



House Tax Committee

March 18, 2026

Overview

Who is North: System Overview

Where we're at: Financial Challenges Persist

The plan and path forward

Key Take Aways



North Memorial Health

Statewide asset, urban safety net

Our system at-a-glance



\$1.2B

FY24 Total Revenue

75%

RH patients Gov't or uninsured

25%

Trauma patients from outside of Hennepin County

\$78m

FY24 uncompensated care

\$159m

FY24 underpayment from gov't programs

110K

FY25 Emergency Visits

OVERVIEW

- **Nonprofit healthcare organization** headquartered in Robbinsdale
- **Robbinsdale Hospital (RH):**
 - 353-bed tertiary hospital (518 licensed beds)
 - One of five Level 1 Trauma Centers in the State of Minnesota; Level 1 Nursery; 18-bed inpatient mental health
- **Maple Grove Hospital (MGH):**
 - 130-bed community hospital (300 licensed beds)
 - CMS 4-Star Rating
 - Level III NICU
- **Air & Ground Ambulance Division:** 9 helicopters and 115 ambulances

KEY FACILITY HIGHLIGHTS

- **Leading regional system with two hospitals** in Robbinsdale and Maple Grove
- **Provides high quality care** as an independent provider with strong affiliate network
- **Offers best-in-class centers** including trauma, birth center, and stroke care
- **Differentiates through market offerings**, including one of the largest hospital-based EMS air and ground services in the country
- **Defined by a rich culture** with experienced leaders and a strong employee base

EXPANSIVE CARE DELIVERY NETWORK

450+

Physicians and APPs

6,800+

Employed Team Members

45+

Specialties

22+

Outpatients Clinics

115

Ambulances

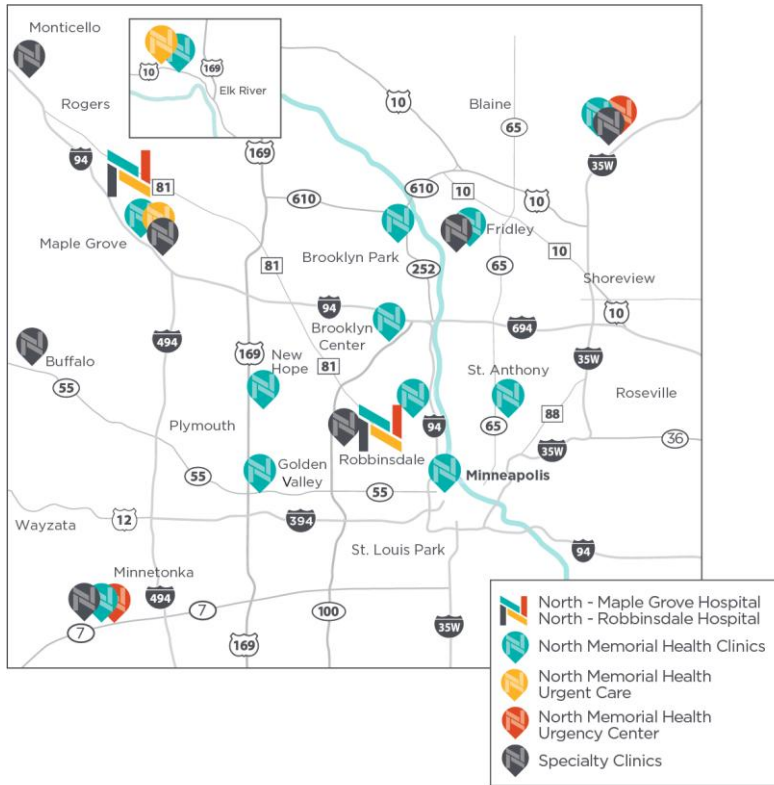
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Helicopters

