

1.1 A bill for an act

1.2 relating to health care; establishing a medical assistance underpayments pool;

1.3 modifying the governance of Hennepin Healthcare and the authority and

1.4 membership of the corporate board; requiring Hennepin Healthcare to make certain

1.5 information available to the public; authorizing grants to certain hospitals;

1.6 appropriating money; amending Minnesota Statutes 2024, sections 383B.903,

1.7 subdivisions 1, 4; 383B.904, subdivision 1; 383B.907, by adding a subdivision;

1.8 383B.908, subdivisions 5, 7; 383B.917, subdivision 2; proposing coding for new

1.9 law in Minnesota Statutes, chapter 383B.

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

1.11 Section 1. Minnesota Statutes 2024, section 383B.903, subdivision 1, is amended to read:

1.12 Subdivision 1. **Governance.** The corporation shall be governed by a board of directors

1.13 consisting of between 11 and 15 directors. Two of the directors on the board of the

1.14 corporation must be county commissioners currently serving as elected officials on the

1.15 county board who are chosen and may be removed by a majority vote of the county board.

1.16 The county commissioner members of the corporate board must serve as ex officio, nonvoting

1.17 members.

1.18 Sec. 2. Minnesota Statutes 2024, section 383B.903, subdivision 4, is amended to read:

1.19 Subd. 4. **Qualifications.** Members of the board ~~shall~~ must possess a high degree of

1.20 experience and knowledge in ~~relevant~~ relevant to the administration of a health system

1.21 and safety net hospital and must possess a high degree of interest in the corporation and

1.22 support for its mission. At least 80 percent of the noncounty commissioner members of the

1.23 board must have the necessary professional education and experience to administer a health

1.24 system and safety net hospital, including but not limited to members who are health

2.1 professionals or who have expertise in business management, health care administration,  
2.2 law, finance, or public health. The remaining noncounty commissioner members shall may  
2.3 be appointed based in part on the objective of ensuring that to ensure the corporation includes  
2.4 diverse and beneficial perspectives and experience including, but not limited to, ~~those of~~  
2.5 ~~medical or other health professionals,~~ urban, cultural, and ethnic perspectives of the  
2.6 population served by the corporation, ~~business management, law, finance, health sector~~  
2.7 ~~employees, public health, serving the uninsured, health professional training,~~ and the patient  
2.8 or consumer perspective. The corporation shall provide a public announcement of vacancies  
2.9 on the board of the corporation in the manner normally used by Hennepin County to provide  
2.10 public notice of open appointments.

2.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.12 Sec. 3. Minnesota Statutes 2024, section 383B.904, subdivision 1, is amended to read:

2.13 Subdivision 1. **Election.** (a) The officers of the board of the corporation shall consist of  
2.14 the chair, vice-chair, secretary, treasurer, and other officers as the board shall from time to  
2.15 time deem necessary. The board shall elect officers by a majority vote of the board at the  
2.16 annual meeting, or in the case of the initial board, at the first meeting following appointment  
2.17 by the county board. The county commissioner members of the corporate board are not  
2.18 eligible to serve as officers of the corporate board.

2.19 (b) Any of the offices or functions, with the exception of the chair and vice-chair, may  
2.20 be held or exercised by the same person.

2.21 Sec. 4. Minnesota Statutes 2024, section 383B.907, is amended by adding a subdivision  
2.22 to read:

2.23 Subd. 1a. **Finances, budget, and operations.** (a) Subject to the reserved powers and  
2.24 limitations specified in sections 383B.903 and 383B.908, the corporation, through its board,  
2.25 has the authority to:

2.26 (1) adopt an annual budget for the corporation. The annual budget must address how  
2.27 efficiencies and revenues contribute to the financial stability of the corporation and to  
2.28 stabilizing or reducing county liabilities for indigent care;

2.29 (2) modify the corporation's annual budget or restructure the corporation's operations  
2.30 as needed to respond to the corporation's financial condition, including but not limited to  
2.31 taking steps to address a budget shortfall, while preserving access to essential health services  
2.32 provided by Hennepin County Medical Center; and

3.1 (3) otherwise direct and control the corporation's financial operations.

