

# 2025 Legislative Priorities



Minnesota Hospital Association

## Hospitals and health systems need state financial help to sustain access to care.

This past year, two-thirds of Minnesota's hospitals had negative operative margins, with a median margin of minus 2.8%. Simply put, government payments are not covering the costs of providing care, with yearly losses exceeding \$2.3 billion. This situation is not sustainable.

- Medicare underpayments below costs totaled \$1 billion,
- Medicaid underpayments below costs totaled more than \$837 million, and
- Our hospitals subsidized care for individuals awaiting discharge to other care settings or boarding in hospital emergency rooms at a cost of \$487 million.

Despite this significant financial strain, our nonprofit hospitals and health systems remain committed to their mission to serve Minnesotans and invested \$3.4 billion into community benefit services across the state.

### Policy Solutions:

- Increase Medicaid reimbursement rates to be closer to the actual care costs. The current payment rate of 68.5% is based on 2019 costs.
- Fund avoidable custodial care at hospitals. Minnesota hospitals are caring for hundreds of patients who are ready to be discharged and many other patients are boarding in hospital emergency departments. This inappropriate care is costly, challenging for our caregivers, and harmful for patients.
- Advance new proposals to leverage more federal dollars into hospital payments and services. Minnesota receives far fewer dollars in overall federal Medicaid matching funds than most other states.
- Oppose implementation and funding of the Public Option initiative as was passed in the 2023 Legislative Session.
- Protect safety-net providers, who qualify for the federal 340B outpatient drug purchasing program, from attacks by large pharmaceutical companies, as they try to limit the program.



## Hospitals and health systems need state and private investments in workforce development and avoidance of new state mandates to preserve access to care.

Hospital workforce challenges are improving, with hospital vacancies decreasing, improving staff retention, and health care professionals returning to the bedside after the impact of COVID-19. However, long-term demographic challenges remain, with more elderly patients needing care and fewer young people entering the workforce.

### Policy Solutions:

- Expand state support for health care loan forgiveness, support the creation of an allied health scholarship program, and expand Minnesota's successful Summer Health Care Internship Program (SHCIP).
- Expand dual training pipeline program, offering monetary support to both employers and students.
- Avoid passing contentious health care workforce mandates that add burdens, increase costs, and reduce access to available care.

## Minnesotans need increased state funding and broader health insurance coverage for community-based services to meet the demand for mental health needs.

Providers can't keep up with the demand for care and there are not enough staff available to provide needed services. In a rate study released in 2024, the Minnesota Department of Human Services (DHS) clearly identified the underpayment of mental health services to meet patient demand and sustain the critical mental health workforce. The legislature needs to fund the rate increases called for in this study.

### Policy Solutions:

- Increase Medical Assistance reimbursement rates for all mental health providers – ideally matching the Medicare rate.
- Implement policies to improve patient flow and movement between services and provider types. The counties need to take more responsibility for improving patient placements.
- Eliminate the sunset on insurance coverage of audio-only telehealth services, which is set to expire July 1, 2025.



## About Minnesota's Hospitals and Health Systems



MHA represents 140 hospitals including  
**77** rural Critical Access Hospitals  
across the state

**123**

24-hour emergency rooms providing



**2 million**

ER visits in 2023

**2.6 million**

inpatient days in 2023



**515,123**

individuals served

**9.8 million**

outpatient visits in 2023



**\$162 million**

in charity care

**23,286**

ICU stays since the beginning of the pandemic

**4.8 days**

average length of inpatient stay

**62,000+**

childbirths



**\$3.4 billion**

in community contributions

For more information visit  
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