SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION

S.F. No. 4948

(SENATE AUTHORS: WIKLUND)

DATE	D-PG	OFFICIAL STATUS
03/13/2024		Introduction and first reading
		Referred to Health and Human Services

A bill for an act

relating to health; requiring nonprofit hospitals to make certain information available to the public and report certain information to the commissioner of health; amending Minnesota Statutes 2022, sections 144.698, subdivision 1; 144.699, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 144.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **ACT TITLE.**

This act shall be known as the "Tax-Exempt Accountability Law (TEAL)."

Sec. 2. Minnesota Statutes 2022, section 144.698, subdivision 1, is amended to read:

Subdivision 1. **Yearly reports.** Each hospital and each outpatient surgical center, which has not filed the financial information required by this section with a voluntary, nonprofit reporting organization pursuant to section 144.702, shall file annually with the commissioner of health after the close of the fiscal year:

(1) a balance sheet detailing the assets, liabilities, and net worth of the hospital or outpatient surgical center;

(2) a detailed statement of income and expenses;

(3) a copy of its most recent cost report, if any, filed pursuant to requirements of Title XVIII of the United States Social Security Act;

(4) a copy of all changes to articles of incorporation or bylaws;

(5) information on services provided to benefit the community, including services provided at no cost or for a reduced fee to patients unable to pay, teaching and research activities, or other community or charitable activities;

(6) information required on the revenue and expense report form set in effect on July 1, 1989, or as amended by the commissioner in rule;

(7) information on changes in ownership or control;

(8) other information required by the commissioner in rule;

(9) information on the number of available hospital beds that are dedicated to certain specialized services, as designated by the commissioner, and annual occupancy rates for those beds, separately for adult and pediatric care;

(10) from outpatient surgical centers, the total number of surgeries; ~~and~~

(11) a report on health care capital expenditures during the previous year, as required by section 62J.17~~.~~;

(12) for hospitals, data on hospital expenses and the number of full-time equivalents for the following employees and contract staff:

(i) full-time registered nurses and licensed practical nurses whose primary duties are to provide direct patient care;

(ii) full-time registered nurses and licensed practical nurses whose primary duties are administrative or managerial;

(iii) registered nurses whose primary duties are to provide direct patient care and who are working on a temporary basis or on a short-term contract through a third-party staffing agency, including but not limited to per diem nurses, travel nurses, and nurses on assignment for a few months at a time;

(iv) registered nurses whose primary duties are administrative or managerial and who are working on a temporary basis or on a short-term contract through a third-party staffing agency, including but not limited to per diem nurses, travel nurses, and nurses on assignment for a few months at a time; and

(v) temporary physicians and hospitalists, including physicians working on a temporary basis and paid as independent contractors either according to a contract or through a third-party agency.

For purposes of this clause, an individual's primary duties are to provide direct patient care if the individual's work assignment typically includes working at the patient bedside or providing other direct patient care; and

(13) for hospitals, data on:

(i) expenditures for billboards, radio and television advertisements, online and other digital advertisements, flyers, posters, or marketing materials featuring the name, branding, or logo of the hospital;

(ii) consulting fees and other payments made to third-party entities for strategic, organizational, or day-to-day management services of the hospital; and

(iii) costs incurred by the hospital to plan or carry out activities or strategies to prevent or discourage workers from communicating with, organizing, or otherwise coordinating with labor organizations.

Sec. 3. **[144.6985] COMMUNITY HEALTH NEEDS ASSESSMENT; COMMUNITY HEALTH IMPROVEMENT SERVICES; IMPLEMENTATION.**

Subdivision 1. **Community health needs assessment.** A nonprofit hospital that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code must make available to the public and submit to the commissioner of health, by January 15, 2025, the most recent community health needs assessment submitted by the hospital to the Internal Revenue Service. Each time the hospital conducts a subsequent community health needs assessment, the hospital must, within 15 business days after submitting the subsequent community health needs assessment to the Internal Revenue Service, make the subsequent assessment available to the public and submit the subsequent assessment to the commissioner.

