



Minnesota's Hospital Moratorium Law Senate HHS Finance & Policy Committee, Feb 28, 2022

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- Background: the hospital bed moratorium and public interest reviews
- Update on current activities
- Summary of findings and takeaways from recent public interest reviews
- Overview of public hearings on service curtailment



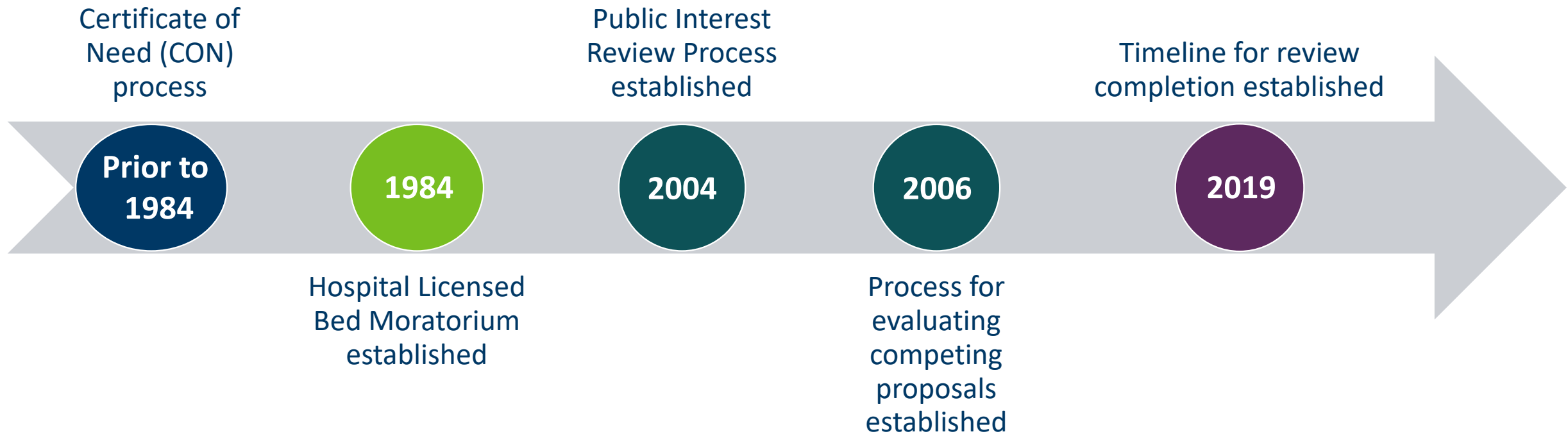
Source: MDH/Health Economics Program, "Report to the Minnesota Legislature"; February 2007.

<https://www.health.state.mn.us/data/economics/docs/legislative/mefacrppt.pdf>

What is the MN Hospital Bed Moratorium Law?

- The MN Hospital Bed Moratorium law (MN Statutes 144.551), prohibits:
 - The establishment of new hospital licenses and
 - The expansion of existing hospital licensed beds.
- Related sections establish:
 - A process for reviewing proposals for exception to the moratorium (MN Stat 144.552) – the public interest review;
 - A process for conducting reviews if competing proposals exist (MN Stat 144.553); and
 - Responsibilities for MDH to monitor implementation after an exception has been granted [MN Stat 144.552 (g)].

Timeline for Hospital Capacity Regulation in MN



Certificate of Need in Other States

- Currently, 35 states (including Minnesota) operate a CON-like process to review/approve additional health care capacity
 - 28 of these apply to hospitals (including Minnesota)
 - Other states don't have a formal process, but Legislature may still actively engage
- In other states, determination is generally not made by Legislature:
 - Specific facilities review board (may be appointed by Governor or Legislature)
 - State agency who conducts review (e.g., department of health)

Source: <https://www.nashp.org/50-state-scan-of-state-certificate-of-need-programs/>

MN Hospital Bed Moratorium: Public Interest Reviews

- The MN hospital bed moratorium requires a review of proposals that request exception to the law
- Public interest reviews are intended to provide unbiased, empirical information to the legislative process
 - MDH considers a number of relevant factors
 - Makes a recommendation about whether a proposal is “in the public interest”
- The Legislature retains the decision to grant an exception

What does MDH Consider in Public Interest Reviews

Statute directs commissioner to consider relevant issues, including:

- Is proposal needed to provide timely access to care or to new or improved services;
- Does proposal have adverse financial impact on existing acute-care hospitals w/EDs;
- Will proposal affect the ability of existing hospitals in the region to maintain staff;
- Will proposal ensure provision of services to nonpaying or low-income patients consistent with other facilities; and
- What are the views of affected parties.

