

## Executive Summary

In 1984, a moratorium was enacted on the construction of new hospitals and the addition or redistribution of hospital beds in the state. The hospital construction moratorium prohibits the establishment of a new hospital or any construction or acquisition by a hospital that increases or redistributes the number of licensed beds in the hospital. In order to build a new hospital or increase or redistribute hospital beds, a hospital or organization must qualify for an existing statutory exception to the moratorium; obtain an exception for the project through enactment of an exception in statute; or obtain an emergency waiver to the moratorium from the commissioner of health.

A hospital seeking to increase or redistribute its beds, or an organization seeking to construct a new hospital, must complete the public interest review process or alternative approval process, in which the commissioner of health analyzes and makes recommendations to the legislature regarding the hospital's or organization's proposal.

As of July 1, 2022, there were 35 exceptions to the moratorium, with five exceptions being enacted in 2022.

This publication provides information on the hospital construction moratorium and describes general exceptions and specific exceptions to the moratorium and circumstances in which an emergency waiver must be granted. Additionally, the publication explains the public interest review process and the alternative approval process and provides information on reviews the commissioner has conducted under these processes. It also discusses enforcement of the moratorium and monitoring of exceptions that are granted.

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## Precursor to the Moratorium: Certificate of Need Program

Between 1971 and 1984, the commissioner of health administered a certificate of need program to review and approve or disapprove, on a case-by-case basis, capital expenditures and construction projects for hospitals and other health care facilities.<sup>1</sup> The purposes of the program listed in statute were to promote comprehensive health planning, provide high-quality health care at the lowest possible cost, avoid unnecessary duplication in the development of health care facilities and services, and provide an orderly method for resolving questions about the need to construct or modify health care facilities.

Under this program, a health care facility was required to notify the local health systems agency before beginning preconstruction or fundraising related to construction or modification of the facility. If the commissioner of health determined the facility was required to obtain a certificate of need before beginning the construction or modification, the facility had to submit an application for a certificate of need to the local health systems agency. The local health systems agency reviewed the application, held a public hearing, and provided a recommendation to the commissioner regarding the project. The commissioner then issued the certificate of need, denied the certificate of need, or remanded the application to the health systems agency for further consideration. The commissioner could grant waivers in certain circumstances.

In 1982, a law was enacted to repeal the certificate of need program, with the repealer effective in 1984.<sup>2</sup> In March 1984, the Department of Health published a report on the operation and effectiveness of the certificate of need program.<sup>3</sup> In this report, the department found in part that the program did not limit the growth of health facilities and recommended that the program be repealed. However, policymakers wanted to maintain some control over investments in new hospital capacity. The certificate of need program was repealed as of June 30, 1984, and a hospital construction moratorium was enacted.<sup>4</sup> Initially, the moratorium was in place for a three-year period, from July 1, 1984, to June 30, 1987. The moratorium was extended to June 30, 1990; extended again to July 1, 1993; and made permanent in 1993.

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<sup>1</sup> See [Minn. Stat. 1982, §§ 145.832-145.845](#).

<sup>2</sup> [Laws 1982, ch. 614](#), § 12, as amended by [Laws 1983, ch. 312](#), art. 1, § 26.

<sup>3</sup> Dave Giel and Michael Scandrett, "Hospital and Nursing Home System Growth: Moratoria, Certificate of Need, and Other Alternatives," Minnesota Senate Counsel and Research, January 1986, pp. 2-3.

<sup>4</sup> [Laws 1984, ch. 654](#), art. 5, § 57.

# Hospital Construction Moratorium

The hospital construction moratorium prohibits:

- 1) any erection, building, alteration, reconstruction, modernization, improvement, extension, lease, or other acquisition by or on behalf of a hospital that increases a hospital's bed capacity; relocates hospital beds from one physical facility, complex, or site to another; or otherwise results in an increase or redistribution of hospital beds in the state; and
- 2) the establishment of a new hospital.

([Minn. Stat. § 144.551](#), subd. 1, para. (a))

A hospital or organization must do one of the following to establish a new hospital or engage in construction or relocation that increases or redistributes hospital beds:

- qualify for an existing statutory exception to the moratorium
- obtain an exception for the project through enactment of an exception in statute
- obtain an emergency waiver to the moratorium from the commissioner of health

## Exceptions to the Hospital Construction Moratorium

One way to obtain authorization to add or redistribute hospital beds, or to establish a new hospital, is by using an exception in statute to the moratorium. Some exceptions are general and permit any hospital that satisfies the requirements in the exception to increase its bed capacity, redistribute beds, or build a new hospital. Other exceptions are specific and allow a certain hospital to increase its number of licensed beds or redistribute beds or authorize the construction of a hospital in a named city or county.

