



Advisory Task Force on Governance & Financing of Hennepin Health Care System, September 2026

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The Health Economics Program at MDH

- The Health Economics Program (HEP) conducts research and applied policy analysis to:
 - Monitor changes in the health care market
 - Understand factors influencing health care cost, quality and access
 - Provide objective, technical assistance to policymakers
- Our work is data-driven
- It is available through reports, issue briefs, data dashboards, presentation slides & testimony

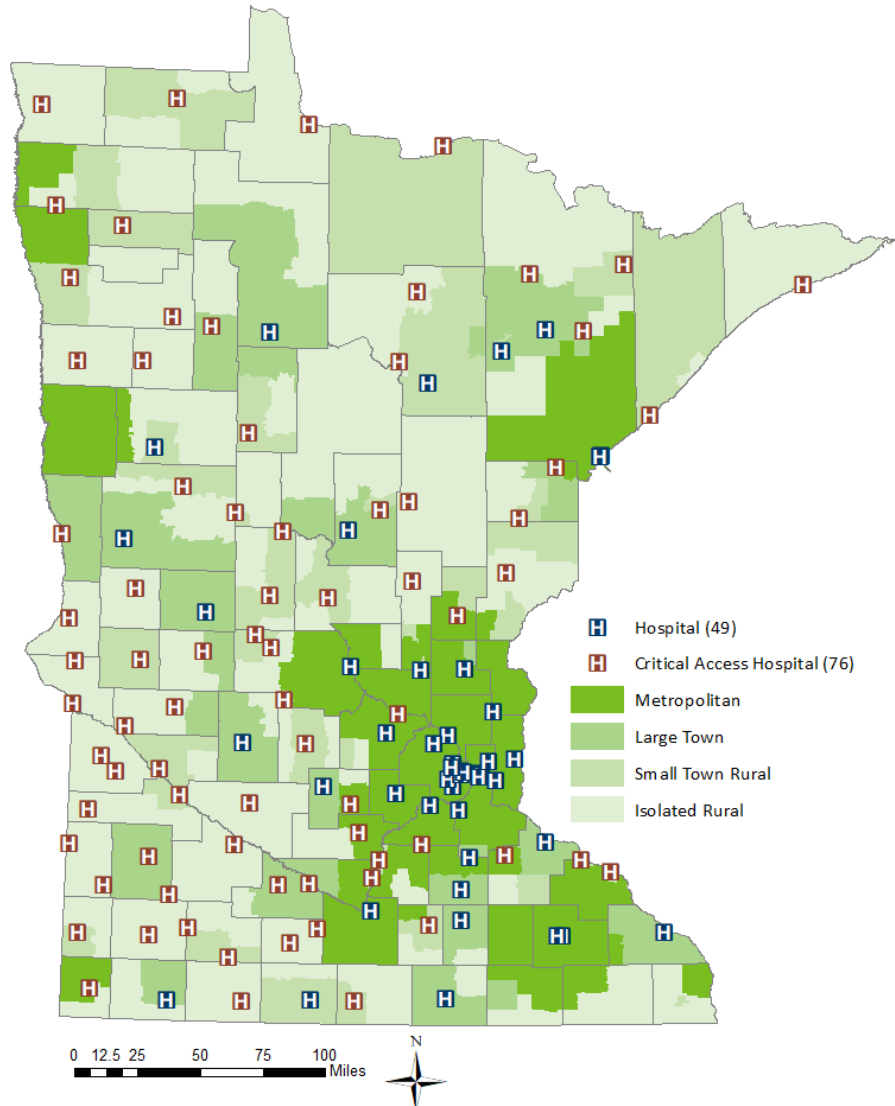


- Minnesota's hospital market
- HCMC in comparison
- Uncompensated care
 - Definitions
 - Trends
 - Distribution

Trends in the Minnesota Hospital Market

(includes early results from 2025)

Hospital and nursing home services are available throughout the state



- Minnesota has 125 acute care, non-federal community hospitals, organized across 14 multi-hospital health systems and 38 independent facilities.
 - 76 are designated Critical Access Hospitals.^{1,2}
 - In total, 90 hospitals are located in rural areas.¹
- Hospitals play a critical, often life-saving, role in providing advanced care across the spectrum of therapies
- Oftentimes, hospitals act as hubs to their affiliated clinical systems than span pharmacies, hospice, home health, skilled nursing care and other vertically integrated service lines
- Spending on hospital care (inpatient & outpatient) accounts for not quite one-third of Minnesota's estimated \$77B health care system

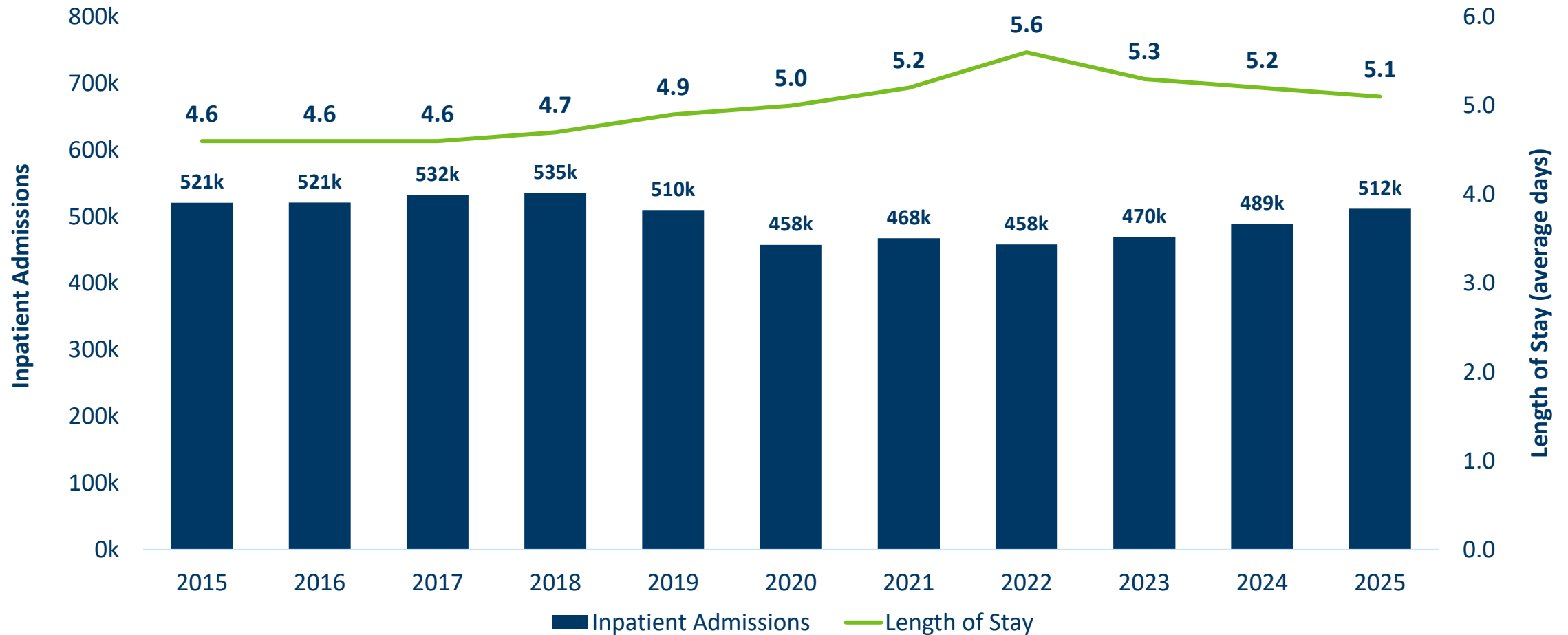
¹ Source: MDH Health Economics Program analysis of 2025 hospital annual reports, September 2026.

