ADVISORY TASK FORCE ON GOVERNANCE AND FINANCING OF HENNEPIN HEALTHCARE SYSTEM, INC.

What Other Public Hospital Systems Show

What we learned by comparing Hennepin Healthcare with 25 public hospital systems around the country, and what it means for how Hennepin is paid for and governed

Task Force Meeting 4

Thursday, November 5, 2026

Prepared by Laurel Health Advisors, LLC

Draft for review by the Chair and the Health Subcabinet · Version 4, November 3, 2026

HOW THE SCAN WAS DONE

How we compared Hennepin with others

25

public hospital systems, including Regions Hospital in Saint Paul

52

facts gathered the same way for every system, including Hennepin

1990

Each was owned or controlled by a government at some point since then

How systems were chosen

Each serves a high share of patients who are uninsured or on Medicaid and trains many doctors. Some changed their structure and some did not, so both can be compared.

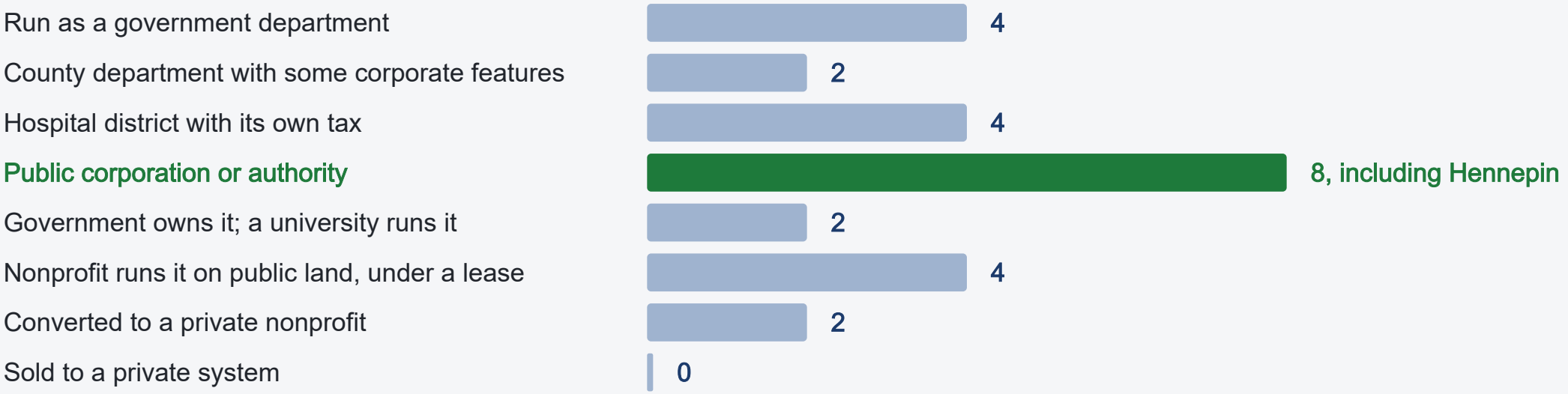
What the scan does and does not do

Every fact comes from a law, lease or audited financial report. The scan shows how systems are set up. It does not grade or rank them.

THE 26 SYSTEMS BY HOW THEY ARE ORGANIZED

Seven ways to organize a public hospital

They range from a hospital run as a government department to one turned into a private nonprofit. Hennepin is a public corporation, the most common setup.



THE SYSTEMS WE COMPARE MOST CLOSELY

Six systems to keep in mind

These are most like Hennepin today, or made a change Hennepin might consider. We'll cover these in more detail in the presentation.