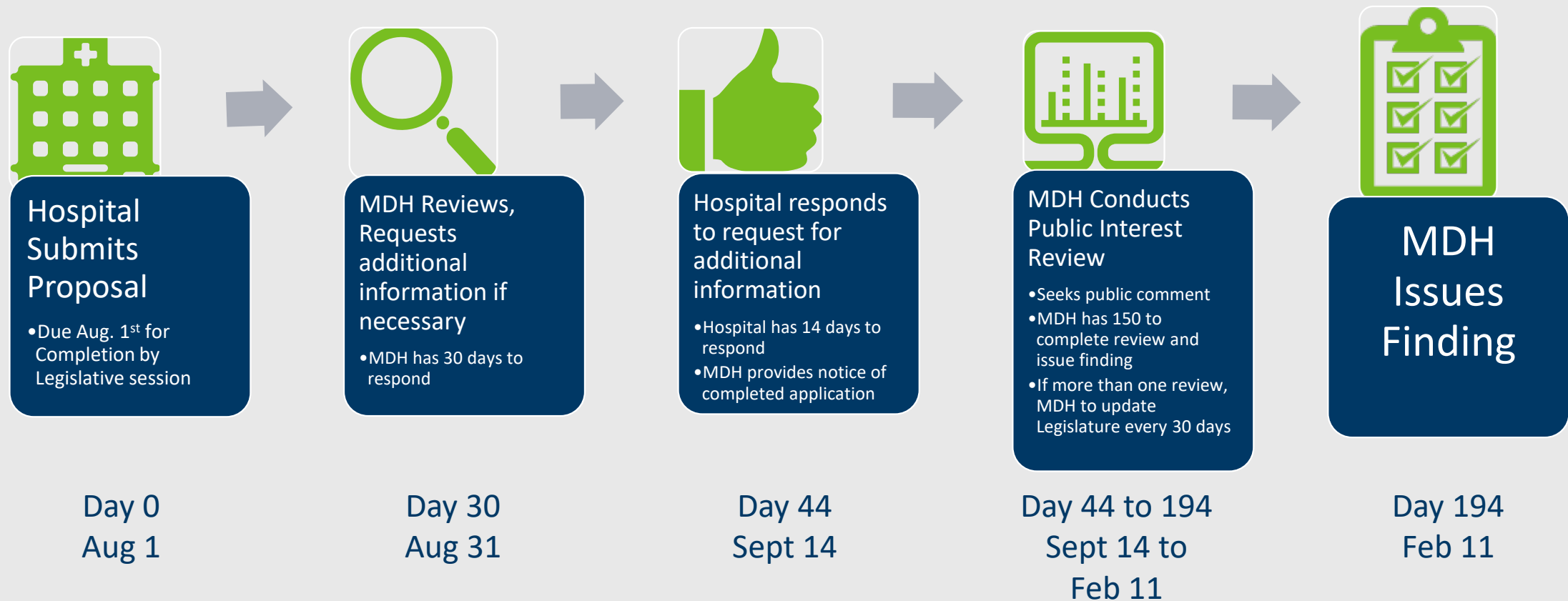
Additional considerations for establishment of new hospitals:

- Ability for applicant to maintain current levels of community benefit;
- A number of factors concerning plans for workforce at existing facilities
 - MDH uses these factors to guide our analysis
 - MDH looks at both the service area of the facility or proposed facility, as well as the services offered throughout the state
 - MDH considers multiple assumptions around demographic-based service need projections

How does MDH Conduct the Public Interest Review

- MDH uses data already available to the extent possible
 - Hospital Annual Report, Hospital Discharge Data, Capital Expenditure reporting, Ambulance Diversions
 - Evidence from the literature
- MDH requests data from applicant that is not available, including:
 - Expected costs of project
 - Staffing plans for the proposal
 - Specific occupancy level, transfers and transfer requests, Emergency Department (ED) closures
 - Assumptions used in projections
- Typical analyses involve assessing factors, including:
 - Patient, service mix, and payer mix
 - Capital costs and financing models
 - Occupancy rates within service area across facilities (to assess access)
 - Patient diversion statistics
 - Travel patterns to the hospitals, including care capacity at patient origin
 - Employment changes and health care staffing
 - Projections of future health care needs in service area