² There are 76 Critical Access Hospitals in Minnesota; however, one is an Indian Health Services Hospital. This is not included in the count of community hospitals, which are limited to non-federal short-term general and other special hospitals and are accessible by the general public. [Critical Access Hospitals \(https://www.health.state.mn.us/facilities/ruralhealth/flex/cah/index.html\)](https://www.health.state.mn.us/facilities/ruralhealth/flex/cah/index.html)

Hospital Data

- Because of the unique role hospitals play in the infrastructure of care in MN, Legislature requires annual submission of data:
 - Organizational structure & affiliated health care businesses
 - Utilization (admissions, days, surgeries, ED visits, etc.)
 - Financing (revenue, expenses, charity care, bad debt, community benefit, etc.)
 - Services profile (type of service lines and staffing, etc.)
 - Clinical information (ADT, reportable events, etc.)
- Hospitals also submit Annual Financial Statements, Balance Sheet data, encounter data, and (soon) data related to community health needs assessment
- Generally, data are lagged by 8+ months
- Other resources to analyze hospital trends in MN include IRS forms 990, the Medicare Cost Reports, and the Minnesota All Payer Claims Data

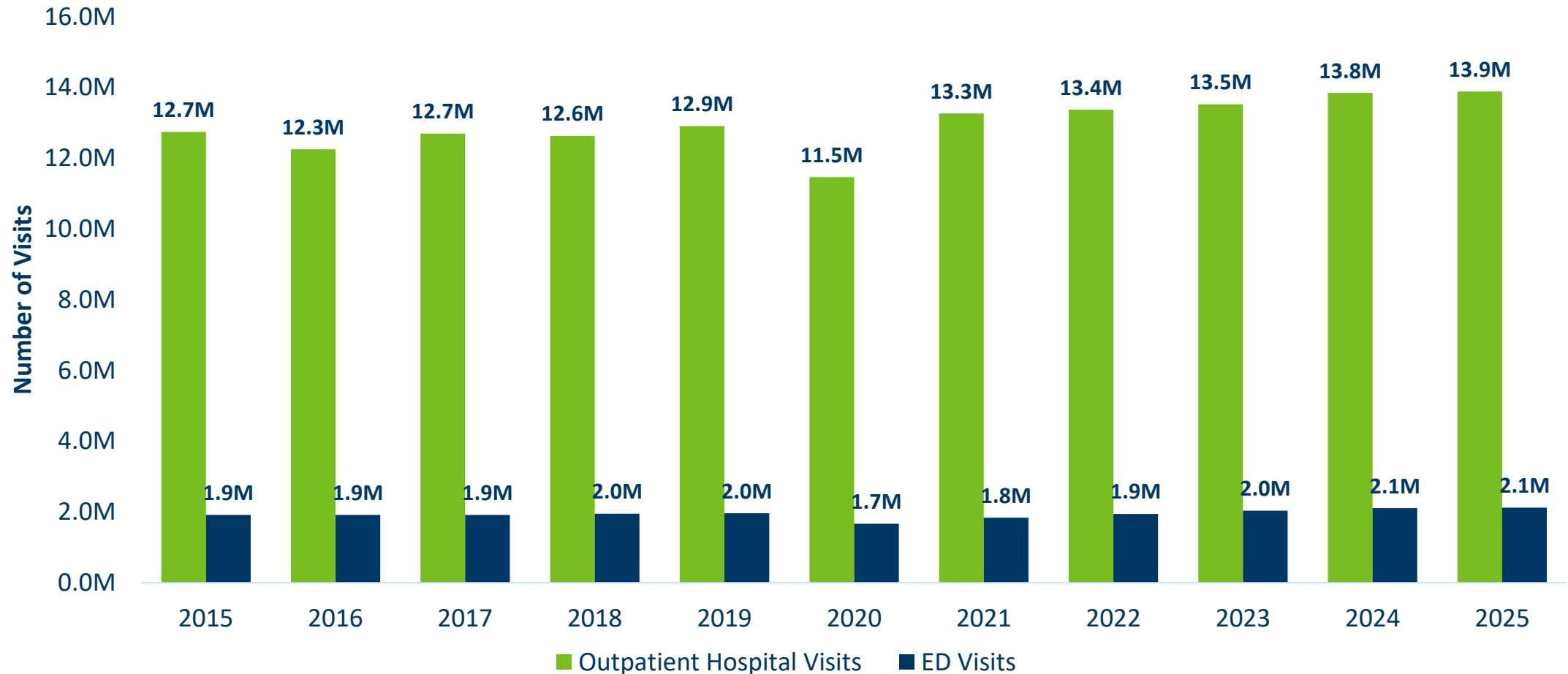
Trends in Utilization for Minnesota Acute Care Hospitals



Note: 2025 data is preliminary.

Source: MDH Health Economics Program analysis of hospital annual reports, Sept. 2026.

