

# Factors and Incentives Driving Investment in Medical Facilities

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Minnesota Department of Health

February, 2007



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*Protecting, maintaining and improving the health of all Minnesotans*

February 22, 2007

The Honorable Linda Berglin  
Chair, Health and Human Services  
Budget Division  
Minnesota Senate  
Room 309, State Capitol  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
Saint Paul, MN 55155-1606

The Honorable Thomas Huntley  
Chair, Health Care and Human Services  
Finance Division  
Minnesota House of Representatives  
585 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
Saint Paul, MN 55155

The Honorable John Marty  
Chair, Health, Housing, and Family  
Security Committee  
Minnesota Senate  
Room 328, State Capitol  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
Saint Paul, MN 55155-1606

The Honorable Paul Thissen  
Chair, Health and Human Services  
Committee  
Minnesota House of Representatives  
351 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
Saint Paul, MN 55155

To the Honorable Chairs:

In recent years, there has been rising concern in both Minnesota and at the national level about growth in medical facility investment and its potential impact on health care cost and utilization. The 2006 Legislature required the Minnesota Department of Health to study and report to the Legislature on several issues related to medical facilities investment in Minnesota, including the potential need for a new approval process for the construction of new medical facilities or expansions of existing facilities (Minnesota Session Laws 2006, Chapter 249, Section 5).

This report details the findings and recommendations of the study. In conducting this study, MDH staff conducted many interviews of local health care providers, stakeholder groups, and health care policy experts. I want to express my appreciation for the thoughtful and candid perspectives provided by the people who were interviewed.

I look forward to continuing to work with you on this issue. Questions and comments on the report may be directed to the Health Economics Program at (651) 201-3560.

Sincerely,

A handwritten signature in cursive script that reads "Dianne M. Mandernach".

Dianne M. Mandernach  
Commissioner  
P.O. Box 64882  
St. Paul, Minnesota 55164-0882

























































































