

Meeting Minutes: Health Care Workforce & Education Committee

DATE: AUGUST 6, 2025

Attendance

Committee Members

- Susan Culican –University of Minnesota
- Kelly Frisch— HealthPartners
- Miranda Gilmore – Fraser Integrated Healthcare
- Christine Mueller –University of Minnesota
- Nate Mussell —Fairview
- Peter Nalin—University of Minnesota Medical School, Duluth Campus
- Michelle Noltimier—HealthPartners Institute
- Sheila Riggs – University of Minnesota **(Committee Vice Chair)**
- Thomas Satre – CentraCare Health **(Committee Chair)**
- Troy Taubenheim – Metro Minnesota Council on GME
- Meghan Walsh –Hennepin County Medical Center
- Linda Welage—University of Minnesota

Members Not in Attendance:

- Brad Benson—M Health-Fairview
- David Dahlen – Mayo Clinic
- Roger Dearth—Mayo Clinic
- Badrinath Konety—Allina
- Kimberly Lakhan—College of St. Scholastica
- Robert Miner – Allina Health/Abbott Northwestern

State of Minnesota Staff

- Zora Radosevich, Diane Reger, Melissa Stevens, and Madison Weirick - MDH
- Scott Monette and Michaelyn Bruer – DHS

Agenda

- Welcome: Dr. Thomas Satre, Chair
- GME Funding: Scott Monette and Michaelyn Bruer – DHS Staff
- Office of Rural Health & Primary Care (ORHPC) Programs/Funding: MDH Staff
 - Site-based Clinical Training (SBCT) – Zora Radosevich
 - Medical Education & Research Cost (MERC) – Diane Reger
- Legislative Update: Zora Radosevich, MDH Staff
- Upcoming 2025 Meetings: Dr. Satre, Chair

Next meeting

Date: November 5, 2025

Time: 1 to 3 pm

Location: Web-based teleconference

Agenda items: Submit proposed agenda items to health.merc@state.mn.us or committee chair.

Meeting notes

Welcome: Dr. Thomas Satre, Chair

The meeting was called to order.

GME Funding Update: DHS

Teaching Hospital Surcharge: Scott Monette

DHS submitted the surcharge waiver for federal approval alongside a state plan amendment (SPA) for the proposed GME supplemental rate. The draft SPA is available on the [DHS website \(https://mn.gov/dhs/partners-and-providers/news-initiatives-reports-workgroups/minnesota-health-care-programs/spa.jsp\)](https://mn.gov/dhs/partners-and-providers/news-initiatives-reports-workgroups/minnesota-health-care-programs/spa.jsp).

- Teaching hospitals would contribute to Graduate Medical Education (GME) funding through a Medicaid surcharge, generating approximately \$90 million in annual revenue.
 - Teaching hospital is defined in [Sec. 256.9657 MN Statutes \(https://www.revisor.mn.gov/statutes/cite/256.9657\)](https://www.revisor.mn.gov/statutes/cite/256.9657), Subd2a. (c):

For purposes of this subdivision, "teaching hospital" means any Minnesota hospital with a Centers for Medicare and Medicaid Services designation of "teaching hospital" as reported on form CMS-2552-10, worksheet S-2, line 56, that is eligible for reimbursement under section [256.969, subdivision 2g \(https://www.revisor.mn.gov/statutes/cite/256.969#stat.256.969.2g\)](https://www.revisor.mn.gov/statutes/cite/256.969#stat.256.969.2g).

- Total combined state and federal Medicaid funding is projected to reach approximately \$200 million annually.
- Uncertainty remains regarding timing and approval:
 - CMS has 90-days to approve, barring any requests for additional information.
 - DHS is proactively asking CMS if further information is needed.
- If approved, the new GME supplemental rate would likely be backdated to July 1, 2025.

Match on Tobacco: Scott Monette

During the meeting, Scott anticipated a 51.16% federal match on tobacco funding, to be distributed via the MERC program in April 2026. He indicated that the amount may change, and he would follow up with Diane Reger once more information is available. DHS expects to know the final outcome by October (or sooner).

Post Meeting: The state's FMAP rate for FY2026 is presently valued at 50.68%. An update on the finalized rate will be presented at the next committee meeting.

MERC Inpatient Hospital Add-On Payment: Michaelyn Bruer

Michaelyn provided an update on the MERC add-on payments, which comprises the medical education component in Medicaid FFS inpatient hospital rates.

