

Most recently, Housing Stabilization Services team members participated in the American Indian Mental Health Advisory Council (AIMHAC) meeting in March 2024, following previous engagement with Tribal partners during the implementation of the program. DHS has also met on several occasions with the Tribal and Urban Indian Health Directors group during their quarterly meetings, to share the agency's work responding to a Minnesota Indian Affairs Council (MIAC) request for additional funding for housing-related services (initially proposed as adding an additional service line for Tribal All-Inclusive Rates for Indian Health Services). Feedback related to training needs for Housing Stabilization Services providers by DHS has been provided through grant monitoring visits and direct discussions with local agencies (including counties, county collaborations, and Tribal governments). This request directly relates to requests for DHS training support for Housing Stabilization Services and other statewide benefits such as Housing Support, Minnesota Supplemental Aid, and general assistance. These local agency partners have relayed their limited capacity to provide this training independent of a statewide training option.

Impacts to Counties:

Housing Stabilization Services is administered by the State. The State works closely with county partners to support success. There is no adverse fiscal impact on the counties related to this proposal. Supporting Housing Stabilization Services staff at the state level to speed application wait times and develop more robust technical assistance will have a positive fiscal impact on counties that are enrolled to provide Housing Stabilization Services themselves, including Carver, Clay, Hennepin, MnPrairie County Alliance, Olmsted, Scott, and Washington.

Counties, county collaborations, and Tribal Governments have requested more training and technical support from DHS during grant monitoring visits and direct discussions with local agencies. Lead agency partners have relayed their limited capacity to provide training and support to providers and community partners. This proposal directly responds to these requests and would provide dedicated staffing for the training and technical assistance that counties, county collaboratives, and Tribes are asking for.

IT Costs

There are no IT costs for this proposal.

Results:***Application processing timeline***

DHS monitors wait times for Eligibility Review Specialists to review applications and requests, which is currently over 90 days. When DHS invested in overtime for a period of several months, DHS was able to reduce the queue to process requests to around 30 days. When the authorization for overtime ended, the queue continued to grow beyond the capacity of current staffing levels. The length of time it takes for DHS to review all applications and requests will continue to grow without funding for more staff.

Individual Enrollment

The total number of enrolled individuals from 2020—present is 33,336. Ninety-two percent of all applicants become enrolled at some point, even if it takes multiple applications.

The number of individuals currently enrolled as of August 23, 2024, is 14,164.

The number of individuals who received services during the life of the program is 29,329.

In 2023, there were 19 individuals who were enrolled in HSS but financially ineligible, due the discrepancy between federal law and state statute. In 2024, there were 35 individuals who were enrolled in HSS but financially ineligible. Moving forward, these individuals, who are pregnant women on Medical Assistance but with incomes above 150% FPL, will no longer be approved for HSS based on updated eligibility language and determination processes necessary to ensure federal compliance.

Provider Enrollment and Utilization

The number of enrolled providers as of August 28, 2024, is 1,412. Of the total enrolled providers, 1,270 providers (90%) only offer Housing Stabilization Services and do not provide other Medicaid services. Ten percent of providers (142 providers) offer other MHCP and HCBS services. DHS hears regularly from housing and homelessness providers whose only exposure to Medicaid or health services is Housing Stabilization Services that Medicaid billing is a challenge. It is not surprising, then, that only 611 of enrolled providers, or 48%, are actively billing for reimbursement as of August 2024.

Twelve percent of providers (173 providers) are enrolled in the geographic shortage area (counties and tribes outside of Anoka, Dakota, Hennepin, Ramsey, and Washington counties). Eighty-two counties are a part of the geographic shortage.

Eighty-nine providers have a Cultural Conflict of Interest Exception.

Type of Measure	Name of Measure	Current Value	Projected Value (with additional staffing)	Projected Value (without additional staffing)
Quantity	# of applications processed by DHS per fiscal year	24,000	30,000	24,000
Quality	% of application processed by DHS within 30 days	13%	13%	10%
Results	Reduction in application processing time	92 days	100 days	120 days

Fiscal Detail:

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	261	300	561	300	300	600
HCAF						
Federal TANF						
Other Fund						
Total All Funds						

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	17	HHSSA HSS Admin - FTEs (2.25, 3, 3, 3)	384	441	825	441	441	882
GF	REV1	FFP from FTEs @32%	(123)	(141)	(264)	(141)	(141)	(282)
		Requested FTEs						

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	17	HHSSA Admin	2.25	3	3	3	3	3

Statutory Change(s):

256B.051

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Detecting, Preventing, and Addressing Fraud, Waste, and Abuse in Human Services (IG-45)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	5,920	6,893	6,893	6,893
Revenues	(2,934)	(2,639)	(2,139)	(2,139)
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,986	4,254	4,754	4,754
FTEs	59	59	59	59

Recommendation:

The Governor recommends investing \$7.24 million in FY 26-27 and \$9.508 million in FY 2028-29 to better detect, prevent and address fraud, waste and abuse in human service programs. This proposal is a collaborative and comprehensive anti-fraud effort across human services programs and functions. It includes FTEs and policy changes to prevent, detect, and address instances of fraud, waste, and abuse. This package also pursues innovative and proactive solutions, including funding for DHS to contract for pre-payment review of providers flagged for particular risk and associated FTEs to continue to support audits and investigations conducted by the Office of Inspector General's (OIG) Program Integrity and Oversight Division. This proposal also includes broader expansions of policies allowing for enhanced data sharing, license suspensions, and payment withholds which are necessary for a holistic approach to confronting fraud, waste, and abuse.

This proposal includes the following strategies:

Program Integrity Oversight (PIO) Operations

- Policy changes in Fraud Prevention Investigations to better reflect modern business practices (Minn. Stat. 256.983, subd. 4)
- Policy changes to allow for the disclosure of payment withholds (Minn. Stat. 13.46, subd. 3(c))
- Policy changes to clarify the statute of limitations when pursuing monetary recoveries from surety bond companies (Minn. Stat. 256B.0659, subd. 21, Minn. Stat. 256B.04, subd. 21(l), and Minn. Stat. 256B.85, subd. 12)
- FTE requests to address DHS-wide program integrity needs. Positions include managing work for the limits on receiving public funds provision that passed in the 2023 legislative session, investigators, support staff, and legal staff across the Program Integrity Oversight division to address the increasing number and sophistication of cases with alleged fraud, waste, or abuse.
- Investments to allow for the ability to contract with a medical review agent in pre-payment review of selected claims.

Substance Use Disorder (SUD) mid-point rule

This proposal includes adding a provision to clarify a rule for submitting claims for a unit of service based on time for Medicaid billing purposes in Substance Use Disorder (SUD) treatment programs (Add subdivision 5 to Minn. Stat. 254B.06).

Expanding authority in licensing, payment withholds, and data sharing

This proposal makes statutory changes to expand current authority regarding the sharing of investigative data, the ability to suspend licenses and applications, and when payments can be withheld. Amending statutes to be consistent and work together to ensure those wishing to commit fraud cannot exploit loopholes will result in more efficient and effective investigations. Together, these changes will proactively stop payments from being dispersed and prevent future instances of fraud in other state and federal programs.

Health Care Program Integrity and Provider Eligibility and Compliance (PEC)

A vital component of program integrity is the prevention of those desiring to intentionally commit fraud from becoming an enrolled provider. The rapid increase in the number of providers requesting enrollment to bill Medicaid for services has greatly strained DHS resources. It has also become a spotlight of scrutiny for the legislature, public, and the media. This proposal contains an increase in staffing to the Health Care divisions at DHS, particularly the Provider Eligibility and Compliance (PEC) division, to more effectively respond to these pressures and better prevent potential fraud from occurring by denying enrollment to people wishing to exploit and abuse the use of taxpayer money.

Background:

The Program Integrity Oversight Division (PIO) at the Department of Human Services (DHS) is responsible for supporting program integrity in Minnesota's public assistance programs, including Medical Assistance (MA). A robust program integrity program includes comprehensive measures to detect, prevent, and investigate instances of fraud, waste, and abuse and take enforcement action when necessary. The division is responsible for investigating fraud, waste, and abuse for Minnesota's approximately \$13 billion Medicaid industry. As MA usage increases and fraud schemes become more sophisticated, DHS-PIO must also evolve to protect taxpayer dollars in these publicly funded programs. Working with other administrations in DHS, this proposal presents a comprehensive and robust approach to enhancing program integrity measures across many programs covered by MA. A combination of personnel resources and statutory changes will contribute to a more efficient workforce, who can thoroughly evaluate and investigate allegations of fraud, waste, and abuse.

OIG-PIO Operations

PIO is often forced to take a reactive approach to addressing issues related to program integrity, both internally and externally. Statutory changes are necessary to better reflect business practices in the Fraud Prevention Investigations (FPI) section, to allow DHS the ability to better respond to the public interest governed under Chapter 13, and to clarify recovery practices from surety bond companies (a surety bond protects the state from financial loss due to fraud, waste, and abuse from provider non-compliance with program requirements).

Increased public and legislative scrutiny, as well as court actions, necessitate additional FTEs to better position DHS to respond to criminal and administrative cases of fraud, waste, and abuse. Recent court cases have demonstrated the sophisticated schemes that are created to commit fraud. Leveraging the skills of positions like auditors, investigators, and legal staff will position DHS to behave more proactively in preventing fraud from occurring, as well as respond to evolving fraud schemes. A robust program integrity philosophy is threaded into existing work of investigations to prevent, detect, and address instances of fraud, waste, and abuse. Because DHS is responsible for being good stewards of taxpayer money, public trust in the agency is an important component to a comprehensive program integrity approach.

Pre-payment Review Contract

This proposal includes funding allowing for the department to contract with a medical review agent in pre-payment reviews of selected claims. Pre-payment review allows for funds to the provider to be paused until the claim can be verified.

There is a relatively high standard DHS must clear to order a payment withhold (commonly referred to as a stop payment). Withholds have a high chance of disrupting services to eligible recipients and may contribute to

provider closures, resulting in lost capacity to serve clients. Withholds are appropriate in some circumstances, but DHS needs additional options that can scale appropriately and allow earlier intervention to protect recipients and public funds while limiting disruptions in service delivery. Medical review agents would be assigned to review providers who are flagged based on more limited and preliminary information. This gives DHS a close look at those claims before issuing payment. At the same time, this is less disruptive to the provider if the claims are valid, resulting in fewer collateral consequences to recipients who need care. Finally, utilizing a pre-payment review can lead to a greater cost avoidance by preventing payments from being dispersed, instead of recouping payments as is current practice.

Oversight of Providers, Managed Care Organizations (MCO), and Minnesota Restricted Recipient Program (MRRP)

The application and enrollment stage is a critical point where PIO can prevent fraud, waste, or abuse. Screeners provide an opportunity for prevention, a way to identify potential problems sooner, and an opportunity to provide technical assistance (TA) to applicants. The ability for a provider to interact in-person with additional screeners will lead to a better chance of success for the provider and DHS-PIO. After enrollment, the next stage is monitoring for program compliance. Auditors can identify provider errors in a proactive manner that will help to prevent more serious issues for providers and build rapport through administering technical assistance. Adding eight staff to conduct MA provider audits will allow DHS to be proactive in identifying fraud, waste, and abuse. Finally, should allegations of fraud, waste, or abuse become present, DHS needs trained investigators to navigate the complex work of substantiating the allegations and the legal system. An additional six investigators and two legal staff will address the increasing number and complexity of cases, leading to a more efficient and responsive approach to allegations of fraud, waste, and abuse.

In addition to monitoring fee-for-service (FFS) clients, DHS is responsible for Managed Care Organizations (MCO) oversight of other Medicaid clients. Currently, approximately 85% of Medicaid clients (over 1 million Minnesotans) are enrolled through one of nine MCOs in Minnesota (Minnesota Managed Care Enrollment Figures Totals Reports (state.mn.us)¹). As Medicaid shifts from a fee-for-service (FFS) to a managed care (MCO) model, there is a growing need for oversight of compliance for the private MCO companies beyond what the current four positions can efficiently manage. Four additional oversight specialists are necessary to coordinate with and audit the MCO's program integrity and compliance activities.

When a recipient is found to be abusing services, they can be placed in the Minnesota Restricted Recipient Program (MRRP). This program can limit a recipient to one pharmacy, physician, clinic, hospital, etc. to stop the recipient from utilizing multiple providers to commit fraud. A small staff of four to five Registered Nurses (RN) utilize their clinical knowledge and expertise to review medical claims for people on MA for signs of fraud, waste, or abuse. In addition to claims reviews, this area often assists with coordination of care, similar to case managers of an MCO. Lastly, the MRRP team must oversee and provide policies and procedures to the MCOs. The population of clients in the MRRP are often people with co-morbidities, especially with mental health, and present as complex patients. Furthermore, these clients too often fall through the cracks, ending up in emergency health situations, because they lack wrap-around services and effective case management. One contracted position for RN oversight and case review would allow for better care for this vulnerable group of Minnesotans.

Substance Use Disorder (SUD) Rates-Midpoint Rule

In July 2014, DHS issued a bulletin (#14-51-01) to provide instruction to SUD programs in response to the implementation of a new rate setting methodology and base rate payments for SUD treatment services. The bulletin included clarification on the proper utilization of the claim code, H2035 HQ, for SUD group treatment services as defined by the Administrative Uniformity Committee (AUC), a voluntary group consisting of health care public and private payers, hospitals, providers, and state agencies. The AUC defines the H2035 HQ claim code as,

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https://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=dhs16_141529

“alcohol and/or drug counseling per hour,” establishing this code as a time-based code for group treatment services.

In addition to the bulletin, Minn. Stat. 62J.536² and related rules require the development and use of Minnesota Uniform Companion Guides (MUCGs) for health care providers that bill under Medical Assistance (MA). *The Minnesota Department of Health’s (MDH) Rule: Minnesota Uniform Companion Guide (MUCG) Version [most recent] for the Implementation of the X12/005010X222A1 Health Care Claim: Professional (837)* contains instructions for submitting claims using an SUD group treatment claim code, stating:

“In the case of time as part of the code definition, follow HCPCS/CPT guidelines to determine the appropriate unit(s) of time to report. Per the guidelines, more than half the time of a time-based code must be spent performing the service in order to report the code. If the time spent results in more than one and one half times the defined value of the code, and no additional time increment code exists, round up to the next whole number.”

Due to the lack of explicit guidance, DHS-OIG discovered instances where SUD providers submitted an H2035 HQ claim for alcohol and/or drug counseling per hour after more than half the time (31 minutes) of the time-based code was reached then another subsequent H2035 HQ claim for alcohol and/or drug counseling per hour within the same frequency period (per hour) as the first claim. In summary, two time-based claims for alcohol and/or drug counseling per hour were submitted within the same hour of time despite not reaching more than one- and one-half times the defined value of the code (91 minutes). Clarifying the statute will address instances of exploiting time-based codes to perform duplicate billing and provide statutory authority to stop this practice, decreasing instances of wasteful spending of taxpayer dollars.

Expanding authority in licensing, payment withholds, and data sharing

Under 245.095, DHS can take actions against providers or affiliated individuals when they have been excluded by DHS as well as by other state or federal agencies. However, there is no clear authority under the current data practices act that authorizes the sharing of data between agencies. Adding language to the current statute specifically authorizing the sharing of investigative and other relevant data between agencies would remove barriers to taking expedited actions to stop payments or exclude providers when appropriate under this statute. This would enhance each state agency’s ability to more quickly act to protect public funds when an entity or affiliated individual has been excluded by another agency for related conduct.

Minnesota Statute, section 245A.07, subdivision 2(a)(3) requires the commissioner to immediately suspend a license if the license holder is criminally charged in state or federal court with an offense that involves fraud or theft against a program administered by the commissioner. Many licensed programs have license holders and several other controlling individuals running the programs. Currently, DHS may only immediately suspend a license if the license holder is criminally charged with theft for fraud against a DHS-administered program. Expanding the scope of this statute to include controlling individuals, in addition to license holders, would allow the commissioner to immediately suspend programs when controlling individuals are criminally charged with offenses that involve fraud or theft, in addition to just a license holder. Additionally, this proposal seeks to expand the triggering event for an immediate license suspension beyond a criminal charge for fraud or theft against a DHS-administered program, such as CCAP or MA. The proposal would expand the scope to a charge of fraud or theft against programs administered beyond just the commissioner of DHS, to mirror 245.095, to any program administered by a MN state or federal agency.

If an individual applies for a DHS license, the commissioner is required to act on the application within 90 working days after a completed application has been received. The language in statute does not explicitly allow DHS to suspend processing of the application if there is an open investigation of an applicant during the application

² <https://www.revisor.mn.gov/statutes/cite/62j.536>

process. If a controlling individual has already been disqualified under 245C or the applicant or a controlling individual have been excluded under the limit on receiving public funds, DHS can deny the application under Minn. Stat. 245A.05. When an investigation is pending, however, DHS has an interest in knowing the outcome of that investigation, particularly when it involves a credible allegation of fraud, before processing the application. DHS proposes adding language to 245A.04, subdivision 1 (a) to state that if a license applicant or a controlling individual is the subject of a pending investigation, the application is not considered “complete” until the investigation has closed.

Currently, Minn. Stat. 245.095, subd. 5 only allows the department to put payment withholds in place if there is a credible allegation of fraud and a pending investigation. If the department does not receive notice of the investigation by another division/agency until after they’ve completed their investigation and issued their sanction/conviction, the department does not have the authority to issue a payment withhold. This proposal would add:

- Allows DHS the discretion to implement a payment withhold under Minn. Stat. 245.095 when there is a criminal conviction related to fraud involving another state or federal agency to more effectively prevent ineligible funds from being dispersed.
- Allows discretion for the department to implement a payment withhold on someone when a license is revoked or suspended, by DHS or any other state/federal agency, to allow for more consistent implementation across the enterprise).
- Adds discretion for the department to issue a payment withhold when someone has a background study disqualification under Minn. Stat. 245C.

Health Care Program Integrity

In partnership with DHS-OIG, this proposal seeks to improve capacity of Minnesota Health Care Programs (MHCP) to proactively identify and address program integrity issues involving for eligibility determination, appeals, third-party liability, claims payments, and provider enrollment. Program integrity begins at the source - with the enrollment of providers, payment of claims, and eligibility and enrollment. In recent years, this work has become more complex and has grown beyond current staffing capacity, with more claims to cost avoid, pay and chase, more and different provider types to enroll and revalidate, more members with complex profiles, and eligibility types with different enrollment criteria. Similarly, there is increased scrutiny on these activities at the federal level through audit and oversight activity. Increasing complexity, number of providers, and additional outside pressures have led to worker burnout, with employee retention becoming more of a concern.

DHS currently enrolls and re-validates 80 provider types. The two largest provider types are Personal Care Assistance (PCA) (with over 100,000 individuals) and EIDBI providers. Due to staffing constraints, current employees must ensure proper enrollment into the MHCP and re-validate them to ensure their continued eligibility. The work of enrolling and re-validating is vital to ensure that DHS meets their federal CMS obligations (thus maintaining federal funding). This proposal addresses staffing needs in eligibility appeals and program integrity, provider enrollment, third-party liability, and claims payment. Additional permanent staff would address:

- Resource constraints that have persisted through and after the public health emergency (PHE) from 2021-2023
- Avoid the continued expensive use of temporary staff and overtime
- Timely provider screening and enrollment to ensure providers are compliant with federal regulations and are qualified to receive Medicaid dollars.
- Increase agency response and customer service for clients in managed care organizations (MCO), improved oversight and analysis of denials, terminations, and reductions (DTRs), as well as other data oversight of MCOs from the member perspective
- More efficient recoveries from third-party liability companies, estate, and trust recoveries
- Improved coordination of benefits

- Ensure timely and compliant provider enrollment and revalidation processes to reduce instances of corrective action against providers

Properly staffing efforts to oversee and support counties, tribes, members, and providers, as well as ensuring that Medicaid is the payor of last resort will ensure operational excellence in our Minnesota Health Care Programs. Furthermore, DHS will adequately respond to audit findings, implement corrective actions and other regulatory requirements efficiently and effectively. The Department can work upstream to prevent negative audit findings, and ensure payment integrity within our programs while ensuring a quality experience for our members and partners. Efficient work leads to savings and better stewardship of taxpayer money and increased public trust. Increasing capacity and investing in these activities ensures program integrity and quality on the front end, and ensures adequate oversight of eligibility, provider enrollment, and third-party liability activities. Every dollar invested prevents unnecessary money from being distributed, will help to detect and prevent fraud, and ensure all efforts are taken to recover dollars that should not be paid by Medicaid.

Proposal:

This package of proposals includes changes to existing programs through statutory changes, and new initiatives through the addition of FTEs to enhance program integrity activities at DHS. The increasingly complex fraud cases, public demand for swift action, and legislative scrutiny necessitates a large investment to better implement program integrity as a philosophy across multiple DHS administrations.

PIO – Operations

Statutory changes are proposed to Minn. Stat. 13.46, subd. 3(c) to allow for the disclosure of information related to payment withholds on providers. This component is in response to increased requests for payment withhold information from legislators.

Another statutory change pertains to the statute of limitations for recovery from surety bond companies. Current statute is unclear about the start date of the statute of limitations, resulting in surety bond companies refusing to pay the monetary recovery. In order for DHS to fulfil the recovery, the agency must sue the surety bond company, a process that is expensive and time-consuming. Clarifying Minnesota law to state the statute of limitations is six years from the time the debt was established under Minn. Stat. 256B.064 will close this loophole. Clarity will decrease the workload of legal staff because DHS-OIG will be able to avoid lengthy lawsuits and closing cases faster.

The last statutory change proposed for OIG-PIO is amending Minn. Stat. 256.983, subd. 4 pertaining to fraud prevention investigations (FPI). Changes to statutory language are necessary to update the law to better reflect the intent of county fraud prevention activities and current business practices. The amendment to subdivision 4 will reflect current reimbursement practices by requiring counties and Tribes to report quarterly on return on investment from FPI grants.

The large FTE request for the PIO division will allow for a more robust approach to preventing, detecting, and addressing instances of fraud, waste, and abuse. In calendar year 2023, PIO implemented more than 200 payment withholds, a temporary action due to a credible allegation of fraud. The payment withhold puts any claims submitted by a provider in suspense until the payment withhold is removed or the provider is terminated. By stopping payments from being dispersed to a provider, PIO avoids distributing payments for services not rendered or not provided as billed. Examples of some payment withholds prevent as much as \$67,000 from being paid out every two weeks to a provider with a credible allegation. This type of cost avoidance is an important tool for program integrity.

Implementing a contract for a medical review agent to conduct pre-payment reviews gives DHS an additional option, before waiting for the provider to meet the payment withhold threshold, for scaling and earlier intervention. Based on the experience of Wisconsin, a contract for medical review would begin at \$2 million, plus

additional ongoing funding to continue the pre-payment claims review work. This provision is scalable, but cost-avoidance results will be impacted with lower investment. Preventing funds from being dispersed, combined with recovery efforts will provide front-end and back-end claims reviews, which are both critical to effective program integrity.

Substance Use Disorder (SUD) Rates-Midpoint Rule

Adding a new subdivision 5 to Minn. Stat. 254B.06 will clarify the practice of billing when group treatment goes outside of clear timeframes based on coding. Added language will align statute with guidance for time-based codes with the Minnesota Department of Health (MDH) Rule³ and the Medicare Claims Processing Manual⁴. It will provide requisite legal standing and standardization for the utilization of time-based claims.

This proposal is expected to increase program integrity within Minnesota Health Care Programs by defining permissible state standards for frequency limitations. The strengthened legislative language will increase fidelity in the delivery and payment of SUD treatment services, resulting in decreased duplicative billing and other instances of fraud, waste, and abuse. The more efficient and effective utilization of taxpayer money will also increase public trust in DHS' oversight of SUD treatment programs.

Expanding authority in licensing, payment withholds, and data sharing

Statutory amendments will authorize the sharing of investigative data across agencies. Additional statutory amendments are requested in Minn. Stat. 245A.07 and 245A.04 to expand authority for license suspensions beyond the license holder, at the application stage, and the ability to suspend licenses beyond criminal charges. Lastly, adding statutory language in Minn. Stat. 245.095 to expand the ability to withhold payments for a revoked or suspended license, a criminal conviction of fraud in another state or federal agency, and following a background study disqualification will allow the Department to stop bad actors from continuing fraudulent behavior across agencies and programs.

Health Care Program Integrity

This proposal will help adequately staff this division to become compliant with Federal Provider Screening and Enrollment Requirements, reduce wait times for provider screening, enrollment and revalidation, improve the timeliness of enforcement action, and ultimately reduce the likelihood of corrective actions against providers. While the Minnesota Provider Screening and Enrollment (MPSE) portal enables providers to enter and track their applications and update their licenses, the function of provider screening, enrollment, and ongoing compliance continues to be a labor-intensive process to review each providers' certifications, background studies, and other submitted documentation. There are approximately 171,900 processing requests every year. Adding twelve FTEs will increase the processing capacity of these requests by approximately 36,000 requests per year to address the current volume of requests.

This proposal will also:

- Provide additional support for claims data integrity
- Reduce backlogs and accelerate coordination of benefits and third-party liability activities, leading to increased cost avoidance, reduction in the need to pay and chase, and increased efficiency in payment recoveries
- Reduce backlogs and ensure skilled staffing of trust review and county lien support to increase recoveries and agency oversight of trustees and county program staff Increase capacity to support and oversee county and tribal eligibility determinations, and enrollee eligibility appeals

³ <https://www.health.state.mn.us/facilities/ehealth/auc/guides/docs/cg837p.pdf>

⁴ <https://www.cms.gov/regulations-and-guidance/guidance/manuals/downloads/clm104c05.pdf>

- Develop support for county supervisory case review, generating reports to develop metrics for counties, and to be more proactive in ensuring best practices, accurate enrollment outcomes, reducing appeals, improving customer service, and avoiding or mitigating audit findings

This proposal will achieve savings for the general fund. In 2022, the Provider Eligibility and Compliance division devoted one experienced FTE to monitor special needs trusts. The increased oversight resulted in identifying a number of instances where trustees were misappropriating money from MA recipients with disabilities, and increased special needs trust collections by approximately \$5 million per year. Additionally, the division created a program to support and educate county workers and attorneys on these complex programs. An additional staff person will enhance these results.

Table describing the amounts of monetary recoveries by fiscal year by FTEs dedicated to oversee special needs trusts.

	FY22	FY23	FY24
Dedicated Trust Specialist	\$3,297,375	\$11,927,496	\$10,070,730
Dedicate Staff Attorney to county probate	\$43,495,333	\$55,802,924	\$57,671,589

Current staff activities that focus on the coordination of benefits/third-party liability work average approximately \$24 million in savings (both cost avoidance and pay and chase) per year. This work averages approximately \$640,000 in recoveries for the Medicaid program per employee. Focused efforts on this work to reduce significant backlogs will enhance these efforts and ensure an immediate return on investment. Furthermore, current staff is operating with a 6-7 month backlog, due to the increase in workload through and after the COVID-19 pandemic. One additional staff member will decrease the backlog, leading to faster health insurance verifications, increased cost avoidance, and more efficient coordination of benefits for members and providers.

Impact on Children and Families:

Enhanced program integrity measures will have direct and indirect impacts on children and families. Overall, better program integrity activities ensure that providers are reimbursed for properly providing services for vulnerable children and families who participate in one or more public programs. DHS has the responsibility to ensure services are provided with high quality consistently across providers, and in compliance with state and federal requirements. Reducing backlogs and taking action in a timely manner will better the client experience and ensure they are receiving services when they are needed. Lastly, ensuring that DHS has the ability and authority to recover funds that were found to be the result of fraud, waste, or abuse will allow those funds to be used for services to help more children and families who need the services. An efficient and effective program integrity philosophy will lead to increased public trust through the good stewardship of taxpayer dollars.

Equity and Inclusion:

The number of people from Black, Indigenous, People of Color (BIPOC) communities enrolled in public benefit programs is disproportionate when compared with demographics of the overall population. According to the 2020 census (Data by Topic - 2020 Decennial Census / MN State Demographic Center⁵), people who are white and non-Hispanic account for 76.3% of the population (4,353,880 residents), while BIPOC populations comprised 23.7% (1,352,614 residents). When compared to average monthly Medicaid enrollment rates, people who are white, non-Hispanic comprise approximately 55.0% (776,744 people) of the enrolled population, while people from

⁵ <https://mn.gov/admin/demography/data-by-topic/population-data/2020-decennial-census/>

BIPOC communities comprise approximately 45.0% (640,998 people) of the enrolled population (Who Medicaid and MinnesotaCare serve / Minnesota Department of Human Services (mn.gov)⁶).

In the substance use disorder treatment space, admissions are also disproportionate across racial and ethnic groups compared to the general Minnesota population. In 2021, the number of treatment admissions for substance use disorder treatment was 58,563 (DAANES), 66.3% White, 12.1% African American, 10.5% Native American, 1.5% Asian or Pacific Islander, 3.7% other with 5.0% Hispanic.

DHS, led by OIG-PIO, is creating a comprehensive and multi-administrative approach to increasing program integrity measures through legislative action for programs enrolled in Minnesota Health Care Programs (MHCP). The goal is a combination of statutory changes and an increase in staffing to address increasingly sophisticated and prevalent instances of fraud, waste, and abuse. Results and outcomes include a decreased prevalence of fraud, waste, and abuse through preventative measures as well as addressing allegations of suspected fraud, waste, and abuse in a prompt and more data-driven manner. The ability for DHS to recover funds that were found to be the result of fraud, waste, or abuse will allow those funds to be used for services to help more people in BIPOC communities who need public program services. Ensuring funds are appropriately allocated to those in need will address inequities by addressing the systemic need experienced by BIPOC communities. Eliminating fraud, waste, and abuse ensures resources go to the most vulnerable populations, especially disproportionately impacted communities of color. An efficient and effective program integrity philosophy will lead to increased public trust through the good stewardship of taxpayer dollars.

Unintended consequences could include the sudden closure of a provider following administrative action from DHS. Frequent and proactive communication, training providers, and forum(s) with the ability for providers to ask questions will help mitigate against negative, unintended consequences. This proposal's enhanced program integrity measures could also deter providers from enrolling. While this could theoretically exacerbate any provider shortage, the providers that are enrolled will be more likely to be compliant with billing and program requirements, provide high quality services, and contribute to the increased health of people who rely on public benefit programs.

Communications include newsletters detailing the implementation of new provisions following the 2025 legislative session, participation in advocacy organization meetings, and targeted communications to meet specific communities and providers where they are. Through active listening, representatives of the Department will provide guidance and clarifications about questions or concerns brought forth by community members.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Impacts to Counties:

Counties are important partners with MA reimbursements, investigations, and implementation of public benefit programs. Increased statutory clarifications, enhanced program integrity measures, and staffing resources at DHS will positively impact counties. This proposal will allow for DHS to more responsive to county partners while increasing oversight across the system of public benefit programs. It is not anticipated to impact county finances

⁶ <https://mn.gov/dhs/medicaid-matters/who-medicaid-and-minnesotacare-serves/#:~:text=Minnesota%20Medicaid%20enrollment%20is%20split%20nearly%20evenly%20between,Greater%20Minnesota%20counties%20compared%20to%20the%20metro%20area.>

or operations. DHS-OIG will maintain communication with county associations throughout the proposal process, soliciting and implementing feedback as it is presented.

IT Costs

Category	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services	287,000	92,000	36,000	90,000	90,000	90,000
Total	287,000	92,000	36,000	90,000	90,000	90,000
MNIT FTEs	0	0	0	0	0	0
Agency FTEs	0	0	0	0	0	0

Results:

Part A: Performance Measures

The overall all goal of this proposal is to enhance program integrity measures to prevent, detect, and address instances of fraud, waste, and abuse in Minnesota's public human services programs. Investing in enhanced measures, including additional FTEs, will result in increased monetary recoveries and cost avoidance due to increased prevention measures.

Examining an overall return on investment (ROI) based on monetary recoveries, fines, and savings yields a \$3-4 of revenue returned for every dollar invested by DHS. However, based on methodology followed in 2019 to determine cost savings for additional investment in Fraud Prevention and Investigations grants, the Department estimates savings based on a per investigator average of actual recoveries (i.e. monies collected from identified monetary recoveries) plus costs avoided by stopping payments. Using this conservative method, the Department estimates \$819,189 savings per year with the addition of 8 new investigators. NOTE: this savings currently only represents actual recoveries; avoided costs are being calculated and will significantly increase savings projected from the addition of additional investigator staff.

Measure	Measure type	Measure data source	Most recent data	Projected change
Savings (FY 2026)	Quantity	Recoveries * Number of investigators	FY2026 Recoveries	\$614,392
Estimate Savings (FY 2027)	Quantity	Recoveries * Number of investigators	FY2026 Recoveries	\$819,189

Substance Use Disorder treatment mid-point rule

MMIS claims data is the primary data utilized to highlight concerns about the misuse of this rule. Specifically, data includes the use of the H2035 with modifier HQ, which is used for billing group treatment services in SUD treatment programs. This data can be tracked over time in the MMIS claims system. The efficacy of this rule's

implementation will be evaluated through monitoring protocols that Behavioral Health Administration (BHA) uses within the SUD treatment delivery continuum.

Health Care Program Integrity:

DHS anticipates this proposal will increase processing volume by 36,000 requests annually. This will decrease the processing times providers are currently experiencing, and ensure they are ready to serve MHCP members more quickly.

Part B: Use of Evidence

Not applicable to this proposal.

Part C: Evidence-Based Practices

Not applicable to this proposal.

Fiscal Impact:

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29
General Fund	2,986	4,254	7,240	4,754	4,754	9,508
HCAF						
Federal TANF						
Other Fund						
Total All Funds	2,986	4,254	7,240	4,754	4,754	9,508

Fund	BACT#	Description	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29
GF	18	OIG-Program Integrity Division FTEs (33,33,33,33)	4,744	5,545	10,289	5,545	5,545	11,090
GF	13	HCA-Provider Eligibility and Compliance Division FTEs (20,20,20,20)	2,566	2,949	5,515	2,949	2,949	5,898
GF	11	OPS-Operations Internal Controls FTEs (6,6,6,6)	441	518	959	518	518	1,036
GF	18	OIG-Prepayment Claims Contractor (P/T Contract)	493	832	1,325	888	834	1,722
GF	18	OIG-RN Case Reviewer (P/T Contract)	26	26	52	26	26	52
GF	11	OIG-AEM System Modification PIO	287	92	379	36	90	126
GF	Rev 1	Admin FFP @ 32%	(2,637)	(3,069)	(5,706)	(3,069)	(3,069)	(6,138)
GF	Rev 2	OIG-Program Integrity Investigative Recoveries	(614)	(819)	(1,433)	(819)	(819)	(1,638)
GF	Rev 2	HA-Health Insurance Recoveries	(320)	(320)	(640)	(320)	(320)	(640)
GF	Rev 2	HA-Special Needs Trust Recoveries	(2,000)	(1,500)	(3,500)	(1,000)	(1,000)	(2,000)
		Requested FTEs						

Fund	BACT#	Description	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29
GF	18	OIG FTEs	33.0	33.0	33.0	33.0	33.0	33.0
GF	13	HA FTEs	20.0	20.0	20.0	20.0	20.0	20.0
GF	11	OPS FTEs	6.0	6.0	6.0	6.0	6.0	6.0

Statutory Change(s):

Minn. Stat. 13.46, subd. 3(c)

Minn. Stat. 245.095

Minn. Stat. 245A.04 Subd. 1
Minn. Stat. 245A.05
Minn. Stat. 245A.07
Minn. Stat. 245C.14 Subd. 6
Minn. Stat. 245C.15 Subd. 7
Minn. Stat. 254B.06, subd. 5
Minn. Stat. 256.983, subd. 1
Minn. Stat. 256.983, subd. 4
Minn. Stat. 256B.04, subd. 21
Minn. Stat. 256B.064
Minn. Stat. 256B.0641
Minn. Stat. 256B.0659, subd. 21
Minn. Stat. 256B.85, subd. 12
Minn. Stat. 541.05, subd. 1?

Minnesota Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Program Integrity Investigative Analytics Infrastructure (IG-60)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	5,507	5,814	4,557	4,528
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	5,507	5,814	4,557	4,528
FTEs	46.0	46.0	46.0	46.0

Recommendation:

The Governor recommends investing \$11.321 million in FY 26-27 and \$9.085 million in FY 2028-29 to develop a proactive, scalable, data-driven approach to fraud detection and prevention using modern technologies, including Artificial Intelligence (AI) and Machine Learning (ML) and case management.

Rationale/Background:

States have experienced an increase in fraudulent activities. Fraudulent and malicious actors have continued to evolve and are using increasingly sophisticated fraud schemes that threaten the integrity of publicly funded programs, including Medicaid. As a result, states, including Minnesota, must evolve to confront these tactics. Recent technological and business process advances, including artificial intelligence capabilities enable new opportunities to proactively confront the evolving threat to Minnesota's publicly funded programs.

To address these challenges, the Department of Human Services (DHS), in partnership with Minnesota Information Technology Services (MNIT), proposes a pilot initiative to enhance Medicaid program integrity. This pilot will develop a proactive, scalable, data-driven approach to fraud detection and prevention using modern technologies, including Artificial Intelligence (AI) and Machine Learning (ML) and improved case management. By starting with Medicaid, Minnesota can refine the tools and methodologies required to achieve success that could allow for a broader application to other public programs that currently span across many different agencies.

Medicaid Program Integrity Pilot

Medicaid is a critical area for this initiative due to its scale, complexity, and vulnerability to fraud, waste, and abuse. The pilot will test advanced systems and methodologies, assuring they effectively address key challenges:

1. **Disconnected Data:** Medicaid oversight is hampered by siloed data systems, limiting comprehensive fraud detection and cross-program insights.
2. **Reactive Investigations:** Current tools lack the capacity to proactively detect fraud trends, necessitating a shift to more techniques like supervised learning, anomaly detection, predictive analytics, graph-based analysis, and natural language processing (NLP) to detect fraud, waste, and abuse.
3. **Fraud Scheme Complexity:** Evolving schemes exploit gaps in traditional oversight, necessitating advanced technological capabilities.

Proposed Solutions:

The initiative seeks to identify and deliver data management strategies and opportunities that enable comprehensive capabilities for combating Medicaid fraud that are designed for scalability:

- **Medicaid Data:** Identify and implement strategies and opportunities to analyze Medicaid claims and investigative case data using comprehensive fraud prevention capabilities to uncover systemic risks.
- **Advanced Analytics and AI techniques for Medicaid Oversight:** Use AI and ML techniques and advanced analytics to detect patterns, assign risk scores, understand networks, and flag high-risk cases for efficient investigations.
- **Data Driven Audits and Investigations:** Cases will be assigned for audits and investigations based on data driven risk scores. A new case management system will automate alerts, streamline investigations, and improve collaboration between auditors and investigators to enable data-driven decisions by providing actionable insights and fostering transparency.

Scalability for Broader Application:

While the pilot focuses on Medicaid, the systems and methodologies developed will be designed for adaptability so that it could be expanded to include other programs that may span across different state agencies. This approach assures the solution can:

- Expand to additional programs such as SNAP, TANF, and childcare assistance once pilot results validate effectiveness.
- Support cross-agency collaboration to combat fraud that spans multiple programs.
- Integrate seamlessly with legislative and governance requirements across public programs.

Intended Results:

- **Improved Medicaid Integrity:** Proactively identify and address fraud, waste, and abuse within the Medicaid program.
- **Efficient Resource Allocation:** Optimize investigative resources on high impact cases to optimize resources, reduce costs and improve case resolution efficiency.
- **Foundation for Broader Use:** Establish a scalable model for program integrity modernization that could be extended to Minnesota's other public programs.
- **Enhanced Public Trust:** Demonstrate a commitment to safeguarding public resources and assuring programs serve their intended purposes.

Implementation and Outcomes:

The pilot will establish the foundation for a statewide, integrated approach to program integrity. By refining tools and processes in Medicaid, Minnesota will create a tested and scalable model for modern oversight that:

- Breaks down silos across programs.
- Utilizes advanced technologies and techniques to improve program integrity oversight.
- Lays the groundwork for an integrated, cross-agency ecosystem.

This Medicaid-focused pilot will serve as a proof of concept, enabling Minnesota to modernize program integrity systems incrementally while assuring scalability to protect public funds and improve outcomes for all residents.

Proposal:

This proposal seeks to modernize Minnesota's Medicaid program integrity efforts by utilizing advanced data analysis and Artificial Intelligence (AI) and Machine Learning (ML) tools and capabilities. These tools will be integrated with a modernized program integrity case management system designed to provide continuous feedback from audits and investigations, improving and refining fraud detection models.

With this funding, Minnesota can transition from reactive, complaint-driven investigations to a proactive, data-driven approach that detects and prevents fraud before it escalates. This effort will optimize investigative resources, enhance oversight, and reduce costs associated with fraudulent activities.

Without this investment, Minnesota risks:

- **Increased Costs:** Fraud schemes would remain harder to detect, leading to unnecessary financial losses and inefficiencies.
- **Missed Opportunities:** Emerging technologies that enhance fraud detection would remain underutilized, leaving Medicaid more vulnerable to increasingly sophisticated schemes.
- **Resource Constraints:** Investigative efforts would continue to be stretched thin, reducing the state's ability to protect public funds effectively.

This proposal assures Medicaid program integrity, safeguards public resources, and strengthens Minnesota's ability to meet the needs of its residents through innovation and accountability.

This proposal includes two primary funding components to modernize Minnesota's Medicaid program integrity efforts:

Technology and Software Investments

- **Data and Analytics and Case Management Software:** Funding would support licensing, development and deployment costs for a case management system and analytics software and support data storage, processing, and analytics tools for tasks such as analytics engineering, data transformation, AI modeling, data governance, data visualization, and analysis.
- **Consulting and Professional Services:** Funding would support consulting services and staff augmentation to coordinate project implementation of data and case management solutions.

Staffing and Capacity Building

- **Office of Inspector General (OIG) AI Fraud Analytics Unit:** Funding would support ten positions to create a new unit including AI/ML data scientists, business intelligence analysts, analytics researchers, and an A.I. data governance coordinator.
- **OIG Digital Services and Product Success Operations:** Funding would support nine positions to develop and maintain the program integrity case management system and assist its users.
- **OIG Legal, Policy, and Operations Support:** Funding would support three positions to address the legal, policy, and operational needs of this new work.

MNIT Services: Funding would support 24 positions to create and maintain the data capabilities and AI and ML models in production and train model based on feedback, as well as to sustain the program integrity case management system. This may include data engineers, cloud/systems administrators, integration specialists, case management system developers and administrators, machine learning engineers, AI model trainers, IT project management, information security specialist, business analysts, systems architects and related general IT operations, training and management.

Capacity Building: Staff training is a critical component of capacity building to assure alignment with best practices for building, maintaining, and improving AI fraud detection models, reducing reliance on external vendors. This assures investigations remain data-driven and can adapt as fraud schemes evolve to protect this investment.

This proposal integrates investments in advanced technology, expert staffing, and sustainable capacity building to establish a modern, proactive approach to Medicaid program integrity. DHS and MNIT will utilize the state’s “Request for Information” (RFI) process to identify the most cost-effective and appropriate solution to meet the technological and operational needs. Estimates reflect net state share cost when assuming a 75% federal cost share. By enhancing oversight capabilities, the initiative will protect public resources, improve efficiency, and strengthen Minnesota’s ability to combat evolving fraud schemes.

Fiscal Impact

Dollars in Thousands

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29
General Fund	5,507	5,814	11,321	4,557	4,528	9,085
HCAF						
Federal TANF						
Other Fund						
Total All Funds	5,507	5,814	11,321	4,557	4,528	9,085

Fund	BACT#	Description	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29
GF	18	OIG Legal and Enterprise Operations FTEs (3,3,3,3)	473	559	1,032	559	559	1,118
GF	11	(IT) OIG Digital Services, Analytics and Insights FTEs (18, 18, 18, 18)	726	857	1,583	857	857	1,714
GF	11	(IT) MNIT Infrastructure FTEs (24,24,24,24)	1,691	1,383	3,074	1,864	1,663	3,527
GF	11	(IT) OIG – Analytics and Case Management Software and Professional Services	2,768	3,194	5,962	1,456	1,628	3,084
GF	Rev 1	Admin FFP @ 32%	(151)	(179)	(330)	(179)	(179)	(358)

		Requested FTEs						
Fund	BACT#	Description	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29
GF	18	OIG FTEs	3.0	3.0	3.0	3.0	3.0	3.0
GF	11	(IT) OIG FTEs	19.0	19.0	19.0	19.0	19.0	19.0
GF	11	MNIT FTEs	24.0	24.0	24.0	24.0	24.0	24.0

Impact on Children and Families:

This proposal aims to safeguard Medicaid, a critical program that serves children, youth, and families by providing access to healthcare. By improving fraud detection and prevention, the initiative assures that resources are directed to legitimate providers and eligible recipients, protecting the availability and quality of care for these populations. Fraudulent practices, such as ghost providers or excessive billing by bad actors, can undermine access to services for families in need. Proactive fraud detection will prevent such abuses, ensuring program funds are used appropriately to benefit children and families. Strengthened program oversight fosters trust in Medicaid and other public programs, encouraging eligible families to participate without fear of systemic inefficiencies or misuse.

Equity and Inclusion:

Fraud, waste, and abuse divert resources away from underserved communities. By reducing instances of fraud, waste, and abuse, the proposal helps assure that funds reach the most vulnerable populations, including low-income families and children of color. Enhanced analytics could also help identify patterns of systemic inequity or exclusion in program administration, leading to more equitable outcomes. Improved transparency and insights into program operations could help highlight areas where marginalized communities face barriers to access that could ultimately inform policy changes to address systemic inequities. In addition, fraudulent activities may crowd out legitimate providers, including small, community-based organizations that serve underrepresented populations. By improving program integrity, these providers will have a fairer opportunity to participate in Medicaid and related programs.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Impacts to Counties:

This proposal does not have a direct impact on counties.

IT Costs

Category	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Payroll	2,417	2,240	2,721	2,520	2,520	2,520
Professional/Technical Contracts	1,331	1,594	61	69	69	69
Infrastructure	113	137	120	134	134	134
Hardware						
Software	1,282	1,432	1,248	1,395	1,395	1,395
Training	42	31	27	30	30	30
Enterprise Services						
Total	5,185	5,434	4,177	4,148	4,148	4,148
MNIT FTEs	24	24	24	24	24	24
Agency FTEs	19	19	19	19	19	19

IT costs above reflect net state costs, assuming 75% federal financial participation.

Results:

Part A: Performance Measures

The goal of this initiative is to enhance Medicaid program integrity by transitioning to a proactive, data-driven approach that improves fraud, waste, and abuse detection, investigation efficiency, and oversight efficacy. The expected outcomes of the pilot include optimized resource allocation for investigations, increased public trust in the integrity of publicly funded programs. Investing in enhanced Medicaid program integrity will result in cost savings obtained through increased monetary recoveries, cost avoidance, and deterrence due to increased prevention measures. Success will be measured over a three-year period, with initial improvements in case processing efficiency and fraud, waste, and abuse detection rates observable within the first twelve months of implementation. Once pilot results are validated as effective based on the measures noted below, the systems and methodologies can be scaled for broader application of program integrity modernization in Minnesota's other public program types.

Current investigative practices yield a ROI of approximately \$2 of revenue returned for every dollar invested by DHS based on monetary recoveries, fines, and savings. This justifies further investment and serves as a baseline from which improvement can be made. The department estimates the pilot to yield a ROI of approximately \$4 of revenue returned for every dollar invested by DHS. This proposal and result estimates are informed by evidence and information from the Centers for Medicare & Medicaid Services (CMS) fraud prevention system (FPS) implementation, the Healthcare Fraud Prevention Partnership (HFPP), and the Departments of Health and Human Services and Justice joint Health Care Fraud and Abuse Control Program.

Measure	Measure type	Measure data source	Most recent data	Projected change
Return on Investment from recoveries, along with prevented and deterred fraud, waste, and abuse	Result	The centralized data system created from this proposal	N/A	Achieve a 4:1 return on investment (three-year rolling average) by Year 3, with \$4 saved for every \$1 invested in the pilot
Number of audits or investigations initiated through data-driven methods vs. tip-driven investigations	Quantity	Program Integrity Case Management System and the centralized data system created from this proposal	N/A	Shift to 50% proactive audits and investigations by Year 3
Percentage of Medicaid claims correctly flagged and substantiated as fraud, waste, or abuse	Result	The centralized data system created from this proposal	N/A	Model accuracy of 60% 1 year after implementation and an 80% recall rate when testing the model on historical data (subject to change based on data factors)

The qualitative measures will assess improvements in collaboration and user satisfaction with the new system:

- Stakeholder Feedback: Surveys and interviews with investigators, auditors, and program administrators will gauge the system's usability, collaboration effectiveness, and overall impact on workflow.
- Collection Method: Conduct semi-annual surveys and focus groups with key stakeholders.
- Expected Change: Feedback will reflect improved ease of use, transparency, and investigative efficiency.
- Narrative Case Studies: Highlight successful fraud investigations enabled by the new system to demonstrate impact.

- Collection Method: Collect and analyze case studies annually from investigators using the new tools.
- Expected Change: Case studies will illustrate how AI-driven insights identified fraud patterns that current methods of investigating within siloed systems missed.

By integrating quantitative and qualitative measures, this proposal will comprehensively evaluate the effectiveness of the Medicaid Program Integrity Pilot in improving Medicaid integrity, optimizing investigative resources, and enhancing public trust.

Part B: Use of Evidence

While this proposal was informed through analysis of cost savings generated through current program integrity measures, none of the programs in this proposal have undergone a formal program evaluation. Due the reactionary nature of program integrity work at DHS, there is no formal evaluation planned at this time.

Part C: Evidence-Based Practices

Not applicable.

Statutory Change(s):

N/A

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: EIDBI Provisional Licensure and Program Integrity (IG-58)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	5,210	6,434	5,825	5,641
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	(228)	(456)	(456)	(456)
Net Fiscal Impact = (Expenditures – Revenues)	4,982	5,978	5,369	5,185
FTEs	36	36	36	36

Recommendation:

The Governor recommends funding for solutions to address current concerns related to Early Intensive Developmental and Behavioral Intervention (EIDBI) agencies. Funding will include additional FTEs for developing and issuing a provisional license for EIDBI programs under the foundational requirements of chapter 245A, implementing maltreatment investigation authority, additional screeners due to a shortened re-validation cycle, and system changes to include this licensure scope within the provider licensing and reporting hub and ensure providers clear a background study prior to enrollment. Pre-payment review will allow for funds to the provider to be paused until the claim can be verified.

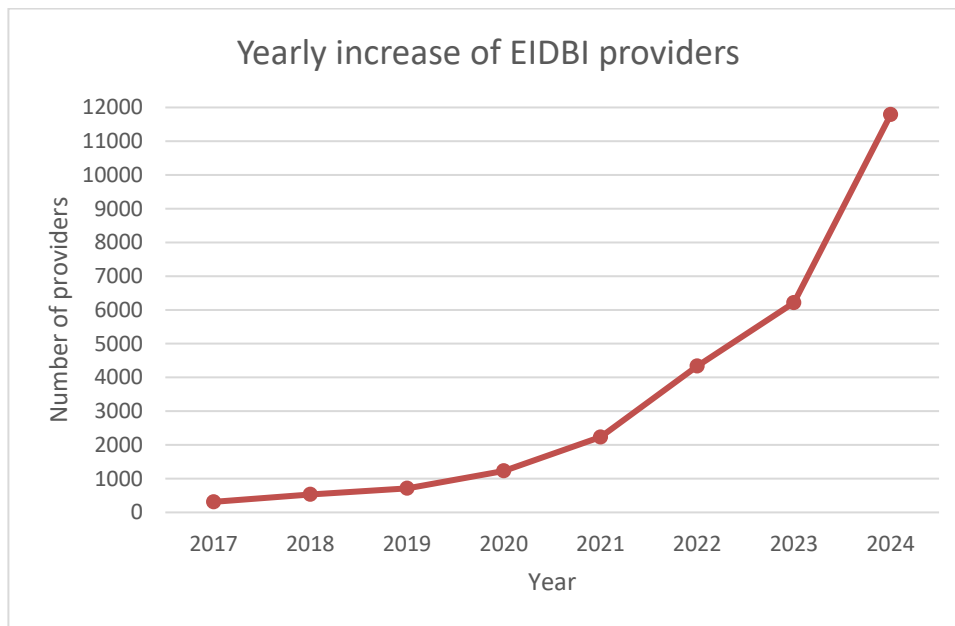
Rationale/Background:

Since its inception in 2014, Early Intensive Developmental and Behavioral Intervention (EIDBI) a Medicaid benefit for autistic children has been an unlicensed service, lacking consistent state regulatory oversight. Providers of EIDBI services must be enrolled in Minnesota Health Care Programs (MHCP) as Medicaid providers, but these settings are not subject to licensure, meaning oversight of the facilities these services are provided in and oversight of the services themselves is limited to pre-enrollment review for providers identified as “high-risk.” In unlicensed settings DHS is unable to put in place and monitor for critical health and safety requirements for these programs. Additionally, when DHS is not monitoring for licensing requirements, the agency’s ability to proactively identify program integrity issues is limited.

When the EIDBI benefit was developed, there was disagreement among community partners on the benefit itself and the need for regulatory requirements. Some EIDBI providers have individual professional licenses, but when DHS has reported incidents to their professional boards over the years, boards have not always taken action. DHS noticed a significant surge of EIDBI agencies requesting enrollment in MHCP during the pandemic. Many of the staff at new EIDBI provider agencies are not properly trained or supervised, which has resulted in several severe health and safety incidents, and incidences of fraud, waste, and abuse in these programs. These incidents have been extensively covered in the media, drawing increased scrutiny and mistrust from the public and legislature.

As shown below, the number of background studies for EIDBI providers has grown significantly in recent years:

Year	# providers	Amt. increase	% increase
2017	313		
2018	533	220	170%
2019	713	180	134%
2020	1230	517	173%
2021	2231	1001	181%
2022	4335	2104	194%
2023	6214	1879	143%
2024	11,788	5574	190%



EIDBI agencies have been employing independent contractors under “employed by” language included in Minn. Stat. 256B.0949, subd. 15. Aside from an attestation statement, signed by the provider, there is no verification or proof of the employer-employee relationship. This leads to individual EIDBI providers classified as independent contractors inappropriately billing for EIDBI services as employees. Clarifying statute to include “an employee of” an agency instead of “employed by” will solidify the employer-employee relationship and ensure that EIDBI agencies take more responsibility for individual EIDBI providers and their billing practices.

Immediate action is needed to address program integrity and the wellbeing of recipients in EIDBI programs. This proposal initiates an EIDBI provisional licensing process using existing standards for other licensed programs in chapter 245A (e.g. substance use disorder treatment, home and community-based services, residential mental health programs). After developing a provisional license to address immediate needs and prior to implementing full licensure, additional community work will occur with community partners to fully develop, revise, and shape final licensing standards. Additional legislative approval will also be needed to implement comprehensive and final licensing standards.

A provisional license will act as a stop-gap measure until robust licensing standards, developed with community input, are approved by the legislature. DHS estimates that the earliest final licensing standards could be implemented would be fiscal year 2029. Implementing a standard licensing procedure will guide a provider from initial interest to enrollment, addressing areas of concern related to program integrity. Attributes of a provisional license include:

- Identifying the controlling individual(s) for a program, so the Department can disqualify programs led by those ineligible to provide services;
- Disqualifying individuals based on their criminal history, responsibility for maltreatment, a recently denied application, revoked license, or presence on the Medicaid exclusion list;
- A completed and cleared background study before a provider can enroll in MHCP, ensuring an accurate list of staff who provide services in a healthy and safe environment;
- Provider policies and procedures related to staff training, staff qualifications, quality assurance, and service activities;
- Documented disclosures surrounding the use of billing agencies or other consultants, available to the Department upon request;
- Documented contracts with independent contractors for Qualified Supervising Professionals (QSP), including the number of hours contracted, responsibilities, etc., available to the Department upon request; and
- DHS as the lead investigator for service recipient maltreatment, instead of local law enforcement agencies, to provide faster response and expertise for families and children.

A three-part EIDBI licensure study, directed by the 2023 Minnesota Legislature, was completed over the course of the past year. Background information and reports can be found here¹. Recommendations for full licensure address nine areas:

- Health and safety standards
- Investigating, reporting, and acting on alleged violations of program standards
- Administrative and clinical structure
- Supervision standards
- Caseload limits
- Treatment modalities and provider qualifications
- Initial and ongoing training
- Verifying licensure and/or certification and scope of practice
- Removing providers from the Minnesota Healthcare Program (MHCP) enrollment based on inactivity

Proposal:

This proposal is a collaborative approach for near-term solutions for statutory and system changes to address increased instances of EIDBI providers enrolled without appropriate qualifications. This proposal includes policy changes to ensure a completed and cleared background check prior to Minnesota Health Care Programs (MHCP) enrollment, the provisional licensing of EIDBI providers under the foundational standards of chapter 245A, giving DHS authority to investigate maltreatment, and re-classifying EIDBI agencies as “high-risk providers” making them subject to more frequent re-validation visits. A new section of chapter 245A will be added, outlining how providers will apply for provisional licensure, and incorporating specific EIDBI standards from Minn. Stat. section 256B.0949.

¹ <https://mn.gov/dhs/partners-and-providers/news-initiatives-reports-workgroups/long-term-services-and-supports/eidbi/licensure-study.jsp>

Currently, individuals are able to provide services while their background studies are being processed. This proposal would prohibit individuals from providing services in EIDBI programs until their background studies are completed and DHS has determined that they are eligible to work. Implementing this proposal requires investments in FTEs and systems within the Office of Inspector General, Aging and Disability Services Administration, the Health Care Administration and MNIT.

DHS Office of Inspector General - Licensing

In order to license EIDBI provider agencies – initially as a provisional license according to existing chapter 245A and applicable section 256B.0949 standards, and eventually to full licensure using updated standards developed in partnership with the broader autism spectrum disorder (ASD)/EIDBI community – the DHS Licensing Division requires 23 full time employees, as described below:

- Staff and resources to implement a new EIDBI-specific licensing unit. More than 400 existing provider agencies will need to be reviewed for both initial and ongoing licensure, as well as the ongoing need for additional qualified provider agencies to meet demand for autism early intervention services throughout the state, the department will need to hire new licensors sufficient to oversee a combined caseload of just 400+ provider agencies. 12 licensors will be needed to license about 400+ provider agencies. One manager and two supervisors are necessary to direct and oversee the activities of this new EIDBI licensing unit.
- Additional capacity for the Intake and Investigations unit in the Licensing Division to handle the increased intake, assessment, and investigation of maltreatment reports stemming from the addition of 400+ provider agencies under DHS's maltreatment investigation authority. Three new investigators will be needed to adequately cover a caseload of 400+ provider agencies. In addition, one intake staff and one assessor will be necessary to complete the steps required to accept, assess, and triage the volume of maltreatment reports the Licensing Division expects to see from provider agencies. This number of staff will require one Intake & Investigation supervisor's staff load.
- With the implementation of new licensing standards and the oversight of provisional licenses, adequate policy and legal support is required to advise on the drafting of the standards as well as performing the required administrative appeal work that results from the due process afforded to applicants and license holders under chapter 245A. Two FTEs (one EIDBI policy analyst and one staff attorney) are required to cover this anticipated increase in work.

Funding is recommended to support operational costs (e.g., travel, training, and personal IT) associated with establishing this new workforce, as well as anticipated appeals-related costs adjudicated by the Office of Administrative Hearings that DHS is responsible for.

DHS Office of Inspector General – Background Studies

Three full-time background studies positions are needed to address the increased number of background studies anticipated by this proposal, as well as the increase in program complexity that is the result of development of a new licensure class that will change the nature of the relationship with the provider community.

This includes two FTEs within the OIG background studies division to: 1) conduct studies to determine the eligibility of applicants, required due to the increased volume of studies will result in more criminal history reviews, records requests to other states to obtain criminal history and maltreatment data and drafting of notices, and 2) provide vital customer service for applicants and the public through the background studies contact center and NETStudy 2.0 help desk.

This also includes one attorney is needed to address the increased number of background study requests, to review the corresponding increase to preponderance of evidence and statutory comparison reviews, reviewing increased requests for reconsideration, and advising on the legal considerations of the changes to NETStudy 2.0 and related changes.

DHS Office of Inspector General – Digital Services, Analytics, and Insights

One full-time position within the Digital Services, Analytics and Insights division is needed to support to support increased data analytics requirements.

DHS Aging and Disability Services Administration

To support the implementation of a provisional license for EIDBI services, 2 full time equivalent positions are needed within the Disability Services Division. These positions are essential to address the anticipated increase in support of providers and people receiving EIDBI services, ensuring the effective delivery and quality of services. Positions will support the clinical requirements and functions of the service providers, policy analysis and implementation ensuring the provisional licenses aligns with broader disability services policies and legislative requirements, required partner engagement required in Sec. 256B.0949 MN Statutes², and data management, coordination of resources and project implementation.

DHS Health Care Administration

Five full-time Enrollment Representatives, one Provider Enrollment Team Lead and one Provider Enrollment Supervisor are needed to address the implementation of the shortened re-validation cycle from five years to three years. For provider's revalidating at a three-year cycle, notices are sent every 1.5 years based off the last screening date. The revalidation process can take 120 days or longer to complete and is a continuous process throughout the year. Like Personal Care Provider Organizations, the EIDBI agency is also responsible for the revalidation of the EIDBI individual workers. Individual EIDBI accounts for over ten thousand providers that must also go through the revalidation process with the Department of Human Services.

Fiscal Impact

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29
General Fund	5,210	6,434	11,644	5,825	5,641	11,465
HCAF						
Federal TANF						
Other Fund	(228)	(456)	(684)	(456)	(456)	(912)
Total All Funds	4,982	5,978	10,960	5,369	5,185	10,553

Fund	BACT#	Description	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29
SGSR	REV1	EIDBI Application and License Fee \$500/\$1000	(228)	(456)	(684)	(456)	(456)	(912)
GF	18	Office of Inspector General FTEs (27,27,27,27)	3,988	4,678	8,666	4,678	4,678	9,356
GF	14	ADSA-Disability Services Division FTEs (2,2,2,2)	300	353	653	353	353	706
GF	13	HCA-Provider Eligibility and Compliance Division FTEs (7,7,7,7)	887	1,017	1,904	1,017	1,017	2,034
GF	18	OIG Administrative Operating Costs (Inspections Travel)	50	75	125	75	75	150
GF	18	OIG Administrative Appeals Costs	75	100	175	100	100	200

² <https://www.revisor.mn.gov/statutes/cite/256B.0949>

GF	11	(IT) OIG-Provider Hub Product Management	248	290	538	290	290	580
GF	11	(IT) OIG- Provider Hub System Modification	1,302	1,852	3,154	1,243	1,059	2,302
GF	11	(IT) OIG – NETStudy 2.0 System Modification	13	3	16	3	3	6
GF	11	(IT) OIG – Adobe AEM System Modification	3	1	4	1	1	2
GF	REV1	Admin FFP @ 32%	(1,656)	(1,935)	(3,591)	(1,935)	(1,935)	(3,870)
Requested FTEs								

Fund	BACT#	Description	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29
GF	18	OIG FTEs	27.0	27.0	27.0	27.0	27.0	27.0
GF	14	ADSA FTEs	2.0	2.0	2.0	2.0	2.0	2.0
GF	13	HA FTEs	7.0	7.0	7.0	7.0	7.0	7.0

Impact on Children and Families:

Children and young adults who use EIDBI services will have improved health and safety outcomes. Providers with clear expectations will provide high quality services to EIDBI clients for improved outcomes. Recipients will have stronger protections that improve compliance with completing background studies on all staff and from DHS assuming authority for maltreatment investigation. Provisional licensing authority under 245A is the most immediate pathway for DHS to meet those expectations and protect children. served while allowing for time to seek legislative approval for final licensing standards.

Equity and Inclusion:

DHS contracted with Courageous Change Collective (CCC), a women-led team shaped by their experiences as Immigrants, People of Color, Indigenous, and LGBTQ women to provide expert community partnership for the EIDBI licensure study. CCC is committed to building communities where everyone can thrive. CCC supported DHS in conducting preliminary community engagement for the licensure study using an equity lens. The goal of the licensure study was to identify solutions to improve the quality, safety, and integrity of EIDBI services, by balancing access, equity, and safety.

Intentional consideration of individuals from Black, Indigenous, People of Color (BIPOC) and other marginalized communities participating in the study involved extended outreach to ensure participants from these groups felt valued and heard. For example, in consultation with Somali, Latinx, and Indigenous community leaders from organizations, focus group venues, interpreters, and bringing in trusted voices from the community were intentionally identified. Additionally,

- Partnerships with SPAN (Somali Parents Autism Network) and Maangaar (the Somali word for autistic) Global helped identify families and individuals from the Somali community who participated in focus groups. 17 Somali community members attended an in-person focus group and others completed the survey online.
- Outreach to Latinx families involved CLUES and La Red organizations, which serve families with children. Emails were sent to Fraser and other larger providers, who serve Latinx families through their center-based programs. Although these organizations were supportive, they were unable to provide much access to families with autistic children.
- A number of Native parents of children with autism were reached through CCC's community networks; however, none were receiving EIDBI services. Further efforts were made to contact local Native nonprofits, but no response was received. CCC connected with a Native American autism advocate who suggested offering gift cards. A couple of Native parents attended the focus groups, and some filled out the survey.
- Members of the Early Intensive Developmental and Behavioral Intervention (EIDBI) Advisory Group were enlisted to reach out to Latinx and Indigenous communities.

Ongoing community engagement and input is needed to ensure that EIDBI licensure, on the balance, improves outcomes for Black, Indigenous, and People of Color who use or are eligible for EIDBI services.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Impacts to Counties:

Counties are not anticipated to be impacted because EIDBI enrollment and oversight is conducted through the DHS central office. DHS will engage with county representatives to ensure they are aware of new provisions so county workers can provide accurate information when asked by members of their community. DHS will also solicit and incorporate feedback from counties to ensure the needs of counties and clients are met.

IT Costs (dollars in thousands)

<i>Category</i>	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>	<i>FY 2029</i>	<i>FY 2030</i>	<i>FY 2031</i>
Payroll	248	290	290	290	290	290
Professional/Technical Contracts	238	728	65	70	75	81
Infrastructure						
Hardware						
Software	303	315	327	340	354	368
Training						
Enterprise Services	3	1	1	1	1	1
Staff costs (MNIT)	775	814	854	652	685	719
Total	1,566	2,146	1,537	1,353	1,405	1,459
MNIT FTEs	11	11	11	8	8	8
Agency FTEs	7	7	7	7	7	7

Included in the costs above are the following: 1) Payroll for agency FTEs to provide EIDBI product management within the provider licensing and reporting hub; 2) P/T contracts associated with the development of the licensing module and NETStudy 2.0 system modifications to support the completion of background studies prior to a provider's enrollment; 3) Salesforce licenses and other software; 4) Updates to background study notices and letters within the Adobe Experience Manager (AEM); and 5) MNIT staff costs associated with development of the EIDBI module of the provider licensing and reporting hub.

Product management is responsible for working with users, developing user stories (requirements) and partnering with all stakeholders including providers, business, and MN.IT developers to deliver functionality that will add the most value for users. As this is a new license type with providers who have not been licensed before, there is a need for a substantial amount of engagement to assure that product design meets the needs of newly licensed EIDBI providers. Product management tests and uses feedback from users to make iterative improvements that deliver value.

Product success assures that users have what they need to successfully complete tasks in the provider hub. This includes developing training content specific to the needs of new EIDBI providers. In addition, product success

does user acceptance testing to assure that functionality developed meets user acceptance criteria. Product success also develops knowledge articles for EIDBI providers to navigate the licensing process within the Hub. This includes translating all materials in 3 languages other than English. In addition, product success assists users who have issues over the phone or through tickets submitted via the hub. Since EIDBI providers have not been licensed before, they will require more support than previously licensed providers and change management plans will need to be implement to reduce risk and assure adoption of the product.

These “front of the house” positions work in concert with MN.IT’s development of the “back of the house” aspects of the provider licensing and reporting hub. The initial phase requiring issuance of a provisional license (which would all be temporary work) will be followed by substantial enhancements guided by what will be needed based on what new licensing standards are adopted. There is an inherent uncertainty in projecting costs because we don’t yet know the requirements. Estimates are based on previous proposal for new licensure types (e.g., Universal Service Standards).

Results:

Part A: Performance Measures

In July 2024, there were 11,778 individual EIDBI providers enrolled. The sudden growth in providers desiring to enroll in MHCP programs has created a strain on DHS staff and resources. Implementing near-term solutions would slow the influx of providers seeking enrollment by preventing providers deemed ineligible through a background study from enrolling and requiring re-validation every three years instead of five. Results of these provisions will also lead to a more accurate EIDBI provider list for Minnesotans seeking services.

Measure	Measure type	Measure data source	Most recent data	Projected change
Number of enrolled EIDBI providers	Quantity	Provider Eligibility and Compliance report	11,778	Decrease
Number of providers applying for enrollment	Quantity	Provider Eligibility and Compliance or EIDBI report	N/A	Decrease
Number of providers after re-validation	Quantity	Provider Eligibility and Compliance or MPAI Screening team report	N/A	Decrease, and more accurate

Part B: Use of Evidence

Because EIDBI services are relatively new and they are unlicensed programs, they have not undergone a formal program evaluation. However, a licensure study with recommendations is currently in progress, which can help guide improvements to the benefit. Because of the licensure, no formal evaluation is planned at this time.

Part C: Evidence-Based Practices

Not applicable to this proposal.

Statutory Change(s):

Minn. Stat. 245C.13

Minn. Stat. 245A.03 and 245A.XXXX

Minn. Stat. 256B.0949, subd. 15

Minn. Stat. 256B.0949, subd. 16a

TBD – Moratorium or regional/community needs assessment for new EIDBI providers

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Substance Use Disorder Treatment Service Changes (BH-43)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund	281	(3,797)	(9,153)	(9,823)
Expenditures				
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	281	(3,797)	(9,153)	(9,823)
FTEs	.75	1	1	1

Recommendation:

The Governor recommends addressing ongoing program integrity and workforce challenges in substance use disorder treatment by requiring more transparent billing standards and creating workforce opportunities for SUD treatment professionals. This proposal has a savings of \$3.516 million in the FY 26-27 biennium and \$18.976 million in the FY 28-29 biennium.

Rationale/Background:

The American Society of Addiction Medicine (ASAM) standards provide a comprehensive framework for treating individuals with a substance use disorder (SUD). In Minnesota, SUD providers are required to comply with ASAM 3rd edition standards. In the fall of 2024, ASAM released a 4th edition. The updated standards introduce a more structured, evidence-based model that supports a holistic view of addiction treatment integrating both clinical and social aspects when treating an individual with a SUD. Rather than an abrupt shift to ASAM 4th edition standards, Minnesota is incrementally aligning SUD treatment standards with ASAM 4th edition. This gradual transition should minimize disruption in patient care as well as give SUD treatment providers sufficient time to update their policies and practices.

Currently, SUD treatment services are billed in one-hour increments under either an individual counseling or group counseling billing code. These codes do not differentiate between the type of counseling being provided or other allowable treatment activities. To align with ASAM 4th edition standards, create transparency, and accurately reflect services being rendered, this proposal would disaggregate individual and group counseling billing codes into six new 15-minute unit service codes:

- Individual counseling
- Individual psychoeducation
- Individual recovery support services
- Group counseling
- Group psychoeducation
- Group recovery support services.

Counseling and recovery support services will continue to be provide by Licensed Alcohol and Drug Counselors (LADCs), while recovery support services may be provided by SUD practitioners. The unit for the new billing codes will be reduced from one-hour increments to 15-minute increments. An individual in treatment does not always need to be seen for a one-hour period, so reducing the billing code time better supports the individualized needs

of the patient, while ensuring accurate billing. This change makes it easier to demonstrate the provision of customized treatment plans and correlated outcomes.

The SUD treatment field is struggling with significant workforce shortages, and the shortage is exacerbated by high turnover rates and employee burnout. To better support increased hiring in the SUD field, this proposal revises the qualifications for SUD treatment coordination under Minn. Stat. 245G.11, subdivision 7. This position currently requires a bachelor's degree, but experience and knowledge are better indicators for effective interventions as a treatment coordinator, so a bachelor's degree would no longer be required under this proposal. The required hours that treatment coordinators will be also decreased from 2000 hours to 1000 hours. Treatment coordination is often an early intervention service that supports people to identify treatment needs, connect people to community resources such as recovery meetings, housing, treatment programs, and employment services.

In addition to revising the requirements for treatment coordination, this proposal creates a new behavioral health practitioner position, which would facilitate recovery support services as a billable service. The requirements for the new behavioral health practitioner position align with the requirements for a mental health practitioner under section 245I.04, subdivision 4, allowing providers to become duly eligible to deliver both mental health and SUD treatment services.

These changes not only create two key opportunities to expand the SUD treatment workforce but will also alleviate the workload for licensed professionals. Counselors will be able to focus on delivering counseling and therapeutic services, while other staff can provide the ancillary supports to help make SUD treatment successful.

Proposal:

This proposal continues the shift to ASAM 4th edition standards by establishing six new billing codes for counseling, psychoeducation, and recovery support services. The new billing codes will replace the previous one-hour unit with a 15-minute unit. This change is anticipated to have a savings of \$3.516 million in the FY 26-27 biennium and \$18.976 million in the FY 28-29 biennium. Lastly, this proposal addresses workforce shortages by modifying the qualifications for treatment coordination and creating a new behavioral health practitioner role.

This proposal is effective July 1, 2026, or upon federal approval, whichever is later.

Impact on Children and Families:

This proposal is not anticipated to have a significant impact on children and families, but any impacts should be positive. Children and families receiving SUD treatment will benefit from the updated SUD billing changes by receiving a more individualized treatment plans that are tailored to their exact needs. The modification to treatment coordination and the creation of the new behavioral health practitioner role should help alleviate workforce struggles, which can improve access to timely and effective treatment for families and children struggling with SUD.

Equity and Inclusion:

The proposed updates are designed to reduce inequities for various marginalized and protected groups, such as people of color, Native Americans, people with disabilities, the LGBTQ community, and veterans. By aligning treatment services with ASAM standards, this proposal aims to provide consistent, evidence-based care that can bridge gaps in service delivery and improve equity to SUD treatment. The new behavioral health practitioner role is particularly significant for enhancing service availability in underserved and rural areas, helping to address disparities in care. The expansion of the workforce and emphasis on culturally competent practices are expected to improve the quality of care and ensure it meets the diverse needs of all populations.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

This proposal does not have a significant impact on Tribal governments.

Impacts to Counties:

Counties have shared that treatment coordination services are underutilized due to rates and qualification requirements. This proposal may have a positive impact on counties working to connect community members with coordination services.

ResultsPart A: Performance Measures

The overall goal of this proposal is to enhance program integrity of SUD treatment through statutory updates and changes and to support SUD treatment professionals by enacting changes to build the workforce.

The agency will evaluate the success of the proposal through the following metrics:

- Compliance will be monitored through the licensing division to ensure that treatment providers adhere to the new ASAM-based standards.
- Workforce metrics will measure the impact of the new role and adjusted qualifications on workforce availability and service delivery.
- The accuracy of billing processes with new codes and service units will be tracked to ensure alignment between services rendered and billed. Feedback from stakeholders will provide insights into their experiences and highlight areas for improvement.
- Regulatory efficiency will be monitored to ensure that administrative burdens are reduced, and regulatory oversight is improved. These evaluation strategies will help ensure that the proposal achieves its objectives and enhances the SUD treatment system.

Part B: Use of Evidence

DHS has not previously conducted a formal program evaluation that has informed the contents of this statute change proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

This proposal is for statutory changes, which cannot be studied through a randomized control trial or quasi-experimental design study. However, there are many evidence-based practices that are integrated into SUD treatment methods.

IT Costs

Changes are required to the DAANES and MMIS Claims systems. System updates are required for program inclusion and separation from other uses, rate record additions, and modifier removal and reassignments. Changes to MMIS will be required to add four new codes for SUD treatment.

These systems changes are estimated to require 3,074 hours of work, take approximately 10 months to complete, and cost of a total of \$379,404 for initial development. The total cost includes both state and federal costs.

Category	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Payroll	379,404	75,881	75,881	75,881	75,881	75,881
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	379,404	75,881	75,881	75,881	75,881	75,881
MNIT FTEs						
Agency FTEs						

Fiscal Detail:

The proposal includes systems changes as noted above to implement coding changes needed. It also includes savings as the proposal creates new SUD services for psychoeducation services and psychosocial rehabilitation for the current individual and group rates. There are savings to the extent that providers bill the new services for shorter aggregate periods than a full hour of therapy.

In addition, one MAPE 14L FTE is needed for the Licensing division within Operations at DHS starting in FY 2026. The tasks for this position include: initial work including updating checklists, revisions to applications, providing ongoing technical assistance and guidance from the licensing perspective on ASAM levels of care and changes for 245G providers in alleviating the number of conditional licenses.

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	281	(3,797)	(3,516)	(9,153)	(9,823)	(18,976)
HCAF						
Federal TANF						
Other Fund						
Total All Funds	281	(3,797)	(3,516)	(9,153)	(9,823)	(18,976)

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	33 ED	Medical Assistance	0	(2,096)	(2,096)	(5,120)	(5,728)	(10,848)
GF	35	Behavioral Health fund savings	0	(1,843)	(1,843)	(4,175)	(4,237)	(8,412)
GF	11	Systems MMIS @29% state share	67	9	76	9	9	18
GF	11	Systems DAANES@50% state share	116	19	135	19	19	38
GF	18	Licensing Admin	144	168	312	168	168	336
GF	REV1	FFP@32% for Licensing admin	(46)	(54)	(100)	(54)	(54)	(108)
		Requested FTEs						

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	18	Licensing FTE	.75	1		1	1	

Statutory Change(s):

Minn. Chapters 245G, 254B, 256B, 245I

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Improving Supportive Recovery Housing Options (BH-45)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	148	2,610	(289)	(860)
Revenues				
Other Funds				
Expenditures				
Revenues				
Net Fiscal Impact = (Expenditures – Revenues)	148	2,610	(289)	(860)
FTEs	0	7	8	8

Recommendation:

The Governor recommends bolstering oversight of recovery residences and increasing the protections for individuals living in recovery residences by phasing out free standing room and board payments, creating a certification process for recovery residences, and allowing certified recovery residences to enter into Housing Support agreements with DHS. A workgroup would also be convened to study long term solutions for funding housing for individuals living in a recovery residence. The proposal has a cost of \$2.758 million in the FY 26-27 biennium and a savings of \$1.149 million in the FY 28-29 biennium.

Rationale/Background:

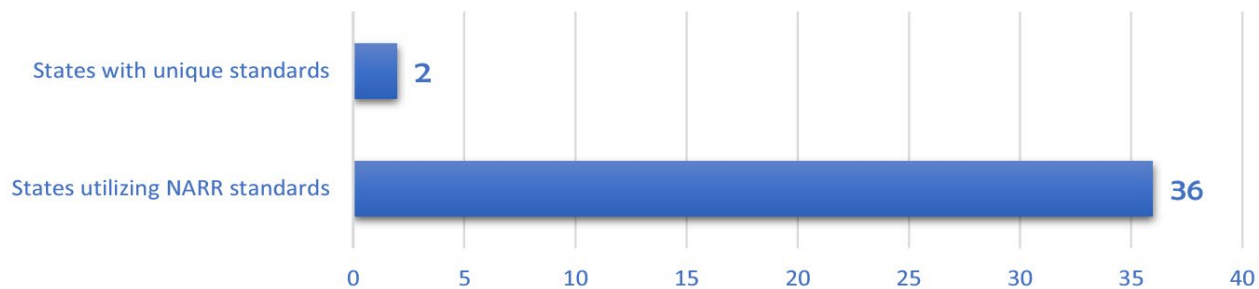
This proposal seeks to address several critical issues related to the oversight of recovery housing by developing a certification process for recovery residences. Current law refers to recovery residences as “sober homes.” Sober homes is an outdated term. This proposal modernizes terminology by renaming sober homes to recovery residences aligning with the Minnesota Society for Addiction Medicine, the National Alliance for Recovery Residences’ (NARR), and the Substance Abuse and Mental Health Services Administration (SAMHSA).

While the 2023 Legislature enacted some requirements for recovery residences (see section 254B.181¹), no authority was designated to enforce those standards. To ensure recovery residences are following best practices, this proposal would establish a certification process, aligning with the existing standards identified in Minnesota law and incorporating the standards established by the National Association of Recovery Residences (NARR)². NARR guidelines are nationally recognized as best practices for recovery residences and are endorsed by The Substance Abuse and Mental Health Services Administration (SAMHSA). The below chart shows the majority of states already utilize NARR standards for recovery residences.

¹ <https://www.revisor.mn.gov/statutes/cite/254B.181>

² <https://narronline.org/wp-content/uploads/2024/05/NARR-Standard-3.0.pdf>

State Licensing or Private Accreditation Boards utilizing NARR Standards vs. States with unique standards



*National Overview of Recovery Housing Accreditation Legislation and Licensing
https://mhacbo.org/media/filer_public/2e/fd/2efd1a20-9558-4329-8683-0e2367cbbc2b/nationaloverviewrecoveryhousingjanuary2020.pdf

Certification is an important step towards providing greater protections for residents, as well as targeting a rapidly growing sector with little regulation and oversight.

“Free standing room and board” (FSRB) was a model established to address a reported lack of residential treatment programs in greater Minnesota. Due to the lack of residential treatment options, this treatment model was intended to serve people who met residential care standards but could only access non-residential programs in their geographic location. The non-residential treatment services are reimbursed through Medical Assistance or the state-funded behavioral health fund, while the room and board is paid through the state-funded behavioral health fund, since federal Medicaid regulations prohibit room and board reimbursement for non-residential programs.

The lack of oversight and authority over FSRB programs, as well as the continued growth of the program, raises concern around the potential for inappropriate billing practices. There are currently 18 providers with a total of 52 FSRB locations serving approximately 700 people. Of the 52 locations, only 14 of them are located outside of the 7-county metro area, contrary to the intent of the model when it was established. In 2023, there were 11 new FSRB locations and the annual cost was approximately \$6.5 million. In 2024, an additional 12 FSRB locations were approved, and the annual cost is expected to be over \$10 million in FY25. It is likely that FSRB requests will continue to increase as it is more financially advantageous to provide FSRB with outpatient services than it is to provide residential treatment, and providers do not have to go through the same strenuous licensure process as residential treatment providers.

Additionally, while individuals are required in law to meet the criteria for residential SUD treatment, individuals living in FSRB housing do not have the same client rights and protections as licensed residential treatment centers. Clients in licensed residential treatment are considered vulnerable adults, while clients in FSRBs are not, leading to differences in standards of client care between the two programs, despite having the same treatment needs. As the FSRB model of outpatient care with lodging has become more popular, clients have also expressed confusion about the level of care they are receiving. Because individuals requiring residential care should be served in licensed residential treatment facilities, where they receive the appropriate care and protections, this proposal recommends phasing out and eventually ending the FSRB program on June 30, 2027.

To ensure individuals in recovery continue to have access to housing while the FSRB program is being phased out, this proposal would enable DHS to enter into Housing Support agreements with certified recovery residences, beginning January 1, 2027, as long as they meet all Housing Support eligibility and setting requirements. Current law requires settings that are rented for periods of one week or more and have five or more beds to be licensed

as a lodging establishment. Tribal Nations and counties would continue to determine individual eligibility for Housing Support.

Stable housing is a basic human need and a critical indicator for recovery and treatment success. People need housing before, during, and after clinical treatment. As Minnesota moves toward recovery best practices, more focus to ensure people have recovery housing options regardless of their treatment status is necessary. Because a person's eligibility for Housing Support is determined on an individual basis for a one-year period, an individual residing in a recovery residence can leave that housing while still retaining eligibility for Housing Support, which allows them to transition to housing operated by another Housing Support provider. This would help support housing stability for individuals leaving treatment, while also ensuring they have the protections they deserve in a setting that is supported by national best practices.

A workgroup is recommended to explore additional options and opportunities to provide appropriate housing to individuals seeking SUD treatment. The workgroup would collaborate with key stakeholders, including DHS's Homelessness, Housing, and Supportive Services Administration; DHS's Licensing division; Tribal Nations representatives; county social services representatives; individuals with lived experiences; and representatives from community providers and recovery residence associations. The goal of the workgroup would be to develop a long-term solution for housing individuals with SUD, with funding recommendations, by early 2027.

Proposal:

This proposal establishes a certification process for recovery residences. DHS would certify recovery residences, in accordance with Minn. Stat. 245B.181 and the NARR Level 1 or 2 standards. Responsibilities of the certification team would include the initial certification of recovery residences, investigating complaints, conducting re-certifications every three years, maintaining a public database of certified recovery residences, and de-certifying residences as needed. The team would also be responsible for publicly reporting investigation findings. Recovery residences will not be required to obtain DHS certification, but certification will be required for providers to receive Housing Support payments and in order for providers to be listed on the public registry. Establishing the certification process and team will cost approximately \$1.182 million in FY27 and \$2.746 million in FY28-29 and will require 6 FTEs. Certification would be available beginning January 1, 2027.

This proposal would also phase out free-standing room and board (FSRB) payments. Beginning July 1, 2025, no new providers of FSRB will be approved, and effective July 1, 2027, existing providers will no longer receive FSRB funding. Services provided up until June 30, 2027 are eligible for Medical Assistance payment, but no new claims for services provided after that date will be approved. The phaseout of FSRB would have savings starting in FY 2028 of \$8.622 million and \$9.39 million in FY2029.

Beginning January 1, 2027, DHS will be able to establish Housing Support agreements with recovery residences if they 1) are a DHS certified recovery residence; 2) meet all Housing Support requirements under section 256I.0.4. Recovery residences will receive the monthly Housing Support payment for each Housing Support-eligible resident (presently \$1,170 on a per-resident, per month basis). This investment will cost \$1.8 million in FY27, \$7.4 million in FY28, and \$7.6 million in FY29 and require 2 FTEs.

Lastly, this proposal establishes a workgroup to examine how other states address affordable and quality recovery housing options for individuals in recovery. The workgroup would collaborate with key community partners to develop a detailed, implementable plan to address housing needs for individuals attending outpatient SUD treatment, including potential use of federal funding. DHS would contract with a vendor to lead engagement efforts and assist with plan development. The workgroup will be funded with \$150,000 over two years.

Impact on Children and Families:

While developing a certification of recovery residences and phasing out FSRBs will not directly impact children or families, when one family member struggles with SUD, the condition can negatively affect all members of the family system. Improving oversight, strengthening client protections, and having access to stable housing while in recovery can alleviate family concerns and increase support for the individual seeking treatment.

Equity and Inclusion:

Recovery housing is a need across various culturally diverse communities as well as across urban and rural parts of Minnesota. To address the need for culturally specific recovery housing and ensure equity, the proposed changes seek to prioritize the needs of marginalized communities by incorporating culturally sensitive certification requirements, supporting smaller and rural facilities with financial and technical assistance, and addressing broader systemic issues such as income inequality and housing affordability. Monitoring impacts and gathering feedback will help identify and rectify inequities, while collaboration among agencies and organizations will foster creative solutions to provide equitable recovery housing for all individuals, including those from African American, American Indian, and other diverse backgrounds.

African American and American Indian populations are dying from drug overdose deaths in Minnesota at inequitable rates compared to white Americans. American Indians are ten times more likely to die from a drug overdose as whites, and African Americans are three times as likely to die from a drug overdose as whites (Drug Overdose Dashboard- MDH³). Furthermore, the sober homes workgroup report found that many Somalis who struggle with SUD feel shame and face isolation. Parents are sometimes not aware of substance use disorders and may be more likely to attribute their child's death to a heart attack rather than to acknowledge an overdose.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- ☐ Yes
☒ No

This proposal does not have a substantial effect on Tribal governments. Tribal Nations may see an increase in applications for Housing Support for individuals living in a certified recovery residence, but a significant increase in applications due to this proposal is not expected.

Tribal Nations would be invited to participate in the workgroup.

Impacts to Counties:

Counties will not be required to review or approve requests to become Housing Support providers from certified recovery residences, as DHS will be entering into those Housing Support agreements with providers directly. Counties will continue to determine individual eligibility for Housing Support, so they may see an increase in applications for Housing Support from individuals living in a certified recovery residence, but a significant increase due to this proposal is not expected.

Counties would be invited to participate in the recovery housing workgroup.

IT Costs

There are system estimates included as a part of this proposal impacting MPSE, MMIS, and the Licensing Hub.

³ <https://www.health.state.mn.us/communities/opioids/opioid-dashboard/index.html>

Results:

Part A: Performance Measures

FSRB is a current program with 18 providers who operating a total of 52 FSRB locations. In 2023, the cost of the program was approximately \$6.5 million, and in 2025, FSRB payments are expected to be over \$10 million.

It is unknown how many recovery residences will become certified, but this proposal estimates 50. Within those 50 recovery residences that choose to become certified, it is estimated that approximately 500 individuals will be eligible for Housing Support payments.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current Value</i>	<i>Date</i>	<i>Projected Value (without)</i>	<i>Projected Value (with)</i>	<i>Date</i>
Quantity	Number of Certified Recovery Residences	0	1/1/2025	0	50	1/1/2028
Quantity	Number of individuals eligible for FSRB payments	700	1/1/2025	700	0	1/1/2028
Quantity	Number of individuals eligible for Housing Support after FSRB phase out	N/A	N/A	0	500	1/1/2028

Part B: Use of Evidence

DHS has not previously conducted a formal program evaluation that has informed the contents of this statute change proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

This proposal is for statute changes, which cannot be studied through a randomized control trial or quasi-experimental design study. However, there are many evidence-based practices that are integrated into SUD treatment methods.

Fiscal Detail:

The proposal has a cost of \$2.758 million in the FY 26-27 biennium and a savings of \$1.149 million in the FY 28-29 biennium.

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	148	2,610	2,758	(289)	(860)	(1,149)
HCAF						
Federal TANF						
Other Fund						
Total All Funds	148	2,610	2,758	(289)	(860)	(1,149)

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	35	BHF room & board changes	-	-	0	(8,623)	(9,391)	(18,013)
GF	25	Housing Support Changes	-	1,800	1,800	7,400	7,600	15,000
GF	18	OIG Admin	-	906	906	1,052	1,052	2,104
GF	17	HHSSA Admin	-	276	276	321	321	642
GF	15	BHA Admin Contracts	150		150			0
GF	11	Systems: Licensing Hub	-	-	0	0	0	0
GF	11	Systems: MPSE	8	2	10	2	2	3

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	REV2	Certification Fee Income	-	(4)	(4)	(4)	(5)	(9)
GF	11	Systems: MMIS	38	8	46	2	0	2
GF	REV1	Admin/Contract FFP @ 32%	(48)	(378)	(426)	(439)	(439)	(879)

Fund	BACT#	FTEs Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	18	Licensing Admin	0	5	5.0	6	6	6.0
GF	17	Housing Admin	0	2	2	2	2	2

Statutory Change(s):

Minn. Chapter 254B.181

Minn. Chapter 254B.04, subd. 2a

Minn. Chapter 254B.05, subd 1a

Minn. Chapter 245.91

Minn. Chapter 254B.01, subd. 11

Minn. Chapter 256I.04

Minn. Chapter 325F.725

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: New Background Studies Disqualification to Address Fraud, Waste, and Abuse in Human Services (IG-61)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	256	256	254	254
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues				
Net Fiscal Impact = (Expenditures – Revenues)	256	256	254	254
FTEs	2	2	2	2

Recommendation:

The Governor recommends investing \$512 thousand in FY 2026-2027 and \$508 thousand in FY 2028-2029 for the Minnesota Department of Human Services (DHS) to implement a new background studies disqualification that would prohibit an individual who is under active investigation for fraud from holding any position involving ownership, management or control, or billing activities in the program for which the study is conducted.

Background:

The Minnesota Department of Human Services (DHS) completes background studies as required by Minnesota Statutes for people who work in certain programs serving children and vulnerable adults, many of which receive Medicaid and Child Care Assistance funds.

A background study determines whether a person is eligible to provide services in those settings. Requirements for completing a background study vary based on the type of work or services the individual will be providing. DHS conducts background studies for more than 60 provider types, including more than 35,000 entities.

Individuals with certain criminal or maltreatment histories are disqualified by law from working in various settings that serve children and vulnerable adults. A full list of those disqualifying crimes and conduct can be found in Minn. Stat. 245C.14 and 245C.15. An individual can be disqualified if a preponderance of evidence shows they committed disqualifying conduct even if there is no conviction, but evidence can be difficult to obtain during active investigations and court proceedings.

This proposal creates a new type of disqualification in 245C based on actions taken to exclude individuals suspected of fraud from working in programs requiring a 245C background study in which the individual could access state or federal funds. Specifically, DHS would be required to disqualify those individuals for two years from any position involving ownership, management or control of a program, or from performing billing activities related to the program.

Rather than calling out the Preponderance of Evidence process, this proposal targets instances where an action has been taken under 245.095, 142A.12, or 256.064 based on other standards of proof, some of which are lower than preponderance. This new type of disqualification applies specifically to these instances of suspected fraud and is narrowly designed to help prevent these individuals from directing or accessing funds. When the criminal case is resolved, and the individual is affiliated with a program, the disqualification would be based on the plea,

conviction, or possible preponderance of evidence determination. All individuals who are disqualified have the right to request reconsideration. The form to request reconsideration is included with the notice explaining the disqualification.

Proposal:

Addressing increasingly complex fraud cases effectively requires coordinated use of authority and regulatory tools across DHS. Language changes in 245C.14 and 245C.15 will enable DHS to disqualify people under active investigation for fraud from working in programs serving children and vulnerable adults that have access to billing and receiving public funds.

Carrying out the new disqualification requires two additional staff members to implement the necessary systems changes, to conduct user acceptance testing (UAT), and work with MNIT to develop language changes for disqualification notices, developing training for background study researchers on the new disqualification process, managing internal and external communications, advising, and performing necessary work pertinent to increased disqualifications, appeals, and data requests.

- FTE – Human Services Program Representative 1 (11L)
- 1.0 FTE – Attorney 2 (19L)

Impact on Children and Families:

Enhanced program integrity measures will have direct and indirect impacts on children and families. Overall, better program integrity activities ensure that providers are reimbursed for properly providing services for vulnerable children and families who participate in one or more public programs. DHS has the responsibility to ensure services are provided with high quality consistently across providers, and in compliance with state and federal requirements. An efficient and effective program integrity philosophy will lead to increased public trust through the good stewardship of taxpayer dollars.

Equity and Inclusion:

Background studies activities at DHS support the provision of quality services to persons with disabilities and older adults of all racial identities, sexual orientations, and gender identities. Ensuring funds are appropriately allocated to those in need will address inequities by addressing the systemic need experienced by BIPOC communities. Efforts to eliminate fraud, waste, and abuse ensure resources go to the most vulnerable populations, especially disproportionately impacted communities of color.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Impacts to Counties:

Increased statutory clarifications and enhanced program integrity measures at DHS will positively impact counties. This proposal is not anticipated to impact county finances or operations. DHS-OIG will maintain communication with county associations as necessary.

IT Costs

Anticipated MNIT and systems costs are included in the above fiscal information.

Results:**Part A: Performance Measures**

The intended outcome of the proposal is to prevent the misuse of public funds intended to support health and human services programs by creating a new type of background studies disqualification under Minn. Stat. 245C.

Measure	Measure type	Measure data source	Most recent data	Projected change
Number of new disqualifications for fraud	Quantity	DHS Background Study Data	N/A	Increase
Percentage of all disqualifications for fraud	Quality	DHS Background Study Data	N/A	Increase

Part B: Use of Evidence

DHS has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-Based Practices

Not applicable to this proposal.

Fiscal Impact:

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29
General Fund	256	256	512	254	254	508
HCAF						
Federal TANF						
Other Fund						
Total All Funds	256	256	512	254	254	508

Fund	BACT#	Description	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29
GF	18	OIG-Enterprise FTEs (2,2,2,2)	305	359	664	359	359	718
GF	11	OIG-AEM System Modification	46	8	54	6	6	12
GF	Rev 1	Admin FFP @ 32%	(95)	(111)	(206)	(111)	(111)	(222)
		Requested FTEs						

Fund	BACT#	Description	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29
GF	18		2.0	2.0	2.0	2.0	2.0	2.0

Statutory Change(s):

Minn. Stat. 245C.14, subd. 5

Minn. Stat. 245C.15, subd. 4(c)

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Technical Updates to FQHC Rate Methodology (HC-55)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends clarifying statute governing rates, when two Federally Qualified Health Centers (FQHC) merge or if one FQHC acquires another existing FQHC. This proposal is budget neutral.

Rationale/Background:

Federally Qualified Health Centers (FQHCs), are federally funded clinics that serve medically underserved populations and areas, providing services regardless of one's ability to pay. A merger or acquisition of FQHCs involves two non-profit, public benefit corporations merging into and becoming part of the surviving corporation. The Minnesota Department of Human Services (DHS) was recently contacted about two FQHCs wanting to execute an acquisition and become one entity. Current state statute does not specify how costs are to be treated in these instances, and there is lack of clarity in how to calculate FQHC rates when two currently operating entities merge. Current state statute also does not clarify the inclusion of Targeted Case Management (TCM), a program that provides person-centered care coordination, into the calculation of FQHC rates and into the scope of services that an FQHC can offer.

Proposal:

This proposal would make statutory changes to clarify how to calculate FQHC rates when two currently operating entities become one entity and how to address the inclusion of TCM within the scope of services for FQHCs, in order to have transparency and clarity between FQHCs and the DHS. This proposal would clarify that upon merging of two entities, a new encounter rate would be calculated using the aggregate cost and visits experience from both entities and calculated using the methodology in statute today.

Impact on Children and Families:

FQHCs serve 1 in 11 people nationwide, and nearly 30% (29%) are children. Ensuring clarity and adequacy in provider rates during mergers can help maintain regular access to pediatric care and preventative screenings for children and families.

Equity and Inclusion:

FQHCs are on the frontline of efforts to improve health care equity and reduce disparities, serving 1 in 11 Americans nationwide; of those served by FQHCs nationwide in 2022, 19% were uninsured, 61% were publicly insured, 90% were low-income, 41% rural residents, and 64% were members of racial and/or ethnic minority groups. FQHCs support identifying patients' unmet social needs, and evidence shows that FQHCs that screen for social risk factors have a higher percentage of patients with adequately controlled chronic conditions, such as diabetes and hypertension. Further, TCM is a service that addresses the social determinants of health by removing barriers to successful engagement in health care, education, and employment; ensuring clarity and adequacy in provider rates during mergers can help reduce disparities and address some inequitable social factors affecting MHCP members.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ No

This proposal does not have direct impacts on Minnesota's Tribal governments, but Tribes will be kept abreast of developments on the Case Management Redesign (CMR) initiative, that will help bring TCM rates into compliance with federal requirements.