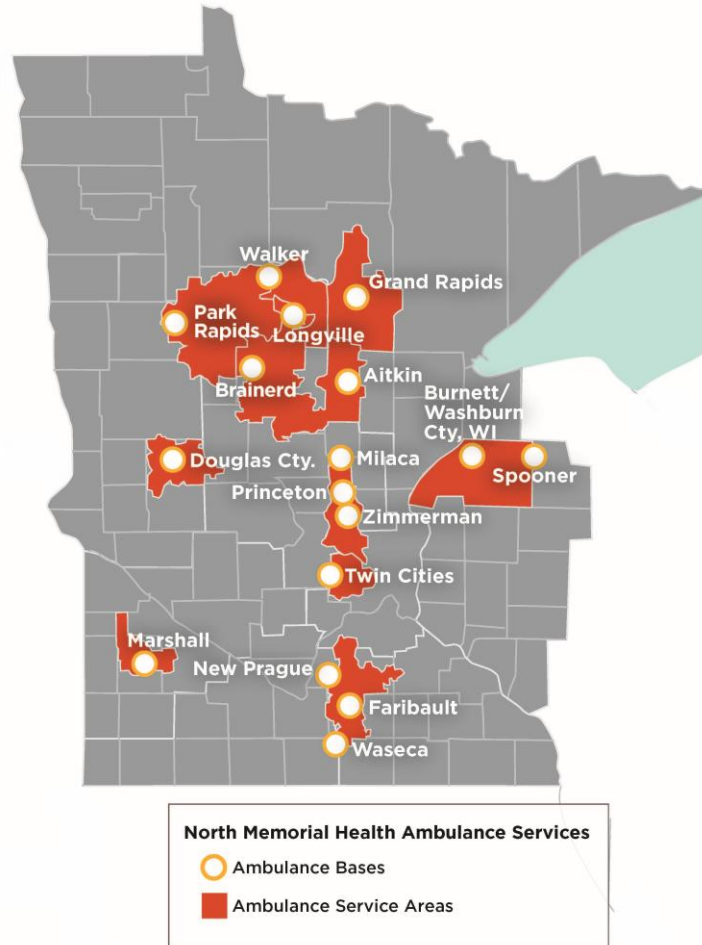


North Memorial Health is a critical MN asset

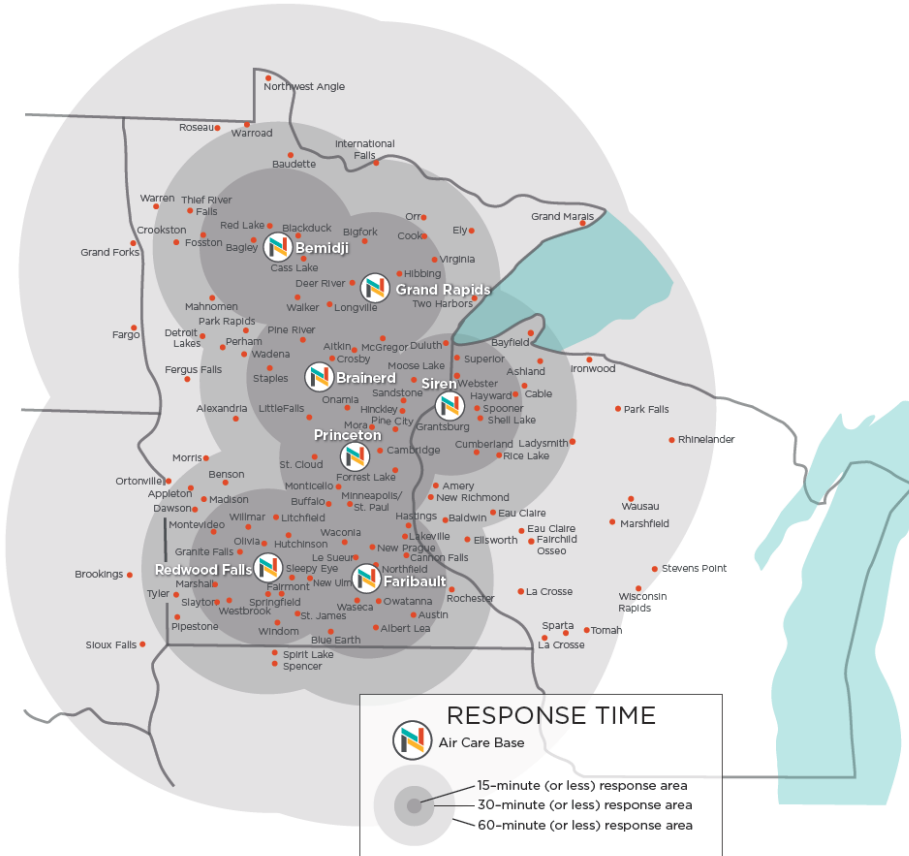
Clinics + Hospitals



Ground Ambulance



