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## **Public Interest Review**

**EVALUATION OF A PROPOSAL FOR EXPANSION OF PEDIATRIC INPATIENT  
PSYCHIATRIC BED CAPACITY IN SAINT PAUL, MINNESOTA**

9/8/2023

## **Public Interest Review: Evaluation of a Proposed Expansion of Pediatric Inpatient Mental Health Bed Capacity in Saint Paul, Minnesota**

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As requested by Minnesota Statute 3.197: The preparation of this report cost approximately \$17,600. As required by Minnesota Statutes, section 144.552, the applicant was invoiced for that cost.

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September 8, 2023

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The Honorable Zack Stephenson, Chair,  
449 State Office Building

The Honorable Tim O'Driscoll, Ranking Member,  
237 State Office Building

To the Honorable Chairs and Ranking Members:

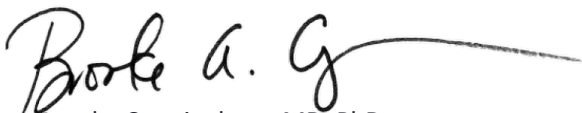
Minnesota Statutes, section 144.552, requires that any hospital seeking to increase its number of licensed beds, or an organization seeking to obtain a hospital license, submit a plan to the Minnesota Department of Health (MDH) for review and assessment as to whether it is in the public interest. In 2022, the Minnesota legislature authorized the expansion of licensed beds for Children's Minnesota (Children's), while still requiring MDH to conduct a public interest review.

This letter accompanies MDH's report prepared based on the public interest review. In the report we concluded that **the hospital bed expansion at Children's was in the public interest.**

The finding is based on previously documented need for inpatient mental health services, analysis of health care use and available inpatient bed capacity, public comments on the proposal, and information supplied by Children's on capacity constraints they observe and aim to address through the bed expansion.

If you have questions or concerns regarding this review, please contact Stefan Gildemeister, Minnesota's State Health Economist, at 651-201-3554 or [stefan.gildemeister@state.mn.us](mailto:stefan.gildemeister@state.mn.us)

Sincerely,



Brooke Cunningham, MD, PhD  
Commissioner  
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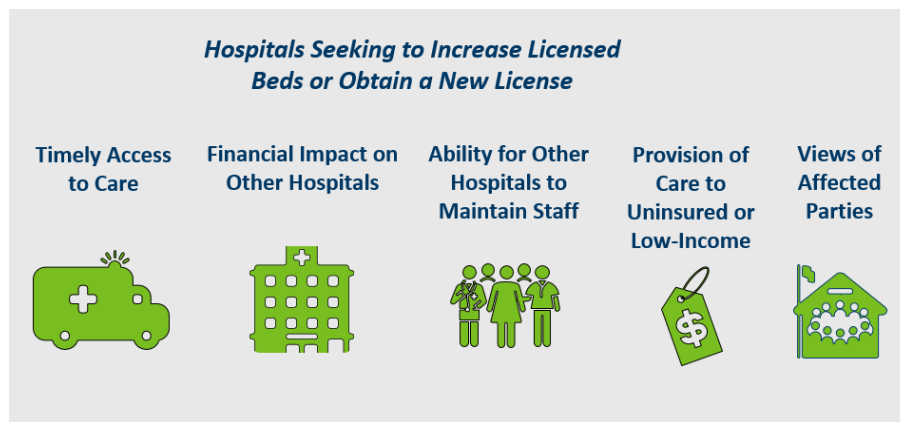
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## Overview of the public interest review process

Since 1984, Minnesota law has prohibited the construction of new hospitals or expansion of bed capacity at existing hospitals without specific authorization from the Legislature.<sup>1</sup> As originally enacted, the law included specific exceptions to the moratorium on new hospital capacity. More exceptions were added over time, and the statute currently includes 33 exceptions. Recently, the Legislature enacted a temporary five-year exception for any expansion of mental health bed capacity or establishment of a new psychiatric hospital under certain conditions from August 1, 2022, to July 31, 2027.<sup>2</sup>

The Minnesota Legislature established a procedure for reviewing proposals for exceptions to the hospital moratorium statute to aid the Legislature’s deliberations and decision-making on proposed exceptions. Under this procedure, hospitals seeking an exception to the moratorium must submit a plan to the Minnesota Department of Health (MDH) for a “public interest review.” The purpose of the public interest review is to provide the Legislature with an independent, evidence-driven assessment by MDH as to whether the additional beds are or are not in the public interest. In conducting a public interest review, Minnesota Statutes, section 144.552 directs MDH to consider all relevant factors, but—at a minimum—it must consider:

**Figure 1: Public Interest Review General Considerations**



- Whether the new hospital or hospital beds are needed to provide timely access to care or access to new or improved services;

<sup>1</sup> Minnesota Statutes, section 144.551.

<sup>2</sup> Minnesota Statutes, section 144.551, subd. 1a. The conditions specified are as follow: using all newly licensed beds exclusively for mental health services, accepting Medical Assistance and MinnesotaCare enrollees (programs funded by the federal Medicaid program), abiding by the Minnesota Attorney General Hospital Agreement on discounted care for uninsured patients, having an arrangement with tertiary care provider or a sufficient number of medical specialists to determine and arrange appropriate treatment of medical conditions, submitting requested information necessary for MDH to conduct a study of inpatient mental health access and quality. For more information on this topic, please visit the following website: [MDH Mental Health Bed Monitoring - MN Dept. of Health \(state.mn.us\)](https://www.mn.gov/MDH/Mental-Health-Bed-Monitoring).