Impacts to Counties:

Since 2016, DHS has been working collaboratively with county partners as part of the CMR initiative; DHS will continue to work closely with counties as part of the implementation process as well.

IT Costs

No IT costs are anticipated as part of this proposal.

Results:

This is a technical proposal that does not change services or payments in any way. One change would specify how to calculate rates if two operating clinics merge. At the writing of this change page, the Department is not aware of any facilities planning to merge. The second is related to inclusion of targeted case management cost which is the response to a court order. This change is already being implemented, and this language is simply aligning statute with current practice. Given the technical nature of the proposal, there are not quantifiable measures because of the proposal.

Fiscal Detail:

This proposal is budget neutral.

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29
General Fund						
HCAF						
Federal TANF						
Other Fund						
Total All Funds						

Fund	BACT#	Description	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29

		Requested FTEs						
Fund	BACT#	Description	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29

Statutory Change(s):
 2023 Minnesota Statutes 256.01; 256B.0621; 256B.0625 subd. 30; 256L.11.

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Medicaid Disability Determination Enhancements (HC-84)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends that the State Medical Review Team (SMRT) be granted access to Electronic Health Records (EHR) from Minnesota medical providers who accept Medical Assistance and that these providers also accept electronically signed authorizations to release medical records. This proposal is budget neutral.

Rationale/Background:

The State Medical Review Team (SMRT), counties, and tribal governments are challenged by an outdated, paper-based medical review system. This process is not only time-consuming, but also prone to errors due to manual data entry and reliance on physical records. These inefficiencies lead to significant delays in disability determinations, preventing vulnerable populations from accessing essential benefits in a timely manner. Counties and Tribal governments, which rely on SMRT for accurate disability determinations to proceed with Medicaid-related services, experience increased administrative workloads and face the risk of delays affecting services like Long-Term Services and Supports (LTSS).

Furthermore, the manual nature of the process often results in increased back-and-forth communication, re-assessments, and multiple touchpoints, making it harder for these entities to meet mandated timelines. This adds financial strain and creates bottlenecks in service delivery, directly impacting individuals in need of critical healthcare and social services. The proposed shift to Electronic Health Records (EHR) and acceptance of electronic signatures addresses these operational and service delivery challenges.

This proposal is also aligned with recommendations from the Minnesota Department of Human Services Long-Term Services and Supports Business Process Review, funded by appropriations from the Minnesota Legislature and reflects recommendations outlined in the 2023 Biennial Report on Services for People with Disabilities, calling for greater use of electronic verifications, to increase efficiency and timeliness in disability determinations.

Proposal:

This proposal seeks to modernize the State Medical Review Team (SMRT) by integrating access to Medicaid providers' Electronic Health Records (EHR) and implementing electronic signatures. These streamlined processes will significantly reduce manual processing and paperwork, resulting in faster and more accurate medical reviews. Automation and digital records will also minimize the risk of human errors in data entry and record-keeping, enhancing the overall quality of SMRT's healthcare administration.

A key benefit of this initiative is the acceleration of disability determinations, which will assist hospitals in their decompression efforts by ensuring that patients awaiting disability decisions can be processed more swiftly. This improvement will help reduce hospital stays and free up critical healthcare resources for other patients in need.

The initiative will bring substantial resource allocation benefits. The reduction in reliance on paper records and physical storage will lead to cost savings, allowing resources to be redirected to patient care and other essential areas. Administrative staff will spend less time on manual data entry and processing, enabling them to focus on critical tasks that require human expertise.

In terms of data management and security, EHR systems offer advanced security features like encryption and access controls, reducing the risk of data breaches. Additionally, the use of digital systems provides detailed audit trails, increasing transparency and accountability in managing medical records.

This modernization effort will also improve partner collaboration. The use of electronic records and signatures will streamline communication between different departments and agencies within the Minnesota Department of Human Services (DHS) as well as with county and Tribal partners, promoting more effective coordination and collaboration across all stakeholders.

Impact on Children and Families:

This proposal aligns with the administration's priorities by ensuring that children and families, particularly those with disabilities, have easier access to Medicaid benefits and health care services. Quicker determinations mean children will have a better chance at receiving timely health care interventions, improving their overall well-being and educational outcomes.

Equity and Inclusion:

This proposal is designed to reduce inequities faced by individuals with disabilities, particularly those in marginalized communities, including people of color, Native Americans, and LGBTQ+ individuals. By integrating access to Electronic Health Records (EHR) and enabling the use of electronic signatures, the proposal aims to provide faster, more accurate, and equitable assessments of medical conditions. This will result in easier access to critical benefits for vulnerable populations who often experience barriers in navigating health care and disability determination systems.

The positive impacts of this initiative are significant. It will improve service delivery for marginalized groups by ensuring that medical reviews are processed in a timelier manner, reducing delays in disability determinations. This, in turn, will increase access to essential health care and support services. By leveraging digital tools, the proposal addresses existing disparities in the health care system that disproportionately affect people with disabilities in these communities, creating a more inclusive and equitable process.

The proposal specifically seeks to eliminate inequities faced by people of color, Native Americans, people with disabilities, and LGBTQ+ individuals by reducing the administrative burdens that can delay their access to care.

There are no anticipated negative impacts, as the focus is on creating an equitable outcome for all, with an emphasis on improving access for historically underserved populations.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

The proposal to grant the State Medical Review Team (SMRT) access to Electronic Health Records (EHR) and accept electronic signatures is likely to have a positive impact on Minnesota Tribal governments. Tribal communities often face unique health care access challenges, and this initiative would streamline the disability determination process, resulting in faster and more accurate assessments for Native American individuals. By reducing delays in accessing healthcare and benefits, the proposal supports Tribal efforts to improve the well-being of their members.

Tribal health services, which are integral to many Tribal communities, would benefit from enhanced coordination and communication with SMRT, leading to more efficient handling of disability claims and medical reviews. This alignment between state processes and Tribal health systems would help alleviate administrative burdens and free up resources, contributing to the overall health and economic stability of Tribal populations.

Moreover, by providing faster determinations, this proposal can assist hospitals and clinics that serve Tribal communities in decompressing their caseloads, reducing patient backlogs, and improving access to essential services. Ultimately, this initiative aligns with Tribal sovereignty by enhancing healthcare delivery and ensuring more equitable access to benefits for Native American populations in Minnesota.

Impacts to Counties:

This proposal is expected to result in cost savings for counties, with no negative financial impact. By streamlining SMRT determinations through access to EHR and electronic signatures, counties will benefit from faster disability decisions, reducing the need for a second MnCHOICES assessment due to timeline delays.

The proposal aligns with county requests made in the Long-Term Care recommendations, improving efficiency without additional system integration or operational burdens. Counties will experience smoother processes and reduced paperwork, contributing to more timely and equitable service delivery.

IT Costs

There are no systems costs required by this change.

Results:

Current and Projected Program Performance

Current Performance Measures: Performance measures currently include processing times for disability claims, the rate of claims returned or denied due to missing or incorrect signatures, and customer satisfaction with the application process. Metrics also cover the volume of processed applications and the frequency of errors or rework required due to documentation issues.

Historical Data and Major Trends: Historically, the reliance on physical signatures has led to significant delays and inefficiencies in processing claims. Many claims were returned or denied because of incomplete forms or signature errors, leading to increased administrative burdens and slower processing times. This trend has consistently impacted overall program efficiency.

Most Current Data: Recent data shows a high volume of claims processed annually, with notable delays due to the physical signature requirement. The introduction of digital signatures and the ability to view electronic health records from Medicaid providers is expected to mitigate these inefficiencies. These changes are designed to address ongoing challenges related to processing times and error rates associated with traditional documentation methods.

Projected Performance with and without Changes: With the proposed transition to electronic signatures and enhanced access to electronic health records from Medicaid providers, processing times are projected to decrease, error rates should improve, and customer satisfaction is likely to rise. These changes are expected to streamline the claims process, reduce delays, and improve overall efficiency. Without these changes, the program

would continue to face inefficiencies, delays, and persistent challenges related to physical documentation and data access.

Fiscal Detail:

This proposal is budget neutral.

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29
General Fund						
HCAF						
Federal TANF						
Other Fund						
Total All Funds						

Fund	BACT#	Description	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29

		Requested FTEs						
Fund	BACT#	Description	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29

Statutory Change(s):

Minnesota statutes 256.01, subd. 29.

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Drug Formulary Committee Sunset (HC-90)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	(8,496)	(29,394)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	(8,496)	(29,394)
FTEs	0	0	0	0

Recommendation:

The Governor recommends eliminating the sunset of the Drug Formulary Committee (DFC). This proposal produces savings of \$0 in the FY2026-2027 biennium and \$37,889,000 in the FY2028-2029 biennium.

Rationale/Background:

The DFC is a committee of licensed and actively practicing health care providers who volunteer to evaluate the safe and effective use of prescription drugs in Minnesota's public health care programs (Medicaid and MinnesotaCare). The DFC is established in state statute (see Minnesota Statutes 256B.0625, subd. 13c¹).

The DFC is responsible for managing the Minnesota Health Care Programs (MHCP) Preferred Drug List (PDL), and allows for community health care providers to evaluate whether drugs covered by public programs should be subject to prior authorization, what the prior authorization criteria should be, and allows for the public to provide feedback and comments on the DFC's activities by conducting all business during public meetings where public comment is allowed and encouraged.

Without the DFC, the Minnesota Department of Human Services (DHS) would be unable to establish prior authorization criteria to address high-cost drugs and issues of safety and efficacy. In current law, the DFC is currently scheduled to sunset on June 30, 2027. The inability of DHS to manage the PDL as a result of the expiration of the DFC would result in the loss of hundreds of millions of dollars in rebates to the state each fiscal year and would result in a loss of the public's ability to participate in the management of the pharmacy benefit.

Proposal:

This proposal eliminates the sunset of the DFC, which is currently set for June 30, 2027, to ensure future PDL management with public input. Under current law, the DFC will sunset on June 30, 2027, and as the management of the PDL is the primary responsibility of the DFC, its expiration will result in the loss of supplemental pharmacy rebates due to the inability of DHS to manage the PDL and prefer certain drugs over others in the same class. While the PDL governs the drug benefit for both Medical Assistance and MinnesotaCare, only a forecast impact to MA is estimated, as MinnesotaCare is not eligible for drug rebates.

In the current law forecast, it is expected that the PDL will be essentially frozen once the DFC sunsets. This will lead to a PDL that is semi-effective during the first year following the DFC sunset, which is assumed to result in an average 50% loss of supplemental rebates in the first year (FY2028). It is further anticipated that the PDL will be

¹ <https://www.revisor.mn.gov/statutes/cite/256B.0625>

outdated and ineffective beginning the second year following the DFC sunset which would result in a total loss of the supplemental pharmacy rebates (FY2029). Eliminating the sunset of the DFC is expected to allow the state to continue claiming the full value of supplemental pharmacy rebates in FY2028 and FY2029 and ongoing.

Impact on Children and Families:

This proposal would continue to ensure that all members of the public, including children, youth, families, advocacy organizations, and other interested parties, get an opportunity to participate in the administration of the pharmacy benefit for our public health care programs, and that the state is able to continue to negotiate drug rebates. This proposal would help ensure children and families continue to have access to the pharmacy benefit in public programs by administering the benefit in a safe, effective, and cost-efficient manner. Because pharmacy services are an optional benefit, it is crucial to administer the benefit efficiently to ensure it continues to be available for enrollees in our programs. Most diseases are now treated with prescription drugs. By ensuring the pharmacy benefit is administered properly, Minnesotans will live healthier lives and minimize the disease burden on future generations. This proposal is at its core, a mechanism for engaging children and families. This proposal will ensure that children and families will be able to be engaged in the administration of the pharmacy benefit in public programs into the future and without a risk of their engagement sunseting.

Equity and Inclusion:

This proposal ensures that enrollees receiving health care coverage through public programs have a mechanism to engage with the department in the administration of the pharmacy benefit. This proposal reduces inequities by preserving this engagement into the future, rather than sunseting the engagement in two years.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- ☐ Yes
- ☒ No

This proposal does not impact Minnesota Tribal governments.

Impacts to Counties:

This proposal does not impact counties.

IT Costs

This proposal does not have any IT components.

Results:

Measure	Measure type	Measure data source	Most recent data	Projected change
Retain supplemental pharmacy rebate savings	Quantity	DHS Forecast	Projected \$38,033,410 in expenditures in FY28-29 due to loss of rebates	Reduce pharmacy costs due to loss of rebates

This proposal is expected to establish prior authorization criteria to address high-cost drugs and issues of safety and efficacy.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	0	0	0	(8,496)	(29,394)	(37,889)
HCAF						
Federal TANF						
Other Fund						
Total All Funds	0	0	0	(8,496)	(29,394)	(37,889)

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	33FC	MA Grants	-	-	-	(8,496)	(29,394)	(37,889)

Statutory Change(s):

Minnesota Statutes, section 256B.0625, subd. 13c.

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Pharmacy Carve-Out (HC-91)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	13,328	(17,071)	3,634	(18,640)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	13,328	(17,071)	3,634	(18,640)
FTEs	0	2	2	2

Recommendation:

The Governor recommends carving out the outpatient pharmacy benefit from capitation rates paid to managed care plans in Minnesota Health Care Programs (MHCP). This proposal produces savings of \$3,743,000 in the FY2026-2027 biennium and \$15,007,000 in the FY2028-2029 biennium.

Rationale/Background:

An outpatient pharmacy carveout is an arrangement whereby pharmacy benefits are separated and managed separately from medical benefits. In recent years, the number of states who utilize carveouts has been increasing. Currently, eight states carve-out their pharmacy benefit, including California, Missouri, New York, North Dakota, Ohio, Tennessee, Wisconsin, and West Virginia. In this arrangement, providers would be paid under the fee-for-service (FFS) model, whereby the Minnesota Department of Human Services (DHS) would directly pay providers.

Over the past several years, many carve-out bills have been proposed in Minnesota. A pharmacy carve-out can have numerous benefits, for states, enrollees, and providers alike. A carve-out can help states achieve cost savings. For instance, West Virginia's carve-out led to a savings of \$54.5 million in 2018, one year after carving out its pharmacy benefit. A pharmacy carve-out can standardize the pharmacy benefit across a state, providing a consistent benefit regardless of whether a member is enrolled in managed care or FFS. It can improve the pharmacy networks available to enrollees, improving access to pharmacy services. It can also provide a stable revenue stream for providers, as a carve-out would subject all claims to the FFS rate, and not the variable rates currently paid under managed care.

Proposal:

This proposal will centralize management of the outpatient pharmacy benefit for the Medical Assistance (MA) program within DHS, regardless of whether the enrollee is served by a managed care plan or via fee-for-service.

The forecasted program fiscal impact of this proposal has two primary portions. First, this proposal shifts forecasted spending on the outpatient pharmacy benefit from managed care organizations (MCOs) to FFS. This estimate assumes that the portion attributable to the pharmacy benefit would be removed from capitation payments to MCOs for the MA program. This estimate also assumes that the value of administrative costs included in capitation payments to implement the pharmacy benefit, which is assumed to be equivalent to \$2.00 per member per month, would also be removed.

Second, this proposal includes savings due to the 340B Drug Pricing Program savings. Through 340B, manufacturers who participate in Medicaid agree to provide outpatient drugs to health care organizations and

other covered entities. DHS is required to comply with the federal Medicaid Outpatient Drug Rule which stipulates that state Medicaid agencies determine their cost reimbursement to pharmacies by “actual acquisition cost” (AAC). Currently, MCOs do not capture the same level of cost savings that is achieved in FFS through the 340B program. This implies that, once the pharmacy benefit is carved-out of managed care, additional savings would be realized on 340B claims in FFS. Based on DHS data, it is assumed that approximately 30% savings would be realized on carved-out 340B pharmacy claims. Based on DHS encounter claims data, it is estimated that there are over 500,000 annual 340B claims in managed care and annual payments for these 340B claims are about \$183 million. It is assumed that these base 340B payments would increase by 3% each year.

As this proposal would move a significant number of members from managed care to the FFS pharmacy benefit for MA, there would be a need to add two positions to address the appeals volume that will be redirected to DHS from the MCOs. A MAPE 17 and a pharmacist would be added in the appeals unit to address the anticipated increased volume of appeals effective July 2026. Both positions would be hired in April 2026 to onboard and train staff, so they are able to quickly adjudicate the appeals that are currently handled by the MCOs for outpatient drugs.

It is also assumed that the contract to adjudicate pharmacy claims, prior authorizations, and associated services would need to be augmented to account for the additional enrollees that previously would have had this determination made by their MCO but now will be shifted to DHS. As of November 2024, outpatient pharmacy claims processing and related pharmacy benefit functions transitioned to Prime Therapeutics. It is assumed DHS will require an additional \$15.6 million in the first year with a 3% increase in costs annually for this contract to account for the increase in claims. It is also anticipated that DHS will incur an additional \$4M one-time administrative cost to complete interfacing of MCO records to the vendor to transfer current prior authorizations that MCOs have received on behalf of enrollees who would newly receive their pharmacy benefit through FFS.

This proposal is to move the outpatient pharmacy benefit for Medical Assistance from the MCOs to FFS only. The outpatient pharmacy benefit for MinnesotaCare, as well as drugs administered in clinics and facilities and billed on professional claims, would remain part of the MCOs’ contracts.

Impact on Children and Families:

Carving out Minnesota’s pharmacy benefit could have the impact of fragmenting care for children and families; this could be mitigated by improving infrastructure to ensure real-time data availability between MCOs, pharmacies, and prescribers.¹

Equity and Inclusion:

Minnesota’s pharmacy providers have shared concerns around high costs and low reimbursement payments under the current managed care model, which this proposal helps to address. Aside from West Virginia, most states have only shared projected cost savings and possible positive impacts of a carve-out, and not much is known about the impacts on enrollees—and especially disadvantaged enrollees. Centralized benefit models can present risks of reduced responsiveness to community-specific needs, especially for vulnerable populations reliant on local pharmacies. Establishing feedback loops to monitor and address potential disparities, particularly in rural areas could help in addressing potential health equity risks.

¹ Bendicksen L, Kesselheim AS. Anticipated efficiencies, real costs: Medicaid managed care organizations and the pharmacy benefit. *J Manag Care Spec Pharm*. 2022 Mar;28(3):354-361. doi: 10.18553/jmcp.2022.28.3.354. PMID: 35199580; PMCID: PMC10373034.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

This proposal does not impact Minnesota Tribal governments.

Impacts to Counties:

This proposal does not have direct impacts on counties.

IT Costs

As pharmacy claims have moved to a new claims processing system and are no longer processed through MMIS, IT costs would not be needed. Any systems costs needed would be realized through the increased contract costs with Prime Therapeutics.

Results:Part A: Performance measures

The 2023 Minnesota Cost of Dispensing Survey showed that MCOs' reimbursement methodologies typically rely on dispensing fees that are significantly less than those paid by most Medicaid FFS programs. Further, dispensing fees paid by Pharmacy Benefit Managers (PBM), contracted with Medicaid health plans to administer pharmacy benefits, are often less than \$1.00—markedly less than the average cost of dispensing. The FFS dispensing fee for prescriptions in Minnesota is \$11.55 per prescription.²

Measure	Measure type	Measure data source	Most recent data	Projected change
Eliminate pharmacy administrative costs to managed care organizations	Quantity	DHS Forecast	Approximately \$2.00 PMPM for pharmacy administrative costs	Savings of \$3,351,024 in FY26-27 and \$4,702,396 in FY28-29
Increase 340B cost savings through carved out pharmacy claims	Quantity	DHS Forecast	500,000 annual 340B claims in managed care	30% increase in savings on 340B claims

Fiscal Detail:

Net Impact by Fund (dollars in thousands)		FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund		13,328	(17,071)	(3,743)	3,634	(18,640)	(15,007)
HCAF							
Federal TANF							
Other Fund							
Total All Funds		13,328	(17,071)	(3,743)	3,634	(18,640)	(15,007)

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	33ED	MA Grants	-	(7,817)	(7,817)	(4,333)	(8,804)	(13,137)
GF	33AD	MA Grants	-	(2,607)	(2,607)	(557)	(2,889)	(3,447)
GF	33FC	MA Grants	-	(17,667)	(17,667)	(3,008)	(18,816)	(21,824)
GF	13	HCA Admin - Contract	19,600	16,068	35,668	16,550	17,047	33,597

² 2023 Fee-for-Service Cost of Dispensing Survey (<https://www.lrl.mn.gov/docs/2023/mandated/231385.pdf>)

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	13	Admin (FTE 2, 2, 2, 2)	0	138	138	408	408	816
GF	REV1	Admin FFP @ 32%	(6,272)	(5,186)	(11,458)	(5,427)	(5,585)	(11,012)

Fund	BACT#	FTEs Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	13	HCA Admin FTEs: MAPE 17L	0	1	1	1	1	1
GF	13	HCA Admin FTEs: Pharmacist	0	1	1	1	1	1

Statutory Change(s):

Minnesota Statutes 2018, section 256B.69, subdivision 6d.

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Uniform Administration of Non-Emergency Medical Transportation (HC-92)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	15	(22,795)	(48,336)	(56,442)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	15	(22,795)	(48,336)	(56,442)
FTEs	0	0	0	0

Recommendation:

The Governor recommends authorization of a uniform Non-emergency Medical Transportation (NEMT) program for all Medical Assistance and MinnesotaCare members. This proposal saves \$22,781,000 million in the FY2026-2027 biennium and \$104,779,000 million in the FY2028-2029 biennium.

Rationale/Background:

Transportation is a key factor in accessing health care services and in improving health outcomes for Minnesota Health Care Program (MHCP) enrollees. To help facilitate access to needed services, state Medicaid programs are required to provide transportation to and from providers, and this Medicaid benefit is called Non-Emergency Medical Transportation (NEMT).

State Medicaid agencies have flexibility in how they administer this benefit, however, and there are a few different models used by states, including paying for NEMT using the fee-for-service (FFS) model in-house, using transportation brokers, contracting with managed care organizations (MCOs) or a combination of these models. In Minnesota, NEMT is available through local county or tribal agencies, and is coordinated, provided, or reimbursed by these entities.

A uniform and centralized entity coordinating this benefit is vital in improving the experience of MHCP enrollees in need of these services. Currently, and depending on where a member lives or what type of transportation they need, the member may have to call either the county, a transportation coordinator, a transportation provider, or an MCO.

Proposal:

Currently, NEMT providers offer transportation to Medical Assistance (MA) clients to and from non-emergency medical service appointments. Depending on the level of service needed, NEMT may be administered by either a local county or tribal agency or through the Minnesota Department of Human Services (DHS). This proposal authorizes a uniform NEMT program for all MHCP members. The NEMT structure in Minnesota can make it difficult for members to access transportation services, especially if a member moves, or their needs change. A uniform NEMT program will help reduce administrative complexity and improve enrollees' access to health care services.

The uniform administrator model would pay a per-member-per-month fee, instead of a fee-for-service system reimbursement. This can have efficiency benefits, as the administrator will contract with drivers, negotiate rates, and coordinate services for members. This will also help improve administrative oversight, lower costs, improve

program integrity, and create a consistent user experience for enrollees across the state. For enrollees, having one centralized entity coordinating transportation can simplify the user experience, may reduce the administrative complexity for scheduling, and would allow enrollees to better access needed health care services. Today, depending on where a member lives or what type of transportation they need, they may have to call either the county, a transportation coordinator, the transportation provider directly, or an MCO. This bifurcated administrative structure can make it hard to access transportation services, especially if a person's needs change or if they move.

This proposal would require that DHS contract with an NEMT vendor. It is assumed that DHS would pay \$3.00 PMPM to the vendor to administer and provide NEMT transportation services. It is also assumed that these payments would be eligible for a 50% federal administrative match comparable to the FFS match for NEMT under Access Services. This proposal assumes two separate implementation dates of July 1, 2026 for the FFS population and January 1, 2027 for the managed care population. The separate effective dates allow for an extended implementation time in order to make necessary systems updates, and the later date for the managed care population allows for contract updates to transition the benefit from being administered by MCOs, to the new uniform vendor.

Impact on Children and Families:

NEMT services can help ensure that children and families have access to needed medical services, which can help improve health outcomes and reduce the risk of medical neglect. Uniform administration of these services can especially help reduce barriers for families and children with special needs and for families in rural areas, where there are greater patient travel distances to health facilities, and where public transportation is limited.

Equity and Inclusion:

Transportation is an important social determinant of health. In the United States, NEMT barriers have been estimated to cause missed clinic appointments, and foregone or delayed care, impacting up to 3.6 million people annually—and responsible for 25% or more of missed clinic appointments; this is especially burdensome for older adults, as more than 20% of older adults, and even more with chronic diseases, might not drive.¹

Health Affairs research highlights that NEMT is disproportionately utilized by older adults, rural residents, and people with disabilities, necessitating flexible approaches to ensure equitable outcomes. A one-size-fits-all approach could overlook the unique transportation needs of rural, disabled, or marginalized populations, and incorporating feedback from enrollees to ensure the program addresses localized challenges may be a way to ensure equity across populations.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

DHS will work closely with Minnesota Tribal entities offering NEMT services, in the development and implementation of this program.

¹ Shekelle PG, Begashaw MM, Miake-Lye IM, Booth M, Myers B, Renda A. Effect of interventions for non-emergent medical transportation: a systematic review and meta-analysis. BMC Public Health. 2022 Apr 21;22(1):799. doi: 10.1186/s12889-022-13149-1. PMID: 35449011; PMCID: PMC9026972.

Impacts to Counties:

Counties administer part of the NEMT program for the MA FFS program. DHS will collaborate with county partners on the development of the program and will continue to work closely with county workers as part of the implementation process.

IT Costs

This proposal would require changes in the Medicaid Management Information System (MMIS) and cost of a total of \$50,000 for initial development. These costs are total dollar estimates and do not reflect Federal Financial Participation (FFP).

Category	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Payroll	\$50,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	\$50,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
MNIT FTEs						
Agency FTEs						

Results:

DHS will ensure that this program provides or arranges the most efficient means of transportation, improves or expands existing transportation resources where necessary, and ensures that services are provided consistent with federal requirements.

Measure	Measure type	Measure data source	Most recent data	Projected change
Reduce state costs of NEMT services	Quantity	DHS Forecast	Projected \$62,309,929 in NEMT spending in FY26	Decreased spending on NEMT services

Fiscal Detail:

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	15	(22,795)	(22,781)	(48,336)	(56,442)	(104,779)
HCAF						
Federal TANF						
Other Fund						
Total All Funds	15	(22,795)	(22,781)	(48,336)	(56,442)	(104,779)

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	33ED	MA Grants	-	(15,483)	(15,483)	(39,831)	(46,012)	(85,843)
GF	33AD	MA Grants	-	(510)	(510)	(1,263)	(1,412)	(2,675)
GF	33FC	MA Grants	-	(19,514)	(19,514)	(28,734)	(30,588)	(59,322)
GF	33	NEMT Vendor	-	12,709	12,709	21,489	21,567	43,055
GF	11	MMIS (State Share @ 29%)	15	3	17	3	3	6

Statutory Change(s):

Minnesota Statutes 256B.0625.

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Increase HMO Surcharges (HC-93)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	7,346	18,540	21,047	22,080
Revenues	(82,720)	(85,782)	(88,827)	(93,090)
Other Funds				
Expenditures	1,761	4,466	5,023	5,221
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(73,613)	(62,776)	(62,756)	(65,789)
FTEs	0	0	0	0

Recommendation:

The Governor recommends increasing the Health Maintenance Organization (HMO) surcharge. This proposal increases General Fund revenues by \$136,389,000 in the FY2026-2027 biennium and \$128,545,000 in the FY2028-2029 biennium.

Rationale/Background:

In the 1960s and 1970s, Dr. Paul M. Ellwood Jr., dubbed 'Father of the HMO', developed a new form of health insurance that was called the 'health maintenance organization,' while working at the American Rehabilitation Foundation and the Sister Kenny Institute of Minneapolis, Minnesota.

HMOs are health care delivery systems that assume both the financial and delivery risks associated with providing healthcare services, in return for fixed, prepaid fees. A defining feature of HMOs, compared to other health carriers, is that HMOs coordinate health services within a specific provider network, with whom coverage prices are negotiated beforehand, in exchange for inclusion in a provider network. In Minnesota, HMOs are required to be nonprofit corporations or government units, and nearly a third of all Minnesotans, and even a greater number of those covered under public health insurance programs such as MA and MinnesotaCare, have health insurance coverage through HMOs.

States have varying regulations around who is eligible to pay surcharges and the amount of the surcharge. Federal requirements create a 6% revenue cap for all health care taxes within a given health care provider class, and this includes HMO surcharges. HMOs in Minnesota are currently required to pay a surcharge of 0.6% of total premium revenues. These funds help fund healthcare initiatives and programs for low-income Minnesotans covered under Medical Assistance and Minnesota's Basic Health Plan, MinnesotaCare.

Proposal:

This proposal increases the surcharge currently levied on HMOs from 0.6% of total premium revenue to 1.25% of total premium revenue, and accounts for the increased capitation rate payment for HMOs that participate in Medical Assistance and MinnesotaCare.

Impact on Children and Families:

This proposal can help address children and families' ability to access quality care and services; funds generated from this surcharge can help address issues stemming from inadequate provider reimbursement rates. When providers are not able to receive appropriate reimbursement for services delivered, they can begin limiting care,

causing access barriers for members. Funds generated through this surcharge can help increase the number of providers who are able to take patients on public insurance programs—especially in the area of dental care, where there are many disincentives that discourage dental providers from participating in public programs.

Equity and Inclusion:

Increasing taxes on HMOs can indirectly impact enrollees, through higher premiums, which can impact access to care due to increased cost. When HMOs face higher taxes, they could offset those costs by negotiating lower reimbursement rates with providers, further reducing provider networks. HMOs could also place more stringent requirements on specialized care by placing additional limitations on referrals, which can be burdensome for patients needing complex care.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

This proposal does not directly impact Minnesota Tribal governments.

Impacts to Counties:

This proposal does not directly impact counties.

IT Costs

This proposal does not have a systems cost.

Results:

This proposal increases surcharge revenue.

Measure	Measure type	Measure data source	Most recent data	Projected change
Increase revenue to the General Fund through HMO surcharge rate increase	Quantity	DHS Non-dedicated Revenue Forecast	Forecasted \$159,975,000 in FY26-27 under current HMO surcharge rate	Increase surcharge revenue by \$173,306,250 in FY26-27

Fiscal Detail:

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	(75,374)	(67,242)	(142,616)	(67,780)	(71,010)	(138,790)
HCAF	1,761	4,466	6,226	5,023	5,221	10,244
Federal TANF						
Other Fund						
Total All Funds	(73,613)	(62,776)	(136,389)	(62,756)	(65,789)	(128,545)

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	REV2	HMO Surcharge Revenue	(82,720)	(85,782)	(168,502)	(88,827)	(93,090)	(181,917)
GF	33ED	MA Grants	2,847	7,283	10,130	8,424	9,018	17,442
GF	33AD	MA Grants	582	1,451	2,033	1,621	1,674	3,295
GF	33FC	MA Grants	3,917	9,806	13,723	11,002	11,388	22,390
HCAF	31	MinnesotaCare Grants	1,761	4,466	6,226	5,023	5,221	10,244

Statutory Change(s):

Minnesota Statutes 256.9657, subd. 2, 3.

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: MHCP Benefit Reductions – Chiropractic Care (HC-96)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	(2,202)	(5,579)	(6,061)	(6,239)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(2,202)	(5,579)	(6,061)	(6,239)
FTEs	0	0	0	0

Recommendation:

The Governor recommends eliminating the chiropractic benefit. This proposal decreases General Fund expenditures by \$7,781,000 in the FY2026-2027 biennium and \$12,300,000 in the FY2028-2029 biennium.

Rationale/Background:

Chiropractic services are medically necessary therapies that use manipulation to make specific adjustments to the body, such as the spine, and they are provided by a licensed Doctor of Chiropractic (DC). The coverage of chiropractic services is an optional benefit in the Medicaid program, and the benefit looks differently across states. States currently determine whether chiropractic services are included in their State Plans, in accordance with federal law. In Minnesota, Medical Assistance (MA) and MinnesotaCare members are currently eligible for chiropractic services, with limitations such as no more than one evaluation per calendar year, to determine medical necessity, and no more than six spinal manipulation treatments per month, etc.

Proposal:

This proposal eliminates the chiropractic benefit for enrollees age 21 years or older. However, enrollees under the age of 21 years would not be impacted, as medically necessary chiropractic services will still be covered, on a case-by-case basis, under federal Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) requirements. This change assumes an effective date of January 2026 for both fee-for-service (FFS) and managed care enrollees.

Impact on Children and Families:

This proposal has the potential to limit access to these services for families. However, the federal Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program requires state Medicaid programs to provide comprehensive preventative health care and dental services to program eligible children, under the age of 21. Therefore, under these requirements, medically necessary chiropractic services would still be covered in Minnesota, on a case-by-case basis, for federally funded Medicaid enrollees under the age of 21. Child and Teen Checkups (C&TC) is Minnesota's EPSDT program.

Equity and Inclusion:

Reducing coverage for chiropractic care could disproportionately affect individuals managing chronic pain or mobility issues, particularly older adults and people with disabilities. Similar benefit reductions in other states led to increased reliance on emergency care, escalating costs and worsening health outcomes for vulnerable groups.

Equity recommendations include:

- Limiting reductions to non-medically necessary services while retaining coverage for critical care.
- Examining claims data to identify populations most reliant on these services.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

This proposal does not have an impact on Minnesota Tribal governments.

Impacts to Counties:

This proposal does not have an impact on counties.

IT Costs

This proposal does not require IT costs.

Results:

This proposal will reduce state costs.

Measure	Measure type	Measure data source	Most recent data	Projected change
Decrease expenditures to the General Fund	Quantity	DHS Forecast	Forecasted \$7.8M for chiropractic services in FY26-27	Eliminate forecasted costs for this service

Fiscal Detail:

Net Impact by Fund (dollars in thousands)		FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund		(2,202)	(5,579)	(7,781)	(6,061)	(6,239)	(12,300)
HCAF							
Federal TANF							
Other Fund							
Total All Funds		(2,202)	(5,579)	(7,781)	(6,061)	(6,239)	(12,300)

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	33ED	MA Grants	(292)	(770)	(1,062)	(857)	(906)	(1,763)
GF	33AD	MA Grants	(266)	(639)	(905)	(688)	(700)	(1,388)
GF	33FC	MA Grants	(1,644)	(4,170)	(5,814)	(4,517)	(4,633)	(9,150)

Statutory Change(s):

Minnesota Rules 9505.0245; Minnesota Statutes 148.01 to 148.106; Code of Federal Regulations, title 42, section 440.60(b).

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Nursing Facility Payment System Changes (AD-50)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	(17,662)	(51,316)	(67,657)	(84,123)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(17,662)	(51,316)	(67,657)	(84,123)
FTEs	0	0	0	0

Request:

The Governor recommends a package of reforms to nursing home payment rates with a net savings of \$68.98 million in the FY26-27 biennium and \$151.78 million in savings for the FY28-29 biennium.

There are five components to this proposal:

- Transition to the Patient Driven Payment Model (PDPM) case mix classification system;
- Repeal automatic annual Alternative Payment System (APS) property rate inflation;
- Phase out Planned Closure Rate Agreements (PCRA)/Single Bed Incentives (SBI) and layaways;
- Limit health insurance costs in rate setting; and
- Limit inflationary growth in rates

Rationale/Background:

Patient Driven Payment Model (PDPM) Case Mix Classification System

In October 2019, the Centers for Medicare & Medicaid Services (CMS) changed the method that it uses to classify patients in a covered Medicare nursing facility stay from Resource Utilization Groups Version IV (RUG-IV) to the Patient-Driven Payment Model (PDPM). Minnesota still uses the RUG-IV system for the determination of Medicaid payment rates for nursing facilities. With the changed method to PDPM for Medicare payment at the federal level, Minnesota had to assess options for a continuing case mix system for Medicaid and private pay payment rates after CMS no longer supports the RUG-IV system. This federal support will end on October 1, 2025.

The Department of Human Services (DHS) contracted for an analysis of the PDPM and its suitability as a replacement for Minnesota's RUG-IV classification system and overall recommendations for a new Medicaid classification system. The recommendation from this analysis is that Minnesota's new resident assessment case mix system move to a PDPM classification model to establish both Medicaid and private pay payment rates after CMS no longer supports the RUG-IV system.

Repeal Automatic Annual Alternative Payment System Property Rate Inflation

Under current law, facilities receive an annual inflation adjustment to their property rates annually based on the change in the Consumer Price Index. This feature has been part of nursing facility rates for more than 20 years. This automatic rate increase was suspended for two years beginning October 1, 2011, and again for another two-year period on January 1, 2016. Continuing to apply an inflation factor to a property rate established on information 15 to 25 years old is not a prudent approach. It does not create an incentive for nursing facilities to invest in new replacement buildings or complete major upgrades to existing buildings.

The Fair Rental Value (FRV) property rate that can be accessed under the Moratorium Exception (M.E.) process will not be impacted by this proposal. The M.E. has ongoing funding and provides a strong financial incentive for nursing facilities to build replacement buildings or update their current building.

Planned Closure Rate Agreements/Single Bed Incentives and Layaways

The Planned Closure Program (PCRA) has operated almost continuously since 2001. Under this program, the state has allowed rate adjustments related to partial or complete nursing facility closures. Single Bed Incentives (SBI) were given to encourage facilities to close beds during a time when double or higher-occupancy bedrooms were common. This was intended to create more single rooms for improved resident dignity and quality of life. The percentage of single beds has risen from 28% in 2006 to 66% in 2023 and the number of beds in rooms containing three or more beds has declined from 689 to 284. Similarly, bed layaway rate increases have been available to nursing facilities for decades.

Both the PCRA and bed layaway programs were implemented at a time when the reimbursement rates were not cost-based, and the state had a surplus of nursing facility beds. However, circumstances in Minnesota changed years ago. Under the Value-Based Reimbursement (VBR) system, payment rates are adjusted to reflect increases in fixed costs per day due to decreases in occupancy; prior to VBR this did not occur. These programs were meant to address that issue. Given that payment rates for nursing facilities are cost-based under VBR and reflect changes in costs due to bed reductions, it is not prudent to continue to pay previously issued bed reduction incentives into perpetuity nor to provide new bed closure/single bed incentives/ layaway payments.

Health Insurance Costs

Prior to payment rates being established under the Value-Based Reimbursement System (VBR), payments to nursing facilities for employee health insurance were in the operating rates and thus subject to limits. In the nine years since the removal of the limit of reimbursement on health insurance costs, these costs have increased by 69 percent. Some health insurance plans were reimbursed more than \$30,000 per enrollee per year in the 2024 calendar year; this is more than triple the amount the state contribution is for the current plan year.

Health insurance costs are unlimited in the current reimbursement formula whether a provider purchases health insurance through a third-party insurer or self-insures. Given the lack of formula limitations on health insurance, cost containment reliance is upon providers acting as a prudent buyer in obtaining health insurance at the market rate. Unlike third party health insurance, when self-insuring, a provider is accepting the future liability of any health insurance claims themselves, so the final cost of self-insurance is unknown when contracted. The amount of liability can be limited through the purchase of third-party insurance to provide stop loss coverage. In making the decision to purchase reasonable stop-loss coverage to limit potential cost in the long run, the normal risk consideration is not present because the self-insured costs will be reimbursed 100% through the rate. Consequently, self-insurance costs can often be significantly more than what the expenses would have been under third-party coverage. Some providers are opting for very little stop loss coverage which results in large avoidable losses to the state budget.

Limit Inflationary Growth

The cumulative growth in nursing facility reimbursement rates since the implementation of Value-Based Reimbursement (VBR) in 2017 has been nearly 100% (averaging 6.13% annually per year), which is not sustainable for the state.

Proposal:

Patient Driven Payment Model (PDPM) Case Mix Classification System

This proposal reforms Minnesota's case mix classification system to support the transition of nursing home payment rates to a new state case mix system (Patient Driven Payment Model, PDPM) to align with the changes at the federal level. On October 1, 2025, Minnesota and other states will no longer have certain MDS information

needed to create RUG-IV-based resident classifications. In response, Minnesota intends to join other states currently using RUG-IV and adopt CMS' PDPM case-mix system for Medicaid payment. Minnesota also proposes to transition to PDPM for privately paid stays, due to existing statute setting those base rates. The PDPM case-mix system largely duplicates the current RUG-IV system for long-term nursing care, retaining restorative therapies and creating separate categories for post-acute therapies. PDPM can be calculated using existing MDS assessment information.

Statutory updates are required for DHS to process the nursing facility rates for private pay and Medicaid claims after CMS no longer supports the current system beginning October 1, 2025. There will be an impact (cost) to the forecasted program Medical Assistance (MA) rates to nursing facilities. This proposal recommends a phased-in transition to the PDPM methodology, which will generally result in a slight increase in reimbursement rates on average, but not for all nursing facilities. For some, the transition to the PDPM model will result in a decrease in Medicaid rates. Phasing in this transition will help avoid acute revenue losses for the individual facilities that may experience less reimbursement under PDPM.

The rate changes will be different for each facility but will be an average increase per resident day of \$1.60 for the last quarter of CY 2025, \$1.64 for CY 2026, \$3.33 for CY 2027, \$5.08 for CY 2028, and \$6.90 for CY 2029. The increased rates will impact the Medicaid and private pay nursing facility rates effective on October 1, 2025. This portion of the proposal costs \$6.678 million in the FY26-27 biennium and \$19.41 million in the FY 28-29 biennium (general fund dollars), which represents an average of 1.32% of total annual spending on nursing facilities.

Repeal Automatic Annual Alternative Payment System Property Rate Inflation

This proposal repeals the automatic annual Alternative Payment System (APS) property rate inflation for nursing facilities effective January 1, 2026. This proposal seeks to address current concerns including inequities in the APS property rate system, the lack of incentive to invest in building upgrades or old building replacement, and the absence of any relationship between the property payments rates to the value of the nursing home building.

This proposal does not eliminate the moratorium exception (M.E.) process which provides opportunities for property rate increases when a nursing facility makes a significant investment in their building. This proposal may increase the utilization of M.E. program funds and threshold projects to make improvements to facilities as this will be only way to get increases to their property rate without this inflation. More facilities entering the moratorium exception process will result in better usage of M.E. funds and more facilities entering the FRV property system.

The impact of this proposal will be different for each facility but will be an average rate decrease per resident day of \$.78 for CY 2026, \$1.33 for CY 2027, \$1.80 for CY 2028, and \$2.39 for CY 2029. This will impact the Medicaid and private pay nursing facility rates effective on January 1, 2026, when the APS inflation would be repealed. This proposal is estimated to produce savings of \$2.59 million in the FY26-27 biennium and \$7.00 million in the FY 28-29 biennium (general fund dollars) which represents an average of .48% of total annual spending on nursing facilities.

Planned Closure Rate Agreements/Single Bed Incentives and Layaways

This proposal phases out the Planned Closure Rate Adjustment (PCRA), Single Bed Incentive (SBI) adjustment, and Layaway Bed adjustment programs effective January 1, 2026. This proposal intends to preserve access to nursing home beds and eliminate incentives for closures. This will be implemented by no longer accepting applications for these adjustments beginning July 1, 2025, and by removing the current PCRA and SBI from the rates at the beginning of each rate year from January 1, 2026.

The impact of this proposal will be different for each facility but will be an average rate decrease per resident day of \$4.97 for CY 2026, \$5.29 for CY 2027, \$5.62 for CY 2028, and \$5.96 for CY 2029. The decreased rates will impact

the Medicaid and private pay nursing facility rates effective January 1, 2026. This proposal is estimated to produce savings of \$13.96 million in the FY26-27 biennium and \$21.95 million in the FY 28-29 biennium (general fund dollars) which represents an average of 1.81% of total annual spending on nursing facilities.

Health Insurance Costs

This proposal establishes a limit on the reimbursement to nursing facilities for health insurance costs. Currently, some facilities are not purchasing an adequate level of stop-loss insurance and/or not seeking to reduce their costs by getting quotes from commercial insurance products. In these cases, providers are shifting the risk of catastrophic losses to the state. This proposal will cap allowable health insurance costs at \$14,703 per enrollee and this cap will be increased annually by the Health Insurance CPI-U as costs for health insurance will also inflate annually.

The cap to health insurance will cause an external-fixed rate decrease for facilities whose health insurance costs are over this cap. The impact of this change will be specific to facilities but will be an average decrease per resident day of \$1.07 for CY 2026, of 1.10 for CY 2027, of \$1.12 for CY 2028, and \$1.14 for CY 2029. These decreases will impact the Medicaid and private pay nursing facility rates effective on January 01, 2026, reimbursing affected providers the lower of actual or the capped health insurance costs.

This proposal is estimated to produce savings of \$2.98 million in the FY26-27 biennium and \$4.38 million in the FY28-29 biennium (general fund dollars) which represents about an average of .37% of total annual spending on nursing facilities.

Limit Inflationary Growth

This proposal establishes a cap on the reimbursement to nursing facilities by limiting annual inflationary growth of the operating rates to two percent per year. The rate impact will be different per facility but will be an average decrease per resident day of \$17.72 for CY 2026, \$26.69 for CY 2027, \$36.03 for CY 2028, and \$444.84 for CY 2029. The limited rates will impact the Medicaid and private pay nursing facility rates effective on January 01, 2026, when the new limit to the total operating payment would be effective.

This proposal is estimated to produce savings of \$56.12 million in the FY26-27 biennium and \$137.86 million in the FY28-29 biennium, which represents an average of 9.79% of total annual spending on nursing facilities.

Impact on Children and Families:

This proposal does not have a direct impact on children and families.

Equity and Inclusion:

This proposal will not disproportionately impact any community. All Medicaid-certified nursing facilities, and all people whose stays are paid by Medicaid or who pay privately will be affected to some extent.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Impacts to Counties:

This proposal will produce savings for the counties financially because the cost of Part 1 (PDPM payment model implementation) is more than offset by the savings from the other parts of this proposal. This proposal does not require county involvement in oversight, operations, or administration. Rates of disparities will not be impacted disproportionately in any county.

IT Costs:

This is not an IT proposal however there is a one-time IT change required to implement this proposal and minor ongoing maintenance. The IT costs associated with this proposal with this proposal are estimated to be \$7,424 state share over the budget horizon.

Category	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)	4,640	928	928	928		
Total	4,640	928	928	928		
MNIT FTEs						
Agency FTEs						

Results:

Type of Measure	Name of Measure	Current Value	Date	Projected Value (without)	Projected Value (with)	Date
Quantity	Fewer nursing home beds will be taken out of service annually. Pertains to Part 3 of this proposal.	511	Annual average for over the past three SFY			
Results	The ability for DHS to process and pay the claims submitted by nursing facilities. Pertains to Part 1 of this proposal.	332	8/28/24	0	330	10/1/25

Fiscal Detail:

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	(17,662)	(51,316)	(68,978)	(67,657)	(84,123)	(151,779)
HCAF						
Federal TANF						
Other Fund						
Total All Funds	(17,662)	(51,316)	(68,978)	(67,657)	(84,123)	(151,779)

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	33 LF	MA NF Pymnt Sys changes for PDPM	1,992	4,323	6,315	7,499	10,817	18,316
GF	33	Elderly Managed Care Rates NF Add-on	111	244	355	436	651	1,088
GF	11	Systems	5	1	6	1	1	2
GF	33 LF	MA NF Pymnt Sys Savings	(18,730)	(52,897)	(71,627)	(71,436)	(90,163)	(161,599)
GF	33	Elderly Manage Care Rates Savings	(1,040)	(2,987)	(4,027)	(4,157)	(5,429)	(9,586)

Statutory Change(s):

Part 1: MS 256R.02, subd. 46. MS 256R.23 Subd. 6. MS 256R.36.

Part 2: MS 256B.434, subd. 4.

Part 3: MS 256B.431, subd. 30. MS 256.9657, subd. 1. MS 256R.02, subd. 19. MS 256R.25. MS 256R.40, subd. 5 through 7. MS 256R.41. MS 256R.43.

Part 4: MS 256R.02, subd. 18, 22. MS 256R.10, subd. 8. MS 256R.12, subd. 10.

Part 5: MS. 256R.23 subd. 7. and 8. MS 256R.24, subd. 3.

Change Item Title: Investments in Community First Services and Supports (AD-54)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	48,351	21,869	24,914	30,294
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	48,351	21,869	24,914	30,294
FTEs	7	7	4	4

Request:

The Governor recommends investments in the Community First Services and Supports (CFSS) and Consumer Directed Community Supports (CDCS) programs to fund the bargaining agreement between the State of Minnesota and the Service Employees International Union of Minnesota (SEIU).

The total cost of this proposal is \$70.2 million in the 2026/2027 biennium and \$55.2 million in the 2028/2029 biennium.

Rationale/Background:

Community First Services and Supports (CFSS) is a Minnesota health care program designed to offer flexible options that cater to the unique needs of individuals, promoting greater independence in their homes and communities. CFSS began replacing the Personal Care Assistance (PCA) and Consumer Support Grant (CSG) programs on October 1, 2024, and encompasses all eligibility categories previously covered by PCA.

The implementation of CFSS is a response to the growing demand for long-term services and supports in Minnesota, driven by shifting demographics and an aging population. The program seeks to address workforce shortages in the direct care sector by offering more competitive compensation and flexible service options, thereby attracting and retaining qualified staff.

Consumer Directed Community Supports (CDCS) is a service option under the home and community-based services waiver programs and Alternative Care program that allows people receiving services to choose or design services and supports that fit their assessed needs.

Under Minn. Stat. § 179A.54, self-directed PCA/CFSS and CDCS workers are classified as executive branch state employees for the purpose of collective bargaining. The current contract between the state of Minnesota and SEIU Healthcare Minnesota (SEIU), representing self-directed PCA/CFSS and CDCS workers, expires June 30, 2025. Investments in the PCA/CFSS and CDCS programs through these bargaining agreements have been essential to combating the workforce shortage in the direct care industry. Investing in and stabilizing this workforce helps ensure that individuals receive the quality care they need to live independently in their communities.

Proposal:

This proposal includes the following components:

Wage Tiers and Benefit Increases

- Effective January 1, 2026, increase CFSS rates and budgets to provide an increase to the wage tiers of \$0.40 per hour and funding for one additional paid holiday
- Effective January 1, 2027, increase CFSS rates and budgets to provide an increase of \$0.40 per hour for workers who have taken orientation training
- Effective January 1, 2026, increase to the enhanced rate from 7.5% to 12.5%

Other Investments

- \$1200 retention stipends to reimburse workers covered by the collective bargaining agreement for healthcare costs
- \$750 stipends for workers covered by the collective bargaining agreement for attending training
- Funding for orientation and training costs
- Funding for a matching system that would connect workers to people needing services looking for workers
- Funding to study healthcare coverage for direct care workers
- Funding to collect and study worker information related to the CDCS program
- Creation of a trust for the purposes of retirement

Impact on Children and Families:

The PCA and CFSS programs in Minnesota serves individuals across all age groups, including pregnant women, children, and families. As of January 2022, the age distribution of PCA recipients was as follows: 2% were under the age of 5, 18% were between 5 and 17 years old, and 4% were between 18 and 22 years old.

This proposal aims to enhance the quality, availability, and retention of PCA/CFSS workers, which is anticipated to have a positive impact on children and young adults receiving PCA/CFSS services. By improving support structures, the proposal seeks to stabilize families who often face higher rates of poverty when caring for a child with a disability. Enhanced PCA services can provide essential assistance, enabling family members to engage in employment opportunities and maintain economic stability. This aligns with findings that PCA services are crucial in supporting daily routines and promoting independence for individuals with disabilities, thereby alleviating some of the caregiving burdens on families.

Furthermore, the proposal's focus on improving wages and benefits for PCA/CFSS workers is expected to attract and retain a more qualified and dedicated workforce. This improvement in workforce stability directly benefits recipients by ensuring consistent and reliable care, which is particularly important for the developmental needs of children and the well-being of young adults.

Equity and Inclusion:

The Personal Care Assistance (PCA) and Community First Services and Supports (CFSS) programs are among the most diverse long-term services and supports (LTSS) in Minnesota, with participant demographics becoming increasingly diverse over time. As of January 2023, 63% of home care (PCA) participants were people of color or Native American, compared to 26% who identified as non-Hispanic white. This contrasts sharply with the broader Minnesota population, where approximately 78% identify as non-Hispanic white (Minnesota State Demographic Center, 2023).

The home care workforce, with PCA/CFSS workers representing the largest proportion, also reflects significant diversity. Women, people of color, and immigrants are disproportionately represented in this sector. A 2022 evaluation found that 85% of home care workers nationally are women, with many being single mothers (PHI,

2022). While people of color comprise approximately 40% of the overall U.S. workforce, they represent nearly 63% of the home care workforce (PHI, 2022). Similarly, immigrants, who constitute about 16% of the general workforce, make up 31% of the home care labor force.

Despite their essential role in providing care, home care workers face significant economic challenges. Nationally, the median annual income for home care workers is \$19,100, and approximately one in six live below the federal poverty line (U.S. Bureau of Labor Statistics, 2022). In Minnesota, much of the rate increase proposed under PCA/CFSS funding changes is expected to directly benefit these workers, helping to address income disparities within this diverse and economically vulnerable workforce.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

While this provision does not directly impact Tribal operations, it has significant implications for American Indian communities, who are disproportionately represented among PCA and CFSS program participants and the PCA/CFSS workforce. According to research, American Indians experience higher rates of disability and chronic health conditions compared to the general population, leading to increased reliance on programs like PCA for essential support services (U.S. Commission on Civil Rights, 2018).

Similarly, the PCA workforce includes a disproportionate share of American Indian workers, reflecting broader labor force trends where Indigenous people are overrepresented in caregiving and low-wage health care roles (PHI, 2022). These roles are often critical for economic stability within Tribal and urban Native communities.

By increasing PCA/CFSS reimbursement rates, this provision has the potential to positively affect American Indian communities in several ways. Higher rates could result in improved wages and benefits for PCA workers, addressing the economic inequities often faced by caregivers. This, in turn, would promote greater financial security and access to resources for American Indian families. Furthermore, enhanced compensation may help attract and retain a skilled workforce, ensuring continuity and quality of care for PCA/CFSS participants, including those from American Indian backgrounds.

This approach aligns with broader principles of equity and respect for the unique cultural and socio-economic challenges faced by American Indian communities. By addressing wage disparities and improving workforce conditions, this provision indirectly supports Tribal sovereignty and the well-being of Indigenous individuals and families.

Impacts to Counties:

This proposal will not impact counties financially.

IT Costs

This proposal includes funding for various adjustments to the Minnesota Medicaid Management Information System (MMIS), the Minnesota Provider Screening and Enrollment (MPSE) system, and funds for related IT contracts to complete additional IT work.

The cumulative value of these investments are \$638,000 in FY26, \$1.02 million in FY27, and an ongoing investment for maintenance of \$31,000 per fiscal year, beginning in FY28.

Results:

The results of this proposal will be:

1. A higher rate for the CFSS program with increases built into the rates to provide higher wages for workers with more experience will result in higher compensation for PCA/CFSS workers and will enable agencies and people with disabilities to attract and retain workers. The effectiveness of higher base wages and the implementation of rate tiers will be measured through dedicated evaluation and research.
2. Increased retention of workers through rate tiers and stipends.
3. An increase in the quality of person -centered plans in Minnesota for people with disabilities.

Fiscal Detail:

The following table summarizes the investments in this proposal:

Net Costs	SFY 2026	SFY 2027	SFY 2028	SFY 2029
Tier Add-on (CFSS/PCA) 1/1/26	6,197	14,852	15,614	16,354
Tier Orientation Add-On (CFSS) 1/1/27	0	698	4,181	8,527
Enhanced Rate Change to 12.5%	805	2,021	2,160	2,331
1 Additional Holiday	730	1,792	1,901	2,023
Training Costs	2,620	270	170	170
Orientation Costs	5,632	1,082	722	722
Retirement	529	155	155	155
Healthcare Stipends and Study	30,954	-	-	-
IT Matching System	484	990	-	-
CDCS Tiers Admin and Systems	400	12	12	12
Total Net Costs	48,351	21,869	24,914	30,294
		70,221		55,208

Below is the fiscal detail for this proposal:

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	48,351	21,869	70,221	24,914	30,294	55,208
HCAF						
Federal TANF						
Other Fund						
Total All Funds	48,351	21,870	70,221	24,914	30,294	55,208

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	33	MA LW Rate Increase Fee-for-service	5,652	14,168	19,820	17,393	21,259	38,651
GF	33	MA ED Rate MC Increase	1,996	4,982	6,978	6,205	7,664	13,869
GF	34	Alternative Care	84	211	295	258	313	571
GF	55	Orientation Start-Up Grant	3,000		3,000			0
GF	55	Orientation On-going Funding	2,000	500	2,500	500	500	1,000
GF	14	Orientation ADSA FTEs (4,4,1,1)	655	705	1,359	175	175	349
GF	REV1	Admin FFP @ 32%	(210)	(226)	(435)	(56)	(56)	(112)
GF	11	HCA Provider File FTE (2,2,2,2)	70	80	150	80	80	160
GF	11	Orientation MPSE Systems	55	11	66	11	11	22
GF	11	Orientation MMIS Systems	62	12	75	12	12	25
GF	14	Training Ongoing	250	250	500	250	250	500
GF	REV1	Admin FFP @ 32%	(80)	(80)	(160)	(80)	(80)	(160)
GF	14	Training Stipend & Registration Grant admin	200	100	300			0
GF	55	Training Stipend - Grant	2,250		2,250			0
GF	55	Retirement Trust Start-up	350		350			0
GF	11	Trust Start-up GCO Admin	75		75			0
GF	REV1	Admin FFP @ 32%	(24)		(24)			0
GF	11	GCO Trust/SEIU FTE (1,1,1,1)	188	227	416	227	227	455

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	REV1	Admin FFP @ 32%	(60)	(73)	(133)	(73)	(73)	(146)
GF	14	Health Care Solutions RFP	300		300			0
GF	REV1	Admin FFP @ 32%	(96)		(96)			0
GF	55	Health Care Stipends - Grant	30,000		30,000			0
GF	55	HC stipend grant admin	750		750			0
GF	11	IT Matching Systems	475	990	1,465			0
GF	11	MNIT RFI Support	9	0	9			0
GF	14	CDCS Data Preparation RFP	500		500			0
GF	REV1	Admin FFP @ 32%	(160)		(160)			0
GF	11	CDCS MNIT Systems	60	12	71	12	12	24

Fund	BACT#	FTEs Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	14	ADSA FTE (4,4,1,1)	4	4		1	1	
GF	11	Central GCO FTE (1,1,1,1)	1	1		1	1	
GF	11	HCA Systems FTEs (2,2,2,2)	2	2		2	2	

Statutory Change(s):

Minn. Stat. 256B.0659

Minn. Stat. 256B.85

Minn. Stat. 256B.851

Minn. Stat. 256B. 4911

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Tribal Specific VADD-TCM (AD-88)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends adding language that includes Tribes as an allowable provider for targeted case management- vulnerable adult/developmental disabilities (TCM-VA/DD or VA/DD) and acknowledges their unique federal payment structure as different from county derived payment. This proposal is budget neutral.

Rationale/Background:

Tribes have been seeking to provide Targeted Case Management for Vulnerable Adults and Developmental Disabilities (TCM-VA/DD) since 2018. In the 2024 legislative session, language was passed that required DHS to authentically engage and explore the development of a tribal specific VADD-TCM with Minnesota's federally recognized Tribes. In the engagement meetings with tribal leaders, it was reiterated that the state needs to first update the VA/DD statute to enable tribes to provide and be reimbursed for VA/DD services. Tribal leaders highlighted that they are already delivering these services to their members but are currently unable to receive payment because their role as lead agency/provider is not clearly defined in the existing statute. This ambiguity has blocked their access to enrollment in the Minnesota Health Care Programs (MHCP) through DHS. To address this issue, VA/DD statute must be revised to explicitly recognize the ability and sovereignty of Tribal Nations to provide these services and to account for tribes' unique relationship with the federal government and funding structure.

Proposal:

This proposal will modify the statute to explicitly mention Tribes as an allowable provider for targeted case management- vulnerable adults/developmental disabilities. It will include language that identifies, accommodates, and respects tribal sovereignty through the recognition of tribal payment structures, distinct from county-derived payment systems.

Impact on Children and Families:

This proposal will benefit American Indian/Alaska Native families by enabling access to tribal-provided VA/DD services. These services will support their health and stability, thus better meeting their needs and enhancing family support.

Equity and Inclusion:

This proposal addresses the current omission of Tribes as allowable VA/DD providers, which is crucial for ensuring equitable access to healthcare services for American Indian/Alaska Native individuals. It will rectify the inequity in service access by allowing Tribes to be compensated for the services they provide, aligning with the principles of equity and inclusion.

The Tribal collective will communicate updates and provide discussion opportunities through individual monthly check-ins with Tribes. The Tribal Relations Specialists of the Tribal Collective team will ensure there is intentional and consistent communication being brought to and from the Tribes each month and elevating any concerns to appropriate subject matter experts and leads of the project to ensure they are being addressed.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

All 11 federally recognized Tribal Nations in Minnesota will benefit from this proposal. It will increase culturally relevant access for Tribal Nations and their community members. Tribes will be able to be reimbursed for services, increasing equitable opportunity. Additionally, Tribal Sovereignty is honored, and government to government relations are strengthened.

Impacts to Counties:

Counties may see a reduction in service provision to some American Indian/Alaska Native individuals who choose services from Tribal VA/DD providers.

IT Costs

This proposal has no systems costs.

Results:

The overall goal and expected outcomes are to increase culturally relevant access for Tribal Nations and their community members, and to provide equitable financial opportunity for Tribal Nations. Tribes will be able to be reimbursed for services they are currently providing, increasing financial equitable opportunity. Additionally, Tribal Sovereignty is honored, and government to government relations are strengthened.

Over the span of one year, quantitatively we will know this change has been successful because there will be data relative to billing costs and reimbursements, and qualitatively through the voices of Tribal leaders in the monthly check-ins and communications with them from the Tribal Collective. Furthermore, the Tribal Collective will work with the Tribal Nations on qualitative and quantitative measures to provide a fuller picture and to encourage co-designing an evaluation method that helps demonstrate outcomes are being met and successful.

Measure	Measure type	Measure data source	Most recent data	Projected change
Number of Tribes as allowable providers and being reimbursed for TCM-VADD services.	Quantity/Result	Internal data collection through data resources.	N/A	There will be an increase in Tribes who will be reimbursed for their TCM-VADD provider services.
Number of discussions to address concerns and capture experience of TCM-VADD provider as it applies to Tribal Nations/sovereignty.	Quantity/Result	The tribal collective will track and document number of discussions they have with relevant tribal nations, and collect data that reflects concerns being discussed, addressed, and if tribal sovereignty is being honored.	N/A	Strengthened government to government relations and respecting tribal sovereignty.
The experience of TCM-VADD provider reimbursement	Quality	The Tribal collective will develop questions that will guide the discussions on the experience of Tribal Nations being allowable providers for TCM-VADD services and how the reimbursement process has been.	N/A	There will be initial qualitative data on how to improve the experience and reimbursement process for Tribal Nations relating to TCM-VADD services and support the journey in the bigger picture vision.

Statutory Change(s):

Minn. Stat. 256B.0924

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Nursing Home Workforce Standards Board Rules (AD-91)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	5	1	3,190	11,494
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	5	1	3,190	11,494
FTEs	0	0	0	0

Request:

The Governor recommends investments of \$6,000 in the FY26-27 biennium and \$14.68 million in the FY28-29 biennium to implement the proposed standards by the Nursing Home Workforce Standards Board. These standards include requiring holiday pay for 11 specified holidays, along with wage floors that go into effect for all nursing home employees on January 1, 2026, and then increase on January 1, 2027.

Rationale/Background:

During the 2023 legislative session, the legislature passed and the Governor signed legislation creating a Nursing Home Workforce Standards Board ([Minnesota Statutes 181.212-181.214](#)). This Board has the statutory authority to set standards industry-wide for all nursing home employees, including in areas of training requirements, safety, and wages or benefits. The Board spent a considerable portion of 2023 and the first half of 2024 developing standards, as statute suggested the inaugural standards must be effective January 1, 2025. However, standards may not go into effect if it is determined the standards will exceed forecasted spending in Medical Assistance.

In April 2024, the Department of Human Services was asked to produce fiscal estimates for the proposed standards and determined there would be an increase in Medical Assistance spending for FY28-29. This means proposed standards cannot go into effect unless the Legislature approves the new spending.

Proposal:

This proposal has two components:

- The cost to Medical Assistance to implement the Standards.
- MNIT costs to collect and analyze granular employee wage data to assist the Board in future standards assessments.

Cost to Medical Assistance

The bulk of these costs from the Medical Assistance program. This cost is incurred from the proposed wage floors in 2026 and 2027. The state share cost to Medical Assistance to implement the standards is \$3.19 million in FY28 and \$11.49 million in FY29.

The proposed wage floors for January 1, 2026, include:

- \$27 an hour for Licensed Practical Nurses (LPNs)
- \$23.50 an hour for Trained Medication Aides (TMAs)
- \$22.50 an hour for Certified Nursing Assistants (CNAs)
- \$19 an hour for all other professions

The proposed wage floors increase on January 1, 2027, include:

- \$28.50 an hour for LPNs
- \$25 an hour for TMAs
- \$24 an hour for CNAs
- \$20.50 an hour for all other professions

MNIT Systems Costs

The Department utilized 2023 wage data from the Nursing Home Workforce Incentive Fund to inform the fiscal analysis of these proposed standards. However, this was a one-time snapshot in time and required manual spreadsheets from individual facilities. This portion of the proposal is to provide systems resources to MNIT to add this information to the cost reporting system to save time for both agency staff and nursing facilities. This will make future standards fiscal analysis more efficient.

Interactive Effect with Other Nursing Home Changes in Governor's Recommendations

This proposal also includes interactive impacts as a result of other proposals in the Governor's budget related to nursing home payments.

Impact on Children and Families:

This proposal does not have a direct impact on children and families.

Equity and Inclusion:

This proposal will raise wages for nursing home employees, who are disproportionately women and individuals from the Black, Indigenous, People of Color (BIPOC) community.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Impacts to Counties:

There is a county share to nursing home rates of 1.15 percent and this proposal would impact this share. This translates to a total cost of \$76,000 in FY28 and grows to \$272,000 in FY29.

IT Costs

Category	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Payroll						
Professional/Technical Contracts						
Infrastructure	5,000	1,000	1,000	1,000	1,000	1,000
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						

<i>Category</i>	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>	<i>FY 2029</i>	<i>FY 2030</i>	<i>FY 2031</i>
Total	5,000	1,000	1,000	1,000	1,000	1,000
MNIT FTEs						
Agency FTEs						

Results:

The primary positive outcome associated with base wage increase and holiday pay for nursing home staff would be in alleviation of workforce shortage stressors and potential increase in employee retention through increased workplace satisfaction. When nursing facilities have to rely upon agency pool staff to complete their coverages, [quality ratings may decline](#) at the facility level and individuals being served may experience less consistency in care. Based on the reporting year ending in September 2023, the use of agency staff for direct care workers in MN was 11.13%. The Nursing Home Workforce Standards Board surveyed workers and concluded the following results:

“In [the Board’s] survey of workers, paid holidays tied with health insurance as priorities for increasing the health and welfare of nursing home workers (38.6% workers named it as a priority) after a raise in pay (100%) and pensions or retirement plan (47.1%). The board responded to this by establishing holiday pay standards in Minnesota Rules 5200.2010, which sets a minimum-pay standard that nursing home workers are paid time-and-a-half their hourly wage if they work on the 11 state holidays observed in Minnesota, pursuant to Minn. Stat. 645.44, subd. 5(a).” ([Source](#), Minnesota Dept of Labor and Industry)

<i>Measure</i>	<i>Measure Type</i>	<i>Data Source</i>	<i>Most recent data</i>	<i>Projected change</i>
Retention of Care-related staff in nursing homes	Quantity	Quantitative retention data reported to DHS on the cost report	Statewide average retention rate for the year ending 9/1/23 was 68.55%.	Increased wages and holiday pay could have the impact of increased retention in future years.
Holiday pay and rate floors as workforce recruitment effort	Quality	NHWSB Survey	38.6% of workers surveyed identified holiday pay as a top priority; 100% identified increased wages as a top priority.	Potential for increased workplace satisfaction for impacted nursing home staff

Fiscal Detail:

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	5	1	6	3,190	11, 494	14,684
HCAF						
Federal TANF						
Other Fund						
Total All Funds	5	1	6	3,190	11, 494	14,684

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	33	Elderly Manage Care	0	0	0	75	240	426
GF	33 LF	MA NF Pymnt Sys changes	0	0	0	1,290	3,984	5,274
GF	11	Systems	5	1	6	1	1	2
GF	33 LF	Interactivity with Other Gov's Rec (AD-50) Elderly Managed Care	0	0	0	100	413	513
GF	33	Interactivity with Other Gov's Rec (AD-50) MA NF Pymnt Sys changes	0	0	0	1,724	6,856	8,580
		Requested FTEs						

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Reduce Disability Waiver Growth: DWRS Rate Exceptions and Input Monitoring (AD-94)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	(14,025)	(36,931)	(39,494)	(43,169)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(14,025)	(36,931)	(39,494)	(43,169)
FTEs	4.5	5	5	5

Request:

The Governor recommends growth reduction strategies to mitigate rising expenditures. This proposal aims to achieve General Fund savings of \$50.96 million in the FY 2026-27 biennium and \$82.66 million in the FY 2028-29 biennium.

Components of this proposal include:

- Reducing the cost of rate exceptions in the Disability Waiver Rate System (DWRS)
- Administrative resources for Home and Community Based Services (HCBS) Rate Input Monitoring and Oversight

Rationale/Background:

Minnesota has a long history of utilizing home and community-based services to support people with disabilities in the community, including people who had previously required services in an institutional setting. As a state, Minnesota focused on deinstitutionalization for people with disabilities decades before other states. We also eliminated the disability waiver waiting list while people living in other states continue to struggle with long waiting lists for home and community-based services. Minnesota has also used a variety of strategies through the Disability Waiver Rate System, including automatic inflationary adjustments and a competitive workforce factor, to provide the necessary resources to ensure that service providers are able to attract and retain quality direct care workers.

Recent state forecasts have shown that the HCBS disability service costs have exceeded prior forecasts, driven by several factors including inflation, compounded rate increases, demographic changes, and higher-than-anticipated service utilization. To address these escalating costs, the Governor recommends slowing the cost growth through a variety of strategies. The governor is recommending this approach, as opposed to other blunt cost containment efforts used in the past, such as waiver growth limits or across the board immediate rate cuts, to mitigate impacts to people with disabilities. This proposal represents a portion of the strategies in this proposed approach.

Proposal:

Reducing the cost of rate exceptions under the Disability Waiver Rate System

The growth of rate exceptions has been a large source of spending growth for the HCBS waivers. In particular, residential rate exceptions have outpaced forecasted expectations and impact roughly 25% of all residential rates. This proposal would limit the size and number of rate exceptions for residential services, in order to lower service costs.

The table below identifies total and rate exception spending in Community Residential Services (CRS). In FY 2024, rate exceptions led to over 17% more spending in this service than otherwise would have occurred.

Fiscal Year	Number of Service Agreements	Number of Exceptions	% Exception	Total CRS Spending	Total Exception Spending	% More Spending
2024*	13,376	3,340	24.97%	\$980,333,785.56	\$142,557,864.27	17.02%
2023	16,347	3,627	22.19%	\$1,575,924,148.91	\$191,657,299.07	13.85%
2022	16,351	3,020	18.47%	\$1,462,405,239.14	\$147,227,516.92	11.19%
2021	19,578	3,188	16.28%	\$1,436,844,294.93	\$130,339,942.79	9.98%
2020	22,596	4,259	18.85%	\$1,298,166,829.58	\$83,055,110.33	6.84%

**FY24 is a partial year. Providers have one year after delivery of service to submit claims so data will not be complete until July 2025*

The mechanism to limit rate exceptions in residential services will be based on a person's needs as identified in their assessment. Limitations may include:

- Placing more stringent parameters around leave days. Under this component, leave day exceptions would only be available for Hospital or Crisis stays. No exceptions would be granted over 351 days.
- Limit exceptions related to behavioral needs to require a Behavior Diagnosis or assessed need.
- Require that Positive Supports be billed as a distinct service and not be bundled with a CRS rate exception.
- Exceptions with requests for increased community time/transportation should shift into the framework components, like 1:1 for community time.

In addition to changes related to residential rate exceptions, this proposal will make changes to documentation requirements for all rate exceptions. Currently, rate exceptions are renewed with little documentation if the rate will remain the same. DHS does require additional information if the provider seeks an increased rate exception at the time of renewal. This proposal would require payroll documentation for requests related to direct care wages and payment records or receipts if other costs are identified in the request, to ensure that the costs identified by the provider to meet the needs of the person served are actually incurred.

This component is anticipated to reduce programmatic spending on rate exceptions. It also requires 2 additional FTEs to manage additional documentation requirements and provide technical support to lead agencies and providers.

Home and Community-Based Services (HCBS) Rate Input Monitoring and Oversight

To strengthen oversight and accountability within the DWRS framework, this proposal includes funding for three full-time equivalent (FTE) positions to monitor cost reporting and provide oversight related to what is paid for under the Disability Waiver Rate System and the services provided to individuals. When rates are set through DWRS, providers submit information to lead agencies related to staffing, hours, and services provided to individuals. That information informs the inputs utilized to calculate rates under DWRS. The investments made in this proposal will enable DHS to monitor HCBS providers to ensure alignment between billed rate inputs and delivered services.

Specifically, staff will oversee the following:

- **Provider Reporting:** Reviewing labor market and cost data submitted by HCBS providers to validate the accuracy of rate input submissions.
- **Service Delivery Verification:** Monitoring that the support hours billed and compensated are delivered as specified in individual support plans.
- **Outcome Accountability:** Ensuring individuals receive the services and supports identified in their plans, fostering better alignment between planning, funding, and actual service delivery.

This increased oversight will enhance transparency and accountability, minimizing discrepancies in service delivery and ensuring resources are used effectively. Moreover, this initiative will promote equity and consistency in care, increasing the likelihood that individuals with disabilities receive the supports they need to achieve their goals and maintain their quality of life.

By investing in these monitoring and oversight measures, the state will not only improve the efficiency of its systems but also build greater trust with providers, individuals, and their families, ensuring that taxpayer dollars are spent responsibly and that essential supports are reliably delivered.

Interactive Effects

There are interactive effects between multiple components in the Governor's budget. If multiple strategies were to be enacted, the total fiscal impact to the state budget would need to account for the interaction between these strategies. This interactive effect is not included in this proposal but can be found in the change item titled "Slow Disability Waiver Growth: Cap annual inflationary adjustments."

Impact on Children and Families:

Approximately 12.5% of individuals receiving HCBS waiver services in Fiscal Year 2023 were under the age of 18. This proposal will help ensure that children with disabilities receive the services as intended under the disability waiver programs.

Equity and Inclusion:

Minnesota's HCBS disability waivers serve over 70,000 people with a disability per year: Over 1,000 on the BI waiver, 800 on the CAC waiver, 24,000 on the DD waiver and over 43,000 on the CADI waiver. HCBS disability waivers serve a racially diverse population, with individuals identifying as Black, Indigenous, and People of Color (BIPOC) comprising a growing share of the waiver recipients, rising from 28.8% of the CAC, CADI & BI waiver population in 2019 to 33.9% in 2023. This proposal will help ensure that people with disabilities receive the services as intended under the disability waiver programs.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Impacts to Counties:

This proposal does not have a financial impact on counties; however it may result in changes to how rate exceptions are reviewed and approved. This proposal also may result in changes in how rate inputs are used in setting DWRS rates, to which counties play a vital role.

IT Costs:

This proposal does not have an IT impact.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Measure Data Source</i>	<i>Most Recent Data</i>	<i>Projected Change</i>
Service Delivery oversight	HCBS Provider Compliance Monitoring	Labor Market and Cost Reports	No current oversight FTEs; gaps in provider compliance	Improved compliance and ensuring service hours match rate inputs
Cost Control	Containing HCBS Spending Growth	DWRS and HCBS Fiscal Data	FY 2024 Spending on HCBS Services	Reduced spending on exceptions

Fiscal Detail:

Net Impact by Fund (dollars in thousands)		FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund		(14,025)	(36,931)	(50,955)	(39,494)	(43,169)	(82,661)
HCAF							
Federal TANF							
Other Fund							
Total All Funds		(14,025)	(36,931)	(50,955)	(39,494)	(43,169)	(82,661)

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	33	MA LW - Rate Exceptions	(14,521)	(37,511)	(52,032)	(40,074)	(43,749)	(83,823)
GF	14	ADSA Admin - FTES (1.5, 2, 2, 2)	288	336	624	336	336	673
GF	REV1	Admin FFP @ 32%	(92)	(108)	(200)	(108)	(108)	(215)
GF	14	ADS-Home and Community Based Service Division FTES (3,3,3,3)	441	518	959	518	518	1,036
GF	REV1	Admin FFP @ 32%	(141)	(166)	(307)	(166)	(166)	(332)

Fund	BACT#	FTEs Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	14	ADSA Admin	4.50	5.00		5	5	

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Reduce Disability Waiver Growth: Residential Services (AD-95)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	(1,407)	(95,754)	(144,167)	(170,832)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(1,407)	(95,754)	(144,167)	(170,832)
FTEs	0.18	1.25	1	1

Recommendation:

The Governor recommends growth reduction strategies to mitigate rising expenditures. This proposal aims to achieve General Fund savings of \$97.16 million in the FY 2026-27 biennium and \$314.99 million in the FY 2028-29 biennium.

Components of this proposal include:

- Limit billing for residential services to 351 days
- Limit access to all Customized Living Services for people under 55
- Conduct a residential overnight staffing reform study
- Create a county share for residential services in all provider-controlled settings

Rationale/Background:

Minnesota has a long history of utilizing home and community-based services to support people with disabilities in the community, including people who had previously required services in an institutional setting. As a state, Minnesota focused on deinstitutionalization for people with disabilities decades before other states. We also eliminated the disability waiver waiting list while people living in other states continue to struggle with long waiting lists for home and community-based services. Minnesota has also used a variety of strategies through the Disability Waiver Rate System, including automatic inflationary adjustments and a competitive workforce factor, to provide the necessary resources to ensure that service providers are able to attract and retain quality direct care workers.

Recent state forecasts have shown that the HCBS disability service costs have exceeded prior forecasts, driven by several factors including inflation, compounded rate increases, demographic changes, and higher-than-anticipated service utilization. To address these escalating costs, the Governor recommends slowing the cost growth through a variety of strategies. The governor is recommending this approach, as opposed to other blunt cost containment efforts used in the past, such as waiver growth limits or across the board immediate rate cuts, to mitigate impacts to people with disabilities. This proposal represents a portion of the strategies in this proposed approach.

The state of Minnesota is committed to all Minnesotans including those with disabilities to live independently. The 2020 Legislature authorized Independent Living First law, affirming that it is the policy of the State that all adult Minnesotans with disabilities can and want to live and work independently (Minn. Stat. §2546B.4905, subd. 8). Independent Living laws require that DHS ensure disability waivers support the presumption that all adult Minnesotans with disabilities can and want to live independently. The law requires DHS to ensure that each adult

waiver recipient be offered the opportunity to live as independently as possible before being offered corporate foster care or customized living services.

Proposal:

Limit billing for residential services

This recommendation places a cap on the number of billable days for HCBS Community Residential Services (CRS), restricting billings to a maximum of 351 days per year. This aligns with the current absence and utilization factor in 256B.4914 of 3.9%, which assumes 14 non-service days annually within the rates paid to providers. Providers currently billing for more than 351 days effectively generate additional revenue without providing additional proportionate services.

The table below provides data on the total CRS expenditures in fiscal years 2020-2023, along with the number of people served and the percent of recipients for whom providers billed MA for 365 days of service.

FY	Total Paid	People served	Percent of people who had 365 days billed*
2020	\$939,101,916	9,648	27%
2021	\$1,151,627,392	12,455	32%
2022	\$1,562,500,336	14,098	35%
2023	\$1,735,987,273	13,897	38%

*366 days in 2021 (a leap year)

This proposal component was previously recommended by the Blue Ribbon Commission on Health and Human Services. The 2019 Legislature authorized the Blue Ribbon Commission on Health and Human Services to develop an action plan “to advise and assist the legislature and governor in transforming the health and human services system to build greater efficiencies, savings, and better outcomes for Minnesotans.” Specifically, the legislation charged the Commission to identify strategies in the final action plan that would enable the legislature to enact future legislation that would reduce health and human services expenditures by \$100,000,000 for the biennium beginning July 1, 2021. The Commission met throughout 2019 and 2020 to solicit proposals from the community, analyze and organize strategies, and to gather feedback from community partners and stakeholders. Following this process, the Commission published a final report¹ and submitted it to the Legislature, which included this recommendation.

Limit access to Customized Living Services for people under 55 years old (excluding people currently receiving CL)

Effective July 1, 2026 or 90 days after federal approval, access to Customized Living (CL) services under the disability waivers will be restricted to individuals aged 55 and older, with exceptions for those currently receiving services. This policy parallels previous changes in adult day services.

Currently there are five setting limitations for customized living, three specific to age and/or setting capacity:

- Size (limits the number of people under 55 in a given setting) – implemented May 1, 2001
- Age (limits new settings to only people 55+) – implemented Jan 11, 2021
- CL moratorium (prohibits BI/CADI in CL settings with 4 or fewer beds) implemented July 1, 2021

Monitoring proper implementation of these limitations has created significant administrative burden on lead agencies and DHS. The process to approve CL is cumbersome, as the case manager must verify the setting is compliant with all five limitations prior to service authorization. Verifying information is difficult as many providers do not understand the limitations and case managers lack access to the databases required to obtain the proper information. This has led to a significant number of people inappropriately authorized to receive CL services, including a recent funding issue for providers where the Legislature approved state-only funds to

¹ <https://www.lrl.mn.gov/docs/2020/mandated/200953.pdf>

reimburse providers. The setting limitations have also created instability for people receiving services. In 2023, over 90 people had to find new housing and services due to the age limitation (people under age 55 living in 55+ only settings).

Establish county share of 5% for residential services

This proposal establishes a county share for residential services paid through the disability waivers, including Community Residential Services (CRS), Family Residential Services (FRS), Customized Living Services (CLS), and Integrated Community Supports (ICS). The county share would apply to the non-federal portion of Medical Assistance (MA) payments for these services, following a model similar to the cost-sharing framework used for Intermediate Care Facilities for Individuals with Developmental Disabilities (ICF/DD) in Minnesota.

By shifting a portion of the financial responsibility to counties, this proposal aims to alleviate the state's budgetary pressures while encouraging localized oversight and efficient management of resources. This proposal will incentivize developing service plans that support a person to live in their own home and settings that are not provider controlled. Counties, being closer to service delivery, could leverage this role to enhance and promote innovation in service provision. This approach reflects a strategic effort to balance fiscal sustainability with the continued delivery of high-quality services for individuals with disabilities.

Residential overnight staffing reform study

This study will develop criteria for determining when awake overnight staffing is necessary in CRS services. Currently, decisions around overnight staffing lack standardized criteria, often leading to unnecessary staffing costs for providers and service recipients. As a result, 45% of CRS rates include awake overnight staffing. Many providers, case managers, guardians and people receiving services have reported concerns about the process of determining when a person needs awake overnight staff. Often, when just one person on a team wants awake staff, that staff is granted and thus impacts every other person in a CRS. The study of overnight staffing will result in the creation of criteria teams who will determine when awake overnight staffing is warranted. The criteria are expected to reduce the number of settings using awake overnight staffing and thus result in savings in future biennia.

Interactive Effects

There are interactive effects between multiple components in the Governor's budget. If multiple strategies were to be enacted, the total fiscal impact to the state budget would need to account for the interaction between these strategies. This interactive effect is not included in this proposal but can be found in the change item titled "Slow Disability Waiver Growth: Cap annual inflationary adjustments."

Impact on Children and Families:

Approximately 12.5% of individuals receiving HCBS waiver services in Fiscal Year 2023 were under the age of 18. This proposal could potentially impact children with disabilities who reside in a community residential setting.

Equity and Inclusion:

Minnesota's HCBS disability waivers serve over 70,000 people with a disability per year: Over 1,000 on the BI waiver, 800 on the CAC waiver, 24,000 on the DD waiver and over 43,000 on the CADI waiver. HCBS disability waivers serve a racially diverse population, with individuals identifying as Black, Indigenous, and People of Color (BIPOC) comprising a growing share of the waiver recipients, rising from 28.8% of the CAC, CADI & BI waiver population in 2019 to 33.9% in 2023. While the cost containment measures may disproportionately affect these communities, they are also expected to encourage a transition from congregate, provider-controlled settings to more individualized housing arrangements in alignment with the HCBS Settings Rule and other DHS initiatives.

Establishing a county share for residential services may introduce challenges, such as potential disparities in counties' fiscal capacity, administrative complexities, and impacts on service providers, requiring careful planning to ensure equity and maintain service stability.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Impacts to Counties:

This proposal would impact counties by introducing a county share in residential services.

IT Costs

Several components of this proposal will require adjustments to the Medicaid Management Information System (MMIS) and ongoing maintenance. This includes limiting billing to 351 days a year, limiting customized living to individuals under 55, and the county residential share.

The cumulative cost of these various adjustments is \$43,000 in FY26, \$31,000 in FY27, and ongoing costs of \$13,000 per fiscal year, beginning in FY28.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Measure Data Source</i>	<i>Most Recent Data</i>	<i>Projected Change</i>
Fiscal impact	CRS Billing Days Reduction	CRS Expenditure and Billing data	FY 2023: 38% of recipients billed for 365 days	Reduction in billable days to 351 annually, aligning with absence/utilization factor, reducing unnecessary costs.
Policy Effectiveness	Customized Living Access Limitation for <55	CL Setting Compliance Data	2023: 90 individuals under 55 displaced due to age limitations	Reduced CL access for new recipients under 55 starting July 2026, ensuring service sustainability and compliance.
Access to Independent Living	Impact on Access to Own Home	HCBS Waiver enrollment and HCBS Settings data	High reliance on provider-controlled settings for some individuals	Enhanced focus on individual support plans to promote living in non-provider-controlled settings, fostering independence.

Fiscal Detail:

Below are the net costs for each of the components in this proposal:

Proposal Component	FY 26	FY 27	FY 28	FY 29
Limit billing for residential services to 351 days	8	(3,123)	(31,142)	(41,319)
Limit access to all Customized Living for people under 55	(1,609)	(8,456)	(13,710)	(20,134)
Residential overnight staffing reform study	194	29	0	0
Lead Agency Residential Share	0	(84,204)	(99,314)	(109,379)
Total	(1,407)	(95,754)	(144,166)	(170,832)

Below is the fiscal detail for this proposal:

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	(1,407)	(95,754)	(97,161)	(144,167)	(170,832)	(314,998)
HCAF						
Federal TANF						
Other Fund						
Total All Funds	(1,407)	(95,754)	(97,161)	(144,167)	(170,832)	(314,998)

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	33	MA LW - Billing 351 Days	0	(3,125)	(3,125)	(31,144)	(41,321)	(72,465)
GF	11	MMIS Systems- Billing 351 Days	8	2	10	2	2	4
GF	33	MA LW FFS - CL Under 55	(1,644)	(8,463)	(10,107)	(13,717)	(20,141)	(33,858)
GF	11	Systems - CL Under 55	35	7	42	7	7	14
GF	14	ADSA Admin - Contract	250	0	250	0	0	0
GF	14	ADSA Admin - FTE (0.1875, 0.25, 0, 0)	36	42	78	0	0	0
GF	REV1	Admin FFP @ 32%	(92)	(13)	(105)	0	0	0
GF	33	MA LW - Residential Share	0	(84,338)	(84,338)	(99,419)	(109,483)	(208,902)
GF	11	Systems - Residential Share	0	22	22	4	4	9
GF	11	FOD Admin (0.75, 1, 1, 1)	0	164	164	147	147	294
GF	REV1	Admin FFP @ 32%	0	(52)	(52)	(47)	(47)	(94)

Fund	BACT#	FTEs Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	14	ADSA Admin	0.19	0.25		0	0	
GF	11	FOD Admin	0	1		1	1	

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Reduce Disability Waiver Growth: Day and Unit Based Services (AD-96)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	(4,295)	(41,825)	(53,949)	(59,889)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(4,295)	(41,825)	(53,949)	(59,889)
FTEs	0	0	0	0

Request:

The Governor recommends growth reduction strategies to mitigate rising expenditures. This proposal aims to achieve General Fund savings of \$46.12 million in the FY 2026-27 biennium and \$113.84 million in the FY 2028-29 biennium.

Components of this proposal include:

- Daily time limitation of 8 hours on Individualized Home Supports with training services
- Update absence and utilization factor in day services
- Create a new rate for Night Supervision asleep overnight services

Rationale/Background:

Minnesota has a long history of utilizing home and community-based services to support people with disabilities in the community, including people who had previously required services in an institutional setting. As a state, Minnesota focused on deinstitutionalization for people with disabilities decades before other states. We also eliminated the disability waiver waiting list while people living in other states continue to struggle with long waiting lists for home and community-based services. Minnesota has also used a variety of strategies through the Disability Waiver Rate System, including automatic inflationary adjustments and a competitive workforce factor, to provide the necessary resources to ensure that service providers are able to attract and retain quality direct care workers.

Recent state forecasts have shown that the HCBS disability service costs have exceeded prior forecasts, driven by several factors including inflation, compounded rate increases, demographic changes, and higher-than-anticipated service utilization. To address these escalating costs, the Governor recommends slowing the cost growth through a variety of strategies. The governor is recommending this approach, as opposed to other blunt cost containment efforts used in the past, such as waiver growth limits or across the board immediate rate cuts, to mitigate impacts to people with disabilities. This proposal represents a portion of the strategies in this proposed approach.

Proposal:**Update absence and utilization factor in Day Services**

This proposal reduces the absence and utilization factor for day services from 9.4% to 3.9%, bringing it in line with other service formulas in the disability waiver rate-setting methodology set in statute. This adjustment is based on actual utilization data and seeks to promote consistency across all services.

This proposal component was previously recommended by the Blue Ribbon Commission on Health and Human Services. The 2019 Legislature authorized the Blue Ribbon Commission on Health and Human Services to develop an action plan “to advise and assist the legislature and governor in transforming the health and human services system to build greater efficiencies, savings, and better outcomes for Minnesotans.” Specifically, the legislation charged the Commission to identify strategies in the final action plan that would enable the legislature to enact future legislation that would reduce health and human services expenditures by \$100,000,000 for the biennium beginning July 1, 2021. The Commission met throughout 2019 and 2020 to solicit proposals from the community, analyze and organize strategies, and to gather feedback from community partners and stakeholders. Following this process, the Commission published a [final report](#) and submitted it to the Legislature, which included this recommendation.

Establish a daily time limitation on Individualized Home Support (IHS) with Training services

This proposal establishes a daily cap of 8 hours on IHS with training services under the HCBS waivers. This change aims to ensure that IHS focuses on skill development while limiting excessive service hours that may not result in meaningful engagement. IHS services provide support and/or training to people on a disability waiver who live in their own home. Services include skill-building and instructional services to acquire, retain and improve the person’s experience living in the community. Currently there is a limit of 16 hours per day of in-person IHS but data shows this limit is too high to keep an individual engaged for in one day. This limit will ensure that IHS focuses on training and skill-building, which is what the service is intended to support.

Create a new rate for Night Supervision service asleep rate

Night Supervision services under the four disability waivers provide overnight assistance and supervision in an individual's own home when there is an assessed need for support, such as for daily living activities or skill reinforcement. This service can be provided by staff who are either awake or asleep during the night, depending on the individual's needs.

Currently, Night Supervision services has one rate regardless of whether the staff is awake or asleep. To ensure consistency across services offering asleep staff, this proposal establishes a designated "asleep staff rate" for night supervision services. This would align night supervision with other services that employ staff for overnight shifts, ensuring equitable compensation and clear expectations for providers, while also improving the predictability and sustainability of service delivery for individuals requiring nighttime support. This adjustment would help streamline service standards and ensure quality, consistent care for individuals in need of overnight assistance.

Interactive Effects

There are interactive effects between multiple components in the Governor’s budget. If multiple strategies were to be enacted, the total fiscal impact to the state budget would need to account for the interaction between these strategies. This interactive effect is not included in this proposal but can be found in the change item titled “Slow Disability Waiver Growth: Cap annual inflationary adjustments.”

Impact on Children and Families:

Approximately 12.5% of individuals receiving HCBS waiver services in Fiscal Year 2023 were under the age of 18.

Equity and Inclusion:

Minnesota's HCBS disability waivers serve over 70,000 people with a disability per year: Over 1,000 on the BI waiver, 800 on the CAC waiver, 24,000 on the DD waiver and over 43,000 on the CADI waiver. HCBS disability waivers serve a racially diverse population, with individuals identifying as Black, Indigenous, and People of Color (BIPOC) comprising a growing share of the waiver recipients, rising from 28.8% of the CAC, CADI & BI waiver population in 2019 to 33.9% in 2023.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Impacts to Counties:

None

IT Costs

Several components of this proposal will require adjustments to the Medicaid Management Information System (MMIS) and ongoing maintenance. This includes the daily time limit of 8 hours on IHS with training, and night supervision rate reforms.

The cumulative cost of these various adjustments is \$111,000 in FY26, and ongoing costs of \$3,000 per fiscal year, beginning in FY27.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Measure Data Source</i>	<i>Most Recent Data</i>	<i>Projected Change</i>
Cost Control	Containing HCBS Spending Growth	DWRS and HCBS Fiscal Data	FY 2024 Spending on HCBS Services	Reduced spending on disability waiver services

Fiscal Detail:

Below is a summary of the net costs for each component in this proposal:

Proposal Component	FY 26	FY 27	FY 28	FY 29
Daily time limit of 8 hours on IHS w/training	(1,414)	(14,130)	(18,396)	(20,258)
Update absence and utilization factor in day services	(704)	(7,017)	(9,135)	(10,060)
Night Supervision Asleep Rate	(2,177)	(20,679)	(26,418)	(29,571)
Total	(4,295)	(41,825)	(53,949)	(59,890)

Below is the fiscal detail for this proposal:

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	(4,295)	(41,825)	(46,120)	(53,949)	(59,889)	(113,839)
HCAF						
Federal TANF						
Other Fund						
Total All Funds	(4,295)	(41,825)	(46,120)	(53,949)	(59,890)	(113,839)

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	33	MA FFS - IHS Training Units	(1,417)	(14,131)	(15,548)	(18,397)	(20,259)	(38,657)
GF	11	MMIS Systems - IHS Training Units	3	1	4	1	1	2
GF	33	MA LW - AbsenceUtil	(704)	(7,017)	(7,721)	(9,135)	(10,060)	(19,195)
GF	33	MA LW - Night Supervision	(2,285)	(20,680)	(22,965)	(26,420)	(29,573)	(55,993)
GF	11	Systems - Night Supervision	108	2	110	2	2	3

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Reduce Disability Waiver Growth: Cap Inflationary Adjustments (AD-97)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	(16,825)	(152,818)	(200,594)	(274,608)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(16,825)	(152,818)	(200,594)	(274,608)
FTEs	0	0	0	0

Request:

The Governor recommends growth reduction strategies to mitigate rising expenditures. This proposal aims to achieve General Fund savings of \$169.64 million in the FY 2026-27 biennium and \$475.20 million in the FY 2028-29 biennium.

This proposal includes:

- Cap inflationary adjustments for the Disability Waiver Rate System (DWRS) at 4 percent per adjustment (2 percent per year)
- The interactive fiscal impacts of Governor's Budget proposals (Reduce Disability Waiver Growth: DWRS Rate Exceptions and Input Monitoring (AD-94), Reduce Disability Waiver Growth: Residential Services (AD-95), Reduce Disability Waiver Growth: Day and Unit-Based Services (AD-96), and this proposal.

Rationale/Background:

Minnesota has a long history of utilizing home and community-based services to support people with disabilities in the community, including people who had previously required services in an institutional setting. As a state, Minnesota focused on deinstitutionalization for people with disabilities decades before other states. We also eliminated the disability waiver waiting list while people living in other states continue to struggle with long waiting lists for home and community-based services. Minnesota has also used a variety of strategies through the Disability Waiver Rate System, including automatic inflationary adjustments and a competitive workforce factor, to provide the necessary resources to ensure that service providers are able to attract and retain quality direct care workers.

Recent state forecasts have shown that the HCBS disability service costs have exceeded prior forecasts, driven by several factors including inflation, compounded rate increases, demographic changes, and higher-than-anticipated service utilization. To address these escalating costs, the Governor recommends slowing the cost growth through a variety of strategies. The governor is recommending this approach, as opposed to other blunt cost containment efforts used in the past, such as waiver growth limits or across the board immediate rate cuts, to mitigate impacts to people with disabilities. This proposal represents a portion of the strategies in this proposed approach.

Proposal:**Cap All DWRS Inflationary Adjustments at 4 percent per adjustment (2 percent per year)**

The Disability Waiver Rate System (DWRS) in Minnesota determines individualized payment rates for services provided under four disability waivers: Brain Injury (BI), Community Access for Disability Inclusion (CADI), Community Alternative Care (CAC), and Developmental Disabilities (DD). DWRS ensures compliance with federal requirements and centralizes rate-setting, transferring responsibility from counties to the state. The system encompasses various services classified as framework, market rate, or pre-determined rate services.

To address the need for budget predictability while maintaining service quality, this proposal recommends capping all future inflationary adjustments in the DWRS at 4 percent per adjustment, which occurs every two years, for an effective rate of 2 percent growth per year.

Interactive Effects

There are interactive effects between multiple components in the Governor's budget. If multiple strategies were to be enacted, the total fiscal impact to the state budget would need to account for the interaction between these strategies.

This proposal includes the combined interactive effect between the following proposals:

- Reduce Disability Waiver Growth: DWRS Rate Exceptions and Input Monitoring (AD-94)
- Reduce Disability Waiver Growth: Residential Services (AD-95)
- Reduce Disability Waiver Growth: Day and Unit-Based Services (AD-96)
- Reduce Disability Waiver Growth: Cap Inflationary Adjustments (this proposal)

Impact on Children and Families:

Approximately 12.5% of individuals receiving HCBS waiver services in Fiscal Year 2023 were under the age of 18. This proposal could potentially impact children with disabilities who reside in a community residential setting.

