

AFC, CFRS, CRS, and FADS: Implementation plan for 2026 legislative changes

The 2026 Minnesota State Legislature passed several new laws that affect adult foster care (AFC), child foster residence settings (CFRS), community residential settings (CRS), and family adult day services (FADS). This document outlines an overview of each change, instructions for what license holders need to do about the change, and the date the change is effective.

The hyperlinks within this document go to where the new laws can be found. When reviewing the new laws:

- Text that is stricken with a line through it reflects words that are being removed from the law.
- Text that is underlined reflects words that are being added to the law.
- Text that is unchanged reflects what the law was before and continues to be the law.

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Effective July 1, 2026

Definition of individual who is related

Overview

The definition of “individual who is related” now includes individuals related through marriage. Programs may continue to operate within the existing definition of individual who is related until the individual related through marriage is no longer receiving services.

What license holders need to do

License holders that are currently providing services to an individual related through marriage may continue to do so. Once that in-law is no longer receiving services, the license holder cannot provide services to any other individuals related through marriage.

Moving forward, licenses will not be issued to individuals who are seeking a license to provide services to an individual related through marriage.

What county licensors need to do

As of July 1, 2026, county licensors must not issue a license to an applicant who is seeking a license to provide services to an individual related through marriage. This is in addition to the previous definition of an individual who is related including: a spouse, a parent, a birth or adopted child or stepchild, a stepparent, a stepbrother, a stepsister, a niece, a nephew, an adoptive parent, a grandparent, a sibling, an aunt, an uncle, or a legal guardian.

[Laws of MN 2026, chapter 121, article 4, sections 3 and 4](#)

[MN Statutes, section 245A.02, subdivision 13](#)

[MN Statutes, section 245A.03, subdivision 2](#)

Fingerprint-based background studies for adult foster care and family adult day services

Overview

This section adds language necessary to require adult foster care and family adult day services to have new fingerprint-based background studies in NETStudy 2.0.

What license holders need to do

License holders will need to initiate fingerprint-based background studies in NETStudy 2.0 for anyone affiliated with their adult foster care license who does not currently have a fingerprint-based study. This includes license holders, household members ages 13 and older, caregivers, etc.

What county licensors need to do

The Department of Human Services (DHS) trained licensors on their role in determining who needs to complete new background studies and how to initiate those studies. DHS provided licensors the list of licenses that need background studies to be completed in NETStudy 2.0.

[Laws of MN 2026, chapter 121, article 4, sections 14 and 36](#)

[MN Statutes, chapter 245C.04, subdivision 1](#)

Effective October 1, 2026

Change of ownership exception

Overview

These sections remove the change of ownership exception for licenses in which at least one controlling individual has been on the license for the previous 12 months and will continue to be on the license.

What license holders need to do

If a license holder sells or transfers 100 percent of their property, stock, or assets, then that is considered a change of ownership and requires the new business owner to apply for a license. There is no longer an exception for situations in which at least one controlling individual has been affiliated with the license for at least the previous 12 months.

If all controlling individuals for a license have changed from the original license, then that is considered a change of ownership and requires the new business owner to apply for a license. There is no longer an exception for situations in which at least one controlling individual has been affiliated with the license for at least the previous 12 months.

What county licensors need to do

If a license holder sells or transfers 100 percent of their property, stock, or assets, that is considered a change of ownership and requires the new business owner to apply for a license. County licensors must ensure that the new business owner applies for a license and does not operate the program unless a license is issued.

If all controlling individuals for a license have changed, that is considered a change of ownership and requires the new business owner to apply for a license. County licensors must ensure that the new business owner applies for a license and does not operate the program unless a license is issued.

[Laws of MN 2026, chapter 121, article 4, sections 5, 6, and 37](#)

[MN Statutes, section 245A.043, subdivisions 2 and 2a](#)

[MN Statutes, section 245A.10, subdivision 3a](#) (repealed)

Additional information

Continuity of care

DHS has established a process to notify lead agencies when an administrative action has been taken.

[Laws of MN 2026, chapter 121, article 1, section 1](#)

Effective date: July 1, 2026

Codifying the Office of Inspector General

DHS must provide statutory language that codifies the DHS Office of Inspector General.