### General Exceptions

General exceptions to the hospital construction moratorium may be used by any hospital or organization that meets the criteria in the exception. These exceptions include authority for a new hospital approved under the alternative approval process; authority to increase the number of mental health beds; authority to redistribute or relocate hospital beds within a hospital building, complex, or hospital corporate system; and authority to build a replacement hospital within five miles of a hospital's current site. Temporary exceptions provide a time period during which hospitals may add beds to increase their mental health capacity and new psychiatric hospitals may be established. Certain exceptions allowed hospitals that received approval for projects under the certificate of need program to proceed with those projects without having to obtain an additional exception under the moratorium. The text below briefly describes some of the general exceptions.

## Relocation or Redistribution of Hospital Beds

One category of general exceptions allows the relocation or redistribution of hospital beds in certain circumstances. The following three exceptions are included in this category:

- 1) A hospital may relocate or redistribute beds within a hospital building or identifiable complex, as long as the movement of beds does not increase the overall capacity at that site, relocate beds from one physical site to another, or redistribute beds within the state or a region of the state. ([Minn. Stat. § 144.551](#), subd. 1, para. (b), cl. (7))
- 2) A hospital corporate system may relocate or redistribute hospital beds from a closed facility site or complex to an existing site or complex within the corporate system if the following criteria are met:
  - no more than 50 percent of the closed facility's beds are transferred;
  - the capacity of the site or complex to which the beds are transferred does not increase by more than 50 percent;
  - the beds are not transferred outside a federal health systems agency boundary in place on July 1, 1983;
  - the relocation or redistribution does not involve construction of a new building; and
  - the transferred beds are first used to replace within the hospital corporate system, the total number of beds used at the closed site or complex for mental health services and substance use disorder services. After this requirement is satisfied, the remaining available beds may be transferred for any purpose.

This exception allows a hospital corporate system that holds bed licenses from a closed hospital to add beds at an existing hospital in the same system, without having to obtain a specific statutory exception for the addition. ([Minn. Stat. § 144.551](#), subd. 1, para. (b), cl. (8))

- 3) Licensed hospital beds may be relocated among facilities operated by the Department of Human Services. Hospital beds may be relocated from an existing state facility operated by the commissioner of human services to a different facility operated by the commissioner, from one regional treatment center site to another, or from one building or site to another building or site on the same campus. ([Minn. Stat. § 144.551](#), subd. 1, para. (b), cl. (11))

## Replacement of Hospital within Five Miles of Current Site

One or more hospitals with a combined capacity of 130 beds or fewer may construct a new hospital if: (1) the new site is within five miles of the current site; and (2) the capacity of the new hospital is 70 beds or the combined capacity of the hospitals being replaced, whichever is less. ([Minn. Stat. § 144.551](#), subd. 1, para. (b), cl. (10))

## **Mental Health Bed Capacity; New Psychiatric Hospital**

Two temporary exceptions allow construction related to providing mental health services. For a five-year period, from August 1, 2022, to July 31, 2027, the exceptions allow construction by a hospital to increase the hospital's mental health bed capacity, and construction to establish a new psychiatric hospital. Beds added and hospitals established under these exceptions are permanent and do not expire in 2027. A hospital that is established or that increases its bed capacity under one of these exceptions must allow the new beds to be used only for mental health services, must accept Medical Assistance and MinnesotaCare enrollees, must comply with the Minnesota Attorney General Hospital Agreement,<sup>5</sup> must have agreements with providers and facilities to treat other health conditions of their patients, and must submit requested information to the commissioner of health, to allow the commissioner to complete a required study on access to and quality of inpatient mental health services. ([Minn. Stat. § 144.551](#), subd. 1a)

## **Alternative Approval Process**

An exception authorizes construction of a new hospital approved under the alternative approval process in [section 144.553](#).<sup>6</sup> ([Minn. Stat. § 144.551](#), subd. 1, para. (b), cl. (21))

## **Critical Access Hospitals that Delicensed Beds**

An exception allows a critical access hospital that delicensed beds after enactment of the Balanced Budget Act of 1997 to add beds, as long as the hospital does not exceed the maximum number of beds allowed under federal law for critical access hospitals. ([Minn. Stat. § 144.551](#), subd. 1, para. (b), cl. (19))

## **Transition from the Certificate of Need Program**

Three exceptions allowed hospitals to perform construction or modifications that were authorized through the certificate of need program, or exempted from that program under a 1981 law. These exceptions allowed hospitals to proceed with these projects without having to seek a specific exception in law under the moratorium. ([Minn. Stat. § 144.551](#), subd. 1, para. (b), cl. (2)-(4))

