

## Healthcare Highlights of the Minnesota 2024 Legislative Session

The 2024 Minnesota Legislative Session brought significant changes across various sectors, particularly in healthcare, environmental regulations, and economic development. While some initiatives did not pass, the successful implementation of key provisions is expected to advance innovation, improve access to care, and support the state's economic and healthcare infrastructure.

### Key Highlights

The 2024 legislative session had a profound impact on the med tech industry in Minnesota, fostering innovation and supporting the sector's growth. One of the most significant outcomes was the establishment of the BioTech Innovation District in Brooklyn Park. This initiative aims to position the northwest metro as a national hub for biotech manufacturing, attracting new businesses, cultivating workforce talent, and incentivizing innovation. The passage of Senate File 5289 provides the necessary legislative support for this district, despite the tax increment financing (TIF) proposal not surviving the final negotiations. Additionally, the balanced environmental regulations, particularly the Packaging Waste and Cost Reduction Act, included crucial exemptions for medical device packaging, ensuring that innovation in medical technology is not hindered by state-level mandates.

### Health Care Workforce

This session also addressed the healthcare workforce crisis through House File 4247, which facilitates interstate licensure compacts for various healthcare professions, ensuring a steady flow of skilled professionals crucial for the med tech sector. These legislative actions collectively enhance Minnesota's reputation as a leader in medical technology, promising sustained growth, innovation, and competitiveness in the global market.

### Our Recommendations

1. **Implementation:** Monitor the implementation of new laws effective from July 1, 2024, and track any administrative or procedural changes required by the new regulations.
2. **Compliance:** Ensure compliance with new healthcare workforce initiatives, environmental regulations, and provider mandates.
3. **Monitoring:** Regularly review the impact of new legislation on healthcare providers, especially concerning drug pricing, insurance mandates, and emergency medical services.

Please contact us for a complementary discussion and for advocacy recommendations.

## Detailed Analysis

### 1. Healthcare Workforce Initiatives

The Minnesota legislative session addressed the critical issue of healthcare workforce shortages through several initiatives. The proposed House File 3986 and Senate File 4013 aimed to increase funding for healthcare training programs, extend temporary permits for nurses and respiratory therapists, and further invest in mental health resources for healthcare workers. The initiative recognized the urgent need to attract and retain healthcare professionals amid a growing demand for healthcare services. Unfortunately, this legislative package did not advance. However, another significant piece of legislation, House File 4247, which included provisions for interstate compacts for various healthcare professions such as physician assistants, occupational therapists, and physical therapists, was passed. These compacts will facilitate easier licensure across state lines, helping to alleviate workforce shortages and improve patient care by allowing healthcare professionals to practice in multiple states with minimal bureaucratic hurdles. This legislation was incorporated into the 2024 Tax bill, House File 5247, and passed, marking a positive step towards enhancing the healthcare workforce in Minnesota.

### 2. Public Option

The concept of a public healthcare option was a contentious topic during the 2024 legislative session. Proposals to implement a MinnesotaCare public option were put forward by key lawmakers, including House Majority Leader Jamie Long and Senate Health and Human Services Committee Chair Melissa Wiklund. The proposed public option aimed to provide an affordable alternative to private health insurance, potentially increasing access to healthcare for Minnesotans. However, significant concerns were raised regarding the financial implications for hospitals and healthcare providers. Opponents argued that the public option could lead to reduced reimbursements, financial stress on hospitals, and ultimately a decrease in the capacity to serve patients. Associations and other stakeholders actively participated in discussions, highlighting these potential drawbacks. Despite the heated debates and extensive analysis, no bill was passed to begin the enactment of a MinnesotaCare public option. The legislature concluded that further study and analysis were necessary before making such a substantial change to the state's healthcare system. The failure to pass this legislation means that the existing healthcare structures will remain in place for now, but the discussion around a public option is likely to continue in future sessions.

### 3. BioTech Innovation District

One of the key initiatives supported during the 2024 legislative session was the establishment of a BioTech Innovation District in Brooklyn Park. This initiative, encapsulated in House File 5143 and Senate File 5220, aimed to transform the northwest metro area into a national hub for biotech manufacturing. The legislation proposed special authority for Brooklyn Park to create a biotech innovation district, which would attract and grow new businesses, cultivate workforce talent, incentivize innovation, and reduce regional disparities. The Senate File 5289 Conference Report, which included this provision, passed both the Senate and the House, signifying a major win for biotech advocates. However, the tax increment financing (TIF) proposal, House File 5194 and Senate File 5254, which was also a part of this legislative package, did not survive end-of-session negotiations. The TIF provisions were intended to provide financial mechanisms for the redevelopment of the area but were ultimately excluded from the final legislative package. The establishment of the BioTech Innovation District is expected to significantly boost economic development, foster innovation, and create high-quality jobs, making Minnesota a key player in the biotech sector.