System	Who owns it, what changed, and what it shares with Hennepin
Denver Health (Colorado)	Owner: the City and County of Denver, one combined government. A 1994 state law made its city run safety net, trauma and teaching hospital a public authority. The closest match to Hennepin
Erie County Medical Center (New York)	Owner: Erie County, which ran the hospital. A 2004 state law made it a public corporation, like Hennepin; the county kept the land
Cook County Health (Illinois)	Owner: Cook County, unchanged. What changed was how the board is chosen
Nassau Health Care (New York)	Owner: Nassau County, which ran the hospital. State law made it a public corporation, like Hennepin; now under a state oversight board
Harris Health and Parkland (Texas)	Owners: county hospital districts, unchanged. Safety net and teaching systems paid for partly by their own property tax
Regions Hospital (Minnesota)	Owner: Ramsey County, which owned and operated the hospital. Became a private nonprofit in 1994; the county kept the land

WHAT HENNEPIN DOES

Hennepin serves the whole state

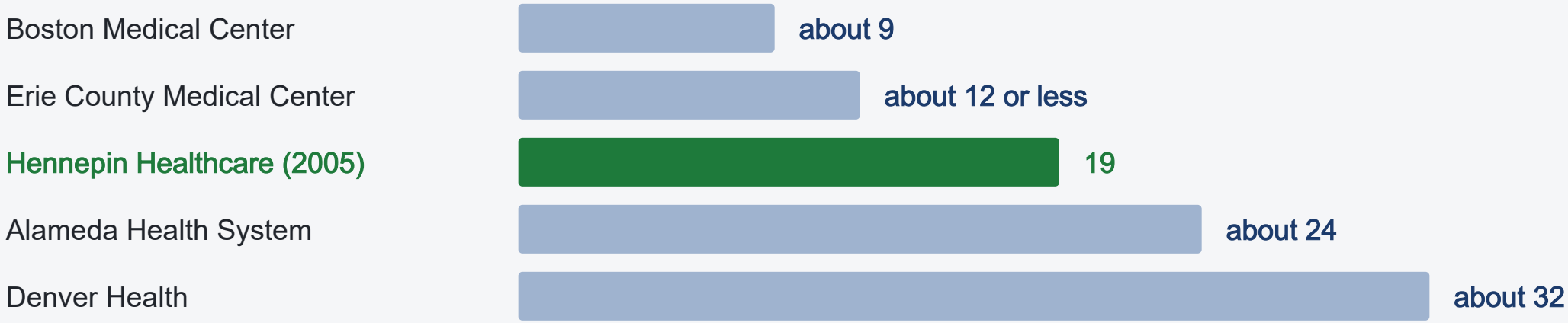
Topic	Hennepin Healthcare	Other systems
Emergency care	Highest level trauma care for adults and children; one of two burn centers in Minnesota; ambulance patients from 85 of 87 counties	25 of 26 are top level trauma centers
Uncompensated care	About 21 percent of all uncompensated hospital care in Minnesota	All serve a high share of uninsured and Medicaid patients
Training doctors	Runs its own 24 training programs for new doctors	11 of 26 run their own; elsewhere a university does

What the scan found: where a hospital changed structure, emergency care, uncompensated care, and medical training continued when the law or lease required them.
For example, trauma, burn and teaching services continued at Regions after 1994.

WHAT HENNEPIN DOES

Changing a hospital's structure takes time

Months from the day the law passed to the day the new structure took effect



What the scan found: changes took from 9 to 32 months to take effect.
While a change takes effect, licenses, Medicare and Medicaid provider agreements, trauma designation, 340B registration and residency accreditation must move without a gap.

WHO OWNS IT

Who owns Hennepin, and what if it ends

Question	Hennepin Healthcare	Other systems
Who owns what?	Hennepin County owns the land and buildings. Hennepin Healthcare, a public corporation created by state law in 2005, runs the hospital under a lease with the county.	In 17 of 26, a government still owns the land
Can it be changed or closed?	The county may dissolve or reorganize it, since 2026 only after sustained financial trouble, mediation and failure to agree	No other system has comparable conditions; in Denver and Nassau, outstanding bonds block dissolution
If it ends	The land stays with the county, and net assets return to the county if it is dissolved	From nothing returned (Boston) to the county taking back everything (Alameda)

What the scan found: leases are where owners write service conditions, limits on sale or transfer, and what returns to the public.

