



Minnesota Hospital Association

Hospitals and Health Systems Provide Care to All, Regardless of Ability to Pay

Overview:

Minnesotans know that if they require hospital care in Minnesota, our hospitals and health systems will provide it. This leads to hospitals and health systems providing uncompensated care, in the form of charity care and bad debt.

Charity care costs occur when the hospital does not expect payment from a patient based on that individual's income and the hospital's charity care policy. Minnesota's hospitals and health systems are dedicated to providing necessary health care services to all individuals, regardless of their financial circumstances.

Bad debt costs occur when the hospital anticipates payment based on insurance status or income status of the individual. The amount of bad debt has been growing as more people have insurance coverage, but they cannot afford their high deductibles and copays, so frequently, payment is not received.



Minnesota Impact:

In 2021, Minnesota's hospitals and health systems incurred almost \$655 million in uncompensated care, \$162 million of which was charity care. The rest became simply uncollectable debt, and wound up as ad-hoc financial assistance to patients.

The majority of hospital bad debt is now from individuals who have insurance coverage but are unable or choose not to pay their co-pays and deductibles. Many of these individuals are "underinsured."

\$655m

in uncompensated care

\$162m

in charity care



Minnesota's Hospitals Provide Billions in Community Benefit

The commitment of Minnesota's hospitals and health systems to their communities is exemplified by the substantial \$3.4 billion they contributed in overall community benefits in 2021. These community contributions encompass a wide range of services, including health care, public health program support, health education, screening and prevention services, medical research, and training initiatives.



Commitment to Patients and Access

In 2024, the state legislature passed significant medical debt protections for Minnesotans with unpaid medical bills. Minnesota health care providers will no longer report debt to credit scoring agencies. In addition, clinics will no longer deny future medical appointments based on previous unpaid bills. These measures are modeled on long standing, detailed, voluntary agreements between hospitals and the state Attorney General that already provided Minnesota with some of the best financial protection in the country.

One of the main drivers of medical debt is the increasing use of high deductible health plans. In 2021, 62.6% of private sector workers in Minnesota had high deductible health plans, higher than the national average of 55.7%. Minnesotans also face higher deductibles than the national average, in 2021 this was 7.9% higher.

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