3.2 (b) The corporate board must provide the county board with an annual audited financial  
3.3 statement.

3.4 Sec. 5. Minnesota Statutes 2024, section 383B.908, subdivision 5, is amended to read:

3.5 ~~Subd. 5. **Financial oversight.** The county board shall approve the annual budget of the~~  
3.6 ~~corporation and receive an annual audited financial statement. The annual budget shall~~  
3.7 ~~address how efficiencies and revenues contribute to stabilize or reduce county liabilities for~~  
3.8 ~~indigent care. The county board shall also retain the right:~~

3.9 (1) to conduct an independent audit of the finances of the corporation; and

3.10 (2) in the circumstances specified in subdivision 7, to assume authority to approve an  
3.11 annual budget for the corporation and to modify the corporation's annual budget as needed  
3.12 to respond to the corporation's financial condition while preserving access to essential health  
3.13 services provided by Hennepin County Medical Center.

3.14 Sec. 6. Minnesota Statutes 2024, section 383B.908, subdivision 7, is amended to read:

3.15 ~~Subd. 7. **Dissolution or reorganization of corporation.** (a) The county board shall~~  
3.16 ~~retain the right to dissolve the corporation, reorganize the corporation, or remove the entire~~  
3.17 ~~corporate board in order to resume management of and financial oversight over Hennepin~~  
3.18 ~~County Medical Center upon a two-thirds vote of the entire county board. if:~~

3.19 (1) the corporation experiences sustained conditions of financial distress that at least  
3.20 meet the following requirements:

3.21 (i) the corporation has an operating deficit of greater than ten percent for two consecutive  
3.22 quarters;

3.23 (ii) the corporation experiences two or more consecutive months in which the  
3.24 corporation's actual or projected net operating income is three percent or less; and

3.25 (iii) the corporation certifies that it is unable to meet its lawful payment obligations when  
3.26 they are due; and

3.27 (2) prior to dissolving the corporation, reorganizing the corporation, or removing the  
3.28 entire corporate board, the county board and the corporate board engage in mediation in  
3.29 good faith. The attorney general may select an individual to serve as a mediator. In the  
3.30 mediation, the parties must attempt to address the corporation's conditions of financial

4.1 distress through means other than dissolving the corporation, reorganizing the corporation,  
4.2 or removing the entire corporate board.

4.3 (b) If the county board and corporate board are not able to agree via mediation on another  
4.4 means to address the corporation's financial distress, the county board, upon a two-thirds  
4.5 vote of the entire county board, may dissolve the corporation, reorganize the corporation,  
4.6 or remove the entire corporate board in order to resume management of and financial  
4.7 oversight over Hennepin County Medical Center.

4.8 **Sec. 7. [383B.9085] CONDITIONS TO OBTAINING ADDITIONAL STATE FUNDS**  
4.9 **FOR FISCAL YEARS 2027 TO 2031.**

4.10 Subdivision 1. **Fiscal year 2027 grant and directed payment.** (a) In order for the  
4.11 commissioner of health to award a grant in fiscal year 2027 to Hennepin Healthcare under  
4.12 section 9, subdivision 2, and for the commissioner of human services to pay the fiscal year  
4.13 2027 state share of the Hennepin Healthcare directed payment arrangement under section  
4.14 9, subdivision 3, the county board must submit to the commissioner of health and  
4.15 commissioner of human services, by June 15, 2026, a written certification that the county  
4.16 board commits to:

4.17 (1) reconstituting the corporate board on or before January 1, 2027, with members who  
4.18 meet the qualifications in section 383B.903, subdivision 4; and

4.19 (2) taking steps to increase the number of patients with commercial insurance in Hennepin  
4.20 County Medical Center's payer mix by at least 10.5 percent between calendar years 2027  
4.21 and 2031. These steps must include but are not limited to limiting transfers of non-Hennepin  
4.22 County resident patients that Hennepin County Medical Center accepts from other hospitals  
4.23 to non-Hennepin County resident patients who need specialty care that is provided at  
4.24 Hennepin County Medical Center and is not provided at the transferring hospital.

4.25 (b) The commissioner of health, in consultation with the commissioner of human services,  
4.26 must determine whether the certification submitted under this subdivision meets the  
4.27 requirements of paragraph (a).