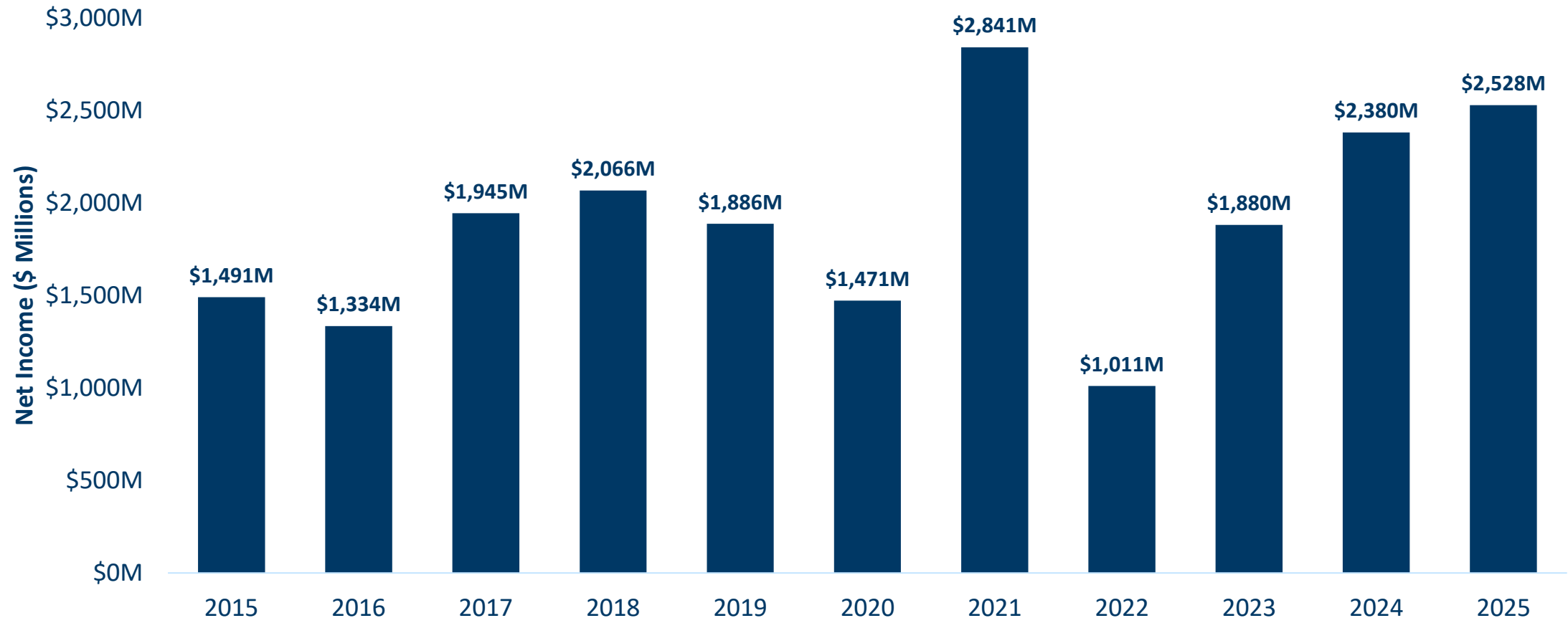
Outpatient Care at Minnesota Acute Care Hospitals



Note: 2025 data is preliminary.

Source: MDH Health Economics Program analysis of hospital annual reports, Sept. 2026.

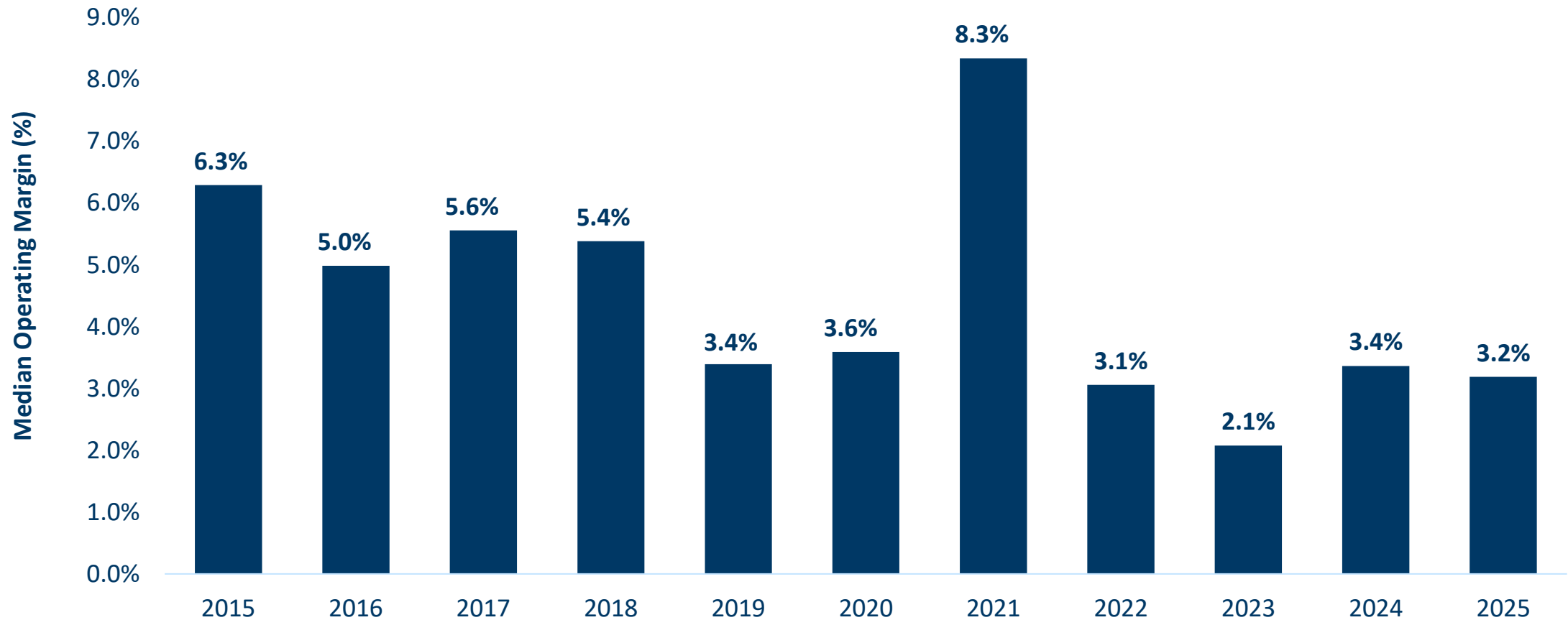
Trends in Total Net Income for Minnesota Acute Care Hospitals



Note: 2025 data is preliminary.

Source: MDH Health Economics Program analysis of hospital annual reports, Sept. 2026.

