

RE: Letter of Support for SF 2669

April 8, 2025

Dear Chair Wiklund and Members of the Committee,

Thank you for your work putting together this omnibus healthcare bill. As consumer advocates representing diverse communities across the state, we are deeply invested in improving healthcare access and affordability for Minnesotans, and are writing in support of two measures in this bill: raising professional services MA rates, and prohibiting hospital facility fees.

Thank you for including the increase to MA professional service rates to 100% of Medicare, paid for with an assessment on HMOs (SF 1402). The professional service rates specifically have been frozen in Minnesota for nearly 20 years, leading to a patchwork of complicated rate structures riddled with inequities. The impacts on maternity care, behavioral and mental health care, preventative care and more are significant.

Increasing Medicaid reimbursement rates for professional services is a necessary step toward ensuring that all residents, particularly low-income individuals and families, can obtain the care they need without facing undue barriers. When healthcare providers choose to limit their participation in Medicaid due to financial concerns, the result can be reduced access and delays in necessary care. Improved reimbursement rates will have several tangible benefits, including: expanded access to care across a wide range of clinics, provider types and outpatient settings; reducing health disparities in access to providers; and preventing costly emergency care.

Importantly, doing this through an assessment on HMOs allows Minnesota to increase federal support for Medical Assistance, closing a long time gap between Minnesota's level of federal contribution and that of other states, without threatening state resources to maintain eligibility.

At the same time, it is important to recognize that excessive *commercial* charges are a significant problem in our healthcare system. Studies show charges vary drastically and erratically for the same services. Some hospital systems impose high facility fees and mark up routine procedures at unjustifiable levels, creating financial burdens for patients and inflating overall healthcare costs. Therefore thank you for also including the prohibition on charging hospital facility fees in non-hospital settings. (SF1503). These fees are a regressive and inefficient way to fund hospitals – the people who need the most care pay the most, and the hospitals that earn the most off of facility fees are those that can afford to buy up the most clinics, not those with the most need. This has an additional negative consequence of creating an adverse incentive for consolidation, which is an additional driver of increased health care costs.

In 2022, Minnesotans spent a record \$66.8 billion on health care, according to the Star Tribune.¹ This represents a 15% increase from the previous year due to price spikes, though the actual quantity of health care services increased less than 1%. By prohibiting hospital-based facility fees in clinics, lawmakers can begin to decrease out-of-pocket expenses for patients, temper consolidation, and increase transparency and equity in hospital funding streams.

¹ [Prices for Medical Care Surged in Minnesota](#), Star Tribune, 2024.

Sincerely,

ISAIAH

Minnesota Farmers Union

Unidos MN