A bill for an act

relating to health; establishing a hospital stabilization program; establishing a community-based safety net provider stabilization program; establishing a Hennepin Healthcare stabilization grant program; appropriating money; amending Minnesota Statutes 2024, section 16A.103, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 144.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2024, section 16A.103, is amended by adding a subdivision to read:

Subd. 1k. **Report on financial stability of hospitals.** The commissioner of management and budget, in consultation with the commissioner of health, must submit with each November forecast under this section a report on the financial stability of Minnesota's hospitals. The report must consider the core financial metrics of hospitals, expenses and staffing data, revenue, including payer mix, utilization data, financial liquidity and a balance sheet analysis, and other data determined by the commissioners. The report must include information about financially distressed hospitals and whether any hospitals in Minnesota are determined to be financially distressed.

Sec. 2. **[144.5911] HOSPITAL STABILIZATION PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of health must establish a hospital stabilization program to provide financial relief to hospitals that experience financial distress and a disproportionate level of uncompensated care.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Commissioner" means the commissioner of health.

(c) "Qualifying hospital" means a hospital:

(1) licensed under section 144.50;

(2) located within the state;

(3) that has filed a Medicare cost report in the Healthcare Cost Report Information System; and

(4) that meets at least one of the following criteria:

(i) four or more years of negative operating margins in the past eight years; or

(ii) a public payer mix, averaged over the past three years, of at least ... percent.

Qualifying hospital does not include Mayo Clinic Hospital Rochester.

(d) "Qualifying uncompensated episode of care" means the provision by a qualifying hospital of one or more services that are covered under medical assistance to an individual during a single patient encounter or episode of care when the:

(1) individual is not enrolled in medical assistance, MinnesotaCare, or Medicare and does not have other health coverage;

(2) individual is determined to be ineligible for medical assistance and MinnesotaCare for the date of service following any retroactive eligibility determination; and

(3) total cumulative reimbursement amount for the services provided, if paid under medical assistance payment methodologies, would be at least $5,000 but not more than $50,000.

Subd. 3. **Application for payments.** (a) A qualifying hospital seeking payment under this section must submit to the commissioner documentation identifying qualifying uncompensated episodes of care within a reporting period.

(b) The reporting periods are:

(1) January 1 through June 30; and

(2) July 1 through December 31.

(c) The initial reporting period begins January 1, 2026.

(d) For services provided during the January 1 through June 30 reporting period, a qualifying hospital must submit the required documentation to the commissioner by September 15 of the same calendar year.

(e) For services provided during the July 1 through December 31 reporting period, a qualifying hospital must submit the required documentation to the commissioner by March 15 of the next calendar year.

(f) Qualifying hospitals must submit documentation in a form and manner specified by the commissioner and must provide supporting documentation as requested by the commissioner.

Subd. 4. **Calculation of payments.** (a) For each reporting period, the commissioner must determine each qualifying hospital's share of the total value of qualifying uncompensated episodes of care submitted under subdivision 3.

(b) The commissioner must distribute payments proportionally based on each qualifying hospital's share of the statewide total.

(c) A qualifying hospital must not receive more than ten percent of the money available for a reporting period.

(d) If money remains after the payment limitation in paragraph (c), the commissioner must redistribute the remaining money among qualifying hospitals that have not reached the limit in paragraph (c) in proportion to their share of the value of qualifying uncompensated episodes of care.

(e) The commissioner may establish procedures to reconcile adjustments, corrected claims, or late submissions in a subsequent reporting period.

Subd. 5. **Distribution of payments.** (a) One half of the annual appropriation for this program must be allocated to each reporting period.

(b) For the January 1 through June 30 reporting period, the commissioner must distribute payments no later than November 15 of the same calendar year.

(c) For the July 1 through December 31 reporting period, the commissioner must distribute payments no later than May 15 of the next calendar year.

Subd. 6. **Accountability requirements.** (a) The commissioner must collect from a qualifying hospital receiving payment under this section any information necessary to evaluate the appropriate use of funds. Such information must include at minimum:

(1) by December 31, 2026:

(i) a comprehensive financial analysis that describes the sources and magnitude of the factors that contributed to the qualifying hospital's financial distress;

(ii) long-term capital spending priorities, including mandatory maintenance and replacement of existing facilities and equipment; and

(iii) a strategic plan for long-term fiscal sustainability;

(2) on an ongoing basis, quarterly reports of financial information, including unaudited quarterly updates of audited information currently required to be submitted annually to the Department of Health and consolidated balance sheet information; and

(3) by June 30, 2027, a detailed analysis of how the funds were used for the purpose described in paragraph (b).