*Public Interest Review: Children's Minnesota*

- The financial impact of the new hospital or hospital beds on existing acute-care hospitals with emergency departments in the region;
- How the new hospital or hospital beds will affect the ability of existing hospitals in the region to maintain existing staff;
- The extent to which the new hospital or hospital beds will provide services to nonpaying or low-income patients relative to the level of services provided to these groups by existing hospitals in the region; and
- The views of affected parties.

Authority to approve exceptions to the hospital moratorium rests with the Legislature.

On June 2, 2022, Minnesota Session Laws, chapter 98, House File 4065, was signed into law granting an exception to the hospital construction moratorium in advance of a public interest review. Specifically, the law authorized a 22-bed licensed bed expansion at a freestanding children's hospital in Saint Paul. The hospital is part of an independent pediatric health system with freestanding inpatient hospitals located in Minneapolis and Saint Paul. The hospital was permitted to expand licensed capacity so long as a plan was submitted to MDH for public interest review.

On February 1, 2022, Children's initiated a request of MDH to conduct a public interest review on its proposal to increase hospital capacity by 22 licensed beds at its existing facility in Saint Paul. After completing two previously filed reviews during most of 2022,<sup>3</sup> MDH sent a letter notifying Children's of a complete application on November 18, 2022 and published a *Minnesota State Register* notice that the review had begun on November 28, 2022.

This document and additional information about the proposal under review for an exception to the hospital construction moratorium—as well as documents related to previous reviews by the Department—are available online: ([www.health.state.mn.us/data/economics/moratorium/](http://www.health.state.mn.us/data/economics/moratorium/)).

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<sup>3</sup> MDH received, and was in the process of reviewing, two other applications for exceptions to the hospital construction moratorium directly before receiving the application from Children's. These reviews included North Shore Health (submitted September 1, 2021 and finding issued May 31, 2022), and a joint proposal from Fairview Health Services and Acadia Healthcare (submitted on January 4, 2022 and finding issued on September 9, 2022).

## Children's Proposal for Bed Capacity Expansion

### Broader Context for Project

The application to expand licensed hospital capacity to serve children and youth with mental health needs came at a time of unprecedented recognition of the desperate need for pediatric mental health in Minnesota and nationally. Children's application specifically cited a declaration of a "national state of emergency in children's mental health" by the American Academy of Pediatrics, the American Academy of Child and Adolescent Psychiatry, and Children's Hospital Association.<sup>4</sup>

The statement from these professional organizations emphasized that concerns of "soaring rates of mental health challenges among children, adolescents, and their families over the course of the COVID-19 pandemic, exacerbating the situation that existed before the pandemic [...] inequalities that result from structural racism have contributed to disproportionate impacts on children from communities of color." The declaration further recommended that "state, local, and national approaches improve access to and quality of care across the continuum of mental health promotion, prevention, and treatment."<sup>5</sup>

In addition to the national state of emergency declaration, the United States surgeon general issued an advisory that similarly cautioned about a new public health crisis for pediatric mental health. This advisory stated that there had been significant increases in certain mental health disorders in children and youth, including depression, anxiety, and suicidal ideation. The advisory suggested new ways of supporting individuals struggling from extraordinary challenges posed by the pandemic, and recommended steps in addressing the crisis for institutions such as schools, community organizations, technology companies, media, funders and foundations, employers, government, and health care systems.<sup>6,7</sup>

Recent survey data—both nationally and specific to Minnesota—have added new evidence regarding the pediatric mental health climate at the time of the proposal. As Children's noted in application materials, certain subpopulations—such as Black children, particularly Black boys 5-11 years of age—

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<sup>4</sup> [AAP-AACAP-CHA Declaration of a National Emergency in Child and Adolescent Mental Health \(aap.org\)](https://www.aap.org/child-adolescent-mental-health/2020/04/20/aap-aacap-cha-declaration-of-a-national-emergency-in-child-and-adolescent-mental-health)

<sup>5</sup> The declaration also recommended that actions should be taken to, "[a]ddress the ongoing challenges of the acute care needs of children and adolescents, including shortage of beds and emergency room boarding by expanding access to step-down programs from inpatient units, short-stay stabilization units, and community-based response teams."

<sup>6</sup> [U.S. Surgeon General Protecting Youth Mental Health \(hhs.gov\)](https://www.hhs.gov/press/2020/srg-protecting-youth-mental-health/)

<sup>7</sup> Among the many recommendations included in the advisory, the Surgeon General underscored that mental health is no less important than physical health, and that every child should have access to high-quality, affordable, and culturally competent mental health care. The advisory then stressed that it was particularly important to intervene early, so that emerging symptoms don't turn into crises. Identifying mental health conditions was recognized as having both biological factors (genes and brain chemistry) as well as environmental factors including "discrimination and racism, adverse childhood experiences, exposure to community violence, and living in under-resourced or racially segregated neighborhoods."

experienced an increase in rates of suicide deaths based on national data.<sup>8</sup> Another national data source pointed to social determinants of mental health—including social isolation, relationship struggles, financial/housing insecurity, and physical health problems—as risk factors to being hospitalized due to suicide or suicidal ideation.<sup>9</sup> In Minnesota, certain demographic groups had an elevated risk of hospitalization. For example, suicidal ideation and attempts that might require hospitalization occurred at an alarming rate—particularly among females;<sup>10</sup> and overall, for children and youth that identify as lesbian, gay, bisexual, queer, and transgender (LGBTQ+).<sup>11</sup>

## Description of Expansion

Children's Minnesota is a large health care delivery system based in Minneapolis and Saint Paul, with additional locations in surrounding suburban communities. Under one license, Children's operates two freestanding acute care hospitals, a network of hundreds of subspecialists at nine primary care and specialty care clinics, and seven rehabilitation sites. Prior to expansion of the inpatient mental health unit, the health care systems employed a range of mental health specialists, including psychologists, neuropsychologists, psychiatrists, advanced practice nurses, and licensed clinical social workers.

