



S.F. No. 1503 – Facility fees prohibition for nonemergency services provided at provider-based clinics

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Bill Overview

S.F. 1503 prohibits facility fees for nonemergency services provided at certain off-campus hospital-owned clinics, as well as facility fees for specified services regardless of the setting. The bill requires annual reporting of facility-fee data by hospitals and health systems, gives authority to the commissioner of health to identify additional services for which facility fees are prohibited, and provides enforcement mechanisms and penalties. The bill also repeals existing facility fee disclosure requirements in Minnesota Statutes, section 62J.824.

Section Summaries

Section 1 (Adds Minn. Stat. § 62J.8241; Facility Fees Prohibited)

Subd. 1. Definitions. This section defines key terms, including “facility fee,” “health care provider,” and “provider-based clinic.” A “facility fee” is a separate charge (in addition to a professional fee) that covers building, administrative, and operational expenses. “Provider-based clinic” refers to certain off-campus clinics or offices owned by a hospital or health system, located at least 250 yards from the main hospital buildings (or as determined by the Centers for Medicare and Medicaid Services), and primarily engaged in providing diagnostic and therapeutic care. These definitions align with the definitions for such terms in existing Minnesota Statutes, section 62J.824 (which is being repealed under Section 2 of this bill).

Subd. 2. Provider-based clinic prohibition. This section prohibits health care providers from charging, billing, or collecting a facility fee for nonemergency services delivered at a provider-based clinic, including services delivered via telehealth. The prohibition applies to the same set of providers currently subject to the facility fee notice requirements under section 62J.824 (which is being repealed under Section 2 of this bill).

Subd. 3. Service-specific prohibition. This section prohibits health care providers from charging, billing, or collecting a facility fee for: (1) outpatient evaluation and management services, and (2) any other outpatient, diagnostic, or imaging services that the commissioner of health

designates by rule as included in the prohibition and for which the commissioner has determined is safe and effective to provide outside of hospital settings.

Subd. 4. Reporting. This section requires hospitals and health systems operating one or more hospitals to submit an annual report to the commissioner of health on any facility fees charged, billed, or collected during the previous year. The first reporting date is January 15, 2027. This section specifies the content of the report, including the number of patient visits per facility, the total amount and range of facility fees paid by different payers, and the top procedures that generate the highest facility fee revenue. The commissioner must publish this information on a publicly accessible website.

Subd. 5. Regulatory authority. This section authorizes the commissioner of health to adopt rules to expand the prohibition on facility fees to additional outpatient services that can be safely and effectively provided in nonhospital settings. The commissioner may also adopt rules to carry out other provisions of this section.

Subd. 6. Enforcement. This section provides that violations of this section constitute an unlawful business practice subject to the remedies and enforcement authority granted to the attorney general under Minnesota Statutes, section 8.31. It grants additional enforcement authority to the commissioner of health and health-related licensing boards to impose penalties, and authorizes the commissioner to impose administrative fines for each occurrence of noncompliance. This section further requires providers to maintain pertinent documentation for four years, which documents are subject to an audit by the commissioner.

Section 2 (Repealer; 62J.824) This section repeals Minnesota Statutes, section 62J.824, which required disclosure of facility fees prior to the provision of nonemergency services. This repeal is made as such notification requirements would be unnecessary due to the prohibition on facility fees under Section 1.



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