Public Interest Review Process and Timeline



Public Interest Review is a Public Process

- All information related to a review is posted online including:
 - The initial proposal
 - Written correspondence with the applicant to clarify the proposal
 - Feedback from the public
 - Data on previous reviews
- Findings become public with submission to Legislature
- URL:
www.health.state.mn.us/divs/hpsc/hep/moratorium/index.html

The screenshot shows a web browser window displaying the Minnesota Department of Health (MDH) website. The page title is "Hospital Public Interest Review". The URL in the address bar is <http://www.health.state.mn.us/divs/hpsc/hep/moratorium/index.html>. The page features a navigation menu with "HOME", "TOPICS", and "ABOUT US". The main content area includes a sidebar with links to various programs and projects, a main text area with a detailed description of the review process, and a list of "Public Interest Reviews" with links to specific hospital reviews. A search bar is visible in the top right corner.

Health Economics Program
HEP Home
Chartbook
Health Insurance Survey
Data Resources
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Related sites

Special Projects
State-based Risk Adjustment
Small Group and Individual Health Insurance Market Survey
All Payer Claims Database (MN APCD)
Provider Cooperative Review
Hospital Public Interest Reviews
Medical Education and Research Costs (MERC)
Archive

Related Sites
Division of Health Policy
Statewide Quality Reporting and Measurement System

Hospital Public Interest Review

The 2004 Minnesota Legislature passed a law establishing a public interest review process for hospitals seeking exceptions to the state's hospital bed moratorium law (Minnesota Statutes Chapter 144.552). Under this process, a hospital seeking to increase its number of licensed beds or an organization seeking to obtain a hospital license must submit a plan to the Minnesota Department of Health (MDH). MDH is required to review the plan and issue a finding on whether the plan is in the public interest.

In conducting its review, the MDH is required to consider certain issues, including the following:

- ▶ Whether the new hospital or hospital beds are needed to provide timely access to care or access to new or improved services;
- ▶ The financial impact of the new hospital or hospital beds on existing acute-care hospitals that have 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.

Under the statute, MDH must issue a finding within 90 days of receiving a complete proposal (or up to six months in extenuating circumstances).

Public Interest Reviews

- ▶ [Regions Hospital](#)
- ▶ [Tandem Hospital Partners](#)

Completed Reviews

- ▶ [PrairieCare Brooklyn Park](#)
- ▶ [PrairieCare Maple Grove](#)
- ▶ [Sanford Thief River Falls Psychiatric Hospital](#)

Contact Us
Please contact the Health Economics Program at 651-201-3550 or health.hep@state.mn.us.

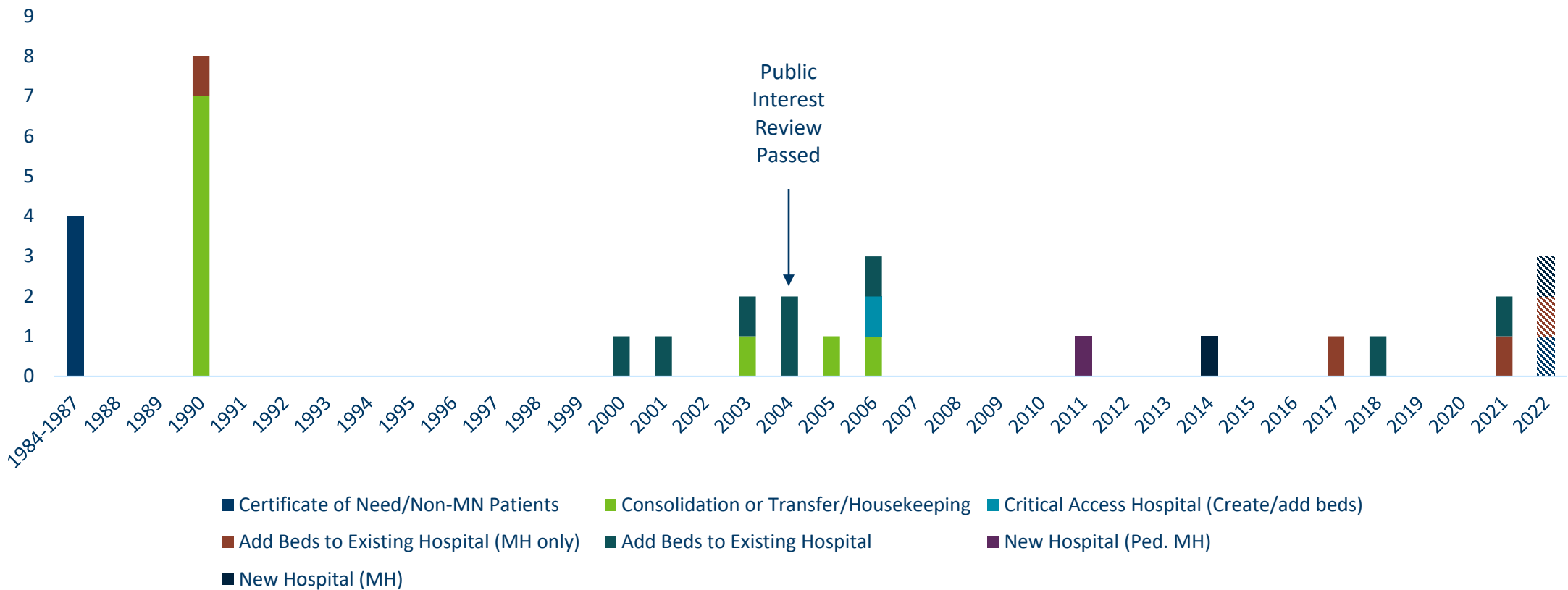
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There are Currently 30 Exceptions to Minnesota's Hospital Bed Moratorium and Three Ongoing Reviews

