

[MUSIC PLAYING]

**EMILY BRIGHT:** Our top story today-- state lawmakers are beginning to discuss a bill to help address the financial crisis at HCMC. The Hennepin County Hospital is the state's busiest trauma center. It's also a teaching hospital and part of the health care safety net. It treats patients regardless of insurance. The hospital faces a \$50 million projected shortfall this year. It slashed programs and positions in January, but Hennepin County commissioners have said that without action from state lawmakers, the hospital could begin closing in June.

Lawmakers, including my next guest, have responded with a proposal to use sales tax money to help cover the hospital's costs. During a House Taxes Committee meeting today, former patients and health care providers testified in support of the bill, including the hospital's emergency medicine chair, Dr. Tom Wyatt.

**SPEAKER:** And critically, we need a runway to design a more sustainable future rather than making short term cuts or funding Band-Aids that erode our long-term viability. Because without that runway, we are forced into a cycle of reactive decisions, closing services, shrinking capacity, and losing talent, each of which makes recovery harder.

**EMILY BRIGHT:** Republican Representative Danny Nadeau of Rogers is a co-author of the bill, and he is here on the line. Representative, thank you for being here.

**DANNY** Thank you.

**NADEAU:**

**EMILY BRIGHT:** So let's see, this bill would divert sales tax money that's currently being used for debt from the construction of the Twin Stadium, which is expected to be paid off in 2027. I'll note the Twin CEO also testified in support of the proposal. Can you explain more, please, about what this bill would do?

**DANNY** Yes, absolutely. And thank you. So currently, there's a ballpark sales tax in Hennepin County that was enacted a number of years ago, and it's a 0.15%. The current proposal is increasing that to \$0.01, which would ultimately generate around 340, \$350 million a year. And I just want to be clear that this bill that is being introduced and being discussed right now is basically the framework is as we go forward, we have to address how does the Twins Ballpark play a role, remembering that Hennepin County owns the facility. The Twins play at the facility.

And then also, there's additional components with some extended library hours that are also associated with this. And then how do we repurpose these dollars to ensure that we're reducing the uncompensated care costs that are currently being borne on Hennepin County residents? But this is just the starting point. This is the framework. I don't expect that this will be the ultimate bill that passes out of the legislature, but I think there is a huge commitment, a bipartisan commitment to create that path for the hospital to become far more stable.

**EMILY BRIGHT:** Yes, absolutely. So, just to be clear, would the proposal increase the sales tax in Hennepin County?

**DANNY** The current proposal would. It would increase it from 0.15 of a cent to a full cent.

**NADEAU:**

**EMILY BRIGHT:** And what would happen to the tax that's currently in place without any action from the legislature once Target Field is paid off?

**DANNY** Yes, so that in current law, that tax blinks off as soon as the bonds are defeased. And so once those bonds are paid back, then that under current law, that 0.15 of a cent would discontinue in the county.

**EMILY BRIGHT:** OK, well, I want to focus on health care now. I know many of the financial challenges HCMC is facing aren't going anywhere. Over the next decade, it's looking at an estimated \$1.7 billion in losses. And I know there are a few causes for the hospital's financial situation. We have the closure of U. Care and Ensure that owed it money, cuts to Medicaid. Do you think this bill will be enough to sustain the hospital in the long term?

**DANNY** It's hard to say. And remember that that \$1.7 billion that you mentioned, that's a projection. We don't know the effects of-- we don't totally know the effects of what the challenges that we are facing from the federal government right now regarding Medicaid cuts, work requirements with those cuts. So those are all projections.

And I think what the legislature is trying to weigh right now-- I guess what I'm trying to weigh-- is what is that supplemental income that we need to provide a hospital like HCMC? It's very different from any other hospital in that the percentage of public program patients that it sees is exceedingly high. And one of the problems, and I would say it's a fundamental structural problem in the state, is the state, we don't reimburse hospitals for the actual cost of care for our public patients. And so that's a bigger issue beyond HCMC, but it's acute at HCMC because its percentage of those patients is so high.

**EMILY BRIGHT:** Yeah. And there were testifiers in today's hearing who talked about the role of North Memorial Hospital in Robbinsdale. I'm curious. Would the sales tax support that hospital as well as HCMC?

**DANNY** Yeah, the way this bill is drafted, there was up to \$24 million of any new sales tax, which would go to North Memorial Robbinsdale.

**EMILY BRIGHT:** And you mentioned this bill has some bipartisan support. How do you feel about how's your confidence level of it passing?

**DANNY** HCMC plays an incredible-- an incredible and integral role in delivery of health care across the state. It's a trauma one hospital. It's got the only hyperbaric chamber. It's a teaching hospital. So the loss of any hospital would hurt our health care system. Just like UCare dropping out-- I mean, we lost an insurance carrier in the state of Minnesota. That has a huge impact. But losing HCMC, it would be disastrous. I mean, the capacity that that hospital has, the level of care that it provides, the number of people that it sees, it would be a devastating impact on this state, and it would put the surrounding hospitals in a condition where they would not be able to-- they would not be able to manage the number of visits that that would produce.

**EMILY BRIGHT:** Yeah, it serves an incredibly important role. I'm curious, just final question. Have you heard explored any other alternatives to funding the hospital? Are there other ideas being floated around aside from repurposing the ballpark tax?

**DANNY** Oh, absolutely. And that's what's great about the legislative process, is you've got 201 members down here. And we think we've got answers for-- we've got all kinds of options. But there's a couple that I've been working on is currently every hospital pays into the state general fund. It's a hospital surcharge. That generates about 230 to \$240 million a year that we could repurpose, and we could move over there either on a time-limited basis or longer.

We could look at a small increase in statewide sales tax, along with maybe a metro-wide and then create an uncompensated care fund, where all hospitals then would be able to draw down additional dollars based on Medicaid days or encounter data. And so not only would it help HCMC, but it would also create capacity for other hospitals to see a higher percentage of our public program patients. So there's a number of ideas that are being discussed and that again, that's what's great about the legislative process, is we are going to weigh those things and try to find the best long-term solution that we can for our whole health care system.

**EMILY BRIGHT:** I love your attitude. Thank you. It's so interesting to hear about all the different options. Representative Nadeau, thanks for talking with me today.

**DANNY** I appreciate you reaching out. Thank you so much. Have a good day.

**NADEAU:**

**EMILY BRIGHT:** Republican Representative Danny Nadeau represents the north metro suburbs of Roger and Champlin in Hennepin County.