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<sup>5</sup> The Minnesota Attorney General Hospital Agreement applies to nonprofit hospitals in Minnesota and to PrairieCare, a for-profit hospital system. It includes provisions governing when a hospital can collect a debt from a patient, payment plans for patients, patient applications for financial assistance from a hospital or applications for charity care, the ability of a patient to communicate directly with a hospital about the patient's debt, when a collection agency must cease collection activity for a hospital debt, and other requirements that apply to debt collection agencies collecting debts for hospitals. It also limits the amount a hospital can charge patients without insurance to the amount the hospital would be reimbursed by the largest insurer for patients with insurance.

<sup>6</sup> The alternative approval process establishes procedures for the commissioner of health to recommend which organization should be granted a license for a new hospital when multiple organizations seek licensure for a new hospital in the same or a similar service area. This process is further described on page 12.

## Specific Exceptions

A specific exception authorizes construction to add beds at an identified hospital or relocate beds among identified hospitals, or construction of a new hospital in a named city or county. A specific exception authorizing *the addition or relocation of beds* typically:

- describes the hospital permitted to engage in the construction by stating the city or county where the hospital is located; the hospital's current size, listed as its number of currently licensed beds; and other descriptive information about the hospital, such as the services the hospital provides or the patient population served, if the hospital provides care for a specific patient population; and
- limits the number of beds being added or relocated by specifying the number of beds that may be added or relocated or prohibiting the hospital from exceeding a specific number of beds.

A specific exception authorizing *construction of a new hospital* typically:

- describes the new hospital by specifying the city or county where the hospital will be located; and
- describes the size of the new hospital, listed as the number of licensed beds being authorized.

A specific exception may also list requirements that must be fulfilled, including:

- whether participation in the public interest review process<sup>7</sup> is required. For example, an exception may require the applicant to submit a plan for public interest review, specify that public interest review of the proposal is not required, condition the exception on a finding by the commissioner of health that the project is in the public interest, or allow construction to commence before the public interest review process is complete;
- services that must be provided with the added beds, such as rehabilitative services or mental health services; and
- other operational requirements, such as other services the hospital must provide or the payer types the hospital must accept.

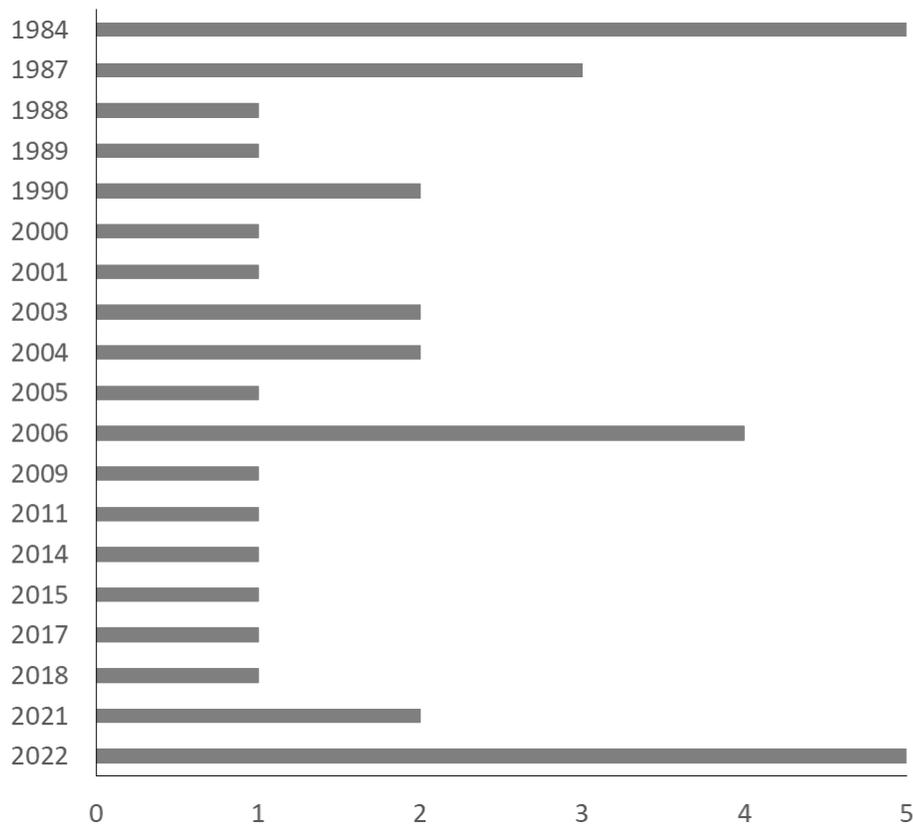
## Numbers and Trends

As of July 1, 2022, there are 35 exceptions in statute to the hospital construction moratorium. The following graph shows the number of exceptions enacted each year, and Table 2 in the Appendix lists the number of exceptions enacted each year and provides a brief description of each exception.

