



Minnesota's Hospital Moratorium Law House Health Finance and Policy Committee, Feb 22, 2022

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- Background
- Update on current activities
- Summary of findings and takeaways from recent public interest reviews

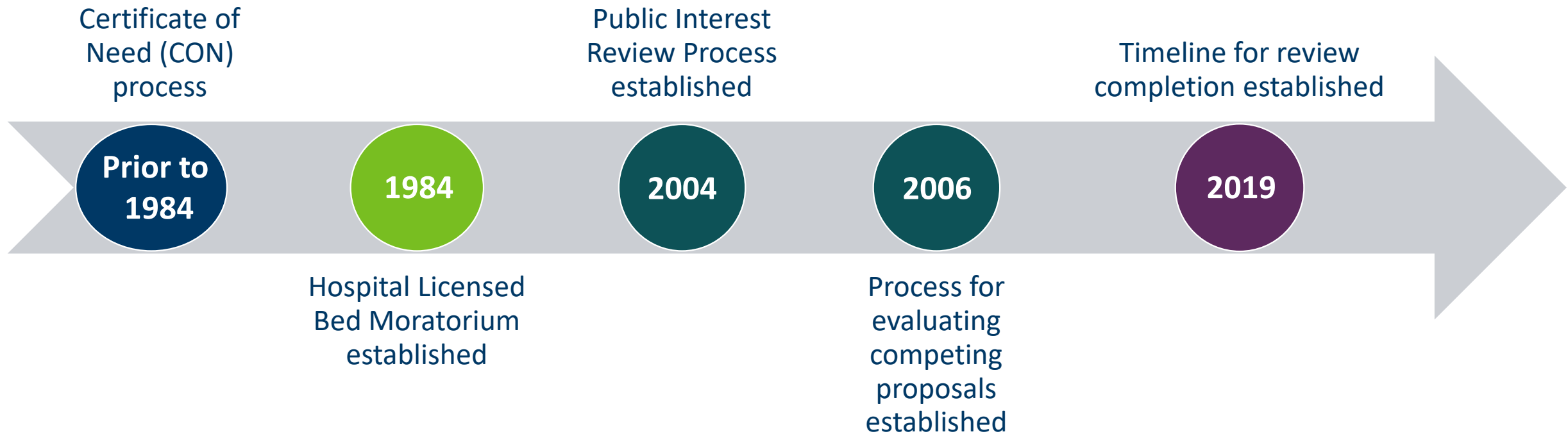


Source: MDH/Health Economics Program, "Report to the Minnesota Legislature"; February 2007.
www.health.state.mn.us/divs/hpsc/hep/publications/legislative/medfacrpt.pdf

What is the MN Hospital Bed Moratorium Law?

- The MN Hospital Bed Moratorium law (MN Statutes 144.551), prohibits:
 - The establishment of new hospital licenses and
 - The expansion of existing hospital licensed beds.
- Related sections establish:
 - A process for reviewing proposals for exception to the moratorium (MN Stat 144.552) – the public interest review;
 - A process for conducting reviews if competing proposals exist (MN Stat 144.553); and
 - Responsibilities for MDH to monitor implementation after an exception has been granted [MN Stat 144.552 (g)].