(b) The commissioner must require that a recipient of payment under this section uses funds to preserve regional and local access to essential health care services, including emergency care, inpatient hospital care, maternal care and obstetrical services, behavioral and mental health care, and primary care and clinic services.

(c) Upon receipt of notice by a qualifying hospital receiving payment under this section submitted pursuant to section 144.555, the commissioner must provide notice of the hospital's planned actions and documentation of the amount of any payment distributed to the hospital under this section to:

(1) the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services finance and policy; and

(2) the majority and minority leaders of the senate and house of representatives.

Subd. 7. **Reporting requirements.** The commissioner must determine the reporting requirement for payments under this section in addition to those reporting requirements under section 16B.98, subdivision 12.

Subd. 8. **Prohibited uses.** Funds received under this section must not be used to:

(1) supplant any other funding sources; or

(2) increase the salary, benefits, or other discretionary payment to an officer, director, manager, or any other executive.

Sec. 3. **[144.5912] COMMUNITY-BASED SAFETY NET PROVIDER STABILIZATION PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of health must establish a community-based safety net provider stabilization program to provide financial relief to

community-based safety net providers that experience a disproportionate level of uncompensated care.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Commissioner" means the commissioner of health.

(c) "Qualifying community-based safety net provider" means a:

(1) federally qualified health center under section 145.9269, subdivision 1;

(2) certified community behavioral health clinic under section 245.735; or

(3) community mental health center under section 256B.0625, subdivision 5.

(d) "Qualifying uncompensated episode of care" means the provision by a qualifying community-based safety net provider of one or more services that are covered under medical assistance to an individual during a single patient encounter or episode of care when the:

(1) individual is not enrolled in medical assistance, MinnesotaCare, or Medicare and does not have other health coverage;

(2) individual is determined to be ineligible for medical assistance and MinnesotaCare for the date of service following any retroactive eligibility determination; and

(3) total cumulative reimbursement amount for the services provided, if paid under medical assistance payment methodologies, would be at least $200 but not more than $2,000.

Subd. 3. **Application for payments.** (a) A qualifying community-based safety net provider seeking payment under this section must submit to the commissioner documentation identifying qualifying uncompensated episodes of care within the reporting period.

(b) The reporting periods are:

(1) January 1 through June 30; and

(2) July 1 through December 31.

(c) The initial reporting period begins January 1, 2026.

(d) For services provided during the January 1 through June 30 reporting period, a qualifying community-based safety net provider must submit the required documentation to the commissioner by September 15 of the same calendar year.

(e) For services provided during the July 1 through December 31 reporting period, a qualifying community-based safety net provider must submit the required documentation to the commissioner by March 15 of the next calendar year.

(f) Qualifying community-based safety net providers must submit documentation in a form and manner specified by the commissioner and must provide supporting documentation as requested by the commissioner.

Subd. 4. **Calculation of payments.** (a) For each reporting period, the commissioner must determine each qualifying community-based safety net provider's share of the total value of qualifying uncompensated episodes of care submitted under subdivision 3.

(b) The commissioner must distribute payments proportionally based on each qualifying community-based safety net provider's share of the statewide total.

(c) A qualifying community-based safety net provider must not receive more than ten percent of the money available for a reporting period.

(d) If money remains after the payment limitation in paragraph (c), the commissioner must redistribute the remaining money among qualifying community-based safety net providers that have not reached the limit in paragraph (c) in proportion to the community-based safety net provider's share of the value of qualifying uncompensated episodes of care.

(e) The commissioner may establish procedures to reconcile adjustments, corrected claims, or late submissions in a subsequent reporting period.

Subd. 5. **Distribution of payments.** (a) One half of the annual appropriation for this program must be allocated to each reporting period.

(b) For the January 1 through June 30 reporting period, the commissioner must distribute payments no later than November 15 of the same calendar year.

(c) For the July 1 through December 31 reporting period, the commissioner must distribute payments no later than May 15 of the next calendar year.

Sec. 4. **HENNEPIN HEALTHCARE STABILIZATION GRANT.**

Subdivision 1. **Establishment.** The commissioner of health must award a grant to Hennepin Healthcare to stabilize the HCMC operations, avoid closure of HCMC, ensure continuation of high-quality care for HCMC patients, and preserve access to essential services at HCMC that support the health care needs of the communities served by HCMC and the state of Minnesota.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Commissioner" means the commissioner of health.

(c) "HCMC" has the meaning given in Minnesota Statutes, section 383B.902.

(d) "Hennepin Healthcare" is the public corporation created by Minnesota Statutes, section 383B.901.