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<sup>7</sup> In the public interest review process, the commissioner of health evaluates and issues findings on whether a hospital's or organization's plan to add hospital beds or establish a new hospital is in the public interest. This process is described beginning on page 10.

### Number of Exceptions Enacted by Year<sup>8</sup>



The graph and table illustrate the following information and trends:

- In most years since establishment of the moratorium, zero, one, or two exceptions were enacted. There are four years in which more than two exceptions were adopted: 1984 (five exceptions); 1987 (three exceptions); 2006 (four exceptions); and 2022 (five exceptions).
- In the years immediately after the moratorium was established, most of the exceptions enacted were general exceptions. Most of the exceptions enacted in recent years were specific exceptions. Between 2014 and 2022, nine of the 11 exceptions enacted were specific exceptions.
- A number of exceptions address hospital capacity to provide mental health or behavioral health services. Fifteen exceptions enacted between 1984 and 2022 authorize construction for the provision of inpatient mental health or behavioral health services in hospital settings. Between 2009 and 2022, 12 of the 13 exceptions enacted address capacity for inpatient mental health or behavioral health services in whole or in part. These exceptions permit the addition of inpatient mental health or

<sup>8</sup> The moratorium exception found in [section 144.551](#), subdivision 1, paragraph (b), clause (24), is listed twice on this graph. It was enacted in 2009 to authorize the construction of a new hospital in Hennepin County with up to 20 beds for psychiatric services for persons under 21. It was amended in 2011 to authorize the addition of 30 beds to this facility.

- behavioral health beds in existing hospitals or psychiatric hospitals, require a hospital adding beds to use a certain number of the beds being added to provide mental health services, or permit the establishment of a new psychiatric hospital.
- Six exceptions have been enacted authorizing construction of a new hospital in a specific city or county.

## Emergency Waivers

Another way for a hospital to be authorized to build a new hospital or increase the number of hospital beds is for the hospital to obtain an emergency waiver to the moratorium from the commissioner of health. The commissioner of health must grant an emergency waiver, and allow a hospital to construct a new hospital or engage in a construction project to add beds, if:

- the project is needed because of a fire, tornado, flood, storm damage, or other similar disaster;
- adequate health care facilities are not available to provide care to the patients who previously received care at the facility applying for the waiver; and
- the request for an emergency waiver is limited in nature and scope only to the repairs necessitated by the natural disaster.

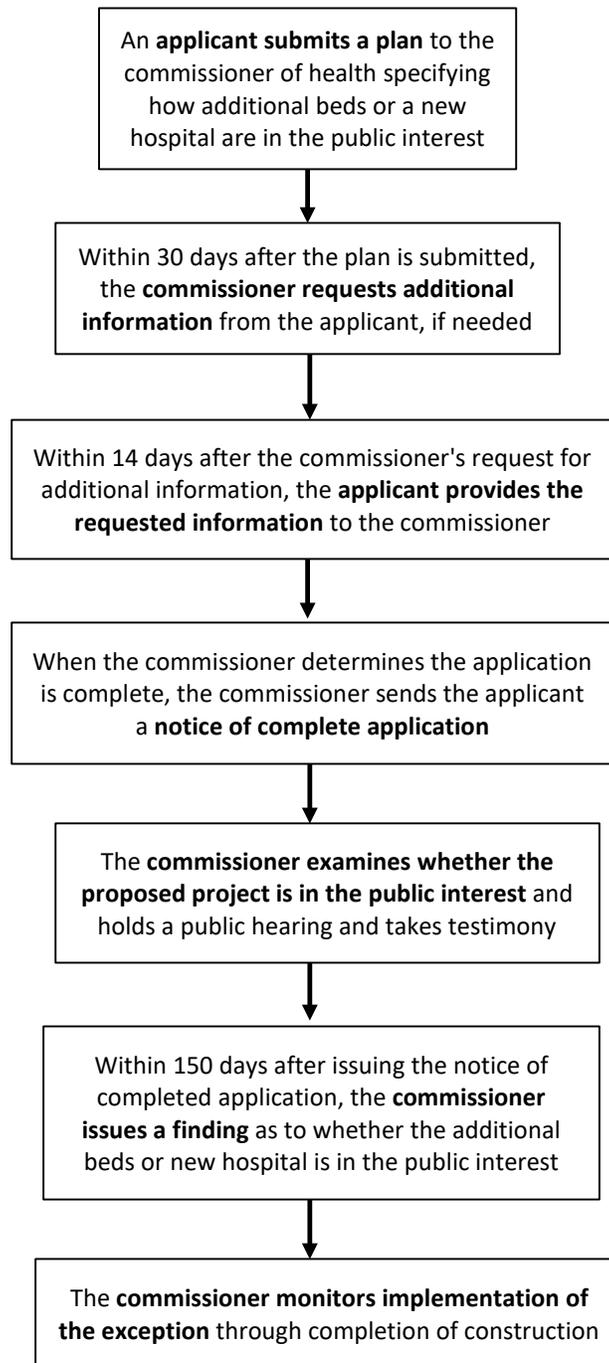
([Minn. Stat. § 144.551](#), subd. 2)

