Meeting Minutes: Healthcare Workforce & Education Committee

DATE: MAY 27, 2026

Attendance

Committee Members

- David Dahlen – Mayo Clinic
- Miranda Gilmore – Fraser Integrated Healthcare
- Badrinath Konety—Allina
- Robert Miner – Allina Health/Abbott Northwestern
- Nate Mussell —Fairview
- Michelle Noltimier—HealthPartners Institute
- Sheila Riggs – University of Minnesota **(Committee Vice Chair)**
- Troy Taubenheim – Metro Minnesota Council on GME
- Linda Welage—University of Minnesota

Members Not in Attendance:

- Brad Benson—M Health-Fairview
- Susan Culican –University of Minnesota
- Roger Dearth—Mayo Clinic
- Kelly Frisch— HealthPartners
- Thomas Satre – CentraCare Health **(Committee Chair)**
- Meghan Walsh –Hennepin County Medical Center

State of Minnesota Staff

- Sarah Grafstrom, Erik Larson, Nitika Moibi, Zora Radosevich, Diane Reger, and Melissa Stevens - MDH
- Michaelyn Bruer & Scott Monette – DHS

Agenda

- Welcome: Dr. Sheila Riggs, Vice Chair
- Updates & Funding Opportunities: MDH/DHS Staff
    - Teaching Hospital Surcharge/Supplemental Payments: Scott Monette, DHS
    - Medical Education & Research Cost (MERC)
        - Medical Education Component in Inpatient FFS Rates: Michaelyn Bruer, DHS
        - Current Application/Funding Cycle: Diane Reger, MDH
        - Clinical Training Expenditures: Sarah Grafstrom, MDH
    - Site-based Clinical Training (SBCT): Erik Larson, MDH
    - Rural Health Transformation Plan (RHTP): Zora Radosevich, MDH
- Sparks for Discussion: Membership, Zora Radosevich & Melissa Stevens, MDH
- Legislative Update: Zora Radosevich, MDH
- Other Topics & Next Steps/Meetings: Dr. Riggs, Vice Chair

Meeting notes

Welcome: Dr. Sheila Riggs, Vice Chair

The meeting was called to order.

Updates & Funding Opportunities: MDH/DHS Staff

Teaching Hospital Surcharge/Supplemental Payments: Scott Monette, DHS

Through collaboration with the Minnesota Hospital Association, DHS developed a proposal that has been submitted to CMS for approval. The proposal includes a supplemental payment to help cover GME costs at teaching hospitals and a surcharge to fund the state's share of the payment. A decision from CMS is pending.

Medical Education and Research Cost (MERC)

Medical Education Component in Inpatient Hospital Rates/Payments: Michaelyn Bruer, DHS

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

- Rebase 5: The claims runout period for Rebase 5 ends on 6/30/2026. Final reconciliation for this period will take place in August. DHS will factor the total over/under payment into the final reconciliation.

- Rebase 6: MERC factor reconciliation reports for Rebase 6 are processed through March 2026.
    - DHS will continue to run reports quarterly.
    - The MERC factor will be turned off if payments go over the MERC payment. With some already turned off.
- Rebase 7: MDH recently provided MERC reports to DHS. DHS will use the information to determine rates for Rebase 7.

Rebase Period	Schedule	Clinical Training FY	Medicaid FFS Inpatient Hospital Rates
Rebase 5	Proxy	2020 & 2021	1/1/2024- 6/30/2025
Rebase 6	Transition	2021 & 2022	7/1/2025- 6/30/2027
Rebase 7	Standard	2023 & 2024	7/1/2027- 6/30/2029

MERC FY2024 Training Cycle: Diane Reger, MDH

The MERC program announced funding on April 24, 2026. Funding consisted of three funding pools: $7.6 million in tobacco funds, $1 million in general funds / $1 million in healthcare access funds, and $49.5 million projected for distribution through Medicaid FFS Inpatient Hospital Rates.

