



March 19, 2025

Professional Distinction

Personal Dignity

Patient Advocacy

Senate Labor Committee  
Minnesota Senate Building  
95 University Ave. W.  
St. Paul, MN 55155

Dear Chair McEwen and Members of the Senate Labor Committee,

With over 22,000 members, the Minnesota Nurses Association (MNA) represents roughly 80 percent of all active bedside hospital nurses in Minnesota, as well as nurses working in public health, nursing homes, and other settings, and many Advanced Practice Providers (APPs) in northern Minnesota. We are a voice for our members on issues relating to the professional, economic, and general well-being of nurses and healthcare providers. I am writing to express our deep concerns regarding the ongoing and increasing consolidation in our healthcare system and its detrimental impact on workers, labor market power, and access to patient care.

Healthcare systems across Minnesota, including Fairview Health Services and Essentia Health, have undergone significant mergers and consolidations in recent years. These consolidations have led to the prioritization of financial interests over patient care and worker rights. Specifically, we have seen:

**Fairview Health Services:** The proposed merger between Fairview and Sanford Health raised serious concerns about job security for healthcare workers, the erosion of union contracts, and a decline in patient-centered care. While the merger ultimately did not go through, the underlying issue remains; large-scale consolidations often lead to workforce reductions, increased workloads, and decreased bargaining power for employees. Following Fairview's previous merger with HealthEast, CEO James Hereford instituted major cuts and ultimately closed Bethesda and St. Joseph's hospitals during the COVID-19 pandemic, demonstrating how consolidation often results in service reductions that harm both workers and patients.

**Essentia Health:** Essentia Health has demonstrated an increasingly corporatized approach to recruiting and retaining its workforce, and to overall labor relations, particularly in its treatment of Advanced Practice Providers (APPs). In Brainerd, Essentia has refused to release APPs from noncompete agreements, restricting their ability to seek employment elsewhere within the Essentia system and outside of it at severely understaffed community clinics. Furthermore, despite a National Labor Relations Board (NLRB) ruling, Essentia continues to refuse to bargain with these newly organized providers. Even when the NLRB has warned Essentia that they are refusing to bargain "at their own peril", they continue their corporate, anti-union tactics. This unwillingness to engage with workers and honor labor rulings is another clear indication of how the corporatization of healthcare, and consolidation of our healthcare system, negatively impacts frontline providers and patient care.

345 Randolph Avenue  
Suite 200  
St. Paul, MN 55102  
Tel: 651.414.2800  
800.536.4662  
Fax: 651.695.7000  
Email: [mnnurses@mnnurses.org](mailto:mnnurses@mnnurses.org)  
Web: [www.mnnurses.org](http://www.mnnurses.org)



AFL-CIO

## Broader Impacts of Healthcare Consolidation

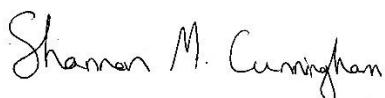
- **Reduced Competition:** Over 70% of Minnesota hospitals are now affiliated with a larger health system. More than half of hospital mergers nationwide are considered “cross-market” mergers, which have largely gone unchallenged by regulators. A recent example is the merger between St. Luke’s of Duluth and Wisconsin-based Aspirus. Reduced competition leads to fewer employment opportunities and weaker collective bargaining power for healthcare workers.
- **Consolidation and Cuts:** Research shows that rural hospital mergers frequently lead to service reductions, particularly in maternal/neonatal care and behavioral health, devastating communities that rely on these essential services. The result is a loss of local jobs and increased unemployment in affected areas.
- **Non-Compete Agreements:** Healthcare executives leverage market power to enforce non-compete agreements, reducing access to care and restricting healthcare workers from serving vulnerable populations. Despite Minnesota's 2023 ban on new non-compete agreements, Essentia Health continues to enforce existing ones for its APPs, demonstrating how corporate healthcare systems seek to maintain control over their workforce at the expense of workers and patients.
- **Higher Prices, Reduced Wages:** Economic studies consistently find that consolidation leads to higher healthcare costs, with some estimates showing price increases as high as 65%. Cross-market mergers, including those with out-of-state hospitals, drive up costs even further. At the same time, hospital mergers have been linked to lower wages for skilled healthcare professionals, including nurses.