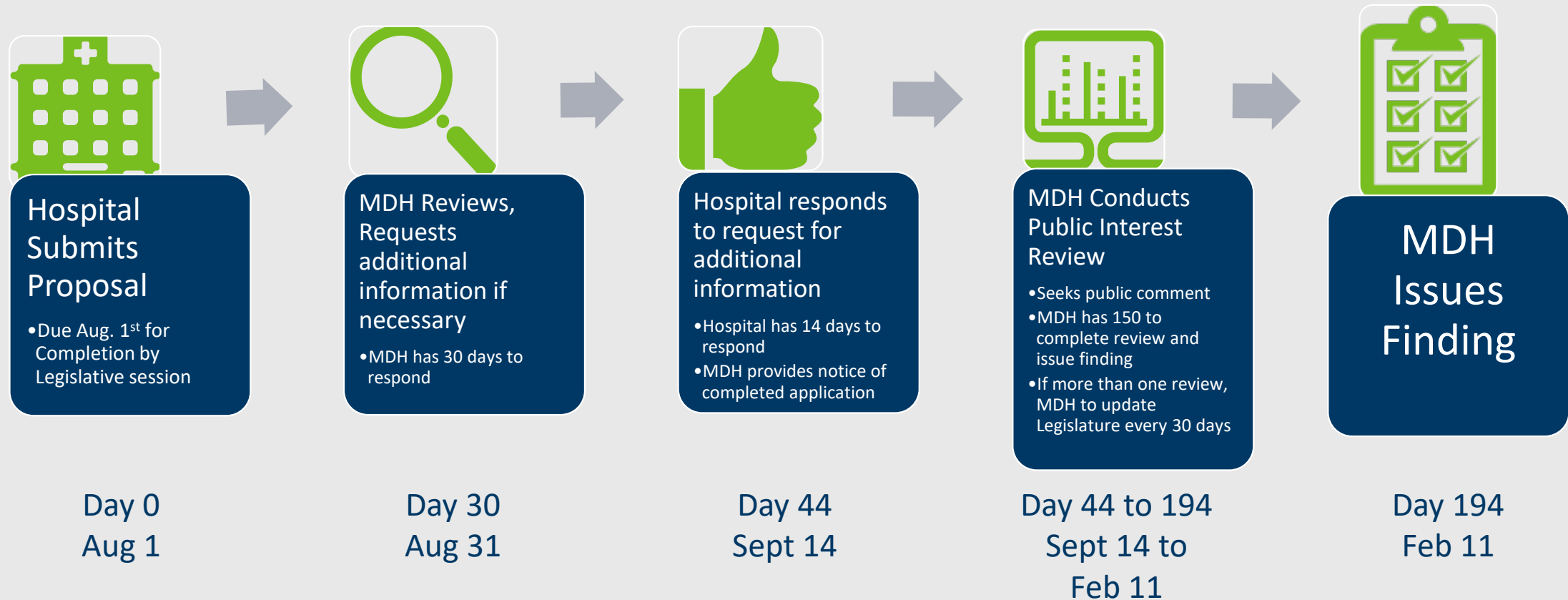
Timeline for Hospital Capacity Regulation in MN



Public Interest Reviews

- The MN hospital bed moratorium requires a review of proposals that request exception to the law
- Public interest reviews are intended to provide unbiased, empirical information to the legislative process
 - MDH considers a number of relevant factors
 - Makes a recommendation about whether a proposal is “in the public interest”
- The Legislature retains the decision to grant an exception

Public Interest Review Process and Timeline



Public Interest Review is a Public Process

- All information related to a review is posted online including:
 - The initial proposal
 - Written correspondence with the applicant to clarify the proposal
 - Feedback from the public
 - Data on previous reviews
- Findings become public with submission to Legislature
- URL:
www.health.state.mn.us/divs/hpsc/hep/moratorium/index.html

The screenshot shows a web browser window displaying the Minnesota Department of Health (MDH) website. The page title is "Hospital Public Interest Review". The URL in the address bar is <http://www.health.state.mn.us/divs/hpsc/hep/moratorium/index.html>. The page features a navigation menu with "HOME", "TOPICS", and "ABOUT US". The main content area includes a sidebar with links to various programs and projects, a main text area with a detailed description of the review process, and a list of "Public Interest Reviews" with links to specific hospital reviews. A search bar is located in the top right corner.

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Hospital Public Interest Review

The 2004 Minnesota Legislature passed a law establishing a public interest review process for hospitals seeking exceptions to the state's hospital bed moratorium law (Minnesota Statutes Chapter 144.552). Under this process, a hospital seeking to increase its number of licensed beds or an organization seeking to obtain a hospital license must submit a plan to the Minnesota Department of Health (MDH). MDH is required to review the plan and issue a finding on whether the plan is in the public interest.