Exceptions to the Hospital Bed Moratorium, by Year



Source: MDH/Health Economics Program analysis of MN Statutes 144.551, February 2022

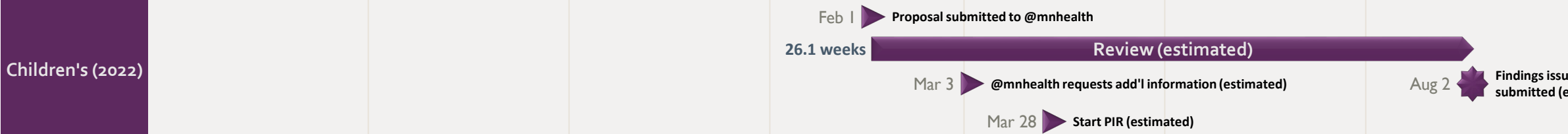
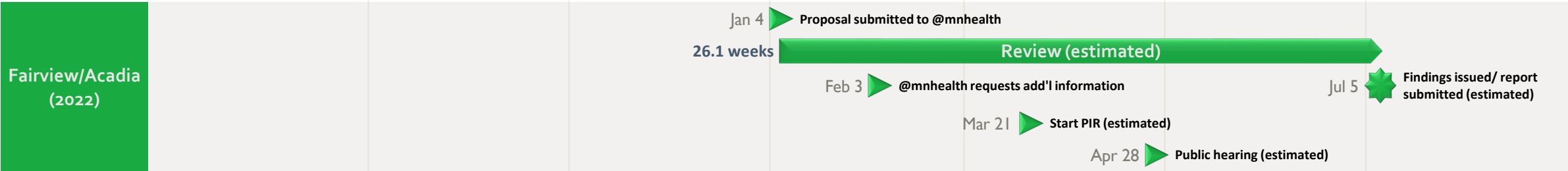
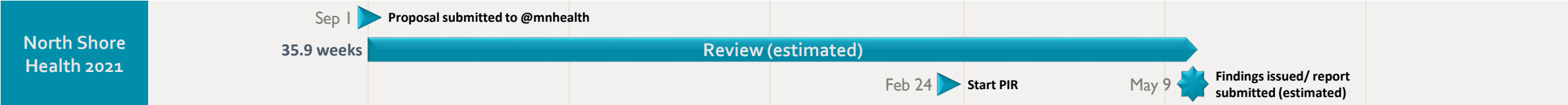
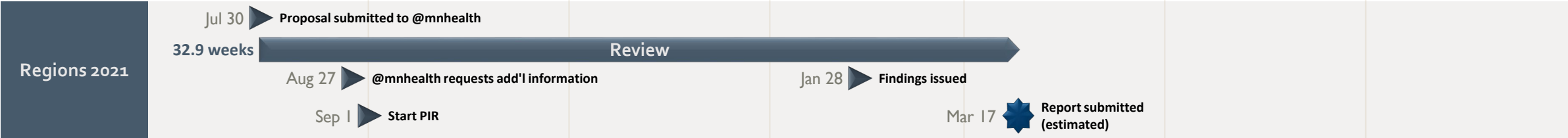
Current Activities and Overview of Select Findings

