

Assisted Living Facility Licensing

Program Evaluation
Released September 9, 2026

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Key Findings

- MDH has performed well in processing applications, but has struggled to complete inspections on time.
- DHS's assisted living report cards do not incorporate serious maltreatment findings.
- Shared oversight between MDH and other agencies has created challenges and potential risks.

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State of Minnesota
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Background

- Minnesota's 2,500 assisted living facilities provide:
 - Health care
 - Housing
 - Personal services
- Minnesota began licensing in August 2021
 - No federal regulation
 - States have different definitions

Characteristics of Assisted Living in Minnesota

- Assisted living director and registered nurse
- Individual service plans
- Food, laundry, and housekeeping services
- Special requirements if providing dementia care

(see Exhibit 1.1, p. 4)

State Oversight of Assisted Living

MDH

- Licenses and inspects facilities
- Investigates complaints

DHS

- Pays for care provided to Medical Assistance recipients
- Publishes assisted living report card ratings

BELTSS

- Licenses assisted living directors

Residential Home Model

- Small size
- Repurposed single-family home
- Units are simple bedrooms
- Few additional amenities

Apartment Model

- Large size
- Multi-unit building built as care facility
- Units may include bathrooms, kitchenette, social space
- May include libraries, craft rooms, other amenities

(see Exhibit 1.2, p. 6)

 Small Facilities

- Concentrated in metro area
- Open and close frequently
- Most residents receive Medical Assistance

 Larger Facilities

- Statewide
- Open and close occasionally
- Some residents receive Medical Assistance

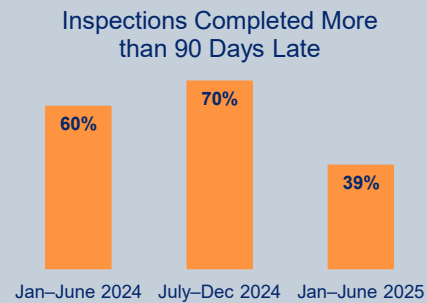
(see Exhibits pp. 7–11)

MDH Application Processing

- MDH generally ensured applicants followed state licensing requirements.
- Assisted living directors responding to a survey expressed mostly positive opinions.

MDH Inspections

- MDH has struggled to complete inspections as frequently as required by law.
- MDH has improved over time
- But one-third of inspections due January-June 2025 more than 90 days late



(see Exhibit 2.7, p. 23)

Recommendation

- ✓ MDH should comply with statutorily required timelines for assisted living facility inspections.

MDH Licensing Sanctions

- MDH can suspend, revoke, deny, refuse to renew, or place conditions on a license.
- Statutes give MDH significant discretion.
- MDH has not created clear standards.

Recommendation

- ✓ MDH should establish standards for imposing licensing sanctions on assisted living facilities.

DHS Assisted Living Report Card

- Introduced in 2024
- Ratings of ★ to ★★★★★ in five categories
- Modeled on an existing report card for nursing homes

(see Exhibit 3.1, p. 33)

DHS Report Card Limitations

- Basic information is unavailable.
- Ratings do not incorporate serious maltreatment findings or licensing sanctions.
- Some facilities that have been cited for serious violations have high ratings.

Recommendation

- ✓ DHS should improve its assisted living report card methodology. If necessary, it should request additional data-gathering authority from the Legislature.

Fragmented Oversight: MDH and BELTSS

- BELTSS must approve if directors manage more than one facility.
- MDH has not checked whether directors have BELTSS approval to manage multiple facilities.

Limited Statutory Authority

- Directors must notify BELTSS if they leave an assisted living facility.
- However, MDH cannot require facilities to confirm they have employed a new licensed assisted living director.

Recommendations

- ✓ MDH should ensure that assisted living facilities that share a licensed assisted living director have BELTSS approval for the sharing arrangement.
- ✓ The Legislature should consider giving MDH additional authority to monitor whether facilities are employing a licensed assisted living director.

Fragmented Oversight: MDH and DHS

- DHS pays for services to persons receiving Medical Assistance.
- Facilities licensed by MDH are automatically eligible to receive DHS “customized living” payments.

License Status

- MDH has not always provided DHS with clear information about facilities’ licensing status.
- MDH has allowed some facilities to operate after their licenses have expired.
- MDH’s data on facility capacities are not always accurate.

Recommendations

- ✓ MDH should record clear start and end dates for assisted living facility licenses.
- ✓ MDH should accurately record each assisted living facility's capacity.

Payment Risks

- DHS and local lead agencies determine whether an *individual recipient* is at a facility that can meet their needs.
- DHS's processes do not examine how well a facility meets the needs of *all recipients* simultaneously.

Recommendation

- ✓ MDH and DHS should work together and with the Legislature to authorize MDH inspectors to assist in verifying whether assisted living facilities are providing state-funded services.

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