

Children’s Residential Facilities: Implementation plan for 2025 legislative changes

New laws passed by the 2025 Legislature include several provisions that impact children’s residential facilities. This document outlines an overview of each change, instructions for what programs 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.

Note that Minnesota Statutes 2024 will be updated with the changes from 2025 in the fall of 2025.

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Effective the day following final enactment

Psychiatric Residential Treatment Facility report

DHS will work with psychiatric residential treatment facilities and other partners to propose legislative changes and submit a report to the legislature. The report will include recommendations on:

- expanding access to care provided in PRTFs via amending the state medical assistance plan
- developing licensing standards for PRTFs that reflect needed flexibilities and the broad inclusion of settings where care can be delivered
- updating the rate methodology for services provided in PRTFs to assure high quality of care with required individualization

Laws of MN, [1st special session, chapter 3, article 15, section 7](#)

What programs need to do

No action is needed.

Effective August 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. Providing services contingent on billing Medicaid may constitute a kickback. The session law also adds kickbacks to the MN criminal code.

Laws of MN, [chapter 38, article 5, sections 27, 28, and 32](#). Amends [Minnesota Statutes 2024, section 256.98, subdivision 1](#), [Minnesota Statutes 2024, section 256B.064, subdivision 1a](#) and adds new section 609.542.

What programs need to do

Evaluate your program's services and any incentives associated with providing services to clients to determine if they may constitute a kickback. If needed, update policies and procedures and provide education and staff trainings on kickbacks and any programmatic changes.

Program-specific questions about kickbacks should be directed to your legal counsel. DHS is not able to provide legal advice.

Training on the program's drug and alcohol policy

Beginning August 1, 2025, 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*. The drug and alcohol training is an existing training requirement, an

addition to statute was made to clarify the timing of the training. Section 245C.02 subdivision 11 provides a definition of direct contact.

Laws of MN, [chapter 38, article 5, section 5](#). Amends [Minnesota Statutes 2024, section 245A.04, subdivision 1](#).

What programs need to do

Programs must update policies, procedures, and staff training documentation to meet the new requirements. Ensure that the training is completed before direct contact with a person served by the program. Maintain documentation of all training transcripts in staff personnel files.

Overdose medication administration training

Clarifies that training on the use of opiate antagonists for emergency treatment of opioid overdose must occur before the staff person has direct contact with a person served by the program. This applies to CRFs with a Chemical Dependency certification.

Laws of MN, [chapter 38, article 5, section 8](#). Amends [Minnesota Statutes 2024, section 245A.242, subdivision 2](#).

What programs need to do

Programs must update policies, procedures, and staff training documentation to meet the new requirements. Ensure that the training is completed before direct contact with a person served by the program. Maintain documentation of all training transcripts in staff personnel files.

Client bill of rights

Clarifies the applicability of the health care bill of rights to apply to clients in all similarly licensed programs.

Language was added to specify that the health care bill of rights is applicable to residential substance use disorder programs for persons under 19 years of age, outpatient substance use disorder programs, withdrawal management and detoxification programs, and intensive residential treatment services or residential crisis stabilization services.

Subdivisions 1, 3 to 16, 18, 20 and 30 apply to outpatient SUD services and Children’s Residential Facilities that provide mental health or substance use disorder services.

All subdivisions in the health care bill of rights except subdivisions 28 and 29 apply to residential SUD programs, withdrawal management and detoxification programs, and IRTS/RCS.

Laws of MN, [chapter 38, article 5, section 4](#). Amends [Minnesota Statutes 2024, section 144.651, subdivision 2](#).

What programs need to do

If your program already complies with the client bill of rights as described in 144.651, no change is needed.

Otherwise, ensure that client orientation includes a copy of the bill of rights as described in Minn. State 144.651, subdivision 4. Review and update policies to include all subdivisions required for your program, and train staff on policies. Update the client and employee handbooks.

Effective January 1, 2026

License application and renewal fees

Effective January 1, 2026, license application fees and annual renewal fees will increase for most programs licensed by DHS. *Children's residential facilities were exempt from application and renewal fee increases.* Application fees remain at \$500 (245A.10 subd. 3 (d)) and annual certification fees remain at \$1,550. (245A.10 subd. 4 (i)).

Laws of MN, 1st special session, chapter 9, article 10, sections 2, 6 and 8. Amends [Minnesota Statutes 2024, section 245A.10, subdivisions 3 and 4.](#)

What programs need to do

No action is required. Invoices for the 2026 will be sent out towards the end of September 2025.

Change of ownership

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 of \$2,100 for each license subject to the change of ownership, including the exception under section 245A.043, subdivision 2, paragraph (b).

Laws of MN, 2025, 1st special session, chapter 9, article 10, sections 3 and 7. Amends [Minnesota Statutes 2024, section 245A.043](#) and [Minnesota Statutes 2024, section 245A.10.](#)

What programs need to do

License holders must notify DHS by contacting their 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 a 245G 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.

Child passenger restraint systems training

Aligns training language with 2024 legislative changes to require children up to age 9 to use a child passenger restraint. The prior language stated that this was the requirement for children under 8 years of age.

Laws of MN, 2025, [chapter 3, article 14, sections 9 and 13](#) . Amends [Minnesota Statutes 2024, section 142B.51](#), subdivision 2 and [Minnesota Statutes 2024, section 142B.70](#), subdivision 7.

What programs need to do

Programs that serve children under 18 years old must ensure staff who transport a child are aware of the language in section 169.685 and comply with those requirements for safely transporting children.

Additional information

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. Amends [Minnesota Statutes 2024, section 245A.07, subdivision 2](#)

Effective date: July 1, 2025

Denial of Application

This change allows DHS to deny a license application if an applicant or controlling individual is the subject of a pending administrative, civil, or criminal investigation.

Laws of Minnesota 2025, 1st Spec. Sess., chapter 3, article 17, section 5. Amends [Minnesota Statutes 2024, section 245A.05](#)

Effective date: July 1, 2025

Terminology change

Changes the terms “mental health practitioner” and “mental health practitioners” to “behavioral health practitioner” and “behavioral health practitioner” throughout Minnesota Statutes 245I.

Laws of MN, [1st special session, chapter 9, article 4, section 56](#)

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](#) . Amends [Minnesota Statutes 2024, section 245A.042](#) with new subdivision 5.

Effective date: January 1, 2027

Background studies

Updates on legislative changes related to background studies, as they become available, will be posted on the ["What's new" for background studies webpage](#).