2021

2022

Jul Sep Nov Jan Mar May Jul

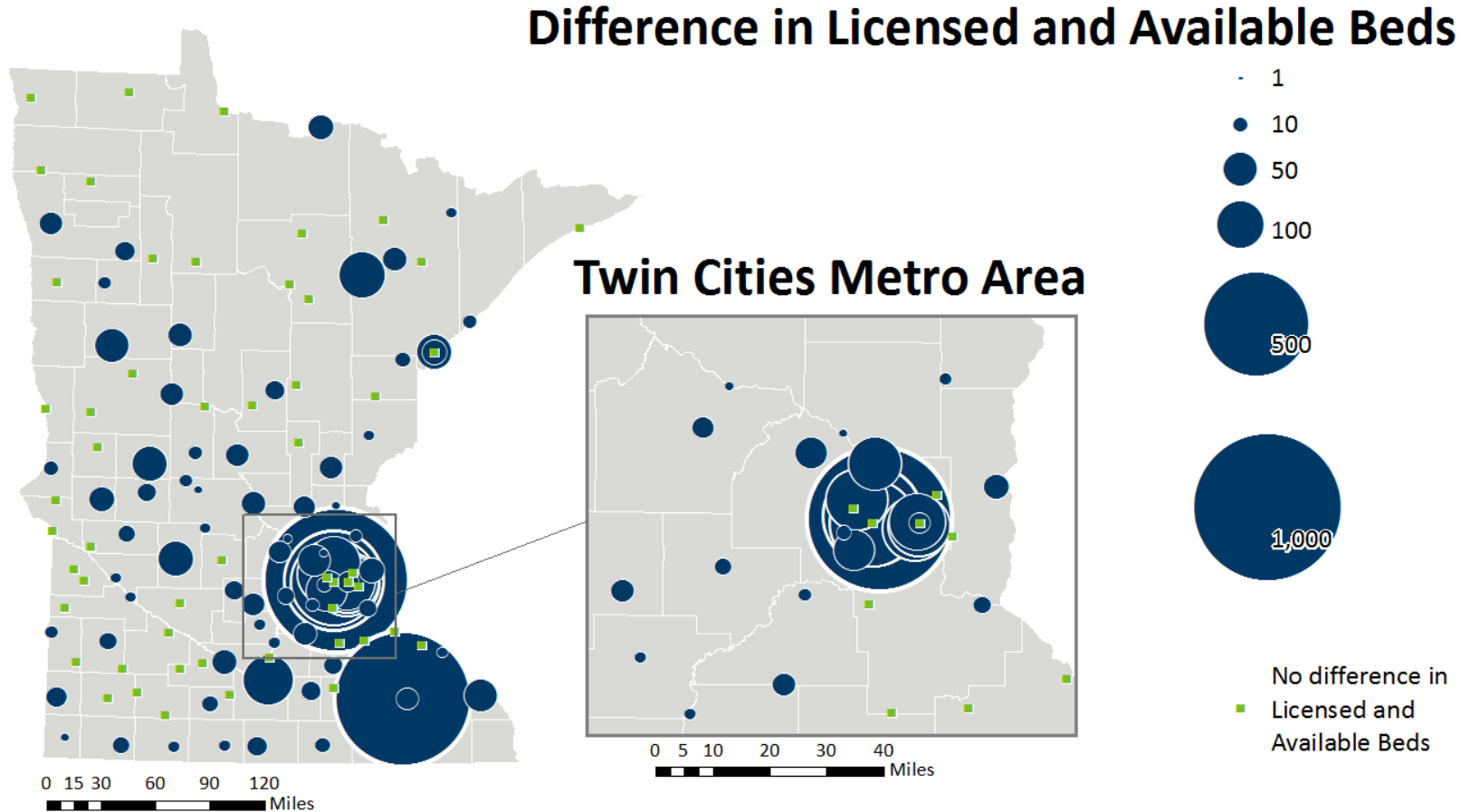
Today



Some Challenges

- **Tension in business vs. access:** For all reviews, there is a tension between the business case for adding beds and the access to care these beds provide.
- **Limited Scope:** Moratorium promotes a proposal/site-specific, one-off approach, rather than systematic consideration for how capacity aligns with inpatient needs and public policy goals
- **Inequities in existence of banked Licensed Beds:** By fixing in place historic capacity, the moratorium freezes market share and geographic distribution.
 - Created an economic value of licensed beds
 - Gives competitive advantage to large systems with “spare” licensed bed capacity
- **Data:** There are still some gaps in available data, including:
 - Utilization: transfer requests, ED boarding,
 - Costs: financial data at the service level, patient costs, transportation costs
- **Timeline:** Current statutory timelines do not seem to align with how hospital operators approaches