WHO OWNS IT

System property: what returns to the public

Boston Medical Center	Regions Hospital	Hennepin Healthcare	Denver Health	Erie County	Alameda
Nothing returns to the city	The land never left Ramsey County	Land stays with the county; net assets return to it if dissolved	Assets return to the city and county once debts are paid	Land returns to the county if the hospital stops serving its mission	County may take back the whole operation from 2027

Less public control → More public control

Same setup, different powers

Denver and Erie are organized like Hennepin. Denver’s city has one main power, over the board; Erie County has many. Hennepin County is closer to Erie.

Minnesota has done this before

When Regions changed in 1994, the law set six conditions. Three have no direct counterpart in Hennepin’s 2005 law: continued trauma, burn, teaching and research services; county consent before any transfer to a for profit owner; and notice before a name change.

ACCOUNTABILITY AND TRANSPARENCY

What the public can see

Who runs the hospital	Open meetings	Public records	Public purchasing rules	Civil service rules
Hennepin Healthcare	In part	In part	No	No
Denver Health	Yes	Yes	No	No
Erie County, Cook County, Nassau	Yes	Yes	Yes	Yes
Harris Health	Yes	Yes	Yes	No
Regions, Boston Medical Center	No	No	No	No

Hennepin today

The board can determine when a meeting should be closed to the public, specifically if it would harm the hospital competitively.

Elsewhere, meetings close only for reasons listed in law, and final votes are public.

Public accountability and transparency requirements apply to the entity that runs the hospital. Public purchasing rules are c ompetitive bidding and contracting laws. Civil service rules are merit system rules for hiring, pay and discipline of employees; they do not concern board seats.

What the scan found: transparency rules for public meetings applied only when specified in the law or lease.

FINANCING

How Hennepin is paid for, beside others

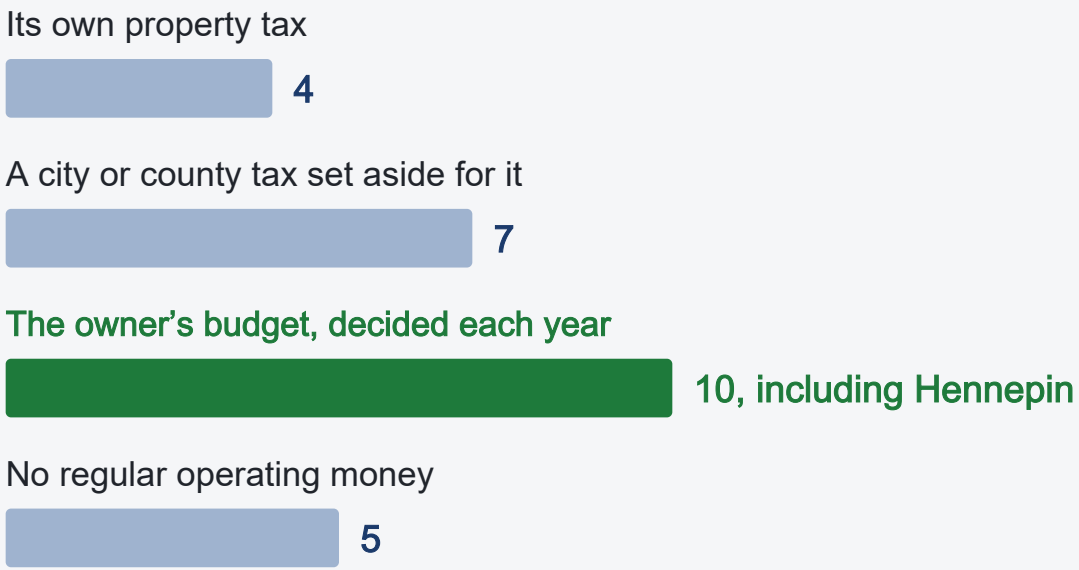
Question	Hennepin Healthcare	Other systems
County funding	No tax of its own and none set aside for it. Set each year under a county formula the county can change: $38.0 million for uncompensated care and $33.1 million for buildings and equipment (2024)	4 have their own property tax; 7 get a local tax set aside; 10 rely on an amount the owner sets in its budget each year
State funding	One time only: $50 million (2026), $54.95 million (2027), and $100 million toward the nonfederal share of Hennepin's Medicaid directed payments (2027)	Fixed only by a law, a voter approved tax or a contract: own property tax (4), tax set aside (7), minimum in law (2), Medicaid minimum (1), multiyear contract (1); some use more than one
Borrowing	No bonds or credit rating of its own; in practice only the county borrows for it. Owes $189.9 million (2024), $154.0 million of it to the county	About half borrow on their own credit; in the rest the city or county borrows
Medicaid supplemental payments	Received about $160 million in directed payments (2025) and over $100 million in other supplemental payments, before paying about $100 million a year itself as the nonfederal share	A major source almost everywhere. Hennepin and UNM Hospital pay their own nonfederal share, and Jackson, Harris and Parkland pay part; elsewhere others pay it
340B drug discount	$99.7 million (2024), more than twice its $45.9 million operating loss	At least 17 of 26 take part