According to the Department of Health, the commissioner has not granted emergency waivers under this subdivision.

## Public Interest Review

A hospital seeking to increase its number of licensed beds must participate in the public interest review process. An organization seeking a hospital license must also participate in the public interest review process if it is notified by the commissioner that it is subject to public interest review requirements. This process was established in 2004 as [Minnesota Statutes, section 144.552](#), and operates as shown in the following flowchart.

### Public Interest Review Process



The steps in the public interest review process are described in greater detail below.

### Submission of Plan to Commissioner

The public interest review process begins with a hospital or organization submitting to the commissioner of health, a plan explaining how the additional beds or new hospital will meet the public's interest. A hospital seeking an exception to the hospital construction moratorium must submit the plan by August 1 of the year before the calendar year in which the exception

will be considered by the legislature, but there is no penalty for not complying with this requirement. The commissioner may request additional information needed to review the plan and make a finding, and that request must be made within 30 days after the plan is initially submitted. The additional information must be provided to the commissioner no later than 14 days after the commissioner's request. When an application is complete, the commissioner must send the applicant a notice of complete application. The Department of Health has developed guidance specifying information that an applicant must submit in its plan.<sup>9</sup>

## **Study and Public Hearing**

In examining whether a project is in the public interest, the commissioner must consider certain issues, including:

- whether the new hospital or beds are needed to provide timely access to care or access to new or improved services;
- the financial impact on existing hospitals in the region with emergency departments;
- how the new hospital or beds will affect the ability of existing hospitals in the region to maintain existing staff;
- the extent to which the new hospital or beds will serve nonpaying or low-income patients compared to existing hospitals in the region; and
- the views of affected parties.

The commissioner must consider the following additional factors if an existing hospital is seeking to construct a new hospital:

- the ability of the applicant to maintain the applicant's current level of community benefit at the existing facility; and
- the impact the new facility will have on the applicant's workforce at the existing facility.

Before making a recommendation regarding whether the construction is in the public interest, the commissioner must conduct a public hearing in the affected service area and take testimony from interested persons.

## **Finding**

The commissioner must issue a finding as to whether the additional beds or new hospital is in the public interest within 150 days after the commissioner notifies the applicant that the application is complete. A copy of the commissioner's finding must be provided to the chairs of the legislative committees with jurisdiction over health and human services policy and finance. Public interest review findings by the commissioner are advisory and do not bind the legislature to approve or deny exceptions to the moratorium.

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<sup>9</sup> The guidance is dated June 11, 2015, and may be found at <https://www.health.state.mn.us/data/economics/moratorium/docs/commltr2015.pdf>.

## Monitoring Implementation

If an exception to the moratorium is enacted, the commissioner is required to monitor implementation of the exception through completion of the construction project. The hospital must provide the commissioner with information on how the construction satisfies the plan that was submitted to the commissioner.

## Other Requirements

The commissioner must review plans in the order received. A hospital or organization submitting a plan must pay for the commissioner's cost of reviewing and monitoring the plan, and that money is appropriated to the commissioner to conduct the public interest review. The commissioner must reimburse the hospital or organization the amount paid if the commissioner does not issue a finding within the timeframe required in statute.