Where are “Unused” Licensed Beds?



Source: Minnesota Department of Health analysis of Hospital Annual Reports.

Inpatient Capacity: Children & Youth Mental Health Services

- We have an incomplete understanding of the need for services and the factors affecting care capacity bottlenecks, including:
 - Number of children with mental health needs and the type of services
 - Access to upstream, outpatient services, including timely diagnosis
 - Role of labor force challenges & payment rates across the state affecting barriers to care
- Don't hear voices of patients – what do patients and care givers requires
- Data: specialty hospitals are not required to report relevant data annually
- Even with additional beds at PrairieCare, capacity constraints will remain ...

Facility Closures and Discontinuation of Services

Hospital Closure & Curtailment of Services: MN Statutes 144.555

- Hospital must notify MDH at least 90 days before the following:
 - Closure/limiting operations resulting in patients or services being relocated to another hospital or campus
 - Discontinuation of a set of services or capabilities: maternity & newborn care, Intensive Care Unit, inpatient mental health, or substance use disorder services
- MDH must hold a public hearing within 45 days of notification



Thank you!

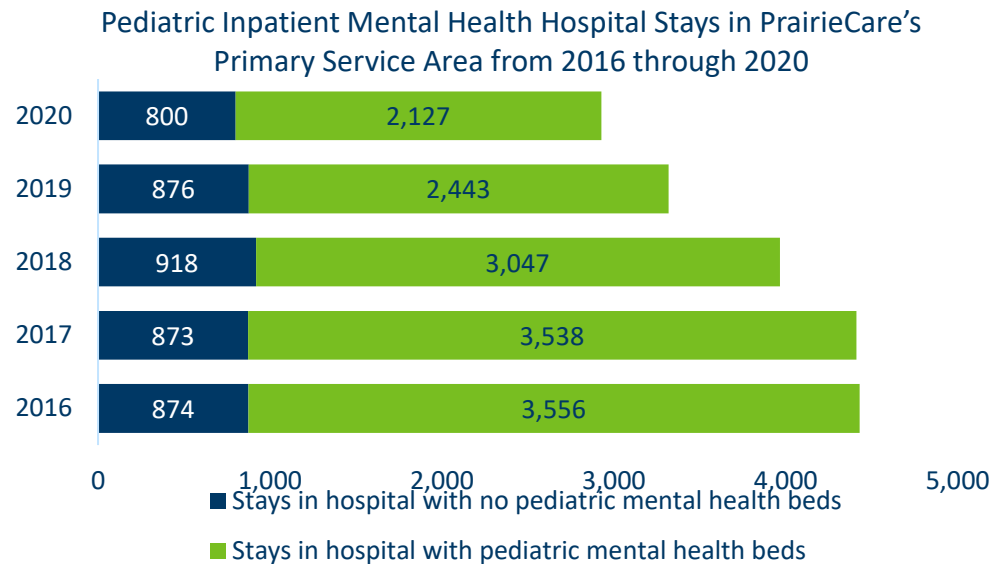
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How Capacity Constraints can Present in Data

