



March 12, 2024

Chair Melissa Wiklund  
Senate Health and Human Services Committee  
2107 Minnesota Senate Building  
95 University Ave. W  
St. Paul, MN 551103

Dear Chair Wiklund and committee members:

On behalf of Minnesota Farmers Union (MFU), I write to share our organization's support for SF4382, which will create more comprehensive disclosure of potential hospital closures and give impacted communities an opportunity to retain control of their local hospitals. We are grateful for Senator Kupec's leadership on this important topic.

MFU is a grassroots organization that has represented Minnesota's family farmers, ranchers and rural communities since 1918 and at our most recent annual convention our members voted to make ensuring affordable and accessible care in rural Minnesota a top priority for this year. Within that priority, members specifically called for measures that will strengthen existing or create new tools to prevent further consolidation of healthcare entities and services.

SF4382 builds off the work the legislature did last year in enacting meaningful checks on large hospital mergers by helping to address a key consequence of health system consolidation, which is hospital closures and loss of critical services. Rural Minnesota has been heavily impacted by this consolidation as it has one of the most highly concentrated hospital markets in the entire country.<sup>i</sup>

Over the past twenty years the share of Minnesota's hospitals that are affiliated with a larger health system has increased from 33%<sup>ii</sup> to 72%<sup>iii</sup>. Today just three health systems (The Mayo Clinic, M Health Fairview, Allina Health System) generate nearly half of all hospital operating revenue in the state.<sup>iv</sup> While consolidation is increasing, the number of hospitals in Minnesota has declined from 158 in 1990 to 127 in 2020 while the number of licensed hospital beds has remained nearly the same since 2001 despite the state's population aging and growing by over 730,000 people.<sup>v</sup>

This is not just a coincidence. Research has found that health system acquisitions often lead to the closure of various services like intensive care, labor and delivery, psychiatric care, and cardiac surgery.<sup>vi</sup> Recent reporting found that twenty years ago, more than 110 hospitals in Minnesota offered birth services and today that number stands at just 76.<sup>vii</sup> A study of non-profit hospitals in New York found that increases in consolidation are followed with reductions in the admission of Medicaid patients, limiting choices for low-income patients.<sup>viii</sup> A national study found joining a health system was significantly associated with a loss of inpatient pediatric services.<sup>ix</sup>

Minnesota law recognizes that the loss of a hospital or key healthcare services is a significant event for a community and requires that health systems provide advance notification of a proposed closure. However, current law is not comprehensive enough, lacks teeth, and provides little in the way of effective response to a closure. SF4382 addresses this by:

- Requiring more disclosure when a health system is proposing to close a hospital or hospital unit by expanding the range of information that is required to be disclosed, such as the number of beds impacted and information on where patients can receive services after the closure, and expanding the methods of disclosure, such as issuing letters to patients, letters to nurses, and other impacted stakeholders.
- Creates a \$20,000 penalty that MDH would be required to impose if a hospital fails to adhere to those disclosure requirements, creating a real deterrent to ignoring the law.
- Gives communities a first right of refusal by requiring that a health system offer to sell the hospital to a local unit of government before closing the facility.

The closure of a hospital or loss of vital healthcare services is a significant loss for a community, particularly in rural Minnesota. This legislation will give communities a chance to better respond to proposed closures and maintain critical healthcare infrastructure. The bill is another opportunity for the legislature to help address the harms of our highly consolidated hospital market and create a healthcare system in Minnesota that works for everyone.

We again thank Senator Kupec for his leadership on this issue and urge the committee to support this legislation. If you have any questions, please contact our Government Relations Director, Stu Lourey, at [stu@mfu.org](mailto:stu@mfu.org) or (320) 232-2047 (C). Thank you for considering the needs and perspectives of Minnesota's farm families.

Sincerely,



Gary Wertish  
President, Minnesota Farmers Union

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<sup>i</sup> <https://sourceonhealthcare.org/market-consolidation/>

<sup>ii</sup> <https://mnnurses.org/issues-advocacy/issues/minnesotas-most-and-least-expensive-hospitals/>

<sup>iii</sup> <https://www.health.state.mn.us/data/economics/chartbook/docs/section8a.pdf>

<sup>iv</sup> <https://www.health.state.mn.us/data/economics/hccis/data/stndrdrpts.html#bottom>

<sup>v</sup> <https://www.lrl.mn.gov/docs/2003/other/030318.pdf>

<sup>vi</sup> <https://ldi.upenn.edu/our-work/research-updates/hospital-consolidation-continues-to-boost-costs-narrow-access-and-impact-care-quality/>

<sup>vii</sup> <https://minnesotareformer.com/2024/01/25/giving-birth-in-rural-minnesota-be-prepared-for-a-long-drive/>

<sup>viii</sup> [https://nihcm.org/assets/articles/Final\\_RI-PDF-Sunita-Desai\\_2023-09-15-133001.pdf](https://nihcm.org/assets/articles/Final_RI-PDF-Sunita-Desai_2023-09-15-133001.pdf)

<sup>ix</sup> <https://www.fiercehealthcare.com/providers/hospital-consolidation-followed-inpatient-pediatric-service-closures-study-finds>