



North Shore
HEALTH
COOK COUNTY | MINNESOTA

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May 9, 2022

Health and Human Services Conference Committee

Re: HF3872/SF4410

Dear Conferees:

On behalf of North Shore Health, I would like to express our appreciation of the Legislature's consideration of the issues facing small rural hospitals this session.

I am writing in support of the Senate provisions in SF3872 (lines 324.1-324.5.) relating to exempting all critical access hospitals with attached long-term care facilities from the bed moratorium and Department of Health's public interest review process. The House bill, HF3872, (lines 118.15-118.19) only exempts North Shore Health.

North Shore Health is seeking to increase our licensed Critical Access Hospital bed capacity from 16 to 25. This would be accomplished by exempting North Shore Health from the bed moratorium, as well as the Minnesota Department of Health's Public Interest Review process. It is North Shore Health's intent to place a number of licensed nursing home beds in lay away status and designate those beds and space to the hospital for use as swing beds. There will not be a physical change to our building or our beds. The residents will stay in their same room in their same bed. The only thing that will change is the name of the location – hospital versus nursing home. North Shore Health is seeking these exemptions for all 11 Critical Access Hospitals with attached Long-Term Care facilities in the state.

North Shore Health is comprised of a 16 bed Critical Access Hospital, 37 bed Skilled Nursing Facility, Ambulance Service and Home Health Agency. We also provide a variety of diagnostic and therapeutic services. As the only hospital and care center in Cook County, our service area is both large and diverse. Not only does NSH serve year-round and seasonal residents, but also the many people who visit Cook County and the Boundary Waters Canoe Area. At 3,340 square miles, Cook County is one of the largest counties in Minnesota. The nearest hospital facility is 84 miles away in Two Harbors, the nearest trauma center is 110 miles away in Duluth, and the nearest nursing home is 54 miles away in Silver Bay.

Being a small Hospital-Attached Nursing Home, the cost structure and required allocations to operate the facility have led to significant operating income and net income losses for many years; placing the viability of our organization at risk.

By exempting North Shore Health from the bed moratorium and MDH's public interest review process, we would be able to increase its licensed bed capacity from 16 beds to 25 beds. This would be accomplished by reducing the number of nursing home beds by 9 and reallocating them as licensed swing beds. This modification of the NSH's organizational structure will allocate costs differently and allow for an increase of Medicare revenue by an average of \$800,000 a year.

Similar financial issues may be faced by the other 10 Critical Access Hospitals with attached Long-Term Care facilities in the state. In addition to our own exemptions, we are also advocating for these exemptions for these other facilities to allow for service flexibility and possible increase in Medicare revenue by hundreds of thousands of dollars.

NAME	CITY	COUNTY NAME
HENDRICKS COMMUNITY HOSPITAL	HENDRICKS	LINCOLN
DEER RIVER HEALTH CARE CENTER	DEER RIVER	ITASCA
AVERA TYLER HOSPITAL	TYLER	LINCOLN
BIGFORK VALLEY HOSPITAL	BIGFORK	ITASCA
MAHNOMEN HEALTH CENTER	MAHNOMEN	MAHNOMEN
NORTH SHORE HEALTH	GRAND MARAIS	COOK
ESSENTIA HEALTH NORTHERN PINES	AURORA	SAINT LOUIS
KITTSOON MEMORIAL HOSPITAL	HALLOCK	KITTSOON
APPLETON AREA HEALTH	APPLETON	SWIFT
RIDGEVIEW LE SUEUR LTC & REHAB CT	LE SUEUR	LE SUEUR
COOK HOSPITAL	COOK	SAINT LOUIS

Table 1: Critical Access Hospitals in MN w/ Long Term Care Facility attached

We appreciate the many complexities you have to consider as you finalize the Health and Human Services Omnibus bill and appreciate the considerations given to North Shore Health's situation and the critical need to provide flexibility to ensure our economic viability and the needs of other rural hospitals in Minnesota.

Sincerely,



Kimber L. Wraalstad, FACHE
CEO/Administrator
North Shore Health
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