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State/Territory Name: MN

State Plan Amendment (SPA) #: 26-0008

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
230 South Dearborn
Chicago, Illinois 60604

Financial Management Group

August 13, 2026

John Connolly, State Medicaid Director
Minnesota Department of Human Services
Federal Relations Unit
540 Cedar Street PO Box 64983
Saint Paul, MN 55164

RE: TN 26-0008

Dear Director Connolly:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Minnesota State Plan Amendment (SPA) to Attachment 4.19-B 26-0008, which was submitted to CMS on January 16, 2026. This amendment implements new reduced rates for Youth Assertive Community Treatment (ACT) and Intensive Rehabilitative Mental Health Services in the Central, Metro, Northeast, Northwest, Southeast, and Southwest regions in Minnesota, and reduces the Residential Crisis Stabilization (RCS) rate.

We reviewed your SPA submission for compliance with statutory requirements including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of January 1, 2026. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Matthew Klein at 214-767-4625 or matthew.klein@cms.hhs.gov.

Sincerely,

[redacted]

Todd McMillion
Director
Division of Reimbursement Review

Enclosures

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare &
Medicaid Services Center for
Medicaid & CHIP Services
230 South Dearborn
Chicago, Illinois 60604

Financial Management Group

August 13, 2026

John Connolly, State Medicaid Director
Minnesota Department of Human Services
Federal Relations Unit
540 Cedar Street PO Box 64983
ST. Paul, MN 55167-0983

RE: Minnesota State Plan Amendment 26-0008 Youth ACT Services

Contracted Providers

Dear Director Connolly:

The Centers for Medicare & Medicaid Services (CMS) is providing this letter as a companion to the approval of State Plan Amendment (SPA) 26-0008, which implements new reduced rates for Youth Assertive Community Treatment (ACT) and Intensive Rehabilitative Mental Health Services in the Central, Metro, Northeast, Northwest, Southeast, and Southwest regions in Minnesota, and reduces the Residential Crisis Stabilization (RCS) rate, effective January 1, 2026. During our review of SPA 26-0008, we identified certain issues with Minnesota's current state plan, which are the subject of this letter.

CMS conducted a same-page review of Attachment 4.19-B, page 8. CMS identified langauge on the page that states "Youth ACT services provided by entities with contracts with the Department are paid a regional per diem rate per provider as indicated by the table below." CMS requested via email the state clarify the meaning of the "contract" reference. The state indicated via email that this refers to a legacy request for proposal (RFP) process for selecting providers and does not fully align with federal requirements to allow all qualified and willing providers to participate in the Medicaid program.

CMS is informing the state through this letter that the RFP process does not align with Section 1915(a)(1)(B) of the Social Security Act (the Act) and implementing regulations at 42 CFR 431.54 which require the state to have an approved 1915(b)(4) waiver to selectively contract and restrict providers from whom Medicaid beneficiaries may obtain Medicaid services from. CMS reviewed our internal records and does not have a 1915(b)(4) waiver on record for Youth ACT services authorized under the rehabilitative services benefit.

Without an approved 1915(b)(4) waiver for Youth ACT services, the state is not permitted to limit the providers that beneficiaries may obtain services from in the state's Medicaid program. To ensure compliance with section 1915(a)(1)(B) of the Act, the state must obtain authority to limit the providers of the Youth ACT and Intensive Rehabilitative Mental Health Services. CMS is available to provide technical assistance on what authority is the most appropriate to Minnesota's needs.

We are requesting your response on or before November 11, 2026, which is within 90 days from the date of this companion letter.

Please reach out to Financial Management Group staff in the Division of Reimbursement Review (matthew.klein@cms.hhs.gov) should you have any questions.

Sincerely,

[redacted]

Todd McMillion
Director
Division of Reimbursement Review

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 26 — 0008

2. STATE: MN

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT: (●) XIX ( ) XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
January 1, 2026

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR § 440 and Title XIX of the Social Security Act

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2026 $ (63,391)
b. FFY 2027 $ (86,358)

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-B Page 8e and Page 45c

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19-B Page 8e(24-48), and Page 45c (25-07)

9. SUBJECT OF AMENDMENT

Updates rates for Youth Act/IRMHS and Adult Crisis services.