The new 22-bed inpatient mental health unit, which was brought online November 29, 2022, is located at the same facility as an outpatient mental health outpatient hub and inpatient stabilization program for eating disorders. According to documents submitted to MDH, slightly more than half of the beds (14) were proposed to be used for adolescent patients or swing beds for patients for other pediatric age groups. The remainder of eight beds were proposed to be dedicated for children under age 12 that require hospitalization and would be the first available beds for this age group in the eastern area of the Twin Cities. Representatives from Children's estimated that the expansion would cost an estimated \$9.8 million to reconfigure and equip existing facility space.<sup>12</sup>

Children's believes the new beds would help address limited access to inpatient pediatric mental health services, with minimal impact on other facilities; it did not foresee any change to how it currently provide care to low-income patients.<sup>13</sup> Children's also noted that the expansion would be complementing long-standing provision of outpatient mental health services and commitment to

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<sup>8</sup> [Public Interest Review Letter from Children's MN to MDH, February 1, 2022 \(state.mn.us\)](#)

<sup>9</sup> [Suicide rising across the US | VitalSigns | CDC](#)

<sup>10</sup> MDH analysis of hospital discharge data found that cumulative hospital-treated suicide attempts for female patients age 11 to 14 were noticeably higher in 2021 and the first nine months of 2022 than 2018, 2019, and 2020.

<sup>11</sup> The 2022 Minnesota Student Survey found that LGBTQ+ students were about three times more likely than heterosexual students to report seriously considering suicide and four times more likely to attempt suicide than heterosexual students. Transgender students in the 11th grade are most likely to attempt suicide and are more than four times more likely to attempt suicide than their cis-gender 11th grade peers.

<sup>12</sup> These initial cost estimates are from MDH correspondence with Children's in March of 2022.

<sup>13</sup> All application materials can be found on the following Minnesota Department of Health website:  
<https://www.health.state.mn.us/data/economics/moratorium/childremsn/index.html>



comprehensive care for patients and their families. Moreover, the project would better integrate physical health needs with mental health needs for patients due to the nature of the multi-specialty acute care hospital.

As described to MDH, the Children's expansion would specifically provide care to patients with functional impairment that substantially interferes with, or limits the role or functioning in family, school, or community activities that has been determined to require hospitalization. The new mental health unit also builds on existing array of mental health services to directly address issues both before and after hospitalization. Also notable, the new unit is embedded in a general acute care hospital that is anticipated to integrate physical and mental health needs of patients.

To support the expansion, Children's documented high volumes of patients with primary mental health diagnoses visiting emergency departments and even being admitted to general medical floors before expansion. In addition, Children's provided evidence of hundreds of patient transfers to different facilities—sometimes at great distances outside of the Twin Cities metro area, including neighboring states.

Emergency department visits for mental health conditions at Children's for the most recent year (2021)<sup>14</sup> had the following characteristics:

- Primarily adolescents ages 12 to 18 (79.5%)
- Nearly two-thirds were female (65.1%)
- Slightly less than half were White/Caucasian (49.4%), followed by Black/African American (15.2%), Hispanic/Latin American (10.3%), multi-race (8.4%), Asian (4.1%), and another race/ethnicity (3%), and unknown/declined (9.7%).<sup>15</sup>

The expansion project involves minor renovations for emergency departments at two facilities in Minneapolis and Saint Paul to improve the needs of mental health patients receiving emergency care. The application mentioned, for example, increasing room capacity and creating a therapeutic atmosphere. The new unit would also rely on existing hospital-based services like radiology, laboratory, pharmacy, social workers, and other sub-specialties to serve additional needs as they arise.

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<sup>14</sup> Based on data provided to MDH by Children's as part of the review process.

<sup>15</sup> Children's provided MDH with counts by race and ethnicity for mental health emergency department visits for calendar year 2021 that primarily included children and adolescents under age 19 from the 11-county Metro Area. When these numbers are applied to county population figures from the US Census Bureau, the rates for American Indian, Black/African American, non-White Hispanic, and multi-race were considerably higher than White/Caucasian while Asian rates were lower.

## **Factor 1: Whether there is a need for new hospital beds to provide timely access to care or access to new or improved services**

There has long been a gap between existing capacity for inpatient mental health care for children and youth in the area served by Children’s Minnesota and the overall need for care. This gap is expected to grow over time due to population growth and will not be completely closed by this expansion. The conclusions from a public interest review issued by MDH for PrairieCare in early 2022, that is largely similar in size and scope, remain relevant.<sup>16</sup> Specifically, analyses found high rates of occupancy for all pediatric mental health beds, boarding at other hospitals in both inpatient and emergency settings, denied transfer requests, and long distances traveled by patients—all which pointed to significant shortages and capacity constraints across the system of care that affect patients, families, and their providers. The review also noted that even with the additional beds at the PrairieCare facility, the future need for pediatric inpatient care would not be fully addressed by the expansion within the PrairieCare service area.