4.28 Subd. 2. **Fiscal year 2028 grant and directed payment.** (a) In order for the  
4.29 commissioner of health to award a grant in fiscal year 2028 to Hennepin Healthcare under  
4.30 section 9, subdivision 2, and for the commissioner of human services to pay the fiscal year  
4.31 2028 state share of the Hennepin Healthcare directed payment arrangement under section  
4.32 9, subdivision 3, the corporate board must submit to the commissioner of health and  
4.33 commissioner of human services, by June 15, 2027, written certification that:

5.1 (1) the county board reconstituted the corporate board on or before January 1, 2027, and  
5.2 the corporate board's membership meets the qualifications in section 383B.903, subdivision  
5.3 4; and

5.4 (2) in calendar year 2026, Hennepin County Medical Center's operating expenses were  
5.5 reduced by at least \$50,000,000 from its calendar year 2025 operating expenses.

5.6 (b) The commissioner of health, in consultation with the commissioner of human services,  
5.7 must determine whether the certification submitted under this subdivision meets the  
5.8 requirements of paragraph (a).

5.9 Subd. 3. Fiscal year 2029 grant and directed payment. (a) In order for the  
5.10 commissioner of health to award a grant in fiscal year 2029 to Hennepin Healthcare under  
5.11 section 9, subdivision 2, and for the commissioner of human services to pay the fiscal year  
5.12 2029 state share of the Hennepin Healthcare directed payment arrangement under section  
5.13 9, subdivision 3, the corporate board must submit to the commissioner of health and  
5.14 commissioner of human services, by June 15, 2028, written certification that:

5.15 (1) the corporate board is committed to taking steps in calendar year 2028 to increase  
5.16 the number of patients with commercial insurance in Hennepin County Medical Center's  
5.17 payer mix by at least 3.5 percent as compared with the number of patients with commercial  
5.18 insurance in its payer mix in calendar year 2027; and

5.19 (2) in calendar year 2027, Hennepin County Medical Center's operating expenses were  
5.20 reduced by at least \$50,000,000 from its calendar year 2026 operating expenses.

5.21 (b) The commissioner of health, in consultation with the commissioner of human services,  
5.22 must determine whether the certification submitted under this subdivision meets the  
5.23 requirements of paragraph (a).

5.24 Subd. 4. Fiscal year 2030 grant. (a) In order for the commissioner of health to award  
5.25 a grant in fiscal year 2030 to Hennepin Healthcare under section 9, subdivision 2, the  
5.26 corporate board must submit to the commissioner, by June 15, 2029, a written certification  
5.27 that:

5.28 (1) the corporate board is committed to taking steps in calendar year 2029 to increase  
5.29 the number of patients with commercial insurance in Hennepin County Medical Center's  
5.30 payer mix by at least 3.5 percent as compared with the number of patients with commercial  
5.31 insurance in its payer mix in calendar year 2028; and

5.32 (2) in calendar year 2028, Hennepin County Medical Center's operating expenses were  
5.33 reduced by at least \$50,000,000 from its calendar year 2027 operating expenses.

6.1 (b) The commissioner of health must determine whether the certification submitted  
6.2 under this subdivision meets the requirements in paragraph (a).

6.3 Subd. 5. **Fiscal year 2031 grant.** (a) In order for the commissioner of health to award  
6.4 a grant in fiscal year 2031 to Hennepin Healthcare under section 9, subdivision 2, the  
6.5 corporate board must submit to the commissioner, by June 15, 2030, a written certification  
6.6 that the corporate board is committed to taking steps in calendar year 2030 to increase the  
6.7 number of patients with commercial insurance in Hennepin County Medical Center's payer  
6.8 mix by at least 3.5 percent as compared with the number of patients with commercial  
6.9 insurance in its payer mix in calendar year 2029.

6.10 (b) The commissioner of health must determine whether the certification submitted  
6.11 under this subdivision meets the requirements in paragraph (a).

