Revalidation, Provider Enrollment, Continuity of Care

John Connolly| Temporary Commissioner

DEPARTMENT OF HUMAN SERVICES

Medicaid in Minnesota

A critical system connecting more than 1 million Minnesotans to care

Medicaid supports care for Minnesotans with low incomes across our state and across the lifespan from children and families, pregnant people, adults without children, seniors, and people who are blind or have a disability.

Total Medicaid spending

$20.9 Billion

Paid to providers in 2024

Medicaid provider organizations

40 Thousand

Providers paid in 2024

Medicaid program recipients

1.2 Million

Average monthly enrollment in 2024

Federal actions

The Centers for Medicare and Medicaid Services (CMS) has leveraged tools, such as withholds and deferrals, to weaponize Minnesota's Medicaid program. In January 2026, CMS threatened to withhold $515 million per quarter over four quarters in Medicaid payments, amounting to more than **$2 billion in potential cuts**.

Starting February 2026, CMS has issued deferrals for three quarters:

Feb 2026	Q4 FFY2025 deferral on Medicaid payments	**$259 million freeze**
Apr 2026	Q1 FFY2026 deferral on Medicaid payments	**$91 million freeze**
July 2026	Q2 FFY2026 deferral on Medicaid payments	**$200 million freeze**
	TOTAL DEFERRAL FREEZE	**$550 million**

These deferrals could result in disallowances that would devastate the state budget and provider community. **CMS could claw back hundreds of millions** in Medicaid payments from Minnesota providers.

Minnesota Revalidate 2026

- The federal Centers for Medicare and Medicaid Services (CMS) required DHS to complete a large-scale provider revalidation effort for providers of high-risk Medicaid services by May 31, as part of our Corrective Action Plan.
- CMS has threatened to withhold more than $2 billion in Medicaid funding for low-income Minnesotans. That represents 1/3 of annual disability waiver funding for Minnesotans.
- CMS has given the rest of the nation **2 years** to revalidate providers of high-risk services.
- Minnesota had **5 months** to revalidate 5,466 providers of high-risk services in all 87 counties statewide.
- Failure to meet the May 31 deadline would have further jeopardized more than $2 billion in Medicaid funding for low-income Minnesotans.

How We Mobilized to Meet this Moment

- In January, DHS worked with Minnesota Homeland Security, Emergency Management and partners at the State Emergency Operations Center to **stand up a Revalidate Incident Command**.
- Under the Revalidate Incident Command, **more than 100 staff from across the state enterprise have joined our effort** to verify, visit and validate providers.
- Over the past five months, DHS made **over 9,599 calls to providers,** including over 4,000 calls to providers through our Provider Call Center.
- Staff held **weekly provider roundtables and DHS continues to hold weekly continuity of care coordination meetings** with lead agencies (county and Tribal Nation human services offices, and managed care organizations).

MN Revalidate Provider Appeals Update

Current as of **09/08/2026**

• **Total revalidated providers**	**3,587 providers**
• **Appeals completed**	**1,542 providers**
• **Appeals in Progress***	**1,177 providers**
• **Appeal window closed**	**695 providers**

**Most providers who appealed their enrollment termination had their billing restored for continuity of care and await final disposition of their appeal*

Balancing MN Revalidate 2026 and existing/new provider enrollment work

- DHS continues to process revalidation-related appeals. In most cases, providers in the appeals process can submit claims and get reimbursed
- In addition, we are now rebalancing work to address the new enrollment backlog that resulted from MN Revalidate 2026.
  - DHS will continue to take a "first-in, first out" approach
  - Decisions around requests for expedited new enrollments will focus on access to care, including:
    - Continuity of care for existing members
    - Mitigating any "health care deserts"
  - DHS will have a written exception process and share that with Legislature and providers

Continuity of Care for Long-Term Services and Supports (LTSS)

Complex Needs & Continuity of Care

Continuity of care is the vehicle that makes community integration work. It is critical for people with complex support needs.

- Prevents unnecessary institutionalization
- Supports health maintenance so people can live in the most integrated setting
- Honors person-centered planning

Vision for Continuity of Care

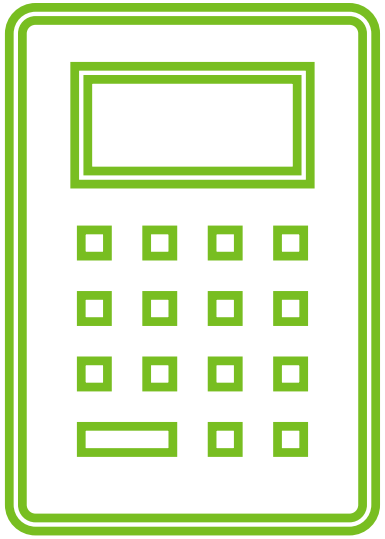
- **Seamless transitions**: Moving smoothly from institutions and other settings into community living.
- **Consistent support teams**: Keeping familiar direct support professionals, case managers, and behavioral health providers involved in a person's daily life.
- **Coordinated plans**: Aligning personal, health, and housing goals so different agencies work together rather than in isolation.