Directed payment figures are Hennepin's own figures, not yet confirmed by audit.

FINANCING · WHERE PUBLIC MONEY COMES FROM

Four ways local public money arrives

Hennepin is in the largest group: its local support depends on a decision made every year.



Examples of a tax set aside

- Alameda County: voters approved a half cent sales tax for health care; 75 percent of what it raises goes to the hospital system, through 2034
- Denver: a sales tax voters approved in 2024, about $70 million a year
- Albuquerque: a county property tax for UNM Hospital, renewed by voters every eight years
- Hennepin County: 2026 bills in the Legislature to raise the county sales tax and set at least $21 million a year aside for the hospital were not enacted

FINANCING · CAN THE MONEY BE COUNTED ON?

Four ways to make public support dependable

A minimum set in law

New York City must give its public hospitals at least $175 million a year. Miami-Dade must give Jackson at least 80 percent of the share of its county budget it gave in 1991.

A tax with an end date

Voters approve taxes for a set time: Alameda through 2034, Albuquerque eight years at a time. Denver's tax cannot replace the city's other support.

A minimum in state Medicaid payments

A 2024 state law requires at least $63.6 million a year in Medicaid supplemental payments to Cambridge Health Alliance, 2024 to 2027.

A contract for several years

Two Atlanta area counties pay Grady under an agreement that runs from 2023 to 2029 ($69.4 million in 2025).

Hennepin today: the county applies a formula to part of the cost of uncompensated care but sets the amount yearly, so Hennepin counts among the 10 systems with support decided each year. A proposed operating agreement would replace the formula with a fixed amount in the county's annual budget.

⚠ **Not dependable:** Erie County's law sets no amount. It paid $76.3 million in 2023 and nothing in 2024.

FINANCING · MEDICAID AND 340B

Two income sources that rest on Hennepin’s public status

Who pays the nonfederal share of Medicaid supplemental payments, and the trade offs

Who pays	Examples
The hospital itself	Hennepin, about $100 million a year; UNM Hospital; Jackson, Harris and Parkland in part
Other hospitals, through a shared fund	Houston, Dallas, Miami
The government that owns it	New York City
A statewide fee on all hospitals	Ohio, for MetroHealth
Public costs counted, no cash moves	California; Harborview in Seattle

The 340B drug discount

$99.7M

Received in 2024. Without it, the 2024 operating loss would have been $145.6M, not $45.9M.

Neither requires public ownership: private nonprofits can receive directed payments and can qualify for 340B through a government contract, as many in Minnesota do. Hennepin qualifies through its public status and pays its nonfederal share by intergovernmental transfer, which only a governmental entity can make.

What the scan found: Boston’s 1996 law kept its public status for all government payments when it became a nonprofit.

GOVERNANCE: WHO IS IN CHARGE

Hennepin governance mirrors other systems, with two exceptions

LIKE MOST

A government picks the board

True in 21 of 26

LIKE MOST

A board of 11 to 15 members

Most have 7 to 16

LIKE MOST

Only the board hires the chief executive

True in 18 of 26

ONLY HENNEPIN

The county can remove the entire board in one vote

No other owner can. The county did it on August 12, 2025. Since 2026, only after sustained financial trouble, mediation and failure to agree.