To protect Minnesota's healthcare workers and patients, we urge the Legislature to leverage what we already know about healthcare consolidation, monopolies, and monopsonies to enact legislation that:

1. Strengthens oversight and transparency on healthcare mergers, acquisitions, and finances to prevent further monopolization and ensure labor protection.
2. Require healthcare systems to uphold labor rights, staffing ratios, and fair wage protections as conditions for consolidation, and to recognize existing collective bargaining agreements.
3. Hold corporate healthcare entities accountable for maintaining equitable patient access and investing in worker retention and well-being.

Minnesota's nurses and healthcare workers are the backbone of our healthcare system, and their voices must be prioritized over corporate interests. We respectfully ask the committee to take action to address these pressing concerns and protect our state's healthcare workforce. We look forward to your leadership in ensuring that Minnesota's healthcare system serves both workers and patients, rather than the financial interests of large corporate entities.

Sincerely,



Shannon Cunningham  
Director of Governmental and Community Relations  
Minnesota Nurses Association

# Healthcare Consolidation:

## Reduced competition leads to higher prices, lower wages, and service cuts



### Reduced Competition

- In Minnesota, over 70 percent of hospitals are affiliated with a larger health system as of 2023.<sup>1</sup>
- Nationally, rural hospital mergers are on the rise: between 2010 to 2016, the US averaged 44 rural hospital mergers per year, representing a 200% annual increase over the prior 5-year period.<sup>2</sup>
- More than half of hospital mergers and acquisitions are considered “cross-market” mergers, which have gone unchallenged by federal regulators.<sup>3</sup> A recent local example is the merger between St. Luke’s of Duluth and Wausau, Wisconsin-based Aspirus.

### Consolidation and Cuts

- Following Fairview’s merger with HealthEast, Fairview CEO James Hereford instituted major cuts and ultimately closed Bethesda and St. Joseph’s hospitals during the COVID-19 pandemic.<sup>4</sup>
- Rural hospital mergers have been found to result in service cuts and closures, in particular affecting maternal/neonatal care and behavioral health.<sup>5</sup>
- These cuts devastate communities that depend on essential services and lead to reductions in the local labor force and income, as well as increased levels of unemployment.<sup>6</sup>

### Non-Compete Agreements

- Healthcare executives use their market power to demand workers sign non-compete agreements, reducing access to healthcare and restricting healthcare workers from caring for sick and vulnerable patients.
- Despite historic legislation passed in 2023 banning new non-competes, Essentia Health has refused to release its advanced practice providers from existing agreements and have leveraged their regional monopoly power to refuse to even come to the negotiation table.

### Higher Prices, Reduced Wages

- Economic research consistently finds that consolidation has led to higher healthcare prices, by as much as 65 percent according to a 2022 RAND Corporation study.<sup>7</sup>
- Cross-market mergers, including mergers with out-of-state hospitals, are also associated with higher prices.<sup>8</sup> A 2024 study showed that cross-market hospital acquisitions are associated with acquirer price increases of 12.9 percent 6 years after the merger or acquisition. Notably, they found that this effect was larger for serial acquirers.
- Studies have also found that hospital mergers have led to lower wages for skilled workers, including nurses.<sup>9</sup>

### University of Minnesota – Essentia Health Proposal

- The University of Minnesota and Essentia Health’s proposal would create a mega system that would cover much of the state and put more power in the hands of Essentia Health and CEO David Herman.
- Communities in Greater Minnesota could lose access to care, should Essentia close or consolidate services in areas where it has hospitals and clinics within a short drive of Fairview facilities.
- Essentia Health and the University of Minnesota must commit to keeping all facilities and services as well as retain jobs, should the merger go through.

<sup>1</sup>Minnesota Department of Health, Health Economics Program, “Section 8A: Health Care Providers and Service Availability: Hospitals,” in Minnesota Health Care Markets Chartbook, 2024, <https://www.health.state.mn.us/data/economics/chartbook/docs/section8a.pdf#page=12>.

<sup>2</sup>Dunc Williams et al., “Rural Hospital Mergers Increased Between 2005 and 2016—What Did Those Hospitals Look Like?,” *Inquiry: A Journal of Medical Care Organization, Provision and Financing* 57 (July 18, 2020): 0046958020935666, <https://doi.org/10.1177/0046958020935666>.

<sup>3</sup>Brent D. Fulton et al., “The Rise of Cross-Market Hospital Systems and Their Market Power in the US,” *Health Affairs* 41, no. 11 (November 2022): 1652–60, <https://doi.org/10.1377/hlthaff.2022.00337>.