Subd. 3. **Accountability requirements.** (a) The commissioner must collect from Hennepin Healthcare any information necessary to complete the commissioner's reporting requirements under subdivision 4. Such information must include at minimum:

(1) a comprehensive financial analysis that describes the sources and magnitude of HCMC's fiscal instability;

(2) quarterly reports of financial information, including the following:

(i) unaudited quarterly updates of audited information currently required to be submitted annually to the Department of Health;

(ii) total inpatient gross revenues by payer, including Medicare, medical assistance, MinnesotaCare, commercial coverage, self-pay, other third party payers, and other payers;

(iii) deductions from revenue in total and by component, including but not limited to contractual adjustments, bad debt, charity care, restricted donations, and teaching allowances;

(iv) total capital expenditures by project;

(v) total number of inpatient days, outpatient visits, and discharges by payer, including Medicare, medical assistance, MinnesotaCare, commercial coverage, other third parties, self-pay, and other payers;

(vi) total net patient revenues by payer, including Medicare, medical assistance, MinnesotaCare, commercial coverage, other third parties, self-pay, and other payers;

(vii) other operating revenue; and

(viii) nonoperating revenue net of nonoperating expenses;

(3) long-term capital spending priorities, including mandatory maintenance and replacement of existing facilities and equipment; and

(4) a strategic plan for long-term fiscal sustainability. The plan must include, at minimum, detailed proposals to:

(i) ensure the continued operation of critical specialized services by HCMC that are essential to Minnesota's comprehensive statewide hospital network of rural, regional, and safety net hospitals; and

(ii) transition governance and control of HCMC away from the Hennepin County Board of Commissioners acting as the governing board of Hennepin Healthcare System, Inc. and ensure long-term management stability of Hennepin Healthcare.

(b) Upon receipt of notice by HCMC provided pursuant to Minnesota Statutes, section 144.555, the commissioner must provide notice of HCMC's planned actions to:

(1) the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services finance and policy; and

(2) the majority and minority leaders of the senate and house of representatives.

Subd. 4. **Reporting requirements.** (a) By January 15, 2027, and annually thereafter until January 15, 2030, the commissioner must report to the legislative committees with jurisdiction over health and human services finance and policy on:

(1) the financial stabilization of Hennepin Healthcare and HCMC, including recommendations to improve stabilization of those entities; and

(2) the financial stabilization of hospitals statewide, including recommendations to improve stabilization of those entities.

(b) By January 15, 2027, and annually thereafter until January 15, 2030, the legislative auditor must report to the legislative committees with jurisdiction over health and human services finance and policy to:

(1) confirm whether Hennepin Healthcare and HCMC:

(i) have met the requirements of this section; and

(ii) have adhered to the strategic plan for long-term fiscal sustainability provided under subdivision 3, paragraph (a), clause (4); and

(2) assess the overall financial health and stability of Hennepin Healthcare and HCMC.

(c) Hennepin Healthcare and HCMC must provide the commissioner and legislative auditor with all information and documents requested by the commissioner or legislative auditor for purposes of this subdivision.

Subd. 5. **Hospital stabilization program ineligibility.** HCMC is ineligible for payment under Minnesota Statutes, sections 144.5911 and 144.5912, in fiscal year 2027.

Sec. 5. **APPROPRIATIONS.**

Subdivision 1. **Hospital stabilization program.** $..... is appropriated in fiscal year 2027 from the general fund to the commissioner of health for the hospital stabilization program under Minnesota Statutes, section 144.5911. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, $..... in fiscal year 2027 is for the commissioner to administer the program.

Subd. 2. **Community-based safety net provider stabilization program.** $..... is appropriated in fiscal year 2027 from the general fund to the commissioner of health for the community-based safety net provider stabilization program under Minnesota Statutes, section 144.5912. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, $..... in fiscal year 2027 is for the commissioner to administer the program.

Subd. 3. **Hennepin Healthcare stabilization grant.** $..... in fiscal year 2026 and $..... in fiscal year 2027 are appropriated from the general fund to the commissioner of health for the Hennepin Healthcare stabilization grant. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, $..... in fiscal year 2026 and $..... in fiscal year 2027 are for the commissioner to administer this grant.

Subd. 4. **Report on financial stability of hospitals.** $..... in fiscal year 2027 is appropriated from the general fund to the commissioner of health to prepare the report on the financial stability of hospitals under section 16A.103, subdivision 1k.

Subd. 5. **Rural EMS uncompensated care pool payment program.** $..... in fiscal year 2027 is appropriated from the general fund to the Office of Emergency Medical Services for the rural EMS uncompensated care pool payment program under Minnesota Statutes, section 144E.55. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, $..... in fiscal year 2027 is for the director to administer the program.

Subd. 6. **Report on financial stability of hospitals.** $..... in fiscal year 2027 is appropriated from the general fund to the commissioner of management and budget to prepare the report on the financial stability of hospitals under section 16A.103, subdivision 1k.