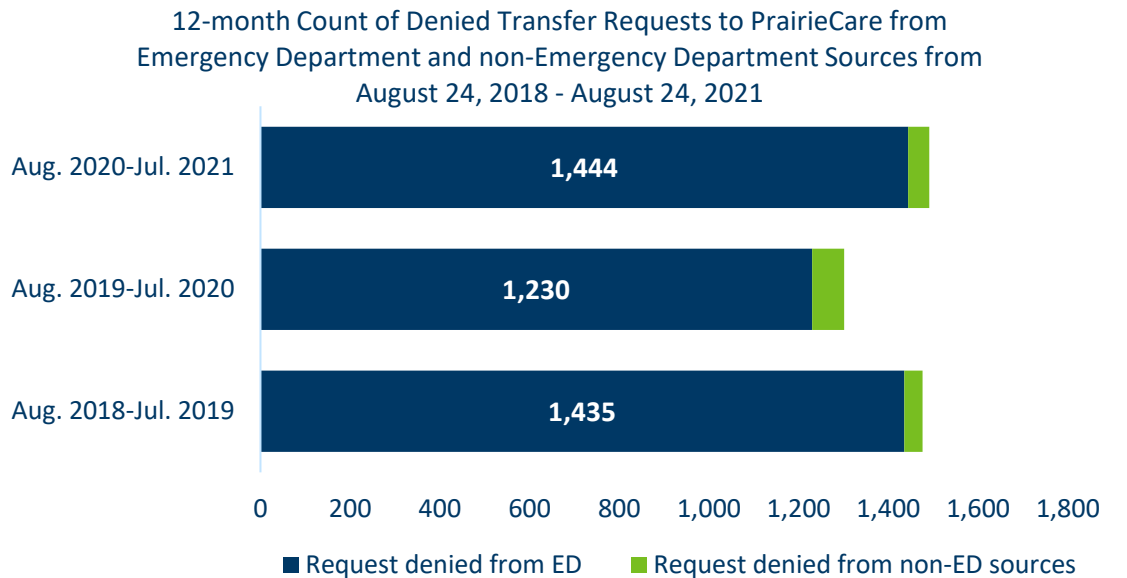
In PrairieCare service area, about 800 times a year children’s inpatient stay for mental health was at a facility that did not have dedicated pediatric mental health beds.



Source: MDH analysis of hospital administrative discharge data from the Minnesota Hospital Association.

Over two years 900 times children were boarded in emergency departments (due to lack of beds)

PrairieCare was not able to accommodate over 1,200 transfer requests from EDs each year between 2018 and 2020.



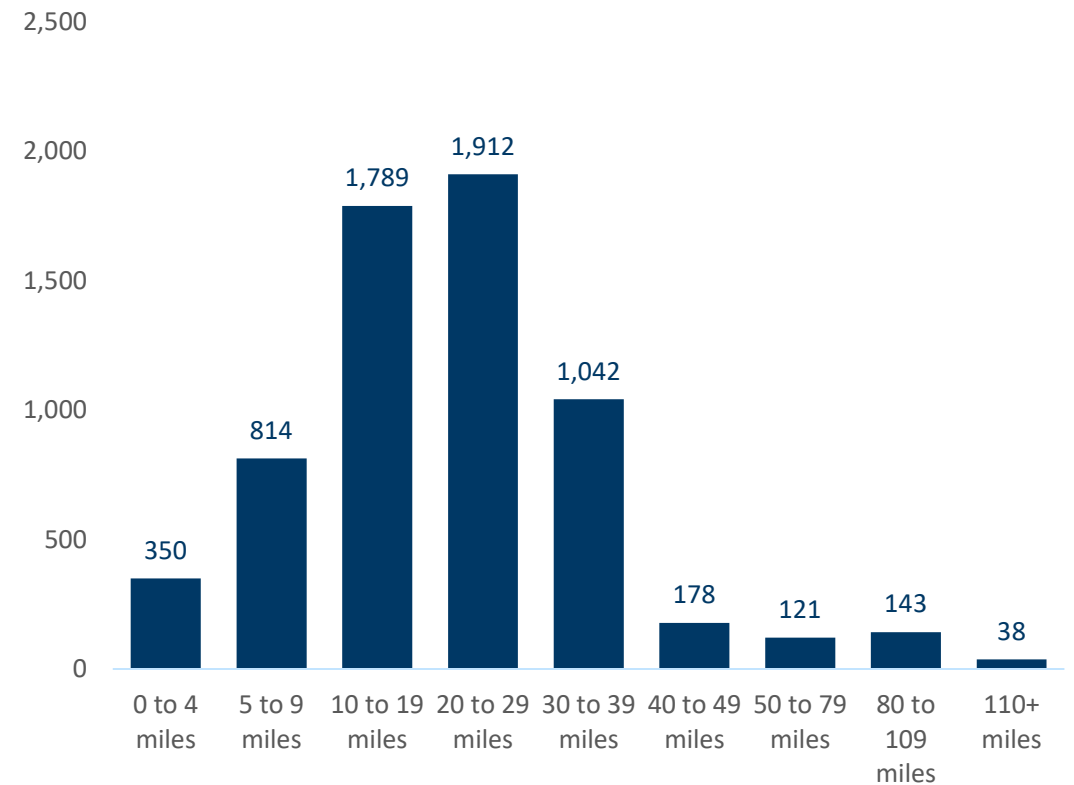
Source: MDH analysis of hospital administrative discharge data from PrairieCare.