Air Care



Serving our Community 2025

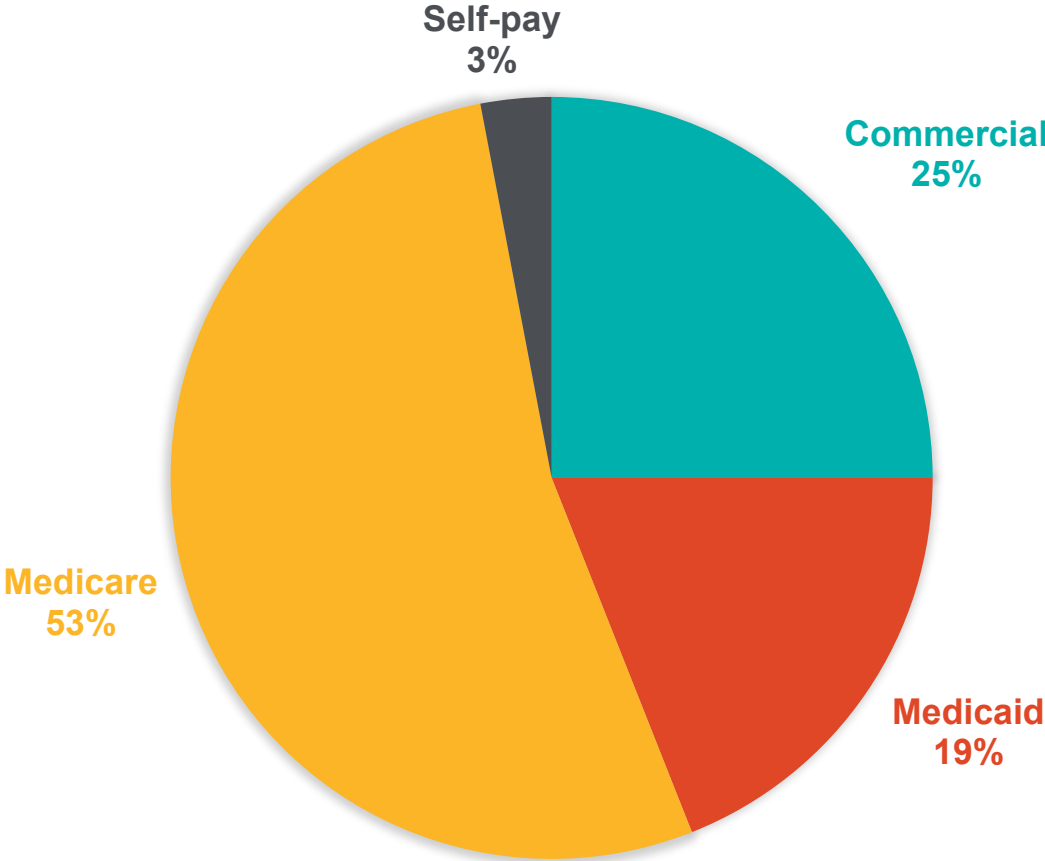


Financial Challenges Persist

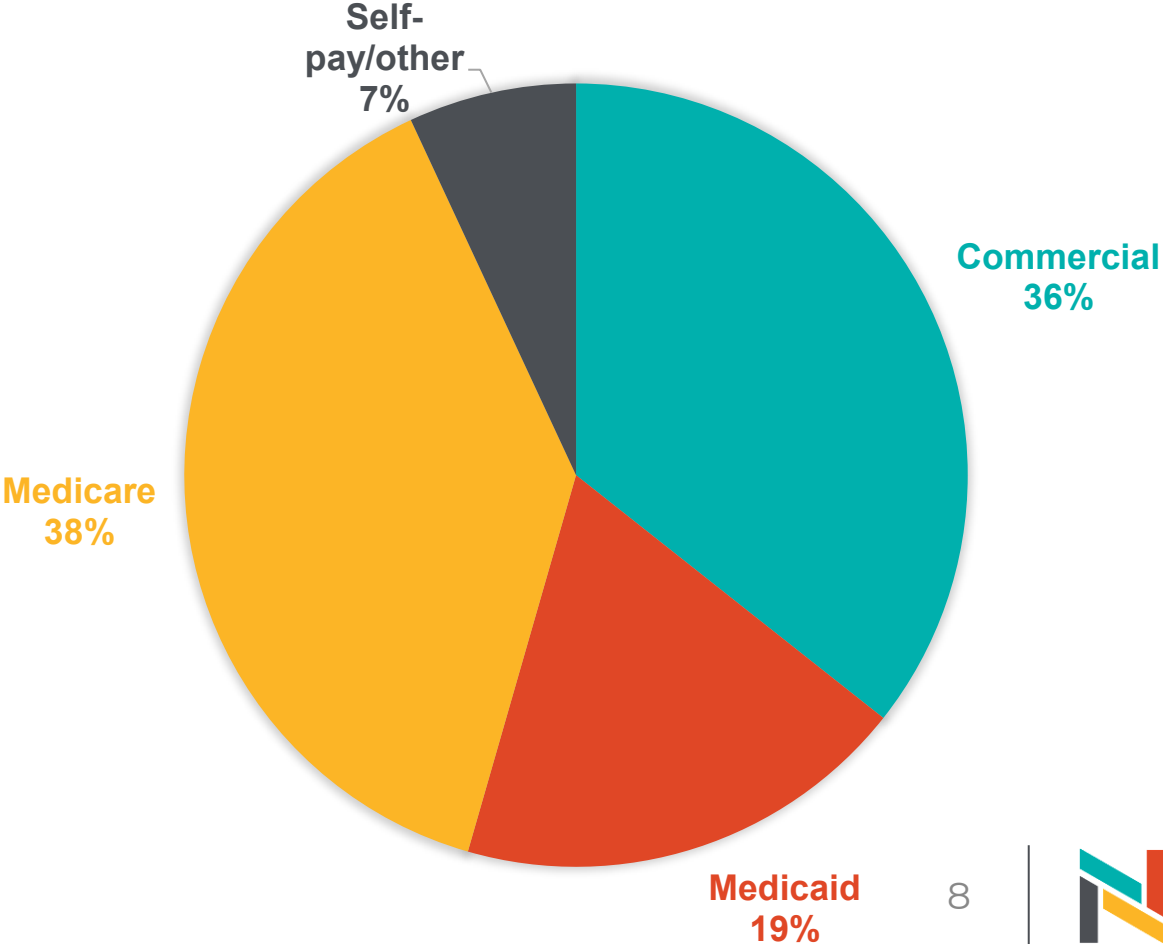
Payer Mix Matters

Health care providers rely on more favorable commercial insurance to cover the losses from government program underpayments and uninsured patients.