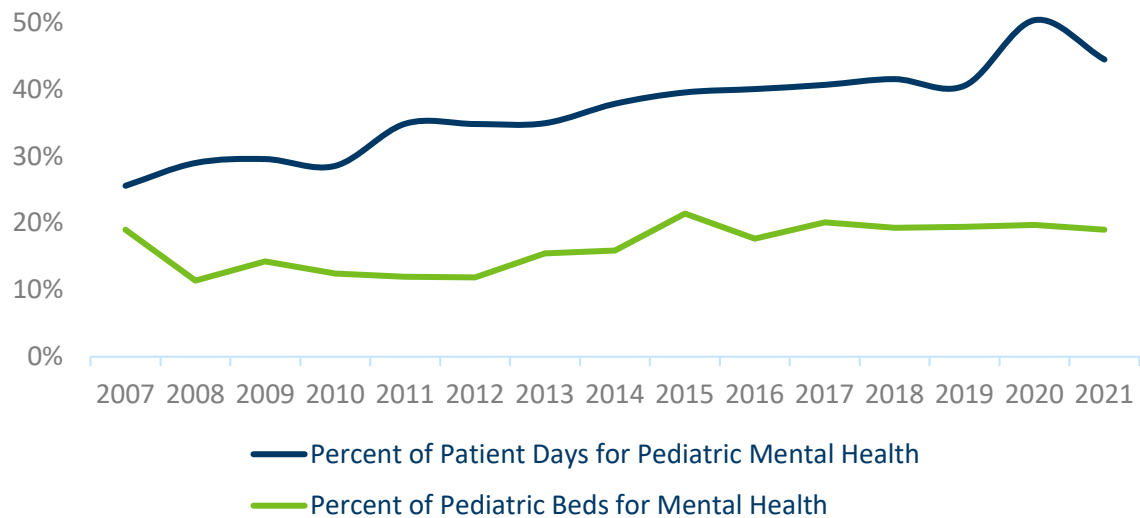
Children’s indicated that over 2,100 patients were transferred from Children’s to other hospitals for inpatient mental health care between 2019 and 2021. Prior to transfer, most of these patients were stuck in the Children’s hospital emergency departments in Minneapolis or Saint Paul, or occupying inpatient beds that Children’s was unable to use for patients with other needs. Over 300 of these patients were transferred to inpatient beds outside of the metro area, at distances away from family and caregivers.

More recent data on hospitalization trends for pediatric mental health conditions show that there is additional evidence of the gap between existing capacity and overall need for care that the expansion could help lessen. There is a rising share of hospital volume in Minnesota hospitals for pediatric mental health, but relatively flat growth in available beds as shown in Figure 2. This means that the beds that do exist are being used at higher rates of occupancy than in the past, creating difficulties for those seeking open beds to find them.

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<sup>16</sup> [PrairieCare Brooklyn Park Public Interest Review Final Report, January 28, 2022 – MN Dept. of Health \(state.mn.us\)](#).

**Figure 2: Inpatient Pediatric Mental Health Beds and Days as a Percent of Total at Minnesota Hospitals with Dedicated Mental Health Units, 2007-2021**



Source: MDH analysis of hospital annual reports from 2007-2021.

In 2021, several hospitals were routinely over 85% occupancy,<sup>17</sup> with two hospitals, one in the Twin Cities metro and one in Greater Minnesota, over 90% occupancy for approximately two months of the year.<sup>18</sup> In general, all hospitals with pediatric mental health beds experienced over 85% occupancy multiple times during the year. These occupancy rates only consider available beds – with hospital staffing shortages across the state a significant issue it is likely these occupancy rates are underestimates.<sup>19</sup>

Perhaps unsurprisingly, high occupancy at Minnesota hospitals has led to an increase in transferring patients out-of-state; Figure 3 shows out-of-state Emergency Medical Service transports related to pediatric inpatient mental health increasing in the 11-county metro area between 2017 and 2022. It is often not ideal for patients or their caregivers to receive care a long distance from their home. For instance, patients can be isolated from their families and support network, social workers and case management staff may be unfamiliar with social services or other supports they already receive, there may be costly transportation arrangements post-discharge, and long-distance transfers strain the EMS