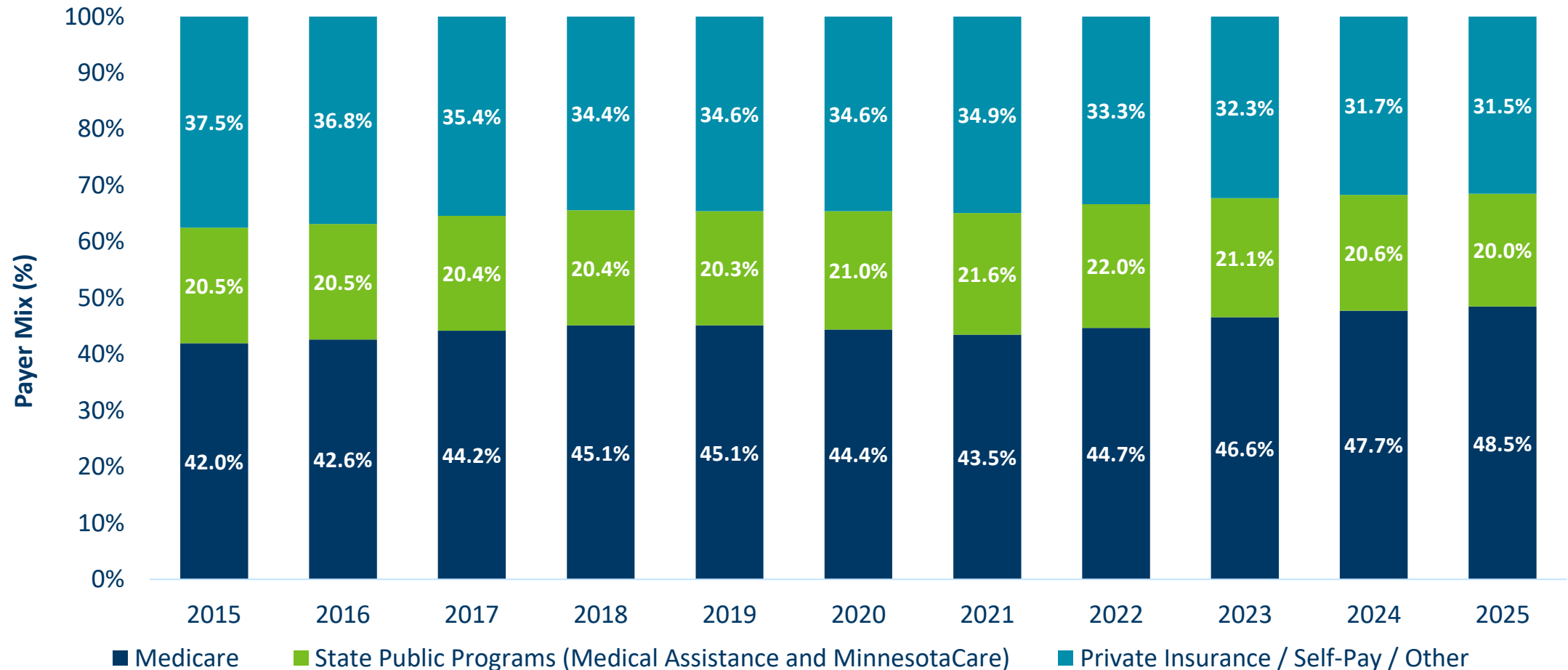
Trends in Median Operating Margin for Minnesota Acute Care Hospitals



Note: 2025 data is preliminary.

Source: MDH Health Economics Program analysis of hospital annual reports, Sept. 2026.

Payer Mix (acute care admissions) for Minnesota Acute Care Hospitals



Note: 2025 data is preliminary.

Source: MDH Health Economics Program analysis of hospital annual reports, Sept. 2026.

HCMC Footprint in Minnesota

Trends in HCMC Utilization

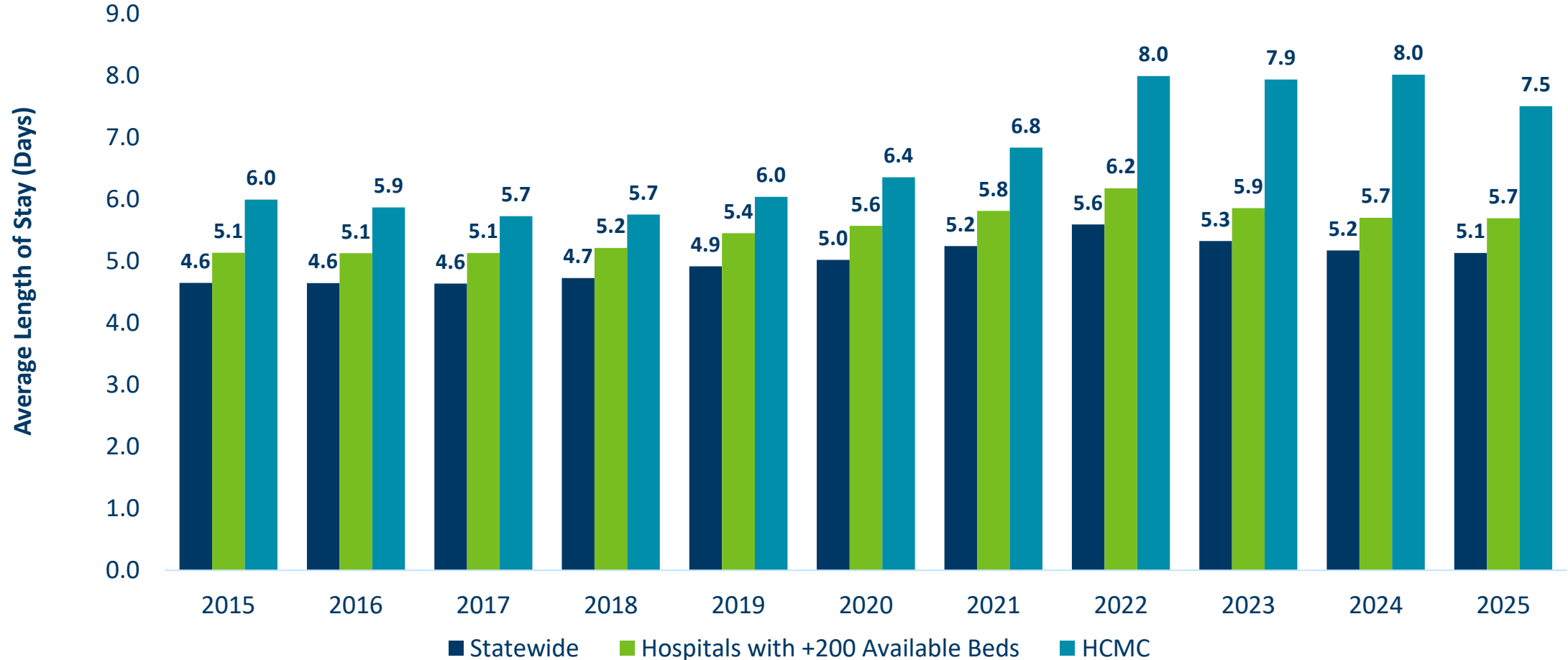
HCMC % of Statewide Utilization	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Inpatient admissions	4.0%	4.2%	3.9%	3.9%	4.0%	4.0%	4.0%	3.4%	3.4%	3.3%	3.5%
Outpatient hospital visits	5.5%	5.9%	5.8%	5.8%	5.8%	5.1%	5.2%	5.0%	5.1%	5.2%	5.3%
Emergency department visits	4.7%	4.8%	4.8%	4.8%	4.8%	4.5%	4.6%	4.5%	4.6%	4.5%	4.4%
Trauma 1 volume	- Developing estimates -										

Utilization at HCMC	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Inpatient admissions	20,830	21,777	20,723	20,717	20,374	18,475	18,524	15,506	15,829	16,145	17,944
Outpatient hospital visits	699,204	726,548	732,180	734,500	751,271	589,615	684,198	672,865	686,726	724,609	742,065
Emergency department visits	90,993	92,535	92,073	92,941	94,352	75,580	84,478	87,731	92,696	94,234	94,087

Note: 2025 data is preliminary.

