

**Minnesota Senate***Health and Human Services Committee*

The Honorable Melissa Wiklund, Chair, 2107  
Minnesota Senate Building

The Honorable Paul Utke, Ranking  
Member, 2403 Minnesota Senate  
Building

*Human Services Committee*

The Honorable John Hoffman, Chair, 2111  
Minnesota Senate Building

The Honorable Jordan Rasmusson,  
Ranking Member, 2409 Minnesota  
Senate Building

*Commerce and Consumer Protection Committee*

The Honorable Matt Klein, Chair, 2105  
Minnesota Senate Building

The Honorable Gary Dahms, Ranking  
Member, 2219 Minnesota Senate Building

**Minnesota House of Representatives***Health Finance and Policy Committee*

The Honorable Robert Bierman, Co-  
Chair, 5<sup>th</sup> Floor, Centennial Office  
Building

The Honorable Jeff Backer, Co-Chair, 2<sup>nd</sup>  
Floor, Centennial Office Building

*Human Services Finance and Policy Committee*

The Honorable Mohamud Noor, Co-  
Chair, 5<sup>th</sup> Floor, Centennial Office  
Building

The Honorable Joe Schomacker, Co-  
Chair, 2<sup>nd</sup> Floor, Centennial Office  
Building

*Commerce Finance and Policy Committee*

The Honorable Erin Koegel, Co-Chair, 5<sup>th</sup>  
Floor, Centennial Office Building

The Honorable Tim O'Driscoll, Co-Chair,  
2<sup>nd</sup> Floor, Centennial Office Building

March 10, 2026

To the Honorable Chairs and Ranking Members:

Minnesota Statutes, section 144.552, requires that any hospital seeking to increase its number of licensed beds, or an organization seeking to obtain a hospital license, submit a plan to the Minnesota Department of Health (MDH) for review and assessment as to whether the plan is in the public interest.

On August 1, 2025, Regions Hospital submitted a plan to the Minnesota Department of Health (MDH) to expand bed capacity at its existing inpatient hospital in Saint Paul, Minnesota. Under the proposal, Regions would add medical surgical beds for general medicine, surgery, cardiology, orthopedics, trauma, neurology, and intensive care services, as well as other acute care services incrementally between 2026 and 2033.

The purpose of this letter is to provide the Legislature with MDH's findings from its review and to provide notice that a full report will be released shortly, after internal department review is complete. The findings are based on quantitative analyses of actual and expected capacity and demand for inpatient medical/surgical services in the hospital service area, the anticipated impact on other hospitals in the region, the provision of care to low-income and patients with an inability to pay for services, and public comments received on the proposal.


Although MDH has concerns with the extent to which projections supporting the Regions Hospital proposal account for potential contractions of inpatient care demand associated with payment policy changes by the Centers for Medicaid & Medicare Services (CMS), increased availability of medical technology, shifts in care practices, and potential congressional changes to the financing, eligibility, and administration of health care programs, **MDH finds the proposed expansion of 85 licensed beds is in the public interest.**

Three primary factors from our forthcoming analysis informed MDH’s findings:

1. **Needed capacity:** With the recent loss of inpatient bed capacity in the East Metro and throughput challenges due to a range of factors, area hospitals, including Regions Hospital, experience capacity challenges visible through high occupancy and emergency department boarding. While other East Metro hospitals are planning their own expansion of inpatient bed capacity, these (not yet fully specified) changes are unlikely to fully address the current and future East Metro gap for patient care. Moreover, initiatives aimed at shoring up capacity in lower-cost, downstream services are not expected in the near term.
2. **Impact:** Evidence suggests that portions of Regions’ service profile differ from those of other East Metro hospitals. As a result, it is unlikely that those hospitals will experience significant impacts on patient volume, revenue, or staffing because of the proposed expansion.
3. **Flexibility:** While the projections used by Regions Hospital may be higher than actual future demand, the addition of licensed beds, combined with the proposed iterative implementation, may give Regions the flexibility other East Metro hospitals enjoy by being able to draw on unused licensed beds that originated from past facility contractions.

If you have questions or concerns regarding this study, please contact Stefan Gildemeister, Minnesota’s State Health Economist, at 651-201-3554 or [stefan.gildemeister@state.mn.us](mailto:stefan.gildemeister@state.mn.us).

Sincerely,



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