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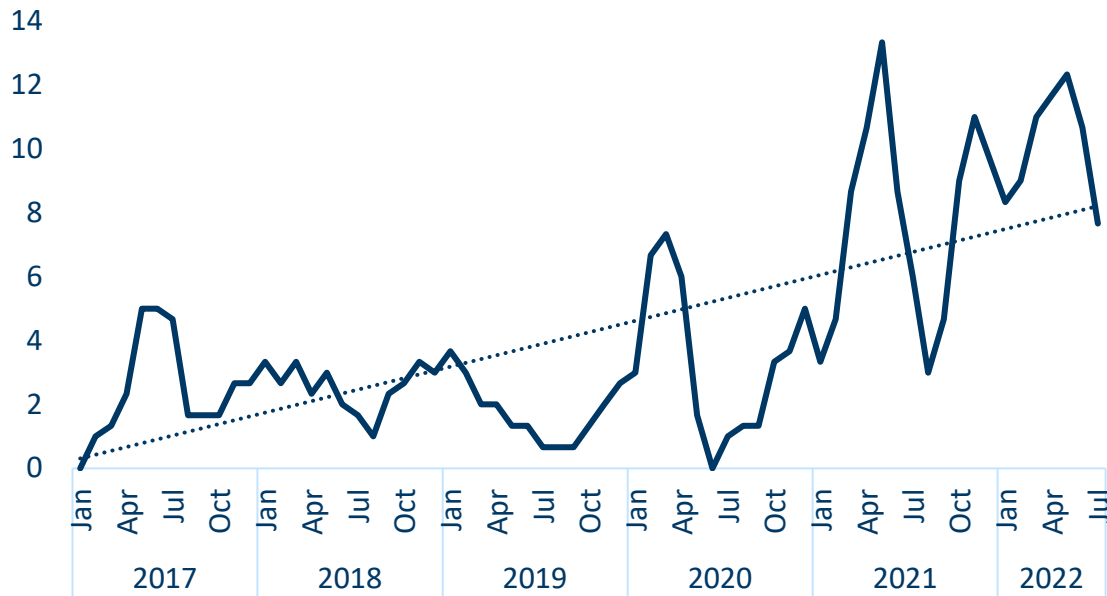
<sup>17</sup> Green, L. V. (2002). How many hospital beds? *Inquiry: The Journal of Health Care Organization, Provision, and Financing*, 39(4), 400-412. Jones, R. (2013). Optimum bed occupancy in psychiatric hospitals. *Psychiatry On-Line*, 55(2), 1-9. Ravaghi, H., Alidoost, S., Mannion, R., & Bélorgeot, V. D. (2020). Models and methods for determining the optimal number of beds in hospitals and regions: a systematic scoping review. *BMC Health Services Research*, 20(1), 1-13.

<sup>18</sup> MDH analysis of hospital discharge data from 2021.

<sup>19</sup> An MDH survey of hospitals on one day in May 2022 found that only 85% of available adult mental health beds were staffed ([Public Interest Review - Fairview Health Services/Acadia Healthcare - MN Dept. of Health \(state.mn.us\)](#)).

system.<sup>20</sup> Furthermore, long distance travel for hospitalization can pose difficulties in achieving a seamless transition to outpatient care.

**Figure 3: Number of Emergency Medical Services (EMS) Transfers Out-of-state for Mental Health, Three-month Rolling Average, January 2017 to July 2022**



Source: MDH analysis of EMS data from the Minnesota Emergency Medical Services Regulatory Board, January 1, 2017 through July 23, 2022. Data includes the following counties: Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington and Wright.

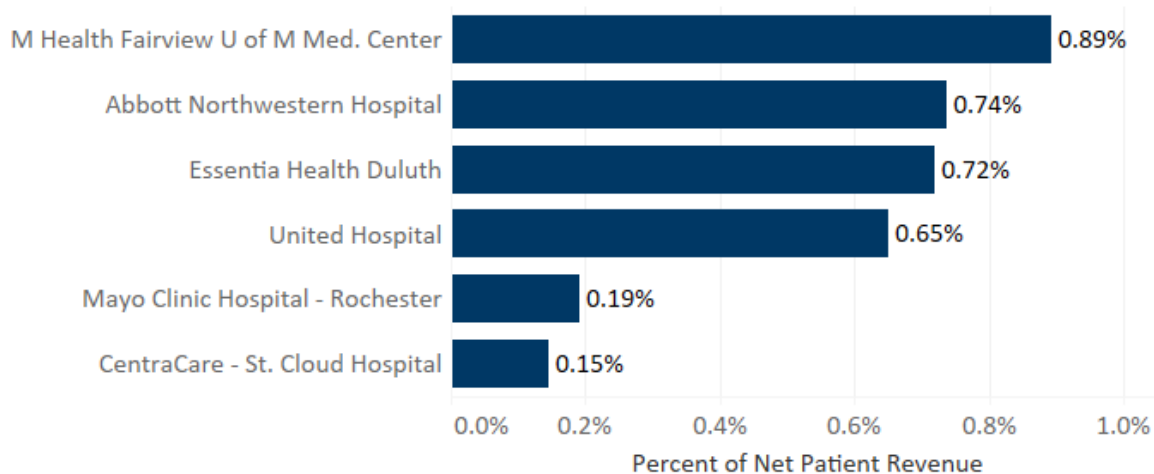
## Factor 2: The financial impact of the new hospital beds on existing acute-care hospitals that have emergency departments

As indicated above, there is unmet need for care that the expanded unit of the hospital will help lessen. The additional 22 beds are unlikely to cause negative financial impact on any individual facility because this was a very modest increase overall for a specific subset of patients. Additionally, the extent to which the expansion would draw patients away from the limited number of beds elsewhere would free up resources from an already constrained system or allow multi-specialty facilities to allocate resources to higher-reimbursed services. Other Minnesota hospitals with emergency departments have a small number of beds dedicated to inpatient pediatric mental health services. In the most recent five years, pediatric mental health volume at other hospitals has accounted for less

<sup>20</sup> EMS can often be required to transfer patients outside of the local service area and unable to serve other emergency needs and face possible financial hardship if reimbursement does not compensate for costs of transporting patients that require inpatient mental health care far from home. For more information, please see the review: [Public Interest Review: Fairview-Acadia – MN Dept. of Health, November 30, 2022 \(state.mn.us\)](#)

than one percent of operating expenses, as shown in Figure 4. In addition, no hospitals voiced opposition to the expansion, and some were supportive of the additional beds.