- MERC add-on payments made in Rebase 5 (inpatient hospital claims with discharge dates on/after 1/1/2024 through 6/30/2025) are being reconciled.
- The Rebase 5 reconciliation process will include gross adjustments for any over/under payments.
- Sites whose payments have been met for Rebase 5 will have their medical education rate factor turned off for the interim period until the implementation of the Rebased 6 rates is complete.

ORHPC Programs/Grants: MDH Staff

Site Based Clinical Training Grant: Zora Radosevich

The FY2024 clinical training application cycle will open later this month and will run concurrently with MERC.

- FY2026 funding totals \$4,657,000.
- Funding supports rural primary care and oral health primary care initiatives serving both urban and rural communities.
- Rural is defined as counties outside the seven (7) metropolitan counties.
- Primary care status will be determined by teaching programs' designation in the application portal.

- Diane Reger noted that applicants will indicate whether they are applying for SBCT only, MERC only, or both.
- Additional information is available at: [Site-Based Clinical Training Grant Program \(https://www.health.state.mn.us/facilities/ruralhealth/funding/grants/index.html#sbct\)](https://www.health.state.mn.us/facilities/ruralhealth/funding/grants/index.html#sbct)

Medical Education and Research Cost (MERC): Diane Reger

FY2023 Training Cycle – Close

MDH is closing out the FY2023 MERC application cycle. Applicants may continue to run reports until the portal is updated for FY2024 training.

FY2024 Training Cycle – Opening Soon

The next application cycle is expected to open on or shortly after August 15. MDH will publish the announcement via GovDelivery.

- Additional information will be posted at: [MERC - MN Dept. of Health \(https://www.health.state.mn.us/facilities/ruralhealth/merc/index.html\)](https://www.health.state.mn.us/facilities/ruralhealth/merc/index.html)

Key due dates:

Sponsors & Teaching Programs	Deadline 4:30 pm (Central Time)
Complete Demographics – Open Application	August 31, 2025
Teaching Program Application	October 20, 2025
Sponsoring Institution Application	October 31, 2025

Training Sites	Opens	Deadline 4:30 pm (Central Time)
Step 1: Application	September 1, 2025	September 30, 2025
Step 2: Expenditures	November 15, 2025	December 15, 2025

- A question was raised regarding AI-related costs (e.g. transcription) and how they should be reported.
- An example using license prices was discussed.
- If costs are directly related to the trainees, they may be reported under operating costs. If not directly traceable, they may be claimed as indirect costs.

Legislative Update: Zora Radosevich, MDH

OBBB Federal Reconciliation Package

The recently signed federal reconciliation package (OBBB) includes a \$50 billion Rural Transformation initiative. The funding was included in an effort to offset some of losses that rural health care facilities, providers and residents will face as a result of many of the changes to Medicaid and ACA Marketplaces that were also included in the OBBB and have been estimated to result in much greater losses to rural health care.

We are still learning more about what is included in the legislation, and much is still not known about how CMS—the administering agency—will interpret it. We do anticipate that MDH and ORHPC will have a role in developing Minnesota’s application for our share of the funding.

The Rural Transformation program

\$50 billion is to be distributed over five fiscal year (FFY 2026-2030), which translates to \$10 billion annually to be distributed to states each fiscal year. Of that, 50% of funds (\$5B per year) will be distributed to all states equally (assuming they apply, and CMS approves their application), with an allotment of \$100 million each year for five years. The balance of the funds (the other \$5 billion each year) will be distributed as determined by the administrator, which will be CMS and HHS. Minnesota’s share of this portion is uncertain, but the application will likely need to include a request under this provision. At this point, we anticipate that applications will be due to CMS by mid-November. The application has not yet been released, but we’ve been advised that it must include a detailed rural health transformation plan.

Health Care Workforce Advisory Council

- Legislative approval for the advisory council did not pass.
- The Health Care Workforce & Education Committee (formerly MERC Committee) will remain active, with current members continuing in their roles unless they choose to step down
- Diane announced that Dr. Peter Nalin will be stepping down due to other commitments. She thanked him for service and wished him well.

Future 2025 Meetings

Web Based Teleconference 1 – 3 pm: November 5

- Submit agenda items to committee chair or health.merc@state.mn.us.
- The agenda will be posted on the [MERC Committee website \(https://www.health.state.mn.us/facilities/ruralhealth/merc/committee/index.html\)](https://www.health.state.mn.us/facilities/ruralhealth/merc/committee/index.html) under Meeting Materials, approximately one week before the meeting.

HEALTH CARE WORKFORCE AND EDUCATION COMMITTEE MEETING

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To obtain this information in a different format, call: 651-201-3838.