

Revised

Consolidated Fiscal Note

2025-2026 Legislative Session

SF1503 - 1A - Facility Fees Modified

Chief Author: **Clare Oumou Verbeten**
 Committee: **Health And Human Services**
 Date Completed: **3/13/2025 12:57:34 PM**
 Lead Agency: **Health Dept**
 Other Agencies:
 Administrative Hearings Attorney General
 Health Professionals
 Regulatory Boards

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Health Dept					
General Fund	-	376	188	368	368
State Total					
General Fund	-	376	188	368	368
Total	-	376	188	368	368
Biennial Total			564		736

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Health Dept					
General Fund	-	1.05	1.05	1.05	1.05
Total	-	1.05	1.05	1.05	1.05

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

This note has been revised as the bill allows for rulemaking but due to the unknown needs of MDH, rulemaking costs are unknown at this time.

LBO Signature: Shannon Zila **Date:** 3/13/2025 12:57:34 PM
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Revised

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Health Dept						
General Fund	-	376	188	368	368	
Total	-	376	188	368	368	368
Biennial Total			564			736
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Health Dept						
General Fund	-	376	188	368	368	
Total	-	376	188	368	368	368
Biennial Total			564			736
2 - Revenues, Transfers In*						
Health Dept						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

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Fiscal Note

2025-2026 Legislative Session

SF1503 - 1A - Facility Fees Modified

Chief Author: **Clare Oumou Verbeten**
Committee: **Health And Human Services**
Date Completed: **3/13/2025 12:57:34 PM**
Agency: **Health Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Dollars in Thousands					
General Fund	-	376	188	368	368
Total	-	376	188	368	368
Biennial Total			564		736

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	1.05	1.05	1.05	1.05
Total	-	1.05	1.05	1.05	1.05

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

This note has been revised as the bill allows for rulemaking but due to the unknown needs of MDH, rulemaking costs are unknown at this time.

LBO Signature: Shannon Zila **Date:** 3/13/2025 12:57:14 PM
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Revised

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	376	188	368	368	
Total	-	376	188	368	368	368
Biennial Total			564			736
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	376	188	368	368	368
Total	-	376	188	368	368	368
Biennial Total			564			736
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill prohibits health care providers from charging, billing, or collecting facility fees for nonemergency services provided at certain off-campus hospital-owned clinics, as well as facility fees for outpatient evaluation and management and other services that can reliably be performed on an outpatient basis regardless of the setting should the Minnesota Department of Health (MDH) choose to engage in rulemaking to identify those additional services.

The bill includes an annual reporting requirement to the commissioner of health of facility-fee data by hospitals and health systems; the language gives authority through rulemaking to MDH to identify additional services for which facility fees are prohibited. The reporting requirement includes details about the facility fees paid by payer type, the top procedures or services that generate facility fees, and the total revenue received by hospitals derived from facility fees. MDH is required to make the data publicly available. Enforcement authority is given to the Attorney General, MDH, and the health licensing boards.

The bill repeals existing facility fee disclosure language currently in Minnesota Statutes, section 62J.824.

Technical Notes: Oversight, including criminal and administrative enforcement, the application of monetary penalties, and audits is spread across multiple agencies and licensing boards which may result in confusion and jurisdictional challenges. In order to effectively implement the bill, it will be beneficial to more clearly delineate oversight responsibilities and the authority to penalize entities that do not comply with the requirement.

MDH is unable to provide a cost estimate for rulemaking as part of this fiscal note. While rulemaking is likely necessary to achieve the long-term intent of the bill- the scope, and therefore the cost, of any possible future rulemaking is not yet known.

Assumptions

MDH assumes it will collect data directly from hospitals and health systems with one or more hospitals in Minnesota, which will require a data collection and storage system. MDH expects to use an existing data portal and database that will require modification to add a new data set to its structure. MNIT estimates a vendor cost of \$150,000 and MNIT staffing costs of \$37,500 to support the development and implementation of the new collection system and storage of health care facility fee data. Based on the department's experience with similar projects, MDH will require a 1.0 FTE Research Scientist 2, and 0.05 of a State Program Admin. Int. (supervisor's time) in fiscal year 2026 and ongoing to execute and manage this data collection process and publishing data to the MDH website. This position will be responsible for data collection, quality assurance of that data, and preparing data files for posting to the MDH website. They will also be responsible for the development and implementation of the data collection system, preparing the data collection form and manner, communicating with data submitters, enforcing any penalties, and managing public communications.

