



*Protecting, Maintaining and Improving the Health of All Minnesotans*

January 28, 2022

The Honorable Tina Liebling, Chair  
Health Finance and Policy Committee  
Minnesota House of Representatives  
477 State Office Building  
St. Paul, MN 55155

The Honorable Jennifer Schultz, Chair  
Human Services Finance and Policy Committee  
Minnesota House of Representatives  
473 State Office Building  
St. Paul, MN 55155

The Honorable Joe Schomacker, GOP Lead  
Health Finance and Policy Committee  
Minnesota House of Representatives  
209 State Office Building  
St. Paul, MN 55155

The Honorable Tony Albright, GOP Lead  
Human Services Finance and Policy Committee  
Minnesota House of Representatives  
259 State Office Building  
St. Paul, MN 55155

The Honorable Paul Utke, Chair  
Health and Human Services Finance and Policy  
Committee, Minnesota Senate  
3403 Minnesota Senate Bldg.  
St. Paul, MN 55155

The Honorable Jim Abeler, Chair  
Human Services Reform Finance and Policy  
Committee, Minnesota Senate  
3215 Minnesota Senate Bldg.  
St. Paul, MN 55155

The Honorable Melissa Wiklund, DFL Lead  
Health and Human Services Finance and Policy  
Committee, Minnesota Senate  
2227 Minnesota Senate Bldg.  
St. Paul, MN 55155

The Honorable John Hoffman, DFL Lead  
Human Services Reform Finance and Policy  
Committee, Minnesota Senate  
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St. Paul, MN 55155

To the Honorable Chairs and Ranking Members:

On June 29, 2021, Minnesota Session Laws Chapter 7, House File 33, was signed into law granting two exceptions to the hospital construction moratorium in advance of a public interest review. Specific to this document, the law authorized a 45-bed licensed bed expansion at an existing hospital in Ramsey County; the exception, effective on June 29, 2021, required that MDH conduct a public interest review.

On July 30, 2021, Regions Hospital submitted a plan to MDH to expand bed capacity at their existing inpatient hospital in Saint Paul. Under the proposal, Regions would add five mental health beds and 36 medical/surgical beds; the license provides the option to increase to 40 total medical/surgical beds.

The purpose of this letter is to provide the Legislature with MDH's findings from its review of the plan submitted by HealthPartners/Regions Hospital, and to provide notice that a full report will be released after internal department review is complete. The findings are based on quantitative analyses of actual and expected capacity and demand for inpatient medical/surgical and mental health services in the hospital service area, the anticipated impact on other hospitals in the region, the provision of care to low-income and patients with an inability to pay for services, and public comments received on the proposal.

**Based on the review MDH finds that a 45-bed inpatient expansion is in the public interest.**

The MDH findings concerning the proposed expansion of hospital beds at Regions Hospital in St. Paul are based on the following conclusions:

- The impending closure of nearby MHealth Fairview St. Joseph's Hospital, which stopped operating its emergency department in 2020 and currently only provides an inpatient mental health unit with fewer beds than before, will result in a need for inpatient medical/surgical and mental health treatment at other hospitals.
- There was evidence of constraints in both inpatient medical/surgical as well as mental health unit capacity at Regions that indicate a need for the planned hospital inpatient bed expansion.
- Other nearby hospitals in the East Metro area of the Twin Cities Metropolitan Area will likely accommodate many of the patients who would have otherwise gone to MHealth Fairview St. Joseph's Hospital, yet these facilities are not expected to be able to admit all former patients due to evidence of capacity constraints.
- The financial and staffing impact of the bed expansion on other hospitals in the region with emergency departments will be limited due to service line closures nearby and the limited size of the expansion.
- Since Regions has the third-highest level of average admissions by state public program and self-pay patients, it is anticipated that the new beds will continue serving nonpaying and low-income patients.
- The expansion has not garnered public opposition, it is seen as necessary given recent closures of nearby hospitals, and it has received strong support for the increase of inpatient mental health beds.

The full report, including the analyses that generated MDH conclusions, will be released in the coming weeks. This report will offer considerations beyond the Regions proposal, including demonstrating that the Regions Hospital expansion in and of itself is not able to solve broader delivery system constraints for mental health care and will not address substance abuse treatment gaps that have worsened with the anticipated hospital closure in the East Metro.

If you have questions or concerns regarding this study, 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,



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