



Minnesota Hospital Association

Financial Pressures Continue for Minnesota's Hospitals

Overview:

Hospital and health system finances are failing in Minnesota and across the country. When hospitals struggle financially, Minnesotans might find it harder to get the care they need, where and when they need it. Similar pressures have led to hospital closures and loss of services across the country, and nearly 30% of U.S. rural hospitals are facing closure. Addressing this issue swiftly is crucial to maintaining the quality and accessibility of health care across the state.





Minnesota Impact:

In 2023, two-thirds of Minnesota's hospitals had negative operative margins, with a median margin of minus 2.8%. Simply put, government payments are not covering the costs of providing care, with yearly losses exceeding \$2.3 billion. This situation is not sustainable.



Hospitals are underpaid for the care they give by billions of dollars annually. That includes more than \$1 billion in shortfalls from Medicare, another \$837 million shortfall from Medicaid, and an estimated \$487 million in care for patients waiting in hospital rooms or emergency departments for discharge to other care settings.



The costs of labor grew by 7%, and supply and service costs grew by 6%.



Nearly a quarter of member hospitals and health systems reported labor costs rising by double digit percentage points, and a third of hospitals said supply and service costs had risen by more than 10% over 2022.

Policy solutions:



Increasing the Medical Assistance (MA) reimbursements to hospitals and health systems to better cover the cost of services provided to Minnesota's low-income and underserved populations.



Providing temporary financial support for hospitals and health systems to offset the high costs of patients boarding in hospital beds and emergency rooms.



Providing funding for recruiting and retention efforts such as health care scholarship programs and health professional loan forgiveness.

Contact us

Mary Krinkie

MHA Vice President of Government Relations
mkrinkie@mnhospitals.org
612-963-6335

Danny Ackert

MHA Director of State Government Relations
dackert@mnhospitals.org
616-901-7500