**Figure 4: Adjusted Charges for Pediatric Inpatient Mental Health as a Percent of Net Patient Revenue for the Hospital, 2017-2021**



Source: MDH analysis of hospital annual report data from 2017-2021. Charges are adjusted by a cost to charge ratio for each hospital.

### **Factor 3: How the new hospital or hospital beds will affect the ability of existing hospitals in the region to maintain existing staff**

Minnesota hospitals are facing significant challenges in staffing. A recent report by MDH on pandemic-induced workforce exits, dissatisfaction, and shortages found that there have been dramatic increases in vacancies. Nurses are leaving the profession or moving away from inpatient work, and those who remain, are working longer hours. Burnout is rising across all health care occupations. These factors apply to the mental health work force as well.<sup>21</sup> As a result, health care vacancies are plentiful and remain unfilled for long times.

The state agency tracking workforce issues specific to health care occupations showed how difficult it had been for hospitals to employ staff overall and particularly for mental health services. The Minnesota Department of Employment and Economic Development’s Job Vacancy Survey indicated that occupations within the category of health care practitioners and technical staff had about 18,800 vacancies in the second quarter of 2022, the third highest number of vacancies for any job category. A

<sup>21</sup> [Minnesota’s Health Care Workforce: Pandemic-Provoked Workforce Exits, Burnout, and Shortages – MN Dept. of Health, April 12, 2022 \(state.mn.us\).](https://www.health.mn.gov/press-releases/2022/04/12/minnesota-s-health-care-workforce-pandemic-provoked-workforce-exits-burnout-and-shortages)

second category, health care support occupations, had over 16,000 vacancies. Additionally, the largest recent increase across all health care occupation vacancies was for mental health and substance abuse counselors—where for every 100 open positions, 26 remained unfilled. There were also 94 vacancies for psychiatrists, 402 openings for psychiatric technicians, and 5,587 vacancies for registered nurses across the state.<sup>22</sup> A longer description of both federal and state policy recommendations related specifically to mental health can be found in an appendix to this document.

Notwithstanding overall staffing challenges noted above, the staffing plan submitted to MDH from Children's for the expansion is relatively modest compared to the staffing needs of other hospitals operating in the region and limited to pediatric specialty care. For example, the unit anticipated a staffing need of two physicians or psychiatrists, seven social workers and 25 nurses. Children's also noted in its application materials that it will likely draw on existing staff and recruitment efforts from hospital and clinic areas and has experience hiring new graduates from institutions of higher education in Minnesota and neighboring states.

## **Factor 4: The extent to which the new hospital or hospital beds will provide services to nonpaying or low-income patients**

Nearly half of Children's patients between 2017 and 2021, and a disproportionate share, were covered by Medical Assistance (Minnesota's Medicaid program), MinnesotaCare, or self-pay for services (presumed to be uninsured).<sup>23</sup> This percentage is larger than the 40.7% of Minnesota children living in the Twin Cities with either public insurance coverage or uninsured in 2021.<sup>24</sup> Figure 5 shows Children's admissions by major payer type from 2017 to 2021 relative to other Minnesota hospitals that had pediatric mental health admissions during that time. The percentage of public program patients was more than twice that of other hospitals while the reverse was true for uninsured (although the relative share of uninsured was very similar).<sup>25</sup>

Children's also noted in application materials that it is committed to serve all youth despite lower reimbursement for certain patients, and it has programs in place to offer financial assistance through

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<sup>22</sup> Ibid. Public Interest Review: Fairview-Acadia, November 30, 2022.

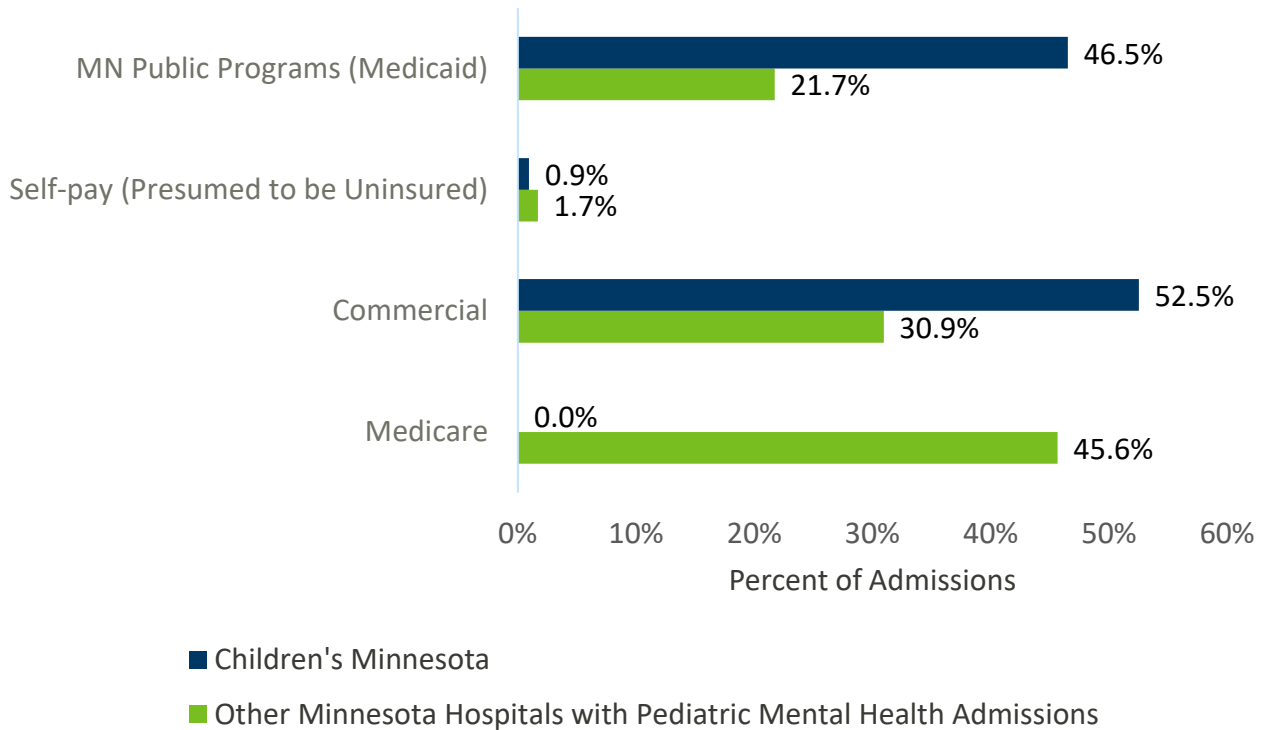
<sup>23</sup> MDH analysis of hospital annual reports from 2017-2021. The proportion of admissions by these payers was as follows: Medical Assistance 45.9%, MinnesotaCare 0.1%, and self-pay (uninsured) 0.9%. The 2021 Minnesota Health Access Survey found 29.8% of children 0 to 17 had public coverage (including Medical Assistance and MinnesotaCare), and 1.6% were uninsured.

