

Minnesota Capital Expenditures Reporting

Background

Health care providers in Minnesota must report all major capital spending commitments of \$1 million or more to the Minnesota Department of Health (MDH) for retrospective review (Minnesota Statutes, Section 62J.17). This fact sheet outlines changes to the capital expenditure reporting law that became effective July 1, 2007.

“Major capital spending commitments” include:

- Acquisition of medical equipment
- Expenditure on a single project for the purposes of providing health care
- Offering a new specialized service
- Planning for an activity that would qualify as a major spending commitment
- Any combination of these activities

Providers are required to report annually on all major capital spending commitments. Reports should include the following information for each project:

- A detailed description of the project, its purpose, the street address of the facility, and the total cost of the project;
- The date of the spending commitment, such as the date of board authorization;
- The expected impact of the project on clinical effectiveness or the quality of care received by the patients that the provider serves;
- The extent to which equivalent services or technology are already available within a service area of at least 10 miles;
- The distance in miles to the location of the nearest equivalent services or technology;
- A statement describing the pursuit of or existence of any lawful collaborative arrangements, and the names of parties and a description of their involvement.

In order to complete the retrospective review on a particular project, MDH may request additional information about the project. Providers that fail retrospective review may become subject to prospective review of major capital spending commitments.

2007 Changes to the Law

The 2007 Minnesota Legislature made two major changes to the reporting process¹: First, providers will report major capital expenditures on an annual basis. Previously, the law required providers to report within 60 days after the date of the spending commitment. Second, hospitals, ambulatory surgical centers, diagnostic imaging centers, physician clinics and other providers will submit annual summary reports on their capital spending as part of existing annual financial and statistical reports to MDH and the Minnesota Hospital Association (See Table 1).

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Table 1
Capital Expenditure Reporting Schedule

Provider Type	Report Due Date	Reporting Statute	Reporting Mechanism	Reporting Period
Diagnostic Imaging Centers	March 1	Minnesota Statutes, section 144.565	Diagnostic Imaging Facility Utilization Report	Fiscal year
Freestanding Outpatient Surgical Center	March 1	Minnesota Statutes, sections 144.695-144.703	Freestanding Outpatient Surgical Center (FOSC) Utilization and Services Report	Fiscal year
Physician Clinics	April 1	Minnesota Statutes, section 62J.41	Provider Financial and Statistical Report (PFSR)	Calendar year
Hospitals	180 days after the close of the fiscal year	Minnesota Statutes, sections 144.695-144.703	Hospital Annual Report (HAR) Note: Data sent to the Minnesota Hospital Association	Fiscal year
Other Providers, as defined in Minnesota Statutes, Section 62J.03, subd. 8	March 1	Minnesota Statutes, section 62J.17	Annual submission to MDH	Calendar year

For additional information please visit the Health Economics Program website at: <http://www.health.state.mn.us/divs/hpsc/hep/index.html> or contact Tom Major in the Health Economics Program at 651-201-3574 or tom.major@health.state.mn.us.

Endnotes

¹Minnesota Session Laws 2007 Chapter 147, Article 9 amendments to Minnesota Statutes, Section 62J.17.

The Health Economics Program conducts research and applied policy analysis to monitor changes in the health care marketplace; to understand factors influencing health care cost, quality and access; and to provide technical assistance in the development of state health care policy.

For more information, contact the Health Economics Program at (651) 201-3550. This issue brief, as well as other Health Economics Program publications, can be found on our website at <http://www.health.state.mn.us/healthconomics>.

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