[Laws of MN 2026, chapter 121, article 11, section 6](#)

Effective the day following final enactment

Maltreatment investigations related to grooming

DHS has the authority to assess and investigate a report of alleged grooming that occurred more than three years prior to the date of the report. Grooming includes expressing the desire or intent to engage in sexual conduct with a child and engaging in a false trusting relationship with a child that is intended to strategically manipulate the child to engage in sexual conduct at a future time, regardless of whether any sexual conduct occurs.

[Laws of MN 2026, chapter 108, section 4](#)

[MN Statutes, section 260E.15](#)

Effective date: July 1, 2026

Change of ownership during a license moratorium

A change of ownership is not subject to a licensing moratorium if the change of ownership does not result in an increase in licensed capacity or service scope.

[Laws of MN 2026, chapter 121, article 3, section 7](#)

[MN Statutes, section 245A.04, subdivision 1](#)

Effective date: July 1, 2026

HCBS early and often team

The legislature established a Home and Community-based Services (HCBS) early and often licensing and compliance team. The team will assist applicants through the application process and visit programs early and often, providing technical assistance and guidance several times throughout the first 18 months of operation.

[Laws of MN 2026, chapter 121, article 3, section 9](#)

[MN Statutes, section 245A.042, subdivision 7](#)

Effective date: July 1, 2026

HCBS provider support and technical assistance team

The legislature established a support and technical assistance team for HCBS providers. The HCBS provider support and technical assistance team will:

- Serve as a contact and help desk for questions;
- Develop training and onboarding materials;
- Collect data on challenges;
- Coordinate with various teams within DHS; and
- Make recommendations regarding how to improve the delivery of services and program integrity.

[Laws of MN 2026, chapter 121, article 3, section 13](#)

[MN Statutes, section 256.01, subdivision 46](#)

Effective date: July 1, 2026

Expanded payment withhold authority

This section expands authority to withhold payment for instances where individuals or entities are convicted of a crime involving fraud or theft against a program administered by another state or federal agency; a provider is operating after suspension or revocation of their license; or the provider has a background study disqualification.

[Laws of MN 2026, chapter 121, article 4, section 2](#)

[MN Statutes, section 245.095, subdivision 5](#)

Effective date: July 1, 2026

Temporary immediate suspensions

This section establishes a preponderance of evidence as the burden of proof for temporary immediate suspension hearings in which the license holder or controlling individual is the subject of a pending administrative, civil, or criminal investigation or is subject to an administrative or civil action related to fraud

against a program administered by a state or federal agency. It also added authority for DHS to issue a suspension if the temporary immediate suspension time period has expired and there continues to be a pending investigation or action related to fraud against a program administered by a state or federal agency.

[Laws of MN 2026, chapter 121, article 4, sections 7 and 8](#)

[MN Statutes, section 245A.07, subdivisions 2a and 3](#)

Effective date: July 1, 2026

Notice after issuing a residential license

The commissioner must give written notice to an affected municipality or other political subdivision no later than five working days after issuing a license to a permitted single-family residence. The written notice must include the prospective license holder's name and contact information, the license type and capacity, and the proposed address of the licensed facility or program.

[Laws of MN 2026, chapter 121, article 9, section 2](#)

[MN Statutes, section 245A.04, subdivision 2](#)

Effective date: July 1, 2026

Limits on locations for licensed residential programs

This section places restrictions on issuing licenses for residential programs based on how close they are to other licensed residential programs. It applies to the following residential settings:

- Community residential settings;
- Adult foster care homes;
- Settings providing customized living services with a resident capacity of six or fewer;
- Settings providing 24-hour customized living services with a resident capacity of six or fewer; and
- Licensed assisted living facilities with a resident capacity of six or fewer.

DHS and Minnesota Department of Health (MDH) must not issue an initial license for the residential settings listed above unless the setting meets the standards described in this section. Newly licensed settings (listed above) must not be located on the same property or on an adjoining property of any existing community residential setting, adult foster care setting, setting providing family residential services to an adult, setting providing customized living services (with a resident capacity of six or fewer), setting providing 24-hour customized living services (with a resident capacity of six or fewer), or any assisted living facility (with a resident capacity of six or fewer). These requirements apply regardless of who owns or controls the existing setting.

DHS must comply with [section 245A.11, subdivision 4](#).