The rate changes in this proposal could impact children and families if lower future rates impact the ability to attract and retain quality direct care workers, which may be exacerbated by growth in people needing care due to baby boomer demographic shifts as well as economic shifts in other industries making the job market more competitive.

Equity and Inclusion:

Minnesota's HCBS disability waivers serve over 70,000 people with a disability per year: Over 1,000 on the BI waiver, 800 on the CAC waiver, 24,000 on the DD waiver and over 43,000 on the CADI waiver. HCBS disability waivers serve a racially diverse population, with individuals identifying as Black, Indigenous, and People of Color (BIPOC) comprising a growing share of the waiver recipients, rising from 28.8% of the CAC, CADI & BI waiver population in 2019 to 33.9% in 2023.

The inflationary cap in this proposal could impact people with disabilities if lower future rates impact the ability to attract and retain quality direct care workers, which may be exacerbated by growth in people needing care due to baby boomer demographic shifts as well as economic shifts in other industries making the job market more competitive.

The inflationary cap in this proposal would likely have impacts on direct care workers, as it would limit wage growth at a rate lower than inflation. Direct care workers in this field are disproportionately women and people of color. 7 percent of Minnesota's population identifies as black or African American. However, black workers constitute 22.7 percent of personal care aides and 20.5 percent of nursing, psychiatric and home health aides in Minnesota. While people of color make up 40 percent of the total U.S. labor force, they constitute 63 percent of all home care workers and 60 percent of residential care aides (PHI Direct Care Workers in the United States 2022). While immigrants make up 16 percent of the total labor force, they constitute 31 percent of the home care

workforce, 22 percent of the residential care aide workforce and 22 percent of the nursing assistant workforce (PHI Direct Care Workers in the United States 2022). Women hold 76% of all health care jobs ([Census.gov: Your Health Care Is in Women’s Hands](#)), 87.5% of home health aides, and 81.5% of personal care aides are women ([U.S. Department of Labor: Employment and Earnings by Occupation](#)).

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- ☐ Yes
- ☒ No

Impacts to Counties:

This proposal will not financially impact counties.

IT Costs:

None

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Measure Data Source</i>	<i>Most Recent Data</i>	<i>Projected Change</i>
Cost Control	Containing HCBS Spending Growth	DWRS and HCBS Fiscal Data	FY 2024 Spending on HCBS Services	Reduced disability waiver spending

Fiscal Detail:

Net Impact by Fund (dollars in thousands)		FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund		(16,825)	(152,818)	(169,643)	(200,594)	(274,608)	(475,201)
HCAF							
Federal TANF							
Other Fund							
Total All Funds		(16,825)	(152,818)	(169,643)	(200,594)	(274,608)	(475,201)

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	33	MA LW - DWRS Inflationary Cap	(19,108)	(172,485)	(191,593)	(226,951)	(310,031)	(536,982)
GF	33	MA LW -- MA proposal interaction	2,283	19,667	21,950	26,357	35,423	61,780

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Grant and Administrative Reductions (BH-90)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	(349)	(349)	(349)	(349)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(349)	(349)	(349)	(349)
FTEs	0	0	0	0

Recommendation:

The Governor recommends saving \$698,000 in FY26-27 and \$698,000 in FY28-29 by reducing grant funding and administrative expenses.

Rationale/Background:

Due to budget constraints, it is necessary to reduce certain grants and administrative costs. The Department of Human Services (DHS) has identified the following areas where funding can be reduced or even eliminated, with minimal impacts to people served on DHS programs.

Local Planning Grants

The local planning grants were created by the Minnesota Legislature in 2011. There have been very few applications for local planning grants in recent years. This proposal would move to eliminate all Local Planning Grants, resulting in a savings of \$508,000 per biennium.

Eliminate the DERP Contract

The Drug Effectiveness Review Project (DERP) is a multi-state collaborative that produces evidence-based research and best practices to assist states with development of drug coverage decisions. DHS contracts with DERP to develop cost-effective drug coverage policy. This proposal would eliminate the DERP contract, resulting in a savings of \$190,000 per biennium.

Proposal:

In summary, this proposal eliminates:

- Local Planning Grants, saving \$508,000 per biennium; and
- The DERP contract, saving \$190,000 per biennium.

Impact on Children and Families:

A reduction in these areas will not have a significant impact on children and families.

Equity and Inclusion:

A reduction in these areas will not have a significant impact on equity and inclusion.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ No

This proposal does not have a significant impact on Tribal governments.

Impacts to Counties:

This proposal does not have a significant impact on counties.

IT Costs

N/A

Results:

The overall savings of this proposal would be \$698 thousand in FY26/27 and \$698 thousand in FY28/29.

Fiscal Impact:

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	(349)	(349)	(698)	(349)	(349)	(698)
HCAF						
Federal TANF						
Other Fund						
Total All Funds						

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	55	ADSA Grants	(254)	(254)	(508)	(254)	(254)	(508)
GF	13	HCA Grants	(95)	(95)	(190)	(95)	(95)	(190)

Statutory Change(s):

None.

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Behavioral Health Fund Reforms (BH-91)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	(1,828)	(8,860)	(9,538)	(9,807)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(1,828)	(8,860)	(9,538)	(9,807)
FTEs	4.5	6	6	6

Recommendation:

The Governor recommends removing outdated county substance use disorder (SUD) administrative allocations, reducing Behavioral Health Fund eligibility period for SUD treatment services to 60 days, and increasing the county share of the Behavioral Health Fund. This proposal saves \$10.69 million in FY26-27 and \$19.35 million in FY28-29.

Rationale/Background:

The Behavioral Health Fund (BHF) was initially established in 1986 to provide funding for substance use disorder treatment. The BHF predated behavioral health parity laws and was established at a time when Medicaid did not cover the current array of billable SUD services. At this time, regional treatment centers operated by counties were one of the only options for people seeking SUD treatment services.

Today, people have more options to access SUD treatment coverage through commercial and public payors. As a result, the BHF is used as an option paying for SUD treatment, while an individual is waiting for MA or may not be eligible for MA due to incarceration. The BHF is also used for room and board for some settings and individuals. Income eligibility for the BHF is largely consistent with Medical Assistance and determined by a Tribal Nation or county. As MA eligibility has expanded over time and the eligibility determination process has become faster, BHF utilization is decreasing.

Proposal:

This proposal makes the following changes to the Behavioral Health Fund:

Removal of local agency allocation

Historically, Tribal Nations and counties were responsible for completing Rule 25 assessments to screen individuals and identify placement for them within SUD programs. Because these assessments were not reimbursable, counties received a “Local Agency Allocation,” ranging from \$0 to \$500,000, to help support the administration of the Rule 25 assessments, the placement of individuals into treatment programs, and eligibility determinations for the BHF. With the implementation of Direct Access in 2020 and the repeal of the 1915B waiver, individuals can now select where they receive the comprehensive assessment and where they receive treatment. Counties are no longer responsible for completing assessments or placing individuals in a treatment program.

The Local Agency Allocation continued beyond 2020 as counties were still determining eligibility for the BHF while MA eligibility was pending. However, since counties are no longer conducting these Rule 25 assessments and the BHF is being used less due to the increased availability of other health care coverage, this proposal recommends ending the Local Agency Allocation for counties. This change would result in annual savings of \$4.194 million, in FY27, with continued savings of \$8.594 million in FY28-FY29.

To avoid leaving counties with administrative duties without the necessary financial support, this proposal would also move all eligibility determinations and appeals for the BHF to DHS. Counties would no longer be responsible for determining an individual's eligibility for the BHF, which aligns with the removal of the administrative allocation. Funding for six DHS FTEs is needed to process the eligibility determinations and appeals for BHF funding.

Tribal Nations currently process BHF applications for Tribal members and collaborate with DHS staff for BHF coverage to begin. Tribal Nations would continue to determine eligibility for the BHF for tribal members, so Local Agency Allocations to Tribal Nations would not be affected.

Reducing Behavioral Health Fund Eligibility to 60 Days

Once an individual is determined eligible for BHF funding for SUD services, they remain eligible for a period of one year. As MA and the BHF have similar income and household eligibility criteria, the goal is to assist the person with the short-term need of getting immediate SUD services and then transition them to the long-term solution of enrolling in MA or other health care coverage. If the person is not eligible for MA, the person would continue to receive BHF funding for SUD services only.

With the expansion of other public and private health care options, BHF coverage of SUD services can be shortened from one year to 60 days of coverage, which would address the immediate need for SUD services while still giving individuals enough time to apply for health care coverage. This reduction would result in savings of \$692K in FY27, \$1.602 million in FY28, and \$1.649 million in FY29.

Increasing County Share of the Behavioral Health Fund

The county share for the BHF is 22.95% of the total cost of SUD services incurred by individuals in that county. This proposal would increase the county share to 50% of BHF costs for individuals living in the community. The county share for individual in carceral settings would remain at 22.95%. This proposal increases county costs and the proposed reduction in eligibility to 60 days will offset some of those costs. Increasing the county share of the BHF would be a cost savings of \$2.461 million in FY26, \$4.693 million in FY27, \$4.389 million in FY28, and \$4.549 million in FY29.

Impact on Children and Families:

This proposal does not have a significant impact on children and families.

Equity and Inclusion:

This proposal is not anticipated to have a significant equity impact.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

This proposal does not have a substantial effect on Tribal governments. No changes are being proposed to the current BHF eligibility determination process for Tribal Nations and Tribal allocations are explicitly excluded from this proposal.

Impacts to Counties:

All components in this proposal will impact counties. This proposal removes county requirements to determine BHF eligibility and appeals. When an individual is covered by MA, there is no longer a county share for the individual's cost of SUD treatment. This proposal removes the county allocation in the behavioral health fund. This proposal also increases the county share for services provided to non-incarcerated individuals.

IT Costs

IT changes will be required to implement the proposed BHF reforms.

Category	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Payroll	\$487,500	\$97,500	\$97,500	\$97,500	\$0	\$0
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	\$487,500	\$97,500	\$97,500	\$97,500	\$0	\$0
MNIT FTEs						
Agency FTEs						

Results:

Part A: Performance Measures

Results will be reflected in a savings of \$10.69 million in FY26-27 and \$19.35 million in FY28-29 as well as the streamlining of eligibility determinations and appeals for BHF coverage by shifting that work from counties to DHS.

Measure	Measure Type	Measure Data Source	Most Recent Data	Projected Change
Total state savings	Quantity	BHF	N/A	10.69M in FY26-27 19.35M in FY28-29

Part B: Use of Evidence

Not applicable to this proposal.

Part C: Evidence-Based Practices

Not applicable to this proposal.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	(1,828)	(8,860)	(10,688)	(9,538)	(9,807)	(19,345)
HCAF						
Federal TANF						
Other Fund						
Total All Funds	(1,828)	(8,860)	(10,688)	(9,538)	(9,807)	(19,345)

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	35	BHA: End County Allocation	0	(4,194)	(4,194)	(4,266)	(4,328)	(8,594)
GF	35	BHA: End BH Fund Coverage after 60 days	0	(692)	(692)	(1,602)	(1,649)	(3,251)
GF	35	BHA: County Share to 50%	(2,461)	(4,693)	(7,154)	(4,389)	(4,549)	(8,938)
GF	15	BHA Admin (3,4,4,4)	585	686	1,271	686	686	1,372
GF	11	Appeals Admin (1.5,2,2,2)	288	336	624	336	336	672
GF	11	Systems	39	8	47	8	8	16
GF	REV1	Admin/Contract FFP @ 32%	(279)	(311)	(590)	(311)	(311)	(622)

Fund	BACT#	FTEs Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	15	BHA Admin	3	4		4	4	
GF	11	Appeals Admin	1.5	2		2	2	

Statutory Change(s):

Minn. Stat. 254B.01;
Minn. Stat. 254B.02;
Minn. Stat. 254B.03;
Minn. Stat. 254B.04;
Minn. Stat. 254B.05;
Minn. Stat. 254B.06; and
Minn. Stat. 254A.19.

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Background Studies Federal Compliance (IG-43)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	123	96	96	96
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	123	96	96	96
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$123,000 in FY2026 and \$96,000 in FY2027, FY2028, and FY2029 from the general fund for the Department of Human Services (DHS) Office of Inspector General to implement changes necessary for compliance with federal law and regulations. The first change would align family child foster care and adoption background studies with the federal Adam Walsh Act criminal history record check authority. The second change would address a conflict between current state law, the new federal Child Care Development Fund (CCDF) rule/regulations, and current background studies systems and processes.

Background:

Changes to family child foster care and adoption background studies

Under Minnesota Statutes, section 245C.08, subd. 1(a)(6), family child foster care (CFC) and adoption background studies conducted by DHS have required a national criminal history record check for respite care providers, household members 18 years of age or older, and certain household members under the age of 18 when required by reasonable cause. However, as part of the Department of Children, Youth, and Families (DCYF) transition, the OIG Chief Legal Counsel Office reviewed federal authorities and determined that the Adam Walsh Act does not authorize DHS to request and obtain national criminal history record checks for family child foster care and adoption household member background studies. This lack of authorization interferes with DHS compliance with Federal Bureau of Investigation (FBI) requirements and with DCYS compliance with the state Title IV-E plan.

In response DHS and DCYF have identified a different federal authority that may allow continued FBI based-fingerprint studies for respite care providers, adult household members, and certain minors. Verification of the authority is still required to be submitted to and review by the Bureau of Criminal Apprehension (BCA).

Changes to comply with child care Final Rule

Minnesota's CCDF programming is administered by the Children and Family Services-Child Care division, which is now part of DCYF. However, DHS' Background Studies Division (BGS) completes the background studies required for that CCDF programming. Under the Child Care and Development Block Grant Act (CCDBG) and accompanying CCDF regulations, a complete child care background study requires the following checks:

1. A FBI fingerprint check using Next Generation Identification (NGI);
2. A search of the National Crime Information Center's (NCIC) National Sex Offender Registry (NSOR); and

3. A search of the following registries, repositories, or databases in the State where the child care staff member resides and each State where such staff member resided during the preceding five years:
 - a. State criminal registry or repository, with the use of fingerprints being:
 - i. Required in the State where the staff member resides;
 - ii. Optional in other States;
 - b. State sex offender registry or repository; and,
 - c. State-based child abuse and neglect registry and database.

To balance workforce needs with background study requirements, CCDF regulations at 45 CFR 98.43(d)(4) allow a prospective child care staff member to work under supervision after completing either the FBI fingerprint check (item 1, above) or the state criminal registry check (item 3.a, above) and pending completion of the remaining background check components.

Prior to April 30, 2024, the language in 45 CFR 98.43(d)(4) stated that prospective child care staff members could work under supervision after “completing” the FBI fingerprint check or state criminal registry check. Based on a broad interpretation of the word “completing,” DHS currently allows prospective staff members to work (under supervision by a staff member who received a qualifying result on the comprehensive background check) after results from the FBI and Minnesota criminal background checks are received but before any returned FBI or Minnesota criminal records have been reviewed. This step of the background study process is programmed into NETStudy 2.0.

Effective April 30, 2024, the federal Administration for Children and Families (ACF) published the Improving Child Care Access, Affordability, and Stability in the Child Care and Development Fund Final Rule (Final Rule). The Final Rule made a technical language change to 45 CFR 98.43(d)(4) stating that prospective staff members cannot work at all until DHS has received a qualifying result from either the FBI or Minnesota criminal background check. Under this technical language change, DHS’ current procedure and system programming can no longer be interpreted as in compliance with the rule language.

No prospective staff member is currently allowed to work at all before the FBI and Minnesota criminal check results are received. Due to current system programming, they might be allowed to work under supervision while any received results are reviewed. This Final Rule technical language change only affects a portion of child care background studies. When a prospective staff member’s FBI and Minnesota criminal history checks do not return any FBI and Minnesota criminal history records, OR when only one of the FBI or Minnesota criminal history checks returns results, the prospective staff member is allowed to work (under supervision by a staff member who received a qualifying result on the comprehensive background check) while the other required checks are processed. This process complies with the clarified requirements of 45 CFR 98.43(d)(4). The current system programming only creates a noncompliance issue when a prospective staff member’s FBI criminal history check and the in-state criminal history check return criminal history records.

Proposal:

Changes to family child foster care and adoption background studies

DHS and DCYF have identified a different federal authority that may allow continued FBI based-fingerprint studies for respite care providers, household members 18 years of age or older, and certain household members under the age of 18 when required by reasonable cause. Implementing the change will require systems development that would be completed by the BGS NETStudy 2.0 system vendor Improving Atlanta (IA).

This proposal will ultimately reflect the determination of DHS, DCYF, and the BCA as to whether state law is currently in alignment with federal requirements, or whether changes are necessary.

Changes to comply with child care Final Rule

Full compliance with the Final Rule will require changes to Minnesota Statutes 245C and to the NETStudy 2.0 system. Minnesota Statutes section 245C.13(2)(b) needs to be amended to more accurately reflect the notice DHS must send to child care background study subjects when more time is needed to complete the study and the study subject is not allowed to work, or when more time is needed and work under supervision is allowed. The NETStudy 2.0 system requires changes to the logic that notifies a child care provider and prospective child care staff member when the prospective child care staff member can work under supervision and when they may not be allowed to work. The BGS NETStudy 2.0 system vendor would complete needed systems changes.

Impact on Children and Families:

This proposal protects the safety and wellbeing of children and while contributing to the availability of an appropriately vetted workforce for providers serving these vulnerable populations.

Equity and Inclusion:

- See [link](#) to analysis

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ No

Impacts to Counties:

DHS will communicate with counties about any impacts.

IT Costs

The NETStudy 2.0 system vendor, Improving Atlanta (IA) has estimated that the systems changes needed to make the necessary changes to child foster care and adoption background studies will cost \$74,520 in FY 2026. For each subsequent fiscal year (FY 2027-FY 2029) 20% of the initial \$74,520 development cost (\$14,904 per year) is needed to support the cost of system design, development, testing, and deployment changes.

IA has estimated that the systems changes needed to comply with the child care Final Rule will cost \$48,600 in FY 2026. For each subsequent fiscal year (FY 2027-FY 2029) 20% of the initial \$48,600 development cost (\$9,720 per year) is needed to support the cost of system design, development, testing, and deployment changes.

Category	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Payroll						
Professional/Technical Contracts	123	96	96	96	96	96
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	123	96	96	96	96	96
MNIT FTEs	0					
Agency FTEs	0					

Results:

This proposal would ensure compliance with the FBI, BCA, Adam Walsh Act, and the Child Care Development Fund rules/regulations that are required of the Background Studies Division. It is anticipated that this proposal would result in increased compliance and a reduction in findings from compliance audits.

Measure	Measure type	Measure data source	Most recent data	Projected change
Updates in NetStudy 2.0	Result		N/A	Federal compliance and reduction of findings in compliance audits.
Updates to Statute (245C)	Result		N/A	Federal compliance and reduction of findings in compliance audits.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29
General Fund	123	96	219	96	96	192
HCAF						
Federal TANF						
Other Fund						
Total All Funds	123	96	219	96	96	192

Fund	BACT#	Description	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29
GF	11	OIG-NETStudy 2.0 System Modification	123	96	219	96	96	192

Statutory Change(s):

245C.08 and 245C.13

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Transition to Direct Payments for Tribal Nations and Counties (OP-41)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends transitioning the funding for the Adult Mental Health Initiative and Traditional Healing programs from grant payments to direct payments for Tribal Nations and Counties. This change will not alter the overall funding amounts but rather change how the payments are made. This proposal is budget neutral.

Rationale/Background:

Tribal Nations and Minnesota Counties are currently required to follow the same State grant procedures that apply to a broad range of non-governmental grantees. The grantmaking process for these programs causes unnecessary administrative burdens for these governmental entities and does not add value for program recipients or taxpayers. These governmental entities do not face the same risks of insolvency that non-profits that rely on grant funding do. This current model of funding also does not sufficiently recognize the sovereignty and capacity of Tribal Nations to use funds in the manner best suited to their communities' needs, with a focus on program outcomes. Instead, it requires program staff to focus time and energy on administrative efforts over provision of services.

In addition, DHS program staff have been tasked with administering the grantmaking and contracting processes for an increasing number of grants leading to delays, and insufficient oversight of the existing process. By providing direct payment to these government entities, DHS intends to reduce administrative burden and increase the stability of programs for Tribal Nations, counties, and DHS program staff. This change will improve efficiency while establishing appropriate accountability approaches for the services and funding provided. This proposal was initiated in response to requests from Tribal Nations and county social services staff.

Proposal:

This proposal will change how funding is dispersed for the following programs:

Adult Mental Health Initiative (AMHI)

- **Formula:** The funding model was adopted in the 2022 legislative session and relies on several data sources, including the area deprivation index, rural factor, social determinants of health and medical risk, as well as the adult population. This model generates allocations ranging from \$1.49 per capita to \$21.29 per capita.
- **Annual funding amounts:** \$64,255,000
- **Recipients:** 19 Adult Mental Health Initiatives (AMHI's), which consist of regional groupings of counties or single metro counties, along with the White Earth Nation as a standalone region.

Traditional Healing

- **Formula:** Equal distribution amongst participating Tribes.
- **Annual funding amount:** \$881,000
- **Recipients:** Tribal Nations of Minnesota.

By transitioning these programs to direct payment, Tribal Nations and Counties will be exempted from the grantmaking requirements that currently apply to this funding. Instead, reporting requirements will be reflected in statute, rather than in contracts, allowing program staff for recipient government entities and at DHS to focus on program outcomes and approaches, rather than contracting requirements.

DHS has heard from both DHS Policy staff and behavioral health policy specialists in Tribal Nations and Counties, that the systems for budgeting and reporting expenses for services under these programs does not accurately capture program effectiveness or outcomes for people served. Part of implementing this legislative change would be collaboratively redesigning the way that services and outcomes are reported to ensure that funding is being used to provide services in accordance with the intended purpose and that effective and evidence-based services are well supported.

This project is one part of overall efforts to improve the grants contracting processes at DHS. Other efforts include the umbrella contract with Leech Lake Band of Ojibwe, the Results-First review of program outcomes, and MMB's review of grants over five million dollars.

The goal is to implement these changes over State Fiscal Years 2026 and 2027, and to align funding and budgeting cycles in the process. To take place, statute language will need to be updated, and payment cycles and processes will need to be coordinated between DHS, Tribal Nations, and counties.

Impact on Children and Families:

This proposal shifts focus from the technical requirements of grantmaking and contracting, to the outcomes of services and impacts on communities. By enabling Tribal Nations particularly, but also counties, to access funds more quickly and with more appropriate accountability measures, these government entities can tailor services to meet the needs of their specific communities according to the purpose of the funding, without the fear of violating complex legal contracting language.

Equity and Inclusion:

This transition would empower Native Americans to provide and receive culturally specific treatment services when and where they are needed without interruptions caused by administrative barriers. This proposal has the potential to increase the number of available service providers as there has, in some cases, been reluctance for traditional healing practitioners to participate in these programs due to registration requirements.

Equity Analysis for Direct Payments to Tribal Nations

This proposal aims to transition the Traditional Healing funding from grants administered by contracts to a direct payment model. The end goal is to better align the state financial process with the statutory intent, giving Tribal partners access to the entire award amount with accountability and oversight appropriate to their status as government entities and our co-leaders in service delivery. This change hopes to remove cash flow problems and administrative burden that exists under the current financial controls and Office of Grant Management rules.

The Direct Payment Model will increase the reach of funds statewide. Access to funds in advance could result in more opportunities to grow or develop programs that do not benefit from the current model. The reduction in administrative burden would free up DHS staff to provide technical support and guidance for innovation, creating a more collaborative partnership with Tribal workers. This would build space to analyze existing data and work together to strategize ways to address the culturally specific needs of American Indian peoples. Overall, this change elevates and reinforces the relationship with Tribes as co-leaders in community support and respects the

special status of Tribes as sovereign political entities. This proposal aligns with DHS's strategic plan of becoming an anti-racist, multicultural organization and strengthens the understanding that Tribal Nations are partners, not subordinates.

Equity Analysis for AMHI

This proposal aims to transition the Adult Mental Health Initiative (AMHI) funding from grants administered by contracts to a direct payment model. The end goal is to better align the state financial process with the statutory intent, giving County and Tribal partners access to the entire award amount with accountability and oversight appropriate to their status as government entities and our co-leaders in service delivery. This change hopes to remove cash flow problems and administrative burden that exists under the current financial controls and OGM rules.

The AMHI Direct Payment Model will increase the reach of funds statewide. Access to funds in advance could result in more opportunities to grow or develop programs that serve unrepresented or underrepresented communities. It would allow Counties and Tribes to be more flexible, responsive and creative in how they serve their community which gives them a better ability to innovate and fill gaps in the adult mental health continuum. The reduction in administrative burden would free up DHS staff to provide technical support and guidance for innovation, creating a more collaborative partnership with county and tribal workers. This would build space to analyze existing data and work together to strategize ways to address needs of underrepresented groups. Overall, this change elevates and reinforces the relationship with counties and tribes as co-leaders in adult mental health support and respects the special status of Tribes as sovereign political entities.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

DHS met with representatives of nine Tribal Nations, in which we heard about the preferences and potential benefits of transitioning to a direct payment model. This proposal will positively impact Tribal Nations.

Impacts to Counties:

This proposal will positively impact counties. If successful, this proposal would reduce the amount of county staff time needed to conduct administrative tasks related to the grantmaking and contracting processes. This would enable smaller counties, who do not always have experienced grants and contracts staff, to participate in programs focusing only on the quality of service and outcomes, rather than on the administrative processes.

Results:

Part A: Performance Measures

The purpose of this proposal is to transition the funding for the Adult Mental Health Initiative (AMHI) and Traditional Healing programs from grant payments to direct payments for Tribal Nations and Counties.

Current AMHI Performance Measures:

For Tribal Nations:

1. White Earth Nation is currently the only direct participant in AMHI programs, reporting is currently done through contract language.

For Counties:

1. Quarterly reporting of individual client demographics and service information in MHIS
2. Quarterly request for reimbursement by either Brass Code 2895 or Electronic Grant Management System (EGMS).

3. Every two years, MMB Evaluation of Evidence Based Practice as required by AMHI legislation.

Proposed:

Standards for counties administering AMHI:

- (1) Administer the initiative in a manner that is consistent with the objectives
- (2) Provide the commissioner of human services with timely and pertinent information through the following methods:
 - a. assure that no one is denied services that they would otherwise be eligible for.
 - b. Counties and regions will work with DHS to develop evaluation standards and processes that show agency effectiveness and enhance the outcomes, equity, and overall program integrity of each AMHI-CSP program.
 - c. Continue MMB Evidence Based Practice Reporting every two years. Adult Mental Health Initiative (AMHI) EBP Inventory (mn.gov)¹

Traditional Healing Performance Measures

Current

Varies by Tribal Nation, as agreed upon in contracts.

Proposed

Tribal Nations receiving money under this section must establish Traditional Healing services and evaluations and report annually to the commissioner on these outcomes and the number of adults served. At no time will the state require details of specific ceremonies or identity of healers in data collection and methodology. Oral reporting may satisfy these reporting requirements.

Part B: Use of Evidence

DHS has not previously conducted a formal program evaluation that has informed the contents of this proposal. There are no plans to conduct a formal evaluation of this proposal at this time.

Part C: Evidence-based practices

Evidence-based Practice	Source of Evidence
AMHI Services	Biennial MMB EBP Inventory

Fiscal Detail:

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29
General Fund						
HCAF						
Federal TANF						
Other Fund						
Total All Funds						

Fund	BACT#	Description	FY 26	FY 27	FY 26/27	FY 28	FY 29	FY 28/29

¹ https://mn.gov/mmb/assets/MMB%20AMHI%20EBP%20Inventory_Final_tcm1059-611316.pdf

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Budget Technical Changes (OP-52)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Request:

The Governor and Lieutenant Governor recommend making technical changes to 1) update the accounting structure at the Department of Human Services to align with organizational change in the department; and to 2) make budget neutral updates to previous changes in state law to facilitate implementation. This proposal is budget neutral.

Rationale/Background:

The 2023 legislature created a new state agency, the Department of Children, Youth and Families. Effective July 1, 2024, this change resulted in some functions and funds moving from the Department of Human Services (DHS) to the new agency. DHS also restructured by creating a new administration called the Homelessness, Housing and Support Services, shifting deaf and hard of hearing services to the Aging and Disability Services administration, and renaming the administration overseeing mental health and substance use services as the Behavioral Health Administration. Grant funds administered by DHS are organized in budget activity codes (BACTs). This proposal creates new budget activity codes and moves grant funds to align with the new organizational structure of the agency.

In addition, this proposal also makes budget neutral updates to previous changes in state law to facilitate implementation of those changes.

Proposal:

Moving Grants to Different Budget Activity Codes (BACTs) and Creating New BACTs

With the creation of the Department of Children, Youth, and Families and the reorganization of programs within the Department of Human Services, this proposal seeks to simplify and reorganize where grant funds sit according to the new structure of DHS. Proposed changes are as follows:

- **Homelessness and Housing Grants:** Currently grants administered by the Homelessness, Housing, and Support Services (HHSSA) are in several different budget activities. This proposal moves all grants currently within BACTs 45 and 47 into BACT 56. There will be no remaining funds in BACT 45 and 47 and those BACTs will be retired. In addition, housing grants currently within BACT 57 will be moved to BACT 56. The result of this proposal will be that all housing and homelessness grants administered by the Department of Human Services will be in a single budget activity.
- **Homeless Youth Cash Stipend Pilot Project:** Currently, the expiration date for this program grant, as described in the 2023 Session Law, Chapter 70, Article 11, Section 13, Subd. 8, is June 30, 2027. Under the

appropriations article, the rider funds this project through June 30, 2028. This proposal aligns Section 13 with the June 30, 2028 date, as described in the appropriations article.

- **Adult Protective Services Grants:** Currently a portion of adult protective services grants administered by the Aging and Disability Services division are in BACT 46. This proposal moves these grants into BACT 53. There will be no remaining funds in BACT 46 and this BACT will be retired. The result of this proposal will be that all adult protective services grants will be in a single budget activity.
- **EMA Legal Referral Grants:** This proposal moves EMA Legal Referral grants from BACT 51 to BACT 48.
- **Behavioral Health Grants:** Currently there are some grant dollars administered out of the Behavioral Health central office budget activity (BACT 15). This proposal moves grant dollars to the appropriate grant BACT for each grant (BACTs 57 and 58).
- **HIV Grants:** Currently grants administered by the HIV Supports Team in the Aging and Disability Services Administration reside in BACT 55 (Disability Grants). This proposal creates a new BACT for HIV Grants (BACT 60) and shifts all HIV grants to this new BACT.
- **Agencywide Grants:** Currently the Department of Human Services does not have a BACT for grants administered by the agency's central office for grants that have an agencywide scope. This proposal creates a new BACT for Operations Grants (BACT 61) and shifts the Human Services Response Contingency Fund from BACT 48 to this new BACT.

1115 Reentry Demonstration Waiver

The 2024 legislature authorized the state to implement a new 1115 Medicaid demonstration waiver benefit to provide healthcare coverage to eligible populations within 90 days of leaving a carceral setting. This proposal makes the following technical changes:

- **Federal Reimbursement for Medical Assistance Capacity Building Grants:** To support implementation of the new reentry benefit, the legislature authorized capacity building and implementation grants (Chapter 125, Article 8, Sec. 2, Subd. 17). As part of the waiver application, DHS can draw down federal funding on grant funds. This proposal adds authority for DHS to draw down a federal match on this funding and utilize it for additional grants.
- **Medication Assisted Treatment (MAT):** The Centers for Medicare and Medicaid Services (CMS) requires states with approved 1115 Reentry Demonstration Waivers to provide MAT services. The 2024 legislature's authorization of the reentry waiver included costs for providing MAT services. The enacting language (Chapter 127, Article 12, Sec. 12, subd. 4) did not incorporate a specific reference for MAT services to be provided, however the fiscal note and current forecast assume this is included. This proposal adds a clause to statute that clarifies the minimum benefit set includes MAT services.

Substance Use Disorder Service Rates

Several updates to substance use disorder (SUD) service rates were enacted during the 2024 legislative session. Certain rates, such as clinically managed low-intensive and high-intensive residential services, were codified as fixed dollar amounts, effective July 1, 2024 (MN Statute 254B.05, Subd. 5). A separate 3% increase to all SUD rates was also approved that year, effective January 1, 2025 (2024 Ch. 127, Art. 48, sec. 19). However, because some SUD services were codified as fixed values, those rates are no longer accurate, following the 3% increase that took effect in January 2025. This proposal seeks to remove the fixed dollar amounts from the statute to align statute with current law rates.

MnChoices Assessment Timelines

The 2024 legislature made a change to state law that specifies that a person's MnChoices initial assessment is valid for 365 days, rather than only 60 days. This proposal updates a statutory reference that was missed in drafting this change (MN Statute 144.0724, Subd. 11).

Impact on Children and Families:

This proposal includes only technical changes that will improve the transparency and organization of the accounting structure. This proposal is not anticipated to have a substantive impact on children and families.

Equity and Inclusion:

This proposal includes only technical changes that will improve the transparency and organization of the accounting structure, as well as technical changes that will facilitate implementation of previous legislative changes. This proposal is not anticipated to have a substantive impact on equity and inclusion.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

This proposal is not anticipated to have a substantive impact on Tribal Nations.

Impacts to Counties:

This proposal is not anticipated to have a substantive impact on counties.

IT Costs:

This proposal does not have IT costs.

Results:

This proposal will improve the transparency and organization of the agency's accounting structure.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)	FY 25	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund							
HCAF							
Federal TANF							
Other Fund							
Total All Funds							

Fund	BACT#	Description	FY 25	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	57	Adult Mental Health Grants		(9,952)	(9,952)	(19,904)	(9,952)	(9,952)	(19,904)
GF	47	Children & Econ Support Grants		(67,095)	(72,095)	(139,190)	(72,095)	(72,095)	(144,190)
GF	46	Child & Comm Services Grants		(5,655)	(5,655)	(11,310)	(5,655)	(5,655)	(11,310)
GF	53	Aging & Adult Services		5,655	5,655	11,310	5,655	5,655	11,310
GF	45	Children Services Grants		(500)	(500)	(1,000)	(500)	(500)	(1,000)
GF	51	Health Care Grants		(100)	(100)	(200)	(100)	(100)	(200)
GF	56	Housing Support Grants		77,547	82,547	160,094	82,547	82,547	165,094
GF	48	Refugee Service Grants		100	100	200	100	100	200
GF	15	Behavioral Health Administration		(635)	(635)	(1,270)	(635)	(635)	(1,270)
Gf	15	Behavioral Health Administration		(277)	(277)	(554)	(277)	(277)	(554)
GF	57	Adult Mental Health Grants		635	635	1,270	635	635	1,270
GF	58	Children Mental Health Grants		277	277	554	277	277	554
GF	55	Disability Grants		(2,220)	(2,220)	(4,440)	(2,220)	(2,220)	(4,440)
GF	66	HIV Grants		2,220	2,220	4,440	2,220	2,220	4,440
SR	48	Refugee Service Grants	(4,000)	0	0	(4,000)	0	0	0
SR	67	Operations Grants	4,000	0	0	4,000	0	0	0
		Requested FTEs							

Statutory Change(s):

Appropriation article changes and various statutory clarifications.

Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Increasing the Health Care Access Fund Share of Medical Assistance

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	(25,000)	(25,000)	(25,000)	(25,000)
Revenues	0	0	0	0
Health Care Access Fund				
Expenditures	25,000	25,000	25,000	25,000
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends increasing the health care access fund appropriation for medical assistance by \$25 million in fiscal year 2026 and each year thereafter. This results in a corresponding decrease in general fund appropriations for medical assistance.

Rationale/Background:

Medical assistance currently serves around 1.2 million Minnesotans providing health insurance to lower income Minnesotans and Minnesotans with a disability. The medical assistance program is financed primarily through federal and state funds. While medical assistance spending is forecasted, the health care access fund's share is set by the legislature, leaving the remaining state share to be paid by the general fund.

Proposal:

This proposal will increase the health care access fund medical assistance appropriation by \$25 million in FY 2026 and each year thereafter.

Results:

This proposal would result in the health care access fund paying a greater proportion of medical assistance claims.

Department of Human Services

FY 2026-27 Biennial Budget Change Item

Change Item Title: Reinstating Parental Fees (HC-98)

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	(484)	(3,703)	(4,539)	(4,895)
Revenues	(1,181)	(2,433)	(2,506)	(2,581)
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(1,665)	(6,136)	(7,045)	(7,476)
FTEs	0	0	0	0

Request:

The Governor recommends reinstating parental fees for families with incomes of 675 percent of federal poverty guidelines or higher when Medical Assistance eligibility for their child with a disability is determined without regard to parental income. This proposal decreases General Fund expenditures by \$7.8 million in the FY2026-2027 biennium and \$14.52 million in the FY2028-2029 biennium.

Rationale/Background:

Medical Assistance (MA) under the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) option and home and community-based waiver services (HCBS) provide services for children with a disability who are otherwise ineligible for MA because household income is above the standard MA income limit for children.

Prior to January 2024, a monthly parental fee was required and determined on a sliding scale according to household income. However, the child's MA eligibility under TEFRA or for HCBS waiver services was unaffected if the parent did not cooperate with parental fee requirements. In 2023, legislation was passed that eliminated all parental fees for parents whose child had MA under the TEFRA option or whose child received services under a HCBS waiver.

Proposal:

This proposal reinstates parental fees for families with incomes of 675 percent of federal poverty guidelines or higher and whose child has MA eligibility under the TEFRA option or receives HCBS waiver services. Most recent DHS data indicates that these families account for 4.3 percent of all families receiving MA under the TEFRA option or receives HCBS waiver services.

There are two ways in which this proposal decreases total expenditures to the General Fund. The first is through the increased monthly parental fee revenue. The second is through a decrease in MA and HCBS waiver caseload and utilization due to the fee requirement. The estimated fiscal impact includes a 12-month phase-in. This proposal assumes an effective date of January 1, 2026.

Impact on Children and Families:

This proposal has the potential to limit access to Medicaid and HCBS waiver services for children with disabilities. These programs allow families the ability to access services most appropriate for their child's needs in a community setting. Some families of children with disabilities access primary health insurance coverage through an employer. Employer sponsored health insurance typically does not cover all services needed for children with disabilities. Reinstating these fees may result in families foregoing necessary services for their children that would

not be covered under other insurance types. Although a child's eligibility for MA under the TEFRA option or HCBS waivers is not impacted by nonpayment of parental fees, in the past parental fees have deterred some parents from applying for or enrolling their child in these programs.

Equity and Inclusion:

Reinstating parental fees will disproportionately impact families with children who have disabilities.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

This proposal does not have an impact on Minnesota Tribal governments.

Impacts to Counties:

This proposal would increase administrative burden to counties as they would need to make referrals to the DHS parental fee review team. County eligibility workers would also be pressed to spend time educating and responding to families' questions regarding parental fees so families can determine if they want to proceed with the application and enrollment process.

IT Costs

This proposal would require changes in the Parental Fee System and cost of a total of \$44,550 for initial development. These costs are total dollar estimates and do not reflect Federal Financial Participation (FFP).

Category	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Payroll	\$44,550	\$8,910	\$8,910	\$8,910	\$8,910	\$8,910
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	\$44,550	\$8,910	\$8,910	\$8,910	\$8,910	\$8,910
MNIT FTEs						
Agency FTEs						

Results:

This proposal will reduce state costs.

Measure	Measure type	Measure data source	Most recent data	Projected change
Decrease programmatic expenditures to the General Fund	Quantity	DHS Forecast	Forecasted \$4.21M for services in FY26-27	Eliminate forecasted costs for this service
Increase General Fund revenue through reinstating parental fees	Quantity	DHS Financial Operations Data	Estimated \$3.61M in TEFRA parental fees in FY26-27	Increased \$3.61M to General Fund in FY26-27

Fiscal Detail:

Net Impact by Fund (dollars in thousands)	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	(1,665)	(6,136)	(7,800)	(7,045)	(7,476)	(14,520)
HCAF						
Federal TANF						
Other Fund						
Total All Funds	(1,665)	(6,136)	(7,800)	(7,045)	(7,476)	(14,520)

Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
GF	33ED	MA Grants	(506)	(3,707)	(4,213)	(4,543)	(4,899)	(9,442)
GF	REV2	Parental Fee Revenue	(1,181)	(2,433)	(3,614)	(2,506)	(2,581)	(5,087)
GF	11	State Share of Systems Costs	22	4	27	4	4	9

Statutory Change(s):

Program: Central Office Operations

Activity: Operations

AT A GLANCE

- Conducts more than 11,500 administrative appeals per year (Average of FY22-24).
- Reviews and approves more than 1,950 new contracts per year, not including amendments and purchase order revisions.
- Conducts more than 2,130 eligibility reviews for DHS programs and services.
- Our Single Audit Coordinator monitors 145 subrecipients, following up on all findings related to major federal programs.
- The Internal Audits Office responds to approximately 620 hotline complaints per year.
- Provides human resource management for over 7,100 state staff and about 4,100 county staff.
- Resolves more than 250 requests for disability accommodations, investigates over 100 employment discrimination complaints, and resolves over 300 complaints relating to service delivery per year.
- Promotes continuous improvement and accountability across the 11 essential human services in all 87 counties.
- Analyzes more than 600 bills per year impacting human services programs and an average of 360 fiscal notes per year for the legislature (FY23-24)

PURPOSE AND CONTEXT

The Operations area within the Department of Human Services (DHS) serves external customers, internal staff, and ensures integrity in spending of public resources. To external customers, we provide appeals processes, tribal, county, and community relations, and communication resources.

To internal staff, we provide human resources services, financial management, legal services, technology planning and facilities management. We also coordinate the agency's internal equity and anti-racism work.

SERVICES PROVIDED

Our **Compliance Office** is responsible for legal and compliance activities throughout the agency:

- The **Appeals Division** conducts administrative fair hearings for applicants and recipients appealing the denial, reduction, sanction or termination of benefits in cash and food programs, health care programs, social services programs and residential programs. We also hold administrative hearings when a state or county agency has determined a person committed program fraud, maltreated a child or vulnerable adult, or believes a person should be disqualified from having access to or working with vulnerable populations in a program licensed by the department.
- The **Contracts, Purchasing and Legal Compliance Division** is the agency wide facilitator of DHS goods and services acquisitions including agency-wide asset management, commodities procurements, professional and technical services, and services delivered directly to program clients through grant contracts. The Division provides legal analysis and advice regarding contract development and vendor and grantee management.
- The **Internal Audits Office** tests, analyzes, evaluates and maintains the overall internal control environment at DHS. The Office has three primary functions: Internal Audits, Program Compliance and

Audits, and the Digital Forensics Lab. Our staff conducts audits of DHS grantees, contractors, vendors, and counties.

- The **Organizational Integrity Office** oversees prevention, providing counsel on ethics, risk management, business continuity, records management, agency internal administrative policies, Commissioner Delegations of Authority, and policy bulletins.

Our **External Relations Office** oversee and provides direction to communications and key stakeholder relation efforts across the agency.

- Our **Office of Indian Policy** helps implement and coordinate programs with Tribes and provides ongoing consultation for program development for the delivery of services to American Indians living both on and off reservations. This office promotes government-to-government relations, and works to enhance tribal infrastructure, reduce disparities, and design effective programs.
- Our **Communications Office** leads agency communications efforts. We respond to inquiries from the news media and prepare information that helps the general public understand the agency's services and human services policies.
- Our **Legislative Relations** area participates in all aspects of legislative session planning and activities. We serve as a resource to managers and staff regarding the legislative process, prepare information for lawmakers, budget recommendations and position statements, as well as monitoring, tracking and analyzing legislative bills.
- Our **Community Relations** area supports, develops, and facilitates relationships between DHS and the community.
- Our **County Relations** area takes a lead role in the agency's relationships with Minnesota's 87 counties. These counties administer most of the human services system that the agency oversees.

The Office for Employee Culture is responsible for the agency's human resources management, agency wide learning and development and employee engagement, change management, and diversity recruitment and retention.

The **Management Services division** is responsible for the agency's continuous improvements training and initiatives, and for recycling, facilities management, mail processing, security, information desk services, and vehicle management.

Our **Office for Strategy and Performance (OSP)** partners with executive leadership on strategic planning, data insights, evaluation, performance measurement, evaluation, and change management to drive improved outcomes for all served by DHS.

- The **Human Services Performance Management** unit works to improve counties service delivery performance in the Minnesota human services system by building connections, measuring and reporting performance, providing data-informed improvement assistance, advancing equity to reduce disparities, and advocating for system change.
- The **Enterprise Insight and Strategy** team supports DHS leadership's long-term planning and enterprise efforts in analytics, project management, and initiative implementation. Key services include leadership development, organizational design and change management, strategic planning, evaluation, research, and performance management.

Our **Office of the Chief Financial Officer** provides fiscal services and controls the financial transactions of the agency. Core functions include preparing budget information, paying agency obligations, providing federal fiscal reporting, conducting patient revenue generation and collections, processing agency receipts and preparing employees' payroll.

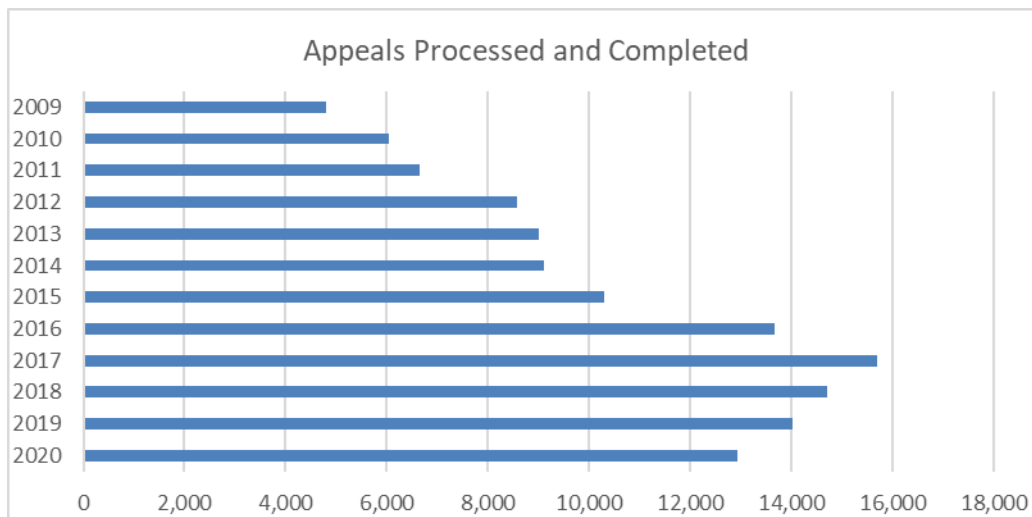
- The **Budget Analysis Division** is responsible for preparing the Governor’s biennial, supplemental, and capital budgets, overseeing fiscal policy for the agency, overseeing fiscal notes prepared for the legislature, and implementing capital bonding projects.
- The **Reports and Forecasts Division** (<https://mn.gov/dhs/general-public/publications-forms-resources/reports/financial-reports-and-forecasts.jsp>) is responsible for meeting federal reporting requirements for economic assistance programs and Minnesota Health Care Programs. Our staff provides forecasts of program caseloads and expenditures, provides fiscal analyses of proposed legislation affecting these programs, and responds to requests for statistical information on the programs.

The **Business Solutions Offices** works across the agency and with external stakeholders to partner with MNIT to provide integrated technology solutions that support and improve the delivery of human services by connecting services, information, and people to create a better, easier experience for everyone. Staff in this office develop the business architecture to support system solution design, serve as the business owners for enterprise applications, coordinate the submission of federal funding applications, align data strategies, work throughout the agency and with external stakeholders on business readiness efforts and implement governance oversight for the information management and technology work of the agency. All this work seeks to integrate the delivery of human services. For the people we serve this means creating an experience that is easy to navigate by aligning and simplifying programs, eligibility, and policies, using technology that people use in their daily lives to meet them where they are at, and providing one entry point for people to learn, access, and qualify for the breadth of programs and services available to them.

The **General Counsel’s Office** provides legal advice, counsel, and direction for all of DHS’ legal activities.

RESULTS

Number of Appeals processed and completed by fiscal year



Operations’ legal authority is in several places in state law: chapter 245C (Human Services Background Studies) and sections ; and chapters M.S. Chapter 43A, sections 43A.19, 43A.191 (Affirmative Action), M.S. Chapter 363A (Human Rights), M.S. Chapter 402A (Human Services Performance Management).

M.S. chapter 256 (Human Services) provides authority for many of the agency’s general administrative activities. M.S. sections 256.045 to 256.046 give authority for the agency’s appeals activities.

Operations

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	80,498	88,507	95,350	137,000	60,203	59,711	76,864	81,555
1200 - State Government Special Rev	4,058	3,646	4,240	3,912	133	133	133	133
1201 - Health Related Boards				738				
2000 - Restrict Misc Special Revenue	7,105	11,708	12,590	28,859	904	904	904	904
2001 - Other Misc Special Revenue	26,210	28,625	36,414	45,874	24,180	22,826	24,180	22,826
2360 - Health Care Access	5,560	5,804	6,097	9,466	10,303	10,303	11,898	13,425
3000 - Federal	5,824	6,453	7,210	12,273				
3001 - Federal TANF				100				
4925 - Family and Medical Benefit Ins						199		199
Total	129,255	144,744	161,901	238,222	95,723	94,076	113,979	119,042
Biennial Change				126,123		(210,324)		(167,102)
Biennial % Change				46		(53)		(42)
Governor's Change from Base								43,222
Governor's % Change from Base								23

Expenditures by Category

Compensation	83,622	94,031	105,402	136,461	51,385	50,031	54,789	53,596
Operating Expenses	45,272	50,202	55,737	100,829	44,282	43,989	59,134	65,390
Grants, Aids and Subsidies	141	302	386	876				
Capital Outlay-Real Property	18	15	22					
Other Financial Transaction	203	194	353	56	56	56	56	56
Total	129,255	144,744	161,901	238,222	95,723	94,076	113,979	119,042

Full-Time Equivalents

726.95	820.65	838.25	829.72	397.26	386.59	450.51	440.59
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Operations

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		6,868		28,263				
Direct Appropriation	177,263	172,826	362,437	269,689	135,781	135,131	152,442	156,975
Transfers In	16,937	28,805	173,263	49,788				
Transfers Out	108,021	118,594	412,087	210,740	75,578	75,420	75,578	75,420
Cancellations		1,398						
Balance Forward Out	5,681		28,263					
Expenditures	80,498	88,507	95,350	137,000	60,203	59,711	76,864	81,555
Biennial Change in Expenditures				63,345		(112,436)		(73,931)
Biennial % Change in Expenditures				37		(48)		(32)
Governor's Change from Base								38,505
Governor's % Change from Base								32
Full-Time Equivalents	490.35	546.38	566.99	566.99	314.05	314.05	367.30	368.05

1200 - State Government Special Rev

Balance Forward In		116		202				
Direct Appropriation	4,174	4,174	4,442	3,710	133	133	133	133
Cancellations		644						
Balance Forward Out	116		202					
Expenditures	4,058	3,646	4,240	3,912	133	133	133	133
Biennial Change in Expenditures				448		(7,886)		(7,886)
Biennial % Change in Expenditures				6		(97)		(97)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	33.64	30.89	33.98	33.98				

1201 - Health Related Boards

Balance Forward In				279				
Direct Appropriation		522	334	574	115	115	115	115
Transfers Out		275	55	115	115	115	115	115
Cancellations		247						
Balance Forward Out			279					
Expenditures				738				
Biennial Change in Expenditures				738		(738)		(738)

Operations

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2000 - Restrict Misc Special Revenue

Balance Forward In	1,431	2,596	3,829	8,025				
Receipts	9,617	15,383	18,775	21,344	959	959	959	959
Transfers In	77	78	25					
Transfers Out	1,456	2,545	2,012	510	55	55	55	55
Balance Forward Out	2,564	3,804	8,026					
Expenditures	7,105	11,708	12,590	28,859	904	904	904	904
Biennial Change in Expenditures				22,637		(39,641)		(39,641)
Biennial % Change in Expenditures				120		(96)		(96)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	64.15	83.99	81.02	80.67	4.78	4.78	4.78	4.78

2001 - Other Misc Special Revenue

Balance Forward In	2,572	10,315	4,001	12,156	913	913	913	913
Receipts	38,064	34,276	44,724	30,450	20,518	19,444	20,518	19,444
Transfers In	679	679	2,035	4,567	4,048	3,768	4,048	3,768
Transfers Out	13,446	14,364	2,191	386	386	386	386	386
Balance Forward Out	1,659	2,280	12,156	913	913	913	913	913
Expenditures	26,210	28,625	36,414	45,874	24,180	22,826	24,180	22,826
Biennial Change in Expenditures				27,452		(35,282)		(35,282)
Biennial % Change in Expenditures				50		(43)		(43)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	65.09	72.64	74.35	74.35	46.05	35.38	46.05	35.38

2360 - Health Care Access

Balance Forward In		1,305		1,576				
Direct Appropriation	16,966	16,966	18,857	20,754	19,813	19,813	21,408	22,935

Operations

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
Transfers Out	10,137	9,510	11,184	12,864	9,510	9,510	9,510	9,510
Cancellations		2,956						
Balance Forward Out	1,269		1,576					
Expenditures	5,560	5,804	6,097	9,466	10,303	10,303	11,898	13,425
Biennial Change in Expenditures				4,198		5,043		9,760
Biennial % Change in Expenditures				37		32		63
Governor's Change from Base								4,717
Governor's % Change from Base								23
Full-Time Equivalents	33.11	33.09	32.38	32.38	32.38	32.38	32.38	32.38

3000 - Federal

Balance Forward In		2	1,445					
Receipts	5,826	7,896	5,765	12,273				
Balance Forward Out	2	1,445						
Expenditures	5,824	6,453	7,210	12,273				
Biennial Change in Expenditures				7,205		(19,483)		(19,483)
Biennial % Change in Expenditures				59		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	40.61	53.66	49.53	41.35				

3001 - Federal TANF

Balance Forward In	0	0	0					
Receipts				100				
Balance Forward Out	0	0	0					
Expenditures				100				
Biennial Change in Expenditures				100		(100)		(100)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

4925 - Family and Medical Benefit Ins

Direct Appropriation			2,649		530	729	530	729
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Operations

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
Transfers Out			2,649		530	530	530	530
Expenditures						199		199
Biennial Change in Expenditures				0		199		199
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Program: Central Office Operations**Activity: Children & Families**<https://mn.gov/dhs/people-we-serve/children-and-families/economic-assistance/income/programs-and-services/>**AT A GLANCE**

- Provides child support services to more than 314,000 custodial and non-custodial parents and 220,000 children annually.
- Provides child care assistance to an average of 22,000 children per month.
- 1,544 children were either adopted or had a permanent transfer of legal custody to a relative in 2021.
- Facilitates Supplemental Nutrition Assistance Program (SNAP) payments to more than 449,000 Minnesotans every month.
- All funds for Children and Families administrative spending for FY 2023 was \$79 million

PURPOSE AND CONTEXT

Children and Families oversees and provides administrative support to counties, Tribal Nations, and social service agencies for child safety and well-being services and for economic assistance programs serving families and children. These services help ensure that people receive the support they need to be safe and help build stable families and communities.

Programs administered in this area seek to:

- Keep more people fed and healthy by increasing nutrition assistance participation.
- Keep more children out of foster care and safely with their families.
- Decrease the disproportionate number of children of color in out-of-home placements.
- Increase access to high quality child care.

Our statewide administration of these programs ensures that funds are used according to federal regulations, resources and services are distributed equitably across the state, and quality standards are maintained.

SERVICES PROVIDED

The Children and Family Services Administration is organized into five principal divisions:

- Child Safety and Permanency
- Child Support
- Child Care Services
- Economic Assistance and Employment Supports
- Office of Economic Opportunity
- Management Operations

In the Children and Families Services Administration our staff provides administrative direction and supports to counties, Tribal Nations, and community agencies. Our work includes:

- Researching, recommending and implementing statewide policy and programs
- Managing grants
- Providing training and technical assistance to counties, Tribal Nations, and grantees

- Evaluating and auditing service delivery
- Conducting quality assurance reviews to ensure that services are delivered effectively, efficiently and consistently across the state

Our areas of responsibility include administering several forecasted programs: the Minnesota Family Investment Program (MFIP), Diversionary Work Program (DWP), and MFIP Child Care Assistance. Our staff also support grant programs that fund housing, food and child welfare services. We also administer the federal Supplemental Nutrition Assistance Program (SNAP). We review approximately 2,600 SNAP cases annually to see if benefits and eligibility were correctly determined. In addition, we review overall county and tribal administration and management of SNAP in 30-35 agencies each year. We provide oversight of statewide child welfare services that focus on ensuring children's safety while supporting families. We ensure that core safety services focus on preventing or remedying neglect, and providing basic food, housing and other supports to the most at-risk adults and children. Our staff also support our county and tribal partners to ensure eligibility is determined accurately and benefits are issued timely for the millions of dollars in benefits issued each month.

Funding for our programs comes from a combination of state and federal sources. Major federal block grants include Temporary Assistance for Needy Families, the Child Care and Development Fund, the Social Services Block Grant and the Community Services Block Grant.

RESULTS

We provide administrative support to a broad array of programs and services for low-income families and adults and children.

Key Measures for programs serving families and children:

<i>Measure name</i>	<i>Measure type</i>	<i>Measure data source</i>	<i>Historical trend</i>	<i>Most recent data</i>
Repeated abuse or neglect	Quantity	Percent of children not experiencing repeated abuse or neglect within 12 months of a prior report	Increased by 3 percentage points since 2020	2023: 94.4%
Permanency within 12 months	Result	Percent of all children who enter foster care in the previous year that are discharged to permanency (i.e., reunification with parents, caregivers, living with relative, guardianship, adoption) within 12 months	Increased by 2 percentage points since 2020	2023: 48.6%
Permanency, 12 to 23 months	Result	Percent of all children in foster care who had been in care between 12 and 23 months on the first day of the year that were discharged to permanency within 12 months of the first day of the year	Increased by 7.2 percentage points since 2020	2023: 59.6%
Permanency, 24 months or more	Result	Percent of all children in foster care who had been in care for 24 months or more on the first day of the year that were discharged to permanency within 12 months of the first day of the year	Increased by 10 percentage points since 2020	2023: 42.2%

Data for quality measures provided by the Children and Family Services Administration at the Department of Human Services.

- The **Self-Support Index** is a results measure. The Self-Support Index gives the percentage of adults eligible for MFIP or DWP during a given quarter who have left assistance or are working at least 30 hours per week three years later. Customized targets are set for each county or tribe using characteristics of the people served and local economic conditions. State law requires the Department of Children, Youth and Families to use the Self-Support Index to allocate performance bonus funds. The following chart shows that about two-thirds of participants have left MFIP and/or are working at least 30 hours per week three years after a baseline period.

<i>Year ending in March of:</i>	<i>S-SI</i>
2013	66.9%
2014	68.5%
2015	68.8%
2016	68.0%
2017	65.9%
2018	64.6%
2019	64.4%
2020	65.7%
2021	64.6%
2022	63.4%
2023	61.7%

- The decline in the Self-Support Index from 2020 to 2023 can be explained by the corresponding decline in the **range of expected performance** for each local agency. Each local agency has a customized range of Self-Support Index scores based on factors outside of the control of the local agency, such as demographics of person and household, local economic and community factors.
- The **statewide median placement wage** is a results measure and counts the number of MFIP and DWP Employment Services participants newly enrolled during the quarter who obtained employment in that quarter, and the median placement (starting) wage by service area at the start of the job. This only includes the first quarter of the fiscal year. The Minnesota Family Investment Program Management Indicators Report provides details for all quarters.

<i>January-March (Quarter 1) of Year</i>	<i>Number job placements (MFIP) in Q1</i>	<i>Number job placements (DWP) in Q1</i>
2023	1,213	486
2022	851	490
2021	1,060	0
2020	962	736

- The federal **Work Participation Rate (WPR)** is a process measure and counts the number of parents engaging in a minimum number of hours of federally recognized work activities. The measure does NOT count households who discontinue assistance when getting a job. Many requirements of the work participation rate were not in effect during the COVID 19 public health emergency.

<i>Federal Fiscal Year</i>	<i>WPR</i>
2012	45.3%
2013	45.1%
2014	46.2%
2015	37.9%
2016	39.4%
2017	38.9%
2018	37.2%
2019	35.7%
2020	22.3%
2021	14.9%
2022	20.4%

Financial operations related to programs impacting children, youth, and families within this activity will transfer to the Department of Children, Youth, and Families starting on July 1, 2025.

Children & Families

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26	FY27	Governor's Recommendation FY26	FY27
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Expenditures by Fund

1000 - General	12,876	13,692	24,102	71,963				
2000 - Restrict Misc Special Revenue	139	74	38	1,129				
2001 - Other Misc Special Revenue	34,052	39,459	41,257	51,364				
2005 - Opiate Epidemic Response			123	475				
3000 - Federal	23,217	26,564	26,290	60,151				
3001 - Federal TANF	2,230	2,248	2,662	3,676				
3015 - ARP-State Fiscal Recovery		165						
Total	72,514	82,203	94,473	188,758				
Biennial Change				128,514		(283,231)		(283,231)
Biennial % Change				83		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Category

Compensation	44,556	46,772	52,539	85,603		
Operating Expenses	27,261	34,803	40,295	92,568		
Grants, Aids and Subsidies	693	607	1,609	10,580		
Capital Outlay-Real Property		1				
Other Financial Transaction	5	20	29	7		
Total	72,514	82,203	94,473	188,758		

Full-Time Equivalents

371.79	415.77	424.93	559.44		
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Children & Families

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		2,123		27,516				
Direct Appropriation	18,685	18,760	65,014	42,073	0	0	0	0
Transfers In	2,323	2,635	26,632	21,443				
Transfers Out	6,030	8,843	40,028	19,069				
Cancellations		982						
Balance Forward Out	2,102		27,516					
Expenditures	12,876	13,692	24,102	71,963				
Biennial Change in Expenditures				69,497		(96,065)		(96,065)
Biennial % Change in Expenditures				262		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	95.50	105.40	134.32	277.71				

2000 - Restrict Misc Special Revenue

Balance Forward In	596	683	738	798				
Receipts	95	70	37	33				
Transfers In	67	60	62	298				
Transfers Out		1						
Balance Forward Out	618	738	799					
Expenditures	139	74	38	1,129				
Biennial Change in Expenditures				954		(1,167)		(1,167)
Biennial % Change in Expenditures				447		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	1.30	0.64	0.39	0.08				

2001 - Other Misc Special Revenue

Balance Forward In	1,874	3,435	4,379	6,226				
Receipts	28,938	31,733	37,464	39,243				
Transfers In	4,453	6,163	5,729	5,895				
Transfers Out		165	88					
Balance Forward Out	1,212	1,708	6,227					
Expenditures	34,052	39,459	41,257	51,364				

Children & Families

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Biennial Change in Expenditures				19,110		(92,621)		(92,621)
Biennial % Change in Expenditures				26		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	147.29	152.36	146.64	145.89				

2005 - Opiate Epidemic Response

Balance Forward In				154				
Direct Appropriation			277	321	0	0	0	0
Balance Forward Out			154					
Expenditures			123	475				
Biennial Change in Expenditures				598		(598)		(598)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			0.88	0.88				

3000 - Federal

Balance Forward In	103	63	109	115				
Receipts	23,159	26,560	26,296	60,036				
Balance Forward Out	45	59	115					
Expenditures	23,217	26,564	26,290	60,151				
Biennial Change in Expenditures				36,660		(86,441)		(86,441)
Biennial % Change in Expenditures				74		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	113.83	143.92	127.94	120.12				

3001 - Federal TANF

Balance Forward In		182	180					
Receipts	2,230	2,066	2,483	3,676				
Expenditures	2,230	2,248	2,662	3,676				
Biennial Change in Expenditures				1,861		(6,338)		(6,338)

Children & Families

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26	FY27	Governor's Recommendation FY26	FY27
Biennial % Change in Expenditures				42		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	13.85	13.45	14.76	14.76				

3010 - Coronavirus Relief

Full-Time Equivalents	0.02			
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3015 - ARP-State Fiscal Recovery

Direct Appropriation	285			
Cancellations	120			
Expenditures	165			
Biennial Change in Expenditures		(165)	0	0
Biennial % Change in Expenditures				
Governor's Change from Base				0
Governor's % Change from Base				

Program: Central Office Operation

Activity: Health Care

AT A GLANCE

- **Medical Assistance** provided coverage for an average of 1,384,143 people each month during FY 2023.
- **MinnesotaCare** provided coverage for an average of 104,648 people each month during FY 2023.
- In FY 2023, our Health Care Consumer Support team received 312,357 telephone calls from recipients.
- In FY 2023, our Provider Call Center received 224,023 calls from providers.
- All funds administrative spending for the Health Care activity for FY 2023 was \$105.4 million. This represents 0.04 percent of the Department of Human Services overall budget.

PURPOSE AND CONTEXT

The Minnesota Department of Human Services (DHS) Health Care Administration administers the following two health care programs for low-income Minnesotans:

Medical Assistance (MA) is Minnesota's Medicaid program which provides health coverage for low-income people including children and families, people 65 or older, people who have disabilities, and adults without dependent children.

MinnesotaCare provides coverage for those who do not have access to affordable health care coverage but whose income is too high for Medical Assistance.

Our goals are to:

- Increase the number of insured Minnesotans by helping eligible people get MA or MinnesotaCare coverage
- Improve and streamline Medicaid processes through the way we administer and deliver programs
- Improve the health outcomes, beneficiary experience, and value of care delivered through Minnesota Health Care Programs (MHCP)
- Reform payment and delivery models by designing rates and models to reward quality and emphasize transparency
- Use research, data and analysis to develop policy recommendations, support DHS health care programs and evaluate results
- Encourage stakeholder communication to support our clients, partners and programs

SERVICES PROVIDED

The Health Care Administration's (HCA) divisions and operational units include the following:

Office of the Assistant Commissioner

This office performs central functions including:

- Managing the partnership between DHS and the federal Centers for Medicare and Medicaid Services for all Medicaid state plan and waiver services
- Conducting care delivery and payment reform projects including the Integrated Health Partnerships and the CMS State Innovation Models

- Ensuring that benefit and payment policies are supported by best clinical practices through the Office of the Medical Director
- Coordinating the development of recommendations on health care policy and legislation

Health Care Eligibility Operations (HCEO)

- Processes paper applications for MinnesotaCare and the Minnesota Family Planning Program
- Provides ongoing case maintenance and processes changes in enrollee circumstance that may influence eligibility
- Provides in-person and online training, responds to system-related questions from counties and tribes, and provides systems support
- Operates the Health Care Consumer Support team (member help desk) and responds to enrollee phone calls regarding eligibility, covered services, and provider availability

Health Care Eligibility and Access (HCEA)

- Administers all eligibility policy for the Medical Assistance and MinnesotaCare programs including long term care services
- Provides policy support for county social service agencies, tribal governments, and other entities processing applications for MHCP
- Conducts disability determinations to determine Medical Assistance eligibility under a disability basis via the State Medical Review Team (SMRT)
- Develops business requirements for eligibility systems including MAXIS, Medicaid Management Information System (MMIS), and the Minnesota Eligibility Technology System (METS)

Health Improvement Benefit and Design (HIBD)

- Develops and implements quality measurements for measuring the impact of health care delivery and purchasing on people
- Leads cross-administration analysis of social conditions impacting health
- Administers the fee-for-service delivery system of MA and MinnesotaCare
- Develops policy, rates, and benefits for MA and MinnesotaCare Basic Care, including medical and dental care, transportation, and durable medical equipment
- Oversees Child and Teen Check-ups for children up to age 21 enrolled in MA
- Leads Population Health Initiatives including those targeted at improving perinatal outcomes, the Opioid Prescribing Improvement Program (OPIP), developing member benefit informational material, and facilitation of the Medicaid Participant Expert Panel

Managed Care Contracting and Rates (MCCR)

- Oversees rates and analysis for Managed Care Organizations (MCOs) contracting with DHS to provide health care coverage to Medical Assistance and MinnesotaCare recipients
- Administers managed care contracting
- Ensures compliance with federal managed care regulations

Pharmacy Program and Medicaid Decision Support (PPMDS)

- Manages the pharmacy benefit for enrollees receiving Minnesota Health Care Program benefits through fee-for-service
- Oversees modernization of the Pharmacy point-of-sale system
- Manages the agency's Medicaid Decision Making process

Medicaid Payments and Provider Services (MPPS)

- Supports MHCP members and providers, conducts benefits recovery and claims processing, runs the provider call center, enrolls health care providers, and manages all provider training and communication regarding the health care programs
- Assures that Medical Assistance program remains the payer of last resort by billing any insurers or other parties with primary responsibility for paying medical claims
- Ensures the timely and accurate payment of health care services
- Operates the Provider Call Center and responds to provider phone calls regarding member eligibility, enrollment, billing, coverage policies, and payment

Health Care Research and Quality (HRQ)

- Conducts data analysis, research, and data reporting responsibilities for the MHCP and oversees quality assurance activities for the managed care organizations contracting with DHS
- Uses health care claims data to inform policy and program development, and monitors the quality of health care services purchased by DHS HCA staff
- Shares some health care coverage policy and rates development functions with the Behavioral Health, Housing, Deaf and Hard of Hearing (BHDH) Administration and the Aging and Disability Services Administration (ASDA) for the services under the purview of those other administrations.

HCA work supports the following strategies:

- Improve access to affordable health care
- Integrate primary care, behavioral health, and long-term care
- Maintain a workforce committed to fulfilling the agency mission
- Expand the number of providers and enrollees participating in Integrated Health Partnerships
- Modernize eligibility and enrollment systems
- Reduce disparities so that cultural and ethnic communities have the same access to outcomes for health care
- Hold managed care plans accountable for health equity outcomes related to depression, diabetes, and well child visits

RESULTS

DHS works to make Minnesota a national leader in promoting and implementing policy and payment initiatives that improve the access, quality, and cost-effectiveness of services provided through publicly funded health care programs. DHS contracts with managed care organizations to serve enrollees in Minnesota's public health care programs.

As part of Minnesota's commitment to deliver quality health care more effectively, DHS began a new payment model in 2013 that prioritizes quality preventive care and rewards providers for reducing the cost of care for enrollees in MA and MinnesotaCare programs. This nation-leading reform effort has saved \$465.5 million in health care costs between 2013 and 2020, and continues to show how financial incentives and value-based payment can lower costs, maintain or improve health care quality and outcomes, and lead to innovative methods of delivering health care and other services tailored to a specific community's needs. Providers participating in the program currently serve more than 470,000 Minnesotans.

In 2010, DHS was directed to develop and implement a demonstration that tested alternative health care delivery systems, including accountable care organizations (ACOs). This led to the development of the Integrated Health Partnerships (IHP) program in 2013. The goal of the program is to improve the quality and value of care provided to Medicaid and MinnesotaCare enrollees while lowering the cost through innovative approaches to care and payment.

The program allows participating providers to enter an arrangement with DHS to care for enrollees under a payment model that holds the participants accountable for the costs and quality of care their Medicaid patients receive. Providers who participate work together to better coordinate and manage care, resulting in better outcomes.

IHP providers have experienced better health outcomes for their Medicaid and MinnesotaCare populations. For example, they had readmissions rates and emergency department visits that were 4 and 2.5 percent lower than the IHP comparable population in 2019, and, according to preliminary data, continued to outperform non-IHP providers in 2020. IHPs also perform better than other Medicaid providers on several quality measures. For example, on outcomes measures related to diabetes, asthma, and vascular care, IHPs perform significantly better than other providers. Further, while a provider's Medicaid population typically shows worse outcomes than their commercial population on these metrics, this gap is narrower for the population served by the IHPs. Finally, IHPs also perform better than other providers on ensuring adolescents are screened for mental health issues. Those IHPs with explicit behavioral health focused interventions have shown high levels of relative improvement since 2017, with typical year-to-year relative improvement of 30 to 40 percent.

The IHP program continues to expand. Providers that deliver care for less than the targeted cost are eligible to share in the savings. Some providers also share the downside risk if costs are higher than targeted. As IHPs progress into their second and third contract years, a portion of their payment is tied to their performance on quality metrics.

In 2020, the most recent period with a final performance calculation, IHP savings to the health care system totaled more than \$27.5 million. This comes on top of savings of \$7.55 million in 2019, \$105.9 million in 2018, \$107 million in 2017, \$49.5 million in 2016, \$87.5 million in 2015, \$65.3 million in 2014 and \$14.8 million in 2013. These savings are shared by providers, managed care organizations, the federal government, and the state.

Beginning in 2018, DHS expanded and enhanced the IHP model in several important ways. DHS introduced multiple tracks to accommodate a diverse set of provider systems, added a quarterly population-based payment to providers to support their care coordination and infrastructure needs, modified the quality measurements methodology, and increased accountability for nonmedical social factors affecting the health of and disparities found within the IHP population. As part of the accountability model tied to this population-based payment, IHPs are required to implement and evaluate specific initiatives that address a variety of social risk factors that impact the health of their patients and/or community. These innovative initiatives include programs that address food insecurity, unmet mental health needs, housing insecurity, the health needs of individuals recently released from jail or prison, and other social determinants of health.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Percent of electronically submitted claims paid within two days ¹	Quality	FY 2021 Member and Provider Services Operational Statistics	98.59%	98.52%
Number of Integrated Health Partnerships ²	Quantity	DHS contract administrative data	26	27
Total MA Benefit Recoveries (excluding fraud and cost avoidance) ³	Quantity	Member and Provider Services Operational Statistics.	\$61.6 million	\$55.8 million

Performance Measure Notes:

- Source: FY 2021 Member and Provider Services Operational Statistics. Compares Fiscal year 2019 (Previous) to Fiscal year 2021 (Current). Our goal is to pay 98 percent of electronically submitted claims within two days. The trend is stable.
- Measure is the number of provider systems or collaboratives of independent practices voluntarily contracting with DHS as an IHP to serve MA and MinnesotaCare recipients. Compares 2020 (Previous) to 2021 (Current).
- Source: Member and Provider Services Operational Statistics. Measure is the total amount of recoveries conducted by the benefit recovery unit at DHS and contractors performing recovery activities on its behalf. Compares FY 2019 (Previous) and FY 2021 (Current).

M.S. chapter 256 (Human Services) provides authority for many of the agency's general administrative activities. Some of the authority to administer MA is also in that chapter. Additional legal authority to administer MA is in M.S. chapter 256B (Medical Assistance for Needy Persons). Our authority to administer MinnesotaCare is in M.S. chapter 256L.

Health Care

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	18,160	21,695	33,340	49,041	35,070	30,829	58,028	50,906
2000 - Restrict Misc Special Revenue	1,756	2,634	3,018	2,874	2,874	2,874	2,874	2,874
2001 - Other Misc Special Revenue	48,974	55,882	61,407	80,504	57,961	54,381	57,961	54,381
2360 - Health Care Access	26,767	28,301	30,311	53,553	28,168	28,168	28,168	28,168
Total	95,657	108,513	128,075	185,972	124,073	116,252	147,031	136,329
Biennial Change				109,878		(73,722)		(30,687)
Biennial % Change				54		(23)		(10)
Governor's Change from Base								43,035
Governor's % Change from Base								18

Expenditures by Category

Compensation	65,442	70,228	80,386	85,426	75,842	77,052	79,295	81,156
Operating Expenses	30,149	38,115	47,212	99,718	48,225	39,187	67,825	55,255
Grants, Aids and Subsidies	63	90	450	822			(95)	(95)
Capital Outlay-Real Property	0	2	1					
Other Financial Transaction	3	77	27	6	6	13	6	13
Total	95,657	108,513	128,075	185,972	124,073	116,252	147,031	136,329

Full-Time Equivalents

642.97	691.10	717.65	742.47	673.52	665.38	700.52	694.38
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Health Care

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		8,244		11,855				
Direct Appropriation	26,397	26,038	55,586	41,042	38,013	33,772	60,971	53,849
Transfers In	721	697	13,137	7,270				
Transfers Out	2,272	8,708	23,527	11,126	2,943	2,943	2,943	2,943
Cancellations		4,576						
Balance Forward Out	6,686		11,856					
Expenditures	18,160	21,695	33,340	49,041	35,070	30,829	58,028	50,906
Biennial Change in Expenditures				42,526		(16,482)		26,553
Biennial % Change in Expenditures				107		(20)		32
Governor's Change from Base								43,035
Governor's % Change from Base								65
Full-Time Equivalents	92.62	109.59	133.94	163.51	159.48	159.48	186.48	188.48

2000 - Restrict Misc Special Revenue

Balance Forward In	0	0	183					
Receipts	1,132	1,896	2,834	2,874	2,874	2,874	2,874	2,874
Transfers In		760						
Transfers Out	(624)							
Balance Forward Out		22						
Expenditures	1,756	2,634	3,018	2,874	2,874	2,874	2,874	2,874
Biennial Change in Expenditures				1,501		(144)		(144)
Biennial % Change in Expenditures				34		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	7.56	9.22	8.63	8.63	8.63	8.63	8.63	8.63

2001 - Other Misc Special Revenue

Balance Forward In	6,953	3,270	3,449	16,271	1,512	1,484	1,512	1,484
Receipts	42,284	52,800	66,081	63,922	35,033	31,560	35,033	31,560
Transfers In	2,437	2,510	8,489	1,851	22,928	22,821	22,928	22,821
Transfers Out	98	260	342	28	28	28	28	28
Balance Forward Out	2,601	2,439	16,270	1,512	1,484	1,456	1,484	1,456
Expenditures	48,974	55,882	61,407	80,504	57,961	54,381	57,961	54,381

Health Care

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
Biennial Change in Expenditures				37,055		(29,569)		(29,569)
Biennial % Change in Expenditures				35		(21)		(21)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	279.18	297.10	289.58	284.83	219.91	211.77	219.91	211.77

2360 - Health Care Access

Balance Forward In		3,421		1,031				
Direct Appropriation	30,168	28,168	29,668	49,168	28,168	28,168	28,168	28,168
Transfers In			4,174	3,354				
Transfers Out		876	2,500					
Cancellations		2,412						
Balance Forward Out	3,401		1,031					
Expenditures	26,767	28,301	30,311	53,553	28,168	28,168	28,168	28,168
Biennial Change in Expenditures				28,796		(27,528)		(27,528)
Biennial % Change in Expenditures				52		(33)		(33)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	263.61	275.19	285.50	285.50	285.50	285.50	285.50	285.50

Program: Central Office Operations**Activity: Aging and Disability Services**

<https://mn.gov/dhs/people-we-serve/seniors/>

AT A GLANCE

- Covered Disability Waiver home and community-based services for 62,827 people per month in FY23.
- Covered Personal Care Assistance (PCA) services for 40,264 people per month in FY23.
- Covered nursing facility services for 11,227 people per month in FY23.
- Covered Elderly Waiver and Alternative Care services for 27,962 people per month in FY23.
- Performs statewide human services planning and develops and implements policy.
- Obtains, allocates, and manages resources, contracts, and grants.
- Senior Nutrition grants provide congregate dining to 20,000 people and home delivered meals to 23,000 people in SFY 23
- Provides comprehensive assistance and individualized help to more than 134,000, individuals through over 245,000 calls in SFY 2023 through the Senior LinkAge Line®.
- Sets standards for, and evaluates, service development and delivery, and monitors compliance
- Provides technical assistance and training to county and tribal agencies and supports local innovation and quality improvement efforts.
- Provided 4,640 people living with HIV/AIDS medical and support services in FY23.
- In FY 2023, lead agencies administered over 195,000 assessments for long-term services and supports. (This includes MnCHOICES, legacy LTCC and DD screenings, and PCA Assessments).
- Administered \$67.25 million of grants to providers under Aging and Adult Services grants, \$92.63 million under Disability Grants and \$25.71 million under Other Long Term Care grants in FY23.
- All funds administrative spending for the Aging and Disability Services Administration activity for FY23, before Disability Services joined the Administration, was \$30.06 million. This represented 0.10 percent of the Department of Human Services overall budget.

PURPOSE AND CONTEXT

The Aging and Disability Services Administration administers Minnesota's publicly funded long-term care programs and services for Minnesotans who are aging and/or have a disability and their families. Our Administration's mission is to improve the dignity, health and independence of the people we serve.

We have four goals:

- Support and enhance the quality of life of the individuals we serve;
- Manage an equitable and sustainable long-term care system that maximizes value;
- Continuously improve how we administer services; and
- Promote professional excellence and engagement in our work.

SERVICES PROVIDED

The Aging and Disability Services Administration is composed of the following Divisions and units, each charged with particular areas of responsibility:

- Aging and Adult Services Division;
- Disability Services Division;
- Fiscal Analysis and Results Management;
- Nursing Facility Rates and Policy Division;

- Grants, Equity, Access, and Research Division;
- Deaf, Deafblind, and Hard of Hearing Services Division;
- Transitions, Tribal and Transformation Division;
- Operations and Central Functions; and
- Planning and Aging 2030.

Our work includes:

- Administering Medical Assistance long-term services and supports waiver programs and state plan services. This includes developing, seeking authority for and implementing policies, projects, and research. We also oversee state and federal grants and contracts, including Senior Nutrition Grants.
- Working with the Community Supports Administration to administer the Moving Home Minnesota program, a federal Money Follows the Person Rebalancing Demonstration Program which serves both seniors and people with disabilities.
- Operating the Minnesota Adult Abuse Reporting Center (MAARC), the state centralized system for reporting suspected abuse, neglect and financial exploitation of adults who are vulnerable.
- Monitoring service quality by program evaluation and measuring results using lead agency waiver reviews.
- Staffing of the Governor-appointed Minnesota Board on Aging (<https://mn.gov/board-on-aging/>), a state board administratively placed within DHS with support for the Office of Ombudsman for Long-Term Care;
- Working to improve the quality of services and share best practices across providers;
- Providing administrative, financial, and operational management and support for both the Continuing Care for Older Adults Administration and the Community Supports Administration;
- Providing legislative coordination with the department, legislature and stakeholders;
- Supporting both Continuing Care for Older adults and Community Supports administrations on IT modernization projects, IT project portfolio oversight, and business process improvement efforts;
- Providing outreach, staff support and technical assistance to stakeholders and stakeholder workgroups;
- Auditing 335 nursing facility annual cost reports to ensure DHS and providers are maintaining compliance with federal and state requirements and timely publication of accurate payment rates.
- Administer programs to assure access to services, facilitate community engagement, provide technical assistance on best practices, develop local service capacity, and provide general program oversight and guidance.
- Promote access to core medical and support services to people living with HIV/AIDS by paying premiums to maintain private insurance, co-payments for HIV-related medications, mental health services, dental services, nutritional supplements, and case management.
- Work to encourage the development of local service capacity, including related professional workforce development activities.
- Train and guide service delivery partners on best practices.
- Provide supervision, guidance, and oversight to service delivery partners including counties, tribes and non-profit providers.
- Secure funding outside of state appropriations and seek such opportunities to leverage goals.
- Develop and update an assisted living report card web site with quality ratings, which was launched in January 2024 to provide information to the public and to encourage quality improvement efforts among assisted living providers.
- Promote equal access and opportunities for Minnesotans who are deaf, deafblind, and hard of hearing by supporting effective communication, facilitating collaboration, and delivering direct statewide services through regional offices, the Minnesota Access to Communication Technology (MN ACT) program, and the DHHS mental health program.
- Manage grant-funded programs, services, and supports for Minnesotans who are deaf, deafblind, and hearing, including:

- Culturally and linguistically affirmative mental health services for adults and children,
- Specialized services and technology and training supports for adults and children who are deafblind,
- Mentors who help families with children who are deaf and hard of hearing learn American Sign Language (ASL) and other communication and life skills,
- Sign language interpreting services for funerals and 12-step meetings in Greater Minnesota,
- Sign language interpreter internship, training, and professional development opportunities in Greater Minnesota, and
- Real-time captioning of live TV news programming statewide.
- The independent Governor-appointed Minnesota Commission of the Deaf, DeafBlind & Hard of Hearing has an arrangement with our administration to receive some administrative support.

Direct services we provide include:

- Providing statewide referrals to services, care transitions support, health insurance and long-term benefits counseling through the Senior LinkAge Line® to older Minnesotans and their caregivers so that they can get answers about long-term care and how to pay for it, assistance resolving issues with Medicare and prescription drugs, connections with volunteer opportunities, or help finding resources;
- Providing long-term care ombudsman services, which help people resolve complaints and keep their services; and
- Developing, maintaining, and publishing provider quality rankings for consumers using the nursing home and assisted living report cards.

RESULTS

We use several information sources and data to monitor and evaluate quality outcomes and provider performance. Much of the information we analyze is from the DHS Data Warehouse or from surveys of consumers, providers, and lead agencies. More explanation of these measures is in the performance notes below the table.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
1. Average statewide risk-adjusted nursing facility quality of care score out of a possible 100 points	Quality	Minimum Data Set resident assessments	63.2	63.9
2. Percent of consumers in DHHS grant-funded programs who are satisfied with the quality of the services they received.	Quality	DHS Data Warehouse	N/A	98%
3. Percent of older adults served by home and community-based services	Result	Nursing Facility Rates and Policy Division)	74.8%	79.9%
4. Difference between total weighted average daily payment rate as reported on the cost reports and the published rate.	Result	Nursing Facility Rates and Policy Division	Reported: \$275.62 Published: \$270.61 % Change: -1.82% MA Impact: (\$M22.9)	Reported: \$358.88 Published: \$347.13 % Change: -3.27% MA Impact: (\$45.1M)

5. Annual total of net nursing facility audit adjustments to reported costs	Result	DHS Data Warehouse	56.8M	87.6M
6. Percent of working age adults on certain Medical Assistance programs earning \$600 or more per month	Result	DHS Data Warehouse	18% (FY2020)	18% (FY2022)
7. Percent of people with disabilities who receive home and community-based services at home	Result	DHS Data Warehouse	61.2% (FY2019) 18% (FY2020)	66.4% (FY2023) 18% (FY2022)
8. Percent of long term service and support spending for people with disabilities in home and community-based services rather than institutions.	Result	DHS Data Warehouse	91.2% (FY2019) 61.2% (FY2019)	94.1% (FY2023) 66.4% (FY2023)

More information is available on the Long-Term Service and Support Performance Dashboards (<https://mn.gov/dhs/ltss-program-performance>).

Performance Notes:

- Measure one compares data from the one year period January through December 2019, to data from the one year period January through December 2023. (Source: Minimum Data Set resident assessments)
- This measure shows the percentage of older adults receiving publicly-funded long-term services and supports who receive home and community-based services through the Elderly Waiver, Alternative Care, or home care programs instead of nursing home services. (Source: DHS Data Warehouse)
- Nursing facility daily payment rates are based on an annual cost report filed by facilities. The Nursing Facility Rates and Policy division audits these reports in order to ensure accuracy. The difference between reported and published rates in this measure represents corrections made a result of these audits. Without these audits, payment rates and MA payments would be higher. (Source: Nursing Facility Rates and Policy Division)
- This measure represents audit adjustments to annual nursing facility cost reports. (Source: Nursing Facility Rates and Policy Division)
- Measure compares monthly earnings for people age 18-64 who receive services from one of the following Medical Assistance programs: Home and Community-Based Waiver Services, Mental Health Targeted Case Management, Adult Mental Health Rehabilitative Services, Assertive Community Treatment and Medical Assistance for Employed Persons with Disabilities (MA-EPD). More information is also available on the Employment First Dashboard (mn.gov/dhs/employment-first-dashboards) Source: DHS Data Warehouse.
- This measure compares people who receive disability waiver services in their own home rather than residential services. More information is available on the Long-Term Service and Support Performance Dashboards (mn.gov/dhs/ltss-program-performance). Source: DHS Data Warehouse.
- This measure compares spending of long term service and support for people with disabilities in home and community-based services rather than institutions. More information is available on the Long-Term Service and Support Performance Dashboards (mn.gov/dhs/ltss-program-performance). Source: DHS Data Warehouse.
- This measure compares spending of long term service and support for people with disabilities (DD and non-DD) in home and community-based services rather than institutions. This includes people on the four disability waivers and those under 65 years of age who receive State Plan Home Care with a disability diagnosis including developmental disability. More information is available on the Long-Term Service and Support Performance Dashboards (mn.gov/dhs/ltss-program-performance). Source: DHS Data Warehouse.

M.S. chapter 256 (Human Services) provides authority for many of the agency’s general administrative activities. Some of the authority to administer MA is also in that chapter. Additional legal authority to administer MA is in M.S. chapter 256B (Medical Assistance for Needy Persons). For other activities administered under Continuing Care for Older Adults, we list legal citations that apply to the program at the end of each budget narrative.

Aging and Disability Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	18,812	24,452	45,086	85,410	49,165	49,069	52,385	51,373
1200 - State Government Special Rev	125	124	61	189	125	125	125	125
2000 - Restrict Misc Special Revenue	146	232	3,013	9,362	3,131	3,180	3,131	3,180
2001 - Other Misc Special Revenue	1,599	896	5,243	11,072	5,181	4,796	5,181	4,796
2403 - Gift				33	15	15	15	15
3000 - Federal	4,970	6,004	7,748	15,172	9,181	8,645	9,181	8,645
3010 - Coronavirus Relief	2,310							
Total	27,960	31,708	61,152	121,238	66,798	65,830	70,018	68,134
Biennial Change				122,722		(49,762)		(44,238)
Biennial % Change				206		(27)		(24)
Governor's Change from Base								5,524
Governor's % Change from Base								4
<u>Expenditures by Category</u>								
Compensation	16,674	19,575	43,161	64,181	49,036	48,725	50,756	50,679
Operating Expenses	11,168	11,984	16,370	52,891	17,727	17,070	19,227	17,420
Grants, Aids and Subsidies	98	144	1,576	4,123				
Capital Outlay-Real Property	0							
Other Financial Transaction	20	6	45	43	35	35	35	35
Total	27,960	31,708	61,152	121,238	66,798	65,830	70,018	68,134
<u>Full-Time Equivalents</u>								
	144.07	171.20	341.16	359.07	366.56	363.35	377.25	374.60

Aging and Disability Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		4,570		32,475				
Direct Appropriation	23,017	24,202	77,405	50,880	49,165	49,069	52,385	51,373
Transfers In	233	473	17,064	14,941				
Transfers Out	318	2,328	16,908	12,886				
Cancellations	160	2,464						
Balance Forward Out	3,961		32,475					
Expenditures	18,812	24,452	45,086	85,410	49,165	49,069	52,385	51,373
Biennial Change in Expenditures				87,232		(32,262)		(26,738)
Biennial % Change in Expenditures				202		(25)		(20)
Governor's Change from Base								5,524
Governor's % Change from Base								6
Full-Time Equivalents	107.66	125.78	252.24	250.92	271.33	271.00	282.02	282.25

1200 - State Government Special Rev

Balance Forward In		0		64				
Direct Appropriation	125	125	125	125	125	125	125	125
Cancellations		1						
Balance Forward Out	0		64					
Expenditures	125	124	61	189	125	125	125	125
Biennial Change in Expenditures				2		0		0
Biennial % Change in Expenditures				1		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.99	0.96	0.38	1.00	1.00	1.00	1.00	1.00

2000 - Restrict Misc Special Revenue

Balance Forward In	344	198	272	383				
Receipts	26	306	128	287	187	187	187	187
Transfers In			2,996	8,692	2,944	2,993	2,944	2,993
Balance Forward Out	224	272	383					
Expenditures	146	232	3,013	9,362	3,131	3,180	3,131	3,180
Biennial Change in Expenditures				11,998		(6,064)		(6,064)
Biennial % Change in Expenditures				3,176		(49)		(49)

Aging and Disability Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.21	1.77	23.20	23.20	23.20	23.20	23.20	23.20

2001 - Other Misc Special Revenue

Balance Forward In	6,640	8,798	9,956	14,362	13,468	13,468	13,468	13,468
Receipts	1,050	352	5,073	7,221	517	195	517	195
Transfers In	2,689	1,713	4,599	2,997	4,819	4,756	4,819	4,756
Transfers Out		10	25	40	155	155	155	155
Balance Forward Out	8,780	9,956	14,362	13,468	13,468	13,468	13,468	13,468
Expenditures	1,599	896	5,243	11,072	5,181	4,796	5,181	4,796
Biennial Change in Expenditures				13,820		(6,338)		(6,338)
Biennial % Change in Expenditures				554		(39)		(39)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	7.51	5.36	19.20	18.28	9.84	6.96	9.84	6.96

2403 - Gift

Balance Forward In	16	16	17	18				
Receipts	0	1	1	15	15	15	15	15
Transfers In			0					
Balance Forward Out	16	17	18					
Expenditures				33	15	15	15	15
Biennial Change in Expenditures				33		(3)		(3)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	378	555	1,849	3				
Receipts	4,841	5,976	5,903	15,169	9,181	8,645	9,181	8,645
Balance Forward Out	250	527	3					
Expenditures	4,970	6,004	7,748	15,172	9,181	8,645	9,181	8,645

Aging and Disability Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
Biennial Change in Expenditures				11,947		(5,094)		(5,094)
Biennial % Change in Expenditures				109		(22)		(22)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	26.67	37.33	46.14	65.67	61.19	61.19	61.19	61.19

3010 - Coronavirus Relief

Balance Forward In	4,420					
Cancellations	2,110					
Expenditures	2,310					
Biennial Change in Expenditures				(2,310)		0
Biennial % Change in Expenditures						
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents	0.03					

3015 - ARP-State Fiscal Recovery

Direct Appropriation	100					
Cancellations	100					

Program: Central Office Operations**Activity: Behavioral Health**<https://mn.gov/dhs/people-we-serve/>**AT A GLANCE**

- Statewide, there were 52,214 individuals on Minnesota in Medicaid Programs treated for substance use disorder in CY23.
- 208,680 Minnesota adults received mental health services through Minnesota Health Care Programs (MHCP) in CY23.
- Administrative spending for all funds for the Behavioral Health Administration for FY23 was \$60 million.* This represented 0.02% of the Department of Human Services overall budget.

*The administration during FY 23 included the Behavioral Health Division, Housing Services Division, Deaf and Hard of Hearing Services Division, and the Operations Division.

PURPOSE AND CONTEXT

Effective July 31, 2024, the Behavioral Health, Housing and Deaf & Hard of Hearing Services Administration (BHDH) within the Department of Human Services was separated into two administrations, creating the Behavioral Health Administration.

The Behavioral Health Administration (BHA), which encompasses children, family, and adult mental health services, substance use disorder, and problem gambling services is responsible for policy and grantmaking that ensures evidence-based and person-centered prevention, intervention, treatment, and recovery services for individuals with substance use disorders, problems with gambling, and mental health conditions. BHA works with county and tribal partners and qualified behavioral health care providers to optimize a continuum of services that are equitable and responsive to all targeted populations of need and those experiencing health disparities.

SERVICES PROVIDED

Collaborating both with partners within state agencies and in local communities, BHA works to shape and implement public policy on mental health, problem gambling, and substance use disorder treatment and prevention services.

Specifically, our staff:

- Lead efforts to shape and implement public policy directed towards prevention, early intervention, and treatment of persons with a mental illness or substance use disorder.
- Administer payment policy and manage grant programs for mental health and substance use disorder services, such as the Behavioral Health Fund, Minnesota Health Care Programs, Adult Mental Health Grants, Child Mental Health Grants, and Substance Use Disorder Treatment Support Grants.
- Administer programs to assure access to services, facilitate community engagement, provide technical assistance on best practices, develop local service capacity, and provide general program oversight and guidance.
- Train and guide service delivery partners on best practices.
- Provide supervision, guidance, and oversight to service delivery partners including counties, tribes and non-profit providers.

- Partner with stakeholders to improve prevention and early intervention efforts and the service delivery system.
- Secure funding outside of state appropriations and seek opportunities to leverage goals.

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of adults receiving Assertive Community Treatment (ACT) services.	<i>Quantity</i>	DHS Data Warehouse	2,051 - CY2021	1,952 - CY2023
Number of Adults with Serious Mental Illness who received Adult Rehabilitative Mental Health Services (ARMHS).	Quantity	DHS Data Warehouse	19,776 - CY2021	24,261 - CY2023
11 th grade use of alcohol, 1-2 days, during the past 30 days.	Result	Minnesota Student Survey	14.5% - FY2019	10.2% - FY22

M.S. chapter 256 (Human Services) provides authority for many of the agency's general administrative activities. Some of the authority to administer MA is also in that chapter. Additional legal authority to administer MA is in M.S. chapter 256B (Medical Assistance for Needy Persons). For other activities administered under Community Supports, we list legal citations that apply to the program at the end of each budget narrative.

