

HENNEPIN COUNTY

BOARD OF COMMISSIONERS

May 7, 2024

Chair Tina Liebling
477 State Office Building
Minnesota House Committee on Health
Saint Paul, MN 55155

Vice Chair Robert Bierman
579 State Office Building
Minnesota House Committee on Health
Saint Paul, MN 55155

Dear Chair Liebling, Vice Chair Bierman, and members,

I am grateful for the support of the legislature, and leaders like yourselves, as Hennepin County works to ensure we have the best public safety net health system and hospital. As I understand your goals behind this legislation -- to ensure the vitality and sustainability of a critical regional and statewide health care asset while adding some procedural requirements around any action by the County Board to dissolve the corporate HHS board -- I offer support for its direction. You have my commitment, as Chair of the Hennepin County Board of Commissioners, to remain in active discussions with you as the bill makes its way through the legislature. As you and your colleagues continue your work, I am grateful for the opportunity to offer to share some foundational background and offer a few suggestions to consider. Given the County's key role as the parent and owner of Hennepin Healthcare System (HHS – the County's subsidiary corporation whose flagship is the Hennepin County Medical Center) I am excited to serve as your partner on this and future legislation.

The current governance model of HHS is unique and the product of years of collaboration among health care experts, doctors, nurses, state officials, community members, and national health law leaders. People with lived experience, medical training, and governmental policymakers studied various models for public health systems and analyzed the structures that work best. The Hennepin Board of Commissioners presented those recommendations and the 84th Minnesota legislature adopted [Chapter 125](#), which authorized the County to adopt the current governance model. Through this model, the County Board can appoint experts, community, and government partners to HHS's Board of Directors. The current model maintains the County's financial support for the hospital, including through County ownership of and responsibility for the health system's buildings and land. Throughout the ever-evolving and challenging landscape of health care financing, the County Board also performs an important oversight function, as outlined in the authorizing legislation, including through quarterly meetings, periodic financial reviews, and active participation by the two County Commissioners who sit on the HHS Board.

Over the last six months, the Hennepin County Board has taken several important actions to ensure the hospital continues to be able to serve our residents and remains fiscally sound:

- In October 2023, late in the County's annual budget process, HHS announced changes to its employees' health plan as well as a \$127 million shortfall for the proposed 2024 operating budget.

Irene Fernando, Chair
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- In November 2023, the County Board authorized a supplemental appropriation of up to \$8,000,000 to the HHS 2024 operating budget in response to pressing fiscal challenges.
- In December 2023, the County Board approved HHS' 2024 budget which included \$30 million for uncompensated care and a \$114.8 million Capital budget. Additionally, the County Board directed due diligence actions in alignment with the oversight functions that are currently outlined in state law and HHS bylaws, including an independent financial review.
- On April 11, 2024, the County Board received a report from its retained financial consultant, who reviewed HHS' financials going back five years. The report recommended a series of actions both the County and HHS should take for the benefit of the hospital, including more regular meetings and specific information being provided to the County by HHS.
- On April 16, 2024, Hennepin County reallocated \$15 million to fund facility improvements at Hennepin County Medical Center Capital projects for critical programmatic space modifications.
- On April 30, 2024, the Hennepin County Board approved an action to schedule additional meetings with HHS, in-line with the recommendations from the independent financial consultant.

As you can see from the timeline above, the County Board takes its oversight role seriously and is working diligently to ensuring HHS' long-term success and viability. HHS is more than just a hospital – it is the largest provider Hennepin County uses in the delivery of human services and public health programs. HHS delivers health care in the County jail, HHS nurses deliver home visiting services, and HCMC is where income-challenged families take their children for acute mental health care. HHS is the largest provider within the network for the County's award-winning managed care plan, Hennepin Health. Accordingly, the County Board takes a systems view when exercising oversight of HHS operations and performance and understands the critical role that HHS plays in ensuring health care access for County residents. I could not be more committed to ensuring HHS' success and the continued care for Minnesotans in the years to come.

Thank you for your partnership and attention to this important matter.

Sincerely,



Irene Fernando
Hennepin County Board of Commissioners

Cc: Senator Kari Dziedzic

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