<sup>24</sup> 2021 Minnesota Health Access Survey (<https://www.health.state.mn.us/data/economics/hasurvey/index.html>).

<sup>25</sup> Children are less likely to be uninsured than adults; the hospitals that are being compared also see adult patients. Similarly, there were fewer than 1,500 Medicare enrollees under 18 in 2021, so Children's had no Medicare admissions.

counseling programs, discounts,<sup>26</sup> and innovative approaches to address social determinants of health that specifically mention food, transportation, housing support, and early childhood education.

**Figure 5: Percent of Hospital Admissions by Payer Type, 2017-2021**



Source: MDH analysis of hospital annual report data from 2017-2021.

Note: In 2021, there were fewer than 1,500 Medicare enrollees nationwide under 18, thus, Children's Minnesota did not have any Medicare admissions. The admissions data used does not allow admissions disaggregated by payer to also be disaggregated by pediatric vs. adult patients; other hospitals with pediatric mental health admissions also had adult admissions.

In its 2022 Community Health Needs Assessment (CHNA), Children's Minnesota identified six primary focus areas: structural racism, health disparities, economic opportunity and income, mental health, access to resources, and community safety. In its focus on access to resources, it writes "families living in poverty have the greatest need for services and supports, but often experience the most difficulty access resources." Furthermore, there are disparities among demographic groups regarding access to health care as "uninsured rates have dropped for all racial and ethnic groups since the passage of the Affordable Care Act, but relative differences between groups remain."

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<sup>26</sup> Children's noted in application materials that there are "financial assistance policies and practices in accordance with federal law and our agreement with the Minnesota Attorney General's office related to billing and collection practices."

## Factor 5: The views of affected parties

MDH typically solicits public feedback for proposals under its consideration for public interest review. For this review, MDH considered the public comments that were entered into public record during legislative hearings *before* the public interest review started.<sup>27</sup> In total, the expansion proposed by Children's received 11 written responses—only one of which was received after the review began.

Among public comments, there was clear consensus that there was an overwhelming need for these new pediatric beds to support mental health for youth served by Children's. Groups voicing support included Minnesota Association for Children's Mental Health (not affiliated with Children's), Mental Health Minnesota, Minnesota Medical Association, and National Alliance on Mental Illness Minnesota. Some noted that Children's was already providing mental health care in outpatient and clinical settings, and that there were many advantages to adding an inpatient unit to a hospital with other inpatient care capabilities as well as an emergency department. Hennepin Healthcare, which operates a safety-net hospital in Minneapolis, strongly supported the expansion due to lack of appropriate destination for patients that require inpatient mental health care.

However, the legislative hearings elicited a negative response from nurses who worked at the pediatric intensive care unit (PICU) in St. Paul that was slated for consolidation with critical care services at the Minneapolis location. Keeping these services open was seen by some as being vitally complementary to both the emergency department and new inpatient mental health unit. Nurses anticipated that patients and their families who required emergent care, critical care, and mental health care would potentially be shuttled from Saint Paul, to Minneapolis, and back again. This added transportation was seen as disruptive to patients, their families, and care providers.

MDH posed questions to Children's about the PICU closure—including the volume of patients that required critical care and how future patients would be cared for following the expansion.<sup>28</sup> In response, Children's emphasized that the new unit required medical stabilization before being admitted and that fewer than five percent of patients visiting Children's emergency departments who required inpatient mental health care also had critical care service needs.<sup>29</sup> While Children's acknowledged that patients would need to be transferred to the appropriate setting, expanding inpatient mental health care at Children's, the health system argued, would allow greater continuity of care instead of needing to transfer patients outside of the system. While it would be ideal to have PICU

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<sup>27</sup> There were legislative hearings during the 2022 regular session in both the Minnesota House and Minnesota Senate. Documents entered into the public record during these hearings have been saved to the following MDH website: [Children's Minnesota - MN Dept. of Health \(state.mn.us\)](https://www.health.state.mn.us/children/mn-dept-of-health) along with other public comments.