Source: MDH Health Economics Program analysis of hospital annual reports, Sept. 2026.

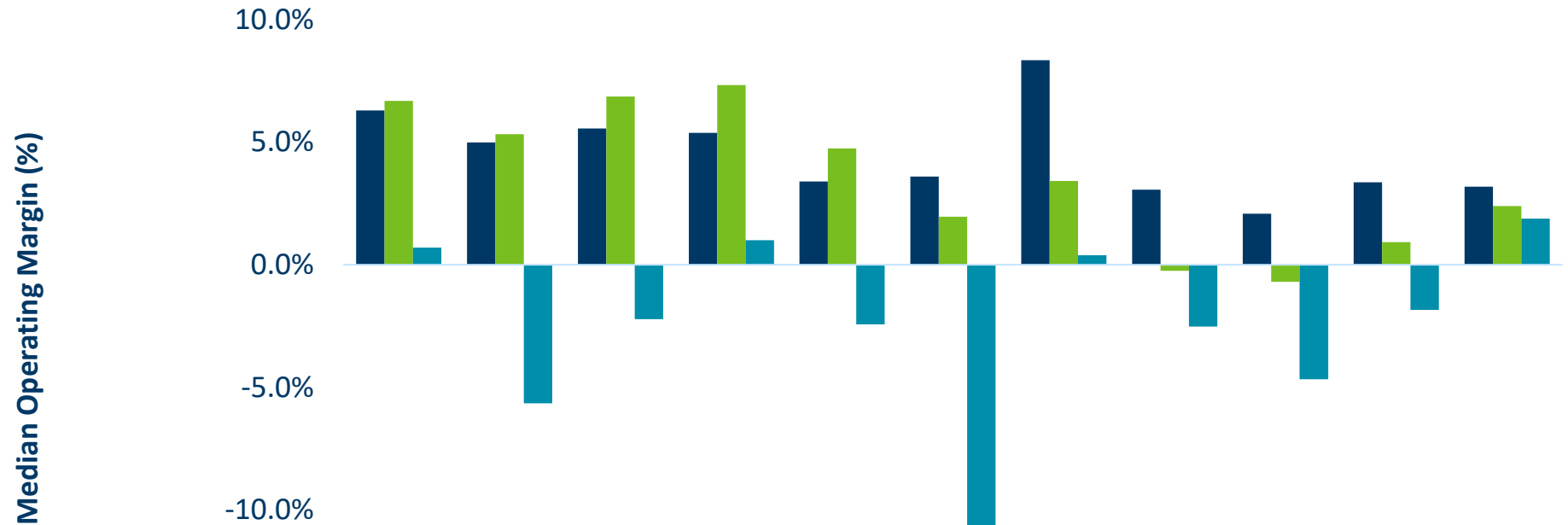
Trends in Length of Stay



Note: 2025 data is preliminary.

Source: MDH Health Economics Program analysis of hospital annual reports, Sept. 2026.

Trends in Median Operating Margin



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Statewide Median	6.3%	5.0%	5.6%	5.4%	3.4%	3.6%	8.3%	3.1%	2.1%	3.4%	3.2%
Hospitals with +200 Available Beds (Median)	6.7%	5.3%	6.9%	7.3%	4.7%	2.0%	3.4%	-0.2%	-0.7%	0.9%	2.4%
HCMC	0.7%	-5.6%	-2.2%	1.0%	-2.4%	-10.7%	0.4%	-2.5%	-4.7%	-1.8%	1.9%

Note: 2025 data is preliminary.

Source: MDH Health Economics Program analysis of hospital annual reports, Sept. 2026.

Payer Mix (acute care admissions) for HCMC

HCMC	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Medicare	28.3%	31.5%	31.2%	31.9%	31.7%	31.1%	31.6%	31.6%	31.2%	31.1%	32.6%
State Public Programs (Medical Assistance and MinnesotaCare)	52.8%	48.6%	48.9%	48.4%	48.1%	48.5%	48.9%	48.9%	49.5%	48.0%	47.1%
Private Insurance / Self-Pay / Other	18.9%	19.9%	19.9%	19.7%	20.1%	20.4%	19.5%	19.5%	19.3%	21.0%	20.3%

Large hospitals (200+ Available Beds)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Medicare	40.3%	41.0%	42.5%	43.7%	44.0%	43.7%	43.0%	44.1%	46.0%	47.0%	47.9%
State Public Programs (Medical Assistance and MinnesotaCare)	21.7%	21.6%	21.5%	21.2%	21.1%	21.8%	22.3%	23.0%	21.9%	21.5%	20.8%
Private Insurance / Self-Pay / Other	38.0%	37.4%	36.1%	35.1%	34.9%	34.5%	34.7%	32.9%	32.1%	31.5%	31.3%

Statewide Acute Care Hospitals	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Medicare	42.0%	42.6%	44.2%	45.1%	45.1%	44.4%	43.5%	44.7%	46.6%	47.7%	48.5%
State Public Programs (Medical Assistance and MinnesotaCare)	20.5%	20.5%	20.4%	20.4%	20.3%	21.0%	21.6%	22.0%	21.1%	20.6%	20.0%
Private Insurance / Self-Pay / Other	37.5%	36.8%	35.4%	34.4%	34.6%	34.6%	34.9%	33.3%	32.3%	31.7%	31.5%

