



FOR IMMEDIATE RELEASE

December 2, 2025

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ARRM to Governor Walz and DHS: Stop Governing by Email, Engage Providers Before Disrupting the System

[EAGAN, MN] — The Association of Residential Resources in Minnesota (ARRM) is responding with deep frustration and alarm after the Walz Administration and Department of Human Services (DHS) once again enacted a sweeping, system-altering policy in complete secrecy and without any respect or consultation with disability service providers.

For the second time in just over a month, the Administration has blindsided the disability services field: first with the surprise rollout of a new payment review process, and now with a two-year statewide moratorium on all new 245D/HCBS licenses, discovered only when providers received an email after the decision was already finalized.

“This administration continues to govern from behind closed doors,” said Sue Schettle, ARRM CEO. “Decisions that reshape the disability services landscape are being made in secrecy, and providers, the organizations delivering critical care every day, are treated as an afterthought. This is not partnership. This is disrespect.”

A Second Major Blow Delivered Without Warning

DHS’s email on Dec. 2 informed providers that beginning Jan. 1, 2026, the state will halt all new 245D licenses, block providers from adding service lines, and cancel all existing applications not explicitly granted an exception.

This comes on top of the Governor’s unilateral payment review process, which already threatens payroll, housing stability, and the survival of many community-based providers.

“No outreach. No conversation. No warning.” Schettle said. “You cannot build a stable support system when the administration repeatedly makes massive decisions in isolation.”

Secrecy and Unilateral Action Are Putting Minnesotans with Disabilities at Risk

These decisions directly harm the disability community:

- Providers are already anticipating a potential payment freeze, and must now halt expansion and new program development for two years.
- Hundreds of hours of work and thousands of dollars spent on applications will be thrown out.
- Individuals waiting for housing and community supports, especially in rural areas, could face even longer delays.
- Providers unable to expand or receive timely payments risk closures or service reductions.

“This is not targeted oversight, it is blanket disruption,” Schettler said. “And the people who will pay the price are Minnesotans with disabilities who depend on not only a stable network of supports, but also access to a variety of choices to meet their needs.”

ARRM Demands Immediate Corrective Action

ARRM is calling on the Walz Administration and DHS to urgently:

- **Stop governing through secrecy and surprise announcements.**
- **Meet directly with disability providers** before any additional actions are taken.
- **Clarify the exception process** for the licensing moratorium and ensure fairness across counties and regions.
- **Develop a transparent, collaborative roadmap** for fraud prevention, licensing, and Medicaid integrity work.

“Providers deserve respect and transparency, not another round of closed-door policymaking,” said Schettler. “It’s time for this administration to treat disability service providers as a partner.”

[NOTE: The version of this press release disseminated to media outlets included providers’ contact information. We have published the text of the press release with contact information redacted to serve as a general resource. If you are a member of the press and would like provider contact information, please contact ARRM.]

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About ARRM:

The Association of Residential Resources in Minnesota (ARRM) represents over 200 community-based providers supporting people with disabilities across Minnesota. ARRM works to advance policies, practices, and partnerships that promote independence, inclusion, and quality of life for people with disabilities.