



December 1, 2025

Senator Tou Xiong, Chair
Senate State and Local Government Committee
3203 Minnesota Senate Building
Saint Paul, MN 55155

Representative Ginny Klevorn, Co-Chair
House State Government Committee
5th Floor, Centennial Office Building
Saint Paul, MN 55155

Senator Andrew Lang, Ranking Member
Senate State and Local Government Committee
2205 Minnesota State Building
Saint Paul, MN 55155

Representative Jim Nash, Co-Chair
House State Government Committee
2nd Floor, Centennial Office Building
Saint Paul, MN 55155

Dear Senators and Representatives:

Attached is the annual uncollectible debt summary report for fiscal year 2025 as required by Minn. Stat. § 16D.09.

The statute provides eight reasons for writing off debt owed to the state:

1. All reasonable collection efforts have been exhausted.
2. The cost of further collection action will exceed the amount recoverable.
3. The debt is legally without merit or cannot be substantiated by evidence.
4. The debtor cannot be located.
5. The available assets or income, current or anticipated, that may be available for payment of the debt are insufficient.
6. The debt has been discharged in bankruptcy.
7. The applicable statute of limitations for collection of the debt has expired.
8. It is not in the public interest to pursue collection of the debt.

From fiscal year 2024 to fiscal year 2025, the total number of uncollectible debts decreased approximately 30 percent, from 79,475 to 55,292, while the total dollar amount of uncollectible debts increased approximately 33 percent, from \$110,957,599 to \$147,989,599.

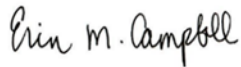
Most of the overall decrease in the total number of uncollectible debts is driven by decreases at the Department of Human Services (DHS) and Minnesota State Colleges and Universities (Minnesota State). The number of uncollectible debts reported by DHS decreased by 12,398. DHS attributes this decrease to one-time debt write-offs occurring in FY 2024 related to coverages provided under Minnesota Health Care Programs during the COVID-19 Public Health Emergency. The number of uncollectible debts reported by Minnesota State decreased by 14,708. Minnesota State attributes this decrease to their Workday ERP system implementation, with schools facing workforce capacity constraints and adjusting to new operational processes resulting from implementing the new system.

Most of the overall increase in the total dollar amount of uncollectible debts is driven by an increase in the amount of DHS's debt write-offs. The dollar amount of uncollectible debts reported by DHS increased by \$36,446,138. DHS attributes this increase to several factors. The agency wrote-off older debts owed by providers

in the Minnesota Health Care Programs. The agency deemed the debts as uncollectible because they were past the statute of limitations to collect a debt, the provider filed bankruptcy, or the amount it would cost to attempt collection of the debt would exceed the amount recovered. Additionally, DHS prioritized writing-off a significant amount of older debt balances they have deemed to be uncollectible attributable to Direct Care and Treatment (DCT) programs as DCT has transitioned to a new, standalone state agency. Finally, DHS also wrote off Medical Assistance parental fees it deemed as uncollectible. The Legislature eliminated Medical Assistance parental fees in FY 2024 on a prospective basis.

If you have any questions, please contact Paul Moore, Assistant Commissioner of Accounting Services, at 651-201-8004.

Sincerely,

A handwritten signature in cursive script that reads "Erin M. Campbell".

Erin Campbell
Commissioner

Cc: Eric Nauman, Senate Counsel, Research and Fiscal Analysis Office
Emily Adriaens, House Fiscal Analysis Department
Andrew Erickson, Senate Counsel, Research and Fiscal Analysis Office
Helen Roberts, House Fiscal Analysis Department

Minnesota Management and Budget**M.S. 16D.09 Uncollectible Debt Summary Report***Fiscal Year 2025*

	<u>Number</u>	<u>Percent of total</u>	<u>Dollar amount</u>	<u>Percent of total</u>
Write Offs				
Under \$10,000	53,500	97%	\$29,534,173	20%
\$10,000 or more	1,792	3%	\$118,455,426	80%
Total Write-Offs	55,292	100%	\$147,989,599	100%

Debt Breakdown

Over \$999,999	2	\$4,931,963
\$500,000 - \$999,999	25	\$18,090,446
\$250,000 - \$499,999	44	\$15,489,122
\$100,000 - \$249,999	199	\$31,030,921
\$50,000 - \$99,999	305	\$20,540,795
\$10,000 - \$49,999	1,217	\$28,372,180
Under \$10,000	53,500	\$29,534,173
Total Write-Offs	55,292	\$147,989,599