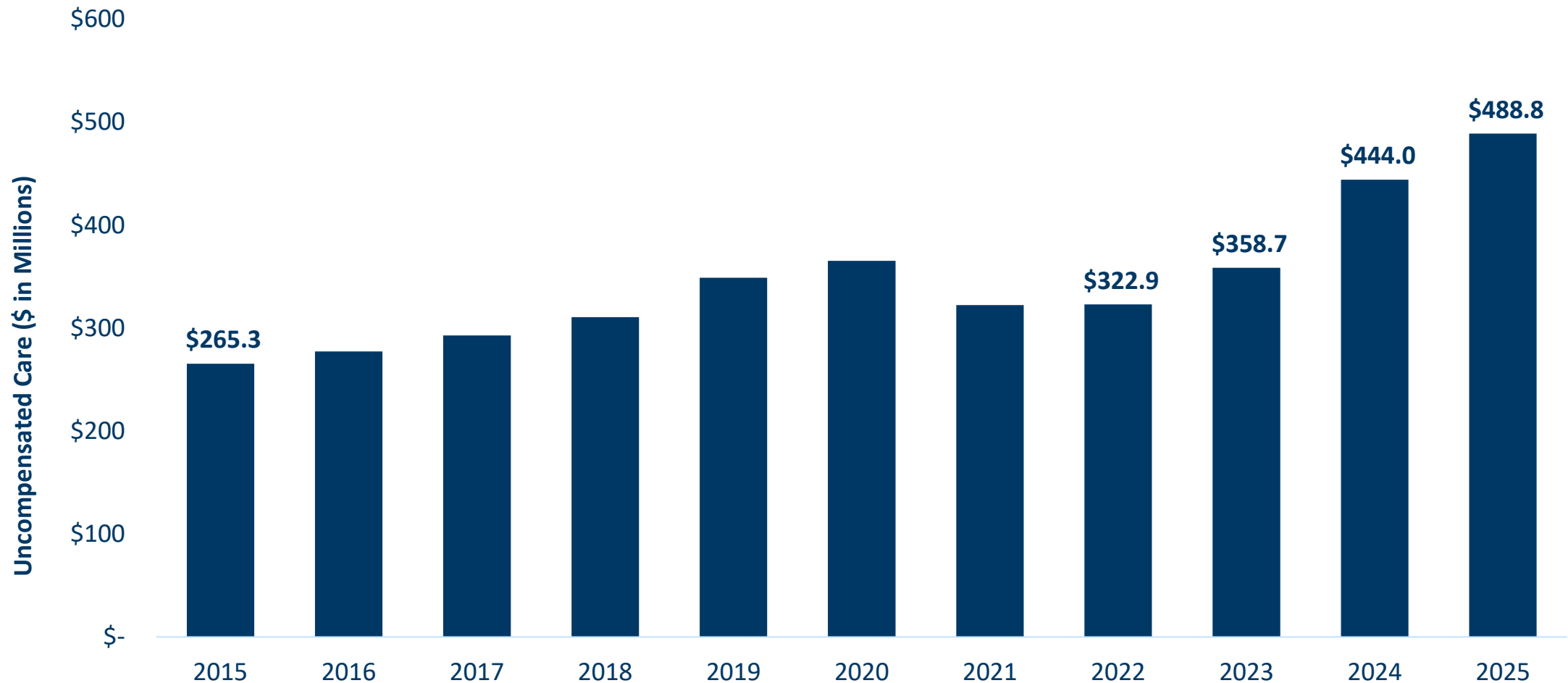
Note: 2025 data is preliminary.

Source: MDH Health Economics Program analysis of hospital annual reports, Sept. 2026.

Uncompensated Care

- Care for which hospitals are not compensated comprises two components:
 - Charity Care
 - Bad Debt
- Charity care is spending on care for individuals who are eligible under the facility's charity care or community care policy for free or discounted care
- Bad debt is spending on care for which the patient (who was determined not to be eligible for charity care) was expected to pay
- MDH reports both components on a cost basis

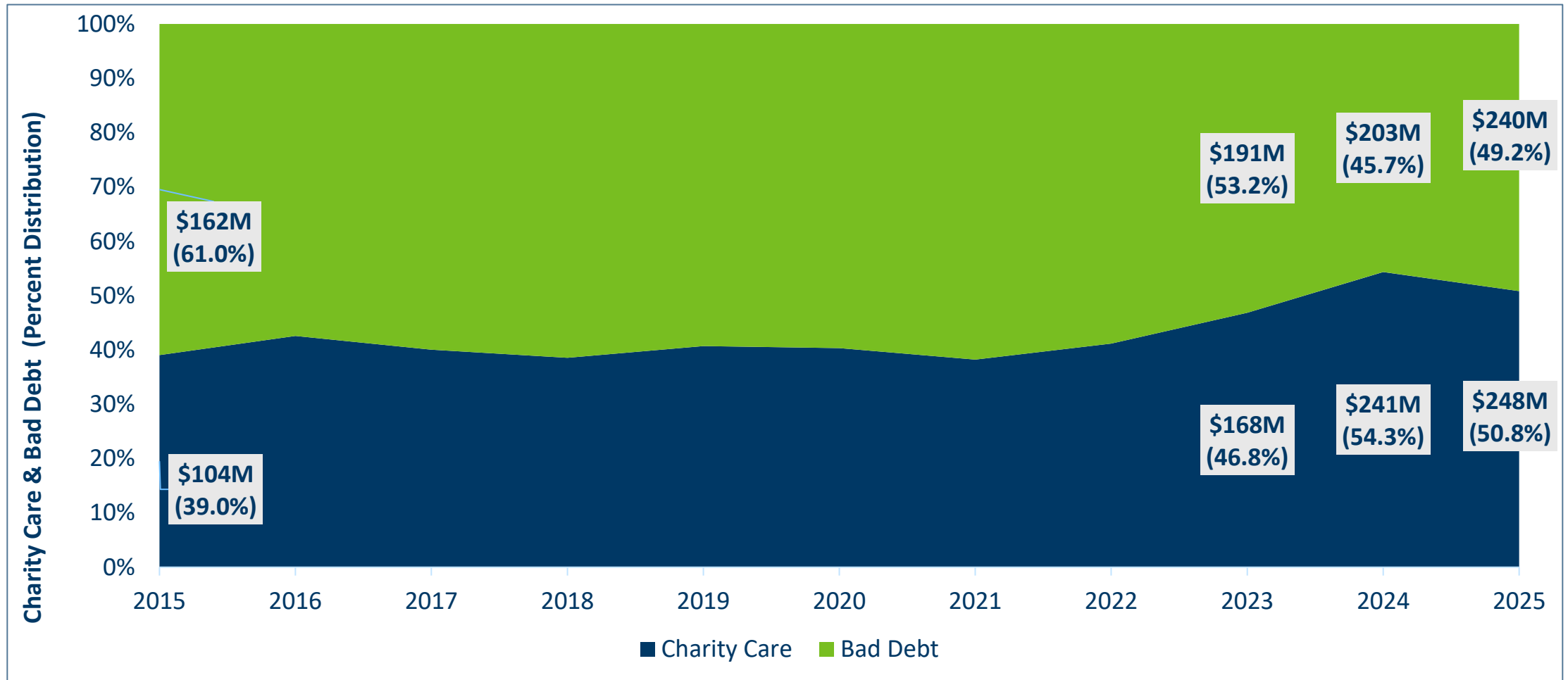
Trend in Uncompensated Care



Note: Uncompensated care figures are adjusted to reflect costs of providing services. Regions Hospital changed the classification of bad debt for patients in 2023, resulting in an increase in uncompensated care compared to prior years. 2025 data is preliminary.

