



Family Residential and Life Sharing Services Rate Tiers

October 21, 2025

Welcome and thank you!

- DSD appreciates your partnership, feedback, and collaboration.
- DSD Fiscal is hosting this webinar to share general information about the change to rate methodology for Family Residential and Life Sharing services.
- DSD Fiscal is committed to supporting our county and tribal nation and service provider partners as we implement this and other rate changes in 2026.

Agenda and housekeeping

Family Residential (FRS) and Life Sharing rate changes

- Why? (background on legislative change)
 - How? (new rate structure)
 - What? (future rate updates, next steps)
- This webinar is being recorded and will be posted in the DSD training handout archive.
 - Please submit any questions or comments using the Q & A option
 - Please keep questions and comments general, and do not include private information or specific cases.
 - Please be patient. We will do our best to respond to questions in the Q&A during this webinar. Feel free to post questions in the Q&A throughout.
 - Case specific questions should be submitted to DSD via the DSD contact form.

FRS and Life Sharing rate legislation

256B.4914 subd. 19

Subd. 19. **Payments for family residential and life sharing services.**

The commissioner shall establish rates for family residential services and life sharing services based on a person's assessed need, as described in the federally-approved waiver plans. Rates for life sharing services must be ten percent higher than the corresponding family residential services rate.

NOTE: Subdivision 19, as added by Laws 2023, chapter 61, article 1, section 47, is effective January 1, 2026, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained. Laws 2023, chapter 61, article 1, section 47, the effective date.

FRS and Life Sharing rate changes

256B.4914 subd. 19

- Was added by Laws of 2023, chapter 61, article 1, section 47
- Requires the commissioner to establish rates for FRS and Life Sharing based on an individual's assessed need
- Was amended by 2025 session law to increase the previously established rates by 25.84%

Why: background on this change

Key findings from legislatively required [Family Foster Care rate study](#), published in 2020:

- Most state waiver programs use either a flat or tiered-rate structure for family foster care rather than a cost-based structure.
- Current family foster care rates vary widely.
- DWRS framework rates are higher on average than banded rates, but there is considerable variability within both rate types.
- Banded rates show a stronger relationship with people's support needs than framework rates.

How: recommended rate structure

- The MN legislature has required DHS to move FRS and life sharing from a rate framework to rate tiers.
- The proposed tiers align with support ranges as indicated by case mix which is determined by the person's assessment.
- The Minnesota state legislature required DHS to implement the rate structure recommended in the 2020 study effective 1/1/2026.
- In 2025 the legislature passed an increase to the proposed rates of 25.84%.

What: key features of the tiered rate structure

- Based on the individual's assessed needs
- Subject to inflationary adjustments
- Ineligible for DWRS rate exceptions

Questions DHS has received

- Do FRS providers still have to submit 6790 forms to lead agencies?
 - No. Individual's rates are determined based on their assessment.
- Do FRS providers still have to submit cost reports to DHS?
 - No. Because FRS/Life Sharing rates will no longer be DWRS frameworks, they are no longer subject to cost reporting requirements.
- Can FRS providers request a rate exception?
 - As stated in legislation, tiered FRS and Life Sharing rates are not eligible for rate exceptions.
- What should an FRS provider do if they feel a person's rate is not adequate to meet the person's needs?
 - Work with the person's case manager to determine if an allowable additional service would be helpful, or if the person may need to seek a different residential service.

Additional questions

- When will tiered rates take effect?
 - DHS is required to seek federal approval for this change, to be implemented 1/1/2026 or upon CMS approval.
 - As with other rate changes, the tiered rate will be authorized at the person's waiver renewal throughout 2026, starting on the date MN receives approval from CMS.
- What if approval isn't received until after January 1st?
 - MN will delay implementation of the rate tiers until the day following receipt of CMS approval (or the date suggested by CMS).

Contact Information

[DSD Contact form](#) (best way to reach DSD) – general questions and technical assistance about home & community services & supports; can be used to send private information as the form is secure.

Thank You!