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Enforcement of data submission by MDH will require consistent contact with approximately 125 data submitters by the staff identified as responsible for implementation of this bill. Furthermore, the bill permits MDH to impose a penalty up to \$1,000 per violation of non-reporting or violation of the prohibition on facility fees as specified in subdivision 3. In addition to MDH's enforcement, the bill states that a violation of this section is an unlawful business practice and permits the attorney general to enforce this section per their authority under Minnesota Statutes, section 8.31.

This bill permits MDH to audit any health care provider for compliance with the requirements of this section. To ensure that hospitals comply with the requirements of the bill while limiting the cost of oversight, MDH assumes it will audit 50 percent of the estimated number of hospitals billing facility fees over a four-year period. MDH will select the facilities at random and will be able to conduct the audits over the time period because the bill requires facilities to maintain records for four years. To accomplish these audits, MDH assumes it will engage the services a professional financial audit vendor at an annual cost of \$180,000 beginning in fiscal year 2028 and ongoing. We assume these costs based on an average of 15 audits per year requiring 40 hours per audit at \$300 per hour.

Expenditure and/or Revenue Formula

Program Implementation						
Expenditure (Actual Dollars)	Amount		FY 2026	FY 2027	FY 2028	FY 2029
Full-time Equivalent (FTE) Staff		New or Maintained?	FTE	FTE	FTE	FTE
Research Scientist 2	180,697	New	1.00	1.00	1.00	1.00
State Program Admin. Int.	149,038	Maintained	0.05	0.05	0.05	0.05
	FTE		1.05	1.05	1.05	1.05
	Subtotal		188,149	188,149	188,149	188,149
Information Technology:						
Data system development and implementation vendor			150,000			
MNIT staffing supporting development and implementation			37,500			
	Subtotal		187,500	0	0	0
Other Operating Costs:						
Contract: annual hospital facility fee audit					180,000	180,000
	Subtotal		0	0	180,000	180,000
Total Expenditures	Total		375,649	188,149	368,149	368,149
Fiscal Tracking (Dollars in Thousands)			FY 2026	FY 2027	FY 2028	FY 2029
1000 - General Fund (GF)						
Health			376	188	368	368

Revised

Improvement BACT 01						
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Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

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Revised

Fiscal Note

2025-2026 Legislative Session

SF1503 - 1A - Facility Fees Modified

Chief Author: **Clare Oumou Verbeten**
Committee: **Health And Human Services**
Date Completed: **3/13/2025 12:57:34 PM**
Agency: **Administrative Hearings**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Dollars in Thousands					
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

This note has been revised as the bill allows for rulemaking but due to the unknown needs of MDH, rulemaking costs are unknown at this time.

LBO Signature: Shannon Zila **Date:** 3/13/2025 12:56:58 PM
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Revised

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
	Total	-	-	-	-	-
	Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
	Total	-	-	-	-	-
	Biennial Total			-		-
2 - Revenues, Transfers In*						
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

SF1503-1A prohibits health care providers from charging, billing or collecting a facility fee for nonemergency services that are provided at a provider-based clinic, including telehealth services, and provides for enforcement by the attorney general, Department of Health (MDH) and health-related licensing boards for any facilities that violate this prohibition. Section 1, Subd. 5 provides for MDH to adopt rules to carry out the provisions of SF1503-1A.

Assumptions

The Office of Administrative Hearings (OAH) in consultation with Minnesota Management and Budget (MMB) assesses agencies the cost of services rendered to them. All agencies shall include in their budgets provisions for such assessments.

OAH currently bills administrative law judge (ALJ) time for rulemaking and contested cases at the MMB-approved billable rate of \$270 per hour (see Minn. Stat. § 16A.126, subd. 1 (2023)).

OAH notes that SF1503-1A states that MDH may adopt rules pursuant to Section 1, Subd. 5, but has been unable to ascertain what size rulemaking, if any, MDH is estimating will be needed. Therefore, OAH is unable to determine MDH's rulemaking costs at this time.

