

**To:** Interested Parties



**Re:** Minnesota new hospital merger rules

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As part of their hugely productive 2023 session, Minnesota Democrats (officially the Minnesota Democratic–Farmer–Labor Party) passed HF 402, legislation that strikes a key blow at hospital monopolies and health care consolidation. With the [increasing attention being paid](#) to hospital monopolies, and with the [hardball political tactics](#) employed by dominant health care systems when their power is threatened, it's an example of how legislators can stand up to entrenched interests to the benefit of patients, workers, and communities – and even win over Republicans in the process. Polling - both in [Minnesota](#) and [nationally](#) - have shown widespread support for legislative action combating the abuse of dominant corporations.

The precipitating event leading to the bill was a proposed merger between Fairview, a Minnesota system that encompasses the hospital connected to the University of Minnesota Medical School, and Sanford, a South Dakota-based hospital chain with a history of reducing access to care, [including for](#) mental health services and cardiac care. The merger has been opposed by medical workers, including the Minnesota Nurses Association, medical students, the medical school administration, the Minnesota Farmers Union, and many others.

The existence of that coalition and the urgent threat of a cross-market merger affecting a public institution – as well as consistent public outcry against the merger, which was plainly evident during a series of listening sessions hosted by the attorney general – led to the passage of HF 402. The bill creates a so-called “public interest standard” and notification regime for health care mergers.

Key provisions of the legislation include:

- A prohibition on health care transactions mergers that would “substantially lessen competition or tend to create a monopoly or monopsony.”

- Providing the Minnesota attorney general with the ability to block mergers in court due to negative effects across a host of areas of concern, including:
  - If the merger would harm public health;
  - reduce access to care;
  - increase costs to individuals or increase total health care spending;
  - or negatively affect wages or collective bargaining agreements for workers.
- Creating a health care merger notification regime: All transactions among parties with more than \$80 million in revenue must be affirmatively noticed to the attorney general.

The full text of the bill can be found [here](#).

These measures are in line with the increased attention being given to the effect monopolies have on workers when they are [able to corner labor markets](#), in industries from retail, to delivery drivers, to nurses and other health care workers. The bill also aligns with current thinking on health care consolidation and antitrust more broadly: a move away from focusing merely on the potential price and so-called "efficiency" benefits of mergers, and instead, toward mitigating a merger's harms on not just consumers, but other local businesses, workers, and wider access to health care services.

With the passage of HF 402, the DFL party delivered a huge and popular win for Minnesotans. Other states with Democratic trifectas, or bipartisan legislatures committed to delivering wins for their constituents, should quickly follow Minnesota's lead.