



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

December 16, 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 adult day care licensing moratorium. [Minnesota Rules, parts 9555.9600 to 9555.9730](#) outlines the applicable services. This moratorium is authorized under Minnesota Statutes, section [245A.03, Subd. 7a](#) and [Executive Order 25-10](#) and will go into effect on February 1, 2026, with an anticipated duration of 24 months, ending January 31, 2028.

Under the temporary adult day center licensing moratorium, DHS will:

- Stop issuing new adult day care licenses
- Stop accepting new adult day care license applications
- Cancel existing adult day care license applications, and
- Make licensing application fee refunds available until January 31, 2027, to all affected applicants.

This action is being taken for several reasons, including focusing on program integrity measures and more closely managing the growth in capacity of adult day services providers.

While DHS hasn't seen the unprecedented growth in new applications for adult day care licenses like we have for 245D licenses leading to that moratorium, DHS has seen a significant growth in licensed adult day services capacity. Over the last 10 state fiscal years, there has been a relatively small but steady increase in the number of people receiving adult day services in licensed adult day cares. Between the first five years (SFY 2015-2019) and the most recent five years with full data (SFY 2020-2024), there has been a 6.97% increase in the yearly average of Medicaid adult day services participants. Over the same period, the average yearly licensed capacity

(the number of people that adult day care license holders are collectively able to serve) has increased by 43.21%.

- Currently, licensed capacity in adult day centers is 10,353 participants, while 6,569 distinct Medicaid participants received adult day services in Q3 of 2025. Accounting for additional private pay and VA-funded adult day participants, we estimate current capacity exceeds the number of people receiving services by nearly 3,000.
- As of early December, there are nine pending adult day care license applications. Because adult day services providers must hold an adult day care license as a condition of enrollment, implementing this temporary licensing moratorium effectively results in an enrollment moratorium. This aligns with the Center for Medicare and Medicaid Services' letter to DHS dated December 5, 2025, that included a directive to impose a Medicaid provider enrollment moratorium for all high-risk providers which includes adult day services.

Exceptions

To ensure people across Minnesota can access the services they need, DHS will implement an exception process based on requests submitted by lead agencies (counties and managed care organizations) or Tribal Nations. This will enable lead agencies and Tribal Nations, either individually or in groups to meet regional needs, to request a new licensed adult day care. An exception request from a lead agency or Tribal Nation will not guarantee a new license is issued; any provider identified in an exception request must still submit all required information and demonstrate compliance with all regulations/requirements before being issued an adult day care 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 across adult day cares will have an impact on virtually all stakeholders involved in adult day services. During the 24-month moratorium, DHS will focus our efforts on investigating allegations of fraud in adult day services programs, continuing to review licensed adult day care providers on a two-year cycle to monitor regulatory compliance with an eye on program integrity concerns, and consider methods that may be implemented after the moratorium to ensure a flow of new license applicants that better reflect and meet the identified service needs of adult day services participants statewide.

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 Kristy Graume, Director of State Government Relations, at kristy.graume@state.mn.us.

Sincerely,


Shireen Gandhi
Temporary Commissioner