



Minnesota Department of Human Services
Elmer L. Andersen Building
Temporary Commissioner Shireen Gandhi
Post Office Box 64998
St. Paul, Minnesota 55164-0998

December 1, 2025

via Email only

Rep. Mohamud Noor, Co-Chair, House Human Services Finance and Policy Committee
Rep. Joe Schomacker, Co-Chair, House Human Services Finance and Policy Committee
Rep. Robert Bierman, Co-Chair, House Health Finance and Policy Committee
Rep. Jeff Backer, Co-Chair, House Health Finance and Policy Committee
Sen. Melissa Wiklund, Chair, Senate Health and Human Services Committee
Sen. Paul Utke, Ranking Minority Member, Senate Health and Human Services Committee
Sen. John Hoffman, Chair, Senate Human Services Committee
Sen. Jordan Rasmusson, Ranking Minority Member, Senate Human Services Committee

Dear Senators and Representatives:

I'm writing to notify you of the Minnesota Department of Human Services' (DHS) intent to issue a temporary licensing moratorium for [245D](#) licensed Home and Community-Based Services (HCBS). Minnesota Statutes section [245D.03](#) outlines the applicable services. This moratorium is authorized under Minnesota Statutes, section [245A.03, Subd. 7a](#) and [Executive Order 25-10](#) and it will go into effect on January 1, 2026, with an anticipated duration of 24 months, ending December 31, 2027.

Under the temporary 245D licensing moratorium, DHS will:

- Stop issuing new 245D licenses
- Stop accepting new 245D license applications
- Stop adding new services to existing 245D licenses
- Cancel existing 245D license applications, and
- Make licensing application fee refunds available until December 31, 2026, to all affected applicants.

This decision is based on several factors which adversely impact the department's ability to provide necessary monitoring and reviews of existing 245D licensed providers, as well as the ability of DHS licensors to contribute to effective program integrity oversight.

- Over the last 10 state fiscal years, participation in Minnesota's five HCBS waivers has steadily grown. However, growth in HCBS licensed providers has outpaced the need of enrolled waiver participants. Between the first five years (SFY 2015-2019) and the most recent five years with full data (SFY 2020-2024), the average annual number of HCBS waiver participants increased by 24.7%. Over the same period, the average annual number of active 245D licenses rose by 55.3%, and new 245D license applications grew by 283.3%.
- As of mid-November, there are 2,549 active 245D licenses and 2,314 pending applications. As indicated above, licensed capacity has grown faster than the number of waiver participants over the

past five years. If DHS continues to review and issue new licenses to qualified applicants in the existing queue, licensed capacity will nearly double – surpassing what is needed now or in the next two years based on the projected annual growth in waiver participants noted above.

- DHS is not funded at a level to process the growing backlog of license applications while also meeting federal waiver plan commitments to review every 245D licensed provider at least once every three years. With recent increases in licensure staff based on appropriations from the 2023 Legislature, 245D licensing reviews per year have nearly doubled, from 204 reviews in 2022 to 404 reviews so far in 2025. Despite this increase and with the current number of active 245D licenses, DHS would need to conduct at least 847 reviews per year over the next two years to achieve full compliance with our HCBS waiver plans.

Exceptions

To ensure people across Minnesota can access the services they need, an exception process will be available based on requests from the county, Tribal Nation, or managed care organization responsible for a person's waiver case management. If an exception is granted, an existing or new provider may submit a license application or request to add new services, which will follow the standard review process and must meet all licensing requirements. Before January 1, 2026, DHS will finalize and publicly share the processes and criteria for granting exceptions requested by lead agencies.

This exception process will enable lead agencies with few if any available provider resources to identify a local licensed service need based on the needs of a waiver participant or on local/regional capacity deficits, and to propose to DHS a provider who may then apply for a new 245D license or add a service to their existing license. Before the moratorium begins, DHS will finalize and publicly share the processes and criteria for granting exceptions requested by lead agencies.

I recognize that implementing a temporary moratorium on a license type as broad as 245D will have far-reaching impacts. During the 24-month moratorium, DHS will focus licensing efforts on reconnecting with and reviewing providers that have not been evaluated in over three years to reestablish compliance with federal waiver plans, and on identifying post-moratorium strategies to ensure a flow of new applicants that better align with statewide service needs. DHS will also evaluate throughout the two-year period whether any additional reforms are needed to improve licensing oversight and provide updates to the legislature on these as well as any community capacity needs.

Thank you for your continued partnership as we work to balance the needs of Minnesotans we serve with program integrity. If you have further questions, please contact Kirsty Graume, Director of State Government Relations, at kristy.graume@state.mn.us.

Sincerely,


Shireen Gandhi
Temporary Commissioner