Reimbursement Mechanisms

- Ensuring provider reimbursement that reasonably covers the cost of providing services is a core aspect of access to Medicaid services.
- There are various rate methodologies in long-term services and supports:
  - Disability Waiver Rate System framework rates and market rates
  - Community First Services and Supports (CFSS) rate framework
  - State plan service flat rates and inflationary updates (i.e. home care nursing, EIDBI, etc)

Disability Waiver Rates and Exceptions

- Current reimbursement models under disability waivers include framework (configurable) rates and market rates for most services, allowing for customization of rates to fit individual service and support needs.
- All staffing levels are determined on an individual basis, based on the results of the person's assessment and support team.
- Providers may request an *exception* to the framework rate for people who have needs that are not met by the framework rate.
  - Lead agencies and DHS have 30 days to review and respond to rate exception requests from providers. A person may appeal a denied rate exception.
  - DHS continues to strive to improve processes, increase consistency, and expand clarity and transparency of explanation when the approved rate is less than the provider's requested rate.
  - DHS is also implementing reforms to DWRS rate exceptions enacted over the past two legislative sessions. These include changes to ensure approved rate exceptions are supported by documentation of the increased staffing



Continuity of Care (CoC) Reforms

- The Governor signed new continuity of care reforms passed by the 2026 Legislature.
- These reforms establishes requirements for the state, lead agencies, and providers to ensure continuity of services when there is a serious operational event in a residential setting, such as a provider closure.
- New duties include:
  - Providers notifications to recipients and lead agencies as soon as possible before terminating services.
  - Lead agencies must inform the ombudsperson's office, notify recipients, assist the provider to develop a continuity of care plan, and when a lead agency identifies a person's transition as "complex" they must develop a complex transition plan and work with DHS to ensure continuity of care.
  - DHS must make efforts to notify the lead agencies of administrative actions and identify potentially impacted recipients, oversee and ensure lead agencies are taking appropriate steps to ensure the provision of medically necessary services, free choice of provider, and stable housing. DHS also must establish a continuity of care team to support lead agencies and providers.

Continuity of Care Implementation: Organizational Shifts

- As DHS developed an implementation plan for the continuity of care reforms, we started in July by hosing a robust series of interviews of subject matter experts across multiple program areas within DHS with critical functions related to continuity of care.
- This work forms the foundation of the newly required continuity of care team to ensure the agency is organized to:
  - Dissolve structural silos
  - Clearly define staff and agency roles and responsibilities
  - Empower new staff
  - Develop of an integrated, efficient approach to CoC implementation that supports seamless service delivery

Continuity of Care Implementation Key Activities

- DHS identified external collaborators to help us actualize the legislature's intent for CoC implementation. This could include identifying gaps in CoC, co-creating resources support community awareness, review and help clarify DHS guidance.
- DHS is developing complex data systems to track and monitor administrative actions and serious operational events. This will help us understand the impacts on people and evaluate metrics to support data-informed decision making and continuous quality improvement, all while continuing to uphold program integrity.
- DHS continues to work with counties and other lead agencies when people may be impacted by a serious operational event. We are actively following a rapid response process in collaboration with key partners to address critical CoC community needs.
- DHS is in the process of preparing comprehensive public guidance to ensure consistent statewide implementation of CoC. We recently collaborated with the County State Work Group, to share our progress in CoC implementation and inform counties of their responsibilities. We are currently identifying venues to share the presentation with MCOs and Tribal Nations as well.

Housing Support Capacity Grants

- In addition to the seamless provision of Medicaid-funded services, the system needs to improve access to stable housing that is independent of services. The 2026 Legislature passed a Governor's recommendation that expands housing support capacity grants. DHS is actively implementing that provision:
  - DHS held an interest session for community partners on July 7, 2026, and solicited online feedback to inform the development of the RFP.
  - The RFP is currently under review and DHS is on track to publicly post the RFP by September 21, 2026.
  - A "responder's conference" for interested applicants to ask questions is scheduled for September 30, 2026, and applications will be due November 18, 2026.
  - Funding decisions are scheduled to be made by December 2026, pre-award risk assessments completed by January 2027, and award notices to be sent soon thereafter.

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Thank You