ROBBINSDALE HOSPITAL

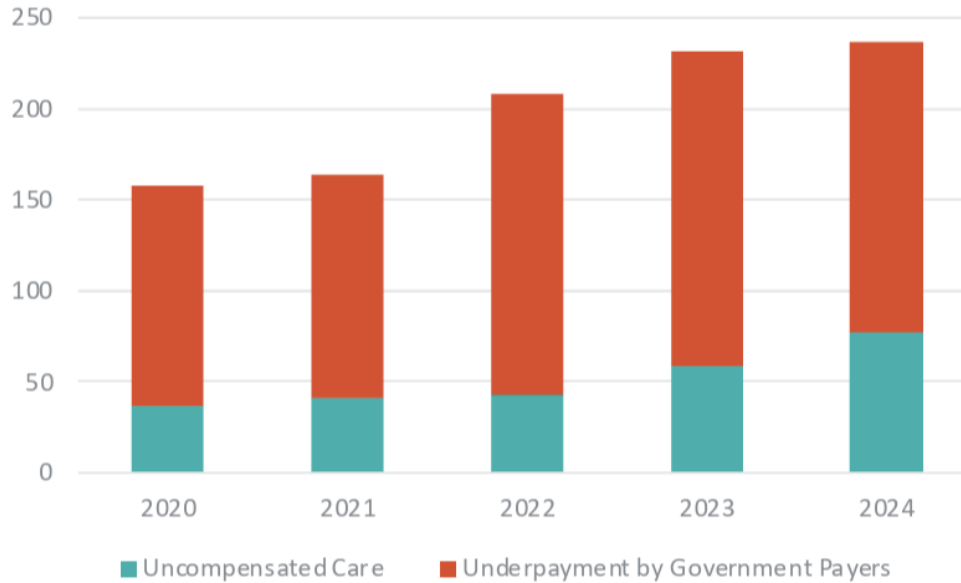


AVERAGE MN HOSPITAL

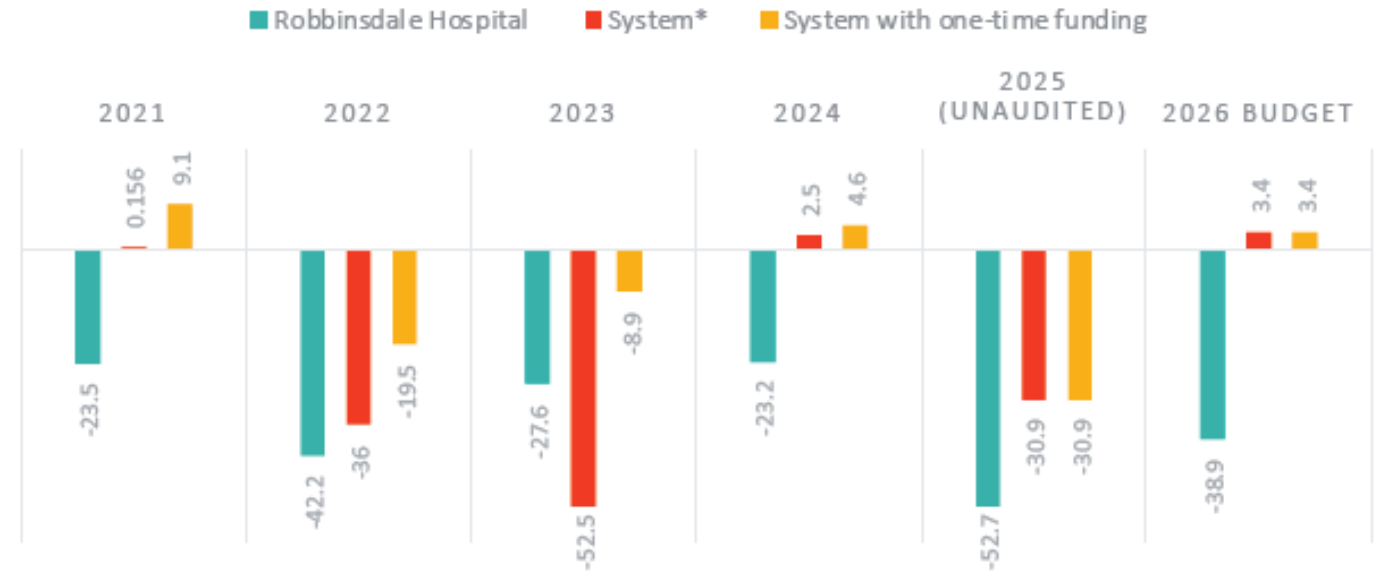


Growth in uninsured and underinsured populations are driving unsustainable losses

2020-2024 Growth in Uncompensated Care and Underpayment by Government Payers (in millions)



Operating Margin by Year, Robbinsdale Hospital and the North System (In millions)



*Does not include one-time funding from COVID, federal settlement and Hennepin County grants.