Source: MDH Health Economics Program analysis of hospital annual reports, September 2026.

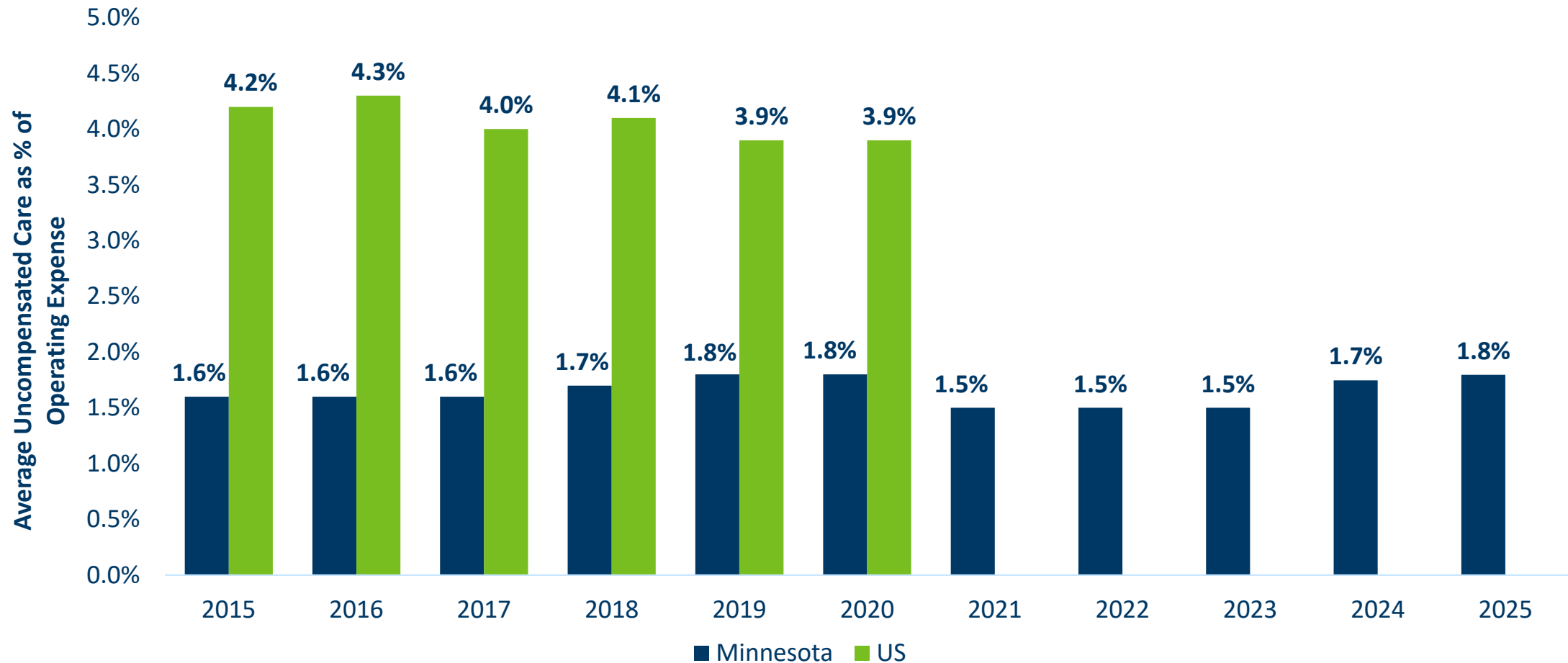
Components of Uncompensated Care



Note: Uncompensated care figures are adjusted to reflect costs of providing services. Regions Hospital changed the classification of bad debt for patients in 2023, resulting in an increase in uncompensated care compared to prior years. 2025 data is preliminary.

Source: MDH Health Economics Program analysis of hospital annual reports, September 2026.

Avg. Uncompensated Care as % of Operating Expenses



Note: Uncompensated care figures are adjusted to reflect costs of providing services. Regions Hospital changed the classification of bad debt for patients in 2023 (and has been re-stated for 2022 in this specific slide). 2025 data is preliminary. U.S. data is no longer publicly available after 2020.

Source: MDH Health Economics Program analysis of hospital annual reports, Sept. 2026. American Hospital Association Uncompensated Hospital Care Cost Fact Sheet, February 2022.

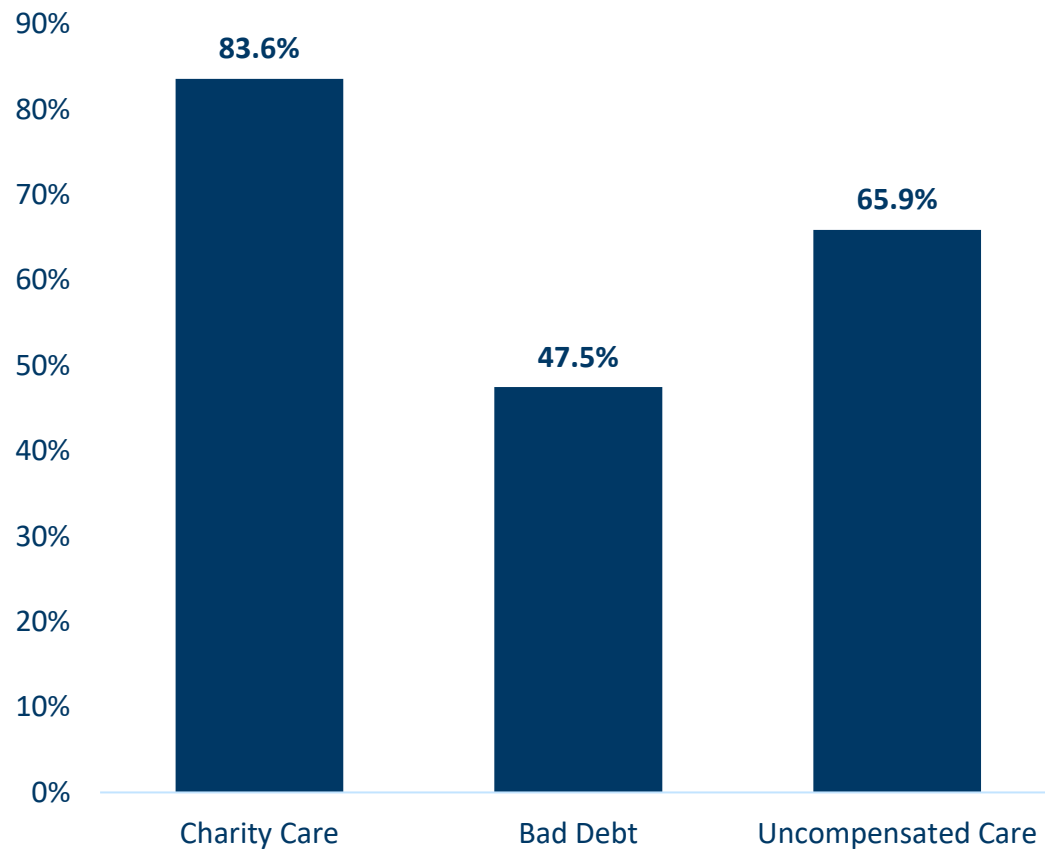
Top Ten Providers of Hospital Uncompensated Care (2025)