Behavioral Health

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
<u>Expenditures by Fund</u>								
1000 - General	33,382	43,012	26,085	50,163	22,675	22,647	22,498	22,421
2000 - Restrict Misc Special Revenue	6,793	6,665	5,301	7,839	1,609	1,609	1,609	1,609
2001 - Other Misc Special Revenue	5,913	6,067	3,719	6,011	2,608	2,608	2,608	2,608
2005 - Opiate Epidemic Response	185	304	649	1,524	1,066	1,066	1,066	1,066
2403 - Gift				12				
3000 - Federal	5,993	5,300	8,299	19,279	14,559	13,644	14,559	13,644
3015 - ARP-State Fiscal Recovery	68	12		1,000	588		588	
4800 - Lottery	76	5	3	323	163	163	163	163
Total	52,410	61,366	44,056	86,151	43,268	41,737	43,091	41,511
Biennial Change				16,431	(45,202)		(45,605)	
Biennial % Change				14	(35)		(35)	
Governor's Change from Base							(403)	
Governor's % Change from Base							(0)	

Expenditures by Category

Compensation	39,904	44,050	29,373	50,369	27,648	28,263	28,233	28,949
Operating Expenses	10,307	12,391	11,994	34,772	15,582	13,436	15,732	13,436
Grants, Aids and Subsidies	2,055	4,808	2,474	921			(912)	(912)
Capital Outlay-Real Property	0	1						
Other Financial Transaction	145	117	214	89	38	38	38	38
Total	52,410	61,366	44,056	86,151	43,268	41,737	43,091	41,511

Full-Time Equivalents

350.62	392.34	247.86	272.18	187.58	190.14	190.58	194.14
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Behavioral Health

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In	411	9,792	142	10,827				
Direct Appropriation	41,767	42,996	37,448	37,281	22,936	22,908	22,759	22,682
Receipts	59	59	59	59	59	59	59	59
Transfers In	1,586	3,613	6,361	10,242				
Transfers Out	1,426	10,182	7,097	8,246	320	320	320	320
Cancellations		3,123						
Balance Forward Out	9,016	142	10,827					
Expenditures	33,382	43,012	26,085	50,163	22,675	22,647	22,498	22,421
Biennial Change in Expenditures				(146)		(30,926)		(31,329)
Biennial % Change in Expenditures				(0)		(41)		(41)
Governor's Change from Base								(403)
Governor's % Change from Base								(1)
Full-Time Equivalents	230.98	268.60	157.68	155.99	101.73	107.06	104.73	111.06

2000 - Restrict Misc Special Revenue

Balance Forward In	2,444	2,957	2,096	1,305				
Receipts	1,327	2,089	4,386	6,778	1,705	1,705	1,705	1,705
Transfers In	7,240	3,580	893					
Transfers Out	1,491	86	769	244	96	96	96	96
Balance Forward Out	2,727	1,875	1,305					
Expenditures	6,793	6,665	5,301	7,839	1,609	1,609	1,609	1,609
Biennial Change in Expenditures				(319)		(9,922)		(9,922)
Biennial % Change in Expenditures				(2)		(76)		(76)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	41.71	39.32	18.36	20.42	7.23	7.23	7.23	7.23

2001 - Other Misc Special Revenue

Balance Forward In	252	1,092	671	898				
Receipts	4,522	3,516	1,677	3,152	2,144	2,144	2,144	2,144
Transfers In	2,421	2,462	2,525	2,076	464	464	464	464
Transfers Out	199	109	258	115				
Balance Forward Out	1,083	894	897					

Behavioral Health

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
Expenditures	5,913	6,067	3,719	6,011	2,608	2,608	2,608	2,608
Biennial Change in Expenditures				(2,251)		(4,514)		(4,514)
Biennial % Change in Expenditures				(19)		(46)		(46)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	30.73	35.94	21.61	21.61	10.34	10.34	10.34	10.34

2005 - Opiate Epidemic Response

Balance Forward In				458				
Direct Appropriation	309	794	1,106	1,066	1,066	1,066	1,066	1,066
Transfers In			60					
Transfers Out			60					
Cancellations	124	490						
Balance Forward Out			457					
Expenditures	185	304	649	1,524	1,066	1,066	1,066	1,066
Biennial Change in Expenditures				1,684		(41)		(41)
Biennial % Change in Expenditures				345		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.00	3.06	6.16	6.16	6.16	6.16	6.16	6.16

2403 - Gift

Balance Forward In	11	11	11	12				
Receipts	0	0	1					
Balance Forward Out	11	11	12					
Expenditures				12				
Biennial Change in Expenditures				12		(12)		(12)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	0		22	9				
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Behavioral Health

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
Receipts	5,993	5,314	8,286	19,270	14,559	13,644	14,559	13,644
Balance Forward Out	0	14	9					
Expenditures	5,993	5,300	8,299	19,279	14,559	13,644	14,559	13,644
Biennial Change in Expenditures				16,285		625		625
Biennial % Change in Expenditures				144		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	44.92	44.83	44.03	66.82	60.94	58.17	60.94	58.17

3010 - Coronavirus Relief

Balance Forward In	7			
Cancellations	7			

3015 - ARP-State Fiscal Recovery

2015 Fall State Fiscal Review							
Balance Forward In		327			588		588
Direct Appropriation	395	100		1,588	0	0	0
Cancellations		415					
Balance Forward Out	327			588			
Expenditures	68	12		1,000	588		588
Biennial Change in Expenditures				920		(412)	(412)
Biennial % Change in Expenditures				1,149			
Governor's Change from Base							0
Governor's % Change from Base							
Full-Time Equivalents	0.48	0.59	0.02				

4800 - Lottery

Balance Forward In		87	160				
Direct Appropriation	163	163	163	163	163	163	163
Cancellations		246					
Balance Forward Out	87		160				
Expenditures	76	5	3	323	163	163	163
Biennial Change in Expenditures			246		0		0
Biennial % Change in Expenditures			305		0		0

Behavioral Health

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.80			1.18	1.18	1.18	1.18	1.18

Program: Central Office Operations**Activity: Central IT**

<https://mn.gov/mnit/about-mnit/who-we-are/>

AT A GLANCE

- Connect over 2.8 million Minnesotans with access to vital DHS programs with the support of over 31,000 county, tribal, and state workers; 200,000 providers; client assistants; and DHS and MNsure partners via more than 400 IT applications
- Oversee approximately 750 IT employees
- Manage approximately 55 active IT projects and 8 product teams
- Total all funds spending for this budget activity in FY24 was \$252 million, which represents approximately 1.5% of the agency budget

PURPOSE AND CONTEXT

The Central IT budget activity funds Minnesota IT Services (MNIT) support for the Department of Human Services (DHS) to provide IT solutions that support agency business goals, and build and maintain the computer applications that automate the delivery of agency programs. MNIT provides secure and cost-effective information technology systems that support individuals who participate in DHS social services, health care, public assistance and direct care programs across the state. The work of MNIT helps DHS meet their mission to provide essential services to Minnesota's most vulnerable residents.

Please refer to the Office of MNIT Services Agency Profile for more information about the central MNIT organization.

SERVICES PROVIDED**MNIT provides the following services to DHS:**

Leadership and planning support in the delivery of IT services to DHS at a high-value and cost-effective manner.

This includes:

- Implementation and participation in the DHS IT governance structure which allocates funding and guides IT program design, including the sequence/prioritization of IT work
- Ensure that user experience design, accessibility and plain language are incorporated into DHS technology solutions
- Supporting the service delivery transformation to help move DHS to a product organization.

Program management activities to develop and operate the DHS IT project and portfolio management. This includes:

- Portfolio and project management,
- Business architecture,
- Business analysis, and
- Quality assurance

Application development and support to automate and maintain DHS services and operations. This includes:

- Enterprise architecture,
- Release management,
- Methodologies to determine technology solutions,
- Programming and coding, and
 - Ongoing maintenance to help ensure availability of DHS IT systems, and federal/state/industry compliance for DHS IT systems

IT services, including all of the computing, telecommunications and wide area network (WAN) services that underlie and support DHS program applications. This includes:

- Cyber security,
- Desktop, server and network support,
- Operations support,
- Firewall support & incident management,
- Contact center support, and
- Telephony, telepresence support

MNIT support provided for DHS is funded through a combination of state general fund, health care access fund and dedicated federal revenues administered within the state systems account.

RESULTS

MNIT contributes to the State's results-based outcome of efficient and accountable government services and supports the State's results-based outcomes for Community, Health, and Safety, by delivering technology solutions in order connect the people of MN to services provided by DHS, in order to support the DHS mission, vision, and values.

Measure name	Measure type	Historical trend	Most recent data
New projects added to the Project Portfolio	Quantity	12 projects added in FY 2023	21 projects added through June 2024
Projects completed	Quantity	25 projects completed in FY2023*	14 projects completed FY24*
Project to Product Transformation	Quantity	None	8 product teams launched
System Modernization	Quality	N/A	Modernization planning and analysis is underway for SSIS, PRISM and the portfolio of services provided to DCYF
Agency Separation	Quantity	N/A	DCYF successfully launched 7/1/24 DCT planned launch 7/1/25

** less projects completed this year due to the number of very large efforts based on 2023 legislation.*

MS § 256.014 provides the authority for DHS operation of systems necessary to operate its programs and the creation of the state systems account.

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
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Expenditures by Fund

2001 - Other Misc Special Revenue	221,034	219,456	260,103	553,159	144,443	129,830	144,443	129,830
Total	221,034	219,456	260,103	553,159	144,443	129,830	144,443	129,830
Biennial Change				372,772		(538,989)		(538,989)
Biennial % Change				85		(66)		(66)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses	220,661	218,016	258,365	553,159	144,443	129,830	144,443	129,830
Capital Outlay-Real Property	332	840	1,675					
Other Financial Transaction	40	600	63					
Total	221,034	219,456	260,103	553,159	144,443	129,830	144,443	129,830

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
2001 - Other Misc Special Revenue								
Balance Forward In	42,387	43,344	44,098	136,304				
Receipts	66,878	84,908	65,576	217,855	83,761	68,871	83,761	68,871
Transfers In	124,286	135,206	286,774	204,666	104,156	103,917	104,156	103,917
Transfers Out			42	5,666	43,474	42,958	43,474	42,958
Balance Forward Out	12,518	44,002	136,304					
Expenditures	221,034	219,456	260,103	553,159	144,443	129,830	144,443	129,830
Biennial Change in Expenditures			372,772		(538,989)		(538,989)	
Biennial % Change in Expenditures			85		(66)		(66)	
Governor's Change from Base							0	
Governor's % Change from Base							0	

Program: Central Office Operations**Activity: Homelessness, Housing and Support Services Administration**

<https://mn.gov/dhs/people-we-serve/>

AT A GLANCE

- Beginning SFY25, the Homelessness, Housing and Support Services Administration was created within DHS bringing together the Housing and Support Services Division, the Office of Economic Opportunity (OEO) Homeless Programs and Behavioral Health Homeless grants totaling \$270 million in SFY24-25.
- In FY23, the Housing Support program served a monthly average of 20,218 people.
- The Office of Economic Opportunity Homeless grant-based programs have a budget of \$250 million in FY24-25 supporting youth, single adults, and families through drop-in centers/day shelters, overnight shelters, street outreach, transitional housing, permanent supportive housing. In addition to meeting critical basic needs, the OEO Homeless programs focus on eliminating poverty and ending homelessness for families, individuals, and youth.
- In FY23, the Minnesota Supplemental Aid program supported a monthly average of 30,152 people.
- The Social Security Advocacy Services Team with 42 contracted providers helped 980 people who were under age 65, homeless or at risk for homelessness and have a disability, apply for Social Security disability benefits to increase their income and secure permanent housing
- The Homelessness, Housing and Support Services Administration currently has over 520 contracts with various counties, tribal nations, providers, and non-profit/ for-profit grantees totaling \$305 million.
- In FY23, the General Assistance program supported a monthly average of 21,777 people.
- All funds administrative spending for the Homelessness, Housing and Support Services Administration Budget Activity for FY25 is \$16.3 million. This represented 0.067 percent of the Department of Human Services overall budget.

PURPOSE AND CONTEXT

The Homelessness, Housing and Support Services Administration (HHSSA) within the Department of Human Services works to ensure that appropriate housing is available for the people we serve by supporting systems that integrate housing, services and income supports enabling people to live in the community of their choice. This includes financial assistance, Long-term Homeless Supportive Services, subsidized housing, Social Security Advocacy, Housing Stabilization Services, Community Living Infrastructure grants, Behavioral Health grants and Office of Economic Opportunity Homeless grants.

HHSSA trains, develops capacity, and provides guidance and oversight for community partners including health plans, counties, and community-based providers. Our current work supports the [Crossroads to Justice](#) Strategic Plan to create housing, racial, and health justice for people facing homelessness across the state. Programs and services managed by HHSSA work to address the disproportionate impact of homelessness and housing instability experienced by Minnesotans who identify as Black, Indigenous, and People of Color.

SERVICES PROVIDED

HHSSA goals are to support people toward housing stability, improve our operational excellence, and to manage an equitable and sustainable service delivery system. HHSSA collaborates both with partners within other state agencies and in local communities. HHSSA shapes and implements public policy on housing and homelessness needs across the state.

Specifically, Homelessness, Housing and Support Services staff:

- Lead efforts to shape and implement public policy directed towards making sure appropriate housing is available for the people we serve by supporting systems that integrate housing, services and income supports to enable people to live in the community of their choice.
- Provides support services across the homelessness response system including street outreach, drop-in centers, shelters, and a variety of housing models. In addition to meeting critical basic needs, the programs focus on eliminating poverty and ending homelessness for families, individuals, and youth.
- Administer payment policy and manage grant programs for all HHSSA Homeless, Housing, and income supports that support youth, single adults, and families that are homeless or at-risk of homelessness.
- Administer programs to assure access to services, facilitate community engagement, provide technical assistance on best practices, develop local service capacity, and provide general program oversight and guidance.
- Train and guide grantees and community partners on best practices and Office of Grants Management Policies and procedures.
- Provide housing assistance support and related services to people experiencing homelessness or who are in danger of becoming homeless.
- Provide supervision, guidance, and oversight to service delivery partners including counties, tribes and non-profit/for-profit grantees and providers.
- Partner with community partners to improve prevention and early intervention efforts and the service delivery system.

RESULTS

Measure name	Measure type	Historical trend	Most recent data
Number of moves out of institutions or homelessness into settings using Housing Support (does not include shelter or crisis stays)	Quality	1,732 FY2022	1,667 FY2023
Percent of General Assistance recipients that are homeless	Quality	25.2% FY2022	23.9% FY2023
Number of youths served by OEO Homeless programs	Quantity	N/A	18,645 FY2023
Number of households/cases of MSA recipients who receive MSA housing assistance	Quality/Result	1,384 FY2022	2,632 FY2023

Homelessness, Housing and Support Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27

Expenditures by Fund

1000 - General					6,548	5,980	6,932	6,697
2000 - Restrict Misc Special Revenue					5,160	5,302	5,160	5,302
2001 - Other Misc Special Revenue					500	500	500	500
3000 - Federal					156	156	156	156
Total					12,364	11,938	12,748	12,655
Biennial Change				0		24,302		25,403
Biennial % Change								
Governor's Change from Base								1,101
Governor's % Change from Base								5

Expenditures by Category

Compensation					7,818	7,250	8,202	7,967
Operating Expenses					4,215	4,357	4,215	4,357
Grants, Aids and Subsidies					280	280	280	280
Other Financial Transaction					51	51	51	51
Total					12,364	11,938	12,748	12,655

Full-Time Equivalents

					57.25	52.25	59.50	57.25
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Homelessness, Housing and Support Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Direct Appropriation					6,548	5,980	6,932	6,697
Expenditures					6,548	5,980	6,932	6,697
Biennial Change in Expenditures				0		12,528		13,629
Biennial % Change in Expenditures								
Governor's Change from Base								1,101
Governor's % Change from Base								9
Full-Time Equivalents					36.20	31.20	38.45	36.20

2000 - Restrict Misc Special Revenue

Receipts					5,160	5,302	5,160	5,302
Expenditures					5,160	5,302	5,160	5,302
Biennial Change in Expenditures				0		10,462		10,462
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents					16.81	16.81	16.81	16.81

2001 - Other Misc Special Revenue

Receipts					500	500	500	500
Expenditures					500	500	500	500
Biennial Change in Expenditures				0		1,000		1,000
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents					4.14	4.14	4.14	4.14

3000 - Federal

Receipts					156	156	156	156
Expenditures					156	156	156	156
Biennial Change in Expenditures				0		312		312
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

Homelessness, Housing and Support Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
Full-Time Equivalents					0.10	0.10	0.10	0.10

Program: Office of Inspector General**Activity: Office of Inspector General**

<https://mn.gov/dhs/general-public/office-of-inspector-general/>

AT A GLANCE

- Licenses approximately 23,000 providers with the statewide capacity to serve more than 300,000 individuals. Programs include child care centers, foster care, adoption agencies, services for people with disabilities, and substance use disorder and mental health services.
- Conducts healthcare program integrity activities. CY2023 resulted in 630 healthcare provider investigations, \$774,246 in monetary recovery identified and \$138,914 in fines issued. In addition, 299 additional administrative actions (suspensions, terminations and payment withholds) were taken.
- Conducts child care program integrity activities. In FY2024, opened 223 and closed 308 child care audits and investigations.
- Conducts recipient program integrity activities including administration of fraud prevention grants for tribes and counties that saw the completion of 10,773 investigations of 11,246 referred in SFY 2024.
- Conducts background studies for more than 60 provider types, including more than 35,000 entities. A total of 228,555 background study determinations were completed in SFY 2024.

PURPOSE AND CONTEXT

By reliably delivering transformative licensing, background study and program integrity services, the Office of Inspector (OIG) promotes the health, safety and well-being of Minnesota children and vulnerable adults. OIG supports the DHS mission by providing accountability and comprehensive oversight of services and funds associated under its purview.

SERVICES PROVIDED

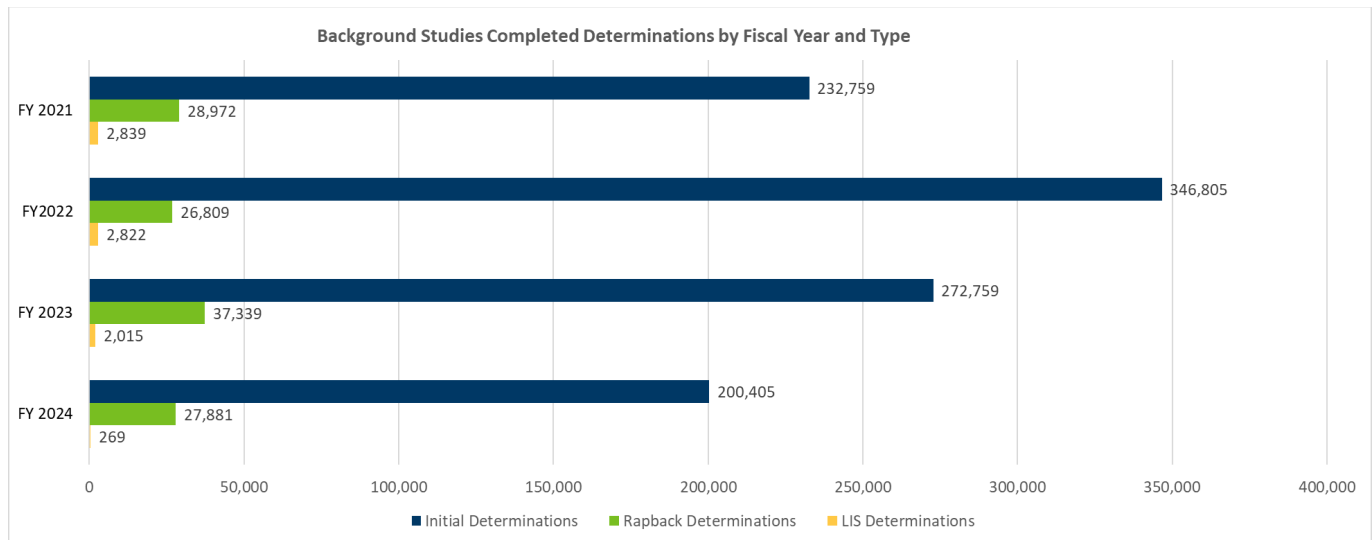
The **DHS Office of Inspector General** (<https://mn.gov/dhs/general-public/office-of-inspector-general/>) promotes the health, safety and well-being of Minnesota children and vulnerable adults by reliably delivering transformative licensing, background study and program integrity services. OIG includes three core business divisions (Background Studies, Licensing, and Program Integrity Oversight) and three enterprise support divisions (Chief Legal Counsel; Digital Services, Analytics, and Insights; and Enterprise Operations and Policy).

- The Background Studies Division (<https://mn.gov/dhs/general-public/background-studies/>) conducts background studies for people who provide care or have direct contact with people being served in certain health and human services programs, and for people who work in child care settings. Background studies determine whether a person has committed an act that would disqualify them from providing care, and help keep vulnerable populations safe. Our staff also complete background studies on others, such as people who are guardians or are planning to adopt a child.
- The Licensing Division (<https://mn.gov/dhs/general-public/licensing/>) licenses and certifies residential and nonresidential programs for children and vulnerable adults to ensure that the programs meet health and safety requirements and the law. These programs include child care centers, family child care (via counties), foster care (via counties), adoption agencies, children's residential facilities, and services for people with developmental disabilities, substance use disorders and mental illness. Our staff also complete investigations of maltreatment of vulnerable adults and children receiving services licensed by DHS.

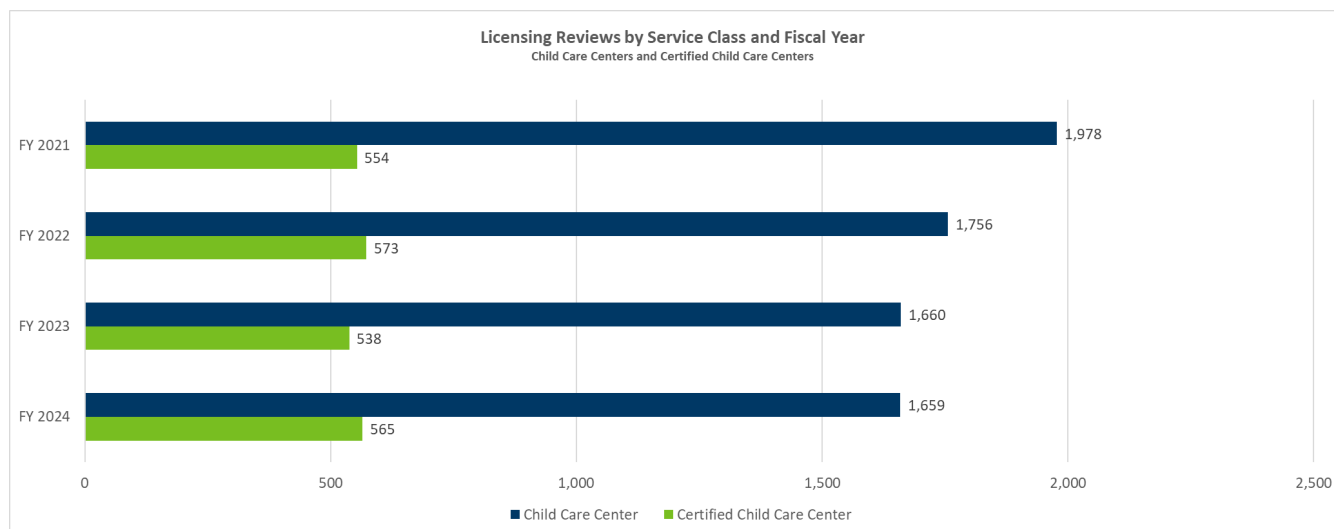
- The Program Integrity Oversight Division (<https://mn.gov/dhs/general-public/program-integrity/program-integrity.jsp>) identifies and prevents provider and recipient fraud, waste and abuse in public programs administered by DHS related to health care, economic assistance, child care assistance and food support programs. These activities ensure that public programs are appropriately utilized for the delivery of high-quality, needed services.
- The Chief Legal Counsel Office provides legal advice on all aspects of OIG’s core functions. It partners with the state Attorney General’s Office and county attorneys on civil and administrative litigation, including defending agency actions in the administrative and appellate courts. CLC attorneys issue decisions as part of the reconsideration process for many types of administrative actions for licensing and background studies.
- The Digital Services, Analytics, and Insights Division provides centralized enterprise-wide data and analytics capabilities. It also leads and supports innovation across OIG’s divisions, including systems modernization efforts (e.g., Licensing and Reporting Hub).
- The Enterprise Operations and Policy Division provides enterprise-wide support for core business policy development and implementation, community engagement, budget formulation and execution, administrative policy, workforce planning, and business continuity. OIG’s Equity Director and Tribal Nations Liaison are part of this division.

RESULTS

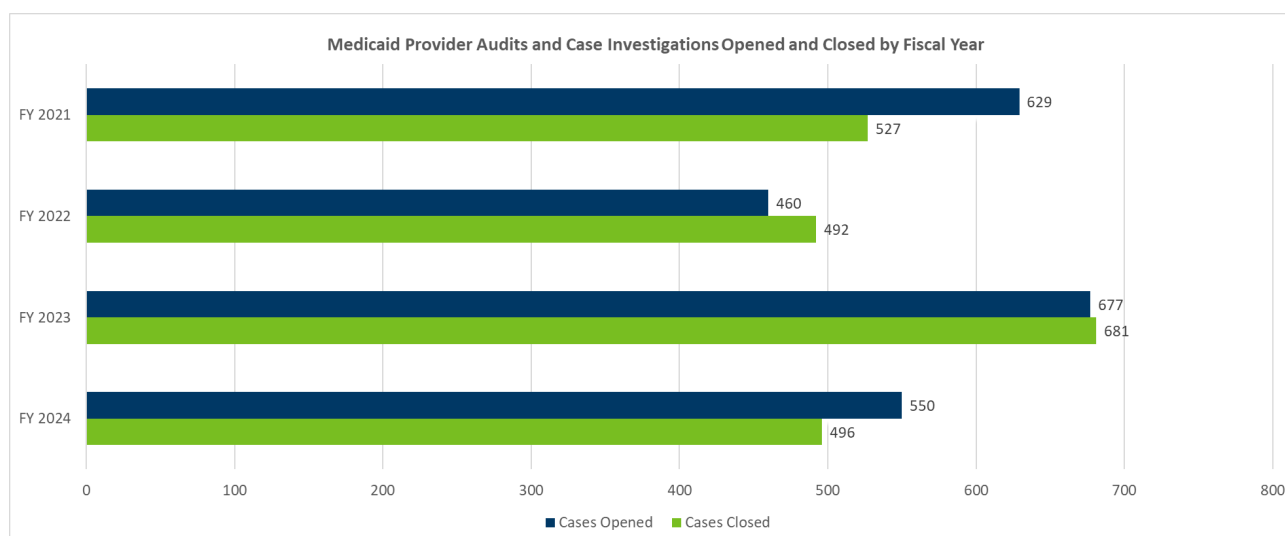
Number of background studies determinations completed each fiscal year.



Licensing Reviews – Child Care Centers and Certified Child Care Centers



Medicaid Provider Audits and Case Investigations Opened and Closed by Fiscal Year



The following M.S. sections provide the legal authority for OIG functions, as indicated: 245A – Human Services Licensing (Rules 2960, 9502*, 9503*, 9543, 9570); 245C – Human Services Background Studies; 245E – Child Care Assistance Program Fraud Investigations; 245G – Substance Use Disorder Licensed Treatment Facilities; 245H – Certified License-Exempt Child Care Centers*; 245I – Mental Health Uniform Service Standards Act; 256b.064 Sanctions; Monetary Recovery (Rule 9505); 245.095 Limit on Receiving Public Funds; 260E Maltreatment of Minors; and 626.557 Maltreatment of Vulnerable Adults

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27

Expenditures by Fund

1000 - General					25,879	25,879	36,177	39,127
1200 - State Government Special Rev					3,845	3,845	3,845	3,845
1201 - Health Related Boards					55	55	55	55
2000 - Restrict Misc Special Revenue					12,430	12,430	12,430	12,430
2005 - Opiate Epidemic Response					321	321	321	321
2360 - Health Care Access					941	941	941	941
Total					43,471	43,471	53,769	56,719
Biennial Change				0		86,942		110,488
Biennial % Change								
Governor's Change from Base								23,546
Governor's % Change from Base								27

Expenditures by Category

Compensation					33,023	33,023	42,677	45,238
Operating Expenses					10,448	10,448	11,092	11,481
Total					43,471	43,471	53,769	56,719

Full-Time Equivalents

					256.05	256.05	321.80	327.05
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Direct Appropriation					25,879	25,879	36,177	39,127
Expenditures					25,879	25,879	36,177	39,127
Biennial Change in Expenditures				0		51,758		75,304
Biennial % Change in Expenditures								
Governor's Change from Base								23,546
Governor's % Change from Base								45
Full-Time Equivalents					149.18	149.18	214.93	220.18

1200 - State Government Special Rev

Direct Appropriation					3,845	3,845	3,845	3,845
Expenditures					3,845	3,845	3,845	3,845
Biennial Change in Expenditures				0		7,690		7,690
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents					30.98	30.98	30.98	30.98

1201 - Health Related Boards

Direct Appropriation					55	55	55	55
Expenditures					55	55	55	55
Biennial Change in Expenditures				0		110		110
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Receipts					12,885	12,885	12,885	12,885
Transfers Out					455	455	455	455
Expenditures					12,430	12,430	12,430	12,430
Biennial Change in Expenditures				0		24,860		24,860
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
Full-Time Equivalents					75.89	75.89	75.89	75.89

2005 - Opiate Epidemic Response

Direct Appropriation					321	321	321	321
Expenditures					321	321	321	321
Biennial Change in Expenditures				0		642		642
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

2360 - Health Care Access

Direct Appropriation					941	941	941	941
Expenditures					941	941	941	941
Biennial Change in Expenditures				0		1,882		1,882
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Resettlement Programs Office<https://mn.gov/dhs/people-we-serve/seniors/services/refugee-assistance/>**AT A GLANCE**

- Administer the Federal Refugee Cash Assistance Program policy and benefit issuance, serving more than 2,500 people in FY 2025 with up to \$29 million in anticipated cash benefits issued.
- Oversee implementation of Refugee Health screenings statewide through interagency agreement with Minnesota Department of Health.
- Implement, administer, and monitor grants to community organizations totaling more than \$19 million in FY 2025.
- All administrative funding for FY2024 was \$4.6 million.

PURPOSE AND CONTEXT

The Resettlement Programs Office (RPO) in the Minnesota Department of Human Services supports the effective resettlement of refugees in Minnesota, and coordinates services to foster self-sufficiency and integration, so refugees can thrive in community and achieve their highest potential. In partnership with the Federal Office of Refugee Resettlement, this office coordinates resettlement activities across the state, ensures accessibility to mainstream programs for people with refugee status, distributes funding to local agencies for supplemental services to new Americans, and provides education and information about resettlement in Minnesota.

SERVICES PROVIDED

RPO provides leadership, support, coordination, and funding to community-based organizations and stakeholders involved in the resettlement of new Americans. RPO builds and supports capacity for a continuum of services to new Americans individuals and families as they become Minnesotans, including basic needs, housing, legal services, employment assistance, education supports, and health screenings.

RPO has the responsibility to:

- Serve as liaison between state and federal entities in resettlement efforts,
- Coordinate resettlement activities across state to ensure effectiveness and efficiency,
- Administer and oversee the Refugee Cash Assistance and Refugee Medical Assistance programs,
- Administer and oversee Refugee Network Services grants to community partners,
- Administer and oversee the Refugee Health screening program,
- Conduct consultations with service providers and communities around local capacity for resettlement,
- Provide reliable information on resettlement in Minnesota.

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Community engagement	Quantity	Number of community engagement events and resettlement-related activities tracked by RPO staff.	RPO participates in weekly, bi-weekly, monthly and quarterly meetings in multiple forums to coordinate resettlement activities, tables at community events, and hosts community education and celebration events.	Over 200 events and activities in 2024
Timeliness of Refugee health screenings	Result	Percent of screening conducted within 90 days of arrival, as reported to Minnesota Department of Health Refugee Health program by local public health agencies.	This screening rate has stayed consistently high, over 90% for more than a decade and remains one of the highest screening rates in the nation.	95%
Community Consultation Convening	Quantity	Number of community-level consultations on resettlement capacity	At least one per quarter in regions of the state, with increasing numbers due to shifting regional service landscape	20 in 2024

Resettlement Programs Office

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27

Expenditures by Fund

3000 - Federal	2,072	1,745	2,429	3,436	3,161	3,161	3,161	3,161
Total	2,072	1,745	2,429	3,436	3,161	3,161	3,161	3,161
Biennial Change				2,048		457		457
Biennial % Change				54		8		8
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	1,515	1,430	1,975	2,638	2,737	2,737	2,737	2,737
Operating Expenses	427	280	441	796	422	422	422	422
Grants, Aids and Subsidies	130	31	10					
Other Financial Transaction	0	4	3	2	2	2	2	2
Total	2,072	1,745	2,429	3,436	3,161	3,161	3,161	3,161

Full-Time Equivalents

15.50	12.73	16.09	15.99	16.62	16.62	16.62	16.62
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(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
3000 - Federal								
Balance Forward In	79							
Receipts	1,993	1,745	2,429	3,436	3,161	3,161	3,161	3,161
Expenditures	2,072	1,745	2,429	3,436	3,161	3,161	3,161	3,161
Biennial Change in Expenditures				2,048		457		457
Biennial % Change in Expenditures				54		8		8
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	15.50	12.73	16.09	15.99	16.62	16.62	16.62	16.62

Program: Forecasted Programs**Activity: Minnesota Family Investment Program and Diversionary Work Program**<https://mn.gov/dhs/people-we-serve/children-and-families/economic-assistance/income/programs-and-services/>**AT A GLANCE**

- About 70 percent of people served through the Minnesota Family Investment Program (MFIP) and Diversionary Work Program (DWP) are children.
- In an average month, the programs serve about 62,000 children and their parents or caretakers in almost 23,000 households.
- Families receive an average of \$1,100 a month of a combined cash assistance and food support through MFIP and \$523 a month of cash assistance through the Diversionary Work Program.
- All funds spending for the MFIP/DWP activity for FY 2023 was \$310 million.

PURPOSE AND CONTEXT

The Minnesota Family Investment Program (MFIP) and Diversionary Work Program (DWP) provide temporary financial support to help meet the basic needs of low-income families with children and low-income pregnant women.

Most parents enrolling in MFIP or DWP were employed in the three months before they turned to the program for assistance. The majority are workers in one of four industries: hotel/restaurant, retail, temp agencies, and health care. Another significant portion of families receiving assistance experience barriers to stable employment including serious mental illness, chronic and incapacitating illness, or intellectual or developmental disabilities.

The goal of these programs is to stabilize families and improve economic outcomes through employment. Without these benefits, families lack other resources available to help meet their basic needs.

These programs are funded with a combination of state and federal Supplemental Nutrition Assistance Program (SNAP) funds and federal Temporary Assistance for Needy Families (TANF) funds. Counties and Tribal Nations administer the MFIP and DWP programs. Effective March 1, 2026, DWP is repealed and families applying and eligible for assistance will enroll in MFIP.

SERVICES PROVIDED

The Minnesota Family Investment Program provides job counseling, cash assistance, and food assistance. Families cannot receive assistance for more than 60 months in their lifetime, unless a significant impairment identified in state law qualifies them for extended assistance. The amount of assistance is based on family size and other sources of income. A family of three with no other income can receive \$731 in cash assistance and \$639 in SNAP benefits per month. The benefits are structured to reward families who work and are gradually reduced as income rises. Parents are required to participate in employment services. Families may also be eligible for childcare assistance and for health care coverage under Medical Assistance. Most families are also eligible for the MFIP housing assistance grant of \$110 per month if they do not already receive a rental subsidy through the federal Department of Housing and Urban Development.

The Diversionary Work Program is a four-month long program for families who are applying for cash assistance who have not received cash assistance in the last 12 months and who meet other eligibility criteria. The program includes intensive, up-front job search services. A family receives cash benefits based on its housing, utility costs, and personal needs up to the same maximum as MFIP, based on the number of people in the family. Housing and

utility costs are paid directly to the landlord or utility company. The maximum that a family of three, a parent with two children, can receive is \$731 in financial assistance. Most families are also eligible for SNAP benefits, childcare assistance, and health care coverage under Medical Assistance.

RESULTS

- The **Self-Support Index** is a results measure. The Self-Support Index gives the percentage of adults eligible for MFIP or DWP during a given quarter who have left assistance or are working at least 30 hours per week three years later. Customized targets are set for each county or tribe using characteristics of the people served and local economic conditions. State law requires the Department of Children, Youth and Families to use the Self-Support Index to allocate performance bonus funds. The following chart shows that about two-thirds of participants have left MFIP and/or are working at least 30 hours per week three years after a baseline period.

<i>Year ending in March of:</i>	<i>S-SI</i>
2013	66.9%
2014	68.5%
2015	68.8%
2016	68.0%
2017	65.9%
2018	64.6%
2019	64.4%
2020	65.7%
2021	64.6%
2022	63.4%
2023	61.7%

- The decline in the Self-Support Index from 2020 to 2023 can be explained by the corresponding decline in the **range of expected performance** for each local agency. Each local agency has a customized range of Self-Support Index scores based on factors outside of the control of the local agency, such as demographics of person and household, local economic and community factors.
- The **statewide median placement wage** is a results measure and counts the number of MFIP and DWP Employment Services participants newly enrolled during the quarter who obtained employment in that quarter, and the median placement (starting) wage by service area at the start of the job. This only includes the first quarter of the fiscal year. The Minnesota Family Investment Program Management Indicators Report provides details for all quarters.

<i>January-March (Quarter 1) of Year</i>	<i>Number job placements (MFIP) in Q1</i>	<i>Number job placements (DWP) in Q1</i>
2023	1,213	486
2022	851	490
2021	1,060	0
2020	962	736

The state legal authority for the Minnesota Family Investment Program (MFIP) and Diversionary Work Program (DWP) is under M.S. chapter 256J (<https://www.revisor.mn.gov/statutes/?id=256J>). It will be under M.S. chapter 142G at the Minnesota Department of Children, Youth and Families.

Financial operations related to this activity will transfer to the Department of Children, Youth, and Families starting on July 1, 2025.

MFIP Diversionary Work Program

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26	FY27	Governor's Recommendation FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	164,694	76,969	76,662	82,053				
2000 - Restrict Misc Special Revenue		765		993				
3000 - Federal	169,718	154,792	132,667	680,391				
3001 - Federal TANF	13,899	77,739	86,779	102,267				
Total	348,312	310,265	296,108	865,704				
Biennial Change				503,236	(1,161,812)		(1,161,812)	
Biennial % Change				76	(100)		(100)	
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Category

Grants, Aids and Subsidies	347,854	309,849	295,503	864,904		
Other Financial Transaction	457	416	605	800		
Total	348,312	310,265	296,108	865,704		

MFIP Diversionary Work Program

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		3,069						
Direct Appropriation	164,694	76,870	76,662	82,053	0	0	0	0
Transfers Out		2,970						
Expenditures	164,694	76,969	76,662	82,053				
Biennial Change in Expenditures				(82,948)		(158,715)		(158,715)
Biennial % Change in Expenditures				(34)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2000 - Restrict Misc Special Revenue

Balance Forward In	386	600	69	243				
Receipts	213	234	175	750				
Balance Forward Out	600	69	243					
Expenditures		765		993				
Biennial Change in Expenditures				228		(993)		(993)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	680		178,278	270,894				
Receipts	169,038	333,070	225,282	409,497				
Balance Forward Out		178,278	270,894					
Expenditures	169,718	154,792	132,667	680,391				
Biennial Change in Expenditures				488,548		(813,058)		(813,058)
Biennial % Change in Expenditures				151		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

3001 - Federal TANF

Balance Forward In	138,262	215,413	255,636	261,606				
Receipts	96,115	107,696	92,749	89,306				
Transfers Out				248,645				

MFIP Diversionary Work Program

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Balance Forward Out	220,478	245,370	261,606					
Expenditures	13,899	77,739	86,779	102,267				
Biennial Change in Expenditures				97,408		(189,046)		(189,046)
Biennial % Change in Expenditures				106		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Forecasted Programs**Activity: Minnesota Family Investment Program Child Care Assistance**

<https://mn.gov/dhs/people-we-serve/children-and-families/economic-assistance/child-care/programs-and-services/child-care-assistance.jsp>

AT A GLANCE

- In 2023 MFIP Child Care Assistance paid childcare for 8,988 children in 4,765 families during an average month.
- The average monthly assistance per family was \$1,776.
- All funds spending for the MFIP Child Care Assistance activity for FY 2023 was \$106 million.

PURPOSE AND CONTEXT

In order to work, families need safe and reliable childcare. The average annual cost of full-time care for one child ranges from \$8,000 to \$20,000 per year, depending on the age of the child, location, and type of provider attended.¹ Many low-income families struggle to find affordable childcare that fits their needs. Minnesota Family Investment Program (MFIP) Child Care Assistance provides financial subsidies to help low-income families pay for childcare. To support quality childcare experiences and school readiness, the program can pay a higher subsidy rate when a child is being cared for in a setting that meets quality standards.

SERVICES PROVIDED

The program provides support to help improve outcomes for the most at-risk children and their families by increasing access to high quality childcare.

The following families are eligible to receive MFIP childcare assistance:

- MFIP and Divisionary Work Program (DWP) families who are employed, pursuing employment, or participating in employment, training or social services activities authorized in approved employment plans.
- Employed families who are in their first year off MFIP or DWP (this is known as the “transition year”).
- Families in counties with a Basic Sliding Fee (BSF) childcare waiting list who have had their transition year extended.
- Parents under age 21 who are pursuing a high school or general equivalency diploma (GED), do not receive MFIP benefits, and reside in a county that has a BSF waiting list that includes parents under age 21.

When family income increases, the amount of childcare expenses paid by the family in the form of copayments also increases. All families receiving childcare assistance and earning 75 percent or more of the federal poverty guideline make copayments based on family income. A family of three leaving MFIP and earning 115 percent of the federal poverty level (\$29,693) would have a total biweekly childcare provider payment of \$25 for all children in childcare.

¹ <https://www.childcareawaremn.org/families/cost-of-care/>

The MFIP childcare assistance activity is part of the state’s Child Care Assistance Program. Maximum rates in the Child Care Assistance Program are set in state law. Maximum rates are set for each type of care: childcare centers, family childcare, and legal non-licensed childcare. Providers are paid at the rate they charge private pay families up to the maximum rate. The program pays a higher rate to providers who meet quality standards through Parent Aware, are accredited, or hold certain educational credentials.

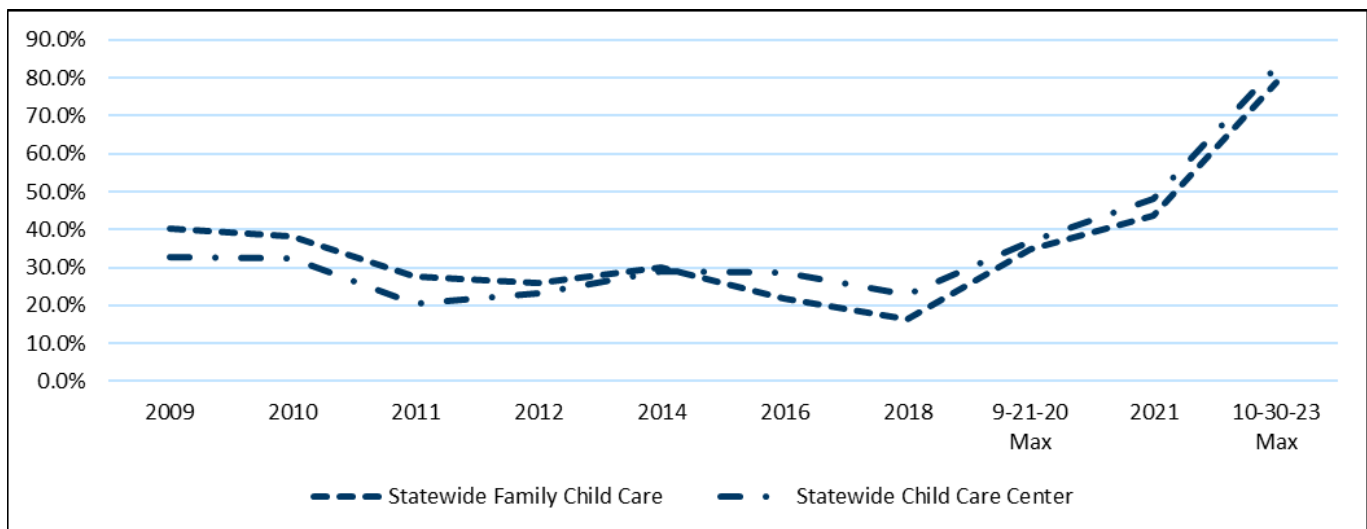
Childcare must be provided by a legal childcare provider over the age of 18 years. Allowable providers include legal non-licensed family childcare, license-exempt centers, licensed family childcare, and licensed childcare centers. Families choose their providers in the private childcare market. Counties administer the Child Care Assistance Program.

All families who meet eligibility requirements may receive this help. MFIP childcare assistance is funded with state and federal funds that include the federal Child Care and Development Fund and the Temporary Assistance for Needy Families (TANF) fund.

RESULTS

Percent of provider prices fully covered by childcare - Maximum rates paid to providers under the Child Care Assistance Program may not cover the full cost of childcare. This may be a barrier for some families, if the family cannot find a provider in their community whose prices are covered by the maximum allowed under the program. However, the percent of childcare provider prices that are fully covered by the Child Care Assistance Program increased when the maximum rates were increased in the 2023 legislative session. As of October 30, 2023, approximately 79 percent of family childcare providers and approximately 83 percent of childcare centers charge prices that are fully covered by the Child Care Assistance Program standard maximum rates.

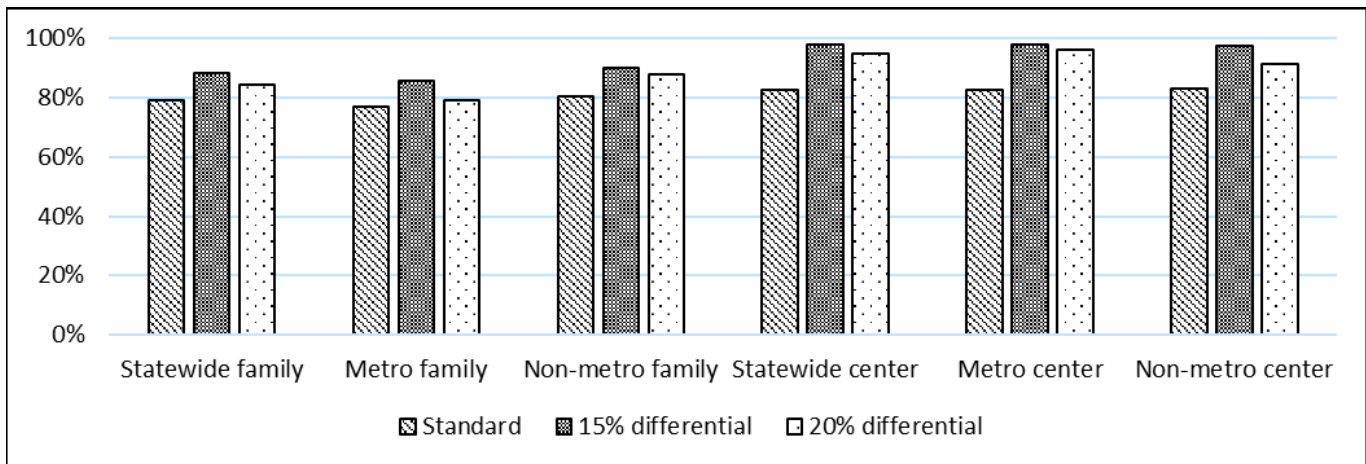
Provider prices fully covered by Standard Maximum Rates statewide, by percentage



Quality Differential Impact- Parent Aware is Minnesota’s rating tool for helping parents select high quality childcare and early education programs. The Child Care Assistance Program allows for a maximum rate up to 15 percent higher for providers with a Parent Aware 3-star rating, or who hold certain accreditation or education standards established in statute. An up to 20 percent higher maximum rate can be paid to providers with a 4-star Parent Aware rating.

This quality measure shows that higher maximum rates may increase families’ access to high quality providers by allowing the maximum rate paid by the Child Care Assistance Program to fully cover more (or an equivalent proportion) of their prices as compared to the prices charged by all providers. This measure indicates the impact of quality differentials by type of care. It is first presented as a statewide total, and then broken out by metro and non-metro counties.

Prices fully covered by Standard and Quality Differential Maximum Rates, by percent



Specifically, the 20 percent differential allows the prices charged by center based four-star rated metro providers to be fully covered by the maximum subsidy at a higher proportion compared to the prices of all metro center providers. The higher maximum rates offer coverage of the prices charged by all other types of quality providers at higher levels than the standard maximum rates.

Use of High-Quality Care - Children who participate in high quality early care and education are more likely to experience school success and positive life-long outcomes. This quality measure shows that the percent of all children receiving childcare assistance through providers eligible for the higher subsidy rates for quality has increased from 37.5 percent in July of 2016 to 51 percent in July of 2023.

Percent of Children Receiving Child Care Assistance in Quality Settings

	2020	2021	2022	2023
Standard Care	46.6%	44.5%	47.6%	48.8%
Provider holds Accreditation*	2.4%	2.4%	2.5%	1.6%
Provider holds Parent Aware 1-2 Star	4.0%	3.5%	2.3%	1.5%
Provider holds Parent Aware 3-4 Star*	47%	49.6%	47.6%	48.1%

** These providers are eligible for CCAP higher rates for quality. Data representative of services provided in July of each year.*

The data source for the prices charged by providers is a biennial survey of provider prices conducted by Child Care Aware of Minnesota for the Department. To assess the portion of provider prices fully covered, provider prices are compared to the applicable maximum subsidy rates. The data source for children in care with provider's eligible for the higher rates for quality is from MEC², Minnesota's childcare electronic eligibility and payment system.

The legal authority for the MFIP/TY Child Care Assistance program was in M.S. chapter 119B in the Minnesota Department of Human Services (<https://www.revisor.mn.gov/statutes/cite/119B>). It will be M.S. chapter 142E in the Minnesota Department of Children, Youth and Families. (<https://www.revisor.mn.gov/laws/2024/0/80/laws.5.6.0#laws.5.6.0>).

Financial operations related to this activity will transfer to the Department of Children, Youth, and Families starting on July 1, 2025.

MFIP Child Care Assistance

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27

Expenditures by Fund

1000 - General	0	0	2,019	55,710				
3000 - Federal	100,395	106,611	125,734	215,506				
Total	100,395	106,611	127,753	271,216				
Biennial Change				191,963		(398,969)		(398,969)
Biennial % Change				93		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Category

Grants, Aids and Subsidies	100,395	106,611	127,753	271,216				
Total	100,395	106,611	127,753	271,216				

MFIP Child Care Assistance

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Direct Appropriation			2,019	55,710	0	0	0	0
Expenditures	0	0	2,019	55,710				
Biennial Change in Expenditures				57,729		(57,729)		(57,729)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	8,526	14,028	0	914				
Receipts	94,672	92,584	126,648	214,592				
Balance Forward Out	2,803	0	914					
Expenditures	100,395	106,611	125,734	215,506				
Biennial Change in Expenditures				134,234		(341,240)		(341,240)
Biennial % Change in Expenditures				65		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Forecasted Programs**Activity: General Assistance**

<https://mn.gov/dhs/people-we-serve/people-with-disabilities/economic-assistance/income/programs-and-services/>

AT A GLANCE

- General Assistance is an income support program that helps people in Minnesota thrive by providing income stability until they return to work or obtain other benefits such as Supplemental Security Income (SSI).
- General Assistance also supports people with disabilities to live meaningful lives in the community, and helps people meet their basic needs while they are receiving treatment for mental health or substance use disorders.
- In FY23, the General Assistance program supported an average of 21,777 people per month.
- The typical monthly benefit in FY23 was \$203 for an individual, \$260 for a couple, and \$104 for a person living in a residential facility receiving Housing Support benefits.
- Beginning 10/1/2024, the monthly benefit amount increases to \$350 for an individual, \$350 for a couple, and \$125 for a person living in a residential facility receiving Housing Support benefits.
- All funds spent for General Assistance activity for FY23 was \$50.26 million, which represented 0.21 percent of the overall agency budget

PURPOSE AND CONTEXT

General Assistance (GA) is the primary safety net for very low-income people without children who are unable to work and do not have enough money to meet their basic needs. The most common reason people are eligible is illness or incapacity. GA helps people meet some of their basic and emergency needs, commonly while they are homeless, transitioning out of homelessness, or receiving treatment.

Many people receive GA while they wait for more stable assistance such as Supplemental Security Income (SSI), a federal income supplement program that helps people who are aged, blind, or have a disability and have little or no income. For most recipients, GA is a transitory, short-term benefit.

SERVICES PROVIDED

General Assistance provides state-funded, monthly cash grants to people without children who have a serious illness, disabilities, or other issues that limit their ability to work and are unable to fully support themselves.

The maximum monthly benefit in FY23 was \$203 for a single adult (about 19 percent of the Federal Poverty Guideline of \$1,063 per month for one person), \$260 for a couple, and \$104 for a person living in a residential facility or receiving Housing Support benefits. Beginning 10/1/2024, the monthly benefit amounts change to \$350 for an individual, \$350 for a couple, and \$125 for a person living in a residential facility receiving Housing Support benefits.

In July 2023, nearly 41 percent of GA recipients received the lower benefit amount as a personal needs allowance while residing in residential facilities, such as mental health or substance use disorder treatment, and nursing facilities, or while receiving Housing Support.

The Emergency General Assistance (EGA) program provides additional emergency funds, no more than once in a twelve-month period, if a recipient cannot pay for basic needs and the person’s health or safety is at risk. The total statewide allocation for EGA is \$6,729,812 allocated among 79 counties and/or tribal nations.

Counties and tribes administer the General Assistance and Emergency General Assistance programs on behalf of the Department of Human Services.

RESULTS

GA is a safety net program that helps people stabilize crisis situations, avoid homelessness, and connect to other resources. It is intended to be short-term while recipients apply for other longer-term, stable benefits, or return to employment. It is not intended as a long-term solution to meet a person’s basic needs. As mentioned above, a substantial number of GA recipients are living in a facility, including a mental health or substance use disorder treatment facility, or receiving Housing Support benefits, while receiving GA benefits. The table below shows that a substantial percent of GA recipients also receives benefits while experiencing homelessness.

Measure name	Measure type	Historical trend	Most recent data
Percent of GA recipients that are homeless	Result	23.7% July 2022	23.9% July 2023
Percent of GA recipients receiving Housing Support benefits	Quality	30.5% July 2022	31.4% July 2023
Percent of GA recipients living in a mental health facility	Quality	1.8% July 2022	1.7% July 2023
Percent of GA recipients living in a substance use disorder treatment facility	Quality	9.1% July 2022	9.3% July 2023

The legal authority for the General Assistance program is M.S. chapter 256D (<https://www.revisor.mn.gov/statutes/?id=256D>)

General Assistance

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
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Expenditures by Fund

1000 - General	49,691	48,886	51,457	73,849	84,137	86,462	84,137	86,462
2000 - Restrict Misc Special Revenue			672	493	150	150	150	150
Total	49,691	48,886	52,129	74,342	84,287	86,612	84,287	86,612
Biennial Change				27,893		44,428		44,428
Biennial % Change				28		35		35
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	49,691	48,886	52,129	74,342	84,287	86,612	84,287	86,612
Total	49,691	48,886	52,129	74,342	84,287	86,612	84,287	86,612

General Assistance

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Direct Appropriation	49,399	49,665	51,459	73,849	84,137	86,462	84,137	86,462
Transfers In	7,022	6,730	6,730	6,730				
Transfers Out	6,730	7,509	6,730	6,730				
Cancellations			2					
Expenditures	49,691	48,886	51,457	73,849	84,137	86,462	84,137	86,462
Biennial Change in Expenditures				26,728		45,293		45,293
Biennial % Change in Expenditures				27		36		36
Governor's Change from Base								0
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In	256	595	343					
Receipts	(81)	420	150		150	150	150	150
Balance Forward Out	176	343						
Expenditures		672	493		150	150	150	150
Biennial Change in Expenditures				1,165		(865)		(865)
Biennial % Change in Expenditures						(74)		(74)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Forecasted Programs**Activity: MN Supplemental Aid**

<https://mn.gov/dhs/people-we-serve/people-with-disabilities/economic-assistance/income/programs-and-services/>

AT A GLANCE

- Minnesota Supplemental Aid (MSA) provides financial assistance to people with disabilities and older adults who receive Supplemental Security Income (SSI) benefits, directly improving the well-being of Minnesota's communities.
- MSA promotes housing stability and choice by offering additional assistance to people who are burdened by high housing costs and helps pay for special dietary needs and services such as representative payee and guardian/conservator fees.
- In FY23, the Minnesota Supplemental Aid program supported an average of 30,152 people per month.
- The typical benefit is \$81 for an individual and \$111 for a couple.
- All funds spent for Minnesota Supplemental Aid activity for FY23 was \$54.58 million, which represented 0.22% of the overall agency budget

PURPOSE AND CONTEXT

Minnesota Supplemental Aid (MSA) is a state-funded program that supports adults who receive, or are eligible for, federal Supplemental Security Income (SSI) benefits. MSA benefits help cover basic personal, home, and transportation needs. The program offers monthly cash benefits for people who have low income and few resources and are age 65 or older, blind or disabled. This program is a critical component in helping Minnesotans with disabilities or older adults achieve longer-term housing and economic stability.

SERVICES PROVIDED

MSA provides a state-funded monthly cash supplement to help people who are older adults, blind or have a disability, and who receive SSI benefits. As of FY23, the average grant amount is \$150.85 per month. In addition, some MSA recipients also receive a special needs increase to their grant, usually to accommodate medically necessary special diets. MSA also supports recipients by partially offsetting the expenses of having a representative payee, guardian, or conservator.

Recipients can receive MSA benefits while living in their own home, or a reduced amount if they are residing in a nursing or intermediate care facility. In FY23, about 2 percent of enrollees lived in a Medical Assistance certified facility.

In addition, MSA housing assistance is available to qualified recipients, adding \$420.50 in FY23 to the MSA monthly benefit to help pay high housing costs. To be eligible for housing assistance, applicants must:

- Be under age 65 at the time of application
- Have total housing costs in excess of 40 percent of their total income
- Meet one of the following criteria: (1) relocating from an institution, (2) eligible for Medical Assistance personal care attendant services, (3) receiving waived services and living in their own place, or (4) transitioning from a Housing Support setting

A person who receives federal or state rental assistance or lives in subsidized housing is not eligible for MSA Housing Assistance.

The Department of Human Services works with counties, tribes, the Social Security Administration, service providers, and other nonprofit agencies to identify people eligible for the program, and to advise and administer MSA program policy.

RESULTS

In FY23, the MSA program had an average monthly enrollment of 30,152. MSA benefits help low-income individuals with disabilities or who are older live successfully in the community and maintain longer-term economic stability. As shown in the table below, many people stay on MSA benefits for extended periods of time.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Average cumulative amount of time a person receives MSA benefits	Quality	MAXIS Eligibility System	In FY21, 107 months or 9 years	In FY23, 119 months or 10 years
Number and percent of MSA recipients who receive additional funds for medically necessary dietary needs	Quantity and Quality	MAXIS Eligibility System	In FY21, 6,681 or 21%	In FY23, 6,022 or 20%
Number households/cases and percent of MSA recipients who receive MSA housing assistance	Result	MAXIS Eligibility System	In FY21, 1,384 or 4.4%	In FY23, 2,632 or 9%

Many MSA recipients also receive an increase to their grant amount to ensure that they are able to meet the requirements of a medically prescribed diet. The table below shows the number and percentage of recipients who benefit from this program.

MSA provides additional money to help people who qualify and have high housing costs move into affordable housing or be able to afford their current housing costs. This is consistent with the One Minnesota goal of providing access to affordable housing and to enabling people with disabilities to live in community-based settings.

Some of the above information was included from DHS reports and forecasts information:

https://mn.gov/dhs/assets/background_forecast_tables_0224v2_tcm1053-611357.xlsx

The legal authority for the Minnesota Supplemental Aid program is in M.S. chapter 256D: sections 256D.33 (<https://www.revisor.mn.gov/statutes/?id=256D.33>) to 256D.54.

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
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Expenditures by Fund

1000 - General	50,060	54,581	60,850	65,286	67,113	69,089	67,113	69,089
Total	50,060	54,581	60,850	65,286	67,113	69,089	67,113	69,089
Biennial Change				21,495		10,066		10,066
Biennial % Change				21		8		8
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	50,060	54,581	60,850	65,286	67,113	69,089	67,113	69,089
Total	50,060	54,581	60,850	65,286	67,113	69,089	67,113	69,089

MN Supplemental Assistance

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		1,745						
Direct Appropriation	52,097	54,882	59,972	65,286	67,113	69,089	67,113	69,089
Transfers In			878					
Transfers Out	292	2,045						
Cancellations	1,745		0					
Expenditures	50,060	54,581	60,850	65,286	67,113	69,089	67,113	69,089
Biennial Change in Expenditures				21,495		10,066		10,066
Biennial % Change in Expenditures				21		8		8
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Forecasted Programs**Activity: Housing Support**

<https://mn.gov/dhs/people-we-serve/seniors/economic-assistance/housing/programs-and-services/housing-support.jsp>

AT A GLANCE

- Housing Support is an individual income supplement that allows older adults and people with disabilities who have low income to afford reliable, secure housing with the necessary supports.
- Housing Support also provides transitional access to the benefit for individuals without stable housing who are exiting treatment or incarceration in Department of Corrections facilities.
- Housing Support statute allows DHS to enter into agreements with counties and tribal nations to issue a cost-neutral transfer of Housing Support funds in accordance with an approved plan. In FY23, DHS had contracts with 5 counties for \$8.3 million.
- In FY23, the Housing Support program served an average of 20,218 people per month.
- The current room and board rate limit is \$1,135 for group settings, and \$1,185 for community settings.
- The average monthly payment per recipient in FY23 was \$793.54.
- All funds spent for Housing Support activity for FY23 was \$190 million, which represented 0.78 percent of the overall agency budget.

PURPOSE AND CONTEXT

Housing Support is a state-funded income support that pays for housing related costs for adults with disabilities or who are age 65 or older, and who have low income and live in authorized settings. Housing Support also provides transitional access to the benefit for individuals without stable housing who are exiting treatment or incarceration in Department of Corrections facilities. In October 2024, income calculations for Housing Support will shift to allow people with unearned income to only pay 30% of their income toward their housing costs when living in supportive housing in the community. This change recognizes the costs of living in lease-based settings and increases the financial autonomy of recipients.

Payments are made directly to a housing provider authorized by a county or tribe. Recipients may receive Housing Support in a licensed facility, or an authorized community-based setting, such as their own home. The program aims to reduce and prevent institutional residence or homelessness.

The Housing Support statute allows the Commissioner of DHS authority to issue a cost-neutral transfer of funds from the Housing Support fund to county and tribal human services agencies according to a plan submitted by the county or tribe. Currently, DHS has Joint Powers contracts with 5 counties providing services through the Housing Support fund via the Cost Neutral Transfer authority. The total amount of Cost Neutral Transfer spending in FY23 was \$8.1 million.

SERVICES PROVIDED

The Housing Support room and board rate is currently \$1,135 per month in group settings and \$1,185 per month for community settings (people living in supportive housing settings with their own lease). This amount is used to pay for rent, utilities, food, household supplies, and other items needed to provide room and board to a recipient. Recipients are required to pay a portion of their income directly to providers toward the room and board rate. Housing Support can pay for additional supportive services in some settings if a recipient is not eligible for home- and community- based waiver services or personal care assistance.

Individuals can receive Housing Support benefits in a wide range of eligible settings, with the most common being adult foster care, assisted living, board and lodges, and scattered-site and site-based supportive housing. These numbers are shown in Table 1.

Table 1: Housing Support Setting Type and Number of People Served as of 6/30/2022 and 6/30/2023.

Setting Type	Total # of People FY2022	Total # of People FY2023
Adult Foster Care	8,204	8,153
Assisted Living	3,121	3,279
Board and Lodge	1,571	1,600
Board and Lodge Special Services	2,210	2,146
Boarding Care Home	287	288
Homeless Shelter	131	132
Hotel/Restaurant	0	1
LTH Supportive Housing	3,632	3,626
Metro Demo Supportive Housing	192	179
Other Supportive Housing	858	1,126
Supervised Living Facility	37	28
Total	20,243	20,558

Counties and tribes manage Housing Support agreements with providers. County human services agencies process eligibility and payments for people in the program.

RESULTS

While Housing Support recipients are eligible to live in a wide range of settings, an increasing percentage of recipients live in community settings with a lease. This trend, shown in the chart below, aligns with a vision statement for housing from Minnesota’s 2020 Olmstead Plan:

“People with disabilities will choose where they live, with whom, and in what type of housing. They can choose to have a lease or own their own home and live in the most integrated setting appropriate to their needs. Supports and services will allow sufficient flexibility to support individuals’ choices on where they live and how they engage in their communities.”

The Housing Support program is used to support people with disabilities to move out of institutional settings and into more integrated settings. The percent of Housing Support recipients living in the community has grown over the past three years. Housing Support resources support people to move out of homelessness. Homelessness disproportionately impacts people of color and American Indians in Minnesota. Data below shows how Housing Support is used to address those disparities with permanent housing solutions. Data sources include: 2020 Census, DHS MAXIS eligibility system.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of moves out of institutions into settings using Housing Support	Quantity	DHS MAXIS eligibility system, 2020 Census	In FY22, 568	In FY23, 496
Percent of recipients living in community settings with a lease	Quality	DHS MAXIS eligibility system, 2020 Census	In FY22, 23%	In FY23, 24%
Number of moves out of homelessness into settings using Housing Support (does not include shelter or crisis stays)	Quality/Result	DHS MAXIS eligibility system, 2020 census	In FY22, 1,164	In FY23, 1,171
Percent of adults who are Black who make up 7% of the Minnesota population	Quality	DHS MAXIS eligibility system, 2020 census	In FY22, 37% were homeless on public assistance In FY22, 37% were receiving Permanent Supportive Housing	In FY23, 39% were homeless and on public assistance In FY23, 35% were receiving Permanent Supportive Housing
Percent of adults who are American Indian who make up 1.2 % of the Minnesota population	Quality	DHS MAXIS eligibility system, 2020 census	In FY22, 15% were homeless on public assistance In FY22, 13% were receiving Permanent Supportive Housing	In FY23, 14% were homeless and on public assistance In FY23, 15% were receiving Permanent Supportive Housing

The legal authority for the Housing Support program is M.S. chapter 256I (<https://www.revisor.mn.gov/statutes/?id=256I>).

Housing Support

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27

Expenditures by Fund

1000 - General	177,530	197,596	225,054	253,418	269,259	279,703	269,259	281,503
2000 - Restrict Misc Special Revenue	2,544	2,196	3,390	5,660	2,475	2,475	2,475	2,475
Total	180,074	199,792	228,445	259,078	271,734	282,178	271,734	283,978
Biennial Change				107,656		66,389		68,189
Biennial % Change				28		14		14
Governor's Change from Base								1,800
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses			1,999					
Grants, Aids and Subsidies	180,074	199,792	226,445	259,078	271,734	282,178	271,734	283,978
Total	180,074	199,792	228,445	259,078	271,734	282,178	271,734	283,978

Housing Support

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		4,421						
Direct Appropriation	181,364	201,877	224,199	253,418	269,259	279,703	269,259	281,503
Transfers In			5,065	1,592				
Transfers Out		8,702	783	1,592				
Cancellations	3,834		3,426					
Expenditures	177,530	197,596	225,054	253,418	269,259	279,703	269,259	281,503
Biennial Change in Expenditures				103,346		70,490		72,290
Biennial % Change in Expenditures				28		15		15
Governor's Change from Base								1,800
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In	2,645	2,191	3,261	3,185				
Receipts	2,034	3,221	3,314	2,475	2,475	2,475	2,475	2,475
Balance Forward Out	2,135	3,216	3,185					
Expenditures	2,544	2,196	3,390	5,660	2,475	2,475	2,475	2,475
Biennial Change in Expenditures				4,310		(4,100)		(4,100)
Biennial % Change in Expenditures				91		(45)		(45)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Forecasted Programs**Activity: Northstar Care for Children**

<https://mn.gov/dhs/people-we-serve/children-and-families/services/foster-care/>

AT A GLANCE

- 10,509 children experienced an out-of-home placement.
- 1,544 children were either adopted or had a permanent transfer of legal and physical custody to a relative.
- All fund spending for the Northstar Care for Children activity for FY 2023 was \$176.9 million..

PURPOSE AND CONTEXT

Northstar Care for Children is designed to help children who are removed from their homes and placed in foster care. It supports permanency through adoption or transfer of permanent legal and physical custody (TPLPC) to a relative if the child cannot be safely reunified with parents. Financial support and medical assistance are provided on behalf of eligible children to support their daily care, stability, and well-being needs while in temporary foster care and in permanent adoptive and kinship homes. The financial benefit varies with the child's age but averages about \$12,000 annually per child. Northstar Care for Children consolidates and simplifies administration of three existing programs: Family Foster Care, Kinship Assistance (which replaced Relative Custody Assistance), and Adoption Assistance. Northstar Care for Children helps more children grow up in safe, stable, and permanent homes.

SERVICES PROVIDED

The Northstar Care for Children program:

- Combines three child welfare benefit programs – Family Foster Care, Adoption Assistance, and Kinship Assistance – into a single program with uniform processes and unified benefits, each of which uses federal Title IV-E funds.
 - Northstar Foster Care is for temporary family foster care, including where children might become permanent members of families. It is not used for group housing or residential treatment.
 - Northstar Kinship Assistance supports children achieving permanency with relatives and kin through TPLPC and simplifies ongoing requirements for permanent kinship caregivers.
 - Northstar Adoption Assistance supports children achieving permanency through adoption and allows more decision making by adoptive parents, rather than requiring detailed state review and approval.
- Provides a monthly basic payment based on children's age for most eligible children.
- Uses a uniform assessment for all children to determine needs beyond the basic payment. The assessment results in one of 15 levels of monthly supplemental difficulty of care payments.
- Maintains children's existing pre-Northstar benefits unless they specifically transition into Northstar Care for Children (pre-Northstar benefit programs are phased out as children exit them).
- Reduces barriers to permanency by eliminating financial and medical disparities in benefits across existing programs, particularly for older youth in foster care. This in turn helps reduce racial disparities that are typically associated with longer stays in foster care and aging out of foster care without permanency.

Funding for Northstar Care for Children comes from state general fund appropriations; federal Title IV-E payments for foster care, guardianship assistance, and adoption assistance; and county and Tribal spending on foster care.

Northstar Care for Children spending was eligible for the temporary 6.2 percent Federal Medical Assistance Percentage (FMAP) increase authorized by the Families First Coronavirus Response Act (FFCRA), which lasted through March 31, 2023 and was phased down in each fiscal quarter until it ended January 1, 2024.¹

RESULTS

The department monitors the performance of counties and Tribes in delivering child welfare services, including services provided under Northstar Care for Children.

<i>Measure name</i>	<i>Measure type</i>	<i>Measure data source</i>	<i>Historical trend</i>	<i>Most recent data</i>
Rate of relative care	Result	Of all days that children spent in family foster care settings during the given period, what percentage of days were spent with a relative	Increased by 3 percentage points from 2019	2023: 63.1%
Placement stability	Quality	Of all children who enter foster care in the year, what is the number of placement moves per 1,000 days spent in foster care?	Decreased by 0.2 per 1,000 since 2019	2023: 3.5 per 1,000
Permanency, 12-23 months	Quality	Of all children in foster care who had been in foster care between 12 and 23 months on the first day of the year, what percent of children are discharged from foster care to permanency within 12 months of the first day of the year	Increased by 4 percentage points since 2019	2023: 59.6%
Permanency, 24 months	Quality	Of all children in foster care who had been in foster care for 24 months or more on the first day of the year, what percent of children are discharged to permanency within 12 months of the first day of the year	Increased by 9 percentage points since 2019	2023: 42.2%

Performance Measures notes:

Measures provided by the Child Safety and Permanency Administration in the department.

Also see the DHS Child Welfare Dashboard

(http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=dhs16_148137)

¹ The Families First Coronavirus Response Act (FFCRA) (Pub. L. 116-127). Section 6008 of the FFCRA provides a temporary 6.2 percentage point increase to each qualifying state's Federal Medical Assistance Percentage (FMAP) beginning January 1, 2020, and through the last day of the calendar quarter in which the COVID-19 public health emergency declared by the Secretary of Health and Human Services terminates.

The legal authority for Northstar Care for Children was M.S. chapter 256N in the Minnesota Department of Human Services (<https://www.revisor.mn.gov/statutes/cite/256N>). It will be M.S. chapters 142A.60-142A.612 in the Minnesota Department of Children, Youth and Families.

Financial operations related to this activity will transfer to the Department of Children, Youth, and Families starting on July 1, 2025.

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
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Expenditures by Fund

1000 - General	93,682	96,555	101,978	103,711				
3000 - Federal	69,157	81,091	72,240	110,240				
Total	162,839	177,646	174,218	213,951				
Biennial Change				47,684		(388,169)		(388,169)
Biennial % Change				14		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Category

Operating Expenses		81	90					
Grants, Aids and Subsidies	162,839	177,565	174,128	213,951				
Total	162,839	177,646	174,218	213,951				

Northstar Care for Children

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		7,320						
Direct Appropriation	100,970	98,343	110,215	103,711	0	0	0	0
Transfers Out		9,108						
Cancellations	7,288	0	8,237					
Expenditures	93,682	96,555	101,978	103,711				
Biennial Change in Expenditures				15,452		(205,689)		(205,689)
Biennial % Change in Expenditures				8		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	11	1,873	11	3				
Receipts	71,020	79,218	72,231	110,237				
Balance Forward Out	1,873		3					
Expenditures	69,157	81,091	72,240	110,240				
Biennial Change in Expenditures				32,232		(182,480)		(182,480)
Biennial % Change in Expenditures				21		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Forecasted Programs**Activity: MinnesotaCare**

<https://mn.gov/dhs/people-we-serve/adults/health-care/health-care-programs/programs-and-services/minnesotacare.jsp>

AT A GLANCE

- In FY 2023, MinnesotaCare had an average monthly enrollment of 104,648.
- Total MinnesotaCare program expenditures reached \$676 million in FY 2023. This represented 3.1 percent of the Department of Human Services overall budget.
- The Minnesota state share of total MinnesotaCare program expenditures in FY2023 was \$58 million.

PURPOSE AND CONTEXT

The MinnesotaCare Program was established in 1992 as an 1115 Medicaid demonstration waiver to provide affordable health coverage for people with incomes too high for Medicaid but unable to afford other health insurance. It provided a subsidized program for children and parents and later expanded to include adults.

Passage of the Affordable Care Act (ACA) in 2010, and subsequent state legislation, made many MinnesotaCare enrollees eligible for Medical Assistance (MA). Under the authority of the ACA, Minnesota established MinnesotaCare as a Basic Health Plan to provide health coverage for people with incomes between 138 percent and 200 percent of federal poverty guidelines. As a Basic Health Program (BHP), Minnesota receives federal funds equal to 95 percent of the advanced premium tax credits that would otherwise be available to eligible people enrolled in commercial health care coverage through MNsure rather than in MA where federal funding is tied to expenditures. In fiscal year 2023, federal Basic Health Plan funding covered 72 percent of MinnesotaCare's costs. The amount of federal funding varies year to year based on individual market premiums, enrollment, the geographic distribution of enrollees, and federal regulatory action. Federal BHP revenues are deposited into the BHP Trust Fund and used to fund eligible expenditures in the MinnesotaCare program. Historically, the BHP Trust Fund has had a surplus which has resulted in reductions to state expenditures.

Today, MinnesotaCare provides comprehensive health care coverage for about 105,000 Minnesotans who pay no more than \$80 per month in standard premiums. However, changes made in the federal American Rescue Plan Act (ARPA) of 2021 reduced the highest premium to \$28 through Calendar Year 2022. This change was further extended through Calendar Year 2025 by the Inflation Reduction Act of 2022. The standard premium requirements from pre-pandemic will resume in January of 2026.

MinnesotaCare coverage includes additional benefits not necessarily available or as affordable on MNsure, including dental (expanded to a comprehensive dental benefit for adults effective January of 2024), vision, and a broad array of behavioral health benefits.

In 2017, MinnesotaCare coverage was expanded to include Deferred Action for Childhood Arrivals (DACA) grantees who meet program eligibility requirements. A federal rule finalized in 2024 and codified during the 2024 Minnesota legislative session will allow DACA grantees to be eligible for the federally funded Basic Health Program. In January of 2025, Minnesotans who are undocumented but otherwise eligible for MinnesotaCare will be eligible for MinnesotaCare coverage with state-only funds.

SERVICES PROVIDED

MinnesotaCare covers a broad range of health care services including:

- primary and preventive care
- inpatient and outpatient hospital care
- coverage for prescription drugs
- chemical dependency treatment
- mental health services
- oral health services

People seeking coverage under MinnesotaCare can apply directly through the MNsure website or by submitting a paper application to MNsure, to DHS, or to their county human services or tribal office. Applicants are not eligible if they have access to affordable health insurance coverage through an employer. There are no health condition barriers for eligibility, but applicants must meet income guidelines and pay a premium (if applicable) to receive coverage¹.

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Percent of Minnesotans without health insurance ¹	Result	Minnesota Health Access Survey, Minnesota Department of Health.	4.0% 2021	3.8% 2023
Percent of low-income Minnesotans forgoing care ²	Result	Minnesota Health Access Survey, Minnesota Department of Health.	26.8% 2021	33.6% 2023
Utilization rate of dental services per 1,000 enrollees ³	Quality	DHS Annual Dental Care Spending and Utilization Statistics among Minnesota Health Care Program (MCHP) Recipients	231 2021	254 2023

Performance Measure Notes:

- Measure is the percent of Minnesotans that do not have health insurance. Source: Minnesota Health Access Survey, Minnesota Department of Health. Compares 2021 (Previous) and 2023 (Current)
- Measure is the percentage of Minnesotans who identified foregone care and have family incomes below 200 percent of poverty. Source: Minnesota Health Access Survey, Minnesota Department of Health. Compares 2021 (Previous) and 2023 (Current)
- Source: DHS Annual Dental Care Spending and Utilization Statistics among Minnesota Health Care Program (MCHP) Recipients

Minnesota Statutes, chapter 256L provides the legal authority to operate the MinnesotaCare program. Many of the covered services, provider rates, and other elements of the MinnesotaCare program overlap with the Medical Assistance program and are detailed in the Medical Assistance statute. The statutory authority for Medical Assistance is located in M.S., chapter 256B.

¹ Income eligibility guidelines (<https://edocs.dhs.state.mn.us/lfserver/Public/DHS-3182-ENG>) and estimated premium amounts (<https://edocs.dhs.state.mn.us/lfserver/Public/DHS-4139A-ENG>) by income are available on the DHS web site.

²

³

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
2360 - Health Care Access	61,226	58,809	80,151	51,465	122,561	207,282	125,394	213,074
3000 - Federal	575,389	617,707	582,887	597,448	592,324	548,118	592,324	548,118
Total	636,615	676,516	663,037	648,913	714,885	755,400	717,718	761,192
Biennial Change				(1,181)		158,335		166,960
Biennial % Change				(0)		12		13
Governor's Change from Base								8,625
Governor's % Change from Base								1

Expenditures by Category

Grants, Aids and Subsidies	636,615	676,516	663,037	648,913	714,885	755,400	717,718	761,192
Total	636,615	676,516	663,037	648,913	714,885	755,400	717,718	761,192

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
2000 - Restrict Misc Special Revenue								
Balance Forward In	6	4						
Receipts	(6)	(4)						
Balance Forward Out	0							

2360 - Health Care Access

Balance Forward In	72	14,887	1	18,709				
Direct Appropriation	69,859	44,315	104,791	49,624	103,489	169,547	106,322	175,339
Receipts	6,152	1,011	493	1,841	19,072	37,735	19,072	37,735
Transfers In	73,711	498,201	38,123	412				
Transfers Out	73,711	498,201	38,123	412				
Cancellations	14,856	1,404	6,425	18,709				
Balance Forward Out	1		18,709					
Expenditures	61,226	58,809	80,151	51,465	122,561	207,282	125,394	213,074
Biennial Change in Expenditures				11,581		198,227		206,852
Biennial % Change in Expenditures				10		151		157
Governor's Change from Base								8,625
Governor's % Change from Base								3

3000 - Federal

Balance Forward In	135,914	184,727	163,345	8,678				
Receipts	624,025	596,302	428,219	588,770	592,324	548,118	592,324	548,118
Balance Forward Out	184,550	163,322	8,678					
Expenditures	575,389	617,707	582,887	597,448	592,324	548,118	592,324	548,118
Biennial Change in Expenditures				(12,762)		(39,893)		(39,893)
Biennial % Change in Expenditures				(1)		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Forecasted Programs**Activity: Medical Assistance**

<https://mn.gov/dhs/people-we-serve/adults/health-care/health-care-programs/programs-and-services/medical-assistance.jsp>

AT A GLANCE

- In FY23, Medical Assistance (MA) served a monthly average of 1,384,143 people. This is 23.8 percent of the state's population.
- In FY23, MA provided coverage for:
 - 32% of all live births in Minnesota
 - 482,788 people receiving dental services
- In FY23, the families with children group made up 62 percent of total MA enrollment, but only 23.2 percent of total program expenditures.
- In FY23, coverage for older adults and people with disabilities made up 14 percent of total enrollment, but 60 percent of total program expenditures.
- MA is funded with state general funds, the health care access fund, federal Medicaid funds, and local shares for several services.
- All funds spending for the Medical Assistance activity for FY23 was \$18.1 billion. This represented 67.4 percent of the Department of Human Services overall budget.
- The Minnesota state share of total MA expenditures in FY23 was approximately \$6.5 billion.

PURPOSE AND CONTEXT

Medical Assistance (MA) is Minnesota's Medicaid program. MA is Minnesota's largest public health care program and serves children and families, pregnant women, adults without children, older adults, and people who are blind or have a disability. It covers one out of every five Minnesotans.

MA provides basic health care, home- and community-based services, and long-term care services. Most people who have MA get health care through health plans. One can choose a health plan from those serving MA members in their county. Members who do not get health care through a health plan get care on a fee-for-service basis, with providers billing the state directly for services they provide.

On July 30, 1965, President Lyndon B. Johnson signed into law legislation that led to the establishment of Medicare and Medicaid. Medicaid serves almost 25 percent of the nation's population. Medicaid contributes significantly to the financing of the U.S. health care system, supporting local public health infrastructure, hospitals, mental health centers, at-home care, community clinics, nursing homes, physicians, and many other health professions. Medicaid — not Medicare — is the primary source of coverage for people who need long-term care services, such as nursing home services. In 1966, Minnesota implemented Medical Assistance (MA).

Currently, the federal government shares financial responsibility for the Medicaid program by matching state costs with federal dollars. While certain federal requirements outline who and what must be covered in each program, states generally have flexibility to tailor and expand their Medicaid program to meet the needs of their population and state budgets.

The Minnesota Department of Human Services (DHS) is the state Medicaid agency and partners with all 87 Minnesota counties and several Minnesota Indian Tribes to administer MA. DHS contracts with both health plans and health care providers across the state to deliver basic health care to MA enrollees.

Minnesotans may enroll in MA if they meet certain eligibility requirements under the following categories: (a) parents and children; (b) age 65 or older, blind or have disabilities, and (c) adults without dependent children.

An individual's eligibility is determined by factors such as household income, family size, age, disability status, and citizenship or immigration status. These criteria are set by federal and state law and vary by category. Enrollees must demonstrate their program eligibility at least once a year. All individuals who meet federal eligibility requirements are guaranteed coverage. States can expand upon the minimum federal requirements, add optional or special populations to their programs, or increase the income eligibility limits. Individuals eligible for Medicaid are guaranteed a basic set of benefits covering specific services and settings.

Minnesota is known for its comprehensive approach to providing Medicaid coverage. Minnesota covers a broad group of people and services beyond the minimum standards set in federal law. This includes expanding coverage to higher-income children and adults and covering long-term services and supports in the home and community instead of an institutional setting. Minnesota also covers many special populations in need of services who would otherwise be ineligible for Medicaid because of their income level. This includes children with disabilities whose parents are given the option to access Medicaid by paying a parental fee, women who have been diagnosed with breast or cervical cancer through the state's cancer screening program, and families in need of family planning services.

MA provides coverage for preventive and primary health care services for low-income Minnesotans. MA differs from the state's other health care program, MinnesotaCare, in that it has lower income eligibility guidelines, does not have premiums, and pays for previously incurred medical bills up to three months prior to the month of application. Additionally, MA can pay for nursing facility care and intermediate care facilities for people with developmental disabilities. It can also cover long term services and supports for people with disabilities and older adults so that they can continue living in the community.

Home and community-based services (HCBS) waivers were established under section 1915(c) of the federal Social Security Act of 1981. These waivers are intended to correct the institutional bias in Medicaid by allowing states to offer a broad range of HCBS to people who may otherwise be institutionalized. Minnesota began serving people under the HCBS waiver in 1984. These services have facilitated Minnesota's shift away from institutional care.

Minnesota's MA program has expanded since the mid-1980s. The expansions have focused on low-income, uninsured, or under-insured children as well as eligibility changes to better support older adults and people with disabilities in their own homes or in small, community-based settings. During this time, a moratorium was placed on nursing facilities and intermediate care facilities for people with developmental disabilities as efforts to develop home and community-based alternatives gained momentum.

The most significant recent changes to the Minnesota MA program followed legislative action during the 2013 session and applied to people without an age, blind, or disabled basis of eligibility. These changes included an elimination of asset tests and an increase to the income eligibility limits for adults without children, parents and relative caretakers, children, and pregnant women. Under the higher income standards, people formerly eligible for MinnesotaCare, including pregnant women and children with income up to 275 percent of poverty and adults below 133 percent of poverty, became eligible for MA. This resulted in over 110,000 former MinnesotaCare recipients transitioning to coverage under MA in January of 2014.

Recent expansions in MA coverage include the extension of postpartum coverage for birthing persons from 2 months postpartum to 1 year, inclusion of telehealth services including audio-only services through June 30, 2025, the implementation of continuous coverage for children under age 6 for up to 72 months, up to 12 months for children up to age 20, the expansion of oral health benefits for adults, and the elimination of copays in MA beginning in calendar year 2024.

SERVICES PROVIDED

MA enrollees fall under one of five general categories and receive either long term care services and supports, basic health care, or both long term care and basic care. The five categories include the following:

MA Coverage of Long-Term Services and Supports (LTSS)

Thirty years ago, people who needed help with daily living tasks, such as bathing, dressing, eating and preparing meals, and going to the bathroom, were faced with the choice of when, not if, they would move from their home into an institution or similar setting. Today, older Minnesotans and people with disabilities have many options and services available. This approach provides a higher quality of life for people as they have access to the right service at the right time, and it leads to more cost-effective services over time.

LTSS are a spectrum of health and social services that support Minnesotans who need help with daily living tasks. The services generally consist of ongoing care or supports that a person needs to manage a chronic health condition or disability. The services can be provided in institutional settings, such as hospitals and nursing homes, or in people's homes and other community settings. Federal law requires all state Medicaid programs to cover these services when provided in an institutional setting or nursing facility.

MA Coverage of Long-Term Care Facilities

A nursing home provides 24-hour care and supervision in a residential facility setting. Nursing homes provide an all-inclusive package of services that covers nursing care, help with activities of daily living and other care needs, housing, meals, and medication administration. Alternatively, an intermediate care facility for persons with developmental disabilities (ICF/DD) provides 24-hour care, active treatment, training, and supervision to people with developmental disabilities. Additionally, day training and habilitation (DT&H) services help people living in an ICF/DD develop and maintain life skills and take part in the community. DT&H services include supervision, training and assistance in self-care, communication, socialization, behavior management, and supported employment and work-related activities, among others.

MA pays for long-term care services for people who reside in facilities. In FY 2023, over 11,600 people per month received facility based long term care services. Total spending on this group was about \$1.2 billion FY 2023, of which \$460 million came from state funds. Care provided under this segment of MA includes 24-hour care and supervision in nursing facilities or intermediate care facilities for persons with developmental disabilities (ICF/DD). It also includes day training and habilitation (DT&H) services for people who live in an ICF/DD.

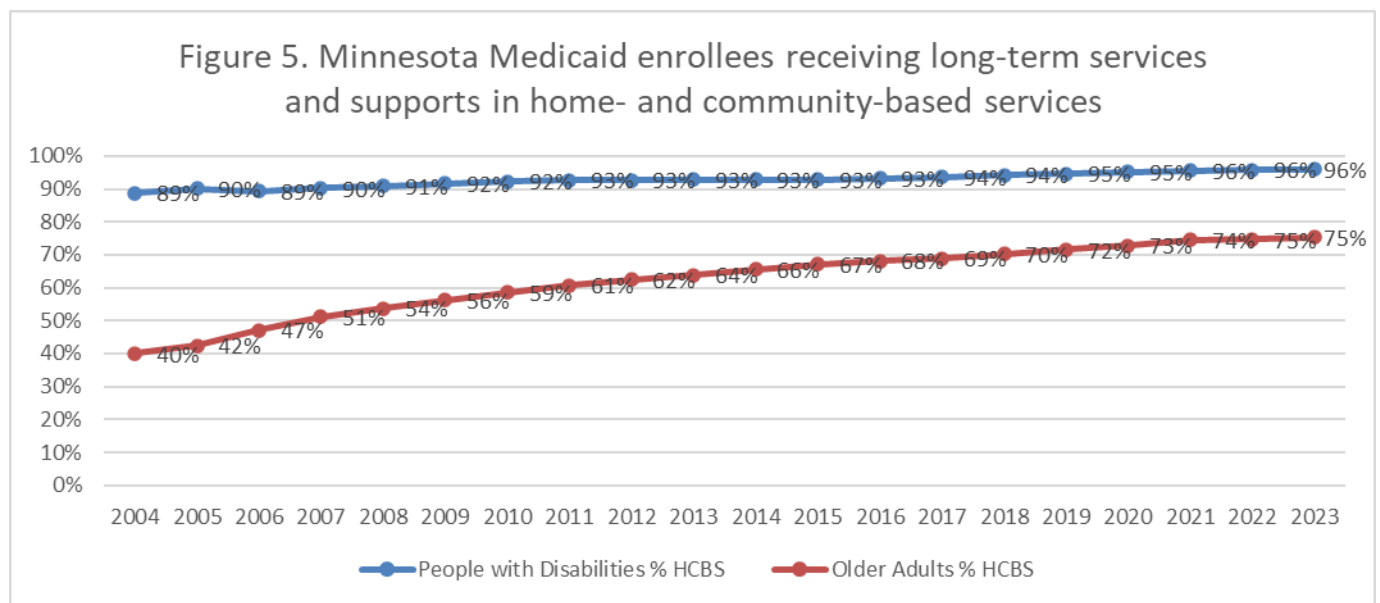
To receive MA long-term care services, a person must have income and assets that are below allowable limits and have an assessed need for the services. DHS works with community providers, counties and tribes, and the Department of Health in administering and monitoring services in these long-term care settings. More information is available at <https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5961-ENG>.

MA Coverage of Care Through Home and Community-Based Services

Home and community-based services are long-term services and supports delivered in homes or communities and not institutional settings. Congress established home and community-based services waivers in 1983 in section 1915(c) of the Social Security Act, giving states the option to seek a waiver of Medicaid rules governing institutional care to allow them to expand Medicaid services to home and community settings.

Minnesota has a long history of working to help all people live with dignity and independence. For more than 35 years, Minnesota has expanded long-term services and supports coverage to individuals receiving services in their homes and communities, which is often more effective and desirable than an institutional setting. In order to ensure that people with disabilities and older adults enjoy the same quality of life as other Minnesotans, the services and supports that they depend on must be available in the homes and communities where they choose to live.

By 1995, Minnesota had shifted from predominantly institution-based care to predominantly home and community-based care. Home and community-based services are generally more cost effective and preferred by the people who rely on services. The chart below shows that more enrollees receiving LTSS choose home and community-based services in Minnesota each year.



Minnesota began offering some home and community-based care as a Medicaid state plan option in 2005. The state also receives federal approval to use Medicaid dollars to pay for other home and community-based services through its home and community-based services waiver programs. These programs allow Medicaid to pay for services for people in their homes and communities if the services would otherwise be eligible for coverage in nursing facilities or hospitals.

DHS administers waiver programs in collaboration with county and tribal social services and public health programs. The vast majority of Minnesota's Medicaid spending on long-term care services and supports goes to enrollees in home- and community-based waiver programs. For example, around 92 percent of Medicaid long-term care spending for people with disabilities in Minnesota goes toward services provided in the community.

In FY 2023, an average of nearly 86,000 people received home care and waived services per month. Total spending on waiver and home care services was just over \$5.6 billion in FY2023, and roughly half of this was from state funds.

Minnesota operates five home and community-based waivers:

- **Brain Injury (BI):** Allows Medicaid to cover services for people with a brain injury who need the level of care provided in a nursing facility or neurobehavioral hospital and choose to receive such care in home and community-based service settings.
- **Community Alternative Care (CAC):** Allows Medicaid to cover services for people who are in need of the level of care provided at a hospital and choose to receive such care in home or community-based service settings.
- **Community Access for Disability Inclusion (CADI):** Allows Medicaid to cover services for people who need the level of care provided in nursing facilities and choose to receive such care in home and community-based service settings.
- **Developmental Disabilities (DD):** Allows Medicaid to cover services for people with developmental disabilities who need the level of care provided at an intermediate care facility for people with developmental disabilities and choose to receive such care in home and community-based service settings.
- **Elderly Waiver (EW):** Allows Medicaid to cover services for those age 65 and older who need the level of care provided in a nursing facility and choose to receive such care in home and community-based service settings.

These waivers can offer:

- in-home and residential supports
- medical and behavioral supports
- customized day services
- employment supports
- Consumer-Directed Community Supports (a self-directed option)
- caregiver supports
- transitional services to support people to move out of institutions or other congregate settings
- transportation
- home modifications and assistive technology
- case management
- other goods and services

Medical Assistance Basic Health Care

MA also provided comprehensive coverage outside of long-term care to over one million Minnesotans in FY 2019. Total spending for basic health care services reached about \$8.4 billion in FY 2019, with \$3 billion coming from state funds. The enhanced federal share available with the MA expansion in 2014 reduced the overall share of basic care expenditures to about 34.5 percent in FY 2021, a decrease from about 50 percent in FY 2013. Basic health care services covered in the MA benefit include:

- primary and preventive care
- inpatient hospital benefits
- mental health and chemical dependency treatment
- medical transportation
- medical equipment
- prescription drugs
- dental care
- coverage for eyeglasses and eye care
-

MA Coverage of Basic Health Care for Older Adults and People with Disabilities

People receiving these services are low-income elderly (65 years or older) and people who are blind or have a disability. Their income and assets must be below allowable limits. As MA enrollees, they receive health care coverage or financial assistance to help them pay for their Medicare premiums and cost sharing/copayments. This latter approach is often less expensive for the state than if the state provided their health coverage under MA alone.

This segment of the MA program also includes the Medical Assistance for Employed Persons with Disabilities (MA-EPD) program. MA-EPD enables working individuals with disabilities to receive the full MA benefit set. This

program encourages people with disabilities to work and enjoy the benefits of being employed. It allows working people with disabilities to qualify for MA without an income limit. Most MA-EPD enrollees are subject to paying a premium of at least \$35 per month. Premiums are calculated on a sliding fee scale based on the enrollee's income and family size. The asset test for MA-EPD enrollees was eliminated in the 2023 legislative session. More information on MA-EPD is available in the Medical Assistance for Employed Persons with Disabilities brochure (<http://edocs.dhs.state.mn.us/lfserver/public/DHS-2087L-ENG>).

In FY 2023, MA funds for Basic Care for Older Adults and People with Disabilities supported an average of 196,745 people per month, many of whom are also enrolled in Medicare and therefore are "dual eligible beneficiaries." Total spending on this group was over \$3.7 billion in FY 2023, about 40 percent of which came from state funds.

MA Coverage of Basic Health Care for Families with Children

Enrollees in this eligibility category include low-income pregnant women, children, parents and caretaker relatives. This segment of the MA program also includes funding for the Minnesota Family Planning Program (MFPP) and the MA Breast and Cervical Cancer Treatment program (MA-BC). MFPP provides coverage of family planning and related health care services for people not currently enrolled in MA or MinnesotaCare. MA-BC covers treatment costs for breast cancer, cervical cancer, or a precancerous cervical condition for women without health insurance. In FY 2023, this segment of MA funds supported an average of 883,449 people per month. Total spending on this group was over \$4.3 billion, about 41 percent of which came from state funds.

MA Coverage of Basic Health Care for Adults without Children

In FY 2023, MA covered an average of 314,341 adults without dependent children per month. Under the Affordable Care Act the federal government pays 90 percent of the expenditures for this population. Total spending on this group was about \$3.7 billion, with about \$318 million coming from state funds.

A full list of Medical Assistance populations, income and asset limits is in a Minnesota Health Care Programs brochure (<https://edocs.dhs.state.mn.us/lfserver/Public/DHS-3182-ENG>).

Today Minnesota's Medicaid program is a cornerstone of our state's system of health and long-term care coverage, with almost 1.5 million people covered in 2023, including children, parents, people with disabilities and older adults.

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Percent of older adults served by home and community-based services ¹	<i>Quality</i>	DHS Data Warehouse	74.8% FY2019	79.9% FY2023
Percent of people with disabilities served by home and community-based services ²	Quality	DHS Data Warehouse	95.5% FY2019	97.0% FY2023
Percent of Minnesotans without health insurance ³	Result	Minnesota Health Access Survey, Minnesota Department of Health	4.0% 2021	3.8% 2023

Performance Measure Notes:

1. This measure reflects the percentage of older adults receiving publicly funded long-term care services who receive HCBS services through the Elderly Waiver or Alternative Care program instead of services in nursing homes. More information is also available at <https://mn.gov/dhs/ltss-program-performance> (Source: DHS Data Warehouse).
2. This is the percent of people with disabilities receiving publicly funded long-term care services who receive HCBS services through disability waiver or home care programs instead of services in nursing homes or Intermediate Care Facilities. More information is also available at <https://mn.gov/dhs/ltss-program-performance> (Source: DHS Data Warehouse).
3. Measure is the percent of Minnesotans that do not have health insurance. Source: Minnesota Health Access Survey, Minnesota Department of Health. Compares 2021 (Previous) and 2023 (Current).

Minnesota Statutes, chapter 256B provides the legal authority for the Medical Assistance program. An example of legislative directives to improve and innovate in Medical Assistance is M.S., section 256B.021 (Medical Assistance Reform Waiver).

