

AFC, CFRS, CRS, and FADS: Implementation plan for 2025 legislative changes

New laws passed by the 2025 Legislature include several provisions that impact adult foster care (AFC), children's 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 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.

What county licensors need to do

County licensors will review documentation to verify that employees, subcontractors, and volunteers received training on the program's drug and alcohol policy before they provided face-to-face care, training, supervision, counseling, consultation, or medication assistance to persons served by the program. DHS will update the licensing checklist to reflect this change.

License application and renewal fees

Overview

Effective January 1, 2026, license application fees for 245D licenses will be \$4,200 and application fees for other licenses will be \$2,100. License renewal fees will also increase.

[Laws of Minnesota 2025, 1st Spec. Sess., chapter 9, article 10, sections 4-6, 8, 10, and 11](#)

Effective date: January 1, 2026

What license holders need to do

The legislature increased license renewal fees for most licensed programs, including HCBS, AFC, CFRS, CRS, and FADS. The renewal fee for 2026 and each year thereafter will be \$2,100 for AFC, CFRS, CRS, and FADS. For HCBS, the license holder will be charged a renewal fee based on the program's previous year's revenues. The license holder must pay the renewal fee after receiving an invoice to be licensed for the next year. Invoices will be sent before the license holder's license anniversary date.

What county licensors need to do

DHS is developing a process for collecting these fees and will provide more information when it is available.

Prohibited condition of service provision

Overview

This section prohibits license holders from requiring a person to have or obtain a guardian or conservator as a condition of receiving or continuing to receive services.

[Laws of Minnesota 2025, chapter 38, article 1, section 6](#)

Effective date: August 1, 2025

What license holders need to do

License holders are prohibited from requiring a person to have or obtain a guardian or conservator as a condition of receiving or continuing to receive HCBS services.

What county licensors need to do

If a county licensor becomes aware of this, they will consult DHS.

Out-of-home respite for children

Overview

This section establishes requirements for 245D license holders to provide licensed respite services to people under age 18 in an out-of-home, unlicensed setting.

[Laws of Minnesota 2025, 1st Spec. Sess., chapter 9, article 2, section 8](#)

Effective date: January 1, 2026, or upon federal approval, whichever is later

What license holders need to do

Please note: License holders may not provide out-of-home respite care services to children in an unlicensed setting until January 1, 2026, or until federal approval is received. DHS will notify license holders when this takes effect.

If a 245D license holder plans to provide out-of-home respite care services in an unlicensed setting, the license holder must ensure compliance with the following.

License holder requirements:

- License holders must ensure the requirements listed below are met. If the child is on a disability waiver, all applicable requirements for respite care in chapter 245D must be met.
- License holders must complete all background studies requirements, according to chapter 245C.
- License holders must maintain documentation of the following:
 - Background studies completed under chapter 245C,
 - Service recipient records with the calendar dates and times when services were provided,
 - The case manager's initial residential setting assessment and each residential assessment completed thereafter, and
 - The legal representative's approval of the residential setting before services are provided and each year thereafter.

On-site visits required:

- A child's case manager must conduct and document an assessment of the residential setting and its environment. The assessment must be completed before services are provided and at least once each calendar year thereafter if services continue to be provided at that residence. The assessment must ensure that the setting is suitable for the child receiving respite services.
- A child's legal representative must visit the residence and sign and date a statement authorizing services in the residence. This must occur before services are provided and at least once each calendar year thereafter if services continue to be provided at that residence.

Limitations on services:

- The residential setting cannot be licensed to provide any other licensed services.
- Each individual in the residence at the time services are provided (other than individuals receiving services) must be an employee of the license holder and have a background study completed under chapter 245C. No other household members or other individuals may be present in the residence while services are provided. This means spouses/partners, children, other family members, and visitors cannot be present in the home while services are being provided.
- The services cannot be provided to more than four children at any one time. Each child must have an individual bedroom, except two siblings may share a bedroom.
- The services cannot be provided to children and adults over the age of 21 in the same residence at the same time.
- The services cannot be provided to a family for more than 46 calendar days in a calendar year and no more than 10 consecutive days.
- A license holder may not provide out-of-home respite for children in an unlicensed setting if their license was in a conditional status, suspended, or revoked in the previous 24 months.
- A child may not receive out-of-home respite care services in more than two unlicensed residential settings in a calendar year.
- The child receiving services may not be in foster care under chapters 260C or 260D.

What county licensors need to do

County licensors will inform DHS if they become aware of any possible compliance issues.

What DHS licensors need to do

DHS licensors will monitor for compliance with the items outlined above.

Additional information

Future continuous licenses

These sections prepare for future implementation of a continuous license for county-delegated programs. When the provider licensing and reporting hub is implemented, these licenses may be issued each calendar year rather than every two years. DHS will provide additional information and guidance on these changes before they take effect.

[Laws of Minnesota 2025, chapter 38, article 5, sections 6 and 7](#)

Effective date: August 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

Community residential setting clarifications

These sections provide clarifying language regarding community residential settings and remove obsolete language.

[Laws of Minnesota 2025, chapter 38, article 5, sections 12 and 34](#)

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](#).