10. GOVERNOR'S REVIEW *(Check One)*

(●) GOVERNOR'S OFFICE REPORTED NO COMMENT
( ) COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
( ) NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
( ) OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]

12. TYPED NAME
Patrick Hultman

13. TITLE
Deputy Medicaid Director

14. DATE SUBMITTED
1/16/2026

15. RETURN TO
Patrick Hultman
Minnesota Department of Human Services
Federal Relations Unit
540 Cedar Street, PO Box 64983
Saint Paul, MN 55164

FOR CMS USE ONLY

16. DATE RECEIVED
January 16, 2026

17. DATE APPROVED
August 13, 2026

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
January 1, 2026

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Todd McMillion

21. TITLE OF APPROVING OFFICIAL
Director, Division of Reimbursement Review

22. REMARKS

Instructions on Back

4.b.Early and periodic screening, diagnosis, and treatment services (continued)

Youth ACT services provided by entities with contracts with the Department are paid a regional per diem rate per provider as indicated by the table below. The Department will set rates inclusive of all intensive nonresidential rehabilitative services identified in Attachments 3.1-A and B, section 4.b., item 5, using statewide parameters with assigned values based on regional costs of providing care. To determine this rate, the Department will include and document:

A. the cost for similar services in the geographic region;
B. actual costs incurred by entities providing the services;
C. the intensity and frequency of services to be provided to each client;
D. the degree to which clients will receive services other than services under this section; and
E. the costs of other services that will be separately reimbursed.

The chart below identifies the per diem rate for youth ACT services provided on or after the effective date. The rate is based on the five criteria above. Rates are recalculated annually based on the submitted charges for the individual service components within the geographical regions. Effective for the rate years beginning on and after January 1, 2024, rates for Youth ACT services must be annually adjusted for inflation using the Medicare Economic Index (MEI). The inflation adjustment must be based on the 12-month period from the midpoint of the previous rate year to the midpoint of the rate year for which the rate is being determined.

Region	**Rate** Eff. 1/1/2022	Rate Eff.1/1/2023	Rate Eff. 1/1/2024	Rate Eff.1/1/2025	Rate Eff. 1/1/2026
Central	$188.46	$238.28	$283.63	$252.36	$280.66
Metro	$279.81	$364.54	$435.78	$508.25	$392.27
Northeast	$178.60	$178.60	$184.61	$190.31	$347.94
Northwest	$185.28	$185.28	$406.26	$418.81	$346.07
Southeast	$149.63	$149.63	$154.67	$159.45	$427.47
Southwest	$170.01	$170.01	$175.73	$181.16	$330.80

Travel time, as described in item 6.d.A., is paid separately.

13.d. Rehabilitative services. (continued)

Crisis assessment, crisis intervention, and crisis stabilization provided as part of mental health crisis response services are paid:

- As described in item 4.b. when provided by mental health professionals or mental health practitioners;

- when provided by mental health rehabilitation workers, the lower of the submitted charge or $18.59 per 15- minute unit;

- in a group setting (which does not include short-term services provided in a supervised, licensed residential setting that is not an IMD), regardless of the provider, the lower of the submitted charge or $9.29 per 15-minute unit. For the purposes of mental health crisis response services, "group" is defined as two to 10 recipients;

For a supervised, licensed residential setting with four or fewer beds, and does not provide intensive residential treatment services, payment is based on a historical calculation of the average cost of providing the component services of crisis assessment, crisis intervention and crisis stabilization in a residential setting, exclusive of costs related to room and board or other unallowable facility costs~~,~~ Effective for services provided on or after January 1, 2026 the rate ~~and~~ is equal to the lower of the submitted charge or ~~$642.86~~ $591.24 per day.