In conducting its review, the MDH is required to consider certain issues, including the following:

- ▶ Whether the new hospital or hospital beds are needed to provide timely access to care or access to new or improved services;
- ▶ The financial impact of the new hospital or hospital beds on existing acute-care hospitals that have emergency departments in the region;
- ▶ How the new hospital or hospital beds will affect the ability of existing hospitals in the region to maintain existing staff;
- ▶ The extent to which the new hospital or hospital beds will provide services to nonpaying or low-income patients relative to the level of services provided to these groups by existing hospitals in the region; and
- ▶ The views of affected parties.

Under the statute, MDH must issue a finding within 90 days of receiving a complete proposal (or up to six months in extenuating circumstances).

Public Interest Reviews

- ▶ [Regions Hospital](#)
- ▶ [Tandem Hospital Partners](#)

Completed Reviews

- ▶ [PrairieCare Brooklyn Park](#)
- ▶ [PrairieCare Maple Grove](#)
- ▶ [Sanford Thief River Falls Psychiatric Hospital](#)

Contact Us
Please contact the Health Economics Program at 651-201-3550 or health.hep@state.mn.us.

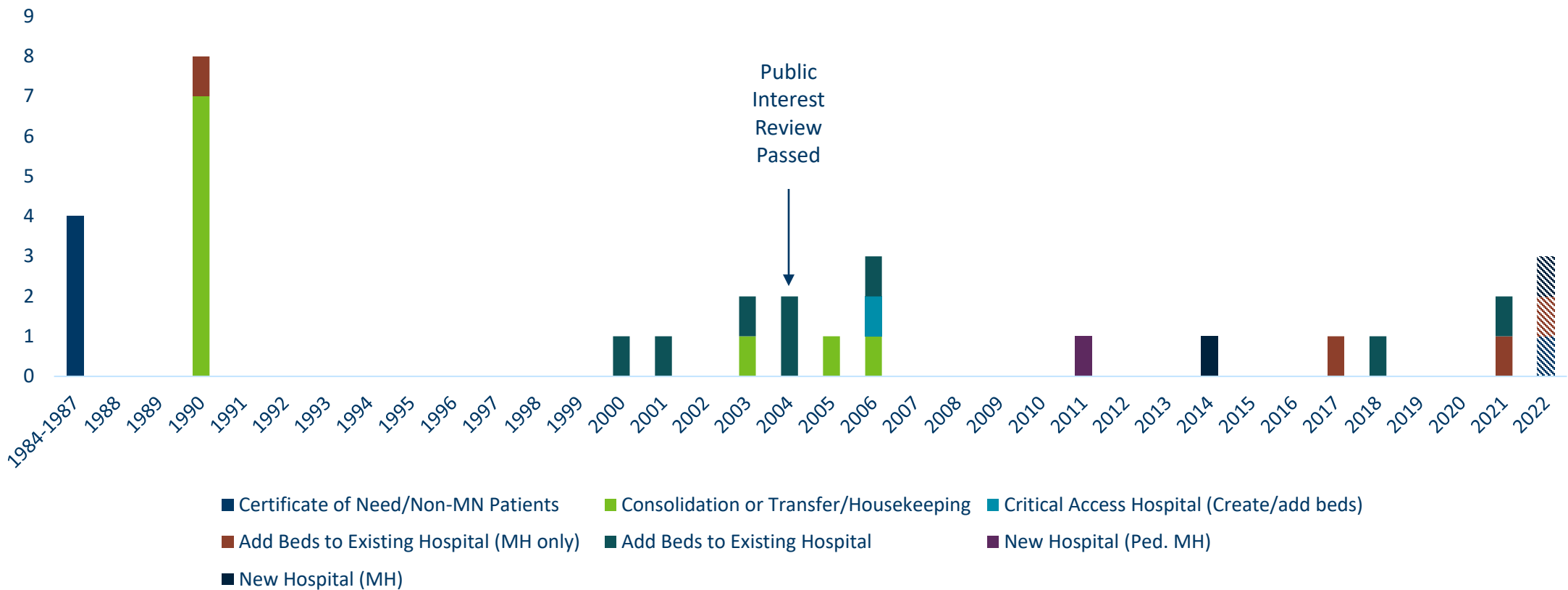
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There are Currently 30 Exceptions to Minnesota's Hospital Bed Moratorium and Three Ongoing Reviews

