

Adult Day Care Centers: Implementation plan for 2025 legislative changes

New laws passed by the 2025 Legislature include several provisions that impact adult day care centers (ADC). 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 direct license holders 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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Training on the program's drug and alcohol policy

Overview

License holders must provide training to employees, subcontractors, and volunteers on the program's drug and alcohol policy *before the employee, subcontractor, or volunteer has direct contact* with a person served by the program.

[Laws of Minnesota 2025, chapter 38, article 5, section 5](#)

Effective date: August 1, 2025

What license holders need to do

Before an employee, subcontractor, or volunteer provides face-to-face care, training, supervision, counseling, consultation, or medication assistance to persons served by the program, the license holder must provide training on the program's drug and alcohol policy and document the training according to Minnesota Statutes, section 245D.095. DHS will update the sample forms on the HCBS licensing webpage to reflect this change.

License application and renewal fees

Overview

Effective January 1, 2026, license application fees for ADC licenses will be \$2,100. License renewal fees will also increase, based on the license capacity.

[Laws of Minnesota 2025, 1st Spec. Sess., chapter 9, article 10, sections 6 and 8](#)

Effective date: January 1, 2026

What license holders need to do

The legislature increased renewal fees for most licensed programs, including ADCs. In the fall, DHS will issue invoices for the next year's license renewal fees. The license holder will be charged the new 2026 fee based on the program's licensed capacity according to Minnesota Statutes, section 245A.10. The license holder must pay the renewal fee before the upcoming calendar year to receive a license for that year.

Change of ownership

Overview

DHS may complete a licensing review when owners on a license change. Whenever there is any change to ownership, including a change of ownership that qualifies for the exception under section 245A.043, subdivision 2, paragraph (b), the license holder must notify DHS of the change and the date it takes effect. License holders

will be charged a fee for each license subject to the change of ownership, including the exception under section 245A.043, subdivision 2, paragraph (b). The fee will be \$2,100 for an ADC license.

[Laws of Minnesota 2025, 1st Spec. Sess., chapter 9, article 10, sections 3 and 7](#)

Effective date: July 1, 2025; Fee (January 1, 2026)

What license holders need to do

License holders must notify DHS by contacting their HCBS licensor when they sell 100% of their program assets.

If 100% of the assets are being sold and all of the controlling individuals will change, the new license holder(s) must complete a new license application and submit an application fee. Starting January 1, 2026, the application fee for an ADC license is \$2,100.

Starting January 1, 2026, a fee of \$2,100 must be submitted if 100% of the assets are being sold but at least one controlling individual who has been affiliated with the license for at least 12 months prior is remaining on the license. A new license application does not need to be completed, but the change will need to be communicated to DHS through a change in information form. The process for submitting the fee and change form will be provided to the license holder after the notification to their licensor of the change.

Additional information

Adult day care services needs determination

As of July 1, 2025, there is no longer a needs determination process for adult day care services.

[Laws of Minnesota 2025, chapter 38, article 1, section 10](#)

Effective date: July 1, 2025

Compliance education

Starting in 2027, DHS will make licensing compliance education available to all license holders. The education materials will include clear explanations about how to comply with licensing requirements.

[Laws of Minnesota 2025, 1st Spec. Sess., chapter 9, article 2, section 2](#)

Effective date: January 1, 2027

Temporary licensing moratorium

DHS may implement a temporary licensing moratorium when it determines that exceptional growth in applications for licensure or requests to add new services exceeds the determined need for service capacity. A temporary licensing moratorium may be effective for up to 24 months from the date it is issued. Any applicant that will not receive a license due to a moratorium may apply for a refund of application fees for up to one year from the date the moratorium is issued.

DHS will publish notice of a moratorium on the licensing webpage. DHS will also publish the processes and criteria that will be used to grant exceptions to the moratorium.

[Laws of Minnesota 2025, 1st Spec. Sess., chapter 9, article 10, section 1](#)

Effective date: July 1, 2025

Temporary immediate suspension

This change allows DHS to issue a temporary immediate suspension if the license holder or controlling individual is the subject of a pending administrative, civil, or criminal investigation or subject to an administrative or civil action related to fraud against a program administered by a state or federal agency.

[Laws of Minnesota 2025, 1st Spec. Sess., chapter 3, article 17, section 6](#)

Effective date: July 1, 2025

Anti-kickback

The session law updates anti-kickback statutes to state that offering, giving, soliciting, or receiving anything of value to influence referrals or services could result in administrative sanctions, such as withholding payments or recovering overpayments. The session law also adds kickbacks to the Minnesota criminal code.

[Laws of Minnesota 2025, chapter 38, article 5, sections 27, 28, and 32](#)

Effective date: August 1, 2025

Background studies

Updates on legislative changes related to background studies are posted on the ["What's new" for background studies webpage](#).