## 4. Balanced Environmental Regulations

Environmental regulations were a focal point of the 2024 legislative session, with a significant emphasis on balancing consumer protection with ensuring access to healthcare. House File 3911, also known as the Packaging Waste and Cost Reduction Act, was a landmark piece of legislation in this area. This Act mandates that all packaging in the state must be reusable, recyclable, or compostable by 2032, representing a significant step towards reducing environmental impact. However, recognizing the unique needs of the healthcare industry, crucial exemptions have been secured that ensure that the packaging for life-saving medical devices, drugs, and other health products regulated by the FDA is not compromised by state-level mandates. Exemptions included packaging for infant formula, medical food, fortified oral nutritional supplements, and products regulated as drugs or medical devices. The Act passed with the House voting 70 to 56 and the Senate 37 to 30, illustrating bipartisan support for environmental sustainability while safeguarding healthcare packaging integrity. This balanced approach aims to advance environmental goals without jeopardizing patient access to necessary medical products.

## 5. Provider Mandates

Provider mandates were another critical area addressed during the session, with several proposals aimed at regulating hospital operations. Senate File 4444 and House File 4200 proposed removing the ability of hospital administration to engage in accountability processes if staff declined patient care assignments, which could have compromised care quality. Another proposal, Senate File 4382 and House File 3700, required hospitals to give extensive notice before changing or closing inpatient services. While Senate File 4444/House File 4200 did not become law, a version of Senate File 4382/House File 3700 was included in the Senate File 4699 Conference Report, which passed as part of the 2024 Tax bill. This legislation requires hospitals to notify the Department of Health and the public 182 days in advance of significant operational changes, such as ceasing operations or relocating services, unless a shorter notice is approved. These mandates aim to ensure transparency and continuity of care but must be balanced to avoid excessive administrative burdens on hospitals.

## 6. Drug Pricing and 340B Program

Drug pricing and the 340B Drug Pricing Program were significant focuses during the legislative session. House File 4757, part of the Cannabis and Commerce Policy bill, includes provisions to prevent drug manufacturers from restricting the delivery of 340B drugs to contracted pharmacies. This ensures that covered entities, like hospitals and health centers, can continue to receive and dispense discounted drugs. Additionally, Senate File 4699 updates the 340B Covered Entity Report, adding definitions, optional reporting for administrative costs, and fines for late submissions. The 340B program helps provide discounted medications to underserved populations, and these legislative changes aim to enhance transparency and compliance while ensuring the program's integrity. Both provisions were incorporated into the 2024 Tax bill, House File 5247, which passed with a 70 to 50 vote in the House and 34 to 12 in the Senate. These updates are expected to streamline drug pricing regulations, improve oversight, and maintain access to affordable medications for vulnerable communities.

## 7. Emergency Medical Services

In response to a 2022 report highlighting challenges faced by Emergency Medical Services (EMS) providers, the legislature passed House File 4738. The bill addresses the viability of EMS providers and aims to improve oversight and sustainability. It establishes a new Office of Emergency Medical Services, which will oversee EMS operations, update service areas, and address sustainability challenges. The bill allocates

\$30 million in emergency aid, with \$24 million dedicated to EMS providers and \$6 million for a Sprint Medic Pilot Program in the Iron Range. The legislation also streamlines the licensing process for Emergency Medical Technicians and paramedics and elevates the EMS Regulatory Board to report directly to the governor. House File 4738 passed the House with a vote of 119 to 11 and the Senate unanimously at 66 to 0. These measures are expected to enhance EMS services, ensure better oversight, and provide much-needed financial support to sustain and improve emergency medical care in Minnesota.

## 8. Insurance Coverage Mandates

The 2024 legislative session included several new insurance coverage mandates aimed at expanding healthcare access and addressing specific medical needs. Notable mandates included coverage for abortion, amino acid-based formulas, gender-affirming care, intermittent catheters, maternity care medical facility transfers, orthotic and prosthetic devices, scalp hair prostheses, and rapid whole genome sequencing. These provisions were included in Senate File 4699 and Senate File 4097. The Senate File 4097 Conference Report passed with a Senate vote of 34 to 32 and a House vote of 70 to 58. Senate File 4699 was incorporated into the 2024 Tax bill. These mandates reflect a broader effort to ensure comprehensive healthcare coverage for various medical conditions and needs. By mandating coverage for these services, the legislature aims to reduce out-of-pocket expenses for patients, improve health outcomes, and address healthcare disparities across the state. The inclusion of these mandates signifies a legislative commitment to expanding healthcare access and ensuring that insurance plans provide necessary and equitable coverage for all residents.

## 9. Medical Record Fee Change

A significant change in the handling of medical records was introduced in Senate File 4699, which sets new caps on fees for copying medical records requested by third parties, such as insurance companies and lawyers. The provision establishes maximum charges of \$1 per page, with caps of \$30 for up to 25 pages, \$50 for up to 100 pages, and \$50 plus \$0.20 per page for requests exceeding 100 pages. Additional fees include \$10 for retrieving paper records, \$20 for electronic records, and \$30 for x-rays, with a maximum total of \$500 for any request. Furthermore, the bill ensures free copies for lawyers representing patients appealing Social Security disability denials if the patient is represented by a volunteer lawyer or on public assistance. These changes aim to make accessing medical records more affordable and transparent for third parties while ensuring that patients continue to have free access to their own medical records for personal use. This legislation was incorporated into the 2024 Tax bill and passed, marking a significant step towards improving access to medical records and reducing administrative costs.