# SENATE
## STATE OF MINNESOTA
## NINETY-FOURTH SESSION

# S.F. No. 1503

**(SENATE AUTHORS: OUMOU VERBETEN)**

| DATE | D-PG | OFFICIAL STATUS |
|---|---|---|
| 02/17/2025 | | Introduction and first reading |
| | | Referred to Health and Human Services |

A bill for an act

relating to health; prohibiting facility fees for nonemergency services provided at provider-based clinics; prohibiting facility fees for certain health care services; requiring a report; proposing coding for new law in Minnesota Statutes, chapter 62J; repealing Minnesota Statutes 2024, section 62J.824.

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

Section 1. **[62J.8241] FACILITY FEES PROHIBITED.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the definitions have the meanings given.

(b) "Facility fee" means any separate charge or billing by a provider-based clinic in addition to a professional fee for physicians' services that is intended to cover building, electronic medical records systems, billing, and other administrative and operational expenses.

(c) "Health care provider" has the meaning given in section 145B.02.

(d) "Provider-based clinic" means the site of an off-campus clinic or provider office, located at least 250 yards from the main hospital buildings or as determined by the Centers for Medicare and Medicaid Services, that is owned by a hospital licensed under chapter 144 or a health system that operates one or more hospitals licensed under chapter 144, and is primarily engaged in providing diagnostic and therapeutic care, including medical history, physical examinations, assessment of health status, and treatment monitoring. This definition does not include clinics that are exclusively providing laboratory, x-ray, testing, therapy, pharmacy, or educational services and does not include facilities designated as rural health clinics.

Subd. 2. **Provider-based clinic prohibition.** Health care providers are prohibited from charging, billing, or collecting a facility fee for nonemergency services provided at a provider-based clinic, including services provided by telehealth as defined in section 62A.673, subdivision 2, paragraph (h).

Subd. 3. **Service-specific prohibition.** Regardless of where the services are provided, health care providers are prohibited from charging, billing, or collecting a facility fee for:

(1) outpatient evaluation and management services; and

(2) any other services identified by the commissioner of health pursuant to subdivision 5, paragraph (a).

Subd. 4. **Reporting.** (a) By January 15, 2027, and each year thereafter, hospitals licensed under chapter 144 and health systems operating one or more hospitals licensed under chapter 144 must submit a report to the commissioner of health identifying facility fees charged, billed, and collected during the preceding calendar year. The commissioner must publish the information reported on a publicly accessible website. The report shall be in the format prescribed by the commissioner of health.

(b) The report under this subdivision must include the following information for each facility owned or operated by the hospital or health system providing services for which a facility fee is charged, billed, or collected:

(1) the name and full address of each facility;

(2) the number of patient visits at each facility; and

(3) the number, total amount, and range of allowable facility fees paid at each facility by Medicare, medical assistance, MinnesotaCare, and private insurance.

(c) The report under this subdivision must include the following information for the entire hospital or health system:

(1) the total amount charged and billed for facility fees;

(2) the total amount collected from facility fees;

(3) the top ten procedures or services provided by the hospital or health system that generated the greatest amount of facility fee gross revenue, the volume each of these ten procedures or services and gross and net revenue totals, for each such procedure or service, and the total net amount of revenue received by the hospital or health system derived from facility fees;

(4) the top ten procedures or services, based on patient volume, provided by the hospital or health system for which facility fees are charged, billed, or collected, based on patient volume, including the gross and net revenue totals received for each such procedure or service; and

(5) any other information related to facility fees that the commissioner of health may require.

Subd. 5. **Regulatory authority.** (a) The commissioner of health may adopt rules to include additional outpatient, diagnostic, imaging, or other services in the prohibition on facility fees set forth in subdivision 3. The commissioner may only include in the prohibition services that the commissioner determines are reliably provided safely and effectively in settings other than hospitals.

(b) The commissioner of health may adopt rules to carry out the provisions of this section.

Subd. 6. **Enforcement.** (a) A violation of this section is an unlawful business practice. All remedies, penalties, and authority granted to the attorney general under section 8.31 are available to the attorney general to enforce this section.

(b) The commissioner of health and health-related licensing boards may impose penalties for noncompliance consistent with their authority to regulate health care providers.

(c) In addition to penalties provided in paragraphs (a) and (b), the commissioner of health may impose an administrative penalty on a health care provider that violates this section. The penalty must not exceed $1,000 per occurrence.

(d) The commissioner of health or its designee may audit any health care provider for compliance with the requirements of this section. A health care provider must make available, upon written request of the commissioner or its designee, copies of any books, documents, records, or data that are necessary for the purposes of completing the audit for four years after the furnishing of any services for which a facility fee was charged, billed, or collected.

Sec. 2. **REPEALER.**

Minnesota Statutes, section 62J.824, is repealed.

**62J.824 FACILITY FEE DISCLOSURE.**

(a) Prior to the delivery of nonemergency services, a provider-based clinic that charges a facility fee shall provide notice to any patient, including patients served by telehealth as defined in section 62A.673, subdivision 2, paragraph (h), stating that the clinic is part of a hospital and the patient may receive a separate charge or billing for the facility component, which may result in a higher out-of-pocket expense.

(b) Each health care facility must post prominently in locations easily accessible to and visible by patients, including on its website, a statement that the provider-based clinic is part of a hospital and the patient may receive a separate charge or billing for the facility, which may result in a higher out-of-pocket expense.

(c) This section does not apply to laboratory services, imaging services, or other ancillary health services that are provided by staff who are not employed by the health care facility or clinic.

(d) For purposes of this section:

(1) "facility fee" means any separate charge or billing by a provider-based clinic in addition to a professional fee for physicians' services that is intended to cover building, electronic medical records systems, billing, and other administrative and operational expenses; and

(2) "provider-based clinic" means the site of an off-campus clinic or provider office, located at least 250 yards from the main hospital buildings or as determined by the Centers for Medicare and Medicaid Services, that is owned by a hospital licensed under chapter 144 or a health system that operates one or more hospitals licensed under chapter 144, and is primarily engaged in providing diagnostic and therapeutic care, including medical history, physical examinations, assessment of health status, and treatment monitoring. This definition does not include clinics that are exclusively providing laboratory, x-ray, testing, therapy, pharmacy, or educational services and does not include facilities designated as rural health clinics.