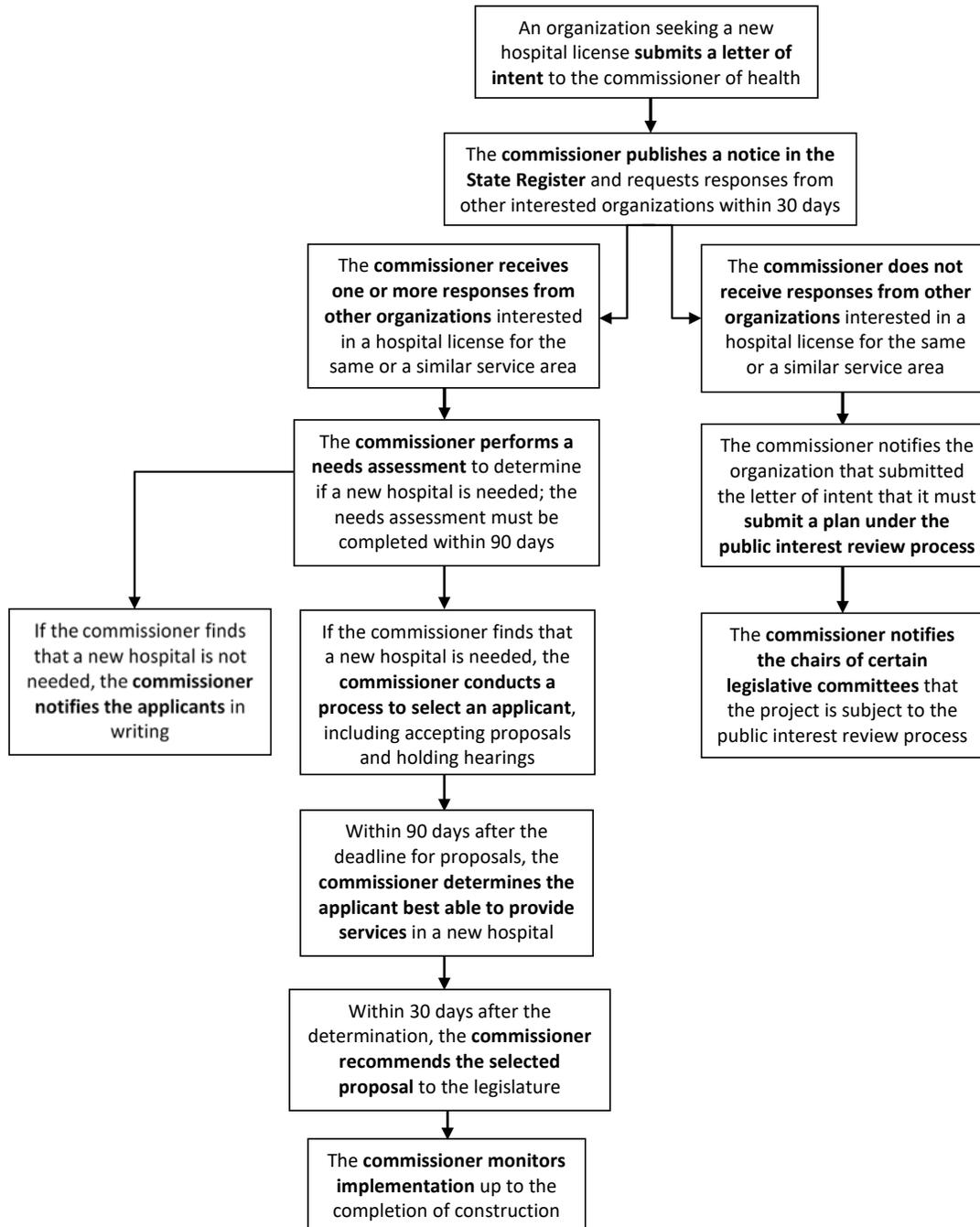
## Alternative Approval Process

If an organization is seeking a license for a new hospital, it must comply with the alternative approval process in [Minnesota Statutes, section 144.553](#). The alternative approval process was enacted in 2006, after three organizations submitted proposals to the commissioner of health in 2004 for a license for a new hospital in Maple Grove.<sup>10</sup> The alternative approval process operates as follows:

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<sup>10</sup> For the Maple Grove hospital, the exception enacted in statute required the project, including the hospital or health system that owns or controls the entity holding the hospital license, to be approved by a resolution of the Maple Grove City Council by a certain date.

### Alternative Approval Process



The following paragraphs describe the steps in the alternative approval process.

## **Letter of Intent; Solicitation of Interest in State Register**

The alternative approval process begins with the organization seeking a license for a new hospital submitting a letter of intent to the commissioner of health, with information on where the proposed hospital will be located and the number of proposed beds. The commissioner must then publish a notice in the State Register specifying the location of the proposed hospital and number of proposed beds. Any other organization that wants to obtain a hospital license to serve the same or similar service area must notify the commissioner within 30 days.

If no other organization notifies the commissioner expressing interest in a hospital license to serve the same or similar service area, the commissioner must notify the organization that submitted the letter of intent that the organization must next submit a plan under the public interest review process described above.