6.12 Subd. 6. **Reporting requirements.** By January 1, 2027, and each July 1 and January 1  
6.13 thereafter until July 1, 2031, the corporate board must report to the chairs and ranking  
6.14 minority members of the legislative committees with jurisdiction over health care on the  
6.15 current financial stability of Hennepin County Medical Center, steps taken in the most recent  
6.16 six months to reduce Hennepin County Medical Center's operating expenses and increase  
6.17 the number of patients with commercial insurance in its payer mix, and plans for the next  
6.18 six months to improve Hennepin County Medical Center's financial stability and increase  
6.19 the number of patients with commercial insurance in its payer mix.

6.20 Subd. 6. **Expiration.** This section expires January 1, 2032.

6.21 Sec. 8. Minnesota Statutes 2024, section 383B.917, subdivision 2, is amended to read:

6.22 Subd. 2. **Open Meeting Law.** (a) The board of directors of the corporation is subject to  
6.23 chapter 13D, the Minnesota Open Meeting Law.

6.24 (b) The board may close all or part of a board meeting when discussing competitive data  
6.25 or considering strategic, business, planning, or operational issues the disclosure of which,  
6.26 in its discretion, it determines could cause competitive disadvantage to the corporation,  
6.27 including causing adverse effects on the current or future competitive position of the  
6.28 corporation or the entities, facilities, and operations for which it is responsible. Meetings  
6.29 of committees of the board of directors may, at the discretion of the board, be closed to the  
6.30 public.

6.31 (c) In addition, the following meetings of the corporation shall be held and shall be open  
6.32 meetings: (1) an annual public meeting to report on the affairs of the corporation and the  
6.33 goals for the future, including a report on the health services plan specified in section

7.1 383B.918; (2) meetings of the corporation held during the development and implementation  
7.2 phase of the health services plan for the purpose of informing the public and receiving public  
7.3 comment; (3) quarterly public meetings to report on the financial status of the corporation;  
7.4 and ~~(3)~~ (4) that portion of a meeting at which the board of the corporation approves the  
7.5 annual budget prior to submission to the county board for approval. Meetings held under  
7.6 clause (1) or (2) may be chaired by a member of the board of directors or a member of the  
7.7 administration as designated by the board of directors. Except as provided in paragraphs  
7.8 (a), (b), and (c), other meetings of the corporation are not subject to chapter 13D.

7.9 (d) Chapter 13D does not apply to a subsidiary, joint venture, association, or partnership  
7.10 of the corporation unless such entity has been organized to assume management of the  
7.11 corporation.

7.12 **Sec. 9. [383B.9175] TRANSPARENCY; OPERATING BUDGET AND CAPITAL**  
7.13 **BUDGET INFORMATION.**

7.14 The corporate board must maintain on the corporation's website, information on the  
7.15 corporation's operating budget and capital budget for the four most recently completed  
7.16 quarters. For quarters for which the corporate board does not have audited budget  
7.17 information, the operating budget and capital budget information posted according to this  
7.18 section may be unaudited.

7.19 **Sec. 10. MEDICAL ASSISTANCE UNDERPAYMENTS POOL.**

7.20 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
7.21 the meanings given.

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

7.23 (c) "Qualifying hospital" means a hospital that:

7.24 (1) is licensed under Minnesota Statutes, sections 144.50 to 144.56;

7.25 (2) is located in the seven-county metropolitan area as defined in Minnesota Statutes,  
7.26 section 473.121, subdivision 2;

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

7.29 (4) qualifies as a medical assistance disproportionate share hospital in the state in the  
7.30 year in which grants are awarded under this section.

8.1 (d) "Qualifying medical assistance underpayments" means the difference between a  
8.2 qualifying hospital's cost of providing services to medical assistance enrollees and the  
8.3 medical assistance payment received, and a qualifying hospital's costs for providing services  
8.4 to individuals who, at the time of receiving services, were uninsured but eligible for medical  
8.5 assistance.

8.6 (e) "Reporting period" means .....

8.7 Subd. 2. **Establishment.** The commissioner must establish and administer a medical  
8.8 assistance underpayments pool, in which the commissioner provides payments to qualifying  
8.9 hospitals in fiscal years 2027, 2028, 2029, and 2030 to cover a portion of the costs they  
8.10 incur as a result of medical assistance underpayments.

