

2025 Session Priorities

02/2025

Human Services budget aims to stop fraud, strengthen program integrity and reduce spending growth

Overview

Governor Tim Walz and Lieutenant Governor Peggy Flanagan's FY2026-27 budget focuses on responsible stewardship of public dollars. The recommendations include important anti-fraud measures and increased authority for the Department of Human Services to take action against fraud. The budget also aims to curb the growth in human services spending through careful reductions that will preserve access to needed services.

Proposals

Preventing, detecting, investigating and punishing fraud in human services programs

An array of strategies in the Governor's budget will strengthen anti-fraud efforts. The Department of Human Services will have more authority to withhold payments while verifying claims and in cases when a provider's license has been suspended or revoked by any state or federal agency. Use of artificial intelligence will help detect and prevent sophisticated Medicaid fraud schemes, identifying patterns and flagging high-risk cases. Incentivizing clients or others to participate in fraud or kickbacks will be illegal. DHS will also have the power to block people from working in human services programs if they are the subject of an active fraud investigation.

Improving support and program integrity for substance use disorder treatment programs

The recommendations will improve oversight and standards in substance use disorder treatment programs. The state will establish a certification process for recovery residences while phasing out freestanding room and board facilities. Treatment billing increments will go down to 15-minute segments instead of hourly billing units, and new service categories will better reflect the nature of treatment services. Pathways into SUD careers will become easier with a new behavioral health practitioner position and the elimination of a bachelor's degree requirement for treatment coordinators.

Establishing provisional licensing and improving oversight of autism services

A provisional license requirement for Early Intensive Developmental and Behavioral Intervention, or EIDBI, providers will increase oversight while the state works with communities to develop permanent licensing standards. The state will also have the authority to investigate maltreatment allegations in EIDBI services.

Providers will be required to re-validate their Medicaid enrollment more frequently, and tighter standards will require that anyone starting work in EIDBI services has a completed background study.

Reducing growth to preserve access to disability services

Multiple strategies will help preserve access to disability services while curbing the growth in costs. One proposal limits rate exceptions in disability waivers while strengthening oversight. Another set of recommendations will limit the absence and utilization factor for day services; cap daily hours of individualized home supports with training services; and establish a new asleep payment rate for staff who provide overnight supervision in people’s homes. A 2% annual limit in inflationary adjustments for disability services will include the Brain Injury, Community Access for Disability Inclusion, Community Alternative Care and Developmental Disabilities waivers.

Continuing audio-only telehealth services so people can access care by phone

The Governor’s budget will extend access to audio-only telehealth services through June 2027. Audio-only telehealth helps people access critical health care services, particularly in Greater Minnesota. The ability to get health care services by phone has helped many state residents maintain access to care.

Continuing oversight of Medicaid drug formulary, capturing prescription drug savings

Eliminating the sunset of the Drug Formulary Committee will enable the state to continue claiming the full value of pharmacy rebates beyond June 2027. Centralizing management of the outpatient pharmacy benefit for Medical Assistance, Minnesota’s Medicaid program, will standardize pharmacy benefits across the state, improve pharmacy networks for enrollees and provide more stable revenue for pharmacy providers.

Permanently amending the 48-hour law to manage admissions to state-run treatment

In 2023, the Legislature temporarily amended the Priority Admissions statute, commonly known as the 48-hour law, to clarify that certain individuals must be admitted to a state-operated treatment program within 48 hours once “a medically appropriate bed is available.” The amendment has made it easier to manage admissions when state-run treatment facilities are operating at full capacity, but it is scheduled to end on June 30, 2025. The Governor recommends making the amendment permanent.

Offsetting rising labor and other operating costs for Direct Care and Treatment

The Governor’s budget increases funding for the state-run behavioral health care system known as Direct Care and Treatment, or DCT. The increase will offset rising labor and other operating costs and allow DCT to maintain its current level of services. Each year, DCT cares for more than 12,000 patients and clients that other health care systems cannot or will not serve.

Investing in Community First Services and Supports to support bargaining agreement

The Governor recommends investments in two programs to support the bargaining agreement between the state and the Service Employees International Union, or SEIU. The changes include wage and benefit increases,

as well as retention and training stipends and a matching system to connect workers with people seeking workers. The programs are Community First Services and Supports (CFSS) and Consumer Directed Community Supports (CDCS). CFSS offers flexible options for long-term care services, while CDCS is an option for people with home and community based services. Both aim to help people get services and supports to fit their needs.

Maintaining supportive services for people with HIV, critical to ending the HIV epidemic

The Governor’s budget includes funding for supportive services for eligible people with HIV across Minnesota. This one-time investment in state grants will mitigate a funding shortfall. Supportive services for people with HIV include core medical services that are critical to ending the HIV epidemic and improving health outcomes for people living with HIV. Minnesota has averaged about 300 new HIV diagnoses a year, despite a national decline.

For More Information

[Governor’s Budget Recommendations for Human Services](#)