	Uncompensated Care (\$ in Millions)	Percent Change from 2024	Percent of Operating Expenses	Share of Statewide	Share of Statewide Pct. Point Change from 2024
Hennepin Healthcare	\$66.8	-26.1%	4.7%	13.7%	-6.7
Regions Hospital	\$50.2	-8.9%	4.3%	10.3%	-2.1
Mayo Clinic Hospital – Rochester	\$32.6	5.2%	1.1%	6.7%	-0.3
North Memorial Health Hospital	\$21.4	76.4%	3.2%	4.4%	1.6
Children’s Minnesota	\$16.2	9.4%	1.4%	3.3%	-
M Health Fairview University of Minnesota Medical Center	\$15.7	-2.6%	0.7%	3.2%	-0.4
Abbott Northwestern Hospital	\$15.0	88.0%	0.9%	3.1%	1.3
Park Nicollet Methodist Hospital	\$15.0	19.0%	2.2%	3.1%	0.2
Mayo Clinic Health System – Mankato	\$12.3	26.8%	2.3%	2.5%	0.3
Mayo Clinic Health System – Albert Lea and Austin	\$11.3	9.4%	3.5%	2.3%	-
All Other Hospitals (115 Hospitals)	\$232.5	25.9%	1.6%	47.6%	6.1
All Minnesota Hospitals	\$488.8	9.9%	1.8%	100.0%	

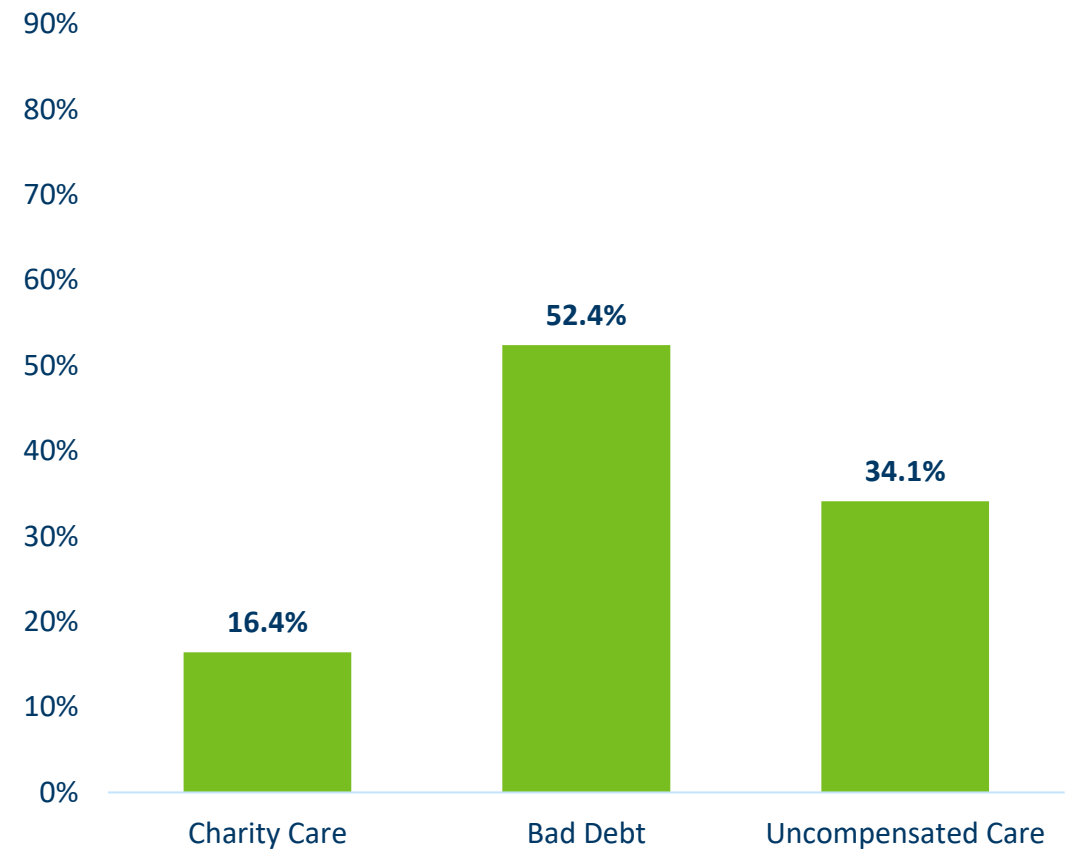
Note: Uncompensated care figures are adjusted to reflect costs of providing services. 2025 data is preliminary.
Source: MDH Health Economics Program analysis of hospital annual reports, September 2026.

Components of Uncompensated Care, by Insurance Status (2025)

Uninsured, Share of Uncompensated Care



Insured, Share of Uncompensated Care



Note: Uncompensated care figures are adjusted to reflect costs of providing services. 2025 data is preliminary.
Source: MDH Health Economics Program analysis of hospital annual reports, September 2026.

- In absolute & as a percent of operations, **hospital uncompensated care in Minnesota has been substantial & rising**
- Compared to pre-ACA and national trends, uncompensated care as percent of operations **appears favorable**; there is considerable **variability across facilities**
- **Hospital uncompensated care remains concentrated among a small number of hospitals**, with Hennepin Healthcare accounting for 13.7% and Regions at 10.3%
- **Minnesotans with insurance coverage** account for more than one-third of uncompensated care
- The volume of **uncompensated is affected by a range of factors**: access to insurance, cost of care, the economy, and legislative requirements around debt collection

- MDH is developing a data request for quarterly accountability reporting to MDH to meet our obligation under sec. 17 of the Hospital Stabilization legislation ([Minnesota Laws 2026, Chapter 127, Article 3, Section 17](#))
- Our intent is for this reporting is to also support the efforts of:
 - The Advisory Task Force (sec. 18) and
 - The Commissioner of Management and Budget (sec. 1 – 18)
- We are consulting experts in hospital financing and the HCMC team
- We are happy to also take feedback from the Advisory Task Force directly.

Thank You! -- Additional Resources

Health Economics Program (HEP) homepage: MDH, [Health Economics Program](#)

Health Care Market Slides: [Chartbooks](#)

HEP Publications: [Reports, Issue Briefs, Dashboards, Data Products](#)

[Health Economics Program webpage](#) Contact HEP: health.hep@state.mn.us