

# Transforming Minnesota's human services system

*The proposal charts the first leg of a new journey to transform Minnesota's human services system.*

## Challenge

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Minnesota's human services system is complex for Minnesotans to navigate and administer. It needs to adapt and evolve with modern times and new challenges.

The system has experienced repeated Medicaid disinvestments, unfunded federal mandates and added complexity, the addition of new service models, shifts to privatization, workforce shortages and increasingly sophisticated fraud – all while operating with antiquated technology. As one of a minority of states with a state-supervised, county-administered human services system, Minnesota has also seen human services challenges mount for counties and Tribal Nations.

The foundation has become fragmented. A fresh look is needed to support better outcomes for people and communities.

## Proposal

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The proposal charts the first leg of a new journey to transform the human services system.

Changes include eliminating managed care organizations in the Medicaid program, shifting administration of some program eligibility functions to the state, and developing recommendations for the remaining eligibility functions performed by counties and Tribal Nations.

The department will also support long-term solutions to improve access to care by addressing backlogs in MnCHOICES long-term care assessments and implementing reforms in Waiver Case Management.

## Why It's Important

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### **Eliminating managed care organizations from Medical Assistance**

Minnesota contracts with eight managed care organizations that administer about 45% of spending on Medical Assistance, Minnesota's Medicaid program. These organizations have varied processes for prior authorization and utilization management, as well as different provider networks and rate-setting methods, resulting in uneven access to care for enrollees. Each managed care organization is also responsible for administering their own program integrity controls.

Moving administration of Medical Assistance to a single statewide administrative service organization, beginning on Jan. 1, 2029, will streamline management and result in more equitable and transparent access to care for all people in public health care programs. The state, and Legislature, will maintain control to set policy around provider networks, payment rates, billing requirements and program integrity controls. The change will improve access to data and the ability to prioritize work based on that data. This change will also enable the state to have a single program integrity approach across the whole program.

### **Shifting eligibility functions to the state**

The process of establishing eligibility for public health care programs will shift from counties and Tribal Nations to the state in two steps.

First, the state will begin processing work for some unique programs and manual eligibility functions by July 1, 2028. This will include paper applications, eligibility determinations for some discrete programs such as the Medical Assistance for Breast or Cervical Cancer (MA-BC) program, and other functions that include manual processing. The 11 federally recognized sovereign Tribal Nations within Minnesota's geography will determine whether to opt in to the changes. Ongoing collaboration with Tribal Nations will be a necessary part of the transformation.

The second step calls for a collaborative assessment of the full transfer of eligibility functions, in consultation with county and Tribal Nations. A report will be submitted to the Legislature by Oct. 1, 2027, providing implementation recommendations to shift eligibility functions over three years, starting in July 2029 and concluding at the end of 2032.

### **Streamlining MnCHOICES assessments and improving access to care**

Currently, the responsibility to conduct MnCHOICES assessments to determine a person's eligibility for programs and services rests with counties, managed care organizations and Tribal Nations. This "functional eligibility" determination is required for people with disabilities and older adults to access home- and community-based services. However, backlogs and delays prevent timely completion of these assessments.

The proposal establishes several new teams to help local agencies with backlogs; support lead agencies with pending Medical Assistance cases and complex cases; and identify future opportunities to streamline assessment and service authorization processes.

## **Reforming waiver case management**

A cornerstone of modern deinstitutionalization, waiver case managers develop a person’s support plan and ensure that services meet the person’s needs. However, the model has not been updated in decades.

The department will study the requirements and costs of waiver case management services and develop recommendations on roles and responsibilities, effective oversight, appropriate funding and the provision of high-quality services to the residents of Minnesota. The study will make recommendations to the Legislature by June 2027.

Contracted case management is used by many counties and managed care organizations to supplement their case management staffing. However, contracted case management is not delivered or overseen consistently across the state, leading to uneven case management experiences for Minnesotans. The proposal phases out contracted case management by July 2031.

## **Studying county, Tribal and state roles and responsibilities**

A comprehensive study will look at the remaining role of counties and Tribal Nations in administering human services programs and recommend changes to the Legislature in the 2029 legislative session. The study will examine programs and functions administered by the departments of Human Services and Children, Youth, and Families, including Medicaid, MinnesotaCare, behavioral health services, housing and homelessness programs, Minnesota Supplemental Aid, General Assistance, the Child Care Assistance Program, and licensing and oversight functions.

## **Addressing legacy IT issues and mapping the road to modernizing eligibility**

A separate proposal seeks to develop a long-term roadmap for eligibility technical systems. New resources will address issues with legacy IT systems used by county and Tribal workers to administer social services programs. Initial investments from fiscal years 2027 through 2029 will address inefficiencies in the MAXIS system, with matching federal dollars. Funding in fiscal year 2027 will support a comprehensive study of modernized program eligibility with the goal of a universal eligibility system across human services state agencies. The effort includes staffing for the Department of Children, Youth, and Families; the Department of Human Services; Minnesota IT Services; and the Children’s Cabinet.

## **For More Information**

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