<sup>4</sup>Jeremy Olson, “Fairview Cuts Include Bethesda, St. Joseph’s Hospitals; 900 Jobs to Be Lost,” *Star Tribune*, October 6, 2020, <https://www.startribune.com/fairview-cuts-will-include-two-hospitals-affect-900-jobs/572641022/>; Frederick Melo, “St. Joseph’s Hospital Signage Comes down, Fairview’s Center for Community Health Equity Launches,” *St. Paul Pioneer Press*, June 23, 2022, <https://www.twincities.com/2022/06/23/st-josephs-hospital-signage-comes-down-fairview-center-for-community-health-and-equity/>.

<sup>5</sup>Rachel Mosher Henke et al., “Access to Obstetric, Behavioral Health, and Surgical Inpatient Services After Hospital Mergers In Rural Areas,” *Health Affairs* 40, no. 10 (October 2021): 1627–36, <https://doi.org/10.1377/hlthaff.2021.00160>.

<sup>6</sup>George M Holmes et al., “The Effect of Rural Hospital Closures on Community Economic Health,” *Health Services Research* 41, no. 2 (January 4, 2006): 467–85, <https://doi.org/10.1111/j.1475-6773.2005.00497.x>.

<sup>7</sup>Zachary Levinson et al., “Ten Things to Know About Consolidation in Health Care Provider Markets” (Kaiser Family Foundation, April 19, 2024), <https://www.kff.org/health-costs/issue-brief/ten-things-to-know-about-consolidation-in-health-care-provider-markets/>.

<sup>8</sup>Daniel R. Arnold et al., “New Evidence on the Impacts of Cross-Market Hospital Mergers on Commercial Prices and Measures of Quality,” *Health Services Research* (April 23, 2024), <https://doi.org/10.1111/1475-6773.14291>.

<sup>9</sup>Zachary Levinson et al., “Ten Things to Know About Consolidation in Health Care Provider Markets” (Kaiser Family Foundation, April 19, 2024), <https://www.kff.org/health-costs/issue-brief/ten-things-to-know-about-consolidation-in-health-care-provider-markets/>.



## Support the Labor Rights of Advanced Practice Providers (APPs) at Essentia Health

Essentia Health is refusing to recognize its legal obligation to bargain in good faith with the Minnesota Nurses Association (MNA) as the certified representative of Advanced Practice Providers (APPs). Despite the National Labor Relations Board (NLRB) certifying MNA on August 6, 2024, as the exclusive representative of APPs in the East Market, Essentia Health continues to make unilateral changes to employment conditions while denying MNA's rightful role in negotiations — an unfair labor practice under the National Labor Relations Act. Legislators must stand alongside workers to bring an end to Essentia's misconduct.

### **Essentia Health's Ongoing Violations**

- **Ignoring NLRB Certification:** The NLRB has certified MNA as the rightful representative of APPs, yet Essentia Health refuses to acknowledge this and negotiate.
- **Unilateral Changes Without Bargaining:** Essentia Health has repeatedly altered employment terms without consulting MNA, despite being legally required to do so.
- **Repeated Refusal to Meet:** MNA has requested negotiations on multiple occasions—including September 3, 2024, September 11, 2024, November 25, 2024, January 16, 2025, and January 17, 2025—only to be met with blanket refusals from Essentia Health.
- **Failure to Recognize Legal Precedent:** The NLRB states that an employer acts “at its peril” when making unilateral employment changes while certification objections are pending. Essentia Health is willfully ignoring this directive.

### **Support APPs and Strengthen Healthcare**

- **Ensure Fair Representation:** Protect APPs right to bargain collectively as one unified group.
- **Safeguard Patient Care:** Stability in APP working conditions leads to better patient outcomes, especially in rural communities.
- **Uphold Labor Standards:** Strengthen enforcement of labor laws to prevent future violations by healthcare employers.
- **Promote Workforce Retention:** Fair treatment and job security help retain skilled APPs and reduce healthcare staffing shortages.

### **Why Legislators Must Act**

- **Protect the APPs Collective Bargaining Rights:** Essentia Health is attempting to divide APPs into multiple bargaining units, undermining their ability to negotiate effectively as one collective unit.
- **Enforce Federal Labor Law:** Despite legal obligations, Essentia Health has failed to bargain in good faith and continues to make unilateral changes to employment terms, violating the NLRB's directives.
- **Defend Patient Care and Rural Healthcare Access:** Essentia's refusal to negotiate disrupts healthcare delivery, particularly in rural communities where APPs serve as primary care providers.

**Lawmakers: stand with workers and demand Essentia Health come to the negotiating table!**