Medical Assistance

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	5,040,702	6,128,992	6,921,103	7,514,701	8,579,421	9,284,221	8,519,001	8,864,346
2000 - Restrict Misc Special Revenue	94,528	113,884	142,324	99,096	99,091	99,091	99,091	99,091
2001 - Other Misc Special Revenue				178,917				
2360 - Health Care Access	602,596	353,265	776,054	1,193,661	1,002,715	864,495	1,027,715	889,495
3000 - Federal	10,927,628	11,758,042	11,109,555	11,590,741	12,571,085	13,226,174	12,571,085	13,226,174
Total	16,665,454	18,354,183	18,949,036	20,577,116	22,252,312	23,473,981	22,216,892	23,079,106
Biennial Change				4,506,514		6,200,141		5,769,846
Biennial % Change				13		16		15
Governor's Change from Base								(430,295)
Governor's % Change from Base								(1)

Expenditures by Category

Operating Expenses	254,852	287,225	332,610	310,027	337,309	337,309	337,309	337,309
Grants, Aids and Subsidies	16,410,602	18,066,958	18,616,426	20,267,089	21,915,003	23,136,672	21,879,583	22,741,797
Total	16,665,454	18,354,183	18,949,036	20,577,116	22,252,312	23,473,981	22,216,892	23,079,106

Medical Assistance

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
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1000 - General

Balance Forward In		12,212						
Direct Appropriation	5,066,799	6,101,549	7,070,597	7,581,857	8,605,255	9,289,339	8,544,835	8,869,464
Transfers In	26,291	61,190	5,906,729	6,722,406	1,100	1,100	1,100	1,100
Transfers Out	48,536	45,959	5,941,185	6,789,562	26,934	6,218	26,934	6,218
Cancellations	3,852		115,039					
Expenditures	5,040,702	6,128,992	6,921,103	7,514,701	8,579,421	9,284,221	8,519,001	8,864,346
Biennial Change in Expenditures				3,266,110		3,427,838		2,947,543
Biennial % Change in Expenditures				29		24		20
Governor's Change from Base								(480,295)
Governor's % Change from Base								(3)

2000 - Restrict Misc Special Revenue

Balance Forward In	6,434	3,590	931	5				
Receipts	88,120	110,383	141,398	99,091	99,091	99,091	99,091	99,091
Balance Forward Out	25	90	5					
Expenditures	94,528	113,884	142,324	99,096	99,091	99,091	99,091	99,091
Biennial Change in Expenditures				33,008		(43,238)		(43,238)
Biennial % Change in Expenditures				16		(18)		(18)
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Receipts			178,917					
Expenditures			178,917					
Biennial Change in Expenditures			178,917			(178,917)		(178,917)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2360 - Health Care Access

Direct Appropriation	602,596	353,265	777,054	1,193,661	1,002,715	864,495	1,027,715	889,495
Cancellations			1,000					
Expenditures	602,596	353,265	776,054	1,193,661	1,002,715	864,495	1,027,715	889,495

Medical Assistance

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Biennial Change in Expenditures				1,013,854		(102,505)		(52,505)
Biennial % Change in Expenditures				106		(5)		(3)
Governor's Change from Base								50,000
Governor's % Change from Base								3

3000 - Federal

Balance Forward In	29,265	37,725	3,990	29,321				
Receipts	10,932,969	11,721,147	11,134,886	11,561,420	12,571,085	13,226,174	12,571,085	13,226,174
Balance Forward Out	34,606	830	29,321					
Expenditures	10,927,628	11,758,042	11,109,555	11,590,741	12,571,085	13,226,174	12,571,085	13,226,174
Biennial Change in Expenditures				14,625		3,096,963		3,096,963
Biennial % Change in Expenditures				0		14		14
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Forecasted Programs**Activity: Alternative Care**

<https://mn.gov/dhs/people-we-serve/seniors/services/home-community/programs-and-services/alternative-care.jsp>

<https://mn.gov/dhs/people-we-serve/seniors/services/home-community/programs-and-services/essential-community-supports.jsp>

AT A GLANCE

- The Alternative Care Program served 3,681 people, averaging 2,615 enrollees per month with an average monthly benefit of \$1,327 in FY23.
- Enrolled consumers contributed a total of \$715 thousand towards their cost of care.
- The Essential Community Supports program is included as part of the Alternative Care Budget activity and served 132 enrollees each month with an average monthly benefit of \$254 in FY23.
- All funds spending for the Alternative Care activity for FY23 was \$41.80 million. This represented 0.19 percent of the Department of Human Services overall budget.

PURPOSE AND CONTEXT

The Alternative Care (AC) Program is a cost-sharing program that provides certain home and community-based services for Minnesotans aged 65 and over. AC services support older adults, their families, caregivers and communities to help older adults to stay in their homes and communities and avoid costly institutionalization.

The program is a cost-effective strategy to prevent or delay people from moving onto Medical Assistance (MA) long-term services and supports (LTSS), such as Elderly Waiver and nursing home care. The program helps prevent the impoverishment of eligible seniors and maximizes the use of their own resources by sharing the cost of care with clients. AC is available to individuals who need the level of care provided in a nursing home but choose instead to receive services in the community, and whose income and assets would be inadequate to fund a nursing home stay for more than 135 days.

SERVICES PROVIDED

Alternative Care (AC) services are used in a person's own home. AC covers the following services: adult day services, caregiver services, case management, chore services, companion services, consumer-directed community supports, home health aides, home-delivered meals, homemaker services, environmental accessibility adaptations, nutrition services, personal emergency response system, personal care, respite care, skilled nursing, specialized equipment and supplies, and transportation.

Some people who have a lower level of need for long-term care services do not qualify for Alternative Care or Medical Assistance LTSS. Those people are instead served by the Essential Community Supports (ECS) program. ECS covers the following services: adult day services, service coordination (case management), chore services, home delivered meals, homemaker services, personal emergency response, caregiver education/training, and community living assistance. People can qualify for up to \$613 a month for these services. This program is included as part of the Alternative Care budget activity. DHS partners with community providers, counties, Tribal Nations, and the Department of Health in providing and monitoring services.

The AC program is currently funded with state and federal money along with monthly fees paid by the person receiving services. Payments made by the state for AC services are also subject to estate recovery. ECS is state funded only.

During the coronavirus (COVID-19) pandemic, DHS has preserved access to health care programs in accordance with Emergency Executive Orders 20-11 and 20-12, and to qualify for a temporary 6.2 percent Federal Medical Assistance Percentage (FMAP) increase authorized by the Families First Coronavirus Response Act (FFCRA).¹ To qualify for the FMAP increase, the state must maintain Medicaid (MA in Minnesota) for all individuals enrolled on and after March 18, 2020, through the end of the month in which the federal public health emergency ends, unless the individual requests a voluntary closure of their coverage, ceases to be a resident of the state, or has died. This change applies similarly to Alternative Care. During the 2020 Legislative Session, the Minnesota Legislature codified and extended DHS authority to maintain continuous coverage for MA and Alternative Care programs in order to continue receiving enhanced FMAP in the event the Governor's peacetime emergency expires, is terminated, or is rescinded.² Additionally, Executive Order 20-12 prevented AC enrollees from losing coverage due to a failure to pay premiums.

More information is available on the Alternative Care fact sheet (<https://edocs.dhs.state.mn.us/lfserver/Public/DHS-4720-ENG>).

RESULTS

The agency monitors performance measures that show how this program is working. One key measure is how well people who are eligible for publicly funded long-term services and supports access the services in their homes and community rather than in nursing facilities.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Percent of older adults served by home and community-based services ¹	Quality/Result	DHS Data Warehouse	74.8% 2019	79.9% 2023
Percent of long-term services and support expenditures for older adults spent on home and community-based services ²	Quality	DHS Data Warehouse	48.7% 2019	53.1% 2023
Percent of AC spending on Consumer-Directed Community Supports (CDCS) ³	Quality	DHS Data Warehouse	13.7% FY2019	23.2% FY2023

More information is available on Long-Term Service and Support Performance Dashboards (<https://mn.gov/dhs/ltss-program-performance>)

¹ The Families First Coronavirus Response Act (FFCRA) (Pub. L. 116-127). Section 6008 of the FFCRA provides a temporary 6.2 percentage point increase to each qualifying state's Federal Medical Assistance Percentage (FMAP) beginning January 1, 2020, and through the last day of the calendar quarter in which the COVID-19 public health emergency declared by the Secretary of Health and Human Services terminates.

² Laws 2020, Special Session 1, Chapter 7 (<https://www.revisor.mn.gov/laws/2020/1/Session+Law/Chapter/7/>)

Performance Notes:

- This measure shows the percentage of older adults receiving publicly funded long-term services and supports who receive home and community-based services through the Elderly Waiver, Alternative Care, or home care programs instead of nursing home services. (Source: DHS Data Warehouse)
- This measure shows the percentage of public long-term service and support funding for older adults that is spent on Elderly Waiver, Alternative Care or home care services instead of nursing home services. (Source: DHS Data Warehouse).
- CDCS gives persons more flexibility and responsibility for directing their services and supports—compared to services provided through the traditional program – including hiring and managing direct care staff. (Source: DHS Data Warehouse)

More information is available on the DHS Dashboard ([LTSS performance measures dashboard / Minnesota Department of Human Services \(mn.gov\)](#)).

The Alternative Care and Essential Community Support programs are authorized by Minnesota Statutes, sections 256B.0913 (<https://www.revisor.mn.gov/statutes/?id=256B.0913>) and 256B.0922 (<https://www.revisor.mn.gov/statutes/?id=256B.0922>).

Alternative Care

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	11,611	17,346	21,210	53,658	55,610	56,101	55,694	56,312
2000 - Restrict Misc Special Revenue	1,672	1,067	2,198	2,212	2,211	2,211	2,211	2,211
3000 - Federal	25,328	23,389	25,160	25,102	24,918	24,918	24,918	24,918
Total	38,611	41,802	48,568	80,972	82,739	83,230	82,823	83,441
Biennial Change				49,127		36,429		36,724
Biennial % Change				61		28		28
Governor's Change from Base								295
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses	33							
Grants, Aids and Subsidies	38,578	41,802	48,568	80,972	82,739	83,230	82,823	83,441
Total	38,611	41,802	48,568	80,972	82,739	83,230	82,823	83,441

Alternative Care

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Direct Appropriation	35,227	45,922	48,101	53,658	55,610	56,101	55,694	56,312
Transfers In			48,042	53,377				
Transfers Out	23,569	28,576	74,933	53,377				
Cancellations	47							
Expenditures	11,611	17,346	21,210	53,658	55,610	56,101	55,694	56,312
Biennial Change in Expenditures				45,911		36,843		37,138
Biennial % Change in Expenditures				159		49		50
Governor's Change from Base								295
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In	487	221	342	1				
Receipts	1,186	846	1,857	2,211	2,211	2,211	2,211	2,211
Balance Forward Out			1					
Expenditures	1,672	1,067	2,198	2,212	2,211	2,211	2,211	2,211
Biennial Change in Expenditures				1,670		12		12
Biennial % Change in Expenditures				61		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	132	104	260	184				
Receipts	25,268	23,420	25,085	24,918	24,918	24,918	24,918	24,918
Balance Forward Out	73	136	184					
Expenditures	25,328	23,389	25,160	25,102	24,918	24,918	24,918	24,918
Biennial Change in Expenditures				1,546		(426)		(426)
Biennial % Change in Expenditures				3		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Forecasted Programs**Activity: Behavioral Health Fund**<https://mn.gov/dhs/people-we-serve/adults/health-care/alcohol-drugs-addictions/programs-and-services/>**AT A GLANCE**

- In the United States, 48.7 million people aged 12 and older had substance use disorders (CY22)¹ according to the Substance Abuse and Mental Health Services Administration (SAMHSA).
- About 835,000 people aged 12 or older in Minnesota were estimated to have a substance use disorder in the past year, according to the 2022 National Survey on Drug Use and Health data.²
- Statewide, there were 63,856 admissions for substance use disorder (SUD) treatment in CY22.³
- The percentage of people completing substance use disorder was 46 percent in CY 2022.⁴
- All funds spending for the Behavioral Health Fund activity for FY 2023 was \$192 million, which represents 0.78 percent of the Department of Human Services overall budget.

PURPOSE AND CONTEXT

The Behavioral Health Fund pays for residential and outpatient substance use disorder (SUD) treatment services for eligible low-income Minnesotans.

As of July 1, 2022, SUD treatment services in Minnesota are obtained through Direct Access. Individuals directly access a Comprehensive Assessment at the provider of their choice. The provider evaluates for health care coverage and funding. When coverage is not available, the provider assists the individual to contact the county (or tribe) of residence to determine financial eligibility for the Behavioral Health Fund (BHF). BHF household size and income eligibility guidelines are similar to Medical Assistance (MN Medicaid) guidelines, but are calculated prospectively, as of the date the Comprehensive Assessment was provided. If the person meets clinical and financial eligibility guidelines, the person has choice of the treating provider, funded by the BHF.

SERVICES PROVIDED

The Behavioral Health Fund is fee-for-service funding for residential and outpatient substance use disorder treatment services for eligible low-income Minnesotans. The BHF combines multiple funding sources – state

appropriations, county share, and a portion of the federal Substance Abuse, Prevention and Treatment block grant. Federal Medicaid matching funds are collected on eligible treatment services provided to Medical Assistance recipients. Counties also contribute a share toward the cost of treatment. There is no county share for Medicaid recipients. Counties pay 22.95% of treatment service claims for non-MA recipients.

All SUD treatment programs are enrolled as Minnesota Health Care Programs and provide a continuum of effective, research-based treatment services for individuals who need them. Treatment services include individual and group therapy in outpatient or residential settings, and may also include treatment for a mental illness, other

¹ [HHS, SAMHSA Release 2022 National Survey on Drug Use and Health Data](#)

² [HHS, SAMHSA Release 2022 National Survey on Drug Use and Health Data](#)

³ [MN Office of Addiction and Recovery](#)

⁴ [HHS, SAMHSA Release 2022 National Survey on Drug Use and Health Data](#)

medical services, medication-assisted therapies (with or without adjunct behavioral services), and service coordination.

SUD treatment providers use a variety of evidence-based practices, such as the twelve-step facilitation program, cognitive behavioral therapies, specialized behavioral therapy, motivational interviewing and motivational enhancement therapy as methods to ensure success.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure (1)</i>	<i>Previous</i>	<i>Current (CY2023)</i>	<i>Dates</i>
Quantity	Number of treatment admissions to substance use disorder treatment	58,563	63,856*	2021 to 2023
Result	Percent of persons completing substance use disorder treatment	43%	46%	2019 to 2021
Result	Effect of recovery environment on non-completion rates in substance use disorder treatment (2) No severity vs. extreme severity	3.45% vs. 30.07%	13.81% vs. 55.33%	2021 to 2023

Measure Notes:

- This indicator is from the Drug and Alcohol Abuse Normative Evaluation System (DAANES) in the Performance Measurement & Quality Improvement section in the Alcohol and Drug Abuse Division of the Minnesota Department of Human Services.
- Recovery environment (encompassing health, home, community and purpose) is a predictable measure of successful treatment and continued recovery.
- * Increase in admissions is a return to pre-COVID 19 levels.

Minnesota Statutes chapter 254B (<https://www.revisor.mn.gov/statutes/?id=254B>) provides the legal authority for the CD Treatment Fund. M.S. section 254B.01, Subd.3 (<https://www.revisor.mn.gov/statutes/?id=254B.01>) defines chemical dependency services payable by the CD Treatment Fund. This definition applies to a wide variety of services within a planned program of care to treat a person's chemical dependency, or substance use disorder. Minnesota Rules, parts 9530.7000 to 9530.7031 <https://www.revisor.mn.gov/rules/9530.7000> (Rule 24) provides specific guidance with definitions, edibility guidelines, local agency responsibility, and related processes.

Behavioral Health Fund

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27

Expenditures by Fund

2001 - Other Misc Special Revenue	160,006	192,212	225,571	352,347	258,363	243,830	255,902	232,408
Total	160,006	192,212	225,571	352,347	258,363	243,830	255,902	232,408
Biennial Change				225,700		(75,725)		(89,608)
Biennial % Change				64		(13)		(16)
Governor's Change from Base								(13,883)
Governor's % Change from Base								(3)

Expenditures by Category

Grants, Aids and Subsidies	160,006	192,212	225,571	352,347	258,363	243,830	255,902	232,408
Total	160,006	192,212	225,571	352,347	258,363	243,830	255,902	232,408

Behavioral Health Fund

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Direct Appropriation	84,363	88,881	90,519	231,992	138,097	123,564	135,636	112,142
Transfers In		27	99,378	95,313				
Transfers Out	84,363	88,908	189,897	327,305	138,097	123,564	135,636	112,142
2001 - Other Misc Special Revenue								
Balance Forward In	1,028	609	265	89				
Receipts	82,976	107,812	130,260	120,266	120,266	120,266	120,266	120,266
Transfers In	84,363	83,824	95,134	231,992	138,097	123,564	135,636	112,142
Balance Forward Out	8,361	34	89					
Expenditures	160,006	192,212	225,571	352,347	258,363	243,830	255,902	232,408
Biennial Change in Expenditures				225,700		(75,725)		(89,608)
Biennial % Change in Expenditures				64		(13)		(16)
Governor's Change from Base								(13,883)
Governor's % Change from Base								(3)

Program: Grant Programs**Activity: Support Services Grants**

<https://mn.gov/dhs/people-we-serve/children-and-families/economic-assistance/food-nutrition/programs-and-services/e-and-t.jsp>

AT A GLANCE

- Provides MFIP/DWP employment services to approximately 21,700 people per month.
- Provides Supplemental Nutrition Assistance Program employment services to approximately 400 people per month.
- All funds spending for the Support Services Grants activity for FY 2023 was \$104 million.

PURPOSE AND CONTEXT

The Minnesota Family Investment Program (MFIP) and Diversionary Work Program (DWP) primary focus is on self-sufficiency through employment. Minnesota's Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T) Program is focused on SNAP recipients and providing them with clear pathways in developing marketable and in-demand skills, leading to career advancement and self-sufficiency.

Support Services Grants cover the cost of services to address barriers, help stabilize families and adults, and build skills that ensure participants are prepared to find and retain employment.

SERVICES PROVIDED

The Support Services Grants activity provides funding for the MFIP Consolidated Fund and for the SNAP Employment and Training Program:

- **MFIP Consolidated Fund:** Support Services Grants are allocated to counties and tribes, and are funded with a combination of state and federal funds, including from the federal Temporary Assistance for Needy Families (TANF) block grant. Counties and tribes use the MFIP Consolidated Fund to provide an array of employment services including job search, job placement, training, and education. The Consolidated Fund also provides other supports such as emergency needs for low-income families with children.

Workforce Centers, counties, Tribal Nations, and community agencies provide employment services. Service providers evaluate the needs of each participant and develop an individualized employment plan that builds on strengths and addresses areas of need. Services include:

- Referrals to housing, child care, and health care coverage, including any needed chemical and mental health services, to aid in stabilizing families
- Basic education, English proficiency training, skill building, and education programs to prepare participants for the labor market
- Job search assistance and job placement services to help participants locate employment that matches their skills and abilities
- Innovative programs to address special populations or needs such as: the Whole Family Systems initiative, summer youth employment, and services for teen parents that includes public health home visits.

Support Services Grants also fund a portion of county and tribal costs to administer MFIP and DWP.

SNAP Employment and Training: Federal SNAP Employment and Training funds are allocated to counties and tribal nations and used to provide a basic foundation of employment services that, if enhanced with local or other state funds, can earn a 50 percent reimbursement to build greater capacity. Support Services Grants to SNAP Employment and Training programs are matched through federal reimbursement.

RESULTS

The two key measures in MFIP/DWP are:

- The **Self-Support Index** is a results measure. The Self-Support Index shows the percentage of adults eligible for MFIP or DWP in a quarter who have left assistance or are working at least 30 hours per week three years later. Customized targets are set for each county or tribe using characteristics of the people served and local economic conditions. State law requires the Department of Human Services to use the Self-Support Index to allocate performance bonus funds. The chart following shows that about two-thirds of participants have left MFIP or DWP and/or are working at least 30 hours per week three years after a baseline period.
- The decline in the Self-Support Index from 2020 to 2023 can be explained by the corresponding decline in the range of expected performance for each local agency. Each local agency has a customized range of Self-Support Index scores based on factors outside of the control of the local agency, such as demographics of person and household, local economic and community factors.

<i>Year ending in March of:</i>	<i>S-SI</i>
2012	65.3%
2013	66.9%
2014	68.5%
2015	68.8%
2016	68.0%
2017	65.9%
2018	64.6%
2019	64.4%
2020	65.7%
2021	64.6%
2022	63.4%
2023	61.7%

- The federal Work Participation Rate (WPR) is a process measure and counts the number of parents engaging in a minimum number of hours of federally-recognized work activities. The measure does not count households who discontinue assistance when getting a job.

<i>Calendar Year</i>	<i>Median Placement Wage Per Hour for MFIP Clients</i>	<i>Median Placement Wage Per Hour for DWP Clients</i>
2008	\$9.00	\$9.39
2009	\$9.00	\$9.30
2010	\$9.50	\$9.50
2011	\$9.50	\$9.50
2012	\$9.95	\$10.00
2013	\$10.00	\$10.00
2014	\$10.29	\$10.00
2015	\$11.00	\$11.00
2016	\$11.50	\$11.50
2017	\$12.00	\$12.00
2018	\$12.50	\$13.00
2019	\$13.00	\$13.00
2020	\$14.00	-
2021	\$15.00	-
2022	\$15.88	\$16.44
2023	\$17.07	\$17.23

Two key federal reporting requirements for SNAP E&T are the percentage of participants employed and median quarterly wages in the second quarter after exiting the program.

<i>Year</i>	<i>Percent of participants employed 2 quarters after exit</i>	<i>Median quarterly wages of employed participants 2 quarters after exit</i>
2020	52.09%	\$4204.21
2021	48.52%	\$4,018.72
2022	45.16%	\$5,894.00
2023	9.12%	\$6,648.12

The legal authority for Support Services Grants is M.S. sections 256J.626 and 256D.051 (<https://www.revisor.mn.gov/statutes/?id=256J.626>) at the Department of Human Service. It will be M.S. 142G.76 at the Department of Children, Youth, and Families.

Financial operations related to this activity will transfer to the Department of Children, Youth, and Families starting on July 1, 2025.

Support Services Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26	FY27	Governor's Recommendation FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	8,692	8,696	8,705	8,715				
2000 - Restrict Misc Special Revenue				114				
3000 - Federal	4,314	3,140	3,372	14,490				
3001 - Federal TANF	88,460	94,872	94,796	96,311				
Total	101,466	106,708	106,874	119,630				
Biennial Change				18,329		(226,504)		(226,504)
Biennial % Change				9		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Category

Operating Expenses	597	300	1,773					
Grants, Aids and Subsidies	100,869	106,408	105,101	119,630				
Total	101,466	106,708	106,874	119,630				

Support Services Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Direct Appropriation	8,715	8,715	8,715	8,715	0	0	0	0
Cancellations	23	19	10					
Expenditures	8,692	8,696	8,705	8,715				
Biennial Change in Expenditures				33		(17,420)		(17,420)
Biennial % Change in Expenditures				0		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2000 - Restrict Misc Special Revenue

Balance Forward In	114	114	114	114				
Balance Forward Out	114	114	114					
Expenditures				114				
Biennial Change in Expenditures				114		(114)		(114)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Receipts	4,314	3,140	3,372	14,490				
Expenditures	4,314	3,140	3,372	14,490				
Biennial Change in Expenditures				10,408		(17,862)		(17,862)
Biennial % Change in Expenditures				140		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

3001 - Federal TANF

Balance Forward In	3,761	61						
Receipts	84,699	94,811	94,796	96,311				
Expenditures	88,460	94,872	94,796	96,311				
Biennial Change in Expenditures				7,775		(191,107)		(191,107)
Biennial % Change in Expenditures				4		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Grant Programs**Activity: Basic Sliding Fee Child Care Assistance Grants**

<https://mn.gov/dhs/people-we-serve/children-and-families/economic-assistance/child-care/programs-and-services/basic-sliding-fee.jsp>

AT A GLANCE

- In SFY23 Basic Sliding Fee Child Care Assistance paid for childcare for 13,169 children in 6,775 families in an average month.
- As of May 2024, there was a waiting list of 1,116 families eligible for assistance but unable to be served at the current funding levels.
- The average monthly assistance per family was \$1,663.
- All funds spending for the BSF Child Care Assistance Grants activity for FY 2023 was \$142 milli

PURPOSE AND CONTEXT

In order to work, families need safe and reliable childcare. The average annual cost of full-time care for one child ranges from \$8,000 to \$20,000 per year, depending on the age of the child, location, and type of provider attended.¹ Many low-income families struggle to find affordable childcare that fits their needs. Basic Sliding Fee (BSF) Child Care Assistance provides financial subsidies to help low-income families pay for childcare through the Child Care Assistance Program. Families earning no more than 47 percent of the state median income (\$49,605 in 2023 for a family of three) are eligible to enter the Basic Sliding Fee program. Families leave the Child Care Assistance Program when their earnings are greater than 67 percent of state median income (\$70,713 in 2023 for a family of three) or when their copayment exceeds their cost of care.

SERVICES PROVIDED

BSF childcare assistance grants provide support to help improve outcomes for the most at-risk children and their families by increasing access to high quality childcare.

Families must be working, looking for work or attending school to be eligible for the Basic Sliding Fee Program. The program helps families pay childcare costs on a sliding fee basis. As family income increases, so does the amount of childcare expenses (copayment) paid by the family. All families receiving childcare assistance and earning 75 percent or more of the federal poverty guideline make copayments based on their income. A family of three earning 55 percent of the state median income (\$58,048) would have a total biweekly copayment of \$187 for all children in care.

The BSF childcare assistance grants activity is part of the state's Child Care Assistance Program. Maximum rates for provider payment in the Child Care Assistance Program are set in state law. Maximum rates are set for each type of care: childcare centers, family childcare, and legal non-licensed childcare. Providers are paid at the rate they charge in the private childcare market, up to this limit. The program pays a higher rate to providers who have met quality standards through Parent Aware, are accredited, or hold certain educational credentials.

¹ <https://www.childcareawaremn.org/families/cost-of-care/>

Childcare must be provided by a legal childcare provider over the age of 18 years. Allowable providers include legal non-licensed family childcare, license-exempt centers, licensed family childcare, and licensed childcare centers. Families choose their providers in the private childcare market. Counties administer the Child Care Assistance Program.

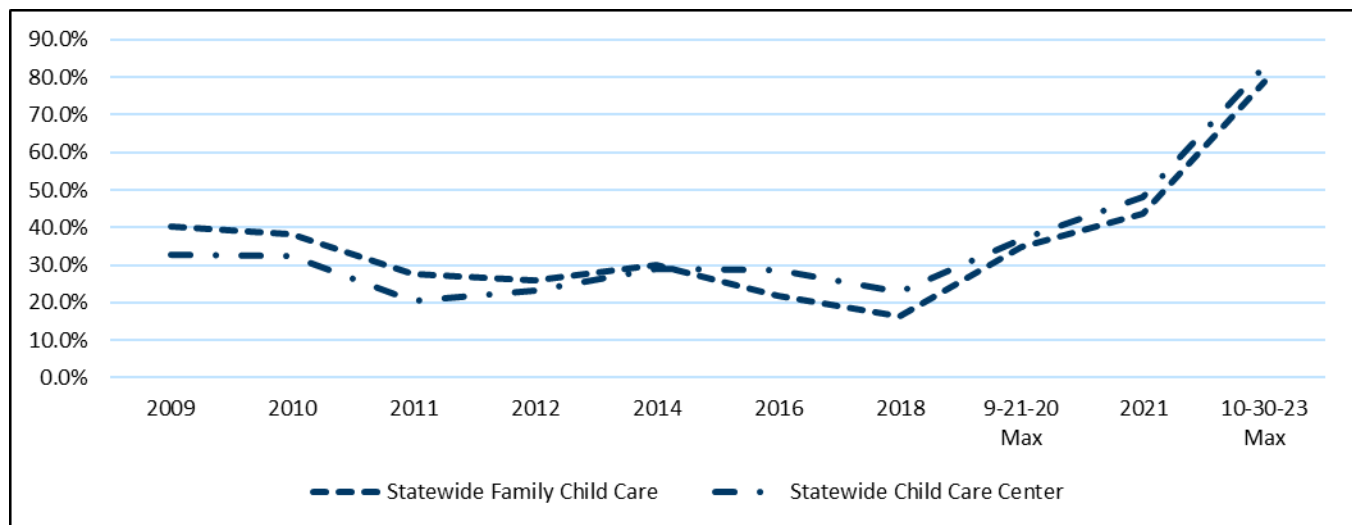
BSF funding is a capped allocation. It includes a combination of state funds and federal Child Care and Development and Temporary Assistance for Needy Families (TANF) funding. The agency allocates funding to counties, who administer the program. Because the funding is capped, not everyone who is eligible for the program may be served. As of May 2024, there was a waiting list for BSF childcare assistance of 1,116 families.

RESULTS

Percent of Provider Prices Fully Covered by CCAP - Maximum rates paid to providers under the Child Care Assistance Program may not cover the full cost of childcare. This may be a barrier for some families if they cannot find a provider in their community whose prices are covered by the maximum allowed under the program. **The percent of childcare providers who charge prices that are fully covered by the Child Care Assistance Program increased when the maximum rates were raised in the 2023 legislative session.**

As of October 30, 2023, approximately 79 percent of family childcare providers and approximately 83 percent of childcare centers charge prices that are fully covered by the Child Care Assistance Program standard maximum rates.

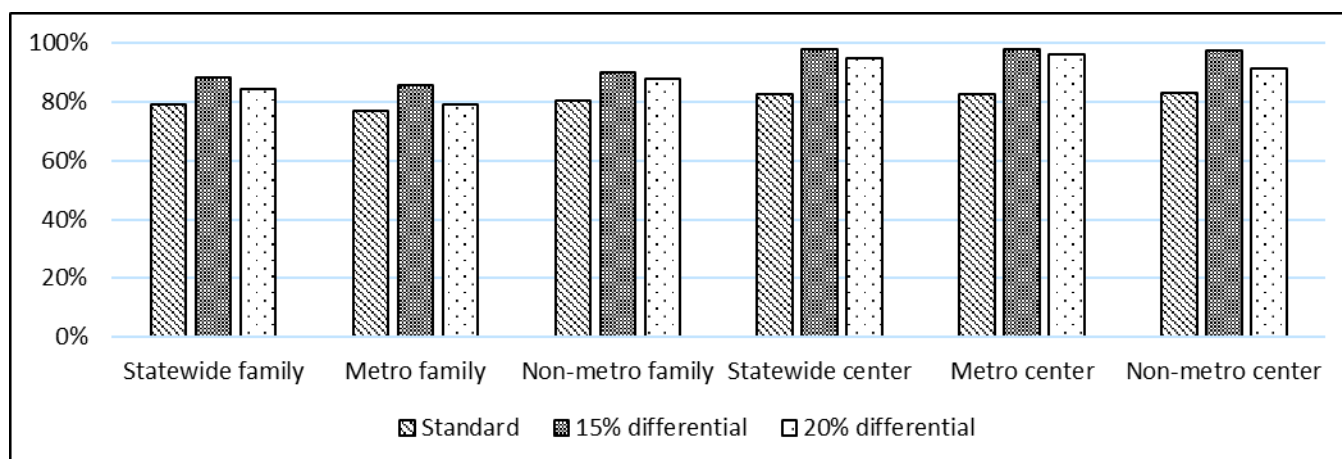
Provider prices fully covered by Standard Maximum Rates statewide, by percentage



Quality Differential Impact - Parent Aware is Minnesota's rating tool for helping parents select high quality childcare and early education programs. The Child Care Assistance Program allows up to a 15 percent higher maximum rate to be paid to providers with a Parent Aware 3-star rating, or who hold certain accreditation or education standards established in statute. Up to a 20 percent higher maximum rate can be paid to providers with a 4-star Parent Aware rating.

This quality measure shows that higher maximum rates may increase families' access to high quality providers by allowing the maximum rate paid by the Child Care Assistance Program to fully cover more (or an equivalent proportion) of their prices as compared to the prices charged by all providers. This measure indicates the impact of quality differentials by type of care. It is first presented as a statewide total, and then broken out by metro and non-metro counties.

Prices fully covered by Standard and Quality Differential Maximum Rates



Specifically, the 20 percent differential allows the prices charged by center based four-star rated metro providers to be fully covered by the maximum subsidy at a higher proportion compared to the prices of all metro center providers. The higher maximum rates offer coverage of the prices charged by all other types of quality providers at higher levels than the standard maximum rates.

Use of High-Quality Care - Children who participate in high quality early care and education are more likely to experience school success and positive life-long outcomes. This quality measure shows that the percent of all children receiving childcare assistance through providers eligible for the higher subsidy rates for quality has increased from 37.5 percent in July of 2016 to 51 percent in July of 2023.

Percent of Children Receiving Child Care Assistance in Quality Settings

	2020	2021	2022	2023
Standard Care	46.6%	44.5%	47.6%	48.8%
Provider holds Accreditation*	2.4%	2.4%	2.5%	1.6%
Provider holds Parent Aware 1-2 Star	4.0%	3.5%	2.3%	1.5%
Provider holds Parent Aware 3-4 Star*	47%	49.6%	47.6%	48.1%

** These providers are eligible for CCAP higher rates for quality. Data representative of services provided in July of each year.*

The data source for the prices charged by providers is a biennial survey of provider prices conducted by Child Care Aware of Minnesota for the Department. To assess the portion of provider prices fully covered, provider prices are compared to the applicable maximum subsidy rates. The data source for children in care with provider's eligible of the higher rates for quality is from MEC², Minnesota's childcare electronic eligibility and payment system.

The legal authority for the Basic Sliding Fee (BSF) Child Care Assistance program was in M.S. chapter 119B. (<https://www.revisor.mn.gov/statutes/cite/119B>) in the Department of Human Services. It will be in M.S. chapter 142E. (<https://www.revisor.mn.gov/laws/2024/0/80/laws.5.6.0#laws.5.6.0>) at the Department of Children, Youth, and Families.

Basic Sliding Fee Child Care Assistance Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	53,350	53,362	57,953	107,346				
3000 - Federal	59,524	78,448	129,815	126,576				
3015 - ARP-State Fiscal Recovery		7,000						
Total	112,874	138,810	187,768	233,922				
Biennial Change				170,006		(421,690)		(421,690)
Biennial % Change				68		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
<u>Expenditures by Category</u>								
Operating Expenses	8							
Grants, Aids and Subsidies	112,867	138,810	187,768	233,922				
Total	112,874	138,810	187,768	233,922				

Basic Sliding Fee Child Care Assistance Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Direct Appropriation	53,350	53,362	57,953	107,346	0	0	0	0
Expenditures	53,350	53,362	57,953	107,346				
Biennial Change in Expenditures				58,587		(165,299)		(165,299)
Biennial % Change in Expenditures				55		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	12,988	15,730	60	14				
Receipts	53,837	62,775	129,770	126,562				
Balance Forward Out	7,300	57	14					
Expenditures	59,524	78,448	129,815	126,576				
Biennial Change in Expenditures				118,419		(256,391)		(256,391)
Biennial % Change in Expenditures				86		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

3015 - ARP-State Fiscal Recovery

Direct Appropriation	7,000							
Expenditures	7,000							
Biennial Change in Expenditures				(7,000)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Program: Grant Programs**Activity: Child Care Development Grants**<https://mn.gov/dhs/people-we-serve/children-and-families/services/child-care/>**AT A GLANCE**

- Over 6,000 child care programs received funding through the Great Start Compensation Support Payment Program from October – December 2023.
- 2,879 family child care providers and 11,360 child care center direct care staff have listed their employment at their child care program in Develop, Minnesota's Quality Improvement and Registry Tool.
- 32% of eligible child care and early education programs are Rated by Parent Aware, Minnesota's Quality Rating and Improvement System as of July 2023.
- All spending for the Child Care Development Grants activity for FY23 was \$203.2 million.

PURPOSE AND CONTEXT

Child Care Development Grants provide a system of quality improvement and financial supports for licensed child care programs, professional development supports for the child care workforce, and information and supports for prospective child care business owners to improve the supply of child care. They also support families to find care and education to meet their needs.

These grants are foundational to the Department's strategy for addressing Minnesota's child care scarcity. The lack of quality child care, especially in Greater Minnesota, has a tangible economic impact because communities with an adequate supply of child care are better positioned to attract and retain employees.

In addition, there are too few individuals with the qualifications needed to work in child care programs, which also contributes to the child care shortage. These grants also help new child care workforce members gain needed qualifications, and provide grants, loans, training, coaching, and technical assistance that help retain and support the child care workforce.

SERVICES PROVIDED

The Department provides compensation support payments to child care providers, and grants to public and private partners who specialize in providing services for child care providers, families, and individuals working on starting new child care businesses, to increase the supply and quality of child care in Minnesota. Services include:

- Information for parents searching for quality child care and early education for their children through Parent Aware, an online search tool (Parent Aware website, <http://www.parentaware.org/>) and other parent education services provided by Child Care Aware of Minnesota.
- Grants, loans, financial supports and other incentives to encourage current and prospective child care providers and early educators to enter the care and education field, stay in it, advance in the field of child care and early education, and improve their programs.
- Training, coaching, professional development advising, and other workforce supports for early childhood and school-age care providers to increase their business skills, knowledge of child development, and instructional practices to meet the needs of individual children.
- Compensation support payments to retain early educators working directly with children in child care programs, stabilizing the child care workforce as part of a larger strategy to address Minnesota's child care shortages.
- Supports for family, friend and neighbor providers to promote children's social-emotional learning and healthy development, early literacy, and other skills to succeed as learners.

- Reimbursement to child care programs and providers to cover some of the fees charged to complete a nationally recognized child care accreditation program.

Child Care Development Grants are funded with federal Child Care and Development Block Grant funds and state general funds.

RESULTS

Use of Quality Child Care - Children who participate in quality child care and early education are more likely to experience school success and positive life-long outcomes. This measure shows that the percent of all children receiving child care assistance and attending child care programs with Parent Aware Ratings has increased from 65 percent in July 2021 to 71 percent in July 2023.

Number of Programs Rated by Parent Aware – Parent Aware improves children’s outcomes by improving families’ access to high quality child care. This measure shows that the percentage of child care and early education programs with a Parent Aware rating increased from 2021 to 2023.

Provider Education Levels – Early childhood educators with degrees or credentials are needed to provide the kind of early learning opportunities that will make a difference for children’s outcomes. This measure shows that the education level of early childhood educators has continued to grow over time, as reported by those educators volunteering to verify their education level.

Searches for Quality Care through Parent Aware – The ParentAware.org website is an important resource for families searching for all types of early care and education settings, including child care, school-based pre-kindergarten programs, and Head Start. The number of unique visitors on this website grew between 2021 to 2023.

Measurement Name	Type of Measure	Measurement Data Source	Historical trend	Most recent data
Quality Child Care	Result	Percent of children receiving child care assistance in quality settings	65% in 2021	71% in 2023
Quality Child Care	Quantity	Percent of child care and early education programs with a Parent Aware rating	30% in 2021	32% in 2023
Quality Child Care	Quantity	Number of family child care providers and teachers working directly with children with a Credential, CDA or Degree (AAS, BA/BS or higher)	6,070 in 2021	9,352 in 2023
Great Start Compensation Support Payment Program Impact	Quantity	Number of child care programs receiving payments through the Great Start Compensation Support Payment Program and the number of individuals supported.	6,186 programs and 40,161 individuals from July to Sept 2023	6,388 programs and 38,593 individuals from Oct to Dec 2023
Parent Aware Visibility	Quantity	Number of unique visitors on Parent Aware.org	109,671 in 2021	121,000 in 2023

The legal authority for the Child Care Development Grant activities was M.S. chapter 119B in the Minnesota Department of Human Services (<https://www.revisor.mn.gov/statutes/?id=119B>). It will be M.S. chapters 142D and 142E in the Minnesota Department of Children, Youth and Families. Financial operations related to this activity will transfer to the Department of Children, Youth, and Families starting on July 1, 2025.

Child Care Development Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26	FY27	Governor's Recommendation FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	2,937	2,942	153,666	223,499				
2001 - Other Misc Special Revenue	2,518	3,508	88					
3000 - Federal	190,416	203,346	58,994	183,191				
3015 - ARP-State Fiscal Recovery	19,969							
Total	215,840	209,797	212,748	406,690				
Biennial Change				193,802		(619,438)		(619,438)
Biennial % Change				46		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
<u>Expenditures by Category</u>								
Operating Expenses	548	1,841	1,660	100				
Grants, Aids and Subsidies	215,291	207,955	211,088	406,590				
Total	215,840	209,797	212,748	406,690				

Child Care Development Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In				5,430				
Direct Appropriation	1,737	1,737	157,070	216,844	0	0	0	0
Transfers In	1,225	1,225	2,032	1,225				
Cancellations	25	20	6					
Balance Forward Out			5,430					
Expenditures	2,937	2,942	153,666	223,499				
Biennial Change in Expenditures				371,286		(377,165)		(377,165)
Biennial % Change in Expenditures				6,315		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
2001 - Other Misc Special Revenue								
Receipts	2,518	3,508	(18)					
Transfers In			105					
Expenditures	2,518	3,508	88					
Biennial Change in Expenditures				(5,939)		(88)		(88)
Biennial % Change in Expenditures				(99)				
Governor's Change from Base								0
Governor's % Change from Base								
3000 - Federal								
Balance Forward In	71,053	11,299	59					
Receipts	119,363	192,048	58,935	183,191				
Expenditures	190,416	203,346	58,994	183,191				
Biennial Change in Expenditures				(151,577)		(242,185)		(242,185)
Biennial % Change in Expenditures				(38)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
3015 - ARP-State Fiscal Recovery								
Direct Appropriation	20,000							
Cancellations	31							
Expenditures	19,969							

Child Care Development Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
Biennial Change in Expenditures				(19,969)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Program: Grant Programs**Activity: Child Support Enforcement Grants**<https://mn.gov/dhs/people-we-serve/children-and-families/services/child-support/>**AT A GLANCE**

- In federal fiscal year (FFY) 2023, county and state child support offices provide services to more than 292,245 custodial and non-custodial parents and their 206,649 children.
- In FFY 2023, the child support program collected and disbursed \$520 million in child support payments.
- Access and visitation funds served 1,465 children in 2023.
- All funds spending for Child Support Enforcement Grants for FFY 2023 was \$1.7 million

PURPOSE AND CONTEXT

Every child needs financial and emotional support, and every child has the right to support from both parents. Minnesota's child support program benefits children by enforcing parental responsibility for their support.

The State of Minnesota collected \$520 million in child support payments in FY 2023. The Minnesota child support program plays an active role in reducing the reliance on other state income maintenance programs given the significant amount of child support that is collected and sent directly to families.

Child support represents a high proportion of income for low income custodial parents. Ten percent of cases are currently on public assistance and 40.3 percent of cases were formerly on public assistance. 88 percent of custodial parents who are eligible for child support are women. The program disproportionately serves parents of color. African American parents account for 24 percent of the child support caseload and American Indian parents account for six percent even though African American and American Indian Minnesotans only account for seven and three percent of the general population.

Child Support Enforcement Grants help strengthen families by providing financial supports. Child support helps families become self-sufficient.

SERVICES PROVIDED

Under state direction and supervision, child support activities are administered by counties and tribes. Staff assist custodial parents in obtaining basic support, medical support, and childcare support for children, through locating parents and establishing paternity and support obligations. Without this assistance, many families would not have the financial resources to remain self-sufficient.

The following activities help to support and stabilize families:

- Establish paternity through genetic testing, Recognition of Parentage or other means;
- Establish and modify court orders for child support, medical support and child care support, based on statutory guidelines;
- Enforce court orders to assure payment through remedies established in federal regulation and state law, such as income withholding, driver's license suspension and passport denial; and
- Collect and process payments from employers, parents, counties and other states and issue support funds to families.

RESULTS

The federal government funds state child support programs in part through performance incentives. These are calculated by measuring the state's performance in core activities: paternity establishment, order establishment, collection of current support, collection of arrears (past due support), and program cost effectiveness. States are ranked by their scores on the measures and earn higher incentives as performance increases. Each percentage measurement has a threshold of 80 percent to earn the maximum incentive for that measure. To maximize the incentive for cost-effectiveness, states must collect five dollars for every dollar spent on the child support program.

In 2023 Minnesota earned \$11.3 million dollars in federal incentives. The federal incentives are passed on to counties to help cover their administrative costs of the program.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Paternities established	Result	Percent of children born outside marriage for whom paternity was established in open child support cases for the year	Decreased by three percentage points since 2019	FFY2023: 97.7%
Orders established	Result	Percent of cases open at the end of the year with orders established	Decreased by three percentage points since 2019	FFY2023: 85.7%
Collections on current support	Result	Percent of cases with current support due within the year that had a collection on current support	Decreased by two percentage points since 2019	FFY2023: 73.4%
Collections on arrears	Result	Percent of cases with arrears due within the year that had a collection on arrears	Decreased by three percentage points since 2019	FFY2023: 69.9%
Cost effectiveness	Result	Dollars collected per dollars spent	Decreased by 46 cents since 2019	FFY2023: \$2.68

Notes on Performance Measures:

- Federal performance measures are listed in the 2023 Minnesota Child Support Performance Report
- (<https://www.lrl.mn.gov/docs/2024/other/240564.pdf>)
- FFY = federal fiscal year
- Paternities established can be higher than 100 percent because the results include children born in prior years for whom paternity has been established in that year.

<i>Evidence-based Practice</i>	<i>Source of Evidence</i>	<i>FY 22-23 Expenditures</i>
Driver's License Suspension Procedural Justice Project	Pilot that started in Fall 2021, ended in Spring 2022. MMB Impact Evaluation Unit conducted an evaluation. The descriptive report was published April 2023 and the impact evaluation report is published on the MMB website ¹ .	No current costs in regards to the evaluation report. Based upon finding(s) of the evaluation report there may be action steps taken to address the findings which may have future costs.

The legal authority for Child Support Enforcement Grants comes from federal and state laws.

Federal law 42 U.S.C. secs. 651-669b requires that states establish a child support program and gives general guidelines for administering the program. (Title 42 651; <https://www.govinfo.gov/content/pkg/USCODE-2011-title42/html/USCODE-2011-title42-chap7-subchapIV-partD.htm>).

State law:

Requires a person receiving public assistance to assign child support rights to the state and cooperate with child support services (M.S. sec. 256.741,) <https://www.revisor.mn.gov/statutes/?id=256.741>). This is renumbered to MS 518A.81.

Provides legal authority to establish child support (M.S. sec. 256.87), <https://www.revisor.mn.gov/statutes/?id=256.87>) and to establish paternity (M.S. sec. 257.57, <https://www.revisor.mn.gov/statutes/?id=257.57>). This was renumbered to M.S. 518A.82.

Provides legal authority to set and collect fees for child support services (M.S. sec. 518A.51, <https://www.revisor.mn.gov/statutes/?id=518A.51>), and requires the state to establish a central collections unit (M.S. sec. 518A.56, <https://www.revisor.mn.gov/statutes/?id=518A.56>).

Financial operations related to this activity will transfer to the Department of Children, Youth, and Families starting on July 1, 2025.

¹ Driver's License Suspension Project Impact Evaluation:
<https://mn.gov/mmb/assets/DLS%20impact%20report%20Final%20%28accessible%29%20tcm1059-632219.pdf>

Child Support Enforcement Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26	FY27	Governor's Recommendation FY26	FY27
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Expenditures by Fund

2000 - Restrict Misc Special Revenue	1,429	1,375	1,366	1,509				
2001 - Other Misc Special Revenue	72	19	35	590				
3000 - Federal	580	416	1,499	2,649				
Total	2,082	1,811	2,900	4,748				
Biennial Change				3,755		(7,648)		(7,648)
Biennial % Change				96		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Category

Operating Expenses	147	(4)	772	1,351				
Grants, Aids and Subsidies	1,935	1,814	2,127	3,397				
Total	2,082	1,811	2,900	4,748				

Child Support Enforcement Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
1000 - General								
Direct Appropriation	50	50	50	50	0	0	0	0
Transfers Out	50	50	50	50				

2000 - Restrict Misc Special Revenue

Balance Forward In	20	0						
Receipts	1,463	1,426	1,408	1,509				
Transfers Out	54	51	42					
Balance Forward Out	0							
Expenditures	1,429	1,375	1,366	1,509				
Biennial Change in Expenditures				70		(2,875)		(2,875)
Biennial % Change in Expenditures				2		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2001 - Other Misc Special Revenue

Balance Forward In	516	495	525	540				
Receipts		(1)						
Transfers In	50	50	50	50				
Balance Forward Out	494	525	540					
Expenditures	72	19	35	590				
Biennial Change in Expenditures				534		(625)		(625)
Biennial % Change in Expenditures				585		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Receipts	580	416	1,499	2,649				
Expenditures	580	416	1,499	2,649				
Biennial Change in Expenditures				3,152		(4,148)		(4,148)
Biennial % Change in Expenditures				316		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Grant Programs**Activity: Children's Services Grants**<https://mn.gov/dhs/people-we-serve/children-and-families/services/child-protection/>**AT A GLANCE****In 2023:**

- 23,507 assessments and investigations of child abuse and neglect involving 30,444 children were finalized.
- Of these, 4,884 unique children were determined to be victims of child maltreatment.
- 10,509 children/youth experienced an out-of-home placement.
- All funds spending for the Children's Services Grants activity for FY 2023 was \$82.6 million.

PURPOSE AND CONTEXT

Strong families and communities are an effective first line of defense for keeping children safe, especially in times of stress. Children who have been abused and neglected are more likely to perform poorly in school, become involved in criminal activities and abuse or neglect their own children. Long-term intervention costs for crime, corrections, truancy, hospitalization, special education, and mental health care are also minimized when programs and services support strong families and communities. Research provides compelling evidence that strength-based child welfare interventions, such as those funded with Children's Services Grants, result in safer children and more stable families. Without these services, children and families remain at risk.

SERVICES PROVIDED

The Children's Services Grants fund county, tribal, and community-based child welfare services around the state, including Indian child welfare services, child protection, homeless youth services, and child abuse and neglect services. These grants help keep children out of foster care and safely with their families and reduce disparities in the number of children of color in out-of-home placements. Recently these grants have been used to:

- Reform the child welfare system to focus on prevention and early intervention efforts to ensure children's safety and well-being by supporting families.
- Improve the Minnesota Child Welfare Training System.
- Design and develop Tribal approaches that ensure child safety and permanency.
- Transfer responsibility from counties to Tribes to deliver a full continuum of child welfare services to American Indian children and families on three reservations.

These services are essential to keep children safe and families stable. Children's Services Grants include state and federal funding for child welfare services

RESULTS

The Department monitors the performance of counties and tribes in delivering child welfare services. Minnesota outcomes meet or exceed most federal standards. Efforts to engage families early and collaboratively with evidence-based interventions have resulted in improved safety and timely permanency outcomes.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Repeated abuse or neglect	Quantity	Percent of children not experiencing repeated abuse or neglect within 12 months of a prior report	Remained steady since 2020	2023: 94.4%
Permanency within 12 months	Result	Percent of all children who enter foster care in the previous year that are discharged to permanency (i.e., reunification with parents, caregivers, living with relative, guardianship, adoption) within 12 months	Increased by 2 percentage points since 2020	2023: 48.6%
Permanency, 12 to 23 months	Result	Percent of all children in foster care who had been in care between 12 and 23 months on the first day of the year that were discharged to permanency within 12 months of the first day of the year	Increased by 7.2 percentage points since 2020	2023: 59.6%
Permanency, 24 months or more	Result	Percent of all children in foster care who had been in care for 24 months or more on the first day of the year that were discharged to permanency within 12 months of the first day of the year	Increased by 10 percentage points since 2020	2023: 42.2%

Performance Measures notes:

Measures are from the Child Safety and Permanency Administration at the Department of Children, Youth, and Families. Also see the DHS Child Welfare Dashboard:

(http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=dhs16_148137)

Several state statutes provide the legal authority for the Children's Services Grants activity:

Provisions for reasonable efforts, Interstate Compact on Placement of Children and Minnesota Indian Preservation Act are in M.S. chapter 260 (<https://www.revisor.mn.gov/statutes/?id=260>)

Provisions for juvenile protection are in M.S. chapter 260C (<https://www.revisor.mn.gov/statutes/?id=260C>)

Provisions for voluntary foster care for treatment are in M.S. chapter 260D

(<https://www.revisor.mn.gov/statutes/?id=260D>)

Reporting of Maltreatment of minors is under M.S. chapter 260E

(<https://www.revisor.mn.gov/statutes/?id=260E>)

Financial operations related to this activity will transfer to the Department of Children, Youth, and Families starting on July 1, 2025.

Children's Services Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	49,412	46,719	61,096	81,575	500	500	0	0
2000 - Restrict Misc Special Revenue	179	202	3	2,995				
2001 - Other Misc Special Revenue	1,712	5,895	8,761	27,431				
2403 - Gift				2				
3000 - Federal	34,631	35,359	35,141	49,756				
3001 - Federal TANF	140	140	140	140				
Total	86,075	88,314	105,141	161,899	500	500	0	0
Biennial Change			92,651		(266,040)		(267,040)	
Biennial % Change			53		(100)		(100)	
Governor's Change from Base							(1,000)	
Governor's % Change from Base							(100)	

Expenditures by Category

Operating Expenses	1,419	972	1,766	10,268				
Grants, Aids and Subsidies	84,656	87,342	103,374	151,631	500	500	0	0
Other Financial Transaction		0						
Total	86,075	88,314	105,141	161,899	500	500	0	0

Children's Services Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In	667	895	0	9,338				
Direct Appropriation	52,653	52,368	87,712	86,319	500	500	0	0
Transfers In	829							
Transfers Out	2,311	5,708	14,311	14,082				
Cancellations	1,531	836	2,967					
Balance Forward Out	895		9,338					
Expenditures	49,412	46,719	61,096	81,575	500	500	0	0
Biennial Change in Expenditures			46,540		(141,671)		(142,671)	
Biennial % Change in Expenditures			48		(99)		(100)	
Governor's Change from Base							(1,000)	
Governor's % Change from Base							(100)	

2000 - Restrict Misc Special Revenue

Balance Forward In	902	1,576	1,902	1,837				
Transfers In	585	546		1,220				
Transfers Out	73	18	62	62				
Balance Forward Out	1,236	1,902	1,837					
Expenditures	179	202	3	2,995				
Biennial Change in Expenditures				2,617		(2,998)		(2,998)
Biennial % Change in Expenditures				687		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2001 - Other Misc Special Revenue

Balance Forward In	1,197	1,478	2,521	9,998				
Receipts		1,011	1,926	3,351				
Transfers In	1,482	5,873	14,311	14,082				
Transfers Out		489						
Balance Forward Out	967	1,979	9,998					
Expenditures	1,712	5,895	8,761	27,431				
Biennial Change in Expenditures				28,585		(36,192)		(36,192)
Biennial % Change in Expenditures				376		(100)		(100)
Governor's Change from Base								0

Children's Services Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26	FY27	Governor's Recommendation FY26	FY27
Governor's % Change from Base								

2403 - Gift

Balance Forward In	1	1	1	1				
Receipts	0	0	0	1				
Balance Forward Out	1	1	1					
Expenditures				2				
Biennial Change in Expenditures				2		(2)		(2)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	0	1,426	2,783					
Receipts	36,056	36,280	32,358	49,756				
Balance Forward Out	1,424	2,346						
Expenditures	34,631	35,359	35,141	49,756				
Biennial Change in Expenditures				14,906		(84,897)		(84,897)
Biennial % Change in Expenditures				21		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

3001 - Federal TANF

Receipts	140	140	140	140				
Expenditures	140	140	140	140				
Biennial Change in Expenditures				0		(280)		(280)
Biennial % Change in Expenditures				0		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Grant Programs**Activity: Child & Community Service Grants**<https://mn.gov/dhs/partners-and-providers/program-overviews/child-protection-foster-care-adoption/>**AT A GLANCE****In 2023:**

- 23,507 assessments and investigations of child abuse and neglect involving 30,443 children were finalized.
- 1,544 children were either adopted or had a permanent transfer of legal and physical custody to a relative.
- All funds spending for the Children & Community Services activity for FY 2023 was \$97.4 million.

PURPOSE AND CONTEXT

Under the state Vulnerable Children and Adult Act, Child and Community Services Grants provide funding to support core safety services for vulnerable children, including response to reports of maltreatment, assessments of safety and risk, case management, and other supportive services that help keep children safely in their own homes.

The grants provide funding that supports counties' administrative responsibility for child protection services and foster care. The funding also helps counties purchase or provide these services for children and families.

SERVICES PROVIDED

Funding through these grants provides core safety services that focus on preventing or remedying child maltreatment, preserving and rehabilitating families, and providing for community-based care. Services include:

- Response to reports of child maltreatment and assessment of safety and risk of harm.
- Adoption and foster care supports for children.
- Case management and counseling.

Children and Community Services Grants provide child protection services to help keep more children out of foster care and safely with their families, and to decrease the disproportionate number of children of color in out-of-home placements. They help ensure that vulnerable children are better protected and receive support services in their communities.

These grants include state funds and the federal Social Services Block Grant and are allocated to counties through the state's Vulnerable Children and Adult Act.

This budget activity also includes a smaller set of grant funds to support initiatives by the White Earth Nation and Red Lake Nation to operate their own human service systems.

Finally, this budget activity includes child protection funding for the opioid epidemic response fund that is annually distributed to counties and tribal nations.

RESULTS

The Department monitors the performance of counties in delivering child welfare services. Minnesota outcomes meet or exceed most federal child welfare standards. Efforts to engage families early and collaboratively with evidence-based interventions have resulted in improved safety and timely permanency outcomes for children.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Repeated abuse or neglect	Result	Percent of children not experiencing repeated abuse or neglect within 12 months of a prior report	Remained steady since 2020	2023: 94.4%
Permanency	Result	Percent of all children who enter foster care in the previous year that are discharged to permanency (i.e., reunification with parents, caregivers, living with relative, guardianship, adoption) within 12 months	Increased by two percentage points since 2020	2023: 48.6%
Permanency, 12 months	Result	Percent of all children in foster care who had been in care between 12 and 23 months on the first day of the year that were discharged to permanency within 12 months of the first day of the year	Increased by 7 percentage points since 2020	2023: 59.6%

Performance Measures notes:

Measures provided by the Child Safety and Permanency Administration at the Department of Children, Youth, and Families. Also see the DHS Child Welfare Data Dashboard (<https://mn.gov/dhs/partners-and-providers/news-initiatives-reports-workgroups/child-protection-foster-care-adoption/child-welfare-data-dashboard/>).

The legal authority for the Vulnerable Children and Adult Act is in M.S. chapter 256M (<https://www.revisor.mn.gov/statutes/?id=256M>). This Act establishes a fund to address the needs of vulnerable children and adults in each county under a service plan agreed to by each county board and the commissioners of children, youth, and families and human services.

Financial operations related to this activity will transfer to the Department of Children, Youth, and Families starting on July 1, 2025.

Child & Community Service Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27

Expenditures by Fund

1000 - General	59,353	60,856	63,559	60,856	5,655	5,655	0	0
2005 - Opiate Epidemic Response	5,220	5,715	11,488	14,420	3,243	3,243	3,243	3,243
3000 - Federal	30,498	30,904	30,954	39,590				
Total	95,071	97,474	106,002	114,866	8,898	8,898	3,243	3,243
Biennial Change				28,322		(203,072)		(214,382)
Biennial % Change				15		(92)		(97)
Governor's Change from Base								(11,310)
Governor's % Change from Base								(64)

Expenditures by Category

Operating Expenses	32		1,003					
Grants, Aids and Subsidies	95,040	97,474	104,998	114,866	8,898	8,898	3,243	3,243
Total	95,071	97,474	106,002	114,866	8,898	8,898	3,243	3,243

Child & Community Service Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Direct Appropriation	61,251	60,856	63,559	60,856	5,655	5,655	0	0
Cancellations	1,898							
Expenditures	59,353	60,856	63,559	60,856	5,655	5,655	0	0
Biennial Change in Expenditures				4,206		(113,105)		(124,415)
Biennial % Change in Expenditures				4		(91)		(100)
Governor's Change from Base								(11,310)
Governor's % Change from Base								(100)

2005 - Opiate Epidemic Response

Balance Forward In		1,066	8,674	7,783				
Direct Appropriation	9,797	12,715	10,597	6,637	3,243	3,243	3,243	3,243
Transfers In		1,066						
Transfers Out		1,066						
Cancellations	4,577							
Balance Forward Out		8,066	7,782					
Expenditures	5,220	5,715	11,488	14,420	3,243	3,243	3,243	3,243
Biennial Change in Expenditures				14,974		(19,422)		(19,422)
Biennial % Change in Expenditures				137		(75)		(75)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Receipts	30,498	30,904	30,954	39,590				
Expenditures	30,498	30,904	30,954	39,590				
Biennial Change in Expenditures				9,142		(70,544)		(70,544)
Biennial % Change in Expenditures				15		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Grant Programs**Activity: Child & Economic Support Grants**

SNAP (<https://dcyf.mn.gov/programs-directory/supplemental-nutrition-assistance-program-snap>)

Economic Opportunity (<https://mn.gov/dhs/partners-and-providers/program-overviews/economic-supports-cash-food/office-of-economic-opportunity/>)

AT A GLANCE

- More than 449,000 Minnesotans receive help through the Supplemental Nutrition Assistance Program (SNAP) every month with an average monthly benefit of \$222 per person.
- In SFY 2022-23, 297 food shelves across the state received funding from the Minnesota Food Shelf Program (MFSP) grant, totaling \$1.5 million.
- 88.5% of the MFSP grant funds were spent on food purchases that allowed food shelves to keep fresh produce, pantry staples, dairy products, and meat on their shelves.¹
- As of April 2022, Family Assets for Independence in Minnesota (FAIM) has helped 1,114 people save nearly \$4.9 million and acquire over 3,300 long-term financial assets since 1998.
- All funds spending for the Child & Economic Support Grants activity for FY 2023 was \$1.3 billion.

PURPOSE AND CONTEXT

People living in poverty often face numerous barriers and have complex needs. The Department administers nearly 200 grants annually to more than 100 organizations to help people in poverty meet their basic needs through the Children and Economic Support Grants. Funds are also used to help people get the skills and knowledge to improve their economic stability. Without these funds, more people would be hungry, homeless, and poor.

The largest part of this budget activity is federal funding for the Supplemental Nutrition Assistance Program (SNAP). Outreach and nutrition education are conducted under this activity. These efforts help keep more people fed and healthy. Fifty-eight percent of SNAP participants are children and their families, 17 percent are seniors, 12 percent are adults with a disability, and 12 percent are other adults.¹

SERVICES PROVIDED

Children and Economic Support Grants fund food, poverty reduction, and financial capability services for low-income families and individuals. These services are designed to:

- Help people buy food.
- Help families with school-aged children buy groceries when school is out for the summer.
- Ensure people eligible for SNAP know about the program and receive application assistance.
- Educate people on nutrition and food preparation.
- Help legal non-citizens 50 years and older who do not qualify for federal SNAP due to citizenship status purchase food.
- Fund food banks, food shelves, and on-site meal programs.
- Support food system changes and provide equitable access to food support for Tribal Nations and American Indian communities.

¹ Characteristics of People and Cases on the Supplemental Nutrition Assistance Program (<https://edocs.dhs.state.mn.us/lfsrserver/Public/DHS-5182P-ENG>), Minnesota Department of Human Services, 2023.

- Fund a diaper distribution program for low-income families.

These grants also support:

- Programs administered by regional Community Action Agencies that help low-income people become more economically secure.
- Financial capability services through the Family Assets for Independence in Minnesota (FAIM) and related financial education initiatives.

In addition to the federal SNAP funding, other funding sources include state grants, federal grants from the U.S. Departments of Agriculture (USDA) for Summer Electronic Benefit Transfer, The Emergency Food Assistance Program (TEFAP), SNAP Outreach, and SNAP Education, and Health and Human Services (HHS) for the Community Services Block Grant.

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
SNAP Enrollment	Quantity	Count of enrollment	10 percent increase from December 2021	December 2022: 450,0671
Family Assets for Independence	Result	Improved Incomes of FAIM post-secondary education participants	Trend not available	2019: 57% ²
Food shelf visits	Quantity	Number of food shelf visits	36 percent increase from 2022	2023: 7.5 million

The legal authority for the Children and Economic Support Grants activities comes from:

SNAP Employment and Training, M.S. sec. 256D.60 (<https://www.revisor.mn.gov/statutes/cite/256D.60>)
 Minnesota Food Assistance Program, M.S. sec. 256D.64 (<https://www.revisor.mn.gov/statutes/cite/256D.64>)
 SNAP Outreach, M.S. sec. 256D.65 (<https://www.revisor.mn.gov/statutes/cite/256D.65>)
 Community Action Programs, M.S. secs. 256E.30 to 256E.32 (<https://www.revisor.mn.gov/statutes/?id=256E.30>)
 Minnesota Food Shelf Program, M.S. sec. 256E.34 (<https://www.revisor.mn.gov/statutes/?id=256E.34>)
 American Indian Food Sovereignty Funding Program, M.S. sec. 256E.342 (<https://www.revisor.mn.gov/statutes/cite/256E.342>)
 Family Assets for Independence in Minnesota (FAIM), M.S. sec. 256E.35 (<https://www.revisor.mn.gov/statutes/?id=256E.35>)
 Diaper Distribution Grant Program, M.S. sec. 256E.38 (<https://www.revisor.mn.gov/statutes/cite/256E.38>)
 Financial operations related to this activity will transfer to the Department of Children, Youth, and Families starting on July 1, 2025.

² Minnesota Community Action Annual Report (https://minncap.org/files/galleries/2019_MinnCAP_Annual_Report.pdf), 2019.

Child & Economic Support Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	28,910	36,798	211,484	94,099	67,095	72,095	0	0
2000 - Restrict Misc Special Revenue	140	140	140	140				
2001 - Other Misc Special Revenue	7							
3000 - Federal	1,248,996	1,277,554	800,849	1,093,758				
3010 - Coronavirus Relief	21,961							
3015 - ARP-State Fiscal Recovery	38,000	34,231	5,000	13,139				
Total	1,338,014	1,348,723	1,017,473	1,201,136	67,095	72,095	0	0
Biennial Change			(468,128)		(2,079,419)		(2,218,609)	
Biennial % Change			(17)		(94)		(100)	
Governor's Change from Base							(139,190)	
Governor's % Change from Base							(100)	

Expenditures by Category

Operating Expenses	220	11	(353)	60,000				
Grants, Aids and Subsidies	1,337,794	1,348,711	1,017,825	1,141,136	67,095	72,095	0	0
Total	1,338,014	1,348,723	1,017,473	1,201,136	67,095	72,095	0	0

Child & Economic Support Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		594		697				
Direct Appropriation	29,740	37,740	212,877	93,402	67,095	72,095	0	0
Transfers In	1,675	1,675						
Transfers Out	1,675	1,675						
Cancellations	236	1,536	696					
Balance Forward Out	594		697					
Expenditures	28,910	36,798	211,484	94,099	67,095	72,095	0	0
Biennial Change in Expenditures			239,875		(166,393)		(305,583)	
Biennial % Change in Expenditures			365		(54)		(100)	
Governor's Change from Base							(139,190)	
Governor's % Change from Base							(100)	

2000 - Restrict Misc Special Revenue

Balance Forward In	49	47						
Transfers In	140	140	140	140				
Transfers Out	2	47						
Balance Forward Out	47							
Expenditures	140	140	140	140				
Biennial Change in Expenditures				0		(280)		(280)
Biennial % Change in Expenditures				0		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2001 - Other Misc Special Revenue

Balance Forward In	7	0						
Transfers Out		0						
Expenditures	7							
Biennial Change in Expenditures				(7)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Child & Economic Support Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Balance Forward In	2,084	4	155	106				
Receipts	1,246,914	1,277,551	800,800	1,093,652				
Balance Forward Out	1	1	106					
Expenditures	1,248,996	1,277,554	800,849	1,093,758				
Biennial Change in Expenditures				(631,943)		(1,894,607)		(1,894,607)
Biennial % Change in Expenditures				(25)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

3010 - Coronavirus Relief

Direct Appropriation	22,040							
Cancellations	79							
Expenditures	21,961							
Biennial Change in Expenditures				(21,961)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3015 - ARP-State Fiscal Recovery

Balance Forward In		21,716		2,139				
Direct Appropriation	39,000	12,800	5,000	11,000	0	0	0	0
Cancellations		285						
Balance Forward Out	1,000							
Expenditures	38,000	34,231	5,000	13,139				
Biennial Change in Expenditures				(54,092)		(18,139)		(18,139)
Biennial % Change in Expenditures				(75)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Grant Programs**Activity: Refugee Services Grants**<https://mn.gov/dhs/people-we-serve/children-and-families/services/refugee-assistance/>**AT A GLANCE**

- In state fiscal year 2023 (FY23) an average of 4,094 people per month received employment and social services through Refugee Services grants.
- The average monthly cost per recipient in FY23 was \$476 for employment-related services, such as assessment, employment development planning, supported job search, placement and follow-up services.
- All funds spending for the Refugee Services Grants activity for FY23 was \$10.3 million.

PURPOSE AND CONTEXT

The Minnesota Department of Human Services is designated as the State agency responsible for services for people granted a humanitarian protection to build well-being in Minnesota. The United States Department of Health and Human Services Office of Refugee Resettlement provides funding for these programs.

SERVICES PROVIDED

The Minnesota Department of Human Services Resettlement Programs Office implements programming through Regional Resettlement Networks comprised of diverse agencies who provide services in one or more of the following areas:

- Family Resource Connections work with families to resolve immediate needs and connect them to a wide array of community resources.
- Family Education Supports provide longer-term support and utilize a Check and Connect model to support progress towards multi-step academic and career/vocational goals for students, youth or adults.
- Immigration Legal Services help people apply for work authorization and progress on a path to become U.S. Citizens.
- Employment and Career Supports assist people to secure and maintain employment and job upgrades.
- Community Workshops provide education about integration topics encountered during the first 5 years in the U.S., such as employment readiness, how to utilize public transit, financial literacy, navigating the public education system, understanding healthcare in the U.S., buying a home, ways to volunteer and get involved in your new community, and other relevant topics identified by community partners.
- Refugee Health Promotion Services provide direct assistance to people with ongoing medical needs to access services and supports needed to manage their health conditions.
- Refugee Cash Assistance (PPP) provides cash assistance and connections to resources for up to 12 months to people within their first year of arrival who are not eligible for other cash support.

In addition, some federal funds are earmarked to support certain populations based on federal statute. These more restrictive funds support the following programs which have narrower eligibility criteria:

- Support for impacted school districts
- Health screening coordination
- Housing stabilization for Afghan arrivals
- Stabilization service for Ukrainians
- Immigration legal services for Afghans and Ukrainians

Grants are used to supplement existing services to better meet the needs of refugees through local community partners, counties, and refugee communities to ensure refugees and their families are healthy, stable, and live and work in strong, welcoming communities.

RESULTS

The DHS Resettlement Programs Office uses several client outcome indicators to measure performance and determine the effectiveness of our grant programs and activities. Below are selected measures related to employment services.

Measure name	Measure type	Historical trend	Most recent data
Percent of individuals receiving federal cash benefit when placed into employment who were reduced or terminated from that benefit due to increased income from employment placement.	Result	69% Sept 2022	76% Sept 2023
Job retention rate within 90 days of people placed into employment	Quality	82% Sept 2022	86% Sept 2023
Average hourly wage for people placed into employment	Quality	\$17.12 Sept 2022	\$17.83 Sept 2023

Performance Measure Note: The average hourly wage is the average wage over the previous year for all participants.

The legal authority for the Refugee Services Grants activities comes from federal law: 45 CFR 400

Refugee Services Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General			156	13,844			100	100
2000 - Restrict Misc Special Revenue	900							
2001 - Other Misc Special Revenue				0				
3000 - Federal	16,205	12,852	16,999	67,218	63,923	63,923	63,923	63,923
3015 - ARP-State Fiscal Recovery			600	833				
Total	17,105	12,852	17,755	81,895	63,923	63,923	64,023	64,023
Biennial Change				69,693		28,196		28,396
Biennial % Change				233		28		29
Governor's Change from Base								200
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses	554	769	1,942	1,815	930	930	930	930
Grants, Aids and Subsidies	16,551	12,083	15,814	80,080	62,993	62,993	63,093	63,093
Total	17,105	12,852	17,755	81,895	63,923	63,923	64,023	64,023

Refugee Services Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In				13,844				
Direct Appropriation			14,000	4,000	0	0	100	100
Transfers Out				4,000				
Balance Forward Out			13,844					
Expenditures			156	13,844			100	100
Biennial Change in Expenditures				14,000		(14,000)		(13,800)
Biennial % Change in Expenditures						(100)		(99)
Governor's Change from Base								200
Governor's % Change from Base								

2000 - Restrict Misc Special Revenue

Balance Forward In	76							
Receipts	824							
Expenditures	900							
Biennial Change in Expenditures				(900)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2001 - Other Misc Special Revenue

Transfers In				4,000				
Transfers Out				4,000				
Expenditures				0				
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	0	0	102					
Receipts	16,205	12,852	16,897	67,218	63,923	63,923	63,923	63,923
Expenditures	16,205	12,852	16,999	67,218	63,923	63,923	63,923	63,923
Biennial Change in Expenditures				55,160		43,629		43,629

Refugee Services Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Biennial % Change in Expenditures				190		52		52
Governor's Change from Base								0
Governor's % Change from Base								0

3015 - ARP-State Fiscal Recovery

Balance Forward In				833				
Direct Appropriation			1,200					
Balance Forward Out			600					
Expenditures			600	833				
Biennial Change in Expenditures				1,433		(1,433)		(1,433)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Fraud Prevention Grants**Activity: Fraud Prevention Grants**

<https://mn.gov/dhs/general-public/office-of-inspector-general/>

AT A GLANCE

- 85 Counties (directly or as participants in a regional operation) and three Tribal Nations participate in the FPI program, which covers more than 90% of Minnesota's public assistance caseload.
- The FPI legislation has a cost neutrality requirement on DHS' funding for County, Regional, and Tribal administrative costs, meaning that the benefits of the FPI Program must outweigh the costs. For every \$1.00 DHS provides in FPI grant funding, \$3.00 in savings must be identified during the State Fiscal Year.

PURPOSE AND CONTEXT

[Minnesota Statutes 256.983](#) requires the Minnesota Department of Human Services (DHS) to manage an FPI Program. The FPI program focuses on investigating allegations of recipient fraud in Minnesota's public assistance programs. DHS reimburses County and Tribal Human Services Agencies for the staffing costs to run their FPI Programs, up to the maximum budgeted.

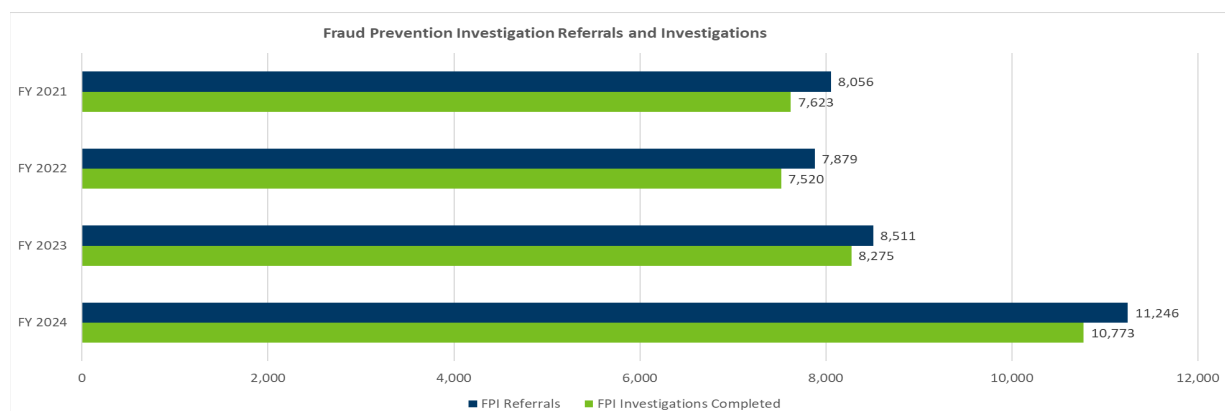
SERVICES PROVIDED

The Fraud Prevention Investigation (FPI) program is administered by the DHS Office of Inspector General's (OIG) Program Integrity Oversight Division to:

- Maintain integrity in the recipient eligibility process;
- Make sure benefits are provided at the appropriate levels and only to eligible applicants and recipients;
- Administer investigations consistently statewide; and
- Ensures recipients in similar situations are treated consistently statewide.

FPI Program Staff at DHS-OIG provide FPI program oversight, technical support and guidance to the 85 Counties and Regions and three Tribal Nations that currently participate in the FPI Program. The public assistance programs administered by DHS and investigated by FPI investigators include:

- TANF (Temporary Assistance for Needy Families)
- MFIP (MN Family Investment Program)
- DWP (Diversionary Work Program)
- WB (Work Benefit)
- EA (Emergency Assistance)
- SNAP (Supplemental Assistance Program)
- MA (Medical Assistance)
- GA (General Assistance)
- MSA (MN Supplemental Aid)
- CCAP (Child Care Assistance Program)
- RCA (Refugee Cash Assistance)

RESULTS

Fraud Prevention Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27

Expenditures by Fund

1000 - General				3,018				
Total				3,018				
Biennial Change				3,018		(3,018)		(3,018)
Biennial % Change								
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Category

Grants, Aids and Subsidies				3,018				
Total				3,018				

Fraud Prevention Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
1000 - General								
Direct Appropriation				3,018	0	0	0	0
Expenditures				3,018				
Biennial Change in Expenditures				3,018		(3,018)		(3,018)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Program: Grants Program

Activity: Health Care Grants

AT A GLANCE

- There are currently 796 navigators and in person assisters available statewide to aid people in obtaining health care coverage.
- Navigators and in person assisters provided application assistance to nearly 22,000 individuals or families enrolled in public health care programs during FY 2023.
- All of Minnesota's 87 counties collect and track Child and Teen Check-up immunization data with the help of grant funds from this activity.

PURPOSE AND CONTEXT

Health Care Grants activity funding provides supports, infrastructure investments, and outreach. These grants benefit enrollees in Minnesota Health Care Programs (Medical Assistance (MA) and MinnesotaCare) and some uninsured or underinsured individuals. These grants have historically targeted projects or work that supplement the direct health care services funded under the MA or MinnesotaCare programs.

Some grants in this budget activity augment the agency's own operational efforts. In doing so, we engage experts outside of the Department of Human Services (DHS) to help ensure that eligible Minnesotans are enrolled in the appropriate health care program and that those enrolled, especially our youngest and/or most vulnerable or hard to reach, receive the needed health care for which they are eligible.

SERVICES PROVIDED

The particular set of active health care grants in this budget activity administered by DHS can change over time depending on the length of the funding or project. Health care grants may be for one year or may be ongoing. Grantees can range from providers, counties, or community organizations.

Funding is generally dedicated to a specific project, demonstration, or function as directed by legislation. The grants currently funded under this budget activity include:

- **In-Person Assister and Minnesota Community Application Agent (MNCAA) Programs.** These funds provide incentive payments to entities assisting people applying to and enrolling in MinnesotaCare and Medical Assistance.
- **Emergency Medical Assistance Referral and Assistance Grants.** These grants fund organizations to provide immigration legal assistance to people with emergency medical conditions whose immigration status is a barrier to Medical Assistance or MinnesotaCare eligibility.
- **Immunization Registry Grants.** Provides administrative funds to counties to support immunization registries.
- **Child and Teen Checkup Grants.** Provides funding to over 50 tribes and community health boards for outreach and education to children on Medical Assistance related to Child and Teen Checkup services.
- **Integrated Care for High-Risk Pregnancies (ICHRP).** Integrated Care for High-Risk Pregnancies (ICHRP). This program provides funding for community-led collaborative care models to improve birth outcome disparities in the MA program. ICHRP grants support community-led planning, systems development, and the integration of medical, chemical dependency, public health, social services, and child welfare

coordination to address the psycho-social conditions that negatively influence maternal and birth outcomes.

- **Periodic Data Matching Grants.** Provides funds to counties to offset their costs in resolving discrepant information for MA and MinnesotaCare enrollees flagged as potentially ineligible through periodic data matching of available electronic data sources.

Health Care Grants are funded with appropriations from the state general fund, health care access fund, and with federal funds.

RESULTS

The Health Care Grants activity contributes to the statewide goal of reducing the percentage of Minnesotans that do not have health insurance. DHS collects information on the number of successful applications completed by application agents under the MNCAA and In Person Assister programs.

Please note that the numbers below are affected by Federal Public Health Emergency (PHE) requirements to extend continuous coverage to many enrollees on MA and MinnesotaCare in order for the state to draw down enhanced federal funding in order to respond to COVID-19. Because continuous coverage was extended and MA and MinnesotaCare caseloads were at a historic high toward the end of FY2023, fewer enrollees required assistance in applying for and enrolling in public health care coverage programs.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Enrollees receiving support from MNCAAs/In Person Assisters ¹	Quantity	<i>MnSure</i>	26,668 FY2021	21,723 FY 2023

Measure is the number of MNCAAs and In Person Assisters receiving incentive payments as reported by MNSure and DHS staff.

Minnesota Statutes, section 256.962 provides the authority to provide incentives for application assistance under the MNCAA program.

Minnesota Statutes, section 256B.021 is the legal authority for grants related to reforms in the Medical Assistance program.

Minnesota Statutes, section 62V.05 provides authority for the In-Person Assister program.

Health Care Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	4,486	4,582	61,993	9,561	4,811	4,811	4,711	4,711
2360 - Health Care Access	2,672	799	4,398	5,360	3,465	3,465	3,465	3,465
3000 - Federal	18,568	19,271	24,357	45,130	53,806	79,059	53,806	79,059
3015 - ARP-State Fiscal Recovery		370						
Total	25,727	25,022	90,748	60,051	62,082	87,335	61,982	87,235
Biennial Change				100,050		(1,382)		(1,582)
Biennial % Change				197		(1)		(1)
Governor's Change from Base								(200)
Governor's % Change from Base								(0)

Expenditures by Category

Operating Expenses	1,065	1,138	1,555	5,908	5,620	5,620	5,620	5,620
Grants, Aids and Subsidies	24,662	23,884	89,193	54,143	56,462	81,715	56,362	81,615
Total	25,727	25,022	90,748	60,051	62,082	87,335	61,982	87,235

Health Care Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Direct Appropriation	4,811	4,811	62,561	9,561	4,811	4,811	4,711	4,711
Cancellations	325	229	568					
Expenditures	4,486	4,582	61,993	9,561	4,811	4,811	4,711	4,711
Biennial Change in Expenditures			62,486		(61,932)		(62,132)	
Biennial % Change in Expenditures			689		(87)		(87)	
Governor's Change from Base							(200)	
Governor's % Change from Base							(2)	

2360 - Health Care Access

Balance Forward In				1,895				
Direct Appropriation	5,547	1,529	8,401	3,465	3,465	3,465	3,465	3,465
Cancellations	2,875	730	2,108					
Balance Forward Out			1,895					
Expenditures	2,672	799	4,398	5,360	3,465	3,465	3,465	3,465
Biennial Change in Expenditures				6,286		(2,828)		(2,828)
Biennial % Change in Expenditures				181		(29)		(29)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	1	1						
Receipts	18,567	19,270	24,357	45,130	53,806	79,059	53,806	79,059
Expenditures	18,568	19,271	24,357	45,130	53,806	79,059	53,806	79,059
Biennial Change in Expenditures				31,648		63,378		63,378
Biennial % Change in Expenditures				84		91		91
Governor's Change from Base								0
Governor's % Change from Base								0

3015 - ARP-State Fiscal Recovery

Direct Appropriation	370							
Cancellations	0							
Expenditures	370							
Biennial Change in Expenditures				(370)		0		0

Health Care Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Program: Grant Programs**Activity: Other Long-Term Care Grants****AT A GLANCE**

- This budget activity covers grants that serve multiple populations including people with disabilities, people with a mental illness and older adults.
- The Home and Community-Based Service (HCBS) Innovation Pool was established in FY17 to support increased innovation in HCBS programs. The appropriation for FY22 was \$1,925,000 and FY24 was \$1,925,000. The base appropriation is \$1,925,000.
- The Home and Community-Based Service (HCBS) Innovation Pool funding supported 20 grant contracts in FY2022 and 20 grant contracts in FY23.
- Moving Home Minnesota (MHM), a Money Follows the Person (MFP) federal demonstration grant, was awarded \$40.91 million for CY2024 to support transitions to the community. MHM budgeted funds to support up to 308 community transitions across CY24.
- All funds spending for the Other Long-Term Care grants activity for FY23 was \$25.710 million. This represented 0.16 percent of the Department of Human Services overall budget

PURPOSE AND CONTEXT

The purpose of other long-term care grants is to serve more people in community-based settings and to encourage creativity in how services are delivered for people with disabilities, people with a mental illness, and seniors.

Currently, the following grants are included in Other Long-Term Care Grants, which will expand as more cross-population grants are developed.

The HCBS Innovation Pool grant incentivizes providers to innovate in achieving integrated competitive employment, living in the most integrated setting, and other outcomes. The Innovation pool began distributing funds in FY17.

The Money Follows the Person (MFP) federal demonstration grant supports the state's effort to rebalance their long-term services and supports system to ensure individuals have a choice of where they live and receive services. This program is called Moving Home Minnesota specifically for Minnesota. The Minnesota MFP demonstration also supports the MFP Tribal Initiative (TI), supporting the development of sustainable and culturally appropriate infrastructure and long-term services and supports for tribes and tribal members within Minnesota.

In addition, as part of the Money Follows the Person federal grant, states are eligible for an enhanced FFP that can be used for rebalancing projects. This is called the Moving Home Minnesota rebalancing fund. MHM has awarded nearly \$12 million in funds to support innovation and projects in the areas of housing, service quality, equity, self-advocacy and person-centered thinking, and administration and systems improvement.

In FY21 two one-time grants were added to this budget activity from the federal Coronavirus Relief Fund: HCBS retainer grants and public health grants.

In FY22, three additional grants have been added to this budget activity from the federal American Rescue Plan Act (ARPA), totaling \$26.09 million in the FY22-23 biennium. New grant activities included technology grants for HCBS recipients, provider capacity grants, and HCBS workforce development grants.

SERVICES PROVIDED

- The Home and Community-Based Service (HCBS) Innovation Pool rewards providers, service recipients, and other entities for innovation in achieving outcomes that improve quality of life, including integrated competitive employment and living in the most integrated setting in the community. The funds were distributed via a request for proposal (RFP) process. There are three ways that the money was distributed:
 - Large grants (up to \$500,000). These grants incentivize innovation in HCBS services. Some grantees use pay for performance concepts and models that utilize outcome-based payments consisting of financial incentives based on the outcomes proposed, produced, and achieved.
 - Small grants (\$5,000 - \$50,000). This is for grants of up to \$50,000 per year for 1 to 3 years. A simplified RFP process solicits participation from diverse grantees beyond typical responders. This could include individuals, small groups, sole proprietors, small businesses, etc.
 - Micro grants (\$100 - \$2,000). The micro grant program provides modest amounts of money to people with disabilities so they can accomplish their own goals and aspirations. The funds complement and supplement what can already be paid for through other sources of funds and have a lasting and ongoing impact for the micro grant recipient.
- The Money Follows the Person (MFP) Rebalancing Demonstration grant supports efforts to rebalance spending on long-term services and supports to ensure individuals have a choice of where they live and receive services. Individuals wishing to move into the community that have resided in an institutional setting for over 60 days are supported in locating and transitioning to community-based care. The transition and a year of services in the community are funded by the grant. The services provided under the MFP grant are eligible for an enhanced federal financial participation (FFP) of 25 percent. The enhanced FFP is deposited into a special revenue fund and began funding rebalancing demonstration projects in FY19. The rebalancing funds may be used by the state to invest in or support activities that will promote improvements to the state's delivery of long-term services and supports and move the state toward more integrated and inclusive community-based service delivery systems.
- Funds under the Money Follows the Person Tribal Initiative are similarly used to improve access to community-based long-term care services and supports (CB-LTSS) for American Indians and Alaska Natives. In addition, the Tribal Initiative may be used to advance the development of an infrastructure required to implement CB-LTSS for American Indians and Alaska Natives using a single or variety of applicable Medicaid authorities. Funding is intended to support the planning and development of:
 - An in-state Medicaid program CB-LTSS (as an alternative to institutional care) tailored for American Indians and Alaska Natives who are presently receiving services in an institution.
 - A service delivery structure that includes a set of administrative functions delegated by the state Medicaid agency to Tribes or Tribal organizations, such as enabling tribe(s) to design an effective program or package of Medicaid CB- LTSS and operating day-to-day functions pertaining to the LTSS program(s).
 - The Tribal Initiative may be used to cover costs necessary to plan and implement activities consistent with the objectives of this funding and within Federal grant regulations. The funds are subject to all the terms and conditions of the MFP Program.
- Retainer grants were for eligible providers to assist with the costs of business interruptions due to required COVID-19 closures and to help ensure service access following the pandemic. Grants amounts equaled 66 percent of the revenue providers received for eligible services in January 2020. Two hundred nine (209) providers received a grant, totaling \$15.2 million in payments. Providers of the following services were eligible to receive these funds:
 - Adult day services provided under the BI, CADI, DD, EW waivers and AC program
 - Day training & habilitation provider under the DD waiver

- Prevocational services provided under the BI and CADI waivers
- Structured day services provided under the BI waiver
- Employment exploration, development, and support services provided under the DD, CADI, CAC, and BI waiver
- Early Intensive Developmental and Behavioral Intervention (EIDBI) services
- Public health grants - Eligible disability services providers used the funds to improve social distancing practices to reduce the risk of exposure to and transmission of COVID-19 to people with disabilities and staff who support them by:
 - Maintaining or increasing use of individualized day or employment services
 - Reducing use of congregate and sheltered workshop settings
 - Eighty-four (84) unique recipients received a grant, totaling \$15.3 million in payments. For full details please see the legislative report [Disability services provider COVID-19-related public health grants](https://www.lrl.mn.gov/docs/2021/mandated/210780.pdf) (<https://www.lrl.mn.gov/docs/2021/mandated/210780.pdf>)
- Technology for HCBS recipients grants (\$2.5 million in the FY22-23 biennium) provides for one-time funding for technology to support people living in their own homes to enhance access to HCBS services and strengthen a person's ability to live independently.
- Provider capacity grants for Rural and Underserved Communities (\$14 million in the FY22-23 biennium) provides temporary funding for small provider organizations serving rural or underserved communities.
- HCBS workforce development grants (\$5.588 million in the FY22-23 biennium) to attract and retain direct care workers who provide home and community-based services for people with disabilities and older adults.

RESULTS

The agency monitors data, reviews counties, and administers surveys to consumers to evaluate services. Minnesota has seen continuous improvement in the number of people with disabilities served by community-based rather than institution-based services.

More information is also available on the Employment First Dashboard (<https://mn.gov/dhs/employment-first-dashboards>) and Long-Term Service and Support Performance Dashboards (<https://mn.gov/dhs/ltss-program-performance>).

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Percent of working aged people on certain Medical Assistance programs earning \$600 or more per month.	Quality	DHS Data Warehouse	18% FY 2010	18% FY 2023
Percent of people with disabilities who receive home and community-based services at home.	Quality	DHS Data Warehouse	61.2% FY 2019	66.4% FY 2023
Percent of older adults who receive home and community-based services at home.	Quality	DHS Data Warehouse	62.7% FY 2019	62.9% FY 2023

Performance Measures Notes:

1. Measure compares monthly earnings for people aged 18-64 who receive services from one of the following Medical Assistance programs: Home and Community-Based Waiver Services, Mental Health Targeted Case Management, Adult Mental Health Rehabilitative Services, Assertive Community Treatment and Medical Assistance for Employed Persons with Disabilities (MA-EPD). Source: DHS Data Warehouse.
2. This measure compares people who receive disability waiver services in their own home rather than residential services. Source: DHS Data Warehouse.
3. This measure compares older adults receiving services in their own home rather than residential services. Source: DHS Data Warehouse.

Other Long-Term Care Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	1,925	24,978	176,262	223,598	2,747	1,925	2,747	1,925
2000 - Restrict Misc Special Revenue				440				
2001 - Other Misc Special Revenue	1,685	2,356	1,037	2,847	3,124	3,110	3,124	3,110
3000 - Federal	1,108	2,416	2,285	9,187	15,244	6,100	15,244	6,100
3015 - ARP-State Fiscal Recovery	49,900							
4925 - Family and Medical Benefit Ins					20,000		20,000	
Total	54,618	29,750	179,584	236,072	41,115	11,135	41,115	11,135
Biennial Change				331,288		(363,406)		(363,406)
Biennial % Change				393		(87)		(87)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses		146	164	400				
Grants, Aids and Subsidies	54,618	29,603	179,419	235,672	41,115	11,135	41,115	11,135
Total	54,618	29,750	179,584	236,072	41,115	11,135	41,115	11,135

Other Long-Term Care Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		8,500		219,711				
Direct Appropriation	10,608	21,476	397,524	3,887	2,747	1,925	2,747	1,925
Cancellations	183	4,998	1,551					
Balance Forward Out	8,500		219,711					
Expenditures	1,925	24,978	176,262	223,598	2,747	1,925	2,747	1,925
Biennial Change in Expenditures				372,957		(395,188)		(395,188)
Biennial % Change in Expenditures				1,386		(99)		(99)
Governor's Change from Base								0
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Receipts			440					
Expenditures			440					
Biennial Change in Expenditures			440			(440)		(440)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2001 - Other Misc Special Revenue

Balance Forward In	6,663	8,151	7,786	8,177	8,177	8,177	8,177	8,177
Transfers In	2,689	1,713	1,427	2,847	3,124	3,110	3,124	3,110
Balance Forward Out	7,667	7,508	8,177	8,177	8,177	8,177	8,177	8,177
Expenditures	1,685	2,356	1,037	2,847	3,124	3,110	3,124	3,110
Biennial Change in Expenditures				(157)		2,350		2,350
Biennial % Change in Expenditures				(4)		61		61
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Receipts	1,108	2,416	2,285	9,187	15,244	6,100	15,244	6,100
Expenditures	1,108	2,416	2,285	9,187	15,244	6,100	15,244	6,100
Biennial Change in Expenditures				7,948		9,872		9,872
Biennial % Change in Expenditures				226		86		86

Other Long-Term Care Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Governor's Change from Base								0
Governor's % Change from Base								0

3010 - Coronavirus Relief

Balance Forward In	24					
Cancellations	24					

3015 - ARP-State Fiscal Recovery

Direct Appropriation	49,900				
Expenditures	49,900				
Biennial Change in Expenditures			(49,900)	0	0
Biennial % Change in Expenditures					
Governor's Change from Base					0
Governor's % Change from Base					

4925 - Family and Medical Benefit Ins

Direct Appropriation		20,000	20,000
Expenditures		20,000	20,000
Biennial Change in Expenditures	0	20,000	20,000
Biennial % Change in Expenditures			
Governor's Change from Base			0
Governor's % Change from Base			

Program: Grant Programs**Activity: Aging & Adult Services Grants**

<http://mn.gov/dhs/people-we-serve/seniors/>

AT A GLANCE

- Provides congregate dining to 20,400 people and home delivered meals to 24,000 people annually.
- Funded by the Minnesota Board on Aging, AmeriCorps, Senior (formally Senior Corps) supports about 10,000 older volunteers per year who provide services through the Retired and Senior Volunteer Program (RSVP), Foster Grandparents, and Senior Companions.
- Provided comprehensive assistance and individualized help to more than 134,000 individuals through over 245,000 calls in SFY23 through the Senior LinkAge Line®.
- Educated over 8,500 community members about Alzheimer's or other dementias, and provided services, supports and resources to nearly 2,500 family, friends, and neighbor caregivers and almost 2,500 persons suspected or diagnosed with Alzheimer's or other dementias through the Dementia grant program in SFY 23.
- Funded home and community-based service options through the Community Service/Services Development (Live Well at Home) grant program in SFY23.
- Funded 97 communities and projects through the Age-Friendly grant program in SFY23.
- All funds spending for the Aging & Adult Services Grants activity was \$67.25 million in FY2023. This represented 0.34 percent of the Department of Human Services overall budget.

PURPOSE AND CONTEXT

The purpose of Aging and Adult Services Grants is to provide non-medical social services and supports for older Minnesotans and their families to allow older adults to stay in their own homes and avoid institutionalization.

These funds increase the number and kind of service options for older Minnesotans in both urban and rural communities. This gives greater opportunity for Minnesotans to age at home. Several of the state grant programs are coordinated with the services provided under the federal Older Americans Act (OAA). Federal OAA funds in Minnesota are administered through the Minnesota Board on Aging. These funds provide core social services to at-risk older adults and their family caregivers who are not yet eligible for public programs. Services are targeted to people with the greatest social and economic need.

SERVICES PROVIDED

Aging and Adult Services Grants provides various services to older adults including non-medical social services and supports for older Minnesotans and their families to allow older adults to stay in their own homes and avoid institutionalization. These grants are often used along with local private money, including donations. Aging and Adult Services grants provide:

- Nutritional services including congregate meals, home-delivered meals, and grocery delivery.
- Increased service options for older Minnesotans through service development activities funded by the Community Service/Community Services Development (CS/SD), Family Caregiver Support, and ElderCare Development Partnership (EDP) grant programs. Those services include: transportation, help with chores, help with activities of daily living, evidence-based health promotion, chronic disease management, fall prevention services, respite and other supportive services to family caregivers, and other services that help people stay in their own homes.
- Support to older volunteers who provide services through the Retired and Senior Volunteer Program, Foster Grandparent, and Senior Companion programs.

- Comprehensive and individualized help through the Senior LinkAge Line®. The Senior LinkAge Line® trains long-term care options counselors that assist individuals to find community resources and financing options for beneficiaries of all ages.
- Information about community-based resources and customized long-term care planning tools through www.minnesotahelp.info, (<http://www.minnesotahelp.info/>) a web-based database of over 45,000 services.
- Long-term care options counseling services provided by the Senior LinkAge Line®, known as Return to Community, that help people successfully remain in their homes after discharge from a nursing home. Since the launch of this service in 2010 and through 2021, over 22,000 consumers have been contacted for discharge support. Of those 22,000, direct assistance was provided to over 6,647 older adults at their request to return home and an additional 3,747 in 2018 through 2021 received education or telephone assurance for 3 to 5 years. During COVID, without the ability to meet in person, tele-visits were adopted and more follow up calls were provided if requested.
- Home and community-based services quality information which includes a tool to help people who need long-term services and supports and their caregivers find and locate services. The tool includes 340 features about services. In addition, consumer reviews are being piloted for assisted living providers, supported employment and independent living services.
- Core Service provides grants to nonprofit providers who deliver in-home and community-based services to older adults. These grants expand the number of organizations that can be supported, which increases the number of individuals served.
- Oversight of a county administered adult protection system providing supports for tribal nations including policy, decision tools, technology, training, consultation and outcome evaluation including operating the Minnesota Adult Abuse Reporting System (MAARC) and the state's adult protective services system.
- Funding to assisted living providers who serve public pay participants to support quality improvement initiatives, through the customized living quality improvement grants.
- In FY22, additional Age-Friendly Minnesota and Quality Improvement Customized Living grant projects funded through the federal American Rescue Plan Act (ARPA) were approved, totaling \$2.45 million in the FY22-23 biennium.

The Agency administers these grants in partnership with regional Area Agencies on Aging, counties, tribes, and community providers.

RESULTS

Minnesota has seen improvement in the proportion of older adults served by community-based rather than institution-based services. The percent of older adults served in the community has improved over the past four years. Through our partners, we surveyed users of the Senior LinkAge Line® and found a consistent proportion of people would recommend Senior LinkAge Line® services to others.