Funding for the first two pools were distributed to the 28 sponsoring institutions who submitted a total of 2,196 training site applications for the clinical training of students/residents of 322 Minnesota teaching programs they sponsor. These applications included just over 3,321 FTE trainees at 505 distinct training sites.

Diane explained eligibility for each of the funding pools and provided the grant formula used to make the final determination.

A total of 288 sites qualified for funding to support clinical training to just over 3,240 FTE trainees. Over 64% of the FTE trainees are medical residents. The highest volume of training continues to take place in clinical training sites affiliated with a hospital system. These sites qualified for over 95% of all funding. The MERC program covered close to 11% of the reported clinical training expenditures for eligible trainees within Minnesota.

Future Activities	Date Due
Sponsors Release Funding to Sites	June 30, 2026 (or before)

Grant Verification Report (GVR)	Date Due
All Sponsoring Institutions (Notified April 24)	June 30, 2026 (or before)
Select Sites (Notified by May 1)	July 15, 2026 (or before)
Portal/Cycle Closes	July 30, 2026 (or before)

- Additional information available: MERC - MN Dept. of Health (https://www.health.state.mn.us/facilities/ruralhealth/merc/index.html)
    - Reports: MERC Publications - MN Dept. of Health
    - Questions: health.merc@state.mn.us

Clinical Training Expenditures: Sarah Grafstrom, MDH

An expenditure workgroup met two times this spring. The groups discussions focused on Preceptor Stipends and Benefits. Three polling questions were posted:

1. What is the most administratively burdensome portion of expenditures? (15 Responses)
    a. Trainee Stipends 5%
    b. Preceptor Stipends and Benefits 35%
    c. Operating Costs 25%
    d. Cost Incurred by Hospital 30%
    e. Funding and Support Received 5%
2. I find the excel report helpful when compiling expenditures? (14 responses)
    a. Agree 35%
    b. Neutral 57%
    c. Disagree 7%
3. Which area(s) of the expenditure process do you feel needs more guidance or details? (13 responses)
    a. Trainee Stipends 0%
    b. Preceptor Stipends and Benefits 44%
    c. Operating Costs 33%
    d. Cost Incurred by Hospital 11%
    e. Funding and Support Received 11%

Sarah will continue to review expenditures.

Site Based Clinical Training (SBCT) Grant: Erik Larson, MDH

The FY2024 clinical training application cycle operates on a similar timeline to MERC; however, it is a separate program.

- Current Cycle (FY 26 Funding; FY24 Clinical Training)
    - Total Funding: $4,657,000
    - $4,115,000 for rural primary care
    - $542,000 for oral health primary care (urban and rural)
- Total applicants: 396 distinct sites
    - Funded applicants: 122 distinct sites through 21 sponsoring institutions
        - Rural Primary Care: 115 distinct sites. 616.1373 FTEs.
        - Oral Health Primary Care: 8 distinct sites. 204.1488 FTEs.

  - Grant agreements in process.
- Additional information is available: Site-Based Clinical Training Grant Program (https://www.health.state.mn.us/facilities/ruralhealth/funding/grants/index.html#sbct)
  - Questions: ClinicalTraining.MDH@state.mn.us

Rural Health Transformation Plan: Zora Radosevich, MDH

- Deadline for applications for allocation entities was 5/26/2026
- RFP for competitive programs are posted or will soon be posted
- Process for review being developed; interactions with allocation entities will involve a back-and-forth as work plans are finalized
- Stakeholder engagement to build community input are being planned and schedules will be made available later in the summer
  - Learning Circles
  - Listening sessions
- Preparing for Year 2

Nate Mussell asked for clarification on how expansion vs RHTP grants are coordinated and how applicants determine if funding would overlap. Zora indicated that the RFP should provide details on the requirements. Funding cannot be supplanted.

Dr. Riggs asked if additional staff have been hired. At this time, 6-7 grant managers and 3-4 grant specialists have been fired. Additional staff is expected.