Exceptions to the Hospital Bed Moratorium, by Year



Source: MDH/Health Economics Program analysis of MN Statutes 144.551, February 2022

Current Context and Reviews

Recent Public Interest Reviews and Exceptions

Hospital Project	Year	Description	MDH Finding	Proposed Location	Licensed Bed Request	Current Licensed Beds	Beds Granted	Exception number(s)
PrairieCare	2017	Add licensed beds for child and youth mental health services at specialty Hospital	In public interest	Brooklyn Park, MN	21	71	21	27
Regions Hospital	2018	Add med/surg, mental health & OB beds at acute care hospital	100 beds not in public interest	Saint Paul, MN	100	454	55	28
Regions Hospital*	2021	Add med/surg and mental health beds at acute care hospital	In public interest	Saint Paul, MN	45	509^	45	29
PrairieCare*	2021	Add licensed beds for child and youth mental health services at specialty hospital	In public interest	Brooklyn Park, MN	30	71	30	30
North Shore Health	2021	Add licensed beds for CMS Swing Bed program for post-acute care at Critical Access Hospitals	Review is in progress	Grand Marais, MN	9	16		NA
Fairview/Acadia	2022	Create new adult mental health specialty hospital	Review is in progress	Saint Paul, MN	144	NA		NA
Children's Minnesota	2022	Add licensed beds for child and youth mental health services at acute care hospital	Review is in progress	Saint Paul, MN	22	279		NA

* Exception granted prior to review (only application required for hospital to obtain new licensed beds)

^ As of the end of 2020, only 480 beds had been licensed; the remaining beds (of the 55 granted in exception 28) were added in 2021 and 2022.

Excludes three applications that were not completed: Park Nicollet Methodist Hospital (2011), PrairieCare/DHS (2015) and Tandem Hospital Partners (2015)

Recent Reviews: Trends

Some Challenges

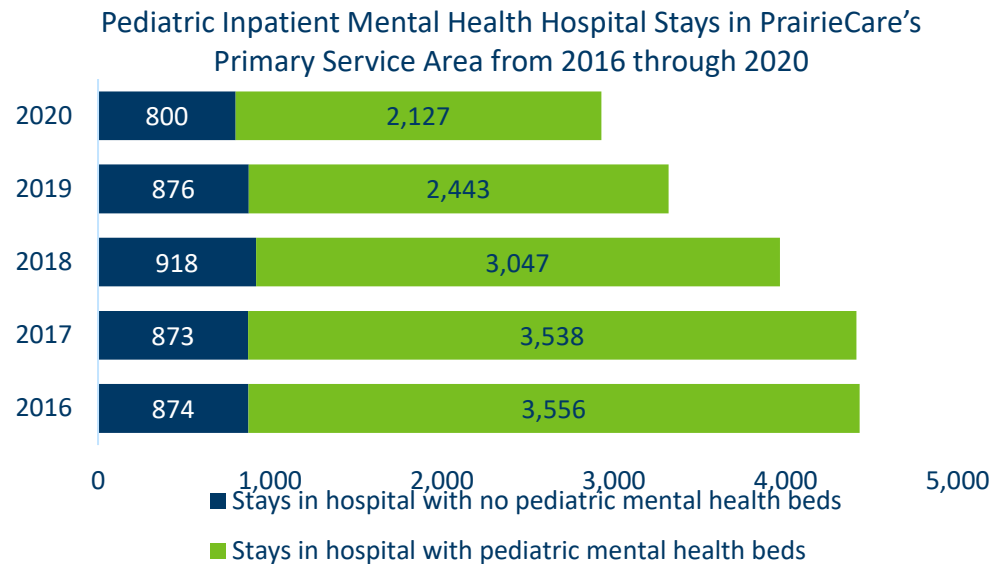
- **Tension in business vs. access:** For all reviews, there is a tension between the business case for adding beds and the access to care these beds provide.
- **Limited Scope:** Moratorium promotes a proposal/site-specific, one-off approach, rather than systematic consideration for how capacity aligns with inpatient needs and public policy goals
- **Inequities in existence of banked Licensed Beds:** By fixing in place historic capacity, the moratorium freezes market share and geographic distribution.
 - Created an economic value of licensed beds
 - Gives competitive advantage to large systems with “spare” licensed bed capacity
- **Data:** There are still some gaps in available data, including:
 - Utilization: transfer requests, ED boarding,
 - Costs: financial data at the service level, patient costs, transportation costs
- **Timeline:** Current statutory timelines do not seem to align with how hospital operators approaches

