



March 25, 2025

RE: 3/26/25 Public Hearing and United States of Care's Support for SF 1503

Dear Chair Latz and Members of the Committee,

Thank you for the opportunity to provide testimony in support of SF 1503, commonsense legislation that would establish reasonable limits on facility fees charged to patients by hospitals and health systems. United States of Care (USofCare) is a non-partisan, non-profit organization working to ensure everyone has access to quality, affordable health care, regardless of health status, social need, or income.

Unfortunately, despite past meaningful action taken by the Legislature, health care remains unaffordable for many in Minnesota. Over half of Minnesotans report delaying medical care due to the cost of health care and 83% are worried about their ability to afford health care in the future. One of the main drivers of increasing health care costs can be traced to health care consolidation in Minnesota and nationwide, which has led to less competition and higher prices for patients, usually with no corresponding increase in quality of care.

As health systems consolidate and purchase outpatient clinics, such as primary care clinics and imaging centers, they are increasingly able to bill patients for so-called "facility fees." These hidden fees, charged in addition to fees covering the provider's services, are often not covered by insurance and can lead to high out-of-pocket costs. Even worse, facility fees are not associated with any changes in the type or quality of care provided to a patient, making the physical location where you receive services the defining factor.

Reimbursement mechanisms for outpatient care are already structured to provide hospitals compensation for routine overhead costs. Facility fee charges are simply just another unexpected financial burden put on patients to subsidize hospitals that own the most outpatient facilities. Notably, the burden of facility fees is not shared equally among Minnesotans. Rural communities, communities of color, people with chronic and complex health conditions, and people with less generous insurance coverage, such as high deductible health plans, are most heavily impacted by costly facility fee charges. Facility fees are an inefficient way for hospitals to make money, while effectively deepening health disparities in Minnesota.

State momentum to protect people from facility fees has increased over the past several years. To date, eleven states have passed laws limiting all or some facility fees, with even more states introducing legislation similar to SF 1503 this session. Notably, we have seen laws limiting facility fees garner broad bipartisan support in states like Connecticut, Colorado, Indiana and Ohio. With Minnesota leading in so many other ways on health care, this bill is a logical next step to directly lower the rising out-of-pocket costs that patients are forced to shoulder.

United States of Care is supportive of SF 1503 and strongly encourages a “yes” vote in support of this bill that takes steps to ensure that Minnesotans have access to the medical care they need without adding additional worries about costs. We thank the committee for its work on this issue and urge the committee to consider United States of Care a resource moving forward. Please do not hesitate to reach out if you have any questions.

Sincerely,

Kelsey Wulfsuhle
Senior State Advocacy Manager
United States of Care
kwulfsuhle@usofcare.org
(785) 633-8985

Re: Letter of support for SF1503

March 26, 2025

Dear Chair Latz and Members of the Committee,

We are writing today in strong support of prohibiting facility fees at clinics and other health care providers (SF1503). This bill is a crucial step toward improving health care affordability and transparency for Minnesotans.

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%. Minnesotans are paying for out-of-control health care costs through rising premiums, increased cost-sharing, and extraneous facility fees tacked on medical bills by hospital systems and not covered by insurance.

These fees amount to hidden charges that lack transparency and strain the budget of Minnesotans who are already spending more on health care each year. In addition, the ability to charge these fees drives health systems to buy up independent clinics, creating more and more revenue for hospitals that can afford to grow and consolidate, not necessarily the hospitals that need it most. 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.

This policy is common sense and moves Minnesota in the right direction. No other wealthy nation in the world spends as much on health care than the United States, yet our health care access and outcomes rank at the bottom.² High health care costs are driven by corporate consolidation, bloated spending on administration³, and investor-driven profiteering across health care infrastructure.

Policymakers are responsible for making health care work for everyone, and holding hospitals and other providers accountable for out-of-control costs that hurt people who need care and strain public resources.

We urge lawmakers to take this critical step to make health care costs more affordable and transparent.

¹ Prices for Medical Care Surged in Minnesota, Star Tribune, 2024.

² U.S. is drastically behind other wealthy nations on healthcare, despite spending the most, Commonwealth Fund, 2024.

³ High U.S. Health Care Spending: Where Is It All Going? Commonwealth Fund, 2023.

Signed,

Minister JaNaé Bates and Alexa Horwart
Co-Executive Directors
ISAIAH

Emilia González Avalos
Executive Director
Unidos MN

Gary Wertish
President
Minnesota Farmers Union

ATTENTION PATIENTS

YOU ARE VISITING A HOSPITAL-BASED CLINIC

What is a hospital-based clinic?

A hospital-based clinic is a clinic that is owned and operated by a hospital but that may not be located within the main hospital.

How does this affect me?

Some health insurances cover care in hospital-based clinics differently than stand-alone (freestanding) clinics. Because of this, you may see added charges connected to hospital-based clinics, depending on how your insurance covers copayments, coinsurance, and deductibles.

How can I find out more?

If you have questions about your benefits and coverage for hospital-based clinic services, check with your insurance on how they cover facility charges in a "hospital-based outpatient" or "provider-based" location (sometimes called a "hospital outpatient place of service").

If your insurance does cover facility charges in these places, ask:

- How much of the facility charge is covered?
- What will my out-of-pocket costs be, including what is applied to my deductible?
- What is my copay for this type of visit or treatment?



Scan the QR code to learn more
about hospital-based clinics.