## **Needs Assessment**

If the commissioner receives notice from any other organizations expressing interest in obtaining a hospital license for the same or similar service area, the commissioner must, within 90 days, complete a needs assessment to determine if a new hospital is needed. If requested by the commissioner, the organizations that expressed interest in a hospital license must provide the commissioner with information on the need for a new hospital within 30 days after the request. When the needs assessment is complete, the commissioner must notify the applicants in writing regarding whether a new hospital is needed or not needed.

## **Selection of Applicant**

If the commissioner determines a new hospital is needed, the commissioner must next determine which applicant is best able to provide services in a new hospital. In performing this function, the commissioner must establish criteria to evaluate the proposals, including standards for access to care, quality of care, cost of care, and project feasibility; and must define the service area for the proposed hospital. The commissioner must consider certain additional criteria regarding the provision of community benefit and the workforce impact at the existing facility, if the proposal is submitted by an existing hospital. The criteria and guidelines for the proposal submission and review process must be published in the State Register.

For 60 days after publication of the criteria and guidelines, the commissioner must accept proposals to construct a hospital from organizations that submitted a letter of intent or notified the commissioner of interest in a hospital license. The commissioner must then hold a hearing to receive evidence as to which applicant best meets the published criteria, and must also hold a public hearing to accept comments from the public. Within 90 days after the deadline for applications, the commissioner must determine which applicant is best able to provide services at a new hospital and must recommend the selected applicant to the legislature within 30 days after the determination.

## Project Monitoring by Commissioner

If an exception to the moratorium is enacted after a review under the alternative approval process, the commissioner is required to monitor implementation of the exception through completion of the construction project, and the hospital must provide the commissioner with information on how the construction satisfies the plan that was submitted to the commissioner.

## Utilization of Public Interest Review and Alternative Approval Processes

Since 2004, the commissioner has completed 13 public interest reviews. In these reviews, the commissioner found ten proposals to be in the public interest and three proposals to not be in the public interest. In addition, two requests for public interest review were withdrawn by the requesting entity, and one entity submitted a letter of intent under the alternative approval process but did not submit application materials for a public interest review. One exception to the moratorium, authorizing construction of a psychiatric hospital in Hennepin County for persons under 21, was enacted without a public interest review.<sup>11</sup> In recent years, some moratorium exceptions were enacted before public interest reviews were completed for those projects. One public interest review was pending at the time this publication was completed.

Since 2006, the alternative approval process has been initiated two times, for the Tandem Hospital Partners proposal in 2015 and for the Fairview Health Services/Acadia Healthcare proposal in 2021. In both cases, the commissioner did not receive letters of interest from other organizations seeking a license for the same or similar service area, so the commissioner conducted public interest reviews for those projects and did not proceed under the alternative approval process.

Table 1 provides information on the public interest reviews and the results of those reviews.<sup>12</sup>

**Table 1: Public Interest Reviews**

Proposal	Review Completed	Findings
Maple Grove Tri-Care Partnership proposal; new hospital in Maple Grove	March 2005	Proposal is in the public interest and legislature should consider dedication of certain percentage of hospital beds for behavioral health services
North Memorial Health Care proposal; new hospital in Maple Grove	March 2005	Proposal is in the public interest and legislature should consider dedication of certain percentage of hospital beds for behavioral health services

<sup>11</sup> [Minn. Stat. § 144.551](#), subd. 1, para. (b), cl. (24).

<sup>12</sup> The public interest review reports are found on the Department of Health website at <https://www.health.state.mn.us/data/economics/moratorium/index.html>.

Proposal	Review Completed	Findings
Fairview Health Services proposal; new hospital in Maple Grove	March 2005	Proposal is in the public interest and legislature should consider dedicating a certain percentage of hospital beds for behavioral health services
Cass County proposal: new hospital in Cass County	April 2006	Proposal is in the public interest <sup>13</sup>
Prairie St. John's proposal: new psychiatric hospital in Woodbury	February 2008	Proposal is not in the public interest
Park Nicollet Methodist Hospital proposal to add beds to existing hospital in St. Louis Park	Not completed	Proposal withdrawn by Park Nicollet March 2011
Perham Health proposal: new psychiatric hospital in Perham	April 2014	Proposal is not in the public interest
Sanford Health proposal; new psychiatric hospital in Thief River Falls	August 2014	Proposal is in the public interest
Tandem Hospital Partners; hospital licenses for microhospitals in Apple Valley, Chaska, Cottage Grove	Not completed	Applicant submitted a letter of intent August 2015 but did not submit application materials for public interest review
PrairieCare proposal to relicense existing facility in Maple Grove to provide psychiatric hospitalization services for youth	Not completed	Proposal withdrawn by PrairieCare February 2016
PrairieCare proposal to add beds to existing psychiatric hospital in Brooklyn Park	June 2017	Proposal is in the public interest
Regions Hospital proposal to add beds to existing hospital in St. Paul	August 2018	Proposal to add 100 beds is not in the public interest; MDH did not evaluate the exception enacted in May 2018 authorizing the addition of 55 beds
PrairieCare proposal to add beds to existing psychiatric hospital in Brooklyn Park	January 2022	Proposal is in the public interest
North Shore Health proposal to add beds to existing hospital in Grand Marais and decrease nursing home beds	May 2022	Proposal is in the public interest