"Adjoining property" means a property that shares a common boundary line with another property. Adjoining property also includes properties that meet at a common corner point. The presence of a right-of-way or public

easement, including but not limited to a bike path, alley or residential street, between adjoining properties, including between properties that but for the right-of-way or public easement would share a common corner point, are adjoining properties.

[Laws of MN 2026, chapter 121, article 9, section 4](#)

[MN Statutes, section 245A.042, subdivision 7](#)

Effective date: July 1, 2026

Monitoring location requirements for licensed residential programs

DHS and MDH must complete an interagency agreement for DHS to monitor location requirements for assisted living facilities.

[Laws of MN 2026, chapter 121, article 9, section 6](#)

[MN Statutes, section 256.01, subdivision 21](#)

Effective date: July 1, 2026

Licensing moratorium exception for customized living

DHS will provide more information on this in the coming weeks.

[Laws of MN 2026, chapter 121, article 9, section 52](#)

[MN Statutes, section 245A.03](#)

Effective date: July 1, 2026

Recodification of 245A.03

This language recodifies existing language from section 245A.03, subdivision 7 and reorganizes it into three subdivisions. It does not change DHS' practices or expectations from license holders.

[Laws of MN 2026, chapter 95, article 4, sections 1-4, and 41](#)

[MN Statutes, section 245A.03](#)

Effective date: August 1, 2026

Vulnerable Adult Act updates for county social services

These sections update the Vulnerable Adult Act, particularly as it relates to county social service agency responsibilities.

[Laws of MN 2026, chapter 95, article 7, sections 7-27](#)

[MN Statutes, section 626.557](#)

[MN Statutes, section 626.5572](#)

Effective date: August 1, 2026

Prohibition on terminating a program, waiver, or benefit

The commissioner may not terminate a medical assistance program, waiver, or benefit, or request federal assistance to do so without prior legislative authorization.

[Laws of MN 2026, chapter 95, article 9, sections 4 and 5](#)

[MN Statutes, section 256B.04, subdivisions 24a and 24b](#)

Effective date: August 1, 2026

Local inspections for residential programs

At the request of a county or local unit of government, DHS may delegate authority to a county or local unit of government to inspect an existing residential program serving six or fewer persons for compliance with zoning ordinances and physical plant licensing requirements. If DHS delegates this authority:

- DHS must complete a formal delegation of authority that clearly specifies what authority is being delegated to the county agency or local unit of government;
- DHS is responsible for any costs associated with conducting these inspections;
- The county agency or local unit of government must not charge any additional fees for conducting an inspection under delegated authority;
- The county or local unit of government must provide the subject of the inspection with a copy of the delegation of authority;
- The county or local unit of government and the agency responsible for licensing inspections must coordinate inspections to minimize visits to and disruptions of the residential program;
- The county or local unit of government conducting an inspection must notify DHS of any violations or concerns within 10 working days of the inspection; and
- The county or local unit of government conducting these inspections must not inspect a residential program more frequently than annually, except a follow-up inspection is permitted before the next annual inspection to verify correction of a violation discovered during the most recent inspection.

The commissioner must ensure that laws, rules, and codes are uniformly enforced throughout the state by reviewing each county and local unit of government conducting inspections at least every four years.

[Laws of MN 2026, chapter 121, article 9, section 3](#)

[MN Statutes, section 245A.04, subdivision 2a](#)

Effective date: January 1, 2027

Interpretative guidelines for waiver services

DHS must develop and publish interpretive guidelines within 120 days of the effective date of any statutory changes, waiver plan amendments, state or federal administrative rulings, or state or federal court decisions that affect policies or reimbursement for 245D services.

Interpretative guidelines do not have the force and effect of law, and they do not set precedent. The interpretative guidelines may be relied on by consumers, service providers, county agencies, DHS, and others until modified.

DHS may modify an interpretive guideline or issue another interpretive guideline, but DHS may not modify an interpretive guideline retroactively to the disadvantage of consumers, service providers, county agencies, DHS, or others concerned. If there are changes in the law or an interpretation of the law after the interpretive guideline is issued, then the guideline will be modified.

[Laws of MN 2026, chapter 121, article 9, section 11](#)

[MN Statutes, section 256B.04, subdivision 28](#)

Effective date: July 1, 2028