Subd. 2. **Description of community.** A nonprofit hospital subject to subdivision 1 must make available to the public and submit to the commissioner of health a description of the community served by the hospital. The description must include a geographic description of the area where the hospital is located, a description of the general population served by the hospital, and demographic information about the community served by the hospital, such as leading causes of death, levels of chronic illness, and descriptions of the medically underserved, low-income, minority, or chronically ill populations in the community. A hospital is not required to separately make the information available to the public or separately submit the information to the commissioner if the information is included in the hospital's community health needs assessment made available and submitted under subdivision 1.

Subd. 3. **Addendum; community health improvement services.** (a) A nonprofit hospital subject to subdivision 1 must annually submit to the commissioner an addendum which details information about hospital activities identified as community health improvement services with a cost of $5,000 or more. The addendum must include the type of activity, the method through which the activity was delivered, how the activity relates to an identified community need in the community health needs assessment, the target population for the activity, strategies to reach the target population, identified outcome metrics, the cost to the hospital to provide the activity, the methodology used to calculate the hospital's costs, and the number of people served by the activity. If a community health improvement service is administered by an entity other than the hospital, the administering entity must be identified in the addendum. This paragraph does not apply to hospitals required to submit an addendum under paragraph (b).

(b) A nonprofit hospital subject to subdivision 1 must annually submit to the commissioner an addendum which details information about the ten highest-cost activities of the hospital identified as community health improvement services if the nonprofit hospital:

(1) is designated as a critical access hospital under section 144.1483, clause (9), and United States Code, title 42, section 1395i-4;

(2) meets the definition of sole community hospital in section 62Q.19, subdivision 1, paragraph (a), clause (5); or

(3) meets the definition of rural emergency hospital in United States Code, title 42, section 1395x(kkk)(2).

The addendum must include the type of activity, the method in which the activity was delivered, how the activity relates to an identified community need in the community health needs assessment, the target population for the activity, strategies to reach the target population, identified outcome metrics, the cost to the hospital to provide the activity, the methodology used to calculate the hospital's costs, and the number of people served by the activity. If a community health improvement service is administered by an entity other than the hospital, the administering entity must be identified in the addendum.

Subd. 4. **Community benefit implementation strategy.** A nonprofit hospital subject to subdivision 1 must make available to the public, within one year after completing each community health needs assessment, a community benefit implementation strategy. In developing the community benefit implementation strategy, the hospital must consult with community-based organizations, stakeholders, local public health organizations, and others as determined by the hospital. The implementation strategy must include how the hospital

shall address the top three community health priorities identified in the community health needs assessment. Implementation strategies must be evidence-based, when available, and development and implementation of innovative programs and strategies may be supported by evaluation measures.

Subd. 5. **Information made available to the public.** A nonprofit hospital required to make information available to the public under this section may do so by posting the information on the hospital's website in a consolidated location and with clear labeling.

Sec. 4. Minnesota Statutes 2022, section 144.699, subdivision 5, is amended to read:

Subd. 5. **Annual reports on community benefit, community care amounts, and state program underfunding.** (a) For each hospital reporting health care cost information under section 144.698 or 144.702, the commissioner shall report annually on the hospital's community benefit and community care, including detailed information on each component of those costs as defined in this subdivision. The information shall be reported in terms of total dollars and as a percentage of total operating costs for each hospital.

(b) For purposes of this subdivision, "community benefit" means the costs of community care, underpayment for services provided under state health care programs, research costs, community health services costs, financial and in-kind contributions, costs of community building activities, costs of community benefit operations, education costs, and the cost of operating subsidized services. The cost of bad debts and underpayment for Medicare services are not included in the calculation of community benefit. Community benefit does not include expenditures specified in section 144.698, subdivision 1, clause (13).

(c) For purposes of this subdivision, "community care" means the costs for medical care that a hospital has determined is charity care as defined under Minnesota Rules, part 4650.0115, or for which the hospital determines after billing for the services that there is a demonstrated inability to pay. Any costs forgiven under a hospital's community care plan or under section 62J.83 may be counted in the hospital's calculation of community care. Bad debt expenses and discounted charges available to the uninsured shall not be included in the calculation of community care. The amount of community care is the value of costs incurred and not the charges made for services.

(d) For purposes of this subdivision, "underpayment for services provided under state health care programs" means the difference between hospital costs and public program payments.