



Minnesota Hospital Association

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**Testimony of Mary Krinkie, Vice President Government Relations, Minnesota Hospital Association
House Labor, Industry, Veterans and Military Affairs Finance & Policy
Regarding the DE amendment to HF 1670, April 6, 2021**

Mr. Chair and members of the Committee. My name is Mary Krinkie and I am the Vice President of Government Relations for the Minnesota Hospital Association. MHA is very concerned about Article 6, mandating Essential Workers Emergency Leave, which can also be found in HF 41. For some employers this provision may not impose significant hardships – it does, however, for the vast majority of Minnesota hospitals.

HF 41 originally applied to ONLY those employers who were impacted by the March 18, 2020 federal Families First Coronavirus Response Act, mandating paid leave for certain employees under certain circumstances, like having COVID-19 or quarantining. These were employers who were either government entities, or employers with less than 500 employees. The reference to the federal Families First bill was deleted from HF 41, so that it now applies to ANY employer with essential workers.

There are federal tax credits to offset some of the costs imposed by this mandate; unfortunately, those tax credits are only for a small group of the employers that would now be impacted by this much broader language.

So, why is this provision so bad for hospitals?

- 1) The number of essential workers that hospitals and health systems employ is a very high percentage of our workforce.
- 2) Most hospitals will not qualify for federal credits to help with the costs. The federal credits will help only the smallest and independent hospitals, with less than 500 employees. For example, Mercy Hospital in Moose Lake has less than 500 employees, but they are part of Essentia Health, so they would not qualify. Many of Minnesota's small hospitals are now part of a health system. Other small hospitals with less than 500 employees also own and operate a nursing home, home care and ambulance service. All of these combined employees would count toward this 500-employee threshold.

The federal government intended for the financial credits that it is providing to help those employers with less than 500 employees, who were originally included in the mandate of the Families First bill, which was also for employers with less than 500 employees.

- 3) Hospitals have extremely fragile financials at this time. Our 2019 audited financial reports found the median operating margin to be 1.4%, with 41 percent of Minnesota's hospitals and health systems having a negative operating margin and that was pre-pandemic. This mandate would simply be unaffordable for many hospitals.

In closing, if the legislature wants to recognize health care workers for their hard work and contributions during this pandemic, MHA would support some type of bonus pay for health care workers, paid for with federal money. This is an allowable use of dollars coming to Minnesota in the federal American Recovery Plan.

Thank you for your consideration of our concerns and this possible alternative approach.