OAH has used the MN Health Professional Regulatory Boards' assumption that there will be minimal to no new complaint filings relating to impermissible charging of facility fees, and therefore no additional appeals filed with OAH related to enforcement.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: William Moore

Agency Fiscal Note Coordinator Signature: William Moore

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Revised

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Revised

Fiscal Note

2025-2026 Legislative Session

SF1503 - 1A - Facility Fees Modified

Chief Author: **Clare Oumou Verbeten**
Committee: **Health And Human Services**
Date Completed: **3/13/2025 12:57:34 PM**
Agency: **Attorney General**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Dollars in Thousands					
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Chloe Burns **Date:** 3/10/2025 4:10:43 PM
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Revised

State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

The bill prohibits certain fees from being charged to patients at specified facilities for specified services. Separately, the bill repeals a prior law requiring disclosure of fees that would now be prohibited. Finally, the bill requires that specified entities including hospitals and certain healthcare systems report to the Department of Health various details about (non-prohibited) facility fees collected by those entities. The bill makes the billing of prohibited facility fees an “unlawful business practice” and enforceable under 8.31. The bill also provides separate rulemaking authority to the Department of Health and authorizes the Commissioner of Health to fine noncompliant entities for violations of the chapter, including failures to report.

Assumptions

The proposed bill assigns responsibility for enforcement of the prohibition on facility fees to the Attorney General and to the Commissioner of Health, but Health’s authority to enforce is capped at \$1,000 per violation and does not include the same injunctive and other equitable relief authority inherent to AG enforcement under Minnesota Statutes section 8.31. Accordingly, it is likely that most enforcement of the prohibition section of this bill would fall to the AG. Enforcement of a law like this would include investigator and attorney work to probe the existence of a facility fee and the type of facility involved.

While it is difficult to predict compliance, the bill targets entities that are, generally, legally sophisticated and accustomed to navigating complex regulation. The bill’s language specifying “outpatient management and evaluation services” is not statutorily defined but is not so vague as to raise concerns over complex enforcement. As the bill is currently written, and conduct prohibited, the Attorney General’s Office does not project any defined expenditures, absorbed costs, or revenues from the bill. Investigations of alleged violations or civil litigation to enforce the law would be pursued by the Office’s existing attorneys and investigators dedicated to consumer protection issues.

The bill grants rulemaking authority to MDH to expand the scope of the prohibition in the bill. If that scope is expanded, it might increase the likelihood of violations and thus enforcement.

Expenditure and/or Revenue Formula

n/a

Long-Term Fiscal Considerations

n/a

Revised

Local Fiscal Impact

n/a

References/Sources

n/a

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Agency Fiscal Note Coordinator Signature: Laura Capuana

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Revised

Fiscal Note

2025-2026 Legislative Session

SF1503 - 1A - Facility Fees Modified

Chief Author: **Clare Oumou Verbeten**
 Committee: **Health And Human Services**
 Date Completed: **3/13/2025 12:57:34 PM**
 Agency: **Health Professionals Regulatory Boards**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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State Cost (Savings)	Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Steve McDaniel **Date:** 3/7/2025 2:42:25 PM
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Revised

State Cost (Savings) Calculation Details

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Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
	Total	-	-	-	-	-
	Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
	Total	-	-	-	-	-
	Biennial Total			-		-
2 - Revenues, Transfers In*						
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

The bill prohibits the charging of defined types of a “facility fee.” It creates Minn. Stat. 62J.8241.

Subdivision 1 provides relevant definitions for the terms “Facility fee,” “Health care provider,” and “Provider-based clinic.”

Subdivision 2 states the facility fee prohibition for services provided at a “provider-based clinic.”

Subdivision 3 states the facility fee prohibition for all outpatient evaluation and management services, as well as other services identified pursuant to subdivision 5(a) regardless of the type of facility providing the service.

Subdivision 4 requires reporting by hospitals and health systems of any facility fees charged, billed, and collected beginning January 1, 2027 and lists multiple requirements for the required reports.

Subdivision 5 authorizes the commissioner of health to engage in administrative rulemaking to authorize additional services be included in subdivision 3’s prohibition on a facility fee regardless of the type of facility providing the service.

Subdivision 6 addresses providers for various methods of enforcement of this statute by the Attorney General, the commissioner of health and the health-related licensing boards with authority over health care providers.

Subdivision 7 repeals Minn. Stat. 62J.824.

Assumptions

The MN Health Professional Regulatory Boards assume that upon enactment of this statutory language, all or nearly all licensees will adopt and/or change existing practice as necessary to comply with the new statutory prohibition on specified facility fees. Assuming such compliance by licensees, the Boards anticipates minimal to no new complaint filings relating to impermissible charging of facility fees. Therefore, no increased cost related to this bill is anticipated.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

Revised

References/Sources

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