

Senator Ann Rest  
Chair, Senate Taxes Committee  
75 Rev. Dr. Martin Luther King Jr. Blvd  
Capitol, Room 328  
St. Paul, MN 55155



April 1, 2025

Dear Chair Rest and members of the Senate Tax Committee,

Thank you for taking the time to hear SF2413. SF2413 is critical legislation that will support all hospitals across the state of Minnesota, including Hennepin Healthcare System. At a time when healthcare systems face significant financial uncertainty, this bill offers an opportunity for the state of Minnesota to leverage Directed Pay.

Hennepin Healthcare serves all Minnesotans through our Level 1 trauma care for pediatric and adult patients, a leading academic medical and research center, the state's only inpatient psychiatric Intensive Care Unit, the Minnesota Regional Poison center, statewide addiction training for providers, and the regional burn and hyperbaric centers, and more. For Hennepin Healthcare, the reality is that 75% of our patients access public programs for their health care, with 48% enrolled in Medicaid, and in 2016, the federal government recognized the challenge of low Medicaid reimbursement rates and developed a new funding mechanism to assist states in furthering the goals and priorities of their Medicaid programs.

Hennepin Healthcare is the only hospital in Minnesota that receives Medicaid Directed Payments, a vital federal funding mechanism which supports care for Medicaid patients experiencing social and medical complexities such as chronic health conditions, unstable housing, transportation, food insecurity, and language barriers. Medicaid Directed Payments were authorized for Hennepin Healthcare in 2021 by the Minnesota legislature, and beginning in 2022, these payments have been a lifeline to this state safety net health system. As a quasi-governmental entity, Hennepin Healthcare has the ability to finance our own matching funds to draw down Medicaid directed payments, resulting in no net cost to the state. This mechanism has existed for decades as a way government hospitals can put up their own matching dollars.

Health systems across the state work together in a health care ecosystem to provide care to all Minnesotans, and all health systems are struggling with low Medicaid reimbursement rates and need a new stable and long-term solution to avoid service disruption in future years. We write today in support of greater access to Medicaid Directed Payments for health systems across the state, greater stability in health systems across the state means less pressure on our safety-net health system to fill the gaps when other systems cannot sustain services due to lower reimbursement in public programs.

We urge your support of SF2413 and thank you for your consideration.

Sincerely,

Commissioner Irene Fernando  
Chair, Hennepin County Board

Jennifer DeCubellis  
Chief Executive Officer, Hennepin Healthcare  
System