Inpatient Capacity: Children & Youth Mental Health Services

- We have an incomplete understanding of the need for services and the factors affecting care capacity bottlenecks, including:
 - Number of children with mental health needs and the type of services
 - Access to upstream, outpatient services, including timely diagnosis
 - Role of labor force challenges & payment rates across the state affecting barriers to care
- Don't hear voices of patients – what do patients and care givers requires
- Data: specialty hospitals are not required to report relevant data annually
- Even with additional beds at PrairieCare, capacity constraints will remain ...

How Capacity Constraints can Present in Data

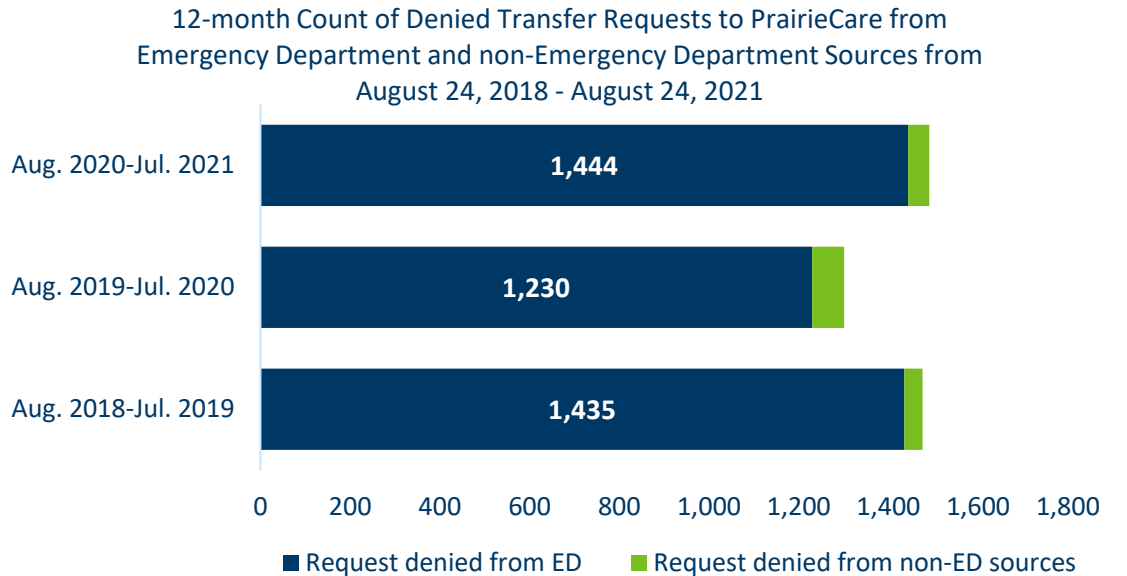
In PrairieCare service area, about 800 times a year children’s inpatient stay for mental health was at a facility that did not have dedicated pediatric mental health beds.