Beds are Not Fully Aligned With Care Needs

Children and family care givers travel to access inpatient beds when local care capacity is unavailable or non-existent

Region of Residence	Children's Mental Health Hospital Stays in Twin Cities Metro Area	Share of Stays for Children's Mental Health in Twin Cities Metro Area	Average Distance traveled from home to hospital (Miles)
Metro	6,121	71.3%	19.8
Central	1,123	13.1%	55.5
Southeast	381	4.4%	73.2
South Central	331	3.9%	87.8
Northeast	220	2.6%	185.7
Southwest	100	1.2%	140.0
West Central	50	0.6%	166.6
Northwest	43	0.5%	246.2
Out of State/Unknown	218	2.5%	

Approximate Distance Traveled for Twin Cities Resident Child and Youth Inpatient Mental Health Hospital Stays in 2019 and 2020

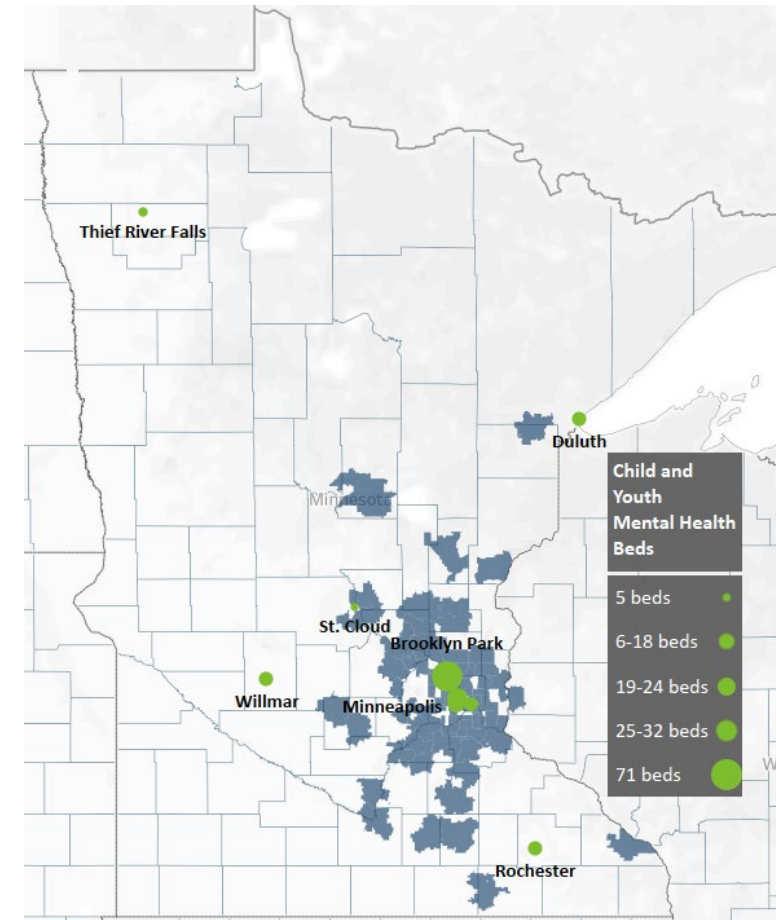


Source: MDH analysis of hospital administrative discharge data from the Minnesota Hospital Association and PrairieCare. Distances are calculated using ArcMap 10.5 from the geographic center of the resident ZIP code to the hospital location

Public Interest Review: Adding 30 beds at PrairieCare

- There are 206 inpatient mental health beds for children and youth in Minnesota
- The majority of these beds are located in the Twin Cities metro area
- The limited beds mean children and youth often need to travel for inpatient mental health care
- Next slides focus on Minnesota children and youth living in the areas highlighted in blue – the PrairieCare service area.

Minnesota Child and Youth Inpatient Mental Health Beds and PrairieCare Brooklyn Park Hospital Primary Service Areas



Note: The blue shaded areas of the map are resident ZIP codes where most hospital stays (75th percentile) originate for PrairieCare Brooklyn Park Hospital.