8.11 Subd. 3. **Application.** Each qualifying hospital seeking a payment under this section  
8.12 must submit an application to the commissioner in a form and manner specified by the  
8.13 commissioner. The application must include documentation of the hospital's qualifying  
8.14 medical assistance underpayments in a reporting period.

8.15 Subd. 4. **Calculations.** (a) For each reporting period, the commissioner must determine  
8.16 each qualifying hospital's share of the total of all the qualifying medical assistance  
8.17 underpayments under subdivision 3. The commissioner must distribute payments  
8.18 proportionally based on each qualifying hospital's share of the total.

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

8.21 (c) If money remains after the limitation in paragraph (b), the commissioner must  
8.22 redistribute the remaining money among qualifying hospitals whose payments have not  
8.23 reached the limit in paragraph (b) in proportion to their share of the value of qualifying  
8.24 medical assistance underpayments.

8.25 Subd. 5. **Payments.** For each qualifying hospital that applies for a payment, the  
8.26 commissioner must certify the payment amount and make the full payment by .....

8.27 Subd. 6. **Reporting requirements.** A qualifying hospital receiving a payment under  
8.28 this section must report to the commissioner, information needed for the commissioner to  
8.29 evaluate the program and uses of payments under the program. This information must  
8.30 include but is not limited to .....

9.1       Sec. 11. **APPROPRIATIONS.**

9.2           Subdivision 1. **Medical assistance underpayments pool.** \$25,000,000 in fiscal year  
9.3 2027 is appropriated from the general fund to the commissioner of health for purposes of  
9.4 the medical assistance underpayments pool. Notwithstanding Minnesota Statutes, section  
9.5 16B.98, subdivision 14, the commissioner of health may use up to \$..... of this appropriation  
9.6 for administrative costs. The general fund base for this appropriation is \$75,000,000 in fiscal  
9.7 year 2028, \$150,000,000 in fiscal year 2029, \$200,000,000 in fiscal year 2030, and \$0 in  
9.8 fiscal year 2031.

9.9           Subd. 2. **Grants to hospitals.** (a) \$125,000,000 in fiscal year 2027 is appropriated from  
9.10 the general fund to the commissioner of health for a grant to Hennepin Healthcare, the public  
9.11 corporation established under Minnesota Statutes, section 383B.901, for operating and  
9.12 capital expenses. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the  
9.13 commissioner of health may use up to \$..... of this appropriation each fiscal year for  
9.14 administrative costs. The general fund base for this appropriation is \$100,000,000 in fiscal  
9.15 year 2028, \$50,000,000 in fiscal year 2029, \$100,000,000 in fiscal year 2030, \$50,000,000  
9.16 in fiscal year 2031, and \$0 in fiscal year 2032. In order for the commissioner of health to  
9.17 award a grant each fiscal year, the Hennepin County board or the Hennepin Healthcare  
9.18 corporate board must comply with the requirements in Minnesota Statutes, section  
9.19 383B.9085.

9.20           (b) \$25,000,000 in fiscal year 2027 is appropriated from the general fund to the  
9.21 commissioner of health for a grant to North Memorial Health-Robbinsdale Hospital.  
9.22 Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner of  
9.23 health may use up to \$..... of this appropriation each fiscal year for administrative costs.  
9.24 The general fund base for this appropriation is \$25,000,000 in fiscal year 2028, \$25,000,000  
9.25 in fiscal year 2029, and \$0 in fiscal year 2030.

9.26           Subd. 3. **Hennepin Healthcare directed payment arrangement.** \$100,000,000 in fiscal  
9.27 year 2027 is appropriated from the general fund to the commissioner of human services for  
9.28 the state share of the Hennepin Healthcare directed payment arrangements under section  
9.29 256B.1973. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the  
9.30 commissioner of human services may use up to \$..... of this appropriation each fiscal year  
9.31 for administrative costs. The general fund base for this appropriation is \$100,000,000 in  
9.32 fiscal year 2028, \$100,000,000 in fiscal year 2029, and \$0 in fiscal year 2030. In order for  
9.33 the commissioner of human services to make a payment each fiscal year, the Hennepin  
9.34 County board or the Hennepin Healthcare corporate board must comply with the requirements  
9.35 in Minnesota Statutes, section 383B.9085.