Stability metrics are impacted by unsustainable operating margins

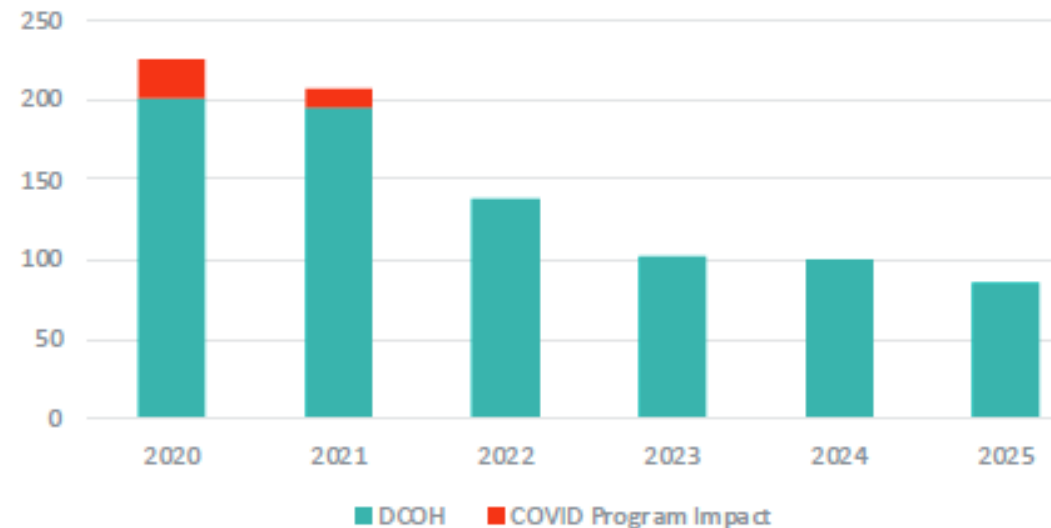
Bond Rating, Determined by Moody's

Moody's Investment Grade Rating Scale	North's Rating
Aaa	
Aa1	
Aa2	
Aa3	
A1	
A2	2003
A3	2007
Baa1	2010
Baa2	2023
Baa3	
Below Baa3 are considered 'junk bonds'	

Bond ratings are determined by external financial agencies based on financial stability and economic conditions.

North will remain at Baa2 with a negative outlook in 2026.

Days Cash on Hand



Days cash on hand measures how many days a business can cover operating expenses without additional revenue. **Credit rating agencies raise concern when days cash on hand falls below 125 days, North ended 2025 with 85 days cash on hand.**



Headwinds impacting sustainability

- Expense growth that continues to outpace revenue increases
- Continued growth in uncompensated care, exacerbated by increased uptick in high-deductible health plans
- Underpayments by government payers
- Unfavorable and uncertain regulatory environment, including impacts of HR1
- Significant pressure driven by labor expense, including cost of premium labor resources and increases in the cost of employee health insurance
- Continued payer processing challenges, including lack of standardized responses, appeals processes, lengthy timelines, and prior authorization lead times and constraints, as well as specific UCare challenges

Recent headlines highlight challenges

As health plan costs rise, state notes spike in uninsured Minnesotans

How UCare went from massive surplus to shutting down in just two years

Minnesota's looming budget deficit now is a surplus but uncertainty remains

White House to pause \$259M in Minnesota Medicaid dollars in fraud crackdown

It's the latest in a growing list of fraud-focused threats and probes from the Trump administration.

Hospital expenses grew twice as fast as prices in 2025



Our path forward is multi-layered

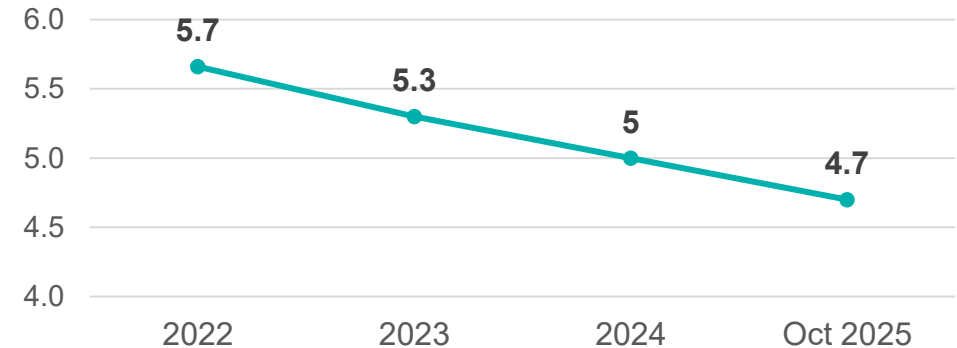
We are not standing still

Over the last several years, North has deployed several efficiency tactics to improve operating performance.

- Reduced routine and strategic capital spending.
- Service and workforce reductions.
- Reduced support services through decreased administrative roles, functions and memberships.
- Operational improvements, including significant reduction in the average length of stay.

Despite successfully deploying efficiency tactics internally, additional support and action is needed.

Robbinsdale Hospital Avg Length of Stay



Key Take Aways

- Financial challenges and headwinds persist and are expected to worsen.
- We have and will continue to take steps within our control to address operational shortfalls including operational efficiencies, key growth initiatives, among others to continue our mission and top priority: **to provide exceptional care to those who need it.**

Public funding is needed to support chronic underfunding, particularly for disproportionate share providers.