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Percent of older adults served by home and community-based services ¹	Result	DHS Data Warehouse	74.8% FY 2019	79.9% FY 2023
Percent of consumers who would recommend the Senior LinkAge Line® to others ²	Quality	Consumer Surveys, Web Referral database	94% 2017	90% 2019

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of older adults who receive meals through the Congregate and Home Delivered Meal Programs.	Quantity	Return to Community Database	45,773 2020	44,494 2022

More information is available on the Long-Term Service and Support Performance Dashboard (<https://mn.gov/dhs/ltss-program-performance>)

Results Notes:

1. This measure shows the percentage of older adults receiving publicly-funded long-term services and supports who receive home and community-based services through the Elderly Waiver, Alternative Care, or home care programs instead of nursing home services. (Source: DHS Data Warehouse)
2. Due to COVID, the in person and paper quality form was discontinued in 2020. Since the governor's emergency has been lifted, it will be reinstated in October, 2022 and has been converted from paper to an after call survey which should increase the response rate and provide feedback at the regional and agent level. (Source: Consumer Surveys, Web Referral database)
3. This is a new measure that reflects the expansion of the Return to Community initiative. (Source: Return to Community Database)

M.S. sections 256B.0917 (<https://www.revisor.mn.gov/statutes/?id=256B.0917>) and 256B.0922 (<https://www.revisor.mn.gov/statutes/?id=256B.0922>) provide the legal authority for Aging and Adult Services Grants. M.S. section 256.975 (<https://www.revisor.mn.gov/statutes/?id=256.975>) created the Minnesota Board on Aging.

Aging & Adult Services Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	31,408	38,003	47,521	156,800	33,861	33,862	39,516	39,517
2001 - Other Misc Special Revenue				523	550	784	550	784
3000 - Federal	48,556	42,618	46,005	56,229	17,147	12,700	17,147	12,700
Total	79,965	80,621	93,527	213,552	51,558	47,346	57,213	53,001
Biennial Change				146,493		(208,175)		(196,865)
Biennial % Change				91		(68)		(64)
Governor's Change from Base								11,310
Governor's % Change from Base								11

Expenditures by Category

Operating Expenses	3,426	1,922	1,993	1,819	1,819	1,819	1,819	1,819
Grants, Aids and Subsidies	76,539	78,699	91,533	211,733	49,739	45,527	55,394	51,182
Total	79,965	80,621	93,527	213,552	51,558	47,346	57,213	53,001

Aging & Adult Services Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In			12	116,777				
Direct Appropriation	32,995	39,445	165,354	40,023	33,861	33,862	39,516	39,517
Cancellations	1,587	1,442	1,068					
Balance Forward Out			116,777					
Expenditures	31,408	38,003	47,521	156,800	33,861	33,862	39,516	39,517
Biennial Change in Expenditures				134,910		(136,598)		(125,288)
Biennial % Change in Expenditures				194		(67)		(61)
Governor's Change from Base								11,310
Governor's % Change from Base								17

2001 - Other Misc Special Revenue

Balance Forward In				113				
Transfers In			113	410	550	784	550	784
Balance Forward Out			113					
Expenditures				523	550	784	550	784
Biennial Change in Expenditures				523		811		811
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	8	8	217					
Receipts	48,556	42,610	45,789	56,229	17,147	12,700	17,147	12,700
Balance Forward Out	8							
Expenditures	48,556	42,618	46,005	56,229	17,147	12,700	17,147	12,700
Biennial Change in Expenditures				11,060		(72,387)		(72,387)
Biennial % Change in Expenditures				12		(71)		(71)
Governor's Change from Base								0
Governor's % Change from Base								0

3010 - Coronavirus Relief

Balance Forward In	109							
Cancellations	109							

Program: Grant Programs**Activity: Deaf, DeafBlind, and Hard of Hearing Grants**

<https://mn.gov/dhs/people-we-serve/adults/services/deaf-hard-of-hearing/programs-services/>

AT A GLANCE

In FY23, Deaf, DeafBlind, and Hard of Hearing Grants provided specialized programs and services to 284 adults and 288 children who are deaf, deafblind, and hard of hearing and also provided additional supports to meet the statewide service needs of people who are deaf, deafblind, and hard of hearing. These grants are managed by the Deaf, DeafBlind, and Hard of Hearing State Services Division. The total FY23 funds spending for this activity was \$2.8 million, which represented 0.01% of the Department of Human Services overall budget.

The Division's community-based programs, services, and supports provided:

- Culturally and linguistically affirmative mental health services that include access to American Sign Language (ASL) for people who are deaf, deafblind, and hard of hearing. In FY23, 142 adults and 144 children were served.
- Specialized programs and technology and training supports to people who are deafblind to establish and maintain their independence, develop knowledge and skills, and participate fully in their families and communities. In FY23, 117 adults and 47 children were served by specialized programs and 25 adults and 7 children received technology and training supports.
- Specialized training opportunities for individuals who are deafblind and for service providers serving people who are deafblind to enable them to develop deafblind communication skills. In FY23, 119 participants were served.
- Deaf and hard of hearing adult mentor services to families with children who are deaf and hard of hearing to help them learn American Sign Language (ASL) and other communication and life skills. In FY23, 90 families with children were served.
- Sign language interpreting services to people who are deaf, deafblind, and hard of hearing and need communication access to funerals and 12-step meetings in Greater Minnesota. In FY23, interpreting services were provided for 23 funerals and 38 12-step meetings.
- Assistance with covering interpreter travel costs for sign language interpreting service requests that meet the critical communication access needs of people who are deaf, deafblind, and hard of hearing in Greater Minnesota. In FY23, 150 interpreting service requests received travel cost assistance.
- Internship, training, and professional development opportunities for sign language interpreters in Greater Minnesota to enable them to meet the evolving communication access needs of people who are deaf, deafblind, and hard of hearing. In FY23, 8 internship stipends were provided to 8 interpreter interns, 8 training workshops were provided to 139 interpreter participants, 6 specialized training programs were provided to 217 interpreter participants, and 7 statewide Video Remote Interpreting (VRI) workshops were provided to 500 interpreter participants.
- Accessible local TV news for people who are deaf, deafblind, and hard of hearing through the real-time captioning of live TV news programming statewide. In FY23, real-time captioning services were provided for 1,041.75 hours of live TV news programming.

PURPOSE AND CONTEXT

It is estimated that 20% of Minnesotans are deaf, deafblind, and hard of hearing. This means approximately 1.16 million are likely to have some degree of hearing loss (out of the total population of 5,801,769 for 2022 as estimated by the state demographer). An estimated 11.4% of Minnesotans are deaf and hard of hearing (have bilateral hearing loss), and an estimated 0.57% of Minnesotans are deafblind (have both hearing and vision loss).

The number of Minnesotans with hearing loss is projected to increase significantly in the future due to factors like noise exposure and aging. According to the Minnesota Department of Health, approximately 250 infants and young children each year are identified with permanent childhood hearing loss, which makes hearing loss one of the most common conditions present at birth. As children get older, the frequency of hearing loss increases from 1.7 out of 1000 at birth to 5 out of 1000 for ages 3-17. For adults, hearing loss is the fourth most common disability. It is estimated that 2.0% of adults between ages 45-54, 8.5% of adults between ages 55-64, 25% of adults between ages 65-74, and 50% of adults over 75 have hearing loss that significantly impacts their lives.

Deaf, DeafBlind, and Hard of Hearing Grants provide Minnesotans who are deaf, deafblind, and hard of hearing with specialized programs, services, and supports that meet their needs across the lifespan, including the critical need for effective communication access. The Deaf, DeafBlind, and Hard of Hearing State Services Division administers these grants.

SERVICES PROVIDED

The Division partners with community-based service providers, mental health professionals, local television stations, and the Department of Commerce to provide statewide grant-funded programs, services, and supports. Few providers have the unique skills needed to provide the culturally and linguistically affirmative services required by people who are deaf, deafblind, and hard of hearing, and the Division works closely with them.

Grants are primarily funded by the state general fund. In addition, the grants for the real-time captioning of live TV news programming are funded by the Department of Commerce's Telecommunications Access Minnesota (TAM) funds.

The Division's community-based programs, services, and supports include:

- Specialized mental health programs for adults, children, and youth that provide culturally and linguistically affirmative services, including services provided directly in American Sign Language (ASL), another sign language, or a tactile form of a visual language. Services include outpatient therapy, family counseling, psychological assessments, and training opportunities for families, schools, and mental health providers.
- Specialized programs, services, and supports for adults and children who are deafblind so they can live independently and participate fully in their lives.
 - Specialized adult supports include:
 - Support service providers who are fluent in American Sign Language (ASL) and trained in deafblind communication methods
 - Consumer-directed services
 - Technology and training supports
 - Deafblind communication skills training
 - Specialized children and family supports include:
 - Community interveners who are trained to work with children who are deafblind and their families so that they may develop their language and communication skills, meet childhood developmental goals, engage with their families, and learn about their home and community environments
 - Technology and training supports

- Deafblind communication skills training
- Deaf and hard of hearing adult mentors who work with families that have children who are deaf and hard of hearing to support the families and their children in the development of communication and other life skills, including the facilitation of early language through American Sign Language (ASL) instruction.
- Sign language interpreting services that allow people who are deaf, deafblind, and hard of hearing to access everyday activities and core services such as medical care, mental health services, human services, the judicial system, and self-help. Services include:
 - Interpreting services for people who are deaf, deafblind, and hard of hearing and need communication access to funerals and 12-step meetings in Greater Minnesota
 - Assistance with covering interpreter travel costs for interpreting services that meet the critical communication access needs of people who are deaf, deafblind, and hard of hearing in Greater Minnesota
- Sign language interpreter internship, training, and professional development opportunities to help maintain the number and quality of interpreters serving people who are deaf, deafblind, and hard of hearing in Greater Minnesota. Opportunities include:
 - Internships for interpreter interns
 - Supports for interpreters who are pursuing certification and who are newly certified
 - Training and professional development workshops for new and experienced interpreters
- Real-time captioning services for live TV news programming statewide that allow people who are deaf, deafblind, and hard of hearing to have equal access to their local TV news.

RESULTS

Due to the unique and diverse nature of Deaf, DeafBlind, and Hard of Hearing Grants, measurements will vary across the range of the Division's grant-funded programs, services, and supports. People served have the opportunity to fill out surveys which measure their satisfaction with the quality and timeliness of services received.

- Across all grants, consumers reported a high level of satisfaction with the quality and timeliness of services received.
- Across the grant-funded mental health programs, the percent of clients who completed or are making good progress on their treatment plan goals is 92% as a result of the culturally and linguistically affirmative services that these clients receive.
- Across the grant-funded programs that support families with children who are deaf, deafblind, and hard of hearing, 96% of parents reported noticeable improvement in their child's progress in communication ability, community engagement, and social development as a result of the specialized services that these families and their children receive.

Measure name	Measure type	Historical trend	Most recent data
1. Percent of consumers in the Division's grant-funded programs who are satisfied with the quality of the services they received.	Quality	82% FY 2021	98% FY 2023
2. Percent of consumers in the Division's grant-funded programs who are satisfied with the timeliness of the services they received.	Quality	79% FY 2021	94% FY 2023
3. Percent of clients in the Division's grant-funded mental health programs who completed or are making good progress on their treatment plan goals.	result	82% FY 2021	92 % FY 2023

Measure name	Measure type	Historical trend	Most recent data
4. Percent of parents in the Division's grant-funded programs who observed progress in the communication ability, community engagement, and social development of their child who is deaf, deafblind, and hard of hearing.	Result	90% FY 2021	96% FY 2023

Performance Notes:

- Data source: Consumer satisfaction surveys and grantee reports.

M.S. sections 256.01, subd. 2 (<https://www.revisor.mn.gov/statutes/?id=256.01>), 256C.233 (<https://www.revisor.mn.gov/statutes/?id=256C.233>), 256C.261 (<https://www.revisor.mn.gov/statutes/?id=256C.261>), and 256C.30 (<https://www.revisor.mn.gov/statutes/?id=256C.30>) provide the legal authority for Deaf, DeafBlind, and Hard of Hearing Grants.

Deaf & Hard of Hearing Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	2,862	2,885	2,886	2,886	2,886	2,886	2,886	2,886
2001 - Other Misc Special Revenue	149	127	128	161	149	149	149	149
3000 - Federal	75	75	75	75	75	75	75	75
Total	3,085	3,087	3,089	3,122	3,110	3,110	3,110	3,110
Biennial Change				38		9		9
Biennial % Change				1		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses				10				
Grants, Aids and Subsidies	3,085	3,087	3,089	3,112	3,110	3,110	3,110	3,110
Total	3,085	3,087	3,089	3,122	3,110	3,110	3,110	3,110

Deaf & Hard of Hearing Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Direct Appropriation	2,886	2,886	2,886	2,886	2,886	2,886	2,886	2,886
Cancellations	24	1						
Expenditures	2,862	2,885	2,886	2,886	2,886	2,886	2,886	2,886
Biennial Change in Expenditures				25		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	6			3				
Receipts	180	137	33	158	149	149	149	149
Transfers In	14		98					
Transfers Out	51	10						
Balance Forward Out			3					
Expenditures	149	127	128	161	149	149	149	149
Biennial Change in Expenditures				13		9		9
Biennial % Change in Expenditures				5		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

2403 - Gift

Balance Forward In			0					
Transfers Out			0					

3000 - Federal

Receipts	75	75	75	75	75	75	75	75
Expenditures	75	75	75	75	75	75	75	75
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				(0)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Grant Programs**Activity: Disabilities Grants**

<https://mn.gov/dhs/people-we-serve/people-with-disabilities/services/>

AT A GLANCE

- The Family Support Grant served 1,116ⁱ people in FY23.
- The Consumer Support Grant supported an average of 3,862 people a month in FY23.
- Semi-independent living services served 3,874ⁱⁱ people in FY23.
- HIV/AIDS programs helped 4,086ⁱⁱⁱ people living with HIV/AIDS in FY23.
- The Disability Hub MN, in FY21 served 26,264 people, had 86,695 contacts and 67 educational events. In FY22 the Hub served 28,447 people, had 71,108 contacts and 30 educational events.^{iv}
- In FY22 new grants have been added to this budget activity funded through the federal American Rescue Plan Act (ARPA), totaling \$18.546 million in the FY22-23 biennium.
- All funds spending for the Disabilities Grants activity for FY23 was \$92.63 million. This represented 0.39 percent of the Department of Human Services overall budget.

PURPOSE AND CONTEXT

The US Census Bureau estimates that nearly 600,000 or over ten percent of Minnesotans have a disability or disabling condition. Disabilities Grants provide services and supports to help Minnesotans with disabilities remain in their communities and avoid institutionalization. This work is done by counties, tribes, families, and local providers. These funds increase the service options for people with disabilities and their families, help people with HIV/AIDS with medical expenses, provide information and assistance on disability programs and services, and support county and tribal service infrastructure.

More information about disabilities grants and the number of people served is available with our Programs and Services page:

- Family Support Grant (<https://mn.gov/dhs/people-we-serve/people-with-disabilities/services/home-community/programs-and-services/fsg.jsp>)
- Consumer Support Grant Program (<https://mn.gov/dhs/people-we-serve/people-with-disabilities/services/home-community/programs-and-services/csg.jsp>)
- Semi-independent Living Services (<https://mn.gov/dhs/people-we-serve/people-with-disabilities/services/home-community/programs-and-services/sils.jsp>)
- HIV/AIDS programs (<https://mn.gov/dhs/people-we-serve/seniors/health-care/hiv-aids/programs-services/>)
- Disability Hub MN (<https://disabilityhubmn.org/>)

SERVICES PROVIDED**Disabilities Grant programs include:**

- The Family Support Grant (FSG) provides cash to families to offset the higher-than-average cost of raising a child with a disability.
- The Consumer Support Grant (CSG) is an alternative to home care paid through the Medical Assistance, which helps people purchase home care, adaptive aids, home modifications, respite care, and other help with the tasks of daily living. This program will sunset when Community First Services and Supports (CFSS) replaces the services provided by CSG.

- Semi-Independent Living Services (SILS) grants help adults with developmental disabilities who do not require an institutional level of care live in the community. The funding is used for instruction or assistance with nutrition education, meal planning and preparation, shopping, first aid, money management, personal care and hygiene, self-administration of medications, use of emergency resources, social skill development, home maintenance and upkeep, and use of transportation.
- HIV/AIDS programs help people living with HIV/AIDS pay premiums to maintain private insurance, co-payments for HIV-related medications, mental health services, dental services, nutritional supplements, and case management.
- The Disability Hub MN provides one-to-one assistance to make it easier for people with disabilities to understand their options, find solutions, and engage in possibilities.
- Technology grants for alternatives to corporate foster care funds the multidisciplinary team approach to person centered assistive technology (AT) consultation and technical assistance to help individuals with disabilities live more independently. People who want to stay home or move home direct the outcome and the grantee assists with the technology resources.
- Pre-admission Screening and Resident Review activities determine a person's need for nursing facility (NF) level of care for Medical Assistance (MA). Lead agencies costs related to this activity are reimbursed through these grants.
- Intractable epilepsy grants provide independent living services training to adults with intractable epilepsy and information, assistance, and referral to guardians of and families with children under the age of 18 who have severe or intractable epilepsy.
- Local planning grants assist counties and tribes in development of community alternatives to corporate foster care settings. This funding is used to implement specific county plans to address the needs of people with disabilities in their communities.
- Day Training and Habilitation (DT&H) grants are allocated to counties. Counties pay for DT&H costs for some residents. This funding is allocated to counties to help offset costs for legislative rate increases to day training and habilitation facilities, and grant funding also supports providers who are projected to experience a significant funding gap at the completion of banding. This provision includes provider eligibility standards. Providers receiving grants are required to develop sustainability plans in partnership with DHS. DHS is required to provide technical assistance and financial management advice to grant recipients.
- Regional Quality Council grants fund four regional quality councils. The Regional Quality Councils, in collaboration with DHS, exist to support a system of quality assurance and improvement in the provision of person-directed services for people with disabilities.
- Work Empower grants help people with disabilities maintain or increase stability and employment, increase access to and utilization of appropriate services across systems, reduce use of inappropriate services, improve physical and mental health status, increase earnings, and achieve personal goals.
- Institutional Settings and Intellectual and Developmental Disability grants fund a disability advocacy organization to maintain and promote self-advocacy services and supports for persons with intellectual and developmental disabilities throughout the state.
- Innovation Grants for Families provide funding for grants to connect families through innovation grants, life planning tools and other resources as they support a family member with disabilities.
- Region Person Centered Cohort Grant is allocated to regional cohorts for training, coaching, and mentoring for Person-Centered Planning and collaborative safety practices.
- Service Employees International Union (SEIU)Grant Funding appropriates funding to pay stipends to Personal Care Assistants (PCA) workers for taking additional training and for new worker orientation.
- Electronic Visit Verification Grant Funding (EVV) assists providers who choose to use their own electronic visit verification system. Providers of these services must comply with electronic visit verification standards on a date established by the commissioner after the state-selected system is in production. This is a two-year grant program.

- Federally funded traumatic brain injury grants will continue to expand on work done in the first grant cycle with partnerships with the MN Department of Health and MN Brain Injury Alliance. It will expand into work with the DHS Housing Division to support housing and homeless service providers who work with people with brain injury, focusing on training, education, and screening opportunities to get people connected to services.

ARPA funded grants in the FY22-23 biennium include:

- Parent-to-Parent Program for Families with Children with Disabilities provides individual support and assistance to 200 unique families across MN in addition to support, information, and training services through 1,342 family encounters.
- Self Advocacy Grants for People with Developmental Disabilities provides funding to establish a statewide advocacy network for people with intellectual and developmental disabilities.
- Minnesota Inclusion Grant provides funds for self-advocacy groups of people with intellectual and developmental disabilities to develop and organize projects to increase inclusion and access to inclusive services, improve community integration outcomes, and educate decision makers and the public.
- Inclusive Child Care Access for Children with Disabilities to establish grants that will improve access, staff capacity, staff training and development, and childcare facilities for children with disabilities in childcare settings.
- Provider reinvention grant program to promote independence and increase opportunities for people with disabilities to earn competitive wages. Support through this grant program includes a state appointed technical assistance firm, grants to help providers end their use of subminimum wages, and grants to expand the capacity of providers supporting competitive employment.
- MCIL HCBS Access Grants support people with disabilities to live in their own homes and communities by providing accessibility modifications that cannot be purchased through Medicaid due to the participant's eligibility.
- Transition to Community Initiative grants add corporate foster care and customized living to the list of eligible settings for persons accessing the Whatever it Takes Grants.

The Disabilities Grants activity is funded by the state's general fund, federal funds, and special revenue funds. The HIV/AIDS programs receive federal funds from the Ryan White Care Act (<https://ryanwhite.hrsa.gov/about/legislation>) and also rebate funding from pharmaceutical companies for drugs and insurance.

RESULTS

The agency monitors data, reviews counties and tribes, and administers surveys to consumers to evaluate services. Minnesota has seen continuous improvement in the number of people with disabilities served by community-based rather than institution-based services.

The agency tracks the percentage of people with disabilities who receive home and community-based services in their own home instead of in a congregate residential setting, such as foster care.

More information is also available on the DHS dashboard ([LTSS performance measures dashboard / Minnesota Department of Human Services \(mn.gov\)](#))

Measure name	Measure type	Measure data source	Historical trend	Most recent data
1. Percent of people with disabilities who receive home and community-based services at home.	Result	DHS Data Warehouse	61.2% FY 2019	66.4% FY 2023
2. Percent of consumers who would recommend the Disability Hub MN to others.	Quality	Disability Hub MN Customer Satisfaction Surveys	98% 2019	98% 2021
3. Annual number of people served through the Technology for Home Services grant.	Quantity	DHS Data Warehouse	372 FY 2019	375 FY 2021

1. This measure compares people who receive disability waiver services in their own home rather than residential services. More information is also available at <https://mn.gov/dhs/ltss-program-performance>. Source: DHS Data Warehouse.
2. This measure continues to show over 90% satisfaction with the Disability Hub services. Source: Disability Hub MN Customer Satisfaction Surveys.
3. This measure represents the unduplicated annual number of people served through the Technology for Home Services grant, which provides assistive technology for people in their own homes. Source: Technology for Home report. Source: DHS Data Warehouse.

M.S. sections 252.275 (<https://www.revisor.mn.gov/statutes/?id=252.275>); 252.32 (<https://www.revisor.mn.gov/statutes/?id=252.32>); 256.01, subds. 19, 20, and 24 (<https://www.revisor.mn.gov/statutes/?id=256.01>); 256.476 (<https://www.revisor.mn.gov/statutes/?id=256.476>); and 256B.0658 (<https://www.revisor.mn.gov/statutes/?id=256b.0658>) provide the legal authority for Disabilities Grants.

ⁱ The total FY21 spending and divide it by the average grant amount (\$2,000). Grants may not exceed \$3,113.99 per calendar year for each eligible child.

ⁱⁱ Based on assumption of 2% recipient growth over FY 2018 estimation.

ⁱⁱⁱ These numbers are from CAREWare, the client level database for Ryan White Services.

^{iv} Information is from the Disability Hub Call Center report.

Disabilities Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
<u>Expenditures by Fund</u>								
1000 - General	63,911	67,848	141,886	114,143	48,841	27,827	90,717	25,853
2000 - Restrict Misc Special Revenue	16,585	15,521	12,615	13,923	9,742	9,693	9,742	9,693
2001 - Other Misc Special Revenue	285	137	190	147	147	147	147	147
3000 - Federal	8,302	12,681	15,718	24,454	23,419	11,025	23,419	11,025
Total	89,083	96,187	170,409	152,667	82,149	48,692	124,025	46,718
Biennial Change				137,805	(192,235)		(152,333)	
Biennial % Change				74	(60)		(47)	
Governor's Change from Base							39,902	
Governor's % Change from Base							31	
<u>Expenditures by Category</u>								
Operating Expenses	4,962	2,068	62,764	2,912	2,664	2,664	2,664	2,664
Grants, Aids and Subsidies	84,121	94,119	107,645	149,755	79,485	46,028	121,361	44,054
Total	89,083	96,187	170,409	152,667	82,149	48,692	124,025	46,718

Disabilities Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		2,799	0	12,765				
Direct Appropriation	31,398	31,010	115,334	39,951	28,154	27,827	70,030	25,853
Transfers In	41,477	39,866	46,610	61,427	20,687		20,687	
Cancellations	6,623	5,827	7,293					
Balance Forward Out	2,340		12,765					
Expenditures	63,911	67,848	141,886	114,143	48,841	27,827	90,717	25,853
Biennial Change in Expenditures				124,269		(179,361)		(139,459)
Biennial % Change in Expenditures				94		(70)		(54)
Governor's Change from Base								39,902
Governor's % Change from Base								52

2000 - Restrict Misc Special Revenue

Balance Forward In	19,296	10,547	8,307	3,972				
Receipts	9,503	13,193	10,942	12,832	12,832	12,832	12,832	12,832
Transfers In			600					
Transfers Out	3,168	2,605	3,262	2,881	3,090	3,139	3,090	3,139
Balance Forward Out	9,046	5,614	3,972					
Expenditures	16,585	15,521	12,615	13,923	9,742	9,693	9,742	9,693
Biennial Change in Expenditures				(5,568)		(7,103)		(7,103)
Biennial % Change in Expenditures				(17)		(27)		(27)
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Receipts	285	137	190	147	147	147	147	147
Expenditures	285	137	190	147	147	147	147	147
Biennial Change in Expenditures				(85)		(43)		(43)
Biennial % Change in Expenditures				(20)		(13)		(13)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In		1	1	78				
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Disabilities Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Receipts	8,302	12,680	15,795	24,376	23,419	11,025	23,419	11,025
Balance Forward Out			78					
Expenditures	8,302	12,681	15,718	24,454	23,419	11,025	23,419	11,025
Biennial Change in Expenditures				19,189		(5,728)		(5,728)
Biennial % Change in Expenditures				91		(14)		(14)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Grant Programs**Activity: Housing & Support Services Grants**

<https://mn.gov/dhs/partners-and-providers/program-overviews/housing-and-homelessness>

AT A GLANCE

- The Housing and Support Services Division (HSSD) oversees 15* grant programs to support housing-related activity statewide impacting youth, single adults, and families.
- Services provided include case management, outreach and education, online housing search tools, housing program administration costs and grants for securing safe and secure housing.
- In FY23, grant spending of over \$46.65 million* was used to ensure Minnesotans that are homeless or at-risk of homelessness with limited incomes can live with dignity, stability, respect and choice. This represents .19% of the Department of Human Services overall budget.

*Beginning SFY25, the Homelessness, Housing and Support Services Administration was created within DHS bringing together the Housing and Support Services Division, the Office of Economic Opportunity (OEO) Homeless Programs and Behavioral Health Homeless grants totaling \$270 million in FY24-25.

PURPOSE AND CONTEXT

The Housing and Support Services Division manages 15 grant programs to support and provide housing and housing related services to youth, single adults, families and low-income Minnesotans with disabilities. These programs, which amount to nearly \$270 million in FY24-25, support people across the housing spectrum. This funding is an integral part in the Division's commitment to supporting systems that integrate housing, services, and income supports to enable people to live in the community of their choice.

Beginning SFY25, the Homelessness, Housing and Support Services Administration was created within DHS to bring together the Housing and Support Services Division, the Office of Economic Opportunity (OEO) Homeless Programs Team and other agency Homelessness and Housing grants. Grants such as Long-Term Homelessness Supportive Services, Community Living Infrastructure, Emergency Services Program (ESP), Emergency Solutions Grant (ESG), Transitional Housing Program (THP), Safe Harbor program, Project for Assistance in Transition from Homelessness (PATH), Housing with Support for Adults with Serious Mental Illness (HSAMI) and many others. The total for all new grants added to the division in SFY25 is \$72.4 million.

SERVICES PROVIDED

- The Long-Term Homelessness Supportive Services grant supports multi-county and tribal collaboratives to assist individuals and families with long histories of homelessness to find and keep permanent housing. Grants fund case management, outreach, and direct assistance that allow individuals and families to find and stay in their housing.
- The Community Living Infrastructure grant, which began in 2018, integrates housing as a basic component of county and tribal human service agency work. Funds are available to 59 counties and three tribes across the state. Grant funding can be used in one or more of these areas: 1) outreach activities to individuals who are homeless or in institutions or other facility stays; 2) housing resource specialists who build capacity and trainings related to the access of housing resources for those in housing search or navigating homelessness. Housing Resource Specialists provide information to Human Services staff individuals, family members, providers, advocates, etc. about housing resources they may be eligible for,

as well as information about housing opportunities in their area; and 3) operations and monitoring of the Housing Support program by counties or tribes.

- The Real Time Housing Website grant funds the design, development and maintenance of a fully accessible and usable website to track availability of housing openings in real-time for people with disabilities across the state of Minnesota. It will help connect individuals, advocates, and family members to housing options and information about community living resources available. The website, named HB101 Places, has been built and is currently being expanded to include Scattered Site housing support providers.
- The Housing Benefit 101 grant pays for the development and maintenance of the Housing Benefits 101 website which helps people with disabilities understand housing-related resources available to them according to their situation and needs. The website has information on housing programs that can make housing more affordable along with information on different types of housing options and services that can improve quality of life. HB101 has a Vault feature in which persons can securely store their personal information related to housing and utilize a personalized housing planning tool in their search for housing in the community of their choice.
- The Housing Access Services grant supports individuals with disabilities to find and access housing in the community. Since the fall of 2009, more than 2,500 people have used Housing Access Services to move from licensed or unlicensed settings to homes of their own.
- In addition to ongoing grants, COVID-19 Minnesota Fund dollars were appropriated to supplement the Community Living Infrastructure grant in FY22, FY23 and FY24 to provide outreach, to engage people facing homelessness or living in segregated settings, screening for basic needs and assistance with referral to community living resources; build capacity to assist people and provide technical assistance and consultation on housing and related support services resources for persons with both disabilities and low income; to streamline administration or monitoring of the Housing Support Program; and to provide direct assistance to individuals to access and maintain housing in community settings.

RESULTS

Long-Term Homeless Supportive Services grant

Measure name	Measure type	Most recent data
Number of people and households served annually by the Long-Term Homeless Supportive Services Fund Grant	Quantity	2,752 people 1,589 households FY 23
Regional breakdown of people served by the Long-Term Homeless Supportive Services Fund Grant Program	Quality	70% Greater MN 30% Twin Cities

Community Living Infrastructure Grant

Measure name	Measure type	Most recent data
Estimated number of people served by outreach, housing resource specialists, and Housing Support operations	Quantity	7,000 people FY 23
Number of Full Time Employees (FTEs) statewide increasing infrastructure to support people with disabilities access housing of their choice and expand affordable housing options through outreach, housing resource specialists, and Housing Support operations.	Quantity	48 FY 23

Legal authority for Housing and Support Services Grants:

M.S. sections 256I.09 (<https://www.revisor.mn.gov/statutes/cite/256I.09>);

256K.26 (<https://www.revisor.mn.gov/statutes/?id=256k.26>);

256B.0658 (<https://www.revisor.mn.gov/statutes/cite/256B.0658>);

256I.04 (<https://www.revisor.mn.gov/statutes/cite/256I.04>)

Laws of 2023, Chapter 70, Article 11, section 14

[Chapter 70 - MN Laws](#)

Laws of 2023, Chapter 70, Article 20, section 2, Subd. 24, Paragraph (f)

[Chapter 70 - MN Laws](#)

Laws of 2023, Chapter 20, section 2, Subd 24(i)

[Chapter 20 - MN Laws](#)

M.S. sections 256I.09

[Sec. 245.992 MN Statutes](#)

[Sec. 245.99 MN Statutes](#)

Housing & Support Services Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	18,622	19,358	19,106	12,014	10,364	10,364	87,911	92,911
3000 - Federal	693				5,330	5,330	5,330	5,330
3010 - Coronavirus Relief	30							
Total	19,345	19,358	19,106	12,014	15,694	15,694	93,241	98,241
Biennial Change				(7,583)		268		160,362
Biennial % Change				(20)		1		515
Governor's Change from Base								160,094
Governor's % Change from Base								510

Expenditures by Category

Operating Expenses		168						
Grants, Aids and Subsidies	19,345	19,190	19,106	12,014	15,694	15,694	93,241	98,241
Total	19,345	19,358	19,106	12,014	15,694	15,694	93,241	98,241

Housing & Support Services Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Direct Appropriation	19,364	19,364	20,014	12,014	10,364	10,364	87,911	92,911
Cancellations	742	6	908					
Expenditures	18,622	19,358	19,106	12,014	10,364	10,364	87,911	92,911
Biennial Change in Expenditures				(6,860)		(10,392)		149,702
Biennial % Change in Expenditures				(18)		(33)		481
Governor's Change from Base								160,094
Governor's % Change from Base								772

3000 - Federal

Receipts	693				5,330	5,330	5,330	5,330
Expenditures	693				5,330	5,330	5,330	5,330
Biennial Change in Expenditures				(693)		10,660		10,660
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

3010 - Coronavirus Relief

Balance Forward In	341							
Cancellations	311							
Expenditures	30							
Biennial Change in Expenditures				(30)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Program: Grant Program**Activity: Adult Mental Health Grants**

<https://mn.gov/dhs/people-we-serve/adults/health-care/mental-health/index.jsp>

AT A GLANCE

- Approximately 223,760 adults in Minnesota have a serious mental illness.
- Provided Assertive Community Treatment to 2,087 people in CY21.
- Provided Crisis Housing Assistance to prevent homelessness of 275 people in facility-based treatment in CY21.
- Provided Housing with Support services to assist 2,761 persons with serious mental illness in accessing and retaining permanent supportive housing by the end of CY21.
- Provided Mobile Crisis Response Services to 10,518 people in response to crisis episodes in CY21.
- All funds spending for the Adult Mental Health Grants activity for FY21 was \$80.3 million. This represented 0.395 percent of the Department of Human Services overall budget.

PURPOSE AND CONTEXT

Adult Mental Health Grants support services for adults with mental illness and are administered by the Behavioral Health Division of the Behavioral Health, Housing and Deaf and Hard-of-Hearing Administration (BHDH) using both federal and state funds. These funds, combined with county dollars, are used to identify and meet local service needs by developing and providing a range of mental health services in the community. Adult Mental Health Grants support the mission of the Minnesota Comprehensive Adult Mental Health Act by supporting community mental health system infrastructure and services. The grants are used in conjunction with healthcare coverage and other funding sources to support individuals in independent living through community-based service and treatment options. Services are delivered using best practice and evidence-based practice models that are person-centered and effective.

SERVICES PROVIDED

Adult Mental Health Grants support a broad range of vital community service needs. The grants provide funding for infrastructure, community services, supports, and coordination activities not covered by Medical Assistance, and/or for persons who are uninsured or under-insured by public or private health plans. These grants are distributed in a number of ways. Some are allocated to counties and tribes in the form of flexible block grants that can be used to fund a number of services. Other grants are awarded competitively to counties, tribes, mental health providers, and other organizations for specific services, projects, and programs. Services include, but are not limited to the following:

Transitions to Community Initiative - This initiative is designed to reduce the time that individuals remain at the Anoka Metro Regional Treatment Center (AMRTC) or the Forensic Mental Health Program (FMHP) located in St. Peter (formerly known as the Minnesota Security Hospital MSH) once they no longer need hospital level of care. This program funds transitional services, referred to as the Whatever It Takes (WIT) program, which is designed to work with the individual and their treatment teams in addressing unique discharge barriers faced by some individuals. The initiative promotes recovery and allows individuals to move to integrated settings of their choice as outlined in the Minnesota Olmstead Plan, which then opens beds at AMRTC and MSH for other individuals who need them.

Adult Mental Health Initiatives (AMHI) - This state grant provides both AMHI and Community Support Program (CSP) funding to 19 single- and multi-county initiatives to support the community-based mental health service system for adults with Serious and Persistent Mental Illness (SPMI) who are under- or uninsured. Each region ranges in size from single large counties in the metro, to the White Earth Nation, to regions encompassing up to 18 counties in greater Minnesota. Services that can be provided using these funds include prevention and outreach, diagnostic assessments and testing, transportation, peer support, residential crisis stabilization, supported employment/individualized placement and support services, assertive community treatment (ACT), housing subsidies, Adult Rehabilitative Mental Health Services (ARMHS), outpatient psychotherapy, outpatient medication management, day treatment, partial hospitalization, Intensive Residential Treatment Service (IRTS), and targeted case management. CSP funds are given directly to counties to implement CSP services in their communities. Similar to the AMHI funds, some counties choose to pool their CSP funds together and partner on service delivery.

Project for Assistance in Transition from Homelessness (PATH) - PATH is a federal program supplemented with state matching funds to provide outreach, service coordination, and related services designed to find and engage persons with serious mental illness who are homeless or at imminent risk of becoming homeless and provide them with services to meet basic needs, resources, and housing.

Crisis Housing – This program provides direct payments for rent, mortgage, and utility costs to assist persons in retaining their housing while getting needed facility-based treatment. The program prevents homelessness while the individual uses their income to pay for treatment or loses income while getting needed treatment.

Housing with Supports - These grants fund the development of permanent supportive housing for persons with serious mental illness by providing options that assist individuals who need housing to help maintain an individual's mental health and housing stability while living in the community.

Crisis Response Services – Provides an array of services from mobile crisis response teams to crisis stabilization beds and aftercare services. Mobile crisis teams respond to an individual experiencing a severe mental health problem that requires immediate assistance in their home, place of employment, or in a hospital emergency department. Many components of crisis services are not reimbursable under Medicaid, such as telephone contacts with a person in crisis, linkage and coordination, benefits assistance, and post-hospital transition services. Ancillary services that are not able to be billed to MA are being provided through grant funding.

Culturally Specific Services – These grants expand capacity for ethnically and culturally-specific, trauma-informed, adult mental health services within targeted cultural and ethnic minority communities in Minnesota.

Mental Health Innovations – These grant funds are dedicated to finding innovative approaches for improving access and the quality of community-based outpatient mental health services. Programs are focused on helping people with mental illness receive effective and culturally specific services in their community.

RESULTS

Transitions to Community – FY21

- 150 unduplicated individuals received support through the Transition to Community program.
- Of the 150 individuals served, 81 individuals were discharged, 69 from AMRTC and 12 from MSH.
- Technical assistance was provided by DHS staff to navigate discharge options for an additional 11 individuals.

Adult Rehabilitative Mental Health Services (ARMHS), and Crisis Response
Information below is the most current available

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Number of Adults with Serious Mental Illness who received Adult Rehabilitative Mental Health Services (ARMHS)	Quantity	DHS Data Warehouse	21,109 - CY 2018	20,175 - CY 2020
Number of episodes for which Mental Health Crisis Services were provided	Quantity	DHS Data Warehouse	13,317 - CY 2018	12,300 - CY 2020
Percent of people needing hospitalization after receiving crisis service interventions	Quality	DHS Data Warehouse	11% - CY 2019	8% - CY 2021

Performance Measure Notes:

- Source: DHS Data Warehouse

MS § 256E.12, 245.4661, and 245.70 provide the authority for the grants in this budget activity.

Adult Mental Health Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	80,990	92,845	89,964	161,134	120,169	120,169	110,852	110,852
2000 - Restrict Misc Special Revenue	1,313	823	1,555	2,326	1,000	1,000	1,000	1,000
2005 - Opiate Epidemic Response	1,862	1,724	2,431	2,744	2,000	2,000	2,000	2,000
3000 - Federal	10,462	15,348	21,094	32,285	27,317	25,799	27,317	25,799
3010 - Coronavirus Relief	23							
Total	94,649	110,740	115,043	198,489	150,486	148,968	141,169	139,651
Biennial Change				108,144		(14,078)		(32,712)
Biennial % Change				53		(4)		(10)
Governor's Change from Base								(18,634)
Governor's % Change from Base								(6)

Expenditures by Category

Operating Expenses	1,635	1,398	1,392	226	226	226	226	226
Grants, Aids and Subsidies	93,014	109,342	113,652	198,263	150,260	148,742	140,943	139,425
Total	94,649	110,740	115,043	198,489	150,486	148,968	141,169	139,651

Adult Mental Health Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		13,775	15,058	22,932				
Direct Appropriation	98,772	105,999	105,132	138,202	120,169	120,169	110,852	110,852
Cancellations	4,007	11,871	7,295					
Balance Forward Out	13,775	15,058	22,932					
Expenditures	80,990	92,845	89,964	161,134	120,169	120,169	110,852	110,852
Biennial Change in Expenditures				77,263		(10,760)		(29,394)
Biennial % Change in Expenditures				44		(4)		(12)
Governor's Change from Base								(18,634)
Governor's % Change from Base								(8)

2000 - Restrict Misc Special Revenue

Balance Forward In	1,506	1,418	1,792	1,238				
Receipts	1,019	1,000	1,000	1,088				
Transfers In					1,000	1,000	1,000	1,000
Balance Forward Out	1,212	1,595	1,237					
Expenditures	1,313	823	1,555	2,326	1,000	1,000	1,000	1,000
Biennial Change in Expenditures				1,746		(1,881)		(1,881)
Biennial % Change in Expenditures				82		(48)		(48)
Governor's Change from Base								0
Governor's % Change from Base								0

2005 - Opiate Epidemic Response

Balance Forward In		138	1,175	744				
Direct Appropriation	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Transfers In		138						
Transfers Out		138						
Cancellations	138							
Balance Forward Out		414	743					
Expenditures	1,862	1,724	2,431	2,744	2,000	2,000	2,000	2,000
Biennial Change in Expenditures				1,589		(1,175)		(1,175)
Biennial % Change in Expenditures				44		(23)		(23)
Governor's Change from Base								0
Governor's % Change from Base								0

Adult Mental Health Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
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3000 - Federal

Balance Forward In	6	239	15					
Receipts	10,457	15,109	21,079	32,285	27,317	25,799	27,317	25,799
Expenditures	10,462	15,348	21,094	32,285	27,317	25,799	27,317	25,799
Biennial Change in Expenditures				27,568		(263)		(263)
Biennial % Change in Expenditures				107		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

3010 - Coronavirus Relief

Balance Forward In	132							
Cancellations	110							
Expenditures	23							
Biennial Change in Expenditures				(23)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Program: Grant Programs

Activity: Children's Mental Health Grants

<https://mn.gov/dhs/people-we-serve/children-and-families/health-care/mental-health/>

AT A GLANCE

- An estimated 67,540 (10%) of children and youth ages 9-17 in Minnesota meet federal criteria for serious emotional disturbance (SED) in CY 2022.
- In CY 2022, 89,741 children and youth in Minnesota on Medicaid Programs (under 21 years of age) received publicly funded mental health services. The number of children and youth that received publicly funded mental health services in Minnesota increased to 93,547 in CY 2023.
- Spending for the Child Mental Grants activity for FY 2023 was \$36.7 million. This represented 0.15 percent of the Department of Human Services overall budget.

PURPOSE AND CONTEXT

Children's Mental Health Grants are administered by the Behavioral Health Administration, which receives both federal and state funding, to support services for children with mental illness. These grants fund community, school, home, and clinic-based children's mental health services provided by non-profit agencies, schools, Medicaid-enrolled mental health clinics, tribes, counties, and culturally specific agencies.

SERVICES PROVIDED

Children's mental health grants build providers' capacity to deliver equitable access to effective mental health treatment, promote innovation, and promote integration of mental health services into the state's overall healthcare system. Partners are essential to developing and maintaining a dynamic and competent mental health service delivery system. For children, coordination of care must include other child-serving sectors of the public and private health and human service systems.

Children's mental health grant programs include:

- **Children's Respite Grants-** Respite services provide temporary care for children with serious mental health needs who live at home. This program provides relief to families and caregivers while offering a safe environment for their children. These services can be provided in a family's home, foster home, or a licensed facility in the community.
- **Children's Evidence Based-Training Grants-** These grants are awarded to mental health provider agencies serving children and youth for strengthening the clinical infrastructure. The grants are used to provide training and consultation to practicing mental health providers in the use of treatment strategies.
- **Early Childhood Mental Health Capacity Grants-** DHS awards competitive grants to mental health providers to provide early childhood mental health services in Minnesota. There are three core components of the Early Childhood Mental Health (ECMH) grant program:
 - Providing appropriate clinical services to young children and their families who are uninsured or underinsured
 - Increasing the clinical competence of early childhood clinicians across the state to serve children from birth through age five and their parents by training them in evidenced-based practices around assessment and treatment of young children

- Provide mental health consultation to childcare, early learning and public health providers across the state to prevent expulsion and suspension of young children from childcare, increasing early childhood staff morale and retention, and addressing the mental health issues of young children and their families who are accessing early learning and public health services.
- **Children’s Mental Health Screening Grants-** Mental Health Screenings are provided to children being served by the child welfare and juvenile justice programs to integrate mental health into current practices and to promote earlier mental health identification and intervention. Grant funding can provide mental health treatment for children who wouldn’t otherwise receive these services.
- **First Episode Psychosis-** Programs serve youth and young adults 15 to 40 years old with early signs of psychosis. First Episode Psychosis (FEP) is recovery-oriented, promotes shared decision-making, and uses a team of specialists who work with the client to create a personal treatment plan. Program services include psychotherapy, medication management, family education and support, case management, and work or education support depending on the individual’s needs and preferences.
- **School Linked Behavioral Health Grants-** These grants provide funding to community mental health agencies that place mental health professionals and practitioners in partnering schools to provide mental health services to students. These mental health providers also consult with teachers, provide care coordination, and offer classroom presentations and school-wide trainings on mental health issues.
- **Crisis Response Services-** Crisis services include mobile crisis and a children’s mental health urgent care pilot. Mobile crisis teams respond to individuals in the community who are experiencing a severe mental health problem and provide screening, assessment, intervention, and stabilization. The children’s mental health urgent care pilot combines components of crisis services, children’s respite, and offers the individual and their family quick access to psychiatry to maximize the number of youths experiencing a mental health crisis to remain in the community.
- **PRTF Capacity Building Grant-** Psychiatric Residential Treatment Facility (PRTF) development has been a priority for the Behavioral Health Administration. The PRTF capacity building grants are intended to help fund start-up costs for new PRTF or expansion of existing PRTF to expand existing services.

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Service Utilization Rate (per 10,000)	Result	MMIS and state population estimates.	615 - CY 2021	719 - CY 2023
Number and percent of total Independent School Districts (ISD) with School Linked Behavioral Health Grant services	Quantity (#) and Quality (%)	District and school site data reported by grantee and MDE.	268 (82%) - FY 2022	277 (85%) - FY 2024
Behavioral health assessment data collected by grantees of the Early Childhood Mental Health (ECMH) program- Aggressiveness- 651 children evaluated	Result	Early Childhood MH Grant Program- Child Behavior Checklist- Assessment Analysis- Jan 2024- Department of Human Services	Initial testing-July 2012 Mean T Score: 65.14	August 2023 Mean T Score: 63.06 Decrease in score means reduced aggressiveness

Performance Measure Notes:

- Service Utilization Rate: An indicator of service access, this indicator counts the number of children (under age 18) receiving any mental health service from the publicly financed health care system, per 10,000 children in the general child population. An increase in utilization rate denotes an increase in access to services for children.
- School District information: The information is from grantee-reported data and data available from the Minnesota Department of Education.
- Early Childhood Mental Health Program Report-Department of Human Services January 2024

Minnesota Statutes, section 245.4889 (<https://www.revisor.mn.gov/statutes/?id=245.4889>) provides the legal authority for Children's Mental Health grants.

Child Mental Health Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	24,491	31,440	38,853	48,784	34,648	34,648	34,925	34,925
2001 - Other Misc Special Revenue	547	396	43	48	48	48	48	48
2403 - Gift				376				
3000 - Federal	2,806	2,250	2,252	11,956	12,590	476	12,590	476
3015 - ARP-State Fiscal Recovery	6,976	11,059						
Total	34,820	45,145	41,149	61,164	47,286	35,172	47,563	35,449
Biennial Change				22,347		(19,855)		(19,301)
Biennial % Change				28		(19)		(19)
Governor's Change from Base								554
Governor's % Change from Base								1

Expenditures by Category

Operating Expenses	132	214	1,289	255	255	255	255	255
Grants, Aids and Subsidies	34,689	44,931	39,860	60,909	47,031	34,917	47,308	35,194
Total	34,820	45,145	41,149	61,164	47,286	35,172	47,563	35,449

Child Mental Health Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		4,464		3,000				
Direct Appropriation	30,167	32,432	44,487	45,784	34,648	34,648	34,925	34,925
Cancellations	1,212	5,456	2,634					
Balance Forward Out	4,464		3,000					
Expenditures	24,491	31,440	38,853	48,784	34,648	34,648	34,925	34,925
Biennial Change in Expenditures				31,706		(18,341)		(17,787)
Biennial % Change in Expenditures				57		(21)		(20)
Governor's Change from Base								554
Governor's % Change from Base								1

2001 - Other Misc Special Revenue

Receipts	547	396	61	48	48	48	48	48
Transfers Out			18					
Expenditures	547	396	43	48	48	48	48	48
Biennial Change in Expenditures				(851)		5		5
Biennial % Change in Expenditures				(90)		5		5
Governor's Change from Base								0
Governor's % Change from Base								0

2403 - Gift

Balance Forward In	328	347	358	376				
Receipts	2	11	18					
Balance Forward Out	331	358	376					
Expenditures				376				
Biennial Change in Expenditures				376		(376)		(376)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Receipts	2,806	2,250	2,252	11,956	12,590	476	12,590	476
Expenditures	2,806	2,250	2,252	11,956	12,590	476	12,590	476
Biennial Change in Expenditures				9,151		(1,142)		(1,142)

Child Mental Health Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
Biennial % Change in Expenditures				181		(8)		(8)
Governor's Change from Base								0
Governor's % Change from Base								0

3015 - ARP-State Fiscal Recovery

Balance Forward In		4,297						
Direct Appropriation	8,476	6,800						
Cancellations		38						
Balance Forward Out	1,500							
Expenditures	6,976	11,059						
Biennial Change in Expenditures				(18,035)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

Program: Grant Programs**Activity: Substance Use Disorder (SUD) Grants**<https://mn.gov/dhs/people-we-serve/adults/health-care/alcohol-drugs-addictions/programs-and-services/>**AT A GLANCE**

- In the United States in 2022, it is estimated that 48.7 million people over the age of 12 had substance use disorders (SUD).¹
- 63,856 people in Minnesota received treatment for substance use disorder in CY22.²
- 46 percent of people who sought substance use disorder treatment in 2023 completed their program.³
- The compulsive gambling helpline receives more than 2,000 calls and texts each year for information or referrals to treatment.⁴
- Spending for the SUD Treatment Support and Primary Prevention grant for FY23 was \$40.495 million, which represented 0.165 percent of the Minnesota Department of Human Services overall budget.

PURPOSE AND CONTEXT

The Substance Use Disorder (SUD) Treatment Support and Primary Prevention Grants use both federal and state funding to support state-wide prevention, intervention, recovery maintenance, case management and treatment support services for people with alcohol, or drug addiction. Treatment support services include outreach and engagement, assistance with housing-related services, assistance with applying for state benefits, subsidized housing, transportation, childcare, and parenting education.

This activity also includes the state Problem Gambling Treatment Program, which funds statewide education, prevention messaging, intervention, treatment and recovery services for individuals and families impacted by problem gambling through evidence-based practices, education, supports, and protective financial resources.

The Opioid Epidemic Response law raises fees to prescribers, drug manufactures, and distributors. The fee revenue is deposited into the opiate epidemic response fund. The Opiate Epidemic Response Advisory Council has decision-making authority over the allocation of a portion of account funds. The Behavioral Health Division administers grants based on direction from the council.

SERVICES PROVIDED

Substance Use Disorder Treatment Support and Primary Prevention Grants provide:

- Community drug and alcohol abuse prevention, intervention, and case management services for communities of color, the elderly, disabled, individuals with a mental illness and substance use disorder, individuals experiencing chronic homelessness, and people involved in the criminal justice system;
- Treatment supports specifically targeted to women, women with children, the elderly, and other diverse populations;

¹ [HHS, SAMHSA Release 2022 National Survey on Drug Use and Health Data](#)

² [HHS, SAMHSA Release 2022 National Survey on Drug Use and Health Data](#)

³ [HHS, SAMHSA Release 2022 National Survey on Drug Use and Health Data](#)

⁴ FY23 Gambling Helpline internal data

- Residential substance use treatment for pregnant and parenting mothers and mental health services for the children continuing to reside with them in the treatment setting in order to enable mothers to continue to parent while addressing substance use disorders;
- A statewide prevention resource center that provides education and capacity building to prevent the misuse of alcohol and other drugs. Education includes delivering information and training to counties, tribes, local communities, and other organizations;
- Community-based planning and implementation grants that use a public health approach to preventing alcohol use problems among young people;
- Regional prevention coordinators across MN to provide substance use prevention technical assistance and training locally to prevention professionals; and
- A tobacco merchant educational training and compliance check project, as well as funding for Synar inspectors, who conduct random inspections of tobacco retailers.

Most of the funding for SUD Treatment Support and Prevention Grants comes from the U.S. Dept. of Health and Human Services Substance Abuse and Mental Health Services Administration (SAMHSA) Block Grant. Funding also comes from the Federal State Opioid Response (SOR) grant focusing on the prevention of opioid based substances. State appropriations provide additional funding for drug and alcohol abuse prevention, treatment support and recovery maintenance services for Native Americans.

Minnesota's Compulsive Gambling Program provides:

- Public awareness campaigns to promote information and awareness about problem gambling;
- A statewide phone and text help line and problem gambling awareness resources and supports;
- Funding for problem gambling assessments, outpatient and residential treatment of problem gambling and gambling addiction;
- Compulsive gambling assessments of offenders under Minnesota Statutes 609.115, subdivision 9;
- Training for gambling treatment providers and other behavioral health service providers;
- Research focusing on the prevalence of problem gambling and gambling addiction among Minnesotans; and
- Research that evaluates awareness, prevention, education, treatment service and recovery supports related to problem gambling and gambling addiction.

Public awareness campaigns target Minnesotans statewide, with specific initiatives aimed at young adults, women, military and veterans, and racially and ethnically diverse communities that experience higher rates of problem gambling. The Compulsive Gambling statewide helpline, <http://www.getgamblinghelp.com/about/>, (1-800-333-HOPE or text HOPE to 61222) generally receives about one thousand calls/texts requesting information, supports or referrals for treatment services each year. The Compulsive Gambling Treatment program provides funding for approximately 700 people per year for outpatient treatment services. An average of approximately 177 people receive residential treatment each year.

The Compulsive Gambling Treatment program is largely funded by a portion of state lottery proceeds, and a dedicated one-half of one percent of the revenue from the state tax on lawful gambling proceeds.

The Congratulate and Educate tobacco merchant education and compliance project funds local law enforcement and public health departments to conduct undercover compliance checks and provide educational publications. The project, activated in 2014, is designed to promote community policing and to both congratulate clerks who pass an educational tobacco compliance inspection (do not sell to the minor) and to provide education to clerks and owners about youth access tobacco laws and consequences.

The Synar Program is required and funded by the federal Substance Abuse Prevention and Treatment Block Grant. Synar conducts annual inspections of randomly selected tobacco retailers in Minnesota to determine the State's

Retailer Violation Rate. Synar requirements include the facilitation of the annual Tobacco Enforcement Survey (TES), the coverage study which is required every three years and the Annual Synar Report which is a required deliverable under the terms and conditions of the Federal Block Grant Award.

SUD/Criminal Justice Involved grants are designed to meet the needs of individuals that experience barriers in accessing SUD treatment due to a felony conviction. They also support reunification with individuals' family and children, when appropriate.

Grants for individuals with substance use disorder who are also at risk of or currently experiencing homelessness to support coordination between SUD assessors and providers, and Homeless Coordinated Entry providers to reduce the gaps and barriers for individuals in need of housing and traditional SUD treatment or harm reduction care. These grants enhance access to various core and support services such as outreach/in reach and engagement, housing, substance abuse treatment, mental health care, and benefits advocacy.

Deaf, Deaf/Blind and Hard of Hearing Recovery Support Service Grants provide recovery support services to individuals that are deaf, deaf/blind and/or hard of hearing provide an array of recovery supports intended to reduce barriers such as access to SUD treatment and ensure availability of aftercare and recovery support services. These grants also develop a pool of individuals qualified to receive peer recovery training.

Opiate Epidemic Response Advisory Council (OERAC)

The OERAC was established to develop and implement a comprehensive and effective statewide effort to address the opioid addiction and overdose epidemic in Minnesota (see Minnesota Statutes, sections 256.042 and 256.043). The council focuses on:

- Prevention and education, including public education and awareness for adults and youth, prescriber education, the development and sustainability of opioid overdose prevention and education programs, the role of adult protective services in prevention and response, and providing financial support to local law enforcement agencies for opiate antagonist programs;
- Training on the treatment of opioid addiction, including the use of all Food and Drug Administration approved opioid addiction medications, detoxification, relapse prevention, patient assessment, individual treatment planning, counseling, recovery supports, diversion control, and other best practices;
- The expansion and enhancement of a continuum of care for opioid-related substance use disorders, including primary prevention, early intervention, treatment, recovery, and aftercare services; and
- The development of measures to assess and protect the ability of cancer patients and survivors, persons battling life threatening illnesses, persons suffering from severe chronic pain, persons at the end stages of life, and elderly who legitimately need prescription pain medications, to maintain their quality of life by accessing these pain medications without facing unnecessary barriers.

The Behavioral Health Administration supports the council and administers grants on the council's behalf.

State Opioid Response (SOR) Grants provide federal funding for:

- Medication assisted treatment (MAT) expansion and recovery resources
- Workforce capacity building
- Naloxone training and distribution
- Expanding navigation and access to MAT
- Innovative response to Minnesota's Opioid Epidemic

Programs **funded through SOR** aim to address the opioid crisis by increasing access to medication-assisted treatment using the three FDA-approved medications for the treatment of opioid use disorder, reducing unmet

treatment need, and reducing opioid overdose related deaths through the provision of prevention, treatment and recovery activities for opioid use disorder (OUD) (including prescription opioids, heroin and illicit fentanyl and fentanyl analogs).

The Behavioral Health Administration also administers the programs and grants within the SUD Treatment Support Grants activity.

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
11 th grade use of alcohol, 1-2 days, during the past 30 days.	Result	Minnesota Student Survey	23% - FY 2019	17% - FY 2022
11 th grade use of any tobacco products, including e-cigarettes and hookah, during the past 30 days.	Result	Minnesota Student Survey	26% - FY 2019	14% - FY 2022
11 th grade use of marijuana during the past 30 days.	Result	Minnesota Student Survey	16% - FY 2019	12% - FY 2022

Minnesota Statutes, chapters 254A (<https://www.revisor.mn.gov/statutes/?id=254A>), 254B (<https://www.revisor.mn.gov/statutes/?id=254B>) and 256, (<https://www.revisor.mn.gov/statutes/?id=256>) and sections 245.98 (<http://www.revisor.mn.gov/statutes/?id=245.98>) and 297.E02, subd. 3 (<https://www.revisor.mn.gov/statutes/?id=297E.02>) provide the legal authority for SUD Treatment Support and Primary Prevention Grants.

Substance Use Disorder (SUD) Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base		Governor's Recommendation	
					FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	3,265	6,842	11,943	56,793	4,797	4,782	4,797	4,782
2000 - Restrict Misc Special Revenue	190	306	60	1,421	315	315	315	315
2001 - Other Misc Special Revenue	210	175	175	542	139	139	139	139
2005 - Opiate Epidemic Response	300	500	2,676	37,908	27,659	11,191	27,659	11,191
3000 - Federal	34,496	43,299	48,058	68,177	61,255	39,527	61,255	39,527
4800 - Lottery	1,594	1,626	1,645	1,733	1,733	1,733	1,733	1,733
Total	40,055	52,749	64,557	166,574	95,898	57,687	95,898	57,687
Biennial Change				138,327		(77,546)		(77,546)
Biennial % Change				149		(34)		(34)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses	1,048	3,533	6,110	1,281	400	400	400	400
Grants, Aids and Subsidies	39,007	49,216	58,448	165,293	95,498	57,287	95,498	57,287
Total	40,055	52,749	64,557	166,574	95,898	57,687	95,898	57,687

Substance Use Disorder (SUD) Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In	1,901	4,960	3,381	47,095				
Direct Appropriation	4,273	4,280	54,191	7,842	3,247	3,247	3,247	3,247
Receipts	1,760	1,871	1,967	1,856	1,550	1,535	1,550	1,535
Cancellations	68	887	502					
Balance Forward Out	4,601	3,381	47,095					
Expenditures	3,265	6,842	11,943	56,793	4,797	4,782	4,797	4,782
Biennial Change in Expenditures				58,629		(59,157)		(59,157)
Biennial % Change in Expenditures				580		(86)		(86)
Governor's Change from Base								0
Governor's % Change from Base								0
2000 - Restrict Misc Special Revenue								
Balance Forward In	434	618	1,116	1,098				
Receipts	302	698	143	315	315	315	315	315
Transfers In		7		8				
Transfers Out			100					
Balance Forward Out	545	1,017	1,098					
Expenditures	190	306	60	1,421	315	315	315	315
Biennial Change in Expenditures				985		(851)		(851)
Biennial % Change in Expenditures				198		(57)		(57)
Governor's Change from Base								0
Governor's % Change from Base								0
2001 - Other Misc Special Revenue								
Balance Forward In	202	231	388	403				
Transfers In	340	340	340	340	340	340	340	340
Transfers Out	141	155	150	201	201	201	201	201
Balance Forward Out	192	241	403					
Expenditures	210	175	175	542	139	139	139	139
Biennial Change in Expenditures				332		(439)		(439)
Biennial % Change in Expenditures				86		(61)		(61)
Governor's Change from Base								0
Governor's % Change from Base								0

Substance Use Disorder (SUD) Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
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2005 - Opiate Epidemic Response

Balance Forward In		200	19,116	25,681				
Direct Appropriation	500	19,345	9,241	12,227	27,659	11,191	27,659	11,191
Transfers In		200						
Transfers Out		200						
Cancellations	200							
Balance Forward Out		19,045	25,681					
Expenditures	300	500	2,676	37,908	27,659	11,191	27,659	11,191
Biennial Change in Expenditures				39,784		(1,734)		(1,734)
Biennial % Change in Expenditures				4,973		(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In		1						
Receipts	34,481	43,299	48,058	68,177	61,255	39,527	61,255	39,527
Transfers In	16							
Expenditures	34,496	43,299	48,058	68,177	61,255	39,527	61,255	39,527
Biennial Change in Expenditures				38,439		(15,453)		(15,453)
Biennial % Change in Expenditures				49		(13)		(13)
Governor's Change from Base								0
Governor's % Change from Base								0

4800 - Lottery

Direct Appropriation	1,733	1,733	1,733	1,733	1,733	1,733	1,733	1,733
Cancellations	139	107	88					
Expenditures	1,594	1,626	1,645	1,733	1,733	1,733	1,733	1,733
Biennial Change in Expenditures				158		88		88
Biennial % Change in Expenditures				5		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

H55 - Human Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General							2,220	2,220
Total							2,220	2,220
Biennial Change				0		0		4,440
Biennial % Change								
Governor's Change from Base								4,440
Governor's % Change from Base								
Grants, Aids and Subsidies							2,220	2,220
Total							2,220	2,220

HIV Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
1000 - General								
Direct Appropriation							2,220	2,220
Expenditures							2,220	2,220
Biennial Change in Expenditures				0		0		4,440
Biennial % Change in Expenditures								
Governor's Change from Base								4,440
Governor's % Change from Base								

H55 - Human Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
2001 - Other Misc Special Revenue				4,000				
Total				4,000				
Biennial Change				4,000		(4,000)		(4,000)
Biennial % Change								
Governor's Change from Base								0
Governor's % Change from Base								
Grants, Aids and Subsidies				4,000				
Total				4,000				

Operations Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
2001 - Other Misc Special Revenue								
Transfers In				4,000				
Expenditures				4,000				
Biennial Change in Expenditures				4,000		(4,000)		(4,000)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Program: Direct Care and Treatment

<https://mn.gov/dhs/people-we-serve/adults/services/direct-care-treatment/>

AT A GLANCE

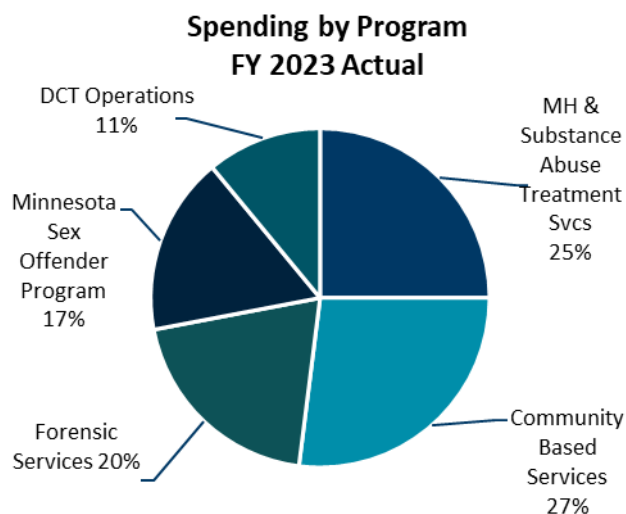
- Direct Care and Treatment (DCT) is the state-operated behavioral health care system.
- The system serves more than 12,000 patients and clients each year that other health care systems cannot or will not serve.
- About 5,000 full- and part-time staff care for patients and clients.
- Services are delivered at about 150 sites statewide.

PURPOSE AND CONTEXT

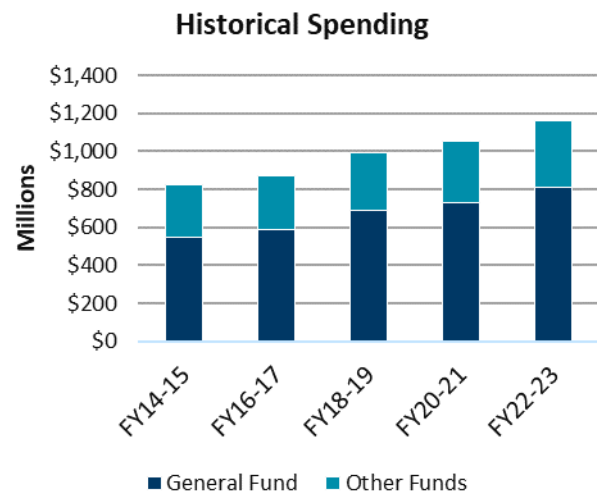
Direct Care and Treatment (DCT) plays a unique role in Minnesota's continuum of mental health services. It is a highly specialized behavioral health care system that serves people with mental illnesses, substance use disorders, intellectual disabilities, and other serious and often co-occurring conditions. Because these individuals have conditions that are complex and behaviors that can be challenging, other health care systems cannot or will not serve them.

Beginning in the FY26-27 biennium, Direct Care and Treatment will transition from a program within the Department of Human Services to a standalone state agency. The narratives for Direct Care and Treatment will appear in both the DCT and DHS agency books.

BUDGET



Source: Budget Planning & Analysis System (BPAS)¹



Source: Consolidated Fund Statement¹

¹ Historical financial information provided is DCT program spending at the Department of Human Services (DHS).

STRATEGIES

- DCT provides expert behavioral health care in a variety of settings for adults, adolescents and children with serious and persistent mental illnesses, behavior disorders, and intellectual disabilities.
- DCT operates psychiatric hospitals and other inpatient mental health treatment facilities; inpatient substance abuse treatment facilities; special-care dental clinics; group homes and vocational programs; and the nation's largest treatment program for civilly committed sex offenders. The goal is to provide necessary treatment and ongoing support so that patients and clients can safely live, work, and participate in their communities in the least restrictive setting appropriate for their conditions.
- People with mental illnesses, developmental disabilities, substance use disorder, and other behavior disorders have disproportionately poorer health outcomes. DCT has health equity teams embedded in each of its major service lines to monitor health outcomes for the patient population as a whole, as well as focusing on patients and clients who are Black, Indigenous, and People of Color (BIPOC), LGBTQIA+ and other disproportionately affected patients and clients.

Direct Care and Treatment's overall legal authority comes from M.S. 246 (<https://www.revisor.mn.gov/statutes/cite/246>). We list additional program-specific legal authority at the end of each program/budget activity narrative.

Program: Direct Care and Treatment**Activity: Mental Health & Substance Abuse Treatment Services**

<https://mn.gov/dhs/people-we-serve/people-with-disabilities/services/direct-care-treatment/>

AT A GLANCE

- Mental Health and Substance Abuse Treatment Services (MHSATS) provides inpatient and residential services to approximately 300 patients each day.
- The Anoka-Metro Regional Treatment Center (AMRTC) is the state's largest psychiatric hospital. It operates 96 beds.
- The six Community Behavioral Health Hospitals (CBHHs) are 16-bed psychiatric hospitals located across the state.
- Community Addiction Recovery Enterprise (CARE) program operates 16-bed residential treatment facilities located in Anoka, Carlton, Fergus Falls and St. Peter.
- All-funds spending for this budget activity was approximately \$168 million for FY 2024, which represents 25 percent of total DCT all-funds spending.

PURPOSE AND CONTEXT

Direct Care and Treatment (DCT) is a highly specialized behavioral health care system that serves people with mental illness, substance use disorders, intellectual disabilities, and other serious and often co-occurring conditions. DCT operates psychiatric hospitals and other inpatient mental health treatment facilities; inpatient substance abuse treatment facilities; special-care dental clinics; group homes and vocational sites; and the nation's largest treatment program for civilly committed sex offenders. The system cares for more than 12,000 patients and clients each year. Because these individuals have conditions that are complex and behaviors that can be challenging, other health care systems cannot or will not serve them. Some providers do not have the capacity; others do not have the expertise.

Mental Health and Substance Abuse Treatment Services (MHSATS) is one of DCT's five main service lines. MHSATS provides inpatient services in eight psychiatric hospitals, four locked substance-use-disorder treatment facilities, and three short-term residential facilities. Nearly all patients have been civilly committed as mentally ill, chemically dependent or both. The goal is to treat patients as close as possible to their home communities, families, friends, jobs and other supports so that they can make a smooth transition back to life in the community once they are stabilized and ready for discharge.

SERVICES PROVIDED

The following services are funded with general fund appropriations:

- **Anoka-Metro Regional Treatment Center (AMRTC):** Inpatient psychiatric services for adults in a secure hospital setting.
- **Community Behavioral Health Hospitals (CBHHs):** Inpatient psychiatric services in a secure hospital setting for adults. Locations are in Alexandria, Annandale, Baxter, Bemidji, Fergus Falls, and Rochester.
- **Child & Adolescent Behavioral Health Hospital (CABHH):** Inpatient psychiatric services in a secure hospital setting in Willmar for children and teens.
- **Minnesota Specialty Health System (MSHS):** Inpatient Intensive Residential Treatment Services (IRTS) for adults, located in Brainerd, Wadena and Willmar.
- **Community Addiction Recovery Enterprise (CARE):** Locked inpatient residential treatment for clients with substance use disorders. Programs operate in Anoka, Carlton, Fergus Falls, and St. Peter. However, CARE St. Peter will close in January of 2025 so the facility can be repurposed to offer long-term mental health

treatment services for people civilly committed as mentally ill and dangerous. The Legislature has instructed DCT to study the possibility of opening an additional CARE facility within 35 miles of St. Peter.

All services are:

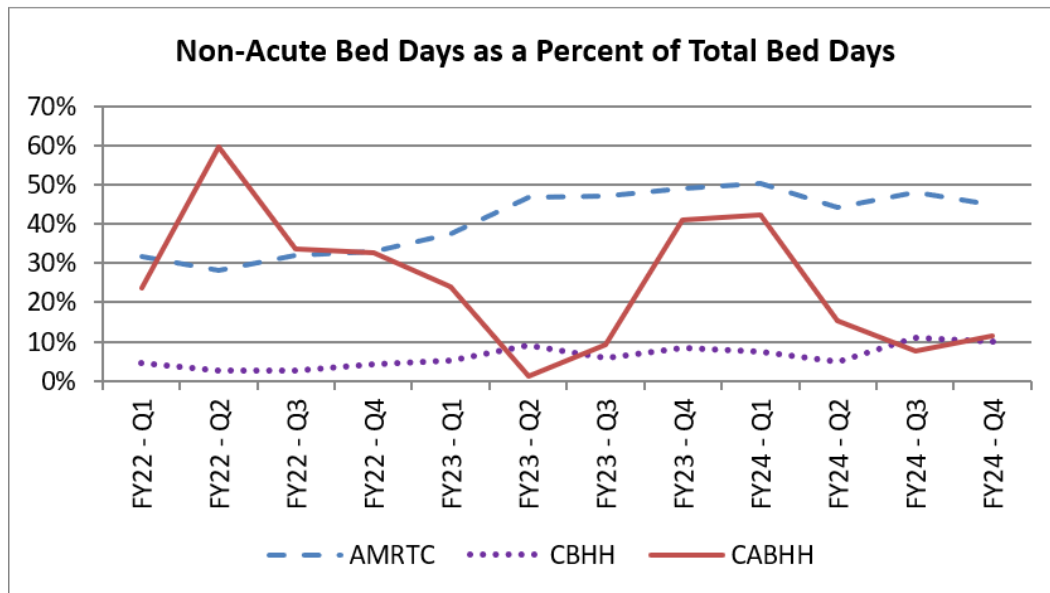
- Patient-centered, focusing on the needs of the individual.
- Provided in a safe environment at the appropriate level of care.
- Designed to allow individuals to move through treatment and into the most integrated setting possible.

To assure a successful transition back to life in the community, MHSATS:

- Collaborates closely with county case managers and community partners to ensure continuity of services and prompt psychiatric follow-up upon an individual's return to a community setting.
- Focuses on reducing the number of medications necessary to control patients' symptoms.

RESULTS

MHSATS measures non-acute bed days. These are days when patients who no longer need a hospital level of care are not discharged in a timely way but remain in the hospital, most often due to a lack of community placement options for continued care. These delays in discharge are costly and they prevent the hospitals from admitting new patients because of a lack of available beds. The industry goal for hospitals is to have less than 10 percent of total bed days be classified as non-acute bed days.



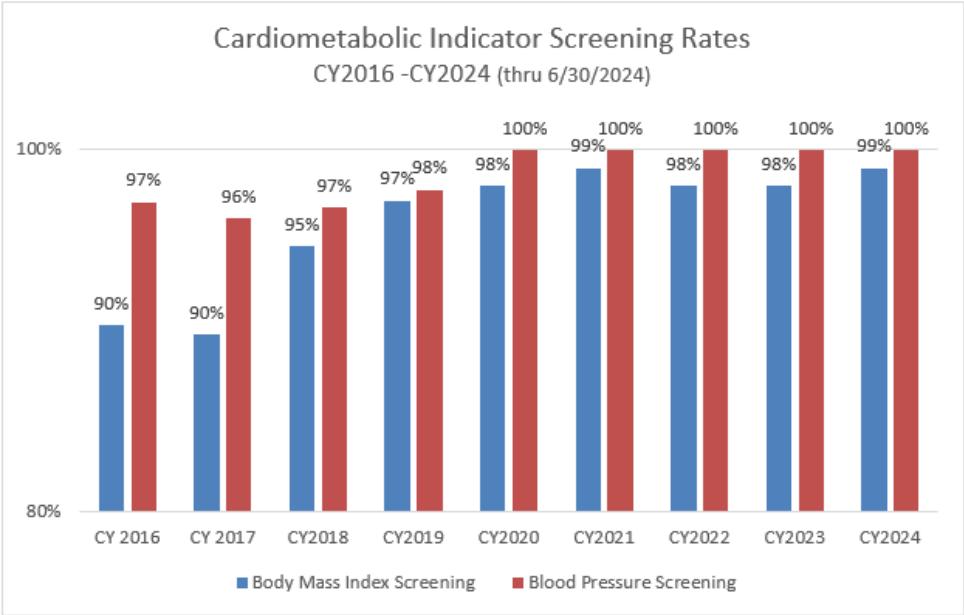
The graph illustrates little change in the trend of non-acute bed days at AMRTC, which is the state's largest psychiatric hospital. On average about 40 percent of bed days at the facility are non-acute bed days.

Non-acute bed days at the CBHHs remain around the 10 percent goal. Because of the lower daily census, non-acute bed days at the CABHH vary widely – or, more directly, one or two clients who do not meet the criteria for hospital level of care greatly impact the non-acute bed day measure.

Another measure of success is the screening for cardiometabolic syndrome indicators. Cardiometabolic syndrome prevention is a key component of improving the lives of patients and mirrors national trends towards improving health care quality systems. Increasing the number of people who are at a healthy weight will help us reduce the incidence of metabolic syndrome and chronic diseases among our patients. These rates also help determine appropriate interventions. Integrating body mass index (BMI) education into existing programming can reduce the likelihood of the onset and progression of obesity and related chronic diseases, as well as increase healthy eating

and physical lifestyle skills. We are collecting and monitoring data closely to help patients maintain an appropriate BMI, reduce incidences of chronic disease, and enable them to live healthier lives.

Managing and maintaining a healthy blood pressure reduces risk of cardiovascular disease and other chronic diseases. Increasing the number of people with a healthy blood pressure will help aid patients in leading healthier lives. Increased screening will also aid in the development of appropriate interventions, increase disease management and prevention, and assist with creating individualized treatment plans.



The graph illustrates the sustained progress that has been made to improve screening for two key components of cardiometabolic syndrome: body mass index (BMI) and blood pressure. MHSATS’ goal is to have a 95 percent screening rate for both BMI and blood pressure.

Minnesota Statutes Chapter 246 (<https://www.revisor.mn.gov/statutes/?id=246>) provides the legal authority for Direct Care and Treatment State Operated Services.

Mental Health & Substance Abuse Treatment Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26	FY27	Governor's Recommendation FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	129,343	140,997	170,729	188,260				
4101 - DHS Chemical Dependency Servs	16,252	19,377						
6000 - Miscellaneous Agency	173	141	138	189				
Total	145,768	160,516	170,867	188,449				
Biennial Change				53,032		(359,316)		(359,316)
Biennial % Change				17		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Category

Compensation	123,775	137,044	146,294	160,486		
Operating Expenses	21,106	23,156	23,761	27,745		
Grants, Aids and Subsidies	175	145	140	218		
Capital Outlay-Real Property	572	56	36			
Other Financial Transaction	140	114	636			
Total	145,768	160,516	170,867	188,449		

Full-Time Equivalents

1,117.64	1,236.79	1,215.37	1,368.95		
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Mental Health & Substance Abuse Treatment Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		4,332		7,539				
Direct Appropriation	137,934	146,710	169,962	178,129	0	0	0	0
Transfers In	1,000		8,306	2,592				
Transfers Out	7,547	9,032						
Cancellations		1,013						
Balance Forward Out	2,044		7,539					
Expenditures	129,343	140,997	170,729	188,260				
Biennial Change in Expenditures				88,650		(358,989)		(358,989)
Biennial % Change in Expenditures				33		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	987.51	1,086.37	1,215.37	1,368.95				

4101 - DHS Chemical Dependency Servs

Balance Forward In	1,211	204	2,554			
Receipts	6,684	9,379				
Transfers In	8,438	12,032				
Transfers Out			2,554			
Balance Forward Out	80	2,239				
Expenditures	16,252	19,377				
Biennial Change in Expenditures				(35,630)	0	0
Biennial % Change in Expenditures				(100)		
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents	130.13	150.42				

6000 - Miscellaneous Agency

Balance Forward In	7	12	10	38	40	40
Receipts	178	139	165	191		
Transfers Out					40	40
Balance Forward Out	12	10	38	40		
Expenditures	173	141	138	189		
Biennial Change in Expenditures				13	(327)	(327)

Mental Health & Substance Abuse Treatment Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
Biennial % Change in Expenditures				4		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Direct Care and Treatment**Activity: Community Based Services**

<https://mn.gov/dhs/people-we-serve/people-with-disabilities/services/direct-care-treatment/>

AT A GLANCE

- Community Based Services (CBS) provided residential, vocational, and other support services for 1,200 people with developmental disabilities and other complex behavioral needs in FY 2024.
- Community Support Services mobile teams provided support to 353 people in FY 2024.
- CBS residential programs served 285 clients in FY 2024.
- CBS vocational program served 473 clients in FY 2024.
- All-funds spending for this budget activity was approximately \$177 million for FY2024. This represents 27 percent of total Direct Care and Treatment (DCT) all-funds spending.

PURPOSE AND CONTEXT

Direct Care and Treatment (DCT) is a highly specialized behavioral health care system that serves people with mental illness, substance use disorders, intellectual disabilities, and other serious and often co-occurring conditions. DCT operates psychiatric hospitals and other inpatient mental health treatment facilities; inpatient substance abuse treatment facilities; special-care dental clinics; group homes and vocational sites; and the nation's largest treatment program for civilly committed sex offenders. The system cares for more than 12,000 patients and clients each year. Because these individuals have conditions that are complex and behaviors that can be challenging, other health care systems cannot or will not serve them. Some providers do not have the capacity; others do not have the expertise.

Community Based Services (CBS) is one of DCT's five main service lines. CBS provides treatment and residential supports to individuals with developmental disabilities and complex behavioral health needs for whom no other providers are available. The majority of CBS programs operate as enterprise services, which means funding relies on the revenues generated from services provided to clients. Revenues are collected from third-party payment sources such as Medical Assistance, private insurance, and the clients themselves.

SERVICES PROVIDED**Service programs within this activity include:**

- **Community Support Services (CSS):** Specialized mobile teams provide crisis support services statewide to individuals with mental illness and/or disabilities who are living in their home community or transitioning back to their home community. The goal is to support people in the most integrated setting by addressing behavior associated with mental illness or intellectual disabilities that would cause individuals to be admitted to inpatient treatment settings.
- **Crisis Residential Services and Minnesota Life Bridge (CRS and MLB):** CRS and MLB operate short-term residential programs throughout the state. The goal is to support clients in the most integrated setting close to their home communities or near families, friends, and other supportive people while addressing behavior associated with mental illness or intellectual disabilities that could cause individuals to lose their residential placements or be admitted to a less integrated setting.
- **Child and Adolescent Services (CAS):** These services for youth range from short-term crisis residential placements to foster care. Short-term crisis residential programs provide support to youth exhibiting behaviors related to intellectual disabilities and/or mental illness with a goal of finding long-term placement. The Minnesota Intensive Therapeutic Homes (MITH) program provides foster care to children

and adolescents who have severe emotional disturbances and challenging behaviors. Homes are located throughout the state. Treatment is tailored to the needs of each child and is based on a combination of multidimensional treatment, wrap-around services and specialized behavior therapy.

- **CBS Residential Services:** Operates about 100 small group homes (typically four beds) located throughout Minnesota for individuals with mental illness and/or developmental disabilities. Staff assist clients with activities of daily living, provide therapeutic support and help them live, work and be involved in their local communities. Service rates are set through the Rate Management System (RMS) for each client based on individual needs. The program is a transitional service that keeps clients from being placed in less integrated settings such as jails, hospitals, and institutions. It also helps transition clients out of segregated or secure settings and into community life. As clients improve and no longer require the level of care they receive in a CBS-operated home, they move to homes operated by private entities. Many clients (and entire CBS-operated homes) have been successfully transitioned to private care providers. This allows CBS to continue serving the most behaviorally complex individuals.
- **CBS Vocational Services:** Provides vocational support services to help people with developmental disabilities prepare for, find and keep employment. Services include evaluations, training, and onsite coaching and assistance for clients working jobs in the community. Service rates are generated for each client based on individual needs.
- **Ambulatory Services:** Operates five special care dental clinics that provide a full range of services for people with developmental disabilities and mental illnesses. The Southern Cities Clinic in Faribault also provides outpatient psychiatric care, primary care and telehealth services.

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
The percentage of survey respondents who said support from CSS mobile teams prevented placement in a less integrated setting (jails, hospitals, institutional settings, etc).	Quality	DCT - CBS Satisfaction Survey	91% - 2022	81% - 2023
The percentage of vocational services clients employed in their communities.	Result	DCT- CBS Satisfaction Survey	88% - June 2023	92% - June 2024
Clients who no longer required CBS services and were transitioned to other providers.	Quantity	DCT Electronic Health Records	FY23 - 32	FY24 – 38

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Clients admitted who have complex behavioral needs that cannot be supported by other providers.	Quantity	DCT Electronic Health Records	FY23 - 16	FY24 - 39
Crisis Residential Services and Minnesota Life Bridge admissions and discharges	Quantity	DCT Electronic Health Records	Transitions/Discharges FY23 – 12 Admissions FY23 - 13	Transitions/Discharges FY24 – 16 Admissions FY24 - 13

Minnesota Statutes Chapter 246 (<https://www.revisor.mn.gov/statutes/?id=246>) provide the legal authority for Direct Care and Treatment State Operated Services.

Community Based Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26	FY27	Governor's Recommendation FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	10,902	9,645	8,728	12,417				
2000 - Restrict Misc Special Revenue	4	5	56	99				
2403 - Gift	1	2	2	3				
4100 - SOS TBI & Adol Ent Svcs	841	209						
4350 - MN State Operated Comm Svcs	121,856	143,915	171,290	183,788				
Total	133,605	153,776	180,075	196,307				
Biennial Change				89,001		(376,382)		(376,382)
Biennial % Change				31		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Category

Compensation	119,288	133,578	150,427	172,338		
Operating Expenses	13,776	16,115	19,249	23,653		
Grants, Aids and Subsidies	351	408	416	316		
Capital Outlay-Real Property	0	3,523	9,801			
Other Financial Transaction	190	152	182			
Total	133,605	153,776	180,075	196,307		

Full-Time Equivalents

1,373.12	1,504.79	1,509.93	1,839.75		
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Community Based Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		138		5,906				
Direct Appropriation	17,292	19,789	20,386	21,164	0	0	0	0
Transfers Out	6,295	8,503	5,752	14,653				
Cancellations		1,780						
Balance Forward Out	95		5,906					
Expenditures	10,902	9,645	8,728	12,417				
Biennial Change in Expenditures				598		(21,145)		(21,145)
Biennial % Change in Expenditures				3		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	90.11	96.39	86.80	112.00				

2000 - Restrict Misc Special Revenue

Balance Forward In	136	151	119	98	29		29	
Receipts	18	36	35	30				
Transfers Out		64			29		29	
Balance Forward Out	150	118	98	29				
Expenditures	4	5	56	99				
Biennial Change in Expenditures				146		(155)		(155)
Biennial % Change in Expenditures				1,672		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2403 - Gift

Balance Forward In	36	36	117	122	120		120	
Receipts	1	2	6	1				
Transfers In		82						
Transfers Out					120		120	
Balance Forward Out	36	117	122	120				
Expenditures	1	2	2	3				
Biennial Change in Expenditures				1		(5)		(5)
Biennial % Change in Expenditures				48		(100)		(100)
Governor's Change from Base								0

Community Based Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Governor's % Change from Base								

4100 - SOS TBI & Adol Ent Svcs

Balance Forward In	313	36				
Receipts	564	176				
Transfers Out		3				
Balance Forward Out	36					
Expenditures	841	209				
Biennial Change in Expenditures				(1,051)	0	0
Biennial % Change in Expenditures				(100)		
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents	10.17	3.52				

4350 - MN State Operated Comm Svcs

Balance Forward In	15,737	31,937	46,567	30,623	28,957	28,957
Receipts	131,364	152,277	155,345	182,122		
Transfers In	6,122	8,629				
Transfers Out		3,000			28,957	28,957
Balance Forward Out	31,367	45,928	30,623	28,957		
Expenditures	121,856	143,915	171,290	183,788		
Biennial Change in Expenditures				89,306	(355,078)	(355,078)
Biennial % Change in Expenditures				34	(100)	(100)
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents	1,272.84	1,404.88	1,423.13	1,727.75		

Program: Direct Care and Treatment**Activity: Forensic Services**

<https://mn.gov/dhs/people-we-serve/people-with-disabilities/services/direct-care-treatment/>

AT A GLANCE

- Forensic Services provided mental health treatment, evaluation or support services to nearly 2,300 people during FY 2024.
- The Forensic Mental Health Program (FMHP) served 402 patients.
- The Forensic Nursing Home cared for 45 patients during FY 2024.
- Forensic examiners completed more than 1,185 court-ordered competency and pre-sentencing evaluations and 409 outpatient evaluations during FY 2024.
- Currently, 245 individuals civilly committed as mentally ill and dangerous (MI&D) are on provisional discharge from Forensic Services and living successfully in Minnesota communities with support from the Community Integrated Services team.
- As of June 30, 2024, 49 patients civilly committed by the court as MI&D were on a waiting list for admission to the FMHP.
- All-funds spending for this budget activity was approximately \$133 million for FY 2024. This represents 20 percent of the total Direct Care and Treatment (DCT) all-funds spending.

PURPOSE AND CONTEXT

Direct Care and Treatment (DCT) is a highly specialized behavioral health care system that serves people with mental illness, substance use disorders, intellectual disabilities, and other serious and often co-occurring conditions. DCT operates psychiatric hospitals and other inpatient mental health treatment facilities; inpatient substance abuse treatment facilities; special-care dental clinics; group homes and vocational sites; and the nation's largest treatment program for civilly committed sex offenders. The system cares for more than 12,000 patients and clients each year. Because these individuals have conditions that are complex and behaviors that can be challenging, other health care systems cannot or will not serve them. Some providers do not have the capacity; others do not have the expertise.

Forensic Services (FS) is one of DCT's five main service lines. At secure and non-secure facilities in St. Peter, MN, Forensic Services provides evaluation and specialized mental health treatment services to adults with severe and persistent mental illness whom the courts have civilly committed as mentally ill and dangerous, often because they have committed a serious crime. It is the only state-operated facility in specifically designated to care for MI&D patients.

SERVICES PROVIDED**Forensics Services provides a continuum of care:**

- **Forensic Mental Health Program (FMHP):** Provides psychiatric treatment that focuses on long-term stabilization and prepares patients for eventual provisional discharge and re-entry into the community. The FMHP also includes a 34-bed facility off the main campus in St. Peter which houses patients who have received permission from the Special Review Board to reside in a non-secure treatment facility. In 2025, the FMHP will begin repurposing another facility in St. Peter to add another 16 beds to the program.
- **Forensic Nursing Home (FNH):** Minnesota's only state-operated nursing home, the FNH provides a secure licensed nursing home setting for individuals who are committed as MI&D, sexual psychopathic personality (SPP), and sexually dangerous person (SDP), and prison inmates on a medical release from the

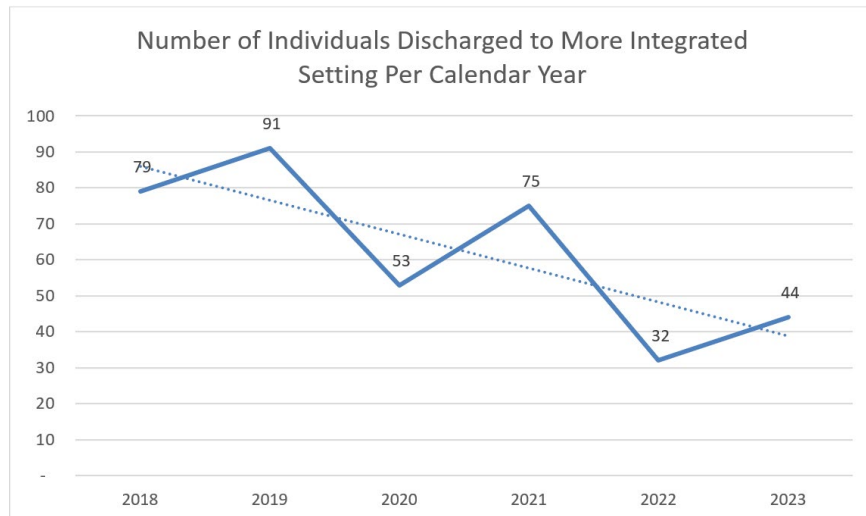
Department of Corrections. Treatment focus is similar to all nursing homes with provision activities of daily living care, rehabilitation services, and end of life care.

- **Community Integrated Services:** A specialized team provides support services for patients who have been provisionally discharged to live in a variety of community settings. The services are designed to help patients live happy, stable, successful lives and avoid the need for return stays at the FMHP.
- **Court-ordered Evaluations:** A team of forensic examiners provides competency and pre-sentencing mental health evaluations. These can be done on either an inpatient basis within Forensic Services or in a community setting, including jails.

All of these services are provided through a direct general fund appropriation except for court-ordered evaluations, which are funded with other revenues.

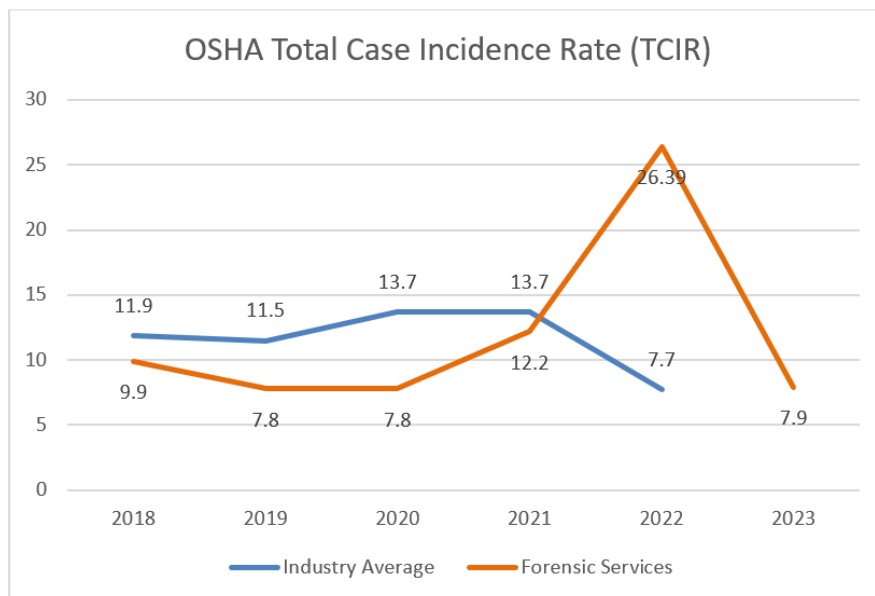
RESULTS

One measure of success is the number of individuals discharged from Forensic Services programs to more integrated settings in the community, consistent with Minnesota's Olmstead Plan . This plan refers to the state's overarching initiative to transform service delivery systems by reducing reliance on institutional care and offering people with disabilities greater independence and choice of community-based services. In the chart below, the solid line is the average number of discharges. The dotted line is the trend line over time.



The reduction in the number of individuals discharged to more integrated settings is driven by clinical factors for individual patients and a significant reduction in community provider capacity due to staffing shortages and the lingering effects of COVID.

The safety of our clients and staff is our top priority. One measure of safety is the Occupational Safety and Health Administration (OSHA) Total Case Incidence Rate (TCIR). The OSHA Total Case Incident Rate is the total number of workplace injuries or illnesses per 100 full-time employees (FTE) working in a year. This is a metric used nationally to compare rates of workplace injuries with national averages of similar industries, which in the case of Forensic



Since 2016, the TCIR at Forensic Services has been below – often, well below – the industry average. However, significant spikes in 2021 and 2022 are outliers, largely due to an increase in workplace illness during the COVID pandemic, during which a high proportion of staff came down with the virus. If the COVID outliers are removed, the TCIR falls back to levels recorded in 2019 and 2020. In 2023, TCIR numbers returned to the more normal range of 7.9 illnesses or injuries per 100 staff. The industry average for 2023 has not yet been released.

Several factors have contributed to the general trend toward lower TCIRs since 2016, including:

- Facilities have a more therapeutic environment that is safer for patients and the staff who care for them.
- Clinical, nursing and support staff provide person-centered clinical direction that takes the unique needs of individual patients into account and guides more effective treatment.
- Strong and consistent medical leadership.
- Increase in programming such as group therapy, social skill development through recreational and occupational therapies, music and art therapy, medication education, spiritual services, reintegration activities and vocational skills development.
- Support staff work with patients and reinforce skills practiced in groups and strategies for managing stressors, mental health crisis, free time, completion of normal day activities.
- Training and retraining staff and ongoing monitoring how staff follow and implement training.
- Monthly Safety Committee meetings with staff who work on all shifts to review all staff and patient injuries from the previous month. The committee focuses on what went well, what didn't go well, training needs and opportunities for improvement.

Minnesota Statutes Chapter 246 (<https://www.revisor.mn.gov/statutes/?id=246>) provides the legal authority for State Operated Services. See also, Minnesota Statutes Chapter 253 (<https://www.revisor.mn.gov/statutes/?id=253>) for additional authority that is specific to Forensic Services.

Forensic Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26	FY27	Governor's Recommendation FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	118,165	125,812	131,843	153,381				
2000 - Restrict Misc Special Revenue	755	934	1,121	858				
6000 - Miscellaneous Agency	1,669	1,661	1,810	1,806				
Total	120,588	128,408	134,774	156,045				
Biennial Change				41,822		(290,819)		(290,819)
Biennial % Change				17		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Category

Compensation	111,309	117,950	124,548	143,848		
Operating Expenses	7,438	8,655	8,022	10,176		
Grants, Aids and Subsidies	1,625	1,688	1,764	2,021		
Other Financial Transaction	216	115	440			
Total	120,588	128,408	134,774	156,045		

Full-Time Equivalents

1,002.52	1,046.58	1,030.44	1,207.95		
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Forensic Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		376		9,177				
Direct Appropriation	119,206	124,415	141,020	156,265	0	0	0	0
Transfers In		2,000						
Transfers Out	880		0	12,061				
Cancellations		978						
Balance Forward Out	162		9,177					
Expenditures	118,165	125,812	131,843	153,381				
Biennial Change in Expenditures				41,247		(285,224)		(285,224)
Biennial % Change in Expenditures				17		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	999.37	1,041.99	1,024.99	1,205.05				

2000 - Restrict Misc Special Revenue

Balance Forward In	780	882	954	808	850		850	
Receipts	852	1,004	975	900				
Transfers Out					850		850	
Balance Forward Out	878	952	808	850				
Expenditures	755	934	1,121	858				
Biennial Change in Expenditures				290		(1,979)		(1,979)
Biennial % Change in Expenditures				17		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	3.15	4.59	5.45	2.90				

6000 - Miscellaneous Agency

Balance Forward In	378	305	515	685	608		608	
Receipts	1,549	1,653	1,980	1,729				
Transfers In		188						
Transfers Out					608		608	
Balance Forward Out	259	484	685	608				
Expenditures	1,669	1,661	1,810	1,806				
Biennial Change in Expenditures				286		(3,616)		(3,616)

Forensic Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
Biennial % Change in Expenditures				9		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Direct Care and Treatment**Activity: Minnesota Sex Offender Program**

<https://mn.gov/dhs/people-we-serve/adults/services/sex-offender-treatment>

AT A GLANCE

- Clients progress through three phases of sex-offender-specific treatment.
- As of July 1, 2024:
 - Minnesota Sex Offender Program (MSOP) client population was 734.
 - 63 MSOP clients were on provisional discharge and living in the communities under MSOP supervision. Another 10 had been granted provisional discharge and were waiting for community placement.
 - 109 MSOP clients have received a provisional discharge order in the history of the program.
 - 25 MSOP clients have been fully discharged from their commitment.
 - About 85 percent of MSOP clients voluntarily participated in treatment.
- All-funds spending for this budget activity was approximately \$114 million for FY 2024. This represents 17 percent of the total Direct Care and Treatment all-funds spending

PURPOSE AND CONTEXT

Direct Care and Treatment (DCT) is a highly specialized behavioral health care system that serves people with mental illness, substance use disorders, intellectual disabilities, and other serious and often co-occurring conditions. DCT operates psychiatric hospitals and other inpatient mental health treatment facilities; inpatient substance abuse treatment facilities; special-care dental clinics; group homes and vocational sites; and the nation's largest treatment program for civilly committed sex offenders. The system cares for more than 12,000 patients and clients each year. Because these individuals have conditions that are complex and behaviors that can be challenging, other healthcare systems cannot or will not serve them. Some providers do not have the capacity; others do not have the expertise.