<sup>28</sup> [MDH Request for Additional Information for Children's Minnesota, March 4, 2022 \(state.mn.us\)](https://www.health.state.mn.us/children/mn-dept-of-health)

<sup>29</sup> [Children's MN Additional Info Response, March 16, 2022 \(state.mn.us\)](https://www.health.state.mn.us/children/mn-dept-of-health)



services in both locations the alternative of no expansion in pediatric inpatient mental health services was not in the public interest.

All public comments on the proposal can be found on the MDH website: [Children's Minnesota - MN Dept. of Health \(state.mn.us\)](https://www.health.state.mn.us/children/).

## **Finding**

Since 2004, the Minnesota Legislature has sought input and analysis from MDH when considering whether an expansion of inpatient hospital beds is in the public interest. As with two other recent reviews, this review took place after an exception to the hospital bed moratorium had been approved—conditional on Children's submitting information as required.

The findings are based on the following considerations:

- The hospital expansion is necessary to provide timely access to care.
- The hospital expansion is expected to have a negligible, if any, financial impact on other hospitals with emergency departments in the region.
- While there are current staffing challenges, the expansion will have a limited impact on other hospitals given the target patient population, and there is hope that newly adopted policies can alleviate some of the challenges.
- The expansion will serve low-income and non-paying patients.
- While there were concerns about how the project coincided with the loss of critical care services at the site, there was a consensus an expansion was necessary.

For those primary reasons, the **Minnesota Department of Health finds that the 22-bed licensed expansion project for Children's Minnesota to serve pediatric mental health patients is in the public interest.**

## Appendix: Recent Mental Health Workforce Recommendations

There are also two recent reports highlighting specific steps at the national and state level to address recruiting and retaining a well-trained and diverse mental health workforce that point to issues beyond any single expansion in hospital capacity. At the national level, the U.S. Government Accountability Office (GAO)<sup>30</sup> identified three main barriers in a report issued in the fall of 2022 that need to be addressed to improve mental health workforce. Those factors included the following:

- **Financial disincentives:** low reimbursement rates,<sup>31</sup> low compensation levels, and high student loan debt (particularly among low-income graduates),
- **Lack of educational commitment to underserved populations:** many existing programs are not designed to recruit graduates from racially, ethnically, and linguistically underrepresented backgrounds, and
- **Unique challenges in rural practice settings:** professional isolation, resource limitations, long travel distances, and high workload are leading to burnout or exiting of existing mental health workforce.

The GAO recommended the following:

- Expand financial assistance for education, and early outreach and mentorship in mental health practice settings,
- Create new training in cultural competency for existing workforce,
- Promote use of new technology such as telehealth, and
- Invest additional appropriations to existing grant programs, and increase funding to the National Health Service Corps, and Minority Fellowship Program.

At the state level, the Minnesota State Advisory Council on Mental Health and Subcommittee on Children's Mental Health similarly issued a report in late 2022 that recognized a widespread shortage of mental health professionals across Minnesota and identified an insufficient pipeline that reflected

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<sup>30</sup> [Behavioral Health: Available Workforce Information and Federal Actions to Help Recruit and Retain Providers | U.S. GAO, Oct. 27, 2022 \(gao.gov\)](#).

<sup>31</sup> Another recent GAO report provided additional details on challenges in payment for mental health services including concerns about delays in payments but identified limited data to assess the extent of how widespread these issues were. For more information, please visit: [GAO-21-437R: Behavioral Health: Patient Access, Provider Claims Payment, and the Effect of the COVID-19 Pandemic, Mar. 31, 2021 \(gao.gov\)](#).

the diversity and rural communities of the state.<sup>32</sup> In addition, the following issues were also recognized:

- State funding of this pipeline—particularly programs to support cultural and ethnic minority populations—were seen as “inconsistent and anemic.” Furthermore, grant monies to support the mental health workforce were “used primarily to support rural communities.”
- There were gaps in information to identify workforce disparities that were necessary to hold systems and structures accountable.
- Training in higher education in mental health occupations often came with high student loan debt that was disproportionately higher for Black Minnesotans.

To address these problems, three recommendations were issued:

- **Enhance workforce development** through an existing grant program (the Cultural and Ethnic Minority Infrastructure Grant Program) that leverages state and federal funds in a way that is sustainable and equitably distributed.
- **Require the reporting of disaggregated data** and results that are important for comparative purposes (i.e., urban vs. rural, ethnic and racial demographics, and known disparities in criminal justice, out-of-home placement, child protection, and schools).
- **Increase access to student loan forgiveness** for all mental health providers, with additional loan support and incentives targeting culturally diverse providers.

Recent policy actions at the state level made changes to enhance recruitment and retention of hospital staff that will include mental health hospitals and units. For example, the Minnesota legislature provided additional loan forgiveness for nurses who work in direct patient care at nonprofit hospitals in the 2023 legislative session.<sup>33</sup> The legislation also required written incident response action plans, with mandatory implementation steps, specific to workplace violence hazards and corrective measures that must be made available to all health care workers in Minnesota hospitals.

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<sup>32</sup> [State Advisory Council On Mental Health 2022 FINAL Legislative Report \(mn.gov\)](#)

<sup>33</sup> [SF 1384 3rd Engrossment - 93rd Legislature \(2023 - 2024\) \(mn.gov\)](#)

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