ONLY HENNEPIN

A new budget rule (2026)

The county must approve the hospital's budget as presented, unless the hospital is in sustained financial trouble.

GOVERNANCE: WHO IS IN CHARGE

Five powers decide who is really in charge

Which of these powers the county, city or other government that owns each hospital holds over it (these are not powers the ho spital holds)

System	Picks the board	Removes directors	Approves the budget	Approves the chief executive	Approves borrowing
Hennepin Healthcare	Yes	Yes	Partly	No	Yes
Cook County Health	Yes	Yes	Yes	Yes	Yes
Nassau Health Care	Yes	Yes	Yes	Partly	Yes
Denver Health	Yes	Unclear	No	No	Partly
Erie County Medical Center	Yes	Unclear	No	No	Partly
Regions; Boston Medical Center	No	No	No	No	No

“Partly” means only some seats, money or decisions. “Unclear” means we could not confirm it. For Hennepin’s budget, the 2026 law requires the county to approve it as presented unless the hospital is in sustained financial trouble.

Every mix is in use somewhere, from all five powers to none.

HOW THE BOARD IS CHOSEN

Ways to share the choice of board members

Hennepin today: the county alone chooses the board. It names two county commissioners and approves the rest, who are put forward by a committee of the hospital board itself.

COOK COUNTY

A nominating committee set in law

A 13 member committee of named community, business and health groups puts forward three names for each seat. The County Board President picks one.

ERIE COUNTY; INDIANAPOLIS

Seats shared among appointers

At Erie, the Governor fills six seats from the county's recommendations. In Indianapolis, three local bodies share seven seats.

DENVER; COOK COUNTY

A second body confirms

A city council or county board must approve every appointment.

REMOVAL AND FINANCIAL TROUBLE

Removing members, and acting in a crisis

Removing board members

- Hennepin: four ways, including removing the entire board by a two thirds county vote
- Most others: one member at a time, for a stated reason, after a hearing
- Houston: only a judge can remove a member mid term
- Cleveland: state law bars removal for political reasons
- Nassau: the only other whole board replaced, by a 2025 state law

When money runs short

- Hennepin: the county gains budget control only in sustained financial trouble
- Nassau: since June 2025, a state oversight board approves its financial plan, large contracts and all borrowing
- Atlanta (Grady): if the board fails to adopt a budget, a court can remove it
- San Francisco: the city’s real control is money; it cut support by $16.3 million in a normal year

Where removal requires a stated reason, members can disagree with whoever appointed them without losing their seat.

WHO SITS ON THE BOARD

Board questions the 2026 law left open

The law already requires two county commissioners, and relevant expertise for at least 75 percent of the other members. Up to 25 percent may represent the communities and patients served.

Open question	What other systems do
How long members serve, and term limits	Terms run one to six years. Denver, Miami and Albuquerque allow two terms in a row; Alameda allows three in a row. Most set no limit.
Physicians/medical providers on the board	Limited in San Francisco, Cleveland and Albuquerque. Indianapolis requires a physician; two systems save a seat for medical staff.
Expertise	Cook County lists 14, from finance and medicine to labor and community. Erie County requires a patient's view.

Where a private board runs the hospital, as at Regions and Boston, public seats let officials see decisions but not control t hem. Lasting protections are written into the law or the lease.

CONCLUSION

What the national scan tells us

What Hennepin does

Hennepin serves the whole state through trauma, burn care, physician training and uncompensated care. Elsewhere, such services continued after a change where a law or lease required them.

Paying for it

Here Hennepin differs from many: no tax set aside for it and no credit of its own. Others use a dedicated tax, a minimum set in law, or a contract for several years.

Who is in charge

Hennepin is mostly typical, except for the county’s power to remove the whole board and the new budget rule. Every mix of the five key powers is in use somewhere.

Across the scan, public status, open meetings and required services carried over where a law or lease required them.