Additional Information: MN Rural Health Care Chartbook (https://www.health.state.mn.us/facilities/ruralhealth/docs/summaries/index.html)

  - Subscribe for news on the Rural Health Transformation Program
  - Questions: rural.transformation.mdh@state.mn.us

Sparks for Discussion –Zora Radosevich & Melissa Stevens, MDH

MDH shared what was learned from the physician training discussion groups held in 2025 and plans for 2026.

- Research indicates that place-based training is effective in retaining and recruiting providers after graduation, making it a key strategy for bolstering the rural physician workforce.
- ORHPC contracted with the University of Minnesota's Center for Interprofessional Health to engage with rural physicians and administrative leaders in a series of discussion groups to better understand the challenges, barriers, and enablers associated with placing trainees in their communities.

- Conducted 8 discussion groups (both in person and virtual) with rural healthcare organizations across the state in July and August 2025.
- Primary focus was physician trainees: medical students and residents

Barriers and challenges and strategies for success were shared. The recommendations included:

- State-Level Support
    - Fund local medical education champions at rural sites
    - Support centralized coordination across organizations in a region or the state
    - Launch social medical campaign to promote rural heath careers
- Site-Level Support
    - Improve preceptor compensation and support
    - Develop structured preceptor training programs
    - Address housing challenges
    - Create clear pathways from training to employment
- Academic and Clinical Partnerships
    - Academic institutions and clinical sites collaborate to streamline placement processes
    - Enhance preceptor communication and support
    - Reduce preceptor burden
    - Both create opportunities to showcase rural life and practice with learners to encourage future employment in rural communities

Proposed Next Steps:

- Administer a statewide survey to an expanded group of clinical sites to gather feedback and validate the findings and recommendations from Phase 1.
- Second round of discussion groups with current and potential clinical training sites with a preliminary focus on APPs and/or behavioral health providers.
    - Timeline: June/July 2026

Members were asked:

How are you approaching opportunities to increase clinical training at your organization whether you are just starting or expanding opportunities?

- What are your initial observations and reactions to the findings and recommendations?
- Would you be interested and willing to participate in the statewide survey?
    - What would be helpful in increasing response rates?

- Would you be interested and willing to participate in the second round of in-person discussions groups with a focus on APP trainees?
    - What would be helpful in increasing participation with the in-person sessions?
- If you're just starting, how are you engaging with stakeholders throughout your organization and securing the resources to move things forward?
- If you are hoping to expand, how is your organization engaging with stakeholders to think about possibilities and then move things forward?

Feedback and discussion included:

- A few individuals agreed with the discussion group's feedback and suggested for the future to include greater effort on interdisciplinary training.
- Dental school alumni in a rural community host community dinners with faculty, students, high school students, community college students, etc. It is very popular and an opportunity for alumni to share their experiences & recruit.
- Is housing eligible? Housing is often an issue for trainees and host sites. Zora noted that funding for 6 out of the 12 months is usually eligible under RHTP.
- Did people respond about training impacting additional workload?
    - Sites indicated it takes a while to get to know each other. Shorter rotations create burdens more than longer ones.
- There have been some successful partnerships with urban programs collaborating with rural sites for required rotations.
- One organization has often found that students are not interested in rural rotations due to family or other commitments. They have given stipends to students for housing; this seems to work better than providing housing.
- The Dental School funds a dentist at sites that are dedicated full-time to training students

Feedback can be provided to: ClinicalTraining.MDH@state.mn.us

Legislative Update: Zora Radosevich, MDH

- Hospital Stabilization
- Loan Forgiveness
- IMG
- Clinical Rotations
- Rural Residencies

Next Steps & Meetings:

Sparks for Discussion – September 23, 2026

To Be Determined.

Virtual Meeting Schedule

- August meeting has been rescheduled to September 23, 2026, from 12:30 – 2 pm.
- November 4, 2026, from 1 – 3 pm
- 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) under Meeting Information, approximately one week before the meeting.

Minnesota Department of Health
Office of Rural Health and Primary Care
Street address
PO Box 64882
St. Paul, MN 55164-0975
651-201-3566
health.merc@state.mn.us
www.health.state.mn.us

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