Source: MDH analysis of hospital administrative discharge data from the Minnesota Hospital Association.

Over two years 900 times children were boarded in emergency departments (due to lack of beds)

PrairieCare was not able to accommodate over 1,200 transfer requests from EDs each year between 2018 and 2020.



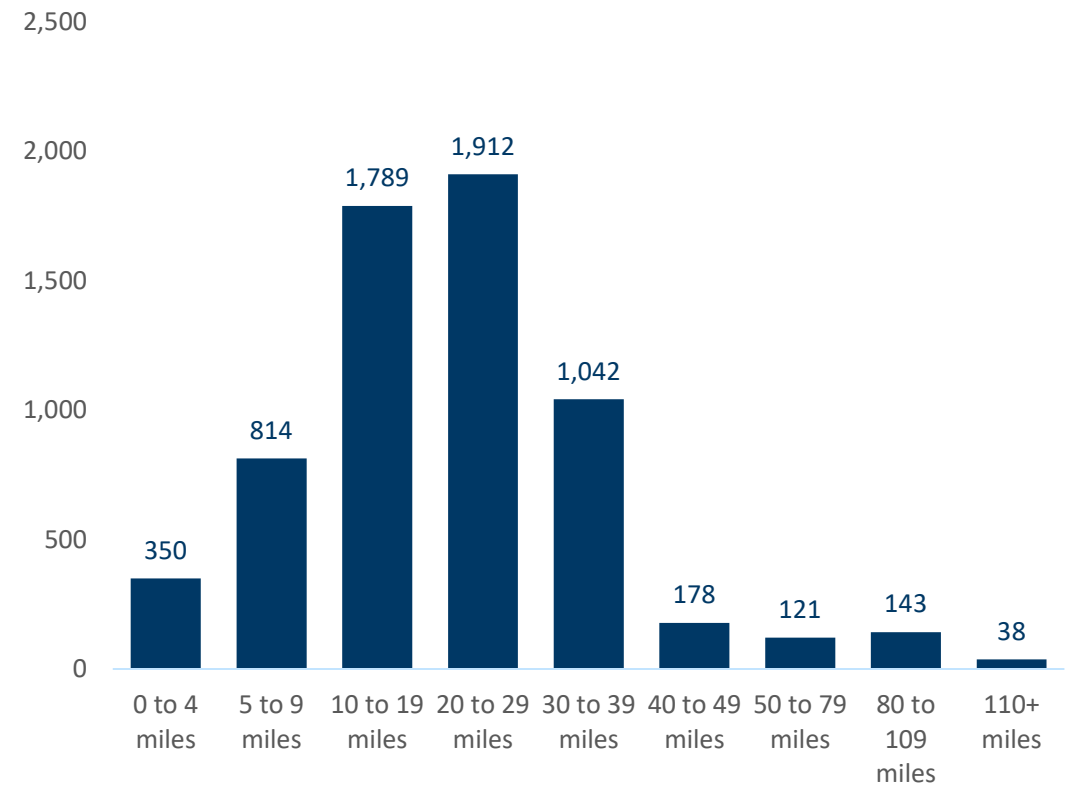
Source: MDH analysis of hospital administrative discharge data from PrairieCare.

Beds are Not Fully Aligned With Care Needs

Children and family care givers travel to access inpatient beds when local care capacity is unavailable or non-existent

Region of Residence	Children's Mental Health Hospital Stays in Twin Cities Metro Area	Share of Stays for Children's Mental Health in Twin Cities Metro Area	Average Distance traveled from home to hospital (Miles)
Metro	6,121	71.3%	19.8
Central	1,123	13.1%	55.5
Southeast	381	4.4%	73.2
South Central	331	3.9%	87.8
Northeast	220	2.6%	185.7
Southwest	100	1.2%	140.0
West Central	50	0.6%	166.6
Northwest	43	0.5%	246.2
Out of State/Unknown	218	2.5%	