The Minnesota Sex Offender Program (MSOP) is one of DCT's five main service lines. MSOP operates secure treatment facilities in Moose Lake and St. Peter for civilly committed sex offenders. It also operates Community Preparation Services, a less restrictive treatment setting on the St. Peter campus, and Reintegration Services, which monitors and supervises clients who have been provisionally discharged by the court.

- Only a court has the authority to commit or discharge someone from MSOP.
- MSOP's mission is to promote public safety by providing comprehensive sex offender treatment and reintegration opportunities for sexual abusers.
- Minnesota is one of 20 states with civil commitment laws for sex offenders and is the largest program of its kind in the country.
- There are about 23 new commitments annually.
- Most MSOP clients have served prison sentences prior to their civil commitment.
- Transfer to less restrictive settings, such as Community Preparation Services, provisional discharge, or full discharge, may only occur by court order from a three-judge panel

SERVICES PROVIDED

The program accomplishes its mission by:

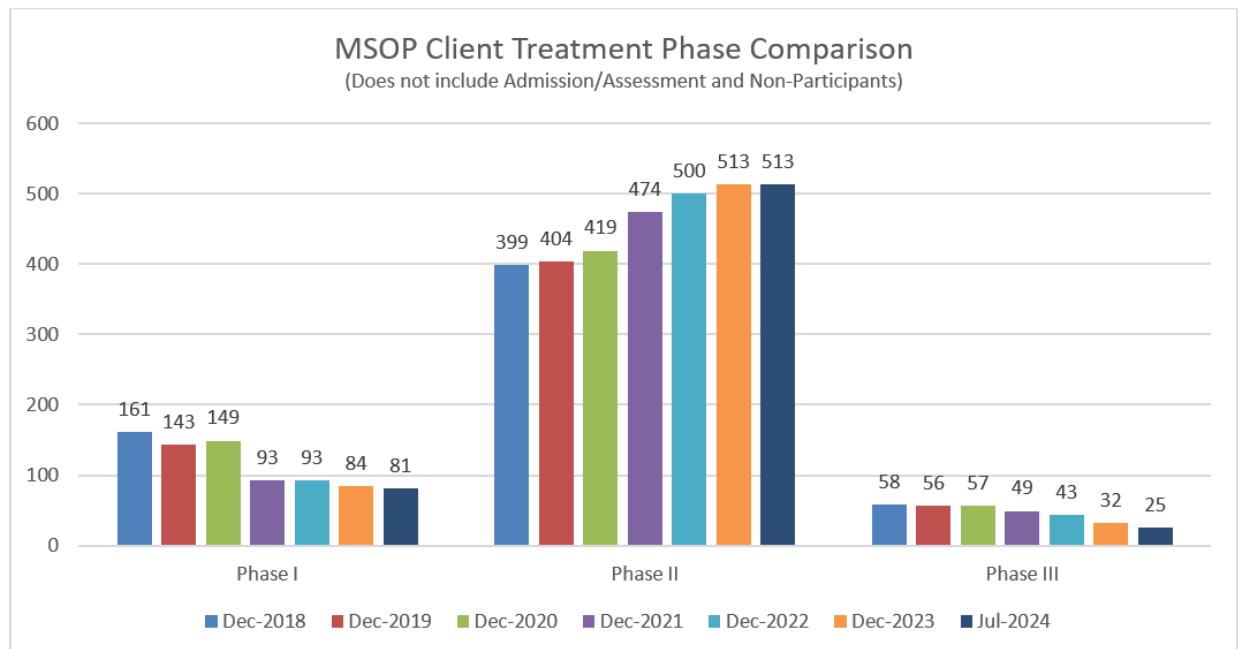
- Providing core group therapy, psycho-educational modules, and other treatment. Clients also participate in rehabilitative services that include education, therapeutic recreation, and vocational program work assignments.
- Providing risk assessments, treatment reports, and testimony that inform the courts.
- Maintaining a therapeutic treatment environment that is safe and conducive to making positive behavioral change.
- Providing supervision and resources to help provisionally discharged clients succeed in the community.
- Working together with communities, policymakers, and other governmental agencies.

MSOP is a three-phase treatment program. In Phase I, clients initially address treatment-interfering behaviors and attitudes. Phase II focuses on clients' patterns of abuse and identifying and resolving the underlying issues in their offenses. Clients in Phase III focus on deinstitutionalization and reintegration, applying the skills they acquired in treatment and maintaining the changes they have made while managing their risk for re-offense.

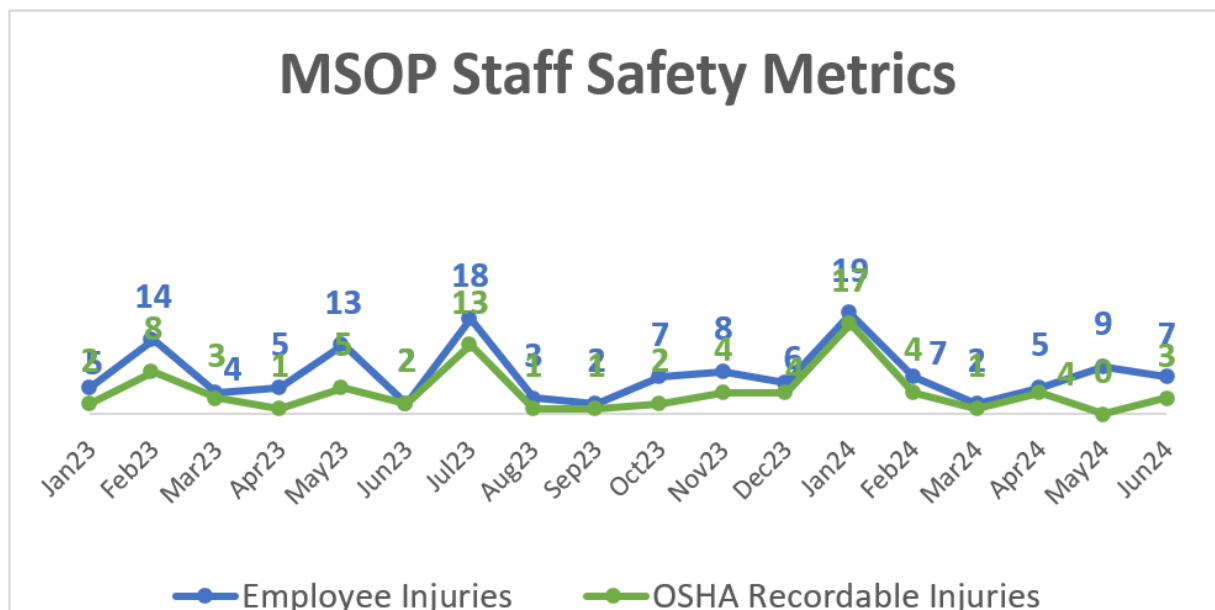
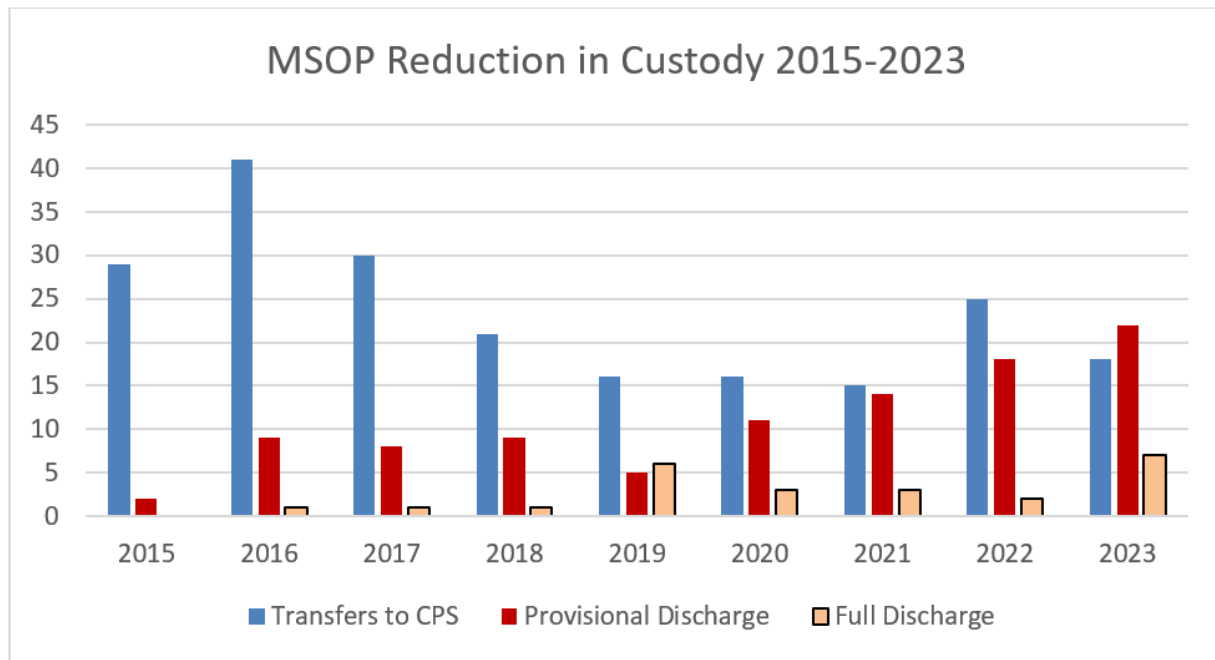
MSOP is funded by general fund appropriations. When a court commits someone to the program, the county in which they are committed is responsible for part of the cost of care. For commitments initiated before August 2011, the county share is 10 percent. For commitments after that date, the county share is 25 percent. When a client is court-ordered to provisional discharge (during which there is continued monitoring and community supervision by MSOP), there is a 25-percent county share.

RESULTS

As more clients move through the program, we expect to see increases in the number of clients participating in the latter stages of treatment. The chart below shows the treatment progression of clients since 2014.



MSOP REDUCTION IN CUSTODY 2015-2023



Results Notes

- Treatment progression graph is produced by the MSOP Research Department.
- Employee injury data is maintained by MSOP Operations department.

Minnesota Statutes, chapter 246B (<https://www.revisor.mn.gov/statutes/cite/246B>) governs the operation of the Sex Offender Program and chapter <https://www.revisor.mn.gov/statutes/cite/253D> governs the civil commitment and treatment of sex offenders.

Minnesota Sex Offender Program

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	96,347	102,732	111,895	126,682				
4503 - Minnesota State Industries	1,376	1,729	1,662	2,349				
6000 - Miscellaneous Agency	3,652	3,748	4,402	3,666				
Total	101,375	108,208	117,959	132,697				
Biennial Change				41,073		(250,656)		(250,656)
Biennial % Change				20		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Category

Compensation	81,611	86,796	93,336	106,576		
Operating Expenses	15,948	17,532	19,970	22,242		
Grants, Aids and Subsidies	3,479	3,554	4,133	3,879		
Capital Outlay-Real Property	1	78	127			
Other Financial Transaction	338	249	393			
Total	101,375	108,208	117,959	132,697		

Full-Time Equivalents

772.10	820.31	805.82	910.16		
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Minnesota Sex Offender Program

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In		1,639		4,025				
Direct Appropriation	97,585	101,672	115,920	121,726	0	0	0	0
Transfers In	500			931				
Transfers Out	741							
Cancellations		579						
Balance Forward Out	997		4,025					
Expenditures	96,347	102,732	111,895	126,682				
Biennial Change in Expenditures				39,498		(238,577)		(238,577)
Biennial % Change in Expenditures				20		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	772.10	820.31	804.82	903.16				

4503 - Minnesota State Industries

Balance Forward In	2,967	3,195	3,436	3,491	2,652		2,652	
Receipts	1,102	1,759	1,716	1,510				
Transfers Out					2,652		2,652	
Balance Forward Out	2,693	3,226	3,491	2,652				
Expenditures	1,376	1,729	1,662	2,349				
Biennial Change in Expenditures				906		(4,011)		(4,011)
Biennial % Change in Expenditures				29		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			1.00	7.00				

6000 - Miscellaneous Agency

Balance Forward In	840	896	814	593	422		422	
Receipts	3,637	3,488	4,182	3,495				
Transfers Out					422		422	
Balance Forward Out	824	636	593	422				
Expenditures	3,652	3,748	4,402	3,666				
Biennial Change in Expenditures				669		(8,068)		(8,068)
Biennial % Change in Expenditures				9		(100)		(100)

Minnesota Sex Offender Program

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Governor's Change from Base								0
Governor's % Change from Base								

Program: Direct Care and Treatment**Activity: DCT Administration**<https://mn.gov/dhs/people-we-serve/people-with-disabilities/services/direct-care-treatment/>**AT A GLANCE**

- Direct Care and Treatment (DCT) cares for more than 12,000 people annually at about 150 sites throughout Minnesota.
- DCT has nearly 5,000 employees and an annual budget of more than \$650 million.
- All-funds spending for DCT Administration was approximately \$70 million for FY 2024. This represents 11 percent of the total DCT all-funds spending.

PURPOSE AND CONTEXT

Direct Care and Treatment (DCT) is a highly specialized behavioral health care system that serves people with mental illnesses, substance use disorders, intellectual disabilities, and other serious and often co-occurring conditions. DCT operates psychiatric hospitals and other inpatient mental health treatment facilities; inpatient substance abuse treatment facilities; special-care dental clinics; group homes and vocational sites; and the nation's largest treatment program for civilly committed sex offenders. The system cares for more than 12,000 patients and clients each year. Because these individuals have conditions that are complex and behaviors that can be challenging, other health care systems cannot or will not serve them. Some providers do not have the capacity; others do not have the expertise. DCT programs and services are provided statewide, with most operating 24 hours a day, seven days a week. DCT Administration provides basic support for all service lines, including:

- Oversight of all fiscal and business processes
- Management all operational functions
- Strategic direction, planning and implementation

SERVICES PROVIDED

DCT Administration provides leadership and direction across the entire behavioral health system. It also works in collaboration with MNIT and DHS central office and has service-level agreements in place for additional support services such as IT, HR, Legislative, Communications, Legal, and other DHS-wide services. The costs for these additional support services are included in the overall \$70 million budget for DCT Administration. DCT Administration support services include, but are not limited to:

- **Chief Quality Officer (CQO):** Responsible for managing relationships with several state and federal regulatory bodies that oversee DCT programs. The CQO works to ensure that staff understand regulatory requirements and that all standards are being followed. This department also aligns quality, safety, and security across each service line to ensure compliance.
- **Chief Compliance Officer (CCO):** Oversees risk assessment and contract management services that directly impact DCT operations. Through internal auditing and monitoring, the CCO ensures proper processes are in place and are followed.
- **Health Information Management Services (HIMS):** Manages all patient and client records to assure that information is properly documented and protected. HIMS provides support to the direct care staff to assure medical records are accurate, timely, and up-to-date; records are properly stored; and staff access to a patient's private health information is appropriate and documented.
- **Learning and Development (L&D):** Provides ongoing training essential to the delivery of high-quality care. L&D ensures that DCT staff have the training they need to meet regulatory requirements and standards

and to best serve patients and clients. Currently, 5 percent of all DCT staff time (a total of 450,000 hours) in any year is devoted to training to ensure compliance with regulatory standards and skill development.

- **Financial Management Office:** Provides DCT-specific fiscal services and manages the financial transactions and reporting to assure prudent use of public resources. Core functions include preparing operating and Legislative budget requests, patient services billing and accounts receivable, contract management support, accounts payable, Medicare and/or Medicaid Cost reporting for DCT's hospitals and clinics, financial reporting, and resident trust services for our institutional patients and clients.
- **DCT IT/MNIT Administrative Services:** Works in collaboration with MNIT to understand DCT's unique technological needs and to develop and implement an electronic health record system that provides access to each patient chart and gives clinical staff the ability to document every aspect of patient care to ensure compliance to care delivery, financial/billing, and expected clinical outcomes.
- **Health Equity Department:** Provides an integrated approach to ensure that all DCT staff have the education, skills, and tools they need to work effectively across DCT, nurture a culture of inclusion, and have a positive impact on equity, diversity, and anti-racism efforts.
- **Facilities Management (FM):** Responsible for overseeing the care and maintenance of all DCT-owned and leased buildings, including maintaining a 10-year facility plan. FM also does all of the planning necessary to prepare DCT's capital budget requests. Core functions include leasing, design and management of construction projects, asset management, procurement, conditional facility assessment, department sustainability activities and strategic planning to meet the ongoing needs of DCT programs.
- **Office of Special Investigations (OSI):** Provides investigative services upon request that work in tandem with DCT-wide event reviews and root cause analyses. OSI works in collaboration with local law enforcement agencies when needed on patient-client elopements, deaths, drug and alcohol violations, assaults to staff or patients, and other events that require investigation.
- **Business Process Services:** Provides support to direct care staff on consistent and standardized business processes across all DCT programs and divisions for documenting admissions, assessments, treatment progress, discharge, etc. Another core function is to ensure these standardized business processes are incorporated into the DCT Behavioral Health Medical Record.

RESULTS

Measure name	Measure type	Measure data source	Historical trend	Most recent data
The number of new contracts executed ¹	Quantity	DCT SharePoint Site	185 - FY23	353 - FY24
The number of background checks completed for handgun permits ²	Quantity	Inquiries received by the department	14,302 - FY23	17,203 - FY24
The number of unique claims processed for client billings	Quantity	DCT Electronic Health Record	151,793 - FY23	125,622 - FY24

¹ The number of new contracts with a start date in each fiscal year across DCT. Some contracts may have been formally executed or initiated in a different fiscal year. This measure does not include executed contract amendments or extensions.

² DCT HIMS staff complete the process as required under Minnesota Statutes section 245.041 to provide commitment information to local law enforcement agencies for the sole purpose of facilitating a firearms background check.

Minnesota Statutes Chapter 246 (<https://www.revisor.mn.gov/statutes/cite/246>) provides the legal authority for Direct Care and Treatment State Operated Services.

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26	FY27	Governor's Recommendation FY26	FY27
<u>Expenditures by Fund</u>								
1000 - General	38,007	38,742	46,497	93,641				
2000 - Restrict Misc Special Revenue	6,951	6,597	7,290	7,919				
2001 - Other Misc Special Revenue	10,164	11,242	11,763	14,607				
3000 - Federal	273							
Total	55,395	56,582	65,550	116,167				
Biennial Change				69,740		(181,717)		(181,717)
Biennial % Change				62		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Category

Compensation	32,127	35,548	43,916	62,456		
Operating Expenses	22,625	19,438	20,770	53,711		
Grants, Aids and Subsidies	1	6	0			
Capital Outlay-Real Property	15	90	25			
Other Financial Transaction	626	1,500	838			
Total	55,395	56,582	65,550	116,167		

Full-Time Equivalents

269.28	305.59	337.74	492.03		
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DCT Administration

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1000 - General								
Balance Forward In	16,029	4,451		8,631				
Direct Appropriation	53,424	63,243	80,177	102,952	0	0	0	0
Transfers In	12,932			23,191				
Transfers Out	41,268	25,279	25,049	41,133				
Cancellations		3,672						
Balance Forward Out	3,110		8,631					
Expenditures	38,007	38,742	46,497	93,641				
Biennial Change in Expenditures				63,389		(140,138)		(140,138)
Biennial % Change in Expenditures				83		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	230.41	264.38	297.29	447.68				

2000 - Restrict Misc Special Revenue

Balance Forward In	3,081	3,632	4,629	2,368	1,775		1,775	
Receipts	4,848	5,018	5,028	7,326				
Transfers In	2,500	2,500						
Transfers Out		82			1,775		1,775	
Balance Forward Out	3,478	4,471	2,367	1,775				
Expenditures	6,951	6,597	7,290	7,919				
Biennial Change in Expenditures				1,661		(15,209)		(15,209)
Biennial % Change in Expenditures				12		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	38.87	41.21	40.45	44.35				

2001 - Other Misc Special Revenue

Balance Forward In	345	367	198	3,704	294		294	
Receipts	10,186	11,059	15,269	11,197				
Transfers Out					294		294	
Balance Forward Out	367	183	3,704	294				
Expenditures	10,164	11,242	11,763	14,607				
Biennial Change in Expenditures				4,964		(26,370)		(26,370)

DCT Administration

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26	FY27	Governor's Recommendation FY26	FY27
Biennial % Change in Expenditures				23		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2400 - Endowment

Balance Forward In	65	65	67	71	72		72	
Receipts	0	2	3	1				
Transfers Out					72		72	
Balance Forward Out	65	67	71	72				

2403 - Gift

Balance Forward In	10	11	76	80	81		81	
Receipts	1	2	4	1				
Transfers In		64						
Transfers Out					81		81	
Balance Forward Out	11	76	80	81				

3000 - Federal

Receipts	273							
Expenditures	273							
Biennial Change in Expenditures				(273)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

4100 - SOS TBI & Adol Ent Svcs

Balance Forward In	119	119						
Receipts	0	4						
Transfers Out		123						
Balance Forward Out	119							

6000 - Miscellaneous Agency

Balance Forward In	181	182						
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DCT Administration

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Receipts	1	6						
Transfers Out		188						
Balance Forward Out	182							

Program: Fiduciary Activities**Activity: Fiduciary Activities****AT A GLANCE**

- All funds spending for Fiduciary Activities was \$547 million in state fiscal year 2023.
- Child Support Enforcement, the vast majority of this activity, is transitioning to the Department of Children, Youth and Families in fiscal year 2026.

PURPOSE AND CONTEXT

The Fiduciary Activities budget program collects money from individuals and organizations and distributes the collected funds to people owed the money. Because these are not state funds and belong to others, they are not included in the state's budget or consolidated fund statement.

SERVICES PROVIDED

Most of the transactions of this budget activity include money recovered from clients, providers, or beneficiaries that are held in this account until they can be credited to the correct area. DHS and the state are temporary custodians of these funds until they are passed to the appropriate entity.

RESULTS

The activity in this budget program is largely accounting in nature and does not have programmatic results or consequences. DHS maintains necessary staff and information technology resources to adequately support accurate, efficient, and timely management of these funds.

State statutes that underlie the activities in the Fiduciary Activities budget program include M.S. sections , 256.019 (<https://www.revisor.mn.gov/statutes/?id=256.019>), and 256.01 (<https://www.revisor.mn.gov/statutes/?id=256.01>).

Fiduciary Activities

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
2000 - Restrict Misc Special Revenue			7,798	8,729	9,300	9,400	9,300	9,400
6000 - Miscellaneous Agency	5,804	7,890	4,418	16,098				
6003 - Child Support Enforcement	549,644	539,320	532,558	650,505				
Total	555,448	547,210	544,774	675,332	9,300	9,400	9,300	9,400
Biennial Change				117,448		(1,201,406)		(1,201,406)
Biennial % Change				11		(98)		(98)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	128	116	106	19				
Operating Expenses	1,957	1,821	1,908	6,778	3,025	3,225	3,025	3,225
Grants, Aids and Subsidies	747	460	497	200				
Other Financial Transaction	552,615	544,813	542,264	668,335	6,275	6,175	6,275	6,175
Total	555,448	547,210	544,774	675,332	9,300	9,400	9,300	9,400

Full-Time Equivalents

0.55	0.52	0.50		
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Fiduciary Activities

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
2000 - Restrict Misc Special Revenue								
Balance Forward In	1,853	598	879					
Receipts	1,958	1,869	7,798	8,804	9,375	9,475	9,375	9,475
Transfers In	1,499		78					
Transfers Out	4,712	1,588	958	75	75	75	75	75
Balance Forward Out	598	879						
Expenditures			7,798	8,729	9,300	9,400	9,300	9,400
Biennial Change in Expenditures			16,527		2,173		2,173	
Biennial % Change in Expenditures					13		13	
Governor's Change from Base							0	
Governor's % Change from Base							0	

6000 - Miscellaneous Agency

Balance Forward In	4,669	6,329	7,650	6,850				
Receipts	7,130	9,204	3,618	15,205				
Transfers Out				5,957				
Balance Forward Out	5,995	7,643	6,850					
Expenditures	5,804	7,890	4,418	16,098				
Biennial Change in Expenditures				6,822		(20,516)		(20,516)
Biennial % Change in Expenditures				50		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.55	0.52	0.50					

6003 - Child Support Enforcement

Balance Forward In	12,104	9,586	10,485	8,550				
Receipts	547,126	540,219	530,623	641,955				
Balance Forward Out	9,586	10,485	8,550					
Expenditures	549,644	539,320	532,558	650,505				
Biennial Change in Expenditures				94,099		(1,183,063)		(1,183,063)
Biennial % Change in Expenditures				9		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Technical Activities**Activity: Technical Activities****AT A GLANCE**

- All funds spending for Technical Activities was \$850 million during state fiscal year 2023.
- Technical Activities largely consists of federal administrative reimbursement earned by and paid to counties, tribes, and other state and local agency

PURPOSE AND CONTEXT

The Technical Activities budget program includes transfers and expenditures between federal grants, programs and other agencies that would result in misleading distortions of the state's budget if the Department of Human Services did not account for them in a separate budget activity. This arrangement helps us to make sure that these transfers and expenditures are still properly processed in the state's accounting system and to comply with federal accounting requirements.

SERVICES PROVIDED

We include several different types of inter-fund and pass through expenditures in the Technical Activities budget program:

- Federal administrative reimbursement earned by and paid to counties, tribes and other local agencies.
- Federal administrative reimbursement earned by and paid to other state agencies.
- Administrative reimbursement (primarily federal funds) earned on statewide indirect costs and paid to the general fund.
- Administrative reimbursement (primarily federal funds) earned on DHS Central Office administrative costs and paid to the general fund, health care access fund or special revenue fund under state law and policy.
- Transfers between federal grants, programs and state agencies that are accounted for as expenditures in the state's SWIFT accounting system.
- Other technical accounting transactions.

Staff members in our Central Office Operations are responsible for the accounting processes we use to manage the Technical Activities budget program.

RESULTS

We maintain necessary staff and information technology resources to adequately support accurate, efficient, and timely federal fund cash management. We measure the percentage of federal funds deposited within two working days.

Measure name	Measure type	Historical trend	Most recent data
Percent of federal fund deposit transactions completed (deposited in State treasury) within two working days of the amount being identified by the SWIFT accounting system.	Quality	98.2% FY2023	97.9% FY2024

M.S. sections 256.01 (<https://www.revisor.mn.gov/statutes/?id=256.01>) to 256.011 (<https://www.revisor.mn.gov/statutes/?id=256.011>) and Laws 1987, chapter 404, section 18, provide the overall state legal authority for DHS's Technical Activities budget program.

Technical Activities

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
<u>Expenditures by Fund</u>								
1200 - State Government Special Rev	27	16						
2000 - Restrict Misc Special Revenue	1,314	1,914	2,379	1,417	914	914	914	914
2001 - Other Misc Special Revenue	15,134	31,725	10,166	9,969	1,272	1,272	1,272	1,272
2005 - Opiate Epidemic Response	1	2						
2360 - Health Care Access	219	154						
3000 - Federal	681,410	753,906	817,551	907,424	615,672	615,439	615,672	615,439
3001 - Federal TANF	77,495	76,875	70,566	71,493				
4800 - Lottery	1							
Total	775,599	864,592	900,662	990,303	617,858	617,625	617,858	617,625
Biennial Change				250,774		(655,482)		(655,482)
Biennial % Change				15		(35)		(35)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses	292,746	318,298	343,932	408,504	331,849	331,616	331,849	331,616
Grants, Aids and Subsidies	469,997	539,408	547,762	581,799	286,009	286,009	286,009	286,009
Other Financial Transaction	12,856	6,886	8,968					
Total	775,599	864,592	900,662	990,303	617,858	617,625	617,858	617,625

Technical Activities

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY22	FY23	FY24	FY25	FY26	FY27	FY26	FY27
1200 - State Government Special Rev								
Open Appropriation	27	16						
Expenditures	27	16						
Biennial Change in Expenditures				(43)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

2000 - Restrict Misc Special Revenue

Balance Forward In	105	144	504	493				
Receipts	97	10		97	87	87	87	87
Transfers In	1,913	2,263	2,447	827	827	827	827	827
Transfers Out	657		78					
Balance Forward Out	144	504	493					
Expenditures	1,314	1,914	2,379	1,417	914	914	914	914
Biennial Change in Expenditures				569		(1,968)		(1,968)
Biennial % Change in Expenditures				18		(52)		(52)
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	910	12,137	101	1,448				
Receipts	1,764	6,167	11,643	8,044	3	3	3	3
Transfers In	12,595	13,496	2,625	477	1,269	1,269	1,269	1,269
Transfers Out		5	2,755					
Balance Forward Out	135	70	1,448					
Expenditures	15,134	31,725	10,166	9,969	1,272	1,272	1,272	1,272
Biennial Change in Expenditures				(26,723)		(17,591)		(17,591)
Biennial % Change in Expenditures				(57)		(87)		(87)
Governor's Change from Base								0
Governor's % Change from Base								0

2005 - Opiate Epidemic Response

Open Appropriation	1	2						
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Technical Activities

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Expenditures	1	2						
Biennial Change in Expenditures				(3)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

2360 - Health Care Access

Open Appropriation	219	154						
Expenditures	219	154						
Biennial Change in Expenditures				(373)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	6	161	290					
Receipts	681,506	753,749	817,261	907,424	615,672	615,439	615,672	615,439
Internal Billing Receipts				20				
Transfers Out	16							
Balance Forward Out	87	5						
Expenditures	681,410	753,906	817,551	907,424	615,672	615,439	615,672	615,439
Biennial Change in Expenditures				289,659		(493,864)		(493,864)
Biennial % Change in Expenditures				20		(29)		(29)
Governor's Change from Base								0
Governor's % Change from Base								0

3001 - Federal TANF

Balance Forward In		20,561						
Receipts	77,495	56,314	70,566	71,493				
Expenditures	77,495	76,875	70,566	71,493				
Biennial Change in Expenditures				(12,311)		(142,059)		(142,059)
Biennial % Change in Expenditures				(8)		(100)		(100)
Governor's Change from Base								0

Technical Activities

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27		Governor's Recommendation FY26 FY27	
Governor's % Change from Base								

4800 - Lottery

Open Appropriation	1					
Expenditures	1					
Biennial Change in Expenditures				(1)	0	0
Biennial % Change in Expenditures						
Governor's Change from Base						0
Governor's % Change from Base						

Department of Human Services

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HUD 14.231	Emergency Solutions Grant Program: Grant provides funding to: (1) engage homeless individuals and families living on the street; (2) improve the number and quality of emergency shelters for homeless individuals and families; (3) help operate these shelters; (4) provide essential services to shelter residents, (5) rapidly re-house homeless individuals and families, and (6) prevent families and individuals from becoming homeless. This grant provides funding to shelters for operating costs, essential services, and homelessness prevention and costs to administer the federal grant.	\$ 2,402	\$ 3,500	\$ 3,500	\$ 3,500	No	1.00
HHS 93.658	Foster Care Title IV-E: This grant helps states provide temporary safe and stable out-of-home care for children whose parents cannot safely care for them. Of the approximately 13,600 children in out-of-home placements in 2015, foster families provided care to 10,000 of them.	\$ 80,583	\$ 82,584	\$ -	\$ -		
HHS 93.669	Child Abuse Prevention and Treatment Act (CAPTA): Grant is used to improve child protective services systems. In Minnesota, grants to five counties are used to administer the federally required Citizen Review Panels for child protection services. The counties are Chisago, Hennepin, Ramsey, Washington and Winona. This is a requirement of all states to be able to access other federal reimbursement.	\$ 1,102	\$ 2,848	\$ -	\$ -		

Department of Human Services

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
USDA 10.561	State Administrative Matching Funds for the Supplemental Nutrition Assistance Program (SNAP): Under Federal Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps) regulations, states have the option to include nutrition education activities in the State Plan filed with the Food and Nutrition Service (FNS) of the United States Department of Agriculture. This option allows states to include the costs of nutrition education activities as administrative costs of SNAP. Minnesota adopted this option in the early 1990's. The Minnesota Department of Human Services contracts with the University of Minnesota Extension, White Earth Nation, Red Lake Nation, Leech Lake Band of Ojibwe, Bois Forte Band of Chippewa, Grand Portage Band of Chippewa, Fond du Lac Band of Lake Superior Chippewa, and Mille Lacs Band of Ojibwe to provide nutrition education services.	\$ 11,952	\$ 14,980	\$ -	\$ -		
DOE 84.027	Special Education Grants to States: The Individuals With Disabilities Education Act (IDEA) Part B grant from U.S. Department of Education is awarded to the Minnesota Department of Education (MDE). MDE in turn, completes an interagency agreement with DHS to develop coordinated benefits and policy for youth with disabilities.	\$ 76	\$ 90	\$ 90	\$ 90	No	0.50
HHS 93.777	State Survey and Certification of Health Care Providers and Suppliers: This grant provides funding for a contract with Minnesota Department of Health (MDH) to certify nursing homes and rehabilitation providers in accordance with requirements from the Centers for Medicare and Medicaid Services. These providers may not participate in the Medicaid program unless they are certified.	\$ 7,263	\$ 9,123	\$ 9,123	\$ 9,123	No	
HHS 93.324	Health Insurance Counseling: Grants to AAAs and service providers to provide health insurance counseling, education and assistance services to seniors to help obtain health insurance benefits. (Also coordinated with Information and Assistance grants- general fund). The grant also includes administrative funds that are used to implement and administer the grant.	\$ 923	\$ 929	\$ 929	\$ 929	No	1.50

Department of Human Services

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.645	Child Welfare Services Title IV-B1: Grant to promote state flexibility in the development and expansion of a coordinated child and family services program that utilizes community-based agencies and ensures all children are raised in safe, loving families. These funds provide grants to counties and tribes to provide core child protection services to strengthen families and to prevent out-of-home placement when it is safe to do so. Grants support services to approximately 30,000 families per year.	\$ 3,950	\$ 7,782	\$ -	\$ -		
USDA 10.568	Emergency Food Assistance Program: Provides funding to States to enable processing storage and distribution costs incurred in providing food assistance to needy persons. Funds are used to Distribute U.S. Department of Agriculture (USDA) donated food commodities to individuals and families who use on-site meal programs, food shelves and shelters. This program design ensures an equitable distribution of commodities to all 87 counties.	\$ 1,620	\$ 3,840	\$ -	\$ -		
HHS 93.044	Special Programs for the Aging (Aging Social Services): OAA grants to AAAs and local providers to provide a variety of community-based social services. OAA grants to AAAs for administrative purposes, program development and coordination activities. The grant includes administrative funding to administer and implement the grant.	\$ 9,127	\$ 10,667	\$ 1,326	\$ 1,326	No	
USDA 10.561	State Administrative Matching Funds for the Supplemental Nutrition Assistance Program: Federal funds for State and County administrative costs for the Supplemental Nutrition Assistance Program (SNAP).	\$ 78,311	\$ 78,422	\$ -	\$ -		

Department of Human Services

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.566	Refugee Cash and Medical Assistance Program: Grant reimburses states for the cost of cash and medical assistance provided to refugees (and certain Amerasians from Viet Nam, Cuban and Haitian entrants, asylees, victims of a severe form of trafficking, and Iraqi and Afghan Special Immigrants) who are not eligible for the Minnesota family Investment Program or Medical assistance. Refugees and other populations are eligible for Refugee Cash or Medical Assistance during the first eight months after their arrival in the U.S. or grant of asylum. 456 cases served per month in Refugee Cash Assistance. Also funds program coordination and planning expenses of DHS Resettlement Program Office and oversight of statewide refugee health screening administration.	\$ 9,521	\$ 41,000	\$ 41,000	\$ 41,000		21.20
HHS 93.959	Block Grants for Prevention and Treatment of Substance Abuse (SABG): Federal funding for the state to plan, implement, and evaluate activities that prevent and treat substance use. Of the total award, 20% must fund primary prevention strategies directed at individuals not identified as in need of treatment. A portion must fund specialized services for pregnant women and women with dependent children and a portion funds the Behavioral Health Fund for services to clients.	\$ 28,627	\$ 44,688	\$ 41,888	\$ 41,888	Yes	19.61

Department of Human Services

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.575 93.596	Child Care and Development Block Grant (CCDF): Provides funds to States to increase the availability, affordability, and quality of child care services for low-income families where the parents are working or attending training or educational programs. This grant helps fund the Minnesota Family Investment Program (MFIP) and Basic Sliding Fee Child Care Assistance Programs that help low-income families pay for child care so that parents may pursue employment or education leading to employment. Also funded are Child Care Development Grants that promote services to improve school readiness, and the quality and availability of child care in Minnesota. In FY 2013, an average of 16,988 families per month received child care assistance subsidies. Also in FY 2013, 19,500 parents received referrals to find child care and child care-related training was provided to more than 32,000 attendees through Child Care Resource & Referral agencies.	\$ 215,234	\$ 322,943	\$ -	\$ -		
HHS 93.045	Special Programs for the Aging: Older Americans Act (OAA) grants to AAAs and service providers to provide home delivered meal services targeted to seniors in the greatest economic and social need. (Funding coordinated with the general fund Senior Nutrition grant)	\$ 11,623	\$ 14,194	\$ 5,739	\$ 5,739	No	
HHS 93.041	Elder Abuse Grants (Elder Abuse Prevention) : OAA grants to service providers to provide activities related to elder abuse prevention. The grant includes administrative funding to administer and implement the grant.	\$ 75	\$ 103	\$ -	\$ -	No	

Department of Human Services

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.643	Children's Justice Grants to States: Grants to encourage states to enact reforms designed to improve (1) the assessment and investigation of suspected child abuse and neglect cases, including cases of suspected child sexual abuse and exploitation, in a manner that limits additional trauma to the child and the child's family (2) the assessment and investigation of cases of suspected child abuse-related fatalities and suspected child neglect-related fatalities (3) the investigation and prosecution of cases of child abuse and neglect, including child sexual abuse and exploitation and (4) the assessment and investigation of cases involving children with disabilities or serious health-related problems who are suspected victims of child abuse or neglect. In Minnesota these grants provide training for county and tribal law enforcement, county attorney, and county and tribal child protection professionals on assessment and investigations, including training on forensic interviewing of potential child abuse victims. This grant supports training for about 183 participants annually.	\$ 249	\$ 450	\$ -	\$ -		
HHS 93.563	Child Support Enforcement: This funding is the federal financial participation (FFP) for the Supreme Court, Department of Corrections, county federal incentives, County Income Maintenance (both administrative and indirect costs), systems fund, general fund and 1115 grants.	\$ 131,193	\$ 139,900	\$ -	\$ -		
USDA 10.561	State Administrative Matching Funds for the Supplemental Nutrition Assistance Program (SNAP): These service grants represent revenues to the general fund from the federal Supplemental Nutrition Assistance Program (SNAP) Employment & Training program which provides 50% federal matching funds for support services such as child care and other employment supports provided to eligible SNAP recipients. There are approximately 39,900 participants in SNAP employment and training activities during the year.	\$ 3,806	\$ 15,400	\$ -	\$ -		

Department of Human Services

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.566	Refugee Social Services: Grants provide funding for employment-related and other social services for refugees, certain Amerasians from Vietnam, Cuban and Haitian Entrants, asylees, victims of a severe form of trafficking, and Iraqi and Afghan Special Immigrants. An arrival must be within five years of arriving in this country or grant of asylum to be eligible for services under these grants. Approximately 4,200 individuals served annually.	\$ 9,711	\$ 28,465	\$ 24,295	\$ 24,295		
HHS 93.048	Special Programs for the Aging (MN Medical Care Demo Project): Grants to Area Agencies on Aging (AAA's) and service providers to help seniors obtain health insurance benefits and report fraud, waste and abuse within the health care system.	\$ 610	\$ 635	\$ -	\$ -	No	0.55
HHS 93.150	Projects for Assistance in Transition from Homelessness (PATH): Grants to counties and non-profit agencies for outreach and mental health services to homeless people. About \$500,000 per year of Adult MH Integrated state funds are used as match for these federal funds.	\$ 818	\$ 2,200	\$ 2,000	\$ 2,000	Yes	1.00
USDA 10.551	Supplemental Nutrition Assistance Program (SNAP): Provides help with food for more than 475,000 persons per month receiving an average monthly payment of \$108.	\$ 873,310	\$ 1,609,497	\$ -	\$ -		
HHS 93.052	National Family Caregiver Support (3E Care Giver Grants) : OAA grants to AAAs and service providers to provide information, respite, education, training and support groups to family caregivers. The grant also includes 3E Grandparents Raising Grandchildren Grants and 3E Statewide Activities Grant. In addition, the grant is to a service provider to provide caregiver support services to grandparents raising their grandchildren. The grant also provides statewide training, education and caregiver support activities.	\$ 4,189	\$ 6,577	\$ 1,477	\$ 1,477	No	

Department of Human Services

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.569	Community Services Block Grant (CSBG): Grants to Community Action Agencies and Tribal Governments to focus local, state, private and federal resources to support low-income families and individuals to attain the skills, knowledge and motivation to become economically secure. In 2015, served 514,578 low income individuals in 201,262 families. These funds provide grants for emergencies and special projects.	\$ 14,530	\$ 18,000	\$ -	\$ -		
HHS 93.917	HIV Care Formula Grants: Dedicated federal funding that helps individuals with HIV / AIDS obtain access to necessary medical care, nutritional supplements, dental services, mental health services, support services and outreach to high risk, underserved populations. Federal funding dedicated to maintain private insurance coverage for people living with HIV and/or purchase HIV related drugs. Funds used in conjunction with state and special revenue funds. (Approximately 2,400 people served.).Federal funding to provide outreach and education services to minority populations by identifying individuals with HIV/AIDS and make them aware of and enroll them in treatment service programs. (Approximately 100 people served). Grant includes administrative funding for administering and implementing the grant.	\$ 11,759	\$ 10,160	\$ 10,082	\$ 10,082	Yes	
93.674	Chafee Foster Care Independence Program: Federal funding passed in 1999, provides funding to and governs the program known as the Support for Emancipation and Living Functionally (SELF) Program in Minnesota. The intent of the funds is to reduce the risk that youth aging out of long term out-of-home placement will become homeless or welfare dependent. Funds are therefore awarded for the provision of services designed to help older youth, currently or formerly in out-of-home care, prepare for a successful transition to adulthood. Approximately 1,420 high-risk youth served CY 2015.	\$ 3,035	\$ 4,436	\$ -	\$ -		

Department of Human Services

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(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
10.561	State Administrative Matching Funds for the Supplemental Nutrition Assistance Program: Federal funds for state and county costs related to employment and training for Supplemental Nutrition Assistance Program (SNAP) recipients.	\$ 1,845	\$ 8,055	\$ -	\$ -		
HHS 93.659	Adoption Assistance: Federal financial participation for payments to individuals adopting Title IV-E special needs children. In 2015, approximately 7,127 children receive IV-E adoption assistance. This assistance is intended to prevent inappropriately long stays in foster care and to promote the healthy development of children through increased safety, permanency and well-being.	\$ 67,326	\$ 74,459	\$ -	\$ -		
HHS 93.053	Nutrition Services Incentive Program (NSIP): OAA grants to AAAs and local nutrition providers as a separate allocation based on the number of meals served in the previous project year. This grant is coordinated with general fund Senior Nutrition funding.	\$ 1,465	\$ 1,735	\$ -	\$ -		
HHS 93.599	Chafee Education and Training Vouchers Program (ETV): Grant provides resources to States to make available vouchers for postsecondary training and education to help defray the costs of post-secondary education to 119 youth who aged-out of foster care at age 18 in FY 2016, were adopted from foster care on or after their 16th birthday, or custody was transferred to a relative from foster care on or after their 16th birthday.	\$ 916	\$ 1,121	\$ -	\$ -		
HHS 93.045	Special Programs for the Aging (Congregate Meals): OAA grants to AAAs and service providers to provide congregate meal services targeted to seniors in the greatest economic and social need. The grant is coordinated with the state funded Senior Nutrition grant. This grant includes administrative funding to administer and implement the grant.	\$ 6,719	\$ 9,693	\$ -	\$ -	No	

Department of Human Services

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.597	Grants to States for Access & Visitation Programs: Grant provides resources to states to help establish programs to support and facilitate noncustodial parents' access to and visitation of their children. The grant went to two grantees in FFY15, FamilyWise Services and Central Minnesota Legal Services. The grant served approximately 437 families in FFY 2015.	\$ 147	\$ 170	\$ -	\$ -		
HHS 93.778	Medical Assistance Program: Medicaid program grants provide comprehensive health care coverage and access to long term care services and supports to an average 1.1 million uninsured or underinsured Minnesotans who meet income and other eligibility requirements. This program is managed by the state under guidance from the federal government. The amounts reported here are the federal share of spending for this joint federal-state program.	\$ 11,016,134	\$ 11,428,674	\$ 12,402,725	\$ 13,054,542	No	
HHS 93.042	Special Programs for the Aging (Ombudsman Supplement): This OAA grant supplements funding for the Ombudsman for Long Term Care office. The principal role of the Ombudsman Program is to investigate and resolve complaints made by or on behalf of residents of nursing homes or other long-term care facilities. This grant also promote policies and practices needed to improve the quality of care and life in long-term care facilities and educate both consumers and providers about residents' rights and good care practices.	\$ 254	\$ 870	\$ 10	\$ 10	No	1.00

Department of Human Services

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.958	Block Grants for Community Mental Health Services (MHBG): Federal funding for the state to provide comprehensive community mental health services targeting adults with serious mental illnesses, children with serious emotional disturbances, or people in a crisis demonstrating one of these conditions. Federal law requires 10% to fund First Episode Psychosis (FEP) services and 5% to fund mental health crisis services. State law requires 25% to fund American Indian Tribes and non-profit agencies providing services to American Indians. Other projects include children's mental health collaboratives, adult mental health initiatives, peer services, provider training, and workforce development.	\$ 17,548	\$ 29,267	\$ 28,200	\$ 28,000	Yes	21.67
HHS 93.767	Medical Assistance Program: The Federal Children's Health Insurance Program (CHIP) grants provide coverage to over 3,500 uninsured low-income children and pregnant women who do not qualify for regular Medicaid. Minnesota also applies a portion of its federal CHIP allotment to enhance the regular 50 percent federal share for children on Medical Assistance with household incomes above 138 percent of poverty.	\$ 96,505	\$ 77,161	\$ 83,271	\$ 86,543	No	
USDA 10.551	Supplemental Nutrition Assistance Program (SNAP): Grant benefits cash out provided to SSI and elderly recipients.	\$ 37,468	\$ 70,000	\$ -	\$ -		
HHS 93.556	Promoting Safe and Stable Families (Title IV-B2 Child Welfare Program): Grant provides funds to help prevent the unnecessary separation of children from their families, improve the quality of care and services to children and their families, and ensure permanency for children by reuniting them with their parents, by adoption or by another permanent living arrangement. Funding provides grants to community-based agencies, counties and tribes to provide services to families to reduce the risk of maltreatment, to prevent child maltreatment and improve family functioning for families reported to child protection services, and provide child protective services to strengthen families and prevent out-of-home placement when it is safe to do. This grant helps serve approximately 20,000 families.	\$ 4,086	\$ 4,490	\$ -	\$ -		

Department of Human Services

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.778	Medical Assistance Program: The state earns administrative FFP for activities which support Medical Assistance (MA) which is Minnesota's Medicaid program. This grant is an administrative pass-through of federal financial participation (FFP) to counties, DHS systems, and the state general fund for approved MA administrative activities.	\$ 521,928	\$ 705,746	\$ 705,457	\$ 705,457	No	
HHS 93.667	Social Service Block Grant (Title XX): Provides social services best suited to meet the needs of individuals that must be directed to one or more of five broad goals: Achieve or maintain economic support to prevent, reduce or eliminate dependency, achieve or maintain self-sufficiency, including reduction or prevention of dependency, preventing or remedying neglect, abuse/exploitation of children and adults unable to protect their own interest or preserving, rehabilitating or reuniting families, preventing or reducing inappropriate institutional care by providing for community-based care, home-based care or other forms of less intensive care, securing referral or admission for institutional care when other forms of care are not appropriate or providing services to individuals in institutions.	\$ 32,540	\$ 41,012	\$ -	\$ -		
HHS 93.043	Special Programs for the Aging (Aging Preventive Health): OAA grants to AAAs and service providers to provide preventive health information and services to seniors.	\$ 731	\$ 765	\$ 445	\$ 445	No	
HHS 93.590	Community-Based Child Abuse Prevention (CBCAP) Grants	\$ 2,991	\$ 7,876	\$ -	\$ -		
HHS 93.603	Adoption Incentive Payments: provide incentives to States to increase annually the number of foster child adoptions, special needs adoptions, and older child adoptions. These funds are used for grants to providers for adoption-related services, including post adoption.	\$ 3,603	\$ 5,942	\$ -	\$ -		

Department of Human Services

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.917	HIV Care Formula Grants: This grant which supplements the Ryan White grant is a competitive grant that is awarded to states with demonstrated need. The funding helps low income persons living with HIV/AIDS get access to HIV/AIDS medications. The Supplemental grant also covers outreach to underserved high risk populations.	\$ 2,923	\$ 6,150	\$ 5,227	\$ -	No	
USDA 10.561	State Administrative Matching Funds for the Supplemental Nutrition Assistance Program (SNAP): Grants to Community Action Agencies and anti-hunger organizations to conduct statewide outreach to assist people in determining if they are eligible for SNAP benefits. Under Federal Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps/Food Support) regulations, states have the option to include outreach activities in the State Plan filed with the Food and Nutrition Service (FNS) of the United States Department of Agriculture. This option allows states to include the costs of outreach activities as administrative costs of SNAP. Costs are reimbursed by FNS at a rate of 50%. In 2016, more than 444,000 Minnesotans received nutrition assistance through the program every month.	\$ 4,920	\$ 9,291	\$ -	\$ -		
HHS 93.071	Special Programs for the Aging: (Priority 1 SHIP).CMS grants to AAAs to increase capacity to provide information and assistance regarding Medicare. The grant funding also includes administrative funds to administer and implement the grant.	\$ 362	\$ 308	\$ 308	\$ 308	No	
HHS 93.071	Affordable Care Act, Medicare Improvements for Patients and Providers (MIPPA) Priority 2. ACL grants to AAA's to increase capacity to provide information and assistance regarding Medicare.	\$ 274	\$ 320	\$ -	\$ -	No	
HHS 93.071	Affordable Care Act, Medicare Improvements for Patients and Providers (MIPPA) Priority 3. ACL grants to ADRC's to increase capacity to provide information and assistance regarding Medicare.	\$ 84	\$ 173	\$ 91	\$ 91	No	

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Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.778	Medical Assistance Program: The Medicaid Electronic Health Record (EHR) incentive program provides eligible providers and hospitals 100% federally funded incentives to adopt meaningful electronic health record technology. DHS administration and implementation costs are funded at a 90% federal match. This funding is authorized under the American Recovery and Reinvestment Act (ARRA) through the Health Information technology for Clinical and Economic Health (HITECH) act. Funding for this project commenced in October 2012.	\$ (1)	\$ 7,000	\$ 7,000	\$ 7,000	No	
HHS 93.791	Money Follows the Person Rebalancing Demonstration: Grant from CMS that supports the transition of Medicaid participants of all ages who have long term stays in institutions to the community and rebalances MN long term care system to achieve sustainability. Administrative funding throughout DHS to administer and implement the grant. DHS was approved to participate in the Money Follows the Person Tribal Initiative (TI) which allows states and tribes to target resources to build sustainable community-based long term services and supports for tribal members.	\$ 25,666	\$ 56,573	\$ 71,978	\$ 86,373	Yes	47.00
HHS 93.778	Federal Basic Health Funding: The MinnesotaCare program is currently operating as a federal basic health plan (BHP) under section 1331 of the Affordable Care Act. Under the BHPHS currently receives federal basic health plan funding equal to 95 percent of federal tax credits and cost sharing subsidies available to people who would otherwise enroll in a health insurance exchange. This funding supports comprehensive health care coverage for 110,000 lower income Minnesotans.	\$ 582,885	\$ 597,433	\$ 592,309	\$ 548,103	No	

Department of Human Services

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.090	Title VI-E Guardianship Assistance - Federal financial participation (FFP) to states who opt to provide guardianship assistance payments for the care of children by relatives who have assumed legal guardianship of eligible children for whom they previously cared as foster parents. This assistance is intended to prevent inappropriately long stays in foster care and to promote the healthy development of children through increased safety, permanency, and well-being.	\$ 20,663	\$ 21,521	\$ -	\$ -		
HHS 93.243	Pregnant and Postpartum Women (PPW): Expand and enhance women's pregnant and postpartum substance use disorder (SUD) services across our continuum of care (prevention, treatment and recovery) for women, children and families who receive treatment for SUDs. The program will serve 100 women and 200 children per grant year.	\$ 13	\$ -	\$ -	\$ -	Yes	1.00
HHS 93.747	Grants to Enhance State Adult Protective Services. This grant designs and builds development and quality assurance environments to mirror the state's person-centered adult protection data warehouse, add customized reporting for structured tool data, evaluate tool reliability and identify factors impacting report intake outcomes. The intended goal is to improve data quality, increase case level reporting capacity to Administration for Community Living and improve consistency in adult protection assessment and screening response for vulnerable adults. Products for this grant will include creation of quality assurance and development environments for the state's person-centered adult protection data warehouse for improved quality of NAMRS case level reporting.	\$ 304	\$ 379	\$ -	\$ -		

Department of Human Services

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
USDA 10.568	Trade Mitigation Program. To help supplement the diets of low-income persons by making funds available to States for storage and distribution costs incurred by The Emergency Food Assistance Program (TEFAP) State agencies and local organizations, such as soup kitchens, food banks, and food pantries, including faith-based organizations, in providing food assistance to needy persons.	\$ -	\$ 759	\$ -	\$ -		
HHS 93.564	Digital Marketing Grant: Grant to increase participation in the Child Support Program	\$ 18	\$ -	\$ -	\$ -		
HUD 14.231	Emergency Solutions Grant CARES: Grant provides funding to: (1) engage homeless individuals and families living on the street; (2) improve the number and quality of emergency shelters for homeless individuals and families; (3) help operate these shelters.	\$ 205	\$ -	\$ -	\$ -		
HHS 93.042C	Special Programs for the Aging (Ombudsman Supplement): This CARES OAA grant provides additional support for the Ombudsman for Long Term Care office in response to the pandemic. The principal role of the Ombudsman Program is to investigate and resolve complaints made by or on behalf of residents of nursing homes or other long-term care facilities. This grant also promote policies and practices needed to improve the quality of care and life in long-term care facilities and educate both consumers and providers about residents' rights and good care practices.	\$ -	\$ 88	\$ -	\$ -	No	
HHS 93.556	Family First Transition Act	\$ 1,911	\$ 4,910	\$ -	\$ -		
HUD 14.231	Emergency Solutions Grants. These funds are to be used to prevent, prepare for, and respond to the coronavirus pandemic among individuals and families who are homeless or receiving homeless assistance and to support additional homeless assistance and prevention activities to mitigate the impacts of COVID-19.	\$ 578	\$ -	\$ -	\$ -		
HHS 93.564	Responsible Parenting Grant: Grant to develop and implement a child support curriculum for incarcerated youth and young adults to improve preparation for parenthood.	\$ 366	\$ 650	\$ -	\$ -		

Department of Human Services

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.788	State Opioid Response (SOR) Grant. This grant is to expedite opioid treatment and recovery resources and support integration of services at each point in the substance use disorder service continuum.	\$ 1,296	\$ -	\$ -	\$ -		
HHS 93.575	Child Care and Development Block Grant (Consolidated Appropriations Act): Provides funds to States to increase the availability, affordability, and quality of child care services for low-income families where the parents are working or attending training or educational programs.	\$ 2,555	\$ -	\$ -	\$ -		
USDA 10.561	State Administrative Matching Funds for the Supplemental Nutrition Assistance Program: Federal funds for State Supplemental Nutrition Assistance Program (SNAP) for administrative costs related to Pandemic-EBT and other COVID related expense. This funding is 100% federal funding.	\$ 4,142	\$ -	\$ -	\$ -		
HHS 93.583	DHS Refugee Entrant Assistance Coordination Program authorized under 412 (e) (7) of the Immigration and Nationality Act. Grants provide funding for employment-related and other social services for refugees, certain Amerasians from Vietnam, Cuban and Haitian Entrants, asylees, victims of a severe form of trafficking, and Iraqi and Afghan Special Immigrants. An arrival must be TANF-eligible and within three years of arriving in this country or grant of asylum to be eligible for services under these grants.	\$ 536	\$ 1,800	\$ 1,800	\$ 1,800		0.50
HHS 93.747C	CRRSA and ARP LTC Ombudsman SSA - Funds under this plan will support the Office of the Long-Term Care Ombudsman.	\$ 51	\$ 206	\$ 40	\$ 40	No	

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Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.747C	CRRSA AdultProtectiveSvcs SSA Funds expended from the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 are to be spent in accordance with Elder Justice Act Section 2042(b) for Adult Protective Services programs at the state and local level to respond to the Coronavirus Emergency. Funds awarded under this opportunity will provide Adult Protective Services programs (APS) in the States and territories with resources related to their response during the Coronavirus Public Health Emergency. APS programs must expend funds on allowable activities as defined by the Elder Justice Act and State and local policy. This funding is intended to enhance, improve, and expand the ability of APS to investigate allegations of abuse, neglect, and exploitation in the context of COVID-19 and to respond to the needs of adults experiencing such abuse, neglect and exploitation.	\$ 317	\$ 280	\$ -	\$ -	No	
USDA 10.561	SNAP 100% Admin ARP - funds are used to reimburse states for the administration of the SNAP program. (American Rescue Plan Act)	\$ 2,015	\$ 4,853	\$ -	\$ -		
HHS 93.674C	Independent Living Grants CAA to assist current and former foster care youth in achieve self-sufficiency.	\$ (1,421)	\$ 1,400	\$ -	\$ -		
HHS 93.044C	CAA-CDC-OAA Vaccine Access - The grant is issued in order for the grantee and the Area Agencies on Aging in its jurisdiction to serve older adults for the following purposes: (1) Disseminating credible information about COVID-19 vaccines and help direct those with questions to additional sources of information (2) Identifying people who may need help getting a COVID-19 vaccination, including those who are unable to independently travel to a vaccination site (3) Helping with scheduling a COVID-19 vaccination appointment for those who need help (4) Arranging or providing accessible transportation to COVID-19 vaccination sites (5) Providing technical assistance to local health departments and other entities on vaccine accessibility (6) Providing personal support if needed (e.g., peer support), and (7) Reminding the person of their second vaccination appointment if needed.	\$ 16	\$ -	\$ -	\$ -	No	

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Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.052	ARP OAA Family Caregiver National Family Caregiver Support (3E Care Giver Grants) : OAA grants to AAAs and service providers to provide information, respite, education, training and support groups to family caregivers. The grant also includes 3E Grandparents Raising Grandchildren Grants and 3E Statewide Activities Grant. In addition, the grant is to a service provider to provide caregiver support services to grandparents raising their grandchildren. The grant also provides statewide training, education and caregiver support activities.	\$ 1,208	\$ 595	\$ 248	\$ -	No	
HHS 93.042	Special Programs for the Aging - Long Term Care Ombudsman: The principal role of this Ombudsman Program is to investigate and resolve complaints made by or on behalf of residents of nursing homes or other long-term care facilities. Ombudsmen also promote policies and practices needed to improve the quality of care and life in long-term care facilities and educate both consumers and providers about residents' rights and good care practices.	\$ 7	\$ 75	\$ -	\$ -	No	
HHS 93.044	ARP OAA Supportive Services Special Programs for the Aging (Aging Social Services): OAA grants to AAAs and local providers to provide a variety of community-based social services. OAA grants to AAAs for administrative purposes, program development and coordination activities. The grant includes administrative funding to administer and implement the grant.	\$ 3,926	\$ 1,826	\$ 913	\$ -	No	
HHS 93.045	Congregate Meals and Home Delivered Meals (Consolidated Appropriations Act): Provide grants to states to support nutrition services including nutritious meals, nutrition education and other appropriate nutrition services for older Americans in order to maintain health, independence and quality of life.	\$ 1,113	\$ 1,190	\$ 595	\$ -	No	

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Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.045C	American Rescue Plan (ARP) for Home Delivered Meals under Title III-C2 of OAA American Rescue Plan Act: Home Delivered Meals American Rescue Act for Nutrition Services under Title III-C of the Older Americans Act. This is a supplemental award from Administration for Community Living (ACL) to provide Nutrition Services to low-income older adults who depend on services to help them shelter in place in response to the Coronavirus pandemic.	\$ 3,242	\$ 4,838	\$ 482	\$ -	No	
HHS 93.043	ARP OAA Preventative Health OAA grants to AAAs and service providers to provide preventive health information and services to seniors. The adjusted spending authority reflects an anticipated increase in the base award effective Oct. 1, 2022.	\$ 403	\$ 533	\$ 267	\$ -	No	
HHS 93.575	ARP CCDBG Stabilization - n additional allocation to CCDBG through the 2021 American Rescue Plan Act. CCDBG provides funds to States to increase the availability, affordability, and quality of child care services for low-income families. The goal of the child care stabilization grants is to provide financial relief to child care providers to help defray unexpected business costs associated with the pandemic, and to help stabilize their operations so that they may continue to provide care.	\$ 3,281	\$ -	\$ -	\$ -		
USDA 10.568	TEFAP Farms to Food Bank Grant - Funds are utilized to engage Minnesota farmers, growers, distributors and processors as food donors; and to assist them to harvest, process, and package and transport these food donations to help relieve hunger in the state.	\$ -	\$ 200	\$ -	\$ -		

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Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.575 93.596	ARP CCDBG Discretionary - An additional allocation to CCDBG through the 2021 American Rescue Plan Act. CCDBG provides funds to States to increase the availability, affordability, and quality of child care services for low-income families where the parents are working or attending training or educational programs. This grant helps fund the Minnesota Family Investment Program (MFIP) and Basic Sliding Fee Child Care Assistance Programs that help low-income families pay for child care so that parents may pursue employment or education leading to employment. Also funded are Child Care Development Grants that promote services to improve school readiness, and the quality and availability of child care in Minnesota. This includes \$16 million of ARP funds that were unallocated during the 2021 legislative session.	\$ 117,186	\$ 229,866	\$ -	\$ -		
USDA 10.537	SNAP Data Grant: MN SNAP E&T Data Grant: Outcomes and Equity Project.	\$ 255	\$ 624	\$ -	\$ -		
HHS 93.590	Community-Based Child Abuse Prevention Grants (Child Trust Fund) : Grant supports community-based efforts to develop, operate, expand, and enhance, and coordinate initiatives, programs, and activities to prevent child abuse and neglect and to support the coordination of resources and activities to better strengthen and support families to reduce the likelihood of child abuse and neglect; and (2) to foster understanding, appreciation and knowledge of diverse populations in order to effectively prevent and treat child abuse and neglect. Funds provide grants to community based agencies (such as non-profits, school districts, and human service agencies) to provide services to families to reduce the risk of child maltreatment and enhance family capacities.	\$ 702	\$ 3,122	\$ -	\$ -		

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Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.669	ARPA Child Abuse Grant - This program provides funds for States to improve their child protective service systems. This program assists states in improving intake, assessment, screening, and investigation of child abuse and neglect reports; Risk and safety assessment protocols; Training for child protective services workers and mandated reporters; Programs and procedures for the identification, prevention, and treatment of child abuse and neglect; Development and implementation of procedures for collaboration among child protection services, domestic violence, and other agencies; and services to disabled infants with life-threatening conditions and their families	\$ 534	\$ 825	\$ -	\$ -		
HHS 93.564	Responsible Parenting Grant - This grant is develops programs that educate teens and young adults about the financial, legal, and emotional responsibilities of parenthood. DHS will focus on educating indigenous teens and young adults, resulting in a curriculum that can be shared with other tribal nations and organizations across the United States through the grant's cohort model.	\$ 301	\$ 600	\$ -	\$ -		
HHS 93.959	Block Grants for Prevention and Treatment of Substance Abuse (SABG)- Coronavirus Response and Relief Supplement Appropriations Act (CRRSA)/Consolidated Appropriations Act (CAA): Supplemental Substance Abuse Prevention and Treatment Block Grant (SABG) funding to respond to COVID related substance use issues. Same intended focus as the SABG with recommendations to focus on COVID related substance use issues. Funds primary prevention, specialized treatment for pregnant women and women with dependent children, substance use disorder treatment, American Indian programs, Cultural and Ethnic Minority Infrastructure Grant (CEMIG), opioid overdose response, school linked behavioral health services, crisis services, and other projects.	\$ 12,880	\$ 8,000	\$ -	\$ -	No	0.35

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Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.959	Block Grants for Prevention and Treatment of Substance Abuse (SABG)- American Rescue Plan Act (ARPA) Supplemental: Additional supplemental funds to address the effects of the COVID pandemic on substance use issues. Same intended focus as the SABG with recommendations to focus on COVID related substance use issues. Funds primary prevention, specialized treatment for pregnant women and women with dependent children, opiate epidemic response, school linked behavioral health services, Pathfinder mobile application, and other projects.	\$ 4,529	\$ 14,010	\$ 12,000	\$ -	No	1.15
HHS 93.958	Block Grants for Community Mental Health Services (MHBG)- American Rescue Plan Act (ARPA) Supplemental: Additional supplemental funds to respond to COVID pandemic impact on substance use issues. Same intended focus as the MHBG with some flexibilities and recommendations to focus on COVID related mental health issues. Fund First Episode Psychosis services, mental health crisis services. Federal law requires 10% to fund First Episode Psychosis (FEP) services and 5% to fund mental health crisis services. State law requires 25% to fund American Indian Tribes and non-profit agencies providing services to American Indians. Other projects include school linked behavioral health services, family peer specialist, violence prevention mental health response, behavioral health family and community education grants for culturally specific communities, Enhanced Illness Management and Recovery (E-IMR) trainings, and increasing and supporting culturally specific providers.	\$ 5,985	\$ 15,488	\$ 13,000	\$ -	No	2.87

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Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.959	Block Grants for Prevention and Treatment of Substance Abuse (SABG)- COVID Mitigation: Supplemental SABG funds to expand dedicated COVID testing and mitigation resources for people with mental health and substance use disorders. Funding will be used for minimizing transmission of COVID and other respiratory viruses in populations of persons with mental health and substance use disorders residing in temporary encampments, shelters and similar locations through implementation of updated CDC guidelines for Respiratory Viruses Prevention.	\$ -	\$ 809	\$ 700	\$ -	No	
HHS 93.958	Block Grants for Community Mental Health Services (MHBG)- COVID Mitigation: Supplemental MHBG funds to expand dedicated COVID testing and mitigation resources for people with mental health and substance use disorders. Funding will be used for minimizing transmission of COVID and other respiratory viruses in populations of persons with mental health and substance use disorders residing in temporary encampments, shelters and similar locations through implementation of updated CDC guidelines for Respiratory Viruses Prevention.	\$ -	\$ 500	\$ 400	\$ -	No	
HHS 93.958	Block Grants for Community Mental Health Services (MHBG) -Coronavirus Response and Relief Supplement Appropriations Act (CRRSA)/Consolidated Appropriations Act (CAA): Supplemental MHBG funding to respond to COVID related mental health issues. Same intended focus as the MHBG with recommendations to focus on COVID related substance use issues. Federal law requires 10% to fund First Episode Psychosis (FEP) services and 5% to fund mental health crisis services. State law requires 25% to fund American Indian Tribes and non-profit agencies providing services to American Indians. Other projects include, Cultural and Ethnic Minority Infrastructure Grants (CEMIG), peer recovery warmline, African American community crisis & referral line, addressing equity gaps in BIPOC and other underserved communities, and workforce development.	\$ 3,819	\$ 5,000	\$ -	\$ -	No	1.00

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Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.747	Coronavirus Response and Relief Supplemental Appropriations Act of 2021: Grants to Enhance Adult Protective Services to Respond to COVID-19. The purpose of this funding is to enhance, improve, and expand the ability of Adult Protection Service (APS) is to investigate allegations of abuse, neglect, and exploitation in the context of COVID-19. Examples of activities consistent with the purposes of the authorizing legislation include: costs associated with establishing new, or improving existing processes for responding to alleged scams and frauds, especially related to COVID-19 vaccine or cure scams; costs associated with community outreach; Costs associated with providing goods and services to APS clients related to COVID-19; acquiring personal protection equipment and supplies.	\$ 940	\$ 3,234	\$ 2,710	\$ -	No	0.50
HHS 93.234	TBI 2021: This grant project is a partnership between the Department of Human Services, Department of Health, University of Minnesota, Minnesota Brain Injury Alliance, and National Association for State Head Injury Association. Our partnership goals are (1) TBI Advisory Committee (TBI-AC) will develop a multicultural approach to bring new members to the committee (2) Respond to the intersection of COVID-19 and brain injury (3) Direct support towards racial equity and address the impact of systemic racism; (4) Enhance Resource Facilitation (RF) programming and infrastructure for equity and satisfaction (5) Supporting providers who work with individuals experiencing housing instability and their support systems by developing a training and screening model (6) Develop a data driven system accessible by brain injury partners to help in decision making and planning.	\$ 231	\$ 345	\$ 200	\$ 25	No	1.00

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Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.044C	Expanding the Public Health Workforce within the Aging Network for States. The American Rescue Plan Act of 2021 provided funding to recruit, hire, and train public health workers to respond to the COVID-19 pandemic and prepare for future public health challenges. ARPA directed that funds may be used to offset costs of hiring a range of public health professionals, including but not limited to social support professionals, community health workers, communication and policy experts and "other positions as may be required to prevent, prepare for, and respond to COVID-19." ACL's Expanding the Public Health Workforce within the Aging and Disability Networks program provides funding to help cover the costs of staff to conduct these crucial public health activities. Professionals funded through this program provide a wide range of public health services and supports.	\$ 531	\$ 400	\$ -	\$ -	No	
HHS 93.324C	SHIP: Expanding the Public Health Workforce within the Aging and Disability Networks: State Health Insurance Assistance Program (SHIP) CMS grants to AAAs to increase capacity to provide information and assistance regarding Medicare. The grant funding also includes administrative funds to administer and implement the grant.	\$ 78	\$ 530	\$ 925	\$ 925	No	
HHS 93.788	MN SOR 2022- The purpose of this program is to address the opioid overdose crisis by providing resources to states and territories for increasing access to FDA-approved medications for the treatment of opioid use disorder (MOUD), and for supporting the continuum of prevention, harm reduction, treatment, and recovery support services for opioid use disorder (OUD) and other concurrent substance use disorders.	\$ 12,710	\$ 8,000	\$ 4,000	\$ -	No	5.20

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Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.958	Block Grants for Community Mental Health Services (MHBG)-Bipartisan Safer Communities Act (BSCA): Supplemental funding for the MHBG to expand access to mental health care with recommendation to focus on improving the state behavioral health system to address the need for mental health services in the aftermath of mass shootings and other traumatic events in communities.	\$ 837	\$ 1,707	\$ 2,000	\$ 1,017	No	1.00
10.187	Under the statutory authority of the Commodity Credit Corporation (CCC), the U.S. Department of Agriculture (USDA) is providing additional support for emergency food programs to address supply chain challenges and elevated food costs. Funds will be distributed through The Emergency Food Assistance Program (TEFAP) in the form of additional food and administrative resources to Food Banks. Funding will be provided in multiple phases to the state.	\$ (136)	\$ 1,000	\$ -	\$ -		
93.564	MN Safe Access for Victims' Economic Security (MN-SAVES) - SAVES will implement comprehensive domestic violence safety policies, procedures, and outreach activities to enhance safety for victims of domestic violence in the child support program.	\$ 358	\$ 420	\$ -	\$ -		
93.564	Advancing Equity In Child Support - Examine child support services, policies, and procedures to address disproportional access to services.	\$ 826	\$ 1,975	\$ -	\$ -		
93.698	Adult Protective Services Formula Grants to States (EJAP)	\$ -	\$ 706	\$ 241	\$ 241	No	1.00
93.24	Primary and Behavioral Health Care	\$ 970	\$ 1,992	\$ -	\$ -		
10.551	Summer Electronic Benefit Transfer (Summer EBT)	\$ -	\$ 60,000	\$ -	\$ -		
USDA 10.646	Summer Electronic Benefit Transfer (Summer EBT)	\$ 42	\$ 10,000	\$ -	\$ -		
HHS 93.564	Next Generation Child Support Employment Services Demonstration	\$ -	\$ 588	\$ -	\$ -		

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Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
HHS 93.788	State Opioid Response 2024- The purpose of this program is to address the public health crisis caused by escalating opioid misuse, opioid use disorder (OUD), and opioid-related overdose across the nation. States and territories are expected to use the resources to: (1) increase access to U.S. Food and Drug Administration (FDA)-approved medications for the treatment of opioid use disorder (MOUD); (2) support the continuum of prevention, harm reduction, treatment, and recovery support services for OUD and other concurrent substance use disorders; and (3) support the continuum of care for stimulant misuse and use disorders, including those involving cocaine and methamphetamine. The purpose of the Minnesota State Opioid Response (MN SOR) Grant is to expedite opioid treatment and recovery resources and support integration of services at each point in the substance use disorder service continuum.	\$ -	\$ 11,300	\$ 19,000	\$ 15,000	No	5.00
CMS 93.771	State Grants for the Implementation, Enhancement, and Expansion of Medicaid and CHIP School-Based Services. CMS is funding recipient States to implement, enhance, or expand the provision of assistance through school-based entities under Medicaid and CHIP. DHS is collaborating with the Department of Education to implement and expand all Medicaid billing for mental health services in school settings.	\$ -	\$ 500	\$ 1,000	\$ 1,000	No	5.00
HRSA 93.917	ADAP Emergency Relief Funds	\$ -	\$ 7,000	\$ 7,000	\$ -	No	
HHS 93.472	Family First Prevention Services Act	\$ -	\$ 5,000	\$ -	\$ -		
93.048	Minnesota Board on Aging Senior LinkAge Line Senior Medicare Patrol Project	\$ -	\$ 624	\$ -	\$ -	No	1.00
FEMA/SAMHSA-97.032	Crisis Counseling Assistance and Training Program (CCP)- Regular Service Program (RSP) grant- Funding is for mental health assessment in counties where there was flooding - Disaster Recovery zones	\$ -	\$ -	\$ -	\$ -	No	1.50
HHS 93.869	Transforming Maternal Health (TMaH) Model	\$ -	\$ 429	\$ 1,571	\$ 3,500	No	3.55

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Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
10.561	Earnings Verification Support Grants - funds to support electronic verification of employment and earnings and explore or test new methods to verify this information.	\$ -	\$ 750	\$ -	\$ -		
10.535	SNAP Fraud Framework Implementation Grant - Grants to improve and expand receipt fraud prevention, detection and investigation efforts using procedures, ideas and practices outline in the SNAP Fraud Framework.	\$ -	\$ 750	\$ -	\$ -		
93.471	Kinship Navigation programs assist kinship caregivers in learning about, finding and using programs and services to meet the needs of the children they are raising and their own needs.	\$ -	\$ 1,500	\$ -	\$ -		
93.535	TANF Data Collaborative Equity Analysis Award - strengthen data analytic capacities of state and local TANF agencies to support evidence-informed decision-making for policies related to families currently receiving or eligible to receive TANF services.	\$ -	\$ 290	\$ -	\$ -		
NEW CMS 93.694	State Planning Grants to Promote Continuity of Care for Medicaid and CHIP Beneficiaries Following Incarceration (Section 206 of the Consolidated Appropriations Act, 2024): Planning grants to help states develop systems supporting continuity of care for incarcerated individuals who are eligible for Medicaid, CHIP, or pregnancy-related assistance. The grants, which align with requirements under the Consolidated Appropriations Acts of 2023 and 2024, focus on addressing operational barriers and improving care continuity systems across various correctional facilities including state prisons, local jails, tribal facilities, county jails, and youth detention centers. Minnesota plans to utilize this funding opportunity to develop and improve their Department of Corrections' Electronic Medical Records (EMR) system to better track and manage inmate healthcare. Additionally, the state aims to create a more robust eligibility and enrollment system to ensure seamless healthcare coverage for qualifying individuals during and after their incarceration.	\$ -	\$ -	\$ 3,000	\$ 2,000	No	1

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Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
NEW HHS 93.243	Strategic Prevention Framework- Partnership for Success for States is for the purpose of building capacity for prevention work throughout states and strengthen the capacity of local community prevention providers. The purpose is to prevent and reduce the initiation and progression of substance use, expand and strengthen the capacity of state and local community prevention providers, implement evidence-based prevention strategies.	\$ -	\$ 200	\$ 600	\$ 400	No	1
	Federal Fund – Agency Total [3000 Fund]	\$ 14,155,238	\$ 16,061,884	\$ 14,111,162	\$ 14,684,269		148.65
HHS CFDA 93.558	Temporary Assistance for Needy Families (TANF) Block Grant: Grants to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families. These funds are used to provide grants to counties and tribes to provide support services for Minnesota Family Investment Program (MFIP)/Diversionary Work Program (DWP) participants that include job search/skills, adult basic education, GED classes, job coaching, short-term training, county programs to help with emergency needs, and help accessing other services such as child care, medical care and CD/Mental health services. In 2015, an average of 27,000 people were enrolled in employment services each month. TANF also helps fund the MFIP/DWP cash benefit program and child care assistance programs as well as other programs that help low-income families with children.	\$ 243,230	\$ 262,274	\$ -	\$ -		
	TANF Fund – Agency Total [3001 Fund]	\$ 243,230	\$ 262,274	\$ -	\$ -		0.00
U.S. Department of the Treasury 21.027	ARP- State Fiscal Recovery Emergency Food Supports	\$ 5,000	\$ 2,139	\$ -	\$ -		
U.S. Department of the Treasury 21.027	SFRF Shelter Acquisition	\$ -	\$ 6,000	\$ -	\$ -		
U.S. Department of the Treasury 21.027	SFRF Food Support Grants	\$ -	\$ 5,000	\$ -	\$ -		

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Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Grant Name Brief Purpose	FY 2024 Actual	FY 2025 Revised	FY 2026 Revised	FY 2027 Revised	Required State Match or MOE?	FTEs
U.S. Department of the Treasury 21.027	ARP - State Fiscal Recovery Shelter for New City Residents	\$ 600	\$ 833	\$ -	\$ -		
U.S. Department of the Treasury 21.027	American Rescue Plan - State Fiscal Recovery funding - Expansion of Medicaid Funded School-Based Behavioral Health Services. DHS and MDE, working in collaboration, are supporting and guiding schools to maximize new and emerging Medicaid opportunities, utilizing funding for services that expands services while ensuring integrity with Medicaid funding requirements.	\$ -	\$ 1,000	\$ 588	\$ -	No	3.00
	American Rescue Plan State Fiscal Recover – Agency Total [3015 Fund]	\$ 5,600	\$ 14,972	\$ 588	\$ -		3.00
	Total Agency Federal Funds	\$ 14,404,069	\$ 16,339,130	\$ 14,111,750	\$ 14,684,269		151.65

Department of Human Services

Grants Funding Detail

(Dollars in Thousands)

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
CFS Injury Protection Program M.S. 142G.62	Payments to medical providers for the treatment of injuries suffered by persons while participating in a county or tribal community work experience program.	\$ -	\$ 10	\$ -	\$ -
Food Stamp Employment and Training (FSET) Service Grants M.S. 142F.10	Grants to counties to provide employment supports to adults who receive benefits through the Supplemental Nutrition Assistance Program. The grant is now called Supplemental Nutrition Assistance Program Employment & Training (SNAP E & T).	\$ 26	\$ 26	\$ -	\$ -
MFIP Consolidated Support Services Grants M.S. 142G.76	The Minnesota Family Investment Program Consolidated Fund is allocated to counties and tribes to provide an array of employment services for MFIP/DWP participants including job search, job placement, training and education. Funds provide other supports such as emergency needs for low-income families with children and also fund a portion of counties' costs to administer MFIP and DWP. See also Federal Funds.	\$ 8,679	\$ 8,679	\$ -	\$ -
Basic Sliding Fee (BSF) Child Care Assistance Grants M.S. 142E	BSF child care assistance grants provide financial subsidies to help low-income families pay for child care so that parents may pursue employment or education leading to employment, and children are well cared for and prepared to enter school ready to learn.	\$ 57,953	\$ 107,346	\$ -	\$ -
Child Care Facility Grants M.S. 142E	Grants and forgivable loans to child care providers and centers in communities to improve child care or early education sites or to plan design and construct or expand sites to increase availability of child care and early education.	\$ 163	\$ 163	\$ -	\$ -
Child Care Integrity Grants M.S. 142E	Grants to counties to support fraud prevention activities.	\$ 141	\$ 147	\$ -	\$ -
Child Care Resource and Referral Grants M.S. 142E.30	Grants to child care resource and referral agencies to support the child care infrastructure through information for parents, supports and training resources for providers, coordination of local services and data collection to inform community planning.	\$ 1,007	\$ 1,007	\$ -	\$ -
Child Care Service Development Grants M.S. 142A	Grants to child care resource and referral agencies to build and improve the capacity of the child care system for centers and family child care providers.	\$ 250	\$ 250	\$ -	\$ -
Child care workforce development grants M.S. 142E; Session Laws 2023, Ch. 70, Art. 20, Sec. 2 Subd. 20(d)	Grant to the statewide child care resource and referral network to administer child care workforce development grants.	\$ -	\$ 1,300	\$ -	\$ -
Early Childhood Registered Apprenticeship Grant Program M.S. 142D.32	Creates a registered early childhood apprenticeship grant program to provide early childhood education workers with training and mentoring opportunities through their employment. Collaboration with the Department of Labor and Industry.	\$ 924	\$ 2,000	\$ -	\$ -
Family Friend and Neighbor (FFN) Grant Program M.S. 142D.24	Permanent grant program to support family, friend, and neighbor (FFN) child care providers, replacing the current temporary grant program funding by the federal ARPA. Provide culturally and linguistically appropriate training, support, and resources to FFN caregivers and children's families to promote health, safety, nutrition, and learning.	\$ -	\$ 2,725	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Great Start compensation support M.S. 142D. 21	Payments to eligible child care and early learning programs to improve access to early care and learning and strengthen the ability of programs to recruit and retain early educators.	\$ 105,162	\$ 210,939	\$ -	\$ -
Great Start transition grant program	Transition grants to Child Care providers that intend to participate. One-time appropriation through FY27.	\$ 42,249	\$ 293	\$ -	\$ -
Migrant Child Care Grants M.S. 142E	Provides grant funds to community based program for comprehensive child care services for migrant children throughout the state.	\$ 170	\$ 170	\$ -	\$ -
Parent Aware Grants M.S. 142D.13	These funds support a Quality Rating and Improvement System (QRIS). Grants to child care resource and referral agencies provide recruitment and supports to child care programs that participate in the QRIS and support a website that provides ratings to parents and information for participating child care programs, as well as a grant for evaluation of the initiative.	\$ 1,398	\$ 1,859	\$ -	\$ -
Preschool Development Grant, Community Resource Hubs M.S. 471.59	Community resource hubs that offer direct services and help families navigate existing resources, including economic assistance, disability services, healthy development and screening, family well-being and mental health, early learning and child care, dental care, legal services, and culturally specific services.	\$ 88	\$ -	\$ -	\$ -
Retaining Early Educators Through Attaining Incentives Now (REETAIN) M.S. 142D.30	Competitive grants to incentivize well-trained child care professionals to remain in the workforce. The overall goal of the REETAIN grant program is to create more consistent care for children over time.	\$ 1,951	\$ 1,951	\$ -	\$ -
TEACH Scholarships M.S. 142D.31	Teacher Education And Compensation Helps (TEACH) provides tuition scholarships and education incentives to early care and education providers.	\$ -	\$ 695	\$ -	\$ -
Child Support County Grants M.S. 518A.51	This funding is from the non-federal share of the child support 2% processing fee authorized in the 2011 session and the federal \$25 annual collections fee mandated in 2006. Counties earn incentives based on their program performance.	\$ 1,366	\$ 1,509	\$ -	\$ -
Child Support Payment Center Recoupment Account M.S. 518.56, subd. 11 Session laws 2023 Ch. 70, Art 20, Sec 2 Subd 21	Grants to individuals that temporarily fund NSF checks and other child support payment adjustments, which allow child support funds to be distributed within the 48 hour federal requirement.	\$ 35	\$ 640	\$ -	\$ -
Allocation for Tribal child welfare staff, 2023 Session Law, Ch. 70, Art. 20, Sec. 2, subd. 22(g), MS 260.786	Funding to hire staff to respond to Indian Child Welfare Act and Minnesota Indian Family Preservation Act notices. Provides \$80,000 each for 10 Tribes (Shakopee Mdewakanton Sioux declined).	\$ 85	\$ 799	\$ -	\$ -
American Indian Child Welfare Initiative - Leech Lake Band of Ojibwe; M.S. 142.03, subd. 9	Grants to tribes to provide core child welfare services to American Indian children living on participating tribe's reservations. There are four tribes included: Mille Lacs Band of Ojibwe, Leech Lake Band of Ojibwe, Red Lake Band of Chippewa, and White Earth Nation.	\$ 1,848	\$ 1,848	\$ -	\$ -
American Indian Child Welfare Initiative - Mille Lacs Band of Ojibwe; M.S. 142.03, subd. 9	Grants to tribes to provide core child welfare services to American Indian children living on participating tribe's reservations. There are four tribes included: Mille Lacs Band of Ojibwe, Leech Lake Band of Ojibwe, Red Lake Band of Chippewa, and White Earth Nation.	\$ 3,126	\$ 5,294	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
American Indian Child Welfare Initiative - Red Lake Band of Chippewa; M.S. 142.03, subd. 9	Grants to tribes to provide core child welfare services to American Indian children living on participating tribe's reservations. There are four tribes included: Mille Lacs Band of Ojibwe, Leech Lake Band of Ojibwe, Red Lake Band of Chippewa, and White Earth Nation.	\$ 3,000	\$ 3,000	\$ -	\$ -
American Indian Child Welfare Initiative - White Earth Nation; M.S. 142.03, subd. 9	Grants to tribes to provide core child welfare services to American Indian children living on participating tribe's reservations. There are four tribes included: Mille Lacs Band of Ojibwe, Leech Lake Band of Ojibwe, Red Lake Band of Chippewa, and White Earth Nation.	\$ 3,776	\$ 3,776	\$ -	\$ -
American Indian Child Welfare Initiative Program M.S. 142.03, Subd. 9	Grants to tribes to provide core child welfare services to American Indian children living on participating tribe's reservations. There are four tribes included: Mille Lacs Band of Ojibwe, Leech Lake Band of Ojibwe, Red Lake Band of Chippewa, and White Earth Nation.	\$ 14,979	\$ 16,384	\$ -	\$ -
American Indian Early Intervention Grants	Grants to organizations serving American Indian families to provide stability and address issues.	\$ 672	\$ 900	\$ -	\$ -
Child Protection Grants M.S. 256M.41	These grants are awarded to counties on a formula basis to address staffing for child protection or expand child protection services. Funds must not be used to supplant current county expenditures for these purposes.	\$ 23,350	\$ 23,350	\$ -	\$ -
Child Welfare Disparities Grants M.S. 142A.417	These grants are to address disparities and disproportionality in the child welfare system by addressing structural factors that contribute to inequities in outcomes, using cultural values in decision-making, maintaining relationships between parents, siblings, children, kin, significant others and tribes; and Supporting families to safely divert them from the child welfare system, whenever possible. Grants were awarded to tribes, counties and community agencies.	\$ 1,500	\$ 1,650	\$ -	\$ -
Children's Trust Fund Grants M.S. 256E.22	Grants to counties and community-based agencies for child abuse and neglect prevention and services to families to reduce the risk of child maltreatment and enhanced family capacities.	\$ -	\$ -	\$ -	\$ -
Children's Trust Fund, Parent Support Outreach Grant M.S. 142A.412	Grants to counties, tribal nations and community-based agencies for child abuse and neglect prevention and services to families to reduce the risk of child maltreatment and enhanced family capacities. Funded through a birth record surcharge under M.S. 144.226, Subd 3.	\$ 3	\$ 1,912	\$ -	\$ -
Community Resource Centers, 2023 Session Law, Ch. 70, Art. 20, Sec. 2, subd. 22(n)	Funding for a network of up to 12 community resource centers, which are intended provide supporting relationship-based and culturally responsive program and service navigation for families. Grants will be available to community-based organizations, Tribal nations and urban Indian organizations, counties, school districts, and others.	\$ -	\$ 5,657	\$ -	\$ -
Court-Appointed Counsel in Child Protection Proceedings. Laws 2021, Ch 7, Article 16	Funds for county costs to provide court-appointed counsel in child protection proceedings. Beginning in FY2024, funds will be distributed based upon a formula recommended by DHS.	\$ 520	\$ 520	\$ -	\$ -
Expand Parent Support Outreach	Statewide allocations to counties and tribal nations to prevent child maltreatment and improve family functioning for families reported to child protection services.	\$ 2,250	\$ 2,250	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Family First Prevention Services Act Kinship Navigator Program, 2023 Session Law, Ch. 70, Art. 20, Sec. 2, subd. 22(h), MS 142A.451	New program for Kinship Navigator programs as outlined by the federal Family First Prevention Services Act. At least one tribal kinship program will likely receive grant funds.	\$ -	\$ 1,528	\$ -	\$ -
Family First Prevention Services Act Prevention and Early Intervention Allocations, 2023 Session Law, Ch. 70, Art. 20, Sec. 2, subd. 22(i), MS 142A.452	New program to support prevention and early intervention services. Amounts to be allocated to counties and Tribes by a formula.	\$ 319	\$ 9,793	\$ -	\$ -
Family First Prevention Services Act Support and Development Grant Program, 2023 Session Law, Ch. 70, Art. 20, Sec. 2, subd. 22(j), MS 142A.45	Grants to support prevention and early intervention services provided by community-based agencies to implement and build upon Minnesota's Family First Prevention Services Act (FFPSA) Title IV-E prevention services Plan.	\$ -	\$ 8,429	\$ -	\$ -
Foster Care Recruitment M.S. 256.01, subd. 36	Federal financial participation for foster care recruitment.	\$ -	\$ 76	\$ -	\$ -
Foster Care Transitional Planning Demo Project (Healthy Transitions and Homeless Prevention) Laws of Minnesota 2005, Chapter 4, Article 9, Sec. 2, subd.4(g)	Funding for the Successful Transition to Adulthood for Youth (STAY) program, which provides funding to county, Tribal, and community agencies to provide services, concrete supports, and financial assistance for young people leaving foster care and transitioning into adulthood.	\$ 1,065	\$ 1,065	\$ -	\$ -
Indian Child Welfare Grants (ICWA), 2023 Session Law, Ch. 70, Art. 20, Sec. 2, subd. 22(f) M.S. 260.785	Grants to tribes and urban American Indian social service agencies to provide services to preserve and strengthen American Indian families and reunify children placed in out-of-home placement with their families.	\$ 4,666	\$ 10,009	\$ -	\$ -
Minnesota African American Family Preservation and Child Welfare Disproportionality Act: Hennepin County 2024 Session Law, Ch. 117, Sec. 21-22, M.S. 260.61-260.693	One-time grant to Hennepin County for phase-in of the new act. The act supports greater protections for African American children who are overrepresented in Minnesota's child welfare system.	\$ -	\$ 2,500	\$ -	\$ -
Minnesota African American Family Preservation and Child Welfare Disproportionality Act: Other Grants. 2024 Session Law, Ch. 117, Sec. 21-22, MS 260.61-260.693.	Funding for active efforts and safety plans to limiting the use of emergency removals, foster care placements, and terminations of parental rights to better ensure children are not removed from their homes unnecessarily; cultural competency training for case workers, judges, guardians; responsible social service agency case reviews; and annual summary reports.	\$ -	\$ 1,000	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Minnesota African American Family Preservation and Child Welfare Disproportionality Act: Ramsey County 2024 Session Law, Ch. 117, Sec. 21-22, M.S. 260.61-260.693	One-time grant to Ramsey County for phase-in of the new act. The act supports greater protections for African American children who are overrepresented in Minnesota's child welfare system.	\$ -	\$ 2,500	\$ -	\$ -
Parent Support for Better Outcomes Grants Laws 2019, Special Session 1, Chapter 9, Art. 14, Sec 2	One-time appropriation to provide grants to Minnesota One-Stop for Communities to provide mentoring, guidance, and support services to parents navigating the child welfare system.	\$ 142	\$ 150	\$ -	\$ -
Prevention / Early Intervention Grants	Grants to counties for child protection services designed to support families to keep children safely at home. Services include training and counseling support for parents and children, stable housing and safe living conditions.	\$ 786	\$ 786	\$ -	\$ -
Privatized Adoption Grants M.S. 142A.03	Grants to county and American Indian Child Welfare Initiatives social service agencies for the recruitment of relative adoptive and foster families.	\$ 1,912	\$ 3,043	\$ -	\$ -
Privatized Adoption Grants M.S. 142A.03	Grants to county and American Indian Child Welfare Initiatives social service agencies for the recruitment of relative adoptive and foster families.	\$ 1,274	\$ 7,962	\$ -	\$ -
Grants M.S. 142A.03	Initiatives social service agencies for the recruitment of relative adoptive and foster families.	\$ 909	\$ 1,196	\$ -	\$ -
Quality Parenting Initiative Grant Program, 2023 Session Law, Ch. 70, Art. 20, Sec. 2, subd. 22(l), MS 245.0962	Provide training and technical assistance on quality parenting principles and practices between a child's parents and foster care provider. The rider for this program requires that the grant funding to go to Quality Parenting Initiative (QPI) – Minnesota. If this is not possible, there is to be a competitive process.	\$ 100	\$ 100	\$ -	\$ -
Safe Harbor Exploited Youth Laws 2019, chapter 9, article 14, sec 22	Grants for safe harbor for exploited youth providers trauma-informed support to young people who are sexually exploited.	\$ 500	\$ 500	\$ -	\$ -
Successful Transitions to Adulthood (STAY), 2023 Session Law, Ch. 70, Art. 20, Sec. 2, subd. 22(m), MS 260C.452	Funding for independent living skills for eligible youth in or previously in out-of-home placement. Grants go to local social service agencies, tribes, and other organizations.	\$ 1,579	\$ 2,247	\$ -	\$ -
Supporting Relative Caregiver Grants, 2024 Session Law, Chapter 115, Art. 22, Sec. 7, Sub. 7, MS 260C.007	One-time funding to community-based nonprofits to provide culturally competent supports and connections to government resources for relative caregivers from overrepresented communities.	\$ -	\$ 550	\$ -	\$ -
Child Advocacy Center Grant	Grant to provide support for First Witness Child Advocacy Center in Duluth, MN.	\$ 1,500	\$ -	\$ -	\$ -
Qualified Individuals Assessments	Grants to establish a pool of state-funded qualified individuals to conduct assessments for out-of-home placement of a child in a qualified residential treatment program.	\$ -	\$ 250	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Adult Protective Services to Counties Laws 2021, Ch. 7, Article 16, Sec. 2 , Subdiv. 23	The Adult Protective Services grant provides funding to be used for staffing for protection of vulnerable adults or to expand protective services. Grants are distributed to counties and tribes on a calendar year basis.	\$ 2,655	\$ 2,655	\$ -	\$ -
ALS Caregiver Support Programs 2022 Session Law, Ch. 42, Sec. 3	Grants to the Minnesota Board on Aging for the purposes of caregiver support programs under M.S. 256.9755. Programs receiving funding under this section must include an ALS-specific respite service in their caregiver support program. This appropriation is available until June 30, 2026.	\$ 2,703	\$ -	\$ -	\$ -
Children & Community Services Grants M.S. 256M	Grants to all Minnesota counties to purchase or provide services for children, adolescents and other individuals who experience dependency, abuse, neglect, poverty, disability, or chronic health conditions.	\$ 55,814	\$ 55,814	\$ -	\$ -
OER - Advisory Council Grants; M.S 256.042 subd. 3	Grants appropriated in the Opioid Epidemic response funding that are awarded through the Opiate Epidemic Advisory Council. The appropriations vary per year depending on revenue generated in the fund. This funding is carried forward from the FY 2022 allocation. Funds are available for three years and if encumbered under M.S. 16A.28, they are available an additional year. Grants are awarded based on the outcomes noted under M.S. 256.042 subd. 3.	\$ 567	\$ 40	\$ -	\$ -
OER - Advisory Council Grants; M.S 256.042 subd. 3	Grants appropriated in the Opioid Epidemic response funding that are awarded through the Opiate Epidemic Advisory Council. The appropriations vary per year depending on revenue generated in the fund. This funding is carried forward from the FY 2024 allocation. Funds are available for three years and if encumbered under M.S. 16A.28, they are available an additional year. Grants are awarded based on the outcomes noted under M.S. 256.042 subd. 3.	\$ -	\$ 5,177	\$ -	\$ -
OER - Advisory Council Grants; M.S 256.042 subd. 3	Grants appropriated in the Opioid Epidemic response funding that are awarded through the Opiate Epidemic Advisory Council. The appropriations vary per year depending on revenue generated in the fund. Grants are awarded based on the outcomes noted under M.S. 256.042 subd. 3.	\$ 2,595	\$ 3,174	\$ -	\$ -
Opioid Epidemic Response Fund Child Protection Grants. M.S. 256.043	Grants to county and tribal social service agencies to provide child protection services to children and families who are affected by addiction.	\$ 247	\$ 129	\$ -	\$ -
Opioid Epidemic Response Fund Child Protection Grants. M.S. 256.043	Grants to county and tribal social service agencies to provide child protection services to children and families who are affected by addiction.	\$ 637	\$ -	\$ -	\$ -
Opioid Epidemic Response Fund Child Protection Grants. M.S. 256.043	Grants to county and tribal social service agencies to provide child protection services to children and families who are affected by addiction.	\$ -	\$ 243	\$ -	\$ -
Red Lake Band Child Welfare Costs 142A.03	Grants to counties for child welfare costs associated with children who are enrolled members of Red Lake Nation.	\$ 487	\$ 487	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Red Lake Band Human Services Initiative M.S. 256.01, subd.2(a)(7) and Laws 2016, chapter 189, article 23, sec. 2	Funding to the Red Lake Nation for direct implementation and administrative costs of the Red Lake Human Services Initiative project to operate a federally approved family assistance program (Tribal TANF) or any other program under the supervision of the commissioner.	\$ 500	\$ 500	\$ -	\$ -
White Earth Band Human Services Initiative Laws 2011, First Special Session, chapter 9, article 9, section 18 and Laws 2016, chapter 189, article 23, sec. 2	Funding to the White Earth Nation for direct implementation and administrative costs of the White Earth Band of Ojibwe Human Services Project to transfer legal responsibility to the tribe for providing human services to tribal members and their families.	\$ 1,400	\$ 1,400	\$ -	\$ -
Child Protection Grants (22)	These grants are awarded to counties on a formula basis to address staffing for child protection or expand child protection services. Funds must not be used to supplant current county expenditures for these purposes.	\$ 895	\$ -	\$ -	\$ -
Child Protection Grants (24)	These grants are awarded to counties on a formula basis to address staffing for child protection or expand child protection services. Funds must not be used to supplant current county expenditures for these purposes.	\$ 4,240	\$ 937	\$ -	\$ -
Heading Home Ramsey County continuum of care grants: Interfaith Action Project Home Session laws 2023 Ch. 70, Art 20, Sec 2 Subd 24 (h)	Grants to maintain capacity for shelters and services provided to people experiencing homelessness in Ramsey County	\$ 1,734	\$ -	\$ -	\$ -
Additional funding for food security: Emergency Food Assistance program, 2024 Session Law, Ch. 115, Art. 22, Sec. 2, subd. 9(b)	Funding for regional food banks for the Emergency Food Assistance Program (TEFAP). Must be used according to USDA formula and guidelines to purchase food that will be distributed to TEFAP partner agencies.	\$ -	\$ 2,392	\$ -	\$ -
Additional funding for food security: Food Shelf Program, 2024 Session Law, Ch. 115, Art. 22, Sec. 2, subd. 9(c), MS 142F.14	Additional one-time funding for the Minnesota food shelf program, adds to existing base funding.	\$ -	\$ 2,000	\$ -	\$ -
Additional funding for food security: Food shelf program, 2024 Session Law, Ch. 127, Art. 53, Sec. 2, subd. 9(c), MS 142F.14	Additional one-time funding for the Minnesota food shelf program, adds to existing base funding.	\$ -	\$ 1,390	\$ -	\$ -
Aid to Counties- Fraud Prevention Grants (FPG) 256.983	Grants to counties for the Fraud Prevention Investigation Program, enabling early fraud detection and collection efforts.	\$ 1,735	\$ -	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Aid to Tribes and Counties- Fraud Prevention Grants (FPG) 256.983	Grants to tribes and counties for the Fraud Prevention Investigation Program, enabling early fraud detection and collection efforts.	\$ 423	\$ -	\$ -	\$ -
American Indian Food Sovereignty Funding Program: MS 142F.15; 2023 Session Law, Ch. 70, Art. 20, Sec. 2, Subd. 24(b); 2024 Session Law, Ch. 115, Art. 22, Sec. 2, subd. 9(a); 2024 Session Law, Ch. 127, Art. 53, Sec. 2, Sub 9(b)	Funding for a new program to improve food security. Funding will be allocated by a formula to federally recognized Tribal Nations. Grants will also be available to American Indian organizations through a competitive process.	\$ -	\$ 1,000	\$ -	\$ -
American Indian Food Sovereignty Funding Program: MS 142F.15; 2023 Session Law, Ch. 70, Art. 20, Sec. 2, Subd. 24(b); 2024 Session Law, Ch. 115, Art. 22, Sec. 2, subd. 9(a); 2024 Session Law, Ch. 127, Art. 53, Sec. 2, Sub 9(b)	Funding for a new program to improve food security. Funding will be allocated by a formula to federally recognized Tribal Nations. Grants will also be available to American Indian organizations through a competitive process.	\$ -	\$ 1,000	\$ -	\$ -
American Indian Food Sovereignty Funding Program: MS 142F.15; 2023 Session Law, Ch. 70, Art. 20, Sec. 2, Subd. 24(b); 2024 Session Law, Ch. 115, Art. 22, Sec. 2, subd. 9(a); 2024 Session Law, Ch. 127, Art. 53, Sec. 2, Sub 9(b)	Funding for a new program to improve food security. Funding will be allocated by a formula to federally recognized Tribal Nations. Grants will also be available to American Indian organizations through a competitive process.	\$ 2,977	\$ 3,023		
Capital for Emergency Food Distribution Facilities, 2023 Session Law, Ch. 70, Art. 20, Sec. 2, Subd 24(i)	For food shelf facility infrastructure. Available to nonprofits, federally recognized Tribes, and local governments.	\$ 7,000	\$ -	\$ -	\$ -
Child care improvement grants M.S. 142D.20; Laws 2024 Art. 22, § 2, subd. 9(d) and Art. 22, § 11	Grants to nonprofits to plan, develop, and finance early childhood education and child care sites.	\$ -	\$ 1,125	\$ -	\$ -
Diaper Distribution Grant Program, 2023 Session Law, Ch. 70, Art. 20, Sec. 2, Subd. 24(d), MS 142A.42	Provides diapers to under-resourced families.	\$ 545	\$ 553		

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Emergency Food Assistance Grant program; Laws of MN 2024, Chap 127, Art. 53, sec. 2, subd. 9 (d)	The grant is for contracts with Minnesota's regional food banks that the commissioner contracts with for the purposes of the Emergency Food Assistance Program (TEFAP). The food bank funding should be distributed in accordance with the federal TEFAP formula and guidelines of the United States Department of Agriculture. Funding must be used by all regional food banks to purchase food that will be distributed free of charge to TEFAP partner agencies. Funding must also cover the handling and delivery fees typically paid by food shelves to food banks to ensure that costs associated with funding under this paragraph are not incurred at the local level. This is a onetime appropriation of \$2,610,000 in FY 2025.	\$ -	\$ 2,610	\$ -	\$ -
Emergency Services Grants Facility Bonding Fund Laws 2021, Ch. 7	Funds to build emergency shelter facilities.	\$ 1,000	\$ 1,000	\$ -	\$ -
Emergency Services Grants M.S. 256E.35	Grants to non-profits and tribal governments to fund the operating costs of shelters and essential services to homeless families and individuals.	\$ 6,807	\$ 6,844	\$ -	\$ -
Emergency Services Program Session laws 2023 Ch. 70, Art 20, Sec 1 Subd 24 (f)	Grants are for emergency services under Minnesota Statutes, section 256E.3	\$ 15,208	\$ 14,792	\$ 25,000	\$ 30,000
Emergency Services Program; Laws of Minnesota 2024, Chap 122, Article 22, sec.2 subd. 9(e).	A one time appropriation of \$3,391,000 in fiscal year 2025 is for emergency services grants under Minnesota Statutes, section 256E.36. The grants are to be distributed to entities that received an emergency services grant award for fiscal years 2024 and 2025 and have emerging, critical, and immediate homelessness response needs that have arisen since receiving the award. The funds are available until June 30, 2027.	\$ -	\$ 3,391	\$ -	\$ -
Emergency shelter facilities Session laws 2023 Ch. 70, Art 20, Sec 2 Subd 24 (f)	Grants to eligible applicants for emergency shelter facilities. This is a one time appropriation and the funding is available until June 30, 2028.	\$ 98,456	\$ -	\$ -	\$ -
Family Assets for Independence Minnesota (FAIM) M.S. 256E.34	Funds help low-income working Minnesotans increase savings, build financial assets, and enter the financial mainstream. Since 1998, 3,190 FAIM accountholders have completed the program and deposited nearly \$4.65 million into savings accounts acquiring over 2,500 long-term financial assets including, purchased homes, post-secondary education and capitalized businesses.	\$ 325	\$ 325	\$ -	\$ -
Food Shelf Grants M. S. 256E.34	Additional grants for purchase and distribution of food to food shelves throughout the state.	\$ 4,318	\$ 3,918	\$ -	\$ -
Food Shelf Grants M. S. 256E.34	Grants for purchase and distribution of food to food shelves throughout the state, including some administrative costs.	\$ 375	\$ 375	\$ -	\$ -
Fraud prevention initiative Session laws 2023 Ch. 70, Art 20, Sec 2 Subd 24 (c)	Start-up grants to the Red Lake Nation, White Earth Nation, and Mille Lacs Band of Ojibwe to develop a fraud prevention program	\$ -	\$ 400	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Grants for Prepared Meals Food Relief, 2023 Session Law, Ch. 70, Art. 20, Sec. 2, subd. 24(e)	Provide relief for people who have difficulty preparing meals. Eligible grantees are nonprofits and Tribes or Bands with a history of providing this service.	\$ 1,654	\$ 1,638	\$ -	\$ -
Health Home Ramsey County Continuum of Care Grants - City of St. Paul Session laws 2023 Ch. 70, Art 20, Sec 2 Subd 24	Grants to maintain capacity for shelters and services provided to people experiencing homelessness in Ramsey County	\$ 1,972	\$ -	\$ -	\$ -
Health Home Ramsey County Continuum of Care Grants - Face to Face Session laws 2023 Ch. 70, Art 20, Sec 2 Subd 24	Grants to maintain capacity for shelters and services provided to people experiencing homelessness in Ramsey County	\$ 512	\$ -	\$ -	\$ -
Health Home Ramsey County Continuum of Care Grants - Listening House Session laws 2023 Ch. 70, Art 20, Sec 1 Subd 24	Grants to maintain capacity for shelters and services provided to people experiencing homelessness in Ramsey County	\$ 493	\$ -	\$ -	\$ -
Health Home Ramsey County Continuum of Care Grants - More Doors Session laws 2023 Ch. 70, Art 20, Sec 2 Subd 24	Grants to maintain capacity for shelters and services provided to people experiencing homelessness in Ramsey County	\$ 1,498	\$ -	\$ -	\$ -
Health Home Ramsey County Continuum of Care Grants - RADIUS Health Session laws 2023 Ch. 70, Art 20, Sec 1 Subd 24	Grants to maintain capacity for shelters and services provided to people experiencing homelessness in Ramsey County	\$ 689	\$ -	\$ -	\$ -
Health Home Ramsey County Continuum of Care Grants - Ramsey County Session laws 2023 Ch. 70, Art 20, Sec 2 Subd 24	Grants to maintain capacity for shelters and services provided to people experiencing homelessness in Ramsey County	\$ 2,248	\$ -	\$ -	\$ -
Hennepin County Grants - Agate Housing Session laws 2023 Ch. 70, Art 20, Sec 2 Subd 24 (c)	Grants to maintain capacity for shelters and services provided to persons experiencing homelessness in Hennepin County	\$ 500	\$ -	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Hennepin County Grants - Avivo Village Session laws 2023 Ch. 70, Art 20, Sec 2 Subd 24 (c)	Grants to maintain capacity for shelters and services provided to persons experiencing homelessness in Hennepin County	\$ 4,500	\$ -	\$ -	\$ -
Hennepin County Grants - Catholic Charities Session laws 2023 Ch. 70, Art 20, Sec 2 Subd 24 (c)	Grants to maintain capacity for shelters and services provided to persons experiencing homelessness in Hennepin County	\$ 1,400	\$ -	\$ -	\$ -
Hennepin County Grants - Hennepin County Session laws 2023 Ch. 70, Art 20, Sec 2 Subd 24 (c)	Grants to maintain capacity for shelters and services provided to persons experiencing homelessness in Hennepin County	\$ 932	\$ -	\$ -	\$ -
Hennepin County Grants - Salvation Army Session laws 2023 Ch. 70, Art 20, Sec 2 Subd 24 (c)	Grants to maintain capacity for shelters and services provided to persons experiencing homelessness in Hennepin County	\$ 1,650	\$ -	\$ -	\$ -
Hennepin County Grants - Simpson Housing Session laws 2023 Ch. 70, Art 20, Sec 2 Subd 24 (c)	Grants to maintain capacity for shelters and services provided to persons experiencing homelessness in Hennepin County	\$ 450	\$ -	\$ -	\$ -
Hennepin County grants to provide services to people experiencing homelessness: Homeward Bound Session laws 2023 Ch. 70, Art 20, Sec 2 Subd 24 (c)	Grants to maintain capacity for shelters and services provided to persons experiencing homelessness in Hennepin County	\$ 2,000	\$ -	\$ -	\$ -
Homeless Shelter Services grants; Laws of MN 2024, Chap 125, Art. 8, Sec. 2, Subd. 9(a).	A payment of \$50,000 in fiscal year 2025 to Churches United for the Homeless in Moorhead to hire staff or contract for assistance to secure public funding for Churches United's existing services, including the provision of safe shelter for individuals experiencing homelessness, supportive housing, nutrition support, nursing services, family services, and case management. This is a onetime appropriation.	\$ -	\$ 50	\$ -	\$ -
Homeless Youth Act Grants; Laws of MN 2023, Ch 70, Art. 20, Sec. 2, subd. 24(k).	Grants were appropriated in fiscal year 2024 for \$15,136,000 and \$15,136,000 in fiscal year 2025 under Minnesota Statutes, section 256K.45, subdivision 1. These grants are for non-profit agencies for the provision of street outreach, drop-in centers, transitional living programs and supportive housing to runaway and homeless youth. Any unexpended amount in the first year does not cancel and is available in the second year.	\$ 14,904	\$ 15,368	\$ 15,136	\$ 15,136
Homeless Youth Act M.S. 256K.45	Grants to non-profit agencies for the provision of street outreach, drop-in centers, transitional living programs and supportive housing to runaway and homeless youth.	\$ 5,499	\$ 5,512	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Homeless youth cash stipend pilot project Session laws 2023 Ch. 70, Art 20, Sec 1 Subd 24 (g)	Grant to Youthprise for the homeless youth cash stipend pilot project	\$ 5,302	\$ -	\$ -	\$ -
Minnesota Food Assistance Program M.S. 142F.13	State funded food benefits for legal non-citizens who do not qualify for federal food stamps.	\$ 1,218	\$ 1,675	\$ -	\$ -
MN Community Action Grants M.S. 142F.30	Grants to Community Action Agencies and tribal governments to focus local, state, private and federal resources to support low-income families and individuals to attain the skills, knowledge and motivation to become economically secure. Funds used at local level for match.	\$ 4,925	\$ 7,632	\$ -	\$ -
Multilingual Referral Line Title VI of the Civil Rights Act of 1964	Grants to non-profit agencies for the provision of language services and the translation of vital documents for non-English speaking recipients of human services.	\$ 39	\$ 49	\$ -	\$ -
Problem Gambling (rider) Laws of MN 2023, Chap. 61, Article 9, section 2, Subd. 18(j)	\$225,000 in fiscal year 2024 and \$225,000 in fiscal year 2025 are appropriated from the lottery prize fund for a grant to a state affiliate recognized by the National Council on Problem Gambling. The affiliate must provide services to increase public awareness of problem gambling, education, training for individuals and organizations that provide effective treatment services to problem gamblers and their families, and research related to problem gambling. Note: the rider language must be updated every two years.	\$ 225	\$ 225	\$ -	\$ -
Safe Harbor Laws 2013, Chapt 108, Art 14, Sec2, subd 6(g) and Laws 2014, Chapt 312, Art 30, sec 2, subd 4(b)	Grants to 7 private non-profits to provide a new set of programming specific to sex trafficked minors through specialized emergency shelter, transitional living, youth supportive housing programs and specialized foster care. Programs are implementing the no wrong door approach to Safe Harbor for sexually exploited youth. 43 beds are available.	\$ 2,800	\$ 2,800	\$ -	\$ -
Safe Harbor Program Outreach M.S. 256K.45	Grants to organizations to increase awareness of the safe harbor program.	\$ 250	\$ 250	\$ -	\$ -
Safe Harbor Shelter and Housing grant.	These grants are for grants under Minnesota Statutes, section 256K.47 which awards grants to providers who are committed to serving sexually exploited youth and youth at risk of sexual exploitation. Any unexpended amount in the first year does not cancel and is available in the second year.	\$ 2,125	\$ 2,125	\$ 1,250	\$ 1,250
SSI-IAR Disability Hub M.S. 256D.06, subd. 5	Grants fund services provided by the Disability Linkage Line® to connect individuals using state benefit programs (General Assistance, Group Residential Housing and Minnesota Family Investment Program) with agencies under contract with the Department of Human Services to provide support and representation in applying for social security benefits.	\$ 140	\$ 280	\$ -	\$ -
Supplemental Nutrition Assistance Outreach Program, 2023 Session Law, Ch. 70, Art. 20, Sec. 2, Subd. 24(n), MS 124F.12	Funding to create a new SNAP outreach program to inform low-income households about the availability, eligibility requirements, application procedures, and benefits of SNAP.	\$ 897	\$ 1,000	\$ 500	\$ 500
Transitional Housing Grants M.S. 256E.33	Grants to private non-profits to provide rent assistance and supportive services to homeless individuals and families so they can secure permanent, stable housing.	\$ 3,184	\$ 3,221	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Transitional Housing Programs (rider) Laws of MN 23, Ch 70, Art. 20 Sec. 2, Subd. 24(L)	Grant program of \$3,000,000 per year for transitional housing programs under Minnesota Statutes, section 256E.33. Grants to private non-profits to provide rent assistance and supportive services to homeless individuals and families so they can secure permanent, stable housing. Any unexpended amount in the first year does not cancel and is available in the second year	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Catholic Charities Grant	Grant to Catholic Charities of St. Paul and Minneapolis to maintain capacity at shelters and services provided to people experiencing homelessness.	\$ 2,286	\$ -	\$ -	\$ -
Family Assets for Independence Minnesota (FAIM) M.S. 256E.34	Funds help low-income working Minnesotans increase savings, build financial assets, and enter the financial mainstream. Since 1998, 3,190 FAIM accountholders have completed the program and deposited nearly \$4.65 million into savings accounts acquiring over 2,500 long-term financial assets including, purchased homes, post-secondary education and capitalized businesses.	\$ 1,405	\$ 1,391	\$ -	\$ -
Shelter Linked Youth Mental Health Grants	Provides support and mental health for youth experiencing homelessness and sexual exploitation in Minnesota.	\$ 2,250	\$ 2,250	\$ -	\$ -
Human Services Response Contingency Fund (M.S. 256.044)	Funding to respond to emerging or immediate needs related to supporting the health, welfare, or safety of people.	\$ -	\$ 4,000	\$ -	\$ -
New American legal, social services, and long term care workforce grant program (Laws of Minnesota 2023, Ch 61, Article 21, 60)	Grant program for organizations that serve and support new Americans: (1) in seeking or maintaining legal or citizenship status to legally obtain or retain employment in any field or industry; or (2) to provide specialized services and supports to new Americans to enter the long-term care workforce	\$ 156	\$ 6,844	\$ -	\$ -
New American legal, social services, and long term care workforce grant program (Laws of Minnesota 2023, Ch 70, Article 20, subd 25)	Grant program for organizations that serve and support new Americans: (1) in seeking or maintaining legal or citizenship status to legally obtain or retain employment in any field or industry; or (2) to provide specialized services and supports to new Americans to enter the long-term care workforce	\$ -	\$ 7,000	\$ -	\$ -
Fraud Prevention Investigation Grants (M.S. 256.983)	Grants to tribes and counties for the Fraud Prevention Investigation Program, enabling early fraud detection and collection efforts.	\$ -	\$ 3,018	\$ 3,018	\$ 3,018
County and Tribal Allocation for Eligibility Renewals (Laws of 2023, Ch. 22., Sec. 4, Subd 1 (e))	Supplemental funding to assist the counties and Tribes with resuming medical assistance renewals after March 31, 2023.	\$ 36,000	\$ -	\$ -	\$ -
County Correctional Facility Mental Health Medication Pilot Program (Laws of 2024, Ch. 125, Art. 8, Sec. 2, Subd 11)	Pilot program that provides payments to counties to support county correctional facilities in administering long-acting injectable antipsychotic medications to prisoners for mental health treatment.	\$ -	\$ 1,000	\$ -	\$ -
Emergency MA Legal Referral (M.S. 256B.06, Subd. 6)	These grants provide immigration assistance for entities to assist Emergency Medical Assistance recipients who may be eligible for Medical Assistance given a change in their citizenship.	\$ 100	\$ 100	\$ 100	\$ 100

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Grant to Indian Health Board of Minneapolis (Laws of MN 2023, Ch. 70, Art. 20, Sec. 2, Subd 26 (a))	Grant to the Indian Health Board of Minneapolis to support continued access to health care coverage through medical assistance and MinnesotaCare, improve access to quality care, and increase vaccination rates among urban American Indians.	\$ 3,511	\$ 3,750	\$ -	\$ -
Integrated Care for High Risk Pregnant Women (M.S. 256B.79)	These funds support community based organizations, public health programs, and health care providers who provide targeted, integrated services for pregnant mothers who are at high risk of poor birth outcomes due to drug use or low birth weight in areas of high need.	\$ 1,756	\$ 2,089	\$ 2,089	\$ 2,089
Navigator BHP – HCAF (M.S. 62V.05, Subd. 4)	These funds provide incentive payments for more than 725 entities and individuals across the state providing application assistance for MinnesotaCare enrollees.	\$ 997	\$ 3,115	\$ 3,115	\$ 3,115
Navigator MA and MinnesotaCare Enrollment Grants (Laws of 2023, Ch. 22., Sec. 4, Subd 2 (a))	These funds provide incentive payments for more than 725 individuals and entities across the state providing application assistance for enrollees in the Medical Assistance and MinnesotaCare program.	\$ 1,936	\$ -	\$ -	\$ -
Navigator MA and MinnesotaCare Enrollment Grants (Laws of 2023, Ch. 22., Sec. 4, Subd 2 (b))	These funds provide incentive payments for more than 725 individuals and entities across the state providing application assistance for enrollees in the Medical Assistance and MinnesotaCare program.	\$ 1,105	\$ 1,895	\$ -	\$ -
Navigator MA Enrollment Grants (M.S. 256.962)	These funds provide incentive payments for more than 725 individuals and entities across the state providing application assistance for enrollees in the Medical Assistance program.	\$ 320	\$ 320	\$ 320	\$ 320
Navigator MA Enrollment Grants- HCAF (M.S. 256.962)	These funds provide incentive payments for more than 725 individuals and entities across the state providing application assistance for enrollees in the Medical Assistance program.	\$ 320	\$ 310	\$ 310	\$ 310
Navigator Outreach Grants -General Fund (M.S. 256.962)	These funds provide incentive payments for more than 600 entities and individuals across the state providing application assistance for Medical Assistance enrollees.	\$ 90	\$ 90	\$ 90	\$ 90
Navigator RFP Outreach Grants – HCAF (M.S. 256.962)	These funds provide incentive payments for more than 725 entities and individuals across the state providing application assistance for MinnesotaCare enrollees.	\$ 40	\$ 40	\$ 40	\$ 40
Payments to Hospitals (Laws of MN 2023, Ch. 74, Sec 6, Subd 5)	Payments to hospitals for partial reimbursement for qualifying avoidable patient days.	\$ 18,000	\$ -	\$ -	\$ -
Periodic Data Matching (Ch. 71, Art. 14 Laws of Minnesota 2015)	Grants to counties to offset their costs in processing eligibility determinations for individuals flagged as potentially ineligible through periodic data matching.	\$ 2,212	\$ 2,212	\$ 2,112	\$ 2,112
Chapter 245D Compliance Support (Laws 2024, Ch. 125, Article 8, Sec. 2, Subdiv. 12(b))	This is a one-time payment to Black Business Enterprises Fund to support minority providers licensed under Minnesota Statutes, Chapter 245D.	\$ -	\$ 219	\$ -	\$ -
Customized Living Technical Assistance Grants (Laws 2024, Ch. 125, Article 8, Sec. 2, Subdiv. 12(c))	This is a one-time payment to Propel Nonprofits for a culturally specific outreach and education campaign toward existing customized living providers that might more appropriately serve their clients under a different home and community-based services program or license.	\$ -	\$ 350	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Direct Support Professionals Employee-Owned Cooperative Program Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 13(d)	This is a one-time grant to the Metropolitan Consortium of Community Developers for the Direct Support Professionals Employee-Owned Cooperative program. This funding expires June 30, 2025.	\$ 350	\$ -	\$ -	\$ -
Grants for Technology for HCBS Recipients 2021 First Special Session Law, Ch.7, Art. 17, Sec. 3	Grants are intended to provide technology assistance, including but not limited to Internet services, to older adults and people with disabilities who do not have access to technology resources necessary to use remote service delivery and telehealth.	\$ 1,500	\$ -	\$ -	\$ -
HCBS Workforce Development Grants 2021 First Special Session Law, Ch. 7, Art. 17, Sec. 20	Grants are intended to address challenges related to attracting and maintaining direct care workers who provide home and community-based services for people with disabilities and older adults.	\$ 4,596	\$ -	\$ -	\$ -
Health Awareness Hub Pilot Laws 2024, Ch. 125, Article 8, Sec. 2, Subdiv. 12(a)	This is a one-time payment to the Organization for Liberians in Minnesota for a health awareness hub pilot project.	\$ -	\$ 281	\$ -	\$ -
Linguistically and Culturally Specific Training Pilot Laws 2024, Ch. 125, Article 8, Sec. 2, Subdiv. 12(d)	This is a one-time payment to Isuroon to collaborate with the commissioner of human services to develop and implement a pilot program to provide linguistically and culturally specific in-person training to bilingual individuals from diverse ethnic backgrounds and two provide technical assistance to providers to ensure successful implementation of the pilot program.	\$ -	\$ 650	\$ -	\$ -
Long-Term Services and Supports Loan Program Laws 2024, Ch. 125, Article 8, Sec. 2, Subdiv. 12(e)	This is additional funding for the 2023 session (Ch. 61, Article 9, Sec. 2, Subdiv 14(g)) nursing home loan program, which in 2024 was expanded to cover other long-term services and supports providers.	\$ -	\$ 462	\$ 822	\$ -
LTC Civil Penalties M.S. 256.01, Sec. 2	A special revenue fund for the Department to collect civil penalties incurred by long-term care providers that fail to comply with State or Federal regulations	\$ -	\$ 440	\$ -	\$ -
LTC Workforce Incentive Fund Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 13(e)	Establishes a long-term services and supports workforce incentive grant, where individuals employed in the LTC workforce may apply for a financial incentive of up to \$1,000 per calendar year (when funds are available). This appropriation expires June 30, 2029.	\$ -	\$ 83,560	\$ -	\$ -
Money Follows the Person Rebalancing Grant M.S. 256B.04 Subd. 20	Rebalancing funds can be used to provide extended services for individuals with multiple barriers seeking to move to community settings, to fund small pilot or “proof of concept” demonstrations for potential service changes or similar activities. Several projects have been approved by CMS in and will be expended over the course of the next three years.	\$ 926	\$ 11,687	\$ 3,555	\$ 3,613
New American Legal, Social Services, and LTC Care Grant Program Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 13(b)	This one-time funding with carryforward through June 30, 2027, is available for long-term care workforce grants for New Americans entering the long-term care profession.	\$ -	\$ 28,316	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Nursing Facility Payment Grants Laws 2023, Ch. 74, Sec. 2	This program provided two payments to each nursing facility in the State on August 1, 2023 and August 1, 2024 to manage cash-flow gaps for nursing facilities.	\$ 86,376	\$ 86,761	\$ -	\$ -
Nursing Home Workforce Incentive Grants Laws 2023, Ch. 74, Sec. 1	Establishes a nursing home workforce incentive grant, where individuals employed in the nursing home industry may apply for a financial incentive of up to \$3,000 per calendar year (when funds are available). This appropriation expires June 30, 2029.	\$ 74,499	\$ 1	\$ -	\$ -
Other Long Term Care Grants M.S. 256.0921	These funds establish a home and community-based services incentive pool to provide incentives for innovation in achieving outcomes identified in the Olmstead plan, including integrated, competitive employment and living in the most integrated setting in the community and community integration and inclusion.	\$ 1,781	\$ 1,925	\$ 2,747	\$ 1,925
Provider Capacity Grants for Rural and Underserved Communities 2021 First Special Session Law, Ch. 7, Art. 17, Sec. 10	Grants provide funding to smaller organizations that offer services to rural or underserved communities with limited home and community-based services provider capacity. The grants are available to build organizational capacity or to build new/expanded infrastructure to access medical assistance reimbursement.	\$ 4,942	\$ -	\$ -	\$ -
Provider Capacity Grants for Rural and Underserved Communities Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 13(a)	Grants provide funding to smaller organizations that offer services to rural or underserved communities with limited home and community-based services provider capacity. The grants are available to build organizational capacity or to build new/expanded infrastructure to access medical assistance reimbursement. This funding expires June 30, 2027.	\$ -	\$ 17,148	\$ -	\$ -
Respite Services for Older Adults Grants 2021 First Special Session Law, Ch. 7, Art. 17, Sec. 17, Subdiv. 3	Grants provided to establish a grant program for respite services for older adults.	\$ 1,885	\$ -	\$ -	\$ -
Supported Decision Making Programs Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 13(c)	This one-time grant is to establish supported decision making grants. It is available until June 30, 2025.	\$ 75	\$ 3,925	\$ -	\$ -
Age-Friendly Community Grants 2021 First Special Session Law, Ch. 7, Art. 17, Sec. 8, Subdiv. 1	Grants are for intended collaboration with the Department of Human Services, the Minnesota Board on Aging, and the Governor's Council on an Age-Friendly Minnesota. The grants offer communities - including cities, counties, other municipalities, tribes, and collaborative efforts - to become age-friendly communities with an emphasis on structures, services, and community features necessary to support older adult residents over the next decade.	\$ 843	\$ -	\$ -	\$ -
Age-Friendly Community Grants Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 14(e)	Grants are for intended collaboration with the Department of Human Services, the Minnesota Board on Aging, and the Governor's Council on an Age-Friendly Minnesota. The grants offer communities - including cities, counties, other municipalities, tribes, and collaborative efforts - to become age-friendly communities with an emphasis on structures, services, and community features necessary to support older adult residents over the next decade. This is one-time funding and expires June 30, 2027.	\$ 1,647	\$ 1,353	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Age-Friendly Technical Assistance Grants 2021 First Special Session Law, Ch. 7, Art. 17, Sec. 8, Subdiv. 2	Grants are for intended collaboration with the Department of Human Services, the Minnesota Board on Aging, and the Governor's Council on an Age-Friendly Minnesota. This grant program is meant to supplement the Age-Friendly Community Grants program and offer technical assistance to recipients of the Age-Friendly Community Grants to ensure proper implementation and compliance.	\$ 536	\$ -	\$ -	\$ -
Age-Friendly Technical Assistance Grants Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 14(f)	Grants are for intended collaboration with the Department of Human Services, the Minnesota Board on Aging, and the Governor's Council on an Age-Friendly Minnesota. This grant program is meant to supplement the Age-Friendly Community Grants program and offer technical assistance to recipients of the Age-Friendly Community Grants to ensure proper implementation and compliance. This is one-time funding and expires June 30, 2027.	\$ 584	\$ 1,141	\$ -	\$ -
Aging LTCC Grants M.S. 256B.0911 M.S. 256.975, subd. 7	Grant funding for Long Term Care consultation services. These services help people make decisions about long term care needs. These services include early intervention visits, and information and education about local long-term care service options. This was Reform 2020 funding from the 2013 legislative session.	\$ 1,739	\$ 1,739	\$ 1,739	\$ 1,739
Aging Prescription Drug Assistance Grant M.S. 256.975, subd. 9	Grants to AAAs and service providers to provide statewide outreach and education assistance to low income seniors regarding Medicare and supplemental insurance, including Medicare Part D and programs that the drug companies offer to help low-income older adults.	\$ 1,191	\$ 1,191	\$ 1,191	\$ 1,191
Aging-Core HCBS Services M.S. 256B.0917 subd 7a	Grant funding to core in-home and community-based providers for projects to provide services and supports to older adults.	\$ 1,527	\$ 1,585	\$ 1,585	\$ 1,585
ALS Caregiver Support Programs 2022 Session Law, Ch. 42, Sec. 3	Grants to the Minnesota Board on Aging for the purposes of caregiver support programs under M.S. 256.9755. Programs receiving funding under this section must include an ALS-specific respite service in their caregiver support program. This appropriation is available until June 30, 2026.	\$ 13	\$ -	\$ -	\$ -
Caregiver Respite Grants (2023) Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 14(b)	This was a one-time appropriation of additional funding for the Caregiver Support and Respite Care programs as described in M.S. 256.9756. This funding expires June 30, 2025.	\$ -	\$ 1,800	\$ -	\$ -
Caregiver Respite Grants (2024) Laws 2024, Ch. 125, Article 8, Sec. 2, Subdiv. 13(a)	This was a one-time appropriation of additional funding for the Caregiver Support and Respite Care programs as described in M.S. 256.9756. This funding expires June 30, 2027.	\$ -	\$ 2,000	\$ -	\$ -
Caregiver Support and Respite Care Project Grants M.S. 256B.0917, subd. 6	Grants to provide caregiver and respite services for families and other caregivers.	\$ 471	\$ 479	\$ 479	\$ 479
Caregiver Support Programs Laws 2024, Ch. 125, Article 8, Sec. 2, Subdiv. 13(b)	This is one-time grant funding for the Minnesota Board on Aging for caregiver support programs under M.S. 256.9755. This funding expires June 30, 2027.	\$ -	\$ 2,500	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Catholic Charities Homelessness Grant Laws 2023, Ch. 70, Article 20, Sec. 2, Subdiv. 27(a)	This was one-time funding to Catholic Charities of St Paul and Minneapolis for its homeless elders program.	\$ 728	\$ 728	\$ -	\$ -
Community Service Development Grants M.S. 256.9754	Grants to for-profit and nonprofit organizations, and units of government to increase the supply of home and community based services to rebalance the long-term care service system.	\$ 2,787	\$ 2,980	\$ 2,980	\$ 2,980
Community Services M.S. 256B.0917, subd. 13	Grants to public and non-profit agencies to establish services that strengthen a community's ability to provide a system of home and community based services for older adults.	\$ 3,106	\$ 3,128	\$ 3,128	\$ 3,128
Customized Living Services Grant 2021 First Special Session Law, Ch. 7, Art. 16, Sec. 2, Subdiv. 27	Grants provide customized living providers serving people on the elderly waiver or disability waivers funding for projects that increase the quality of services.	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Dementia Grants (M. S. 256.975, subd. 4 (c) (4)	Grants to regional and local projects to increase awareness of Alzheimer's disease, increase the rate of cognitive testing, promote the benefits of early diagnosis and connect caregivers of persons with dementia to education and resources.	\$ 750	\$ 750	\$ 750	\$ 750
Eldercare Development Partnership Grants M.S. 256B.0917, subd. 1c	Grants to local organizations to provide statewide availability of service development and technical assistance as it relates to home and community based services for older adults.	\$ 1,615	\$ 1,758	\$ 1,758	\$ 1,758
Financially Distressed Nursing Facility Loan Program Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 14(g)	This establishes the Financially Distressed Nursing Facility Loan program, which makes loans available to certain nursing homes. This program was expanded to cover other long-term services and supports providers in the 2024 legislative session.	\$ -	\$ 93,200	\$ -	\$ -
Gaps Analysis Laws of 2013, Chap. 108, Article 15, subd 2(h)	Provides ongoing support to counties to participate in the gaps analysis survey of the HCBS system.	\$ 174	\$ 218	\$ 218	\$ 218
Information and Assistance Grants M.S. 256.975, subd. 7	Grants to Area Agencies on Aging to provide information and assistance services regarding home and community based services.	\$ 3,449	\$ 3,449	\$ 3,449	\$ 3,449
Live Well at Home Grants Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 14(c)	This appropriates additional one-time funding to the Live Well at Home Grants under M.S. 256.9754, subd. 3f. This funding expires June 30, 2027.	\$ 2,598	\$ 1,977	\$ -	\$ -
Minnesota Adult Abuse Reporting 2021 First Special Session Law, Ch. 7, Art. 16, Sec. 2, Subdiv. 27	Grants provide funding to assist the Minnesota Board on Aging in handling all reports of adult abuse for older adults and people with disabilities in various care settings.	\$ 1,819	\$ 1,819	\$ 1,819	\$ 1,819

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Nursing Facility Return to Community M.S. 256.975, subd. 7	Return to Community is an intensive long-term care options counseling service provided by the Senior Linkage Line®, that helps people successfully remain in their homes after discharge from a nursing home. Return to Community is an intensive options counseling service provided by the Senior Linkage Line®, that helps people successfully return to and remain in their homes. From 2013 through 2019, 23,000 people have been contacted for support. Of those, the Senior LinkAge Line helped over 6,000 older adults return home from a nursing facility and supported over 8,000 people remain in their community.	\$ 6,686	\$ 6,686	\$ 9,341	\$ 9,341
PAS Screening 25% Aging M. S. 256.975, subd. 7a- 7d	Grant funding for preadmission screening for everyone admitted to a Medical Assistance certified nursing facility. It was passed as part of Reform 2020 during the 2013 legislative session. The preadmission process was streamlined and the process allows for federal match of 75%.	\$ 784	\$ 817	\$ 817	\$ 817
PCA Registry Grants M. S. 256B.0711, subd. 11	Grant to an Area Agency on Aging responsible for data maintenance for MNHelp. Info to maintain the direct support worker registry.	\$ 236	\$ 236	\$ 236	\$ 236
Retail Delivery Fee M.S. 174.49, subd.3(6)	This a portion of the Retail Delivery Fee revenue that is appropriated to the Minnesota Board on Aging for meal delivery programs as described in M.S. 256.9752, subd. 1a.	\$ -	\$ 911	\$ -	\$ -
Self Directed Caregiver Grants. Laws of Minnesota, 2017 1st Special Session, Chapter 6 Article 3, Sections 6-7. Codified- M.S. 256.975 subd. 12.	Grant to provide assistance to family caregivers who help older adults age in place.	\$ -	\$ 477	\$ 477	\$ 477
Senior Nutrition Program Grants M.S. 256.9752	Grants to Area Agencies on Aging to provide nutrition services including congregate meals to 35,284 people and home-delivered meals to 12,112 people in FY 2019. This count includes all funding sources including federal funding (Title III) under the Older Americans Act.	\$ 2,678	\$ 2,695	\$ 2,695	\$ 2,695
Senior Nutrition Program Grants (Rider) Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 14(d)	This appropriates additional one-time funding to the Senior Nutrition Grants under M.S. 256.9752. This funding expires June 30, 2027.	\$ 4,393	\$ 6,159	\$ -	\$ -
Senior Volunteer Programs M.S. 256.976 M.S. 256.977 M.S. 256.9753	Support to more than 17,000 older volunteers per year that provides services through the RSVP, Foster Grandparent, and Senior Companion programs.	\$ 1,982	\$ 1,988	\$ 1,988	\$ 1,988
Vulnerable Adult Act Redesign Phase Two Grants Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 14(a)	This is a one-time appropriation of additional funding for the adult protection grants to counties and Tribes under M.S. 256M.42. This funding expires June 30, 2027.	\$ 4,182	\$ 12,947	\$ 866	\$ 867
DHHS Grants M.S. 256.01 subd. 2; 256C.233; 256.25; 256.261	Grants for multiple services and equipment to help Minnesotans who are deaf, deafblind, and hard of hearing or have multiple disabilities, including hearing loss, to remain independent and part of their communities.	\$ 2,846	\$ 2,846	\$ 2,846	\$ 2,846

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Hearing Loss Mentors M.S. 256.01, subd. 2	Grant funding pays for deaf and hard of hearing mentors to work with families who need to learn American Sign Language (ASL) and other communication and life skill strategies to communicate with and support their children who are deaf and hard of hearing.	\$ 40	\$ 40	\$ 40	\$ 40
Rural Real Time - Grant M. S. 237.32, 256C.30	Grants to television stations in Minnesota to provide real-time captioning of live TV news programming where real-time captioning does not exist.	\$ 118	\$ 161	\$ -	\$ -
340B Drug Rebates- Title II Grants M.S. 256.01, subd 20	Dedicated funding resulting from ADAP drug rebates that supplements state and federal allocations to maintain private insurance coverage and/or purchase HIV related drugs. In addition, the funds can be spent on allowed core and support services per the federal Ryan White regulations. This portion of the funding is the state share of the rebate funding.	\$ 2,300	\$ 2,392	\$ 2,392	\$ 2,392
ADAP Drug Rebates- Title II Grants M.S. 256.01, subd 20	Dedicated funding resulting from ADAP drug rebates that supplements state and federal allocations to maintain private insurance coverage and/or purchase HIV related drugs. In addition, the funds can be spent on allowed core and support services per the federal Ryan White regulations .	\$ 10,314	\$ 11,677	\$ 10,440	\$ 10,440
Additional Technology for Home Grants Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 16(p)	Technology for Home (T4H) provides in person assistive technology (AT) consultation and technical assistance to help people with disabilities live more independently. Expert consultants provide current, cost effective solutions and work with the person and their supporters to develop a plan for people who receive home care or home and community based waiver services. Additional funds were added in the 2023 legislative session.	\$ 300	\$ 300	\$ 300	\$ 300
Advocating Change Together –ACT M.S. 256.477	A grant to establish and maintain a statewide self-advocacy network for individuals with intellectual and developmental disabilities. Grantee informs and educates individuals with disabilities about their legal rights and provides training to people to self-advocate.	\$ 133	\$ 133	\$ 133	\$ 133
Aging and Disability Services for Immigrant and Refugee Communities Laws 2024, Ch. 125, Article 8, Sec. 2, Subdiv 14(h)	This is a one-time payment to SEWA-AIFW to address aging, disability, and mental health needs for immigrant and refugee communities.	\$ -	\$ 250	\$ -	\$ -
Artists W/Disabilities Support Grant Laws 2024, Ch. 125, Article 8, Sec. 2, Subdiv. 14(d)	This is a one-time payment to a non-profit organization licensed under M.S. 245D, located on Minnehaha Avenue West in St Paul.	\$ -	\$ 690	\$ -	\$ -
Benefit Planning Grants MS 211 007 16 002 029	\$600,000 each year for the Disability Hub to support benefits planning. These grants are eligible for 50% FFP due to the work related to eligibility.	\$ 600	\$ -	\$ -	\$ -
Capital Improvement for Accessibility Grant Laws 2024, Ch. 125, Article 8, Sec. 2, Subdiv. 14(a)	This is a one-time payment to Anoka County to make capital improvements to existing space in the Anoka County Human Services building in the city of Blaine.	\$ -	\$ 400	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Case Management Training Grants Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 16(d)	Grants to provide case management training to organizations and employers to support the state's disability employment support system.	\$ -	\$ 123	\$ 45	\$ 45
Community Residential Setting Transition Grants Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 16(q)	This is a one-time grant to Hennepin County to expedite approval of community residential setting licenses subject to the corporate foster care moratorium exception under M.S. 245A.03, Subdiv 7, Paragraph (a), Clause 5.	\$ 500	\$ -	\$ -	\$ -
Consumer Support Grants M.S. 256.476	Consumer Support Grant (CSG) is available for people who are eligible for Medical Assistance (MA) as an alternative to home care. CSG helps individuals purchase items and supports needed for the person to live in their own home. On an annual basis, MA funds are transferred to this grant based on the current forecast. There is a small general fund appropriation for CSG.	\$ 47,438	\$ 28,013	\$ -	\$ -
Dakota County Workforce Grants Laws 2024, Ch. 125, Article 8, Sec. 2, Subdiv. 14(b)	This is a one-time payment to Dakota County for innovate solutions to the disability services workforce shortage.	\$ -	\$ 500	\$ -	\$ -
DD Family Support Grants M.S. 252.32	Family Support Grants (FSG) provides cash to families to offset the higher-than-average cost of raising a child with a disability. The goal of FSG is to prevent or delay the out-of- home placement of children and promote family health and social well-being by facilitating access to family-centered services and supports.	\$ 3,789	\$ 4,800	\$ 9,423	\$ 9,096
DEED Life Course Grant MS 471.59	An interagency agreement between DHS and DEED for developing a youth in transition communication system.	\$ 190	\$ 147	\$ -	\$ -
Disability Hub for Families Grants MS 211 007 16 002 029	Starting in FY 2020, appropriates \$100,000 and then ongoing \$200,000 in FY 2021 for grants to connect families through innovation grants, life planning tools (Life Course), and website information as they support a child or family member with a disability.	\$ 185	\$ 200	\$ 200	\$ 200
Disability Linkage Line M.S. 256.01, subd. 24	Disability Linkage Line (DLL) now known as the Disability Hub MN serves people with disabilities and chronic illnesses and their families, caregivers, or service providers to help people learn about options and connect with services and supports.	\$ 605	\$ 1,706	\$ 1,716	\$ 2,041
Disability Linkage Line MA Eligible 50% M.S. 256.01, subd. 2, (aa)	State share of funding for work completed by the Disability Linkage Line (now known as the Disability Hub MN) that is related to Medical Assistance and therefore eligible for 50% FFP based on activities reporting.	\$ 900	\$ 900	\$ 900	\$ 900
DT&H Facilities Minnesota Laws of 2014, Chapter 312, Sec.75 (b)11	This grant is for rate increases to day training and habilitation facilities to be distributed through an allocation to the counties.	\$ 811	\$ 811	\$ 811	\$ 811
Electronic Visit Verification Grants Laws 2024, Ch. 125, Article 8, Sec. 2, Subdiv. 14(g)	This is a one-time appropriation for grants to providers to implement electronic visit verification. This funding expires June 30, 2027.	\$ -	\$ 864	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Emergency Relief Grants for Rural EIDBI Providers Laws 2024, Ch. 125, Article 8, Sec. 2, Subdiv. 14(e)	This is a one-time grant for emergency relief grants for EIDBI providers. This funding expires June 30, 2027.	\$ -	\$ 600	\$ -	\$ -
Employment and Technical Assistance Grants Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 16(c)	These are grants to assist organizations and employers in promoting a more inclusive workplace for people with disabilities.	\$ 450	\$ 1,800	\$ 1,800	\$ 1,800
Family Voices Grant Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 16(m)	This is a grant to Family Voices Minnesota for activities outlined in M.S. 256.4776	\$ 75	\$ 75	\$ 75	\$ 75
HIV/AIDS Supportive Services Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 16(k)	This is a one-time additional appropriation for HIV/AIDS Support services as defined in M.S. 256.01, Sub. 19 and for payment of allowed health care costs as defined in M.S. 256.935. This funding expires June 30, 2025.	\$ 6,744	\$ 5,356	\$ -	\$ -
Independent Living Grant Continuation Laws 2024, Ch. 125, Article 8, Sec. 2, Subdiv. 14(k)	This is a one-time continuation of funding of grants awarded Laws 2021, First Special Session, Ch. 7, Article 17, Sec. 19 as amended by Laws 2022, Ch. 98, Article 15, Sec. 15. This funding expires June 30, 2025.	\$ -	\$ 311	\$ -	\$ -
Intractable Epilepsy Minnesota Laws of 1988, Chapter 689	A grant to support a living skills training program for people with intractable epilepsy who need assistance in the transition to independent living.	\$ 305	\$ 344	\$ 344	\$ 344
Lead Agency Capacity Building Grants Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 16(b)	These grants are to assist organizations, counties, and Tribes to build capacity for employment opportunities for people with disabilities.	\$ 444	\$ 2,396	\$ 2,413	\$ 2,411
License Transition Support for Small Disability Waiver Providers Laws 2024, Ch. 125, Article 8, Sec. 2, Subdiv. 14(i)	This one-time grant is for license transition payments to small disability waiver providers. This funding expires June 30, 2027.	\$ -	\$ 3,150	\$ -	\$ -
Local Planning Grants Laws of Minnesota 2012, Ch. 247, Article 4, Sect 44.	Grants to assist lead agencies and provider organizations in developing alternatives to congregate living within the available level of resources for the HCBS waivers for people with disabilities. Local planning grants are used to create alternatives to congregate living for people with lower needs and are available to counties, tribes, and provider organizations. This work supports the planning process under MN Statute sections 144A.351 and 245A.03, subdivision 7, paragraphs (e) and (g).	\$ 250	\$ 254	\$ 254	\$ 254
Minnesota Inclusion Initiative Grants 2021 First Special Session Law, Ch. 7, Article 16, Sec. 2, Subdiv. 29(d)	An appropriation for the Minnesota Inclusion Initiative Grants under M.S. 256.4772	\$ 150	\$ 150	\$ 150	\$ 150

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
MnCHOICES Modification Laws 2024, Ch. 125, Article 8, Sec. 2, Subdiv. 14(l)	This grant program is to enhance the MNCHOICES system to provide real-time employment information, communication, and resources, supporting individuals and professionals in improving education, engagement and access to employment opportunities	\$ 250	\$ 450	\$ 450	\$ 125
Motion Analysis Advances Clinical Study Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv 16(l)	This one-time grant is for the Mayo Clinic Motion Analysis Laboratory and Limb Lab for continued research in motion analysis advancements and patient care. This funding expires June 30, 2025.	\$ -	\$ 400	\$ -	\$ -
Own Home Services Provider Capacity Building Grants Laws 2024, Ch. 125, Article 8, Sec. 2, Subdiv. 14(j)	This one-time appropriation is for the own home services provider capacity-building grant program, which incentivizes providers to support individuals to move out of congregate living settings and into an individual's own home as described in M.S. 256B.492, Subdiv. 3. This funding expires June 30, 2027.	\$ -	\$ 1,519	\$ -	\$ -
Parenting with a Disability Pilot 2021 First Special Session Law, Ch. 7, Article 16, Sec. 2, Subdiv. 29(f)	This one-time appropriation is a grant to implement the parenting with a disability pilot project.	\$ 1,000	\$ -	\$ -	\$ -
Parent-to-Parent Peer Support 2021 First Special Session Law, Ch. 7, Article 16, Sec. 2, Subdiv. 29(b)	Grants to an alliance member of Parent to Parent USA to support the alliance member's parent-to-parent peer support program for families of children with a disability or special health care need.	\$ 125	\$ 125	\$ 125	\$ 125
Parent-to-Parent Programs Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 16(n)	This one-time appropriation are for grants to organizations that provide services to underserved communities with a high prevalence of autism spectrum disorder. This funding expires June 30, 2025.	\$ 550	\$ 550	\$ -	\$ -
PASRR for Person with MI and DD	Funding to reimburse counties for costs associated with completing federally required pre-admission screening and resident reviews (PASRR) of nursing home applicants or residents with a probable mental illness or a developmental disability.	\$ 142	\$ 120	\$ 20	\$ 20
Pediatric Hospital-to- Home Transition Pilot Laws 2024, Ch. 125, Article 8, Sec. 2, Subdiv. 14(c)	This one-time grant is for the pediatric hospital-to-home pilot program. This funding expires June 30, 2027.	\$ -	\$ 1,040	\$ -	\$ -
Person Centered Practices Grants MS 211 007 16 002 029	Regional cohorts will receive multi-year training, coaching and mentoring to use person-centered and collaborative safety practices in ways that benefit people served, employees, organizations, and communities to achieve systems change with measurable positive outcomes.	\$ 710	\$ 710	\$ 710	\$ 710

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Region 10 Grants M.S.256B.095 to 256B.0955	Grant to support the implementation of the Quality Assurance System for persons with disabilities for the purpose of improving services provided to persons with disabilities. Supporting the ongoing planning and operation of the Quality Assurance System for persons with physical, cognitive or chronic health conditions seeking to improve service outcomes. Completing necessary state and federal reports and participation in the evaluation of the system in accordance with Minnesota Statute, sections 256B.095 to 256B.0955.	\$ 100	\$ 100	\$ 100	\$ 100
Self Advocacy Grants (2023 Rider) Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 16(o)	This was additional appropriations for self-advocacy grants under M.S. 256.477. This rider does not provide for additional funding beyond FY25.	\$ 323	\$ 323	\$ -	\$ -
Self Advocacy Grants (2024 Rider) Laws 2024, Ch. 125, Article 8, Sec. 2, Subdiv. 14(f)	This was additional appropriations for self-advocacy grants under M.S. 256.477. This rider does not provide for additional funding beyond FY25.	\$ -	\$ 250	\$ -	\$ -
Self Advocacy Grants 2021 First Special Session Law, Ch. 7, Article 16, Sec. 2, Subdiv. 29 (c1)	An appropriation for self-advocacy grants under M.S. 256.477, Subdiv. 1	\$ 143	\$ 143	\$ 143	\$ 143
Self Advocacy Grants 2021 First Special Session Law, Ch. 7, Article 16, Sec. 2, Subdiv. 29 (c2)	An appropriation for self-advocacy grants under M.S. 256.477, Subdiv. 2	\$ 105	\$ 105	\$ 105	\$ 105
Self-Directed Bargaining Agreement: Electronic Visit Verification Stipends Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 16(e)	This one-time appropriation is for one-time stipends of \$@00 to bargaining members to offset the potential costs related to people using individual devices to access the electronic visit verification systems. This funding expires June 30, 2025.	\$ 5,995	\$ 100	\$ -	\$ -
Self-Directed Bargaining Agreement: Home Care Orientation Trust Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 16(j)	This one-time appropriation is for the Home Care Orientation Trust under M.S. 179A.54, Subdiv. 11. This was amended in Laws 2024, Ch. 125, Article 8, Sec. 14. This funding expires June 30, 2025.	\$ -	\$ 1,000	\$ -	\$ -
Self-Directed Bargaining Agreement: Orientation Program Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 16(i)	This one-time appropriation is for one-time \$100 payments to collective bargaining unit members who complete voluntary orientation requirements. This funding expires June 30, 2025.	\$ -	\$ 2,000	\$ -	\$ -
Self-Directed Bargaining Agreement: Retention Bonuses Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 16(g)	This one-time appropriation is for one-time retention bonuses covered by the SEIU collective bargaining agreement. This funding expires June 30, 2025.	\$ 50,602	\$ 148	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Self-Directed Bargaining Agreement: Temporary Rate Increase MOU Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 16(f)	This one-time appropriation is for one-time stipends for individual providers covered by the SEIU collective bargaining agreement based on the memorandum of understanding related to the temporary rate increase in effect between December 1, 2020, and February 7, 2021.	\$ 1,511	\$ -	\$ -	\$ -
Self-Directed Bargaining Agreement: Training Stipends Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 16(h)	This one-time appropriation is for one-time stipends of \$500 for collective bargaining unit members who complete designated, voluntary trainings made available through or recommended by the State Provider Cooperation Committee.	\$ 2,068	\$ 100	\$ -	\$ -
Semi-Independent Living Skills (SILS) Program M.S. 252.275	SILS serves people who are at least 18 years old, have a developmental disability and require supports to function in the community, but are not at risk of institutionalization. SILS serves nearly 1,500 people each year.	\$ 6,171	\$ 5,900	\$ 7,229	\$ 7,229
Service Employees International Union (SEIU).	Grants for training for providers. This change corrects funding allocations as originally established in Article 1, Section 53. Article 18, Section 2, subd 7(f). Article 18 section 2, subd 15(b). Effective July 1, 2017.	\$ 87	\$ 87	\$ 87	\$ 87
State Case Management Grants M.S. 256.01 19-20	Funding to clinics and community based organizations for the provision of case management services to persons living with HIV as well as payments to purchase insurance coverage for eligible individuals. See also Insurance grants.	\$ 1,156	\$ 1,156	\$ 1,156	\$ 1,156
State Insurance Premium Grants M.S. 256.01 19-20	HIV/AIDS programs assist individuals with health insurance premiums and pay premiums for people with HIV/AIDS who can't get insurance coverage elsewhere.	\$ 1,062	\$ 1,064	\$ 1,064	\$ 1,064
State Quality Council Grant M.S. 256B.097, Subd. 1- 3, 6. Minnesota Laws of Minnesota, Chapter 71, Article 14, Section 2, Subd. 5(l).	Grant to establish and maintain regional quality councils to provide technical assistance, monitor and improve the quality of services for people with disabilities, and monitor and improve person-centered outcomes and quality of life indicators for people with disabilities.	\$ 600	\$ 600	\$ 600	\$ 600
Subminimum Wage Phaseout MS 211 007 17 015	Establishes a task force to make recommendations for a plan to phase-out the use of subminimum wage for people with disabilities. This funding is HCBS FMAP funding that is effective through FY 2024.	\$ 3,401	\$ -	\$ -	\$ -
Technology Grants; Corporate Foster Care Alternatives Laws of Minnesota 2009, Chapter 79	Technology for Home (T4H) provides in person assistive technology (AT) consultation and technical assistance to help people with disabilities live more independently. Expert consultants provide current, cost effective solutions and work with the person and their supporters to develop a plan for people who receive home care or home and community based waiver services.	\$ 622	\$ 622	\$ 622	\$ 622
Temporary Grants for Small Customized Living Providers Laws 2023, Ch. 61, Article 9, Sec. 2, Subdiv. 16(a)	This program was intended for grants to assist small customized living providers to transition to community residential services licensure or integrated community supports licensure. The legislature repealed this program in the 2024 legislative session, but did not repeal the appropriation itself.	\$ -	\$ 5,450	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Transition to Community - HCBS Article 17 MS 211 007 17 006	Provides administrative funding to assist people to move from facilities or provider-controlled settings to a home of their own. This proposal will help people to exit Anoka-Metro Regional Treatment Center (AMRTC), community mental health psychiatric units, and Community Behavioral Health Hospitals for people who are on the Forensic Mental Health Program (FMHP) or AMRTC waiting lists. It will also assist people receiving disability waiver services living in provider-controlled settings (for example corporate foster care and customized living) to move to a home of their own. This funding is HCBS FMAP funding and it ends after FY 2024.	\$ 983	\$ -	\$ -	\$ -
Transition to Community Grants M.S. 256.478	Provides administrative funding to assist people to move from facilities or provider-controlled settings to a home of their own. This proposal will help people to exit Anoka-Metro Regional Treatment Center (AMRTC), community mental health psychiatric units, and Community Behavioral Health Hospitals for people who are on the Forensic Mental Health Program (FMHP) or AMRTC waiting lists. It will also assist people receiving disability waiver services living in provider-controlled settings (for example corporate foster care and customized living) to move to a home of their own. This funding is HCBS FMAP funding and it ends after FY 2024.	\$ -	\$ 1,811	\$ 1,811	\$ 1,811
Work-Empower Grant M.S. 256B.021	Grants are intended to assist people with disabilities find integrated competitive employment. This was part of the Reform 2020 legislation passed during the 2013 legislative session.	\$ 502	\$ -	\$ -	\$ -
AmeriCorps Heading Home Corps. Laws of MN 2023, Ch. 70, Art. 20, sec. 2, Subd. 28(a)	One time appropriation of \$1,650,000 in FY 24 and \$1,650,000 in FY 25 for AmeriCorps Health Home Corps program. This funding is available until June 30, 2027.	\$ 1,650	\$ 1,650	\$ -	\$ -
Community Living Infrastructure Grants Laws of 2017, 1st SS, Ch.6 Art. 18, Sec. 2, subd. 24J	The Community Living Infrastructure grant program supports the needs of people with disabilities and housing instability who want to live in the community but are faced with significant barriers in transitioning into community living from institutions, licensed facilities or homelessness.	\$ 2,685	\$ 2,685	\$ 80,232	\$ 85,232
HCBS Waiver Growth M.S. 256B.0658	Grants to assist individuals to move out of licensed settings or family homes into homes of their own. This funding was appropriated during the 2007 session as part of the proposal to Limit growth in the disability waivers and manage costs. As part of our experience with this grant, we have revised our housing service coordination process through the Home and Community Based Waivers.	\$ 489	\$ 489	\$ 489	\$ 489
Housing Benefit Website (HB101) Laws of 2017, 1st SS, Ch.6 Art. 18, Sec. 2, subd. 24L	Housing Benefit grant money pays for the development and maintenance of the Housing Benefits 101 website which helps persons with disabilities understand types of housing available to them depending the person's situation, needs and desires.	\$ 130	\$ 130	\$ 130	\$ 130
Housing Support Grants MS 211 007 16 002 030	State grant funding through the Community Living Infrastructure (CLI) grant program to counties and tribes to integrate housing into their human services work. Funds will be utilized by local entities to assist people with disabilities who are homeless or have housing instability to obtain and maintain housing.	\$ 4,570	\$ -	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Housing Transition - HCBS Article 17 MS 211 007 17 005 002	Additional CLI funding to provide expungement assistance to help people overcome barriers to attain their own housing.	\$ 2,522	\$ -	\$ -	\$ -
Long Term Homeless Services Grants M.S. 256K.26	Grants to multi-county collaboratives that subgrant funds to service providers assist long-term homeless individuals and families with children to find and maintain permanent housing. Funds may also be used at the local level for federal Housing and Urban Development housing match.	\$ 6,910	\$ 6,910	\$ 6,910	\$ 6,910
Real-Time Housing Website Laws of 2017, 1st SS, Ch.6 Art. 18, Sec. 2, subd. 24K	The Real Time Housing Website grant is for the design, development and maintenance of a fully accessible and usable website, including an application, to track real-time-housing openings for people with disabilities across the state of Minnesota. The Real Time Housing funding is currently awarded to one grantee to develop the website.	\$ 150	\$ 150	\$ 150	\$ 150
Behavioral Health Services For Immigrant And Refugee Communities. Laws of MN 2024,Chapter 125, Section 2, Subd. 15(g)	This is a one time payment appropriated in fiscal year 2025 for a payment to African Immigrant Community Services to provide culturally and linguistically appropriate services to new Americans with disabilities, mental health needs, and substance use disorders and to connect such individuals with appropriate alternative service providers to ensure continuity of care. This appropriation is available until June 30, 2027.	\$ -	\$ 354	\$ -	\$ -
Locked Intensive Residential Treatment Services. Laws of MN 2024,Chapter 125, Article 8, Section 2, Subd. 15(a)	A one time grant of \$1,000,000 in fiscal year 2025 for start-up funds to intensive residential treatment services providers to provide treatment in locked facilities for patients meeting medical necessity criteria and who may also be referred for competency attainment or a competency examination under Minnesota Statutes, sections 611.40 to 611.59. This appropriation is available until June 30, 2027.	\$ -	\$ 1,000	\$ -	\$ -
ACT Quality Improvement & Expansion Grants Laws of 2017, 1st SS, Ch.6 Art. 18, Sec. 2, subd. 30	Enhances and expands Assertive Community Treatment (ACT) services. Provides start-up funding to establish new ACT teams, including a specialized Forensic ACT team to support people with serious mental illnesses who are exiting the correctional system. Clarifies services standards for ACT and provides for enhanced training and oversight to ensure quality and consistency in ACT services across the state.	\$ 184	\$ 500	\$ 500	\$ 500
Additional funding for Cultural and Ethnic Minority Infrastructure Grants; Laws of MN 2023, Ch.70, Art.9, sec. 6	Establishes a cultural and ethnic minority infrastructure grant program to ensure that mental health and substance use disorder treatment supports and services are culturally specific and culturally responsive to meet the cultural needs of communities served.	\$ -	\$ 2,891	\$ 2,891	\$ 2,891
Adult Mental Health Culturally Specific Services M.S. 245.4661, subd 6	Grants to support increased availability of culturally responsive mental health services for racial and ethnic minorities through providing internship placements and clinical supervision to emerging mental health professionals.	\$ 1,605	\$ 300	\$ 300	\$ 300
Adult Mental Health Grant 24 appropriation MS 256.043 subd 2(d)	This funding was appropriated from the opiate epidemic response fund to the commissioner of human services to award grants to Tribal nations and five urban Indian communities for traditional healing practices to American Indians and to increase the capacity of culturally specific providers in the behavioral health workforce. The funds were appropriated in FY 24.	\$ 753	\$ 1,247	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Adult Mental Health Grant '25 appropriation MS 256.043 subd 2(d).	This funding is appropriated from the opiate epidemic response fund for grants to Tribal nations and five urban Indian communities for traditional healing practices for American Indians and to increase the capacity of culturally specific providers in the behavioral health workforce. The full amount awarded is \$2,000,000 per year and can be expended for three fiscal years.	\$ -	\$ 2,000	\$ 2,000	\$ 2,000
Adult Mental Health Grant '22 appropriation MS 256.043 subd 2(d).	This funding was appropriated from the opiate epidemic response fund to the commissioner of human services to award grants to Tribal nations and five urban Indian communities for traditional healing practices to American Indians and to increase the capacity of culturally specific providers in the behavioral health workforce. The funds were appropriated in FY 22.	\$ 334	\$ 0	\$ -	\$ -
Adult Mental Health Initiative grant MS 211 007 16 002 031	Provides funding to groups of counties and tribes for regional collaboration to build community-based mental health service infrastructure that responds to the unique needs and circumstances of their community. Funding expired after FY 2024.	\$ 1,439	\$ -	\$ -	\$ -
Adult Mental Health Int Fund: Non-County Allocation M.S. 245.4661, subd. 6	Grant to providers to develop a resource and training center in evidence-based practices for the treatment of co-occurring mental illness and substance use as well as support training of therapists in an evidence-based treatment for high need individuals (Dialectical Behavior Therapy).	\$ 978	\$ 1,000	\$ 1,000	\$ 1,000
Adult Mental Health Integrated Fund M.S. 245.4661, subd. 6 and 256E.12	Grants to counties for Adult Mental Health Initiatives including crisis response and case management services. For most counties, this includes integrated administration of Adult MH Community Support Grants and Residential Treatment Grants.	\$ 22,849	\$ 57,385	\$ 55,068	\$ 55,068
African American Mental Health Center MS 22 099 03 003	Grant for African American Mental Health service providers that are licensed community mental health centers specializing in services for African American children and families.	\$ 667	\$ -	\$ -	\$ -
Comunidades Latinas Unidas En Servercio Certified Community Behavioral Health Clinic Services. Laws of MN 2024, Chapter 127, Article 67, section 2 Subd. 8(b)	A one time payment of \$1,500,000 in fiscal year 2025 for a payment to Comunidades Latinas Unidas En Servercio (CLUES) to provide comprehensive integrated health care through the certified community behavioral health clinic (CCBHC) model of service delivery as required under Minnesota Statutes, section 245.735. This funding is available until June 30, 2026.	\$ -	\$ 1,500	\$ -	\$ -
Engagement Service Grants. Laws of MN 2024,Chapter 125, Section 2, Subd. 15(g)	A one time grant of \$1,500,000 in fiscal year 2025 is for engagement services pilot grants. \$250,000 of the \$1,500,000 is for an engagement services pilot grant to Otter Tail County. This appropriation is available until June 30, 2026.	\$ -	\$ 1,500	\$ -	\$ -
Family Enhancement Center Grant; Laws of MN 2023; Chapter 61, Article 9, Section 2, Subd 17(b)	A one time grant of \$400,000 in fiscal year 2024 is for the Family Enhancement Center to develop,maintain, and expand community-based social engagement and connection programs to help families dealing with trauma and mental health issues develop connections with each other and their communities, including the NEST parent monitoring program, the cook to connect program, and the call to movement initiative. The appropriation is available until June 30, 2025	\$ 400	\$ -	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Grant to Pfund foundation Laws of MN 2024, Article 67, sec. 2, subd. 8(c)	A one time grant of \$1,000,000 in fiscal year 2025 for a payment to the PFund Foundation for grants in Minnesota to support the medical, mental health, and social service needs of LGBTQIA2S+ individuals.	\$ -	\$ 1,000	\$ -	\$ -
Housing Support Grants M.S. 245.4661, subd. 9	Grants to establish recipients in stable housing and provide a foundation for accessing healthcare and other needed resources. Housing with supports grants fund activities that are designed to assist tenants with significant or complex barriers to housing.	\$ 4,549	\$ 4,550	\$ 4,550	\$ 4,550
Leg 2023 Transitions to Community; Laws of MN 23, Chap 70, Art. 20 Sec.16, Subd. 1B	Residual amount remaining from the \$9,971,000 from FY 24 that was appropriated for the transition to community initiative under Minnesota Statutes, section 256.478. This appropriation is available until June 30, 2027. The remaining funds were moved to H5534770.	\$ 637	\$ -	\$ -	\$ -
Leg 2023 Transitions to Community; Laws of MN 23, Chap 70, Art. 20 Sec.16, Subd. 1B	This grant includes \$9,971,000 in fiscal year 2024 from the general fund to the commissioner of human services for the transition to community initiative under Minnesota Statutes, section 256.478. This appropriation is available until June 30, 2027. See also H5534680.	\$ 0	\$ 9,971	\$ -	\$ -
Mankato Community Behavioral Health Center; Laws of MN 2023, Chapter 70, art 20, Section 2, Subd. 29(c).	One time grant of \$750,000 in fiscal year 2024 and \$750,000 for a grant to the Center for Rural Behavioral Health at Minnesota State University, Mankato to establish a community behavioral health center and training clinic. Funding is available until June 30, 2027	\$ 13	\$ 1,287	\$ -	\$ -
Mental Health Innovation grants (rider) Laws of 2024, Chapter 125, Article 8, section 2, subd 15(c)	One time grant of \$1,321,000 in fiscal year 2025 for the mental health innovation grant program under Minnesota Statutes, section 245.4662. This appropriation is available until June 30, 2026.	\$ -	\$ 1,321	\$ -	\$ -
Mental Health Innovations Grants M.S. 246.18, Subd 4A	These grant funds are dedicated to finding innovative approaches for improving access to and the quality of community-based, outpatient mental health services. Programs are focused on helping people with mental illness receive effective and culturally specific services in their community. These were new funds in 2018.	\$ 1,027	\$ 2,759	\$ 1,000	\$ 1,000
Mental Health Provider Supervision Grant. Laws of MN 2023, Chap 70, Art. 20, sec 2, Subd. 29(b)	These grants are for the provider supervision grant program under Minnesota Statutes, section 245.4663.	\$ -	\$ 1,500	\$ 1,500	\$ 1,500
Mental Health Urgency Room Pilot MS 22 099 03 012	Pilot project that addresses emergency mental health needs. Urgency rooms are to be used as a first contact resource for youth under the age of 26 who are experiencing a mental health crisis.	\$ 85	\$ -	\$ -	\$ -
Mental Illness (MI)- Crisis Housing M.S. 245.99, subd. 1	Grant to nonprofit agency (sole source contract) for the provision of financial assistance to hospitalized clients needing help to pay for their housing. These funds are used only when other funds, such as SSI, are not available.	\$ 610	\$ 610	\$ 610	\$ 610
Mobile Crisis Laws of MN 2021, 1st Sp Session, Ch. 7, Art. 17, Sec. 11	Additional funding for grants for adult mobile crisis services under Minnesota Statutes, section 245.4661, subdivision 9, paragraph (b), clause (15). This grant program extended from fiscal year 2022 through fiscal year 2024 and was available for service through fiscal year 2024.	\$ 11,805	\$ -	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Mobile Crisis grants (rider). Laws of MN 2023, Ch 70, Art 20, Sec 2, subd 29(e).	\$8,472,000 in fiscal year 2024 and \$8,380,000 in fiscal year 2025 are for the mobile crisis grants under Minnesota Statutes, section 245.4661, subdivision 9, paragraph (b), clause (15). This is a onetime appropriation and is available until June 30, 2027.	\$ -	\$ 16,852	\$ -	\$ -
Mobile Crisis grants to Tribal Nations. Laws of MN 2023, Ch 70, Art 20, Sec. 2, Subd 29(a)	This grant appropriates \$1,000,000 per year starting in fiscal year 2025 and are for mobile crisis grants to tribal nations under Minnesota Statutes section 245.4661	\$ -	\$ 1,000	\$ 1,000	\$ 1,000
Mobile Crisis Services Grants M.S. 245.4661, subd. 6	Grants to counties in regional partnerships to build psychiatric crisis response capacity, including mobile crisis intervention and follow-up stabilization services.	\$ 17,855	\$ 23,666	\$ 16,903	\$ 16,903
Opiate Epidemic Response - Adult Mental Health MS 211 007 16 002 031	This funding s appropriated from the opiate epidemic response fund to the commissioner of human services to award grants to Tribal nations and five urban Indian communities for traditional healing practices to American Indians and to increase the capacity of culturally specific providers in the behavioral health workforce. The funds are available through June 30, 2025 unless encumbered under MS 16A.28 which allows another year of spending.	\$ 138	\$ 640	\$ -	\$ -
Provider CLAS grants- HCBS FY 24 Laws of MN 2024 Ch 125 Art. 8 Sec. 2 Subd. 15	Grants to disability services, mental health, and substance use disorder treatment providers to implement culturally and linguistically appropriate services standards, according to the implementation and transition plan developed by the commissioner. Grants ended in FY 2024.	\$ 1,382	\$ -	\$ -	\$ -
Provider supervision grant M.S.245.4663, and Laws of MN 2022, Article 1, Sec.7,	Establishes grant program from the general fund for the mental health provider supervision grant program under Minnesota Statutes, section 245.4663. Grants should be awarded to licensed or certified mental health providers who meet the criteria in subdivision 2 to fund supervision of interns and clinical trainees who are working toward becoming a mental health professional and to subsidize the costs of licensing applications and examination fees for clinical trainees.	\$ 2,222	\$ 2,500	\$ 2,500	\$ 2,500
Rule 78 Adult Mental Health Grant M.S. 256E.12	Grants to counties for community support services to adults with serious and persistent mental illness.	\$ 18,531	\$ 21,000	\$ 21,000	\$ 21,000
South Central Crisis Program Laws of 2010, 1st SS, Ch.1 Art. 25, subd. 10(a)	This grant funds Psychiatric Urgent Care for people in crisis. It also funds Residential Crisis Stabilization services for those people who are uninsured or underinsured.	\$ 657	\$ 600	\$ 600	\$ 600
Training for Peer Workforce. Laws of MN 2023, Chapter 61, Art. 9. Sec. 2, Subd. 17(a)	\$4,000,000 in fiscal year 2024 is for peer workforce training grants. This is a onetime appropriation and is available until June 30, 2027.	\$ 30	\$ 3,970	\$ -	\$ -
Transition from Homelessness MS 245.991	Grants under MS 245.991 establishes projects for assistance in transition from homelessness program to prevent or end homelessness for people with serious mental illness or co-occurring substance use disorder and ensure the commissioner achieves the goals of the housing mission statement in section 245.461, subdivision 4.	\$ 956	\$ 4,792	\$ 4,792	\$ 4,792

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Transition Init Waivered Services M.S. 246.18, subd. 8 (b) (1)	Grants to counties and/or providers to transition individuals from Anoka Metro Regional Treatment Center and the Minnesota Security Hospital to the community when clients no longer need hospital level of care.	\$ 192	\$ 192	\$ 192	\$ 192
Transition Init. Populations M.S. 256.478	Disability Services and Adult Mental Health divisions are working together to develop contracts to pay for the costs of individuals moving from Anoka, St. Peter including wrap around services to support people in the community.	\$ 779	\$ 1,811	\$ 1,811	\$ 1,811
Whatever It Takes Services Grants MS 211 007 17 006	Expands the Whatever It Takes (WIT) services to include the Community Mental Health Psychiatric Units around the State and the Community Behavioral Health Hospitals (CBHH's) for patients who are on the FMHP or AMRTC waiting lists to divert them from having to be admitted to our State hospital systems.	\$ 806	\$ -	\$ -	\$ -
White Earth Nation Adult Mental Health Initiative; Laws of MN 2023, Ch 70, Art. 20, sec. 2, Subd. 29 (d)	\$300,000 in fiscal year 2024 and \$300,000 in fiscal year 2025 are for adult mental health initiative grants to the White Earth Nation. This is a onetime appropriation.	\$ 300	\$ 300	\$ -	\$ -
Youable Emotional Health; Laws of MN 2024, Ch 127, Article 67, sec.2, subd. 8(a)	\$300,000 in fiscal year 2025 is for a grant to Youable Emotional Health for day treatment transportation costs on nonschool days , student nutrition and student learning experiences such as technology, arts and outdoor activity. This is a onetime appropriation.	\$ -	\$ 300	\$ -	\$ -
Adverse Childhood Experiences Grants M.S. 245.4889	Grants to provide training for parents, collaborative partners, and mental health providers on the impact of Adverse Childhood Experiences (ACEs), resilience and trauma toward creating community action plans and resilience initiatives to increase protective factors for children and families.	\$ 363	\$ 363	\$ 363	\$ 363
African American Child Wellness Institute; Laws of MN 2023, Ch 70, Art. 20 , Sec 2, Subd. 309(b).	A \$2,000,000 grant in fiscal year 2024 is appropriated to the African American Child Wellness Institute to provide culturally specific mental health and substance use disorder services under Minnesota Statutes, section 245.0961. This is a onetime appropriation and is available until June 30, 2027.	\$ -	\$ 2,000	\$ -	\$ -
Childrens Intensive Service Reform MS 211 007 16 002 032, MS 19 009 14 002 32	Grant funding for start-up grants to prospective psychiatric residential treatment facility sites for administrative expenses, consulting services, Health Insurance Portability and Accountability Act of 1996 compliance, therapeutic resources including evidence-based, culturally appropriate curriculums, and training programs for staff and clients as well as allowable physical renovations to the property.	\$ 400	\$ 400	\$ 400	\$ 400
Children's Mental Health (CMH) - Capacity Respite Grants M.S. 245.4889	Grants to counties to build service capacity for planned and emergency respite to relieve family stress that can result in out-of-home placement, violence, and ER visits.	\$ 1,291	\$ 1,524	\$ 1,524	\$ 1,524
Children's Mental Health (CMH) - Capacity School Based Services M.S. 245.4889	Grants to provider agencies to integrate mental health service capacity into the non-stigmatized natural setting of children's schools and to cover direct clinical and ancillary services for uninsured and under-insured children.	\$ 24,172	\$ 24,112	\$ 22,826	\$ 22,826
Children's Mental Health (CMH) Screening Grant M.S. 245.4889	Grants to county child welfare and juvenile justice agencies to pay for mental health screenings and follow-up diagnostic assessment and treatment; covers children already deeply involved in child-serving systems.	\$ 4,412	\$ 4,412	\$ 4,412	\$ 4,412

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Children's Residential Treatment and Mental Health grants Laws of MN 2023, Ch. 70, Art. 20, Sec. 2 subd. 30	Grants used to reimburse counties and Tribal governments for a portion of the costs of treatment in children's residential facilities. The commissioner shall distribute the appropriation on an annual basis to counties and Tribal governments proportionally based on a methodology developed by the commissioner. Grants ended after FY 24 due to benefit being developed in the Behavioral Health fund.	\$ 599	\$ -	\$ -	\$ -
CMH - Capacity Early Intervention Grants M.S. 245.4889	Grants to provider agencies to build evidenced-based MH intervention capacity for children birth to age 5 whose social, emotional, and behavioral health is at risk due to biologically-based difficulty in establishing loving, stable relationships with adults; having cognitive or sensory impairments; or living in chaotic or unpredictable environments.	\$ 1,024	\$ 1,024	\$ 1,024	\$ 1,024
CMH - Cultural Competence Provider Capacity Grants M.S. 245.4889	Grants to provider agencies to support cultural minority individuals to become qualified mental health professionals and practitioners; to increase access of mental health services to children from cultural minority families; and to enhance the capacity of providers to serve these populations.	\$ 300	\$ 300	\$ 300	\$ 300
CMH - Evidence Based Practices M.S. 245.4889	Grants to individual mental health clinicians to train them in the use of scientific evidence to support clinical decision-making and to implement evidence-based interventions across the state.	\$ 1,375	\$ 750	\$ 750	\$ 750
Discharge Planning; Laws of MN 2022, Ch. 99, Art. 3, Sec. 14(b)	Grant for developing and supporting a person-centered discharge planning process for adults and children being discharged from psychiatric residential treatment facilities, child and adolescent behavioral health hospitals, and hospital settings.	\$ 250	\$ 250	\$ 250	\$ 250
Early Infant and Early Childhood Mental Health Consultations Laws of MN 23, Ch70, Art. 20, Sec. 2 Subd. 30	Expands an existing program at the Department of Human Services to include schools. Currently, Mental Health Consultation is available in all 87 counties and within three tribal nations. Mental health professionals are under contract with the State of Minnesota with expertise in young children's development and early childhood services provide the service. The funds requested are to offer a new service to schools.	\$ 950	\$ 1,000	\$ 1,000	\$ 1,000
First Aid M.S. 245.4889	Grant to train teachers, social service personnel, law enforcement and others who come into contact with children with mental illness, in children and adolescent mental health first aid training. During the 2021 legislative session, this funding was eliminated for FY 2022 and FY 2023 with the funding returning starting in FY 2024. Federal funding is to be used instead of state funds during FY 2022 and FY 2023.	\$ -	\$ 23	\$ 23	\$ 23
First Episode Psychosis Grants M.S. 245.4889	Grants to provide evidence-based practice interventions for youth and adults ages 15-40 who are experiencing a first episode of psychosis.	\$ 1,651	\$ 1,651	\$ 1,651	\$ 1,651
Grant Volunteers of America; Laws of MN 2024, Ch 127, Art. 67, Sec. 2, Subd. 9(c)	This grant is appropriated \$1,700,000 in fiscal year 2025 for a grant to Volunteers of America for program consolidation, workforce training, and the development of a trauma-informed locked setting environment. This is a onetime appropriation and is available until June 30, 2027.	\$ -	\$ 1,700	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Minnesota Department of Health Early Childhood Mental Health grants	Interagency agreement between the Department of Human Services and Department of Health for early childhood funding for family well being and mental health.	\$ 19	\$ 48	\$ 48	\$ 48
Preschool Development Grant MS 471.59	Interagency agreement between the Department of Human Services and Department of Education for preschool development funding including family well being and mental health.	\$ 25	\$ -	\$ -	\$ -
Psychiatric Residential Treatment Facility Start-up grants Laws of MN 2023, Ch 70, Art. 20, Sec. 2, Subd. 30(a)	Carryforward to 2027- (a) Psychiatric residential treatment facility start-up grants. \$1,000,000 in fiscal year 2024 and \$1,000,000 in fiscal year 2025 are for psychiatric residential treatment facility start-up grants under Minnesota Statutes, section 256B.0941, subdivision 5. This is a onetime appropriation and is available until June 30, 2027.	\$ -	\$ 2,000	\$ -	\$ -
Psychiatric Residential Treatment Families Grants MS 211 007 17 012	Creates a Mobile Person-Centered Unit to facilitate effective transition of children from Psychiatric Residential Treatment Families (PRTFs) and Child & Adolescent Behavioral Health Services (CABHS).	\$ 941	\$ -	\$ -	\$ -
Respite Care Services-rider; Laws of MN 2024, Ch 127, Art. 67, Sec. 2, Subd. 9(b)	This grant appropriate \$2,650,000 in fiscal year 2025 for respite care services under Minnesota Statutes, section 245.4889, subdivision 1, paragraph (b), clause (3). This is a onetime appropriation and is available until June 30, 2027.	\$ -	\$ 2,650	\$ -	\$ -
School-Linked Behavioral Health Grant; Laws of MN 2024, Ch 127, Art 67, sec.2, Subd 9(a)	This grant appropriates \$3,000,000 in fiscal year 2025 for school-linked behavioral health grants under Minnesota Statutes, section 245.4901. This is a onetime appropriation and is available until June 30, 2027	\$ -	\$ 3,000	\$ -	\$ -
Text Message M.S. 245.4889	Grant to a nonprofit organization to establish and implement a statewide text message suicide prevention program. In 2016-2017, Text-4-Life responded to a total of 22,162 text message conversations in 54 counties throughout Minnesota. In 2018-2019, Crisis Text Line (which replaced TXT4Life) had 6,208 text message conversations in 68 counties through MN. This service started in April 2018.	\$ 1,125	\$ 1,125	\$ 1,125	\$ 1,125
Youth Peer Recovery Support Services Pilot Project; Laws of MN 2024, Ch 125, Art. 8, Sec. 2, subd. 16	A grant for \$500,000 in fiscal year 2025 is to Hennepin County to conduct a two-year pilot project to provide peer recovery support services under Minnesota Statutes, section 245G.07, subdivision 2, clause (8), to youth between 13 and 18 years of age. The pilot project must be conducted in partnership with a community organization that provides culturally specific peer recovery support services to East African individuals and that is working to expand peer recovery support services for youth in Hennepin County. At the conclusion of the pilot project, Hennepin County must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services detailing the implementation, operation, and outcomes of the pilot project and providing recommendations on expanding youth peer recovery support services statewide. This is a onetime appropriation that is available until June 30, 2026	\$ -	\$ 500	\$ -	\$ -
Arnold Lifeskills Substance Use Prevention Grant MS 256 01 25	These grant funds support middle school substance use prevention programming. Programs are designed to reduce the likelihood of youth smoking and drinking. This grant ended in FY 24.	\$ 60	\$ -	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Behavioral Health Support Grant MS 254B.02 1	The Behavioral Health Fund provides funding for residential and non-residential addiction treatment services for eligible low-income Minnesotans who have been assessed as needing treatment for chemical abuse or dependency. Almost all treatment providers in the state are enrolled as BHF providers. This grant funding provides other services.	\$ -	\$ 500	\$ 500	\$ 500
CD Native American Program M.S. 254.A.03, subd. 2	Provides funds to American Indian tribes, organizations, and communities to provide culturally appropriate alcohol and drug abuse primary prevention and treatment support services. Federal funds also partially support this activity (approx. 30%).	\$ 1,036	\$ 1,036	\$ 1,397	\$ 1,397
CD Peer Specialists Grants Minnesota Laws of 2016, Chapter 189, Article 23, Section 002, subd 04F	Grants to recovery community organizations to train, hire, and supervise peer specialists to work with underserved populations as part of the continuum of care for substance use disorders. Recovery community organizations located in Rochester, Moorhead, and the Twin Cities metropolitan area are eligible to receive grant funds.	\$ 725	\$ 725	\$ 1,364	\$ 1,364
CD Treatment ECHO 2025 grants; MS 256.03 subd 3(e).	Funding is appropriated through the Opiate Epidemic Response fund for competitive grants for opioid-focused Project ECHO programs. Funding is from the FY 2024 allocation	\$ -	\$ 400	\$ 400	\$ 400
CD Treatment Grants M.S. 254.A.03, subd. 1	Grant to nonprofit organization to treat methamphetamine abuse and the abuse of other substances. The focus audience is women with dependent children identified as substance abusers, especially those whose primary drug of choice is methamphetamine.	\$ 125	\$ 125	\$ 125	\$ 125
CD Treatment Support- ECHO '22; MS 256.043, subdivision 3(e)	Funding is appropriated through the Opiate Epidemic Response fund for competitive grants for opioid-focused Project ECHO programs. Funding is from the FY 2022 allocation.	\$ 200	\$ -	\$ -	\$ -
CD Treatment Support- ECHO '24 MS 256.043, subdivision 3(e)	Funding is appropriated through the Opiate Epidemic Response fund for competitive grants for opioid-focused Project ECHO programs. Funding is from the FY 2024 allocation.	\$ 155	\$ 245	\$ -	\$ -
CD Treatment Support grant- FY 24 allocation; MS 256.043, subdivision 3c.	\$100,000 is appropriated to the commissioner of human services for grants for opiate antagonist distribution from the Opiate Epidemic Response fund. Grantees may utilize funds for opioid overdose prevention, community asset mapping, education, and opiate antagonist distribution.	\$ 100	\$ -	\$ -	\$ -
CD Treatment Support grant- FY 25 allocation; MS 256.043, subdivision 3c.	\$100,000 is appropriated to the commissioner of human services for grants for opiate antagonist distribution from the Opiate Epidemic Response fund. Grantees may utilize funds for opioid overdose prevention, community asset mapping, education, and opiate antagonist distribution.	\$ -	\$ 100	\$ -	\$ -
Children's First Episode of Psychosis Laws of MN 2022, Ch 99, Art 3,Sec.4 and Ch 99, Art 1, Sec.11	This grant funds evidence-based interventions for youth at risk of developing or experiencing a first episode of psychosis on the signs and symptoms of psychosis. First episode of psychosis services are eligible for children's mental health grants as specified in section 245.4889, subdivision 1, paragraph (b), clause (15). The funding is from the general fund.	\$ 4	\$ 361	\$ 361	\$ 361

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Compulsive Gambling Indian Game M.S. 245.98, subd. 4	Funds combined with the Gambling Grants from the lottery to provide funding for problem gambling assessments, non-residential and residential treatment of problem gambling and gambling disorder; training for gambling treatment providers and other behavioral health services providers; and research projects which evaluate awareness, prevention, education, treatment service and recovery supports related to problem gambling and gambling disorder. Approximately 700 to 800 individuals receive non-residential or residential treatment per year. The total served represents a combined number of individuals that received treatment.	\$ 46	\$ 936	\$ 340	\$ 340
Culturally Specific Recovery Community Organization Start-Up grants; Laws of MN 2023, Ch 61, art 9, s 2, Subd. 18(c)	\$4,000,000 in fiscal year 2024 is for culturally specific recovery community organization start-up grants. This appropriation is available until June 30, 2027. This is a onetime appropriation.	\$ -	\$ 4,000	\$ -	\$ -
Families and Family Treatment Capacity Building and Start-up Grants; Laws of MN 2023, Ch 61, art 9, s 2, Subd. 18(f)	This grant is for \$10,000,000 from the general fund for start-up and capacity-building grants for family substance use disorder treatment programs. This appropriation is available until June 30, 2029 and is a onetime appropriation.	\$ -	\$ 10,000	\$ -	\$ -
Gambling Grants Lottery Transfer M.S. 297E.02, subd. 3 (c)	Funds transferred from the Minnesota State Lottery to DHS – provides funding for problem gambling assessments, non-residential and residential treatment of problem gambling and gambling disorder; training for gambling treatment providers and other behavioral health services providers; and research projects which evaluate awareness, prevention, education, treatment service and recovery supports related to problem gambling and gambling disorder. About 700 to 800 individuals receive non-residential or residential treatment per year. The total served represents a combined number of individuals that received treatment.	\$ 1,420	\$ 1,508	\$ 1,733	\$ 1,733
Gambling Receipts Grants M.S. 297E.02, subd. 3 (c)	These funds support the MN Problem Gambling Helpline, a statewide phone and text service that offers crisis assessment, and treatment referral for persons struggling with problem gambling and families of someone dealing with problem gambling issue. Additional funding is appropriated through a grant contract to increase public awareness of problem gambling and to conduct research on problem gambling.	\$ 1,639	\$ 5,424	\$ 1,550	\$ 1,535
Harm Reduction Supplies for Tribal and Culturally Specific Programs; Laws of MN 2023, Ch 61, art 9, s 2, Subd. 18(e)	This grant is for \$7,597,000 and is from the general fund to provide sole source grants to culturally specific communities to purchase syringes, testing supplies, and opiate antagonists. This appropriation is available until June 30, 2027 and is a onetime appropriation	\$ -	\$ 7,597	\$ -	\$ -
Medical Assistance Reentry Demonstration Grants. Laws of MN 2024, Ch. 125, Art. 8, Sec. 2, Subd. 17.	Grants appropriated for \$2,500,000 in fiscal year 2025 for capacity building and implementation grants for the medical assistance reentry demonstration under Minnesota Statutes, section 256B.0761. This is a onetime appropriation and is available until June 30, 2027.	\$ -	\$ 2,500	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
State Mental Health Program Directors, Transformation Transfer Initiative M.S. 256.01 subd. 25	Funding for technical initiatives and assistance for Crisis Services from the National Association of State Mental Health program directors. This association works with the Substance Abuse & Mental Health Services Administration to provide required services.	\$ -	\$ 250	\$ -	\$ -
OOP African Career Education and Resource Inc. Laws of MN 2023, Ch 61, art 9, s 2, Subd. 18(i)(3)	(3) \$250,000 in fiscal year 2024 and \$250,000 in fiscal year 2025 are from the general fund for a grant to African Career Education and Resource, Inc. to be used for collaborative outreach, education, and training on opioid use and overdose, and distribution of opiate antagonist kits. This is a onetime appropriation.	\$ 250	\$ 250	\$ -	\$ -
OOP Grants- Ka Joog; OOP-Hope Network; Laws of MN 2023, Ch 61, art 9, s 2, Subd. 18(i)(1)	(1) \$125,000 in fiscal year 2024 and \$125,000 in fiscal year 2025 are from the general fund for a grant to Ka Joog, a nonprofit organization in Minneapolis, Minnesota, to be used for collaborative outreach, education, and training on opioid use and overdose, and distribution of opiate antagonist kits in East African and Somali communities in Minnesota. This is a onetime appropriation.	\$ 125	\$ 125	\$ -	\$ -
OOP-Hope Network; Laws of MN 2023, Ch 61, art 9, s 2, Subd. 18(i)(2)	(2) \$125,000 in fiscal year 2024 and \$125,000 in fiscal year 2025 are from the general fund for a grant to the Steve Rummier Hope Network to be used for statewide outreach, education, and training on opioid use and overdose, and distribution of opiate antagonist kits. This is a onetime appropriation.	\$ 90	\$ 125	\$ -	\$ -
Opiate Epidemic Response - ECHO Grant MS 211 007 16 002 033, MS 19 63 3 1, para 1, MS 211 007 16 14	This funding is appropriated from the opiate epidemic response fund to the commissioner of human services to Hennepin Health for the opioid-focused Project ECHO program (\$200,000 per year) and another \$200,000 per year for a competitive ECHO project. The funding is available from FY 2022 through FY 2024.	\$ 71	\$ -	\$ -	\$ -
Project Echo- Laws of Minnesota 2023, Chapter 61, Article 9, Section 2, Subd 18(k)	\$1,310,000 in fiscal year 2024 and \$1,295,000 in fiscal year 2025 are from the general fund for a grant to Hennepin Healthcare to expand the Project ECHO program. The grant must be used to establish at least four substance use disorder-focused Project ECHO programs at Hennepin Healthcare, expanding the grantee's capacity to improve health and substance use disorder outcomes for diverse populations of individuals enrolled in medical assistance, including but not limited to immigrants, individuals who are homeless, individuals seeking maternal and perinatal care, and other underserved populations. The Project ECHO programs funded under this section must be culturally responsive, and the grantee must contract with culturally and linguistically appropriate substance use disorder service providers who have expertise in focus areas, based on the populations served. Grant funds may be used for program administration, equipment, provider reimbursement, and staffing hours. This is a onetime appropriation.	\$ 1,310	\$ 1,295	\$ -	\$ -
Recovery Community Organization Grants, Laws of Minnesota 2021, First Special session, Ch. 7, Art. 16, sec.2, subd. 33(b).; Laws of MN 2024, Ch. 125, Art. 8, Sec.2, Subd. 17.	Grant funding that was available from fiscal year 2022 through fiscal year 2024 from the general fund for grants to recovery community organizations under M.S. section 245B.01 subd 8 to provide for costs and community based peer recovery support services not otherwise eligible under M.S. 254B.05. The annual appropriation was \$2,000,000.	\$ 1,856	\$ -	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
Recovery Community Organization Grants; Laws of MN 2023, Ch 61, art 9, s 2, Subd. 18(h)	\$4,300,000 in fiscal year 2024 is from the general fund for grants to recovery community organizations, as defined in Minnesota Statutes, section 254B.01, subdivision 8, that are current grantees as of June 30, 2023. This is a onetime appropriation and is available until June 30, 2025.	\$ 1,408	\$ 2,892	\$ -	\$ -
Safe Recovery Sites 2025; M.S. 256.043 subd. 3(g); MS 254B.18.	Funding was appropriated out of the Opioid Epidemic Response fund from the registration and fee account. The funding was initially appropriated starting in fiscal year 2025 for \$3,000,000 and each year thereafter for safe recovery sites start-up and capacity building grants under section 254B.18.	\$ -	\$ 3,000	\$ 3,000	\$ 3,000
Safe Recovery Sites; Laws of MN 2023, Ch 61, art 9, s 2, Subd. 18(b)	\$14,537,000 in fiscal year 2024 is from the general fund for start-up and capacity-building grants for organizations to establish safe recovery sites. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is onetime and is available until June 30, 2029.	\$ 2	\$ 14,535	\$ -	\$ -
Settlement Opiate Epidemic Response fund grants. MS. 256.03 subd. 3a	Grant funds awarded to the Department of Human Services to award grants as specified by the Opiate Epidemic Response Advisory Council in accordance with section 256.042. These funds are distributed from the state resulting from a settlement agreement entered into by the attorney general of the state. These grant funds are from fiscal year 2023.	\$ 1,107	\$ 17,641	\$ -	\$ -
Settlement Opiate Epidemic Response fund grants. MS. 256.03 subd. 3a	Grant funds awarded to the Department of Human Services to award grants as specified by the Opiate Epidemic Response Advisory Council in accordance with section 256.042. These funds are distributed from the state resulting from a settlement agreement entered into by the attorney general of the state. These grant funds are from fiscal year 2024.	\$ -	\$ 8,741	\$ -	\$ -
Start-up and Capacity Building Grants for Withdrawal management; Laws of MN 2023, Ch 61, art 9, s 2, Subd. 18(g)	\$500,000 in fiscal year 2024 and \$1,000,000 in fiscal year 2025 are for start-up and capacity building grants for withdrawal management.	\$ -	\$ 1,000	\$ -	\$ -
Culturally Specific Organizations; Culturally Specific Grant Development Training; Laws of MN 2023, Ch 61, art 9, s 2, Subd. 18(m)	\$400,000 in fiscal year 2024 is for grants for up to four trainings for community members and culturally specific providers for grant writing training for substance use and recovery-related grants. This is a onetime appropriation and is available until June 30, 2027.	\$ -	\$ 400	\$ -	\$ -
Technical Assistance for Culturally Specific Organizations; Culturally Specific Services Grants; Laws of MN 2023, Ch 61, art 9, s 2, Subd. 18(a)	\$4,000,000 in fiscal year 2024 is for grants to culturally specific providers for technical assistance navigating culturally specific and responsive substance use and recovery programs. This appropriation is available until June 30, 2027.	\$ -	\$ 4,000	\$ -	\$ -
Wellness in the Woods, Laws of MN 2023, Ch 61, art 9, s 2, subd 24(m)	\$300,000 in fiscal year 2024 and fiscal year 2025 from the general fund for a grant to Wellness in the Woods for daily peer support and special sessions for individuals who are in substance use disorder recovery, are transitioning out of incarceration, or who have experienced trauma. These are onetime appropriations.	\$ 300	\$ 300	\$ -	\$ -

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2024	FY 2025	FY 2026	FY 2027
White Earth Nation Substance Use Disorder Digital Therapy Tool. Laws of MN 2023, Chap. 61, art. 9, sec. 2, subd. 18(l)	White Earth Nation Substance Use Disorder Digital Therapy Tool is for a grant to the White Earth Nation to develop an individualized Native American centric digital therapy tool with Pathfinder Solutions. This is a onetime appropriation.	\$ 3,000	\$ -	\$ -	\$ -