Approximate Distance Traveled for Twin Cities Resident Child and Youth Inpatient Mental Health Hospital Stays in 2019 and 2020

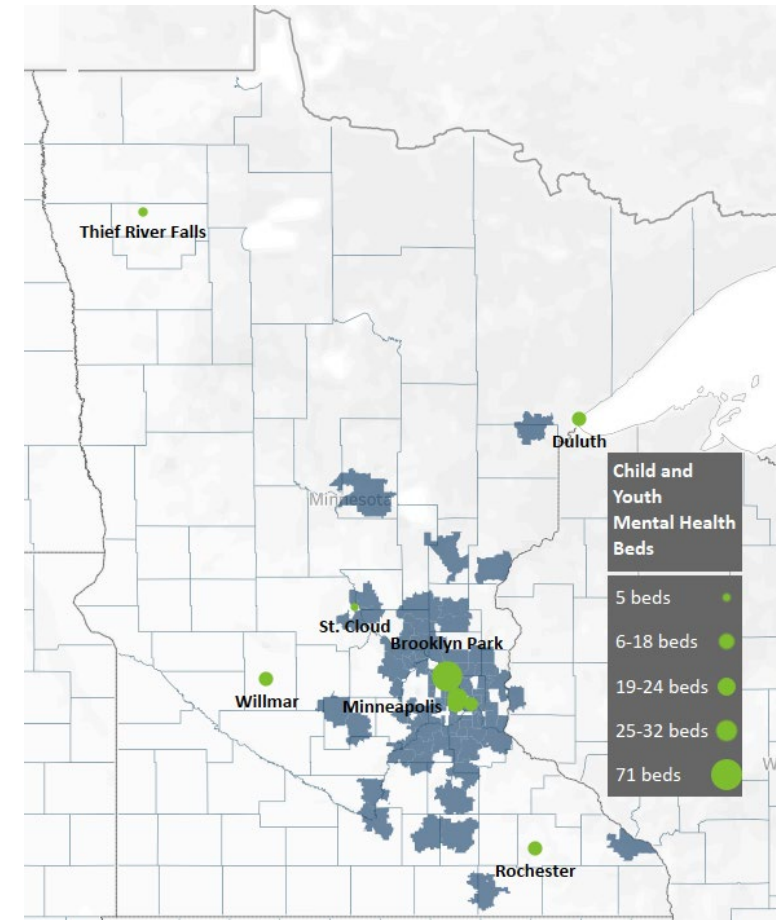


Source: MDH analysis of hospital administrative discharge data from the Minnesota Hospital Association and PrairieCare. Distances are calculated using ArcMap 10.5 from the geographic center of the resident ZIP code to the hospital location

Public Interest Review: Adding 30 beds at PrairieCare

- There are 206 inpatient mental health beds for children and youth in Minnesota
- The majority of these beds are located in the Twin Cities metro area
- The limited beds mean children and youth often need to travel for inpatient mental health care
- Next slides focus on Minnesota children and youth living in the areas highlighted in blue – the PrairieCare service area.

Minnesota Child and Youth Inpatient Mental Health Beds and PrairieCare Brooklyn Park Hospital Primary Service Areas



Note: The blue shaded areas of the map are resident ZIP codes where most hospital stays (75th percentile) originate for PrairieCare Brooklyn Park Hospital.

Thank you!

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Hospital Bed Moratorium: Closing Thoughts

- By fixing in place historic capacity, the moratorium:
 - Effectively freezes in place market share & geographic distribution
 - Gives competitive advantage to large systems with “spare” licensed bed capacity
- Moratorium promotes a proposal/site-specific, one-off approach, rather than systematic consideration for how capacity aligns with inpatient needs and public policy goals
- For all reviews, there is a tension between:
 - The business case for adding beds
 - The public interest in adding beds
- For complex investment decisions, there can be insufficient empirical information to answer key questions