<sup>13</sup> A new hospital in Cass County has not been constructed. Minnesota Department of Health, "Regulating Hospital Bed Capacity in Minnesota," January 2021, p. 10.

Proposal	Review Completed	Findings
Regions Hospital proposal to add beds to existing hospital in St. Paul	Findings released January 2022; report pending	Proposal is in the public interest
Fairview Health Services/Acadia Healthcare proposal for new mental health hospital in St. Paul	Findings released September 2022; report published November 2022	Proposal is in the public interest
Children's Minnesota proposal to add beds to existing hospital in St. Paul	Report pending	Pending

## Enforcement

The commissioner of health and the attorney general are authorized to enforce aspects of the hospital construction moratorium through methods that include seeking injunctive relief, conducting inspections, and using licensing authority.

## Injunctions

If requested by the commissioner of health, the attorney general may bring an action in Ramsey County District Court to enjoin an alleged violation of the moratorium. ([Minn. Stat. § 144.551](#), subd. 3)

## Inspections

The commissioner may conduct inspections to determine whether a new psychiatric hospital constructed under the exception to increase mental health bed capacity, or a hospital that added beds under the exception to increase mental health bed capacity, continues to comply with the conditions in section 144.551, subdivision 1a, on which the exception was granted. ([Minn. Stat. § 144.55](#), subd. 4)

## Licensure; License Renewal

The commissioner has authority to refuse to grant or renew a hospital license, or to suspend or revoke a hospital license, for a violation of any provision of [sections 144.50 to 144.56](#). ([Minn. Stat. § 144.55](#), subd. 6, para. (a)) The commissioner is also prohibited from licensing any portion of a hospital constructed in violation of the hospital construction moratorium. ([Minn. Stat. § 144.551](#), subd. 3) Additionally, the commissioner must not renew licenses for hospital beds

issued under the exception to increase mental health capacity, if the hospital is not complying with the conditions in [section 144.551](#), subdivision 1a, on which the exception was granted. ([Minn. Stat. § 144.55](#), subd. 6, para. (c))

### **Applying for or Receiving Public Funds**

A hospital constructed in violation of the hospital construction moratorium, or a hospital that adds or redistributes licensed beds in violation of the moratorium, is prohibited from applying for or receiving public funds. ([Minn. Stat. § 144.551](#), subd. 3)

## Appendix

Since 1984, there have been 35 exceptions enacted to the moratorium. Table 2 lists the years the exceptions were enacted, the number of exceptions, the statutory citations, and descriptions of the exceptions. For specific requirements for each exception, please refer to the exception language in statute.

**Table 2: Exceptions to the Hospital Construction Moratorium**

Year Enacted	Number of Exceptions	Current Citation in <a href="#">Sec. 144.551</a>	Description
1984	5	Subd. 1, para. (b), cl. (1)	Construction or relocation by a national referral center with more than 40% of its patients from outside Minnesota
		Subd. 1, para. (b), cls. (2)-(4)	Projects in process during the transition from the certificate of need program or exempt from certificate of need requirements
		Subd. 1, para. (b), cl. (7)	Relocation or redistribution of beds within a hospital building or complex
1987	3	Subd. 1, para. (b), cl. (5)	Consolidation of pediatric specialty hospital services in the Minneapolis-St. Paul metro area
		Subd. 1, para. (b), cl. (6)	Temporary relocation of pediatric-orthopedic beds to an existing hospital during reconstruction of a new hospital on an existing site
		Subd. 1, para. (b), cl. (8)	Relocation or redistribution of beds within a hospital corporate system from a closed site or complex to an existing site or complex
1988	1	Subd. 1, para. (b), cl. (9)	Addition of up to 35 new beds to an existing psychiatric hospital in Rice County
1989	1	Subd. 1, para. (b), cl. (10)	Replacement of an existing hospital or hospitals with a new hospital within five miles of the current site
1990	2	Subd. 1, para. (b), cl. (11)	Relocation of beds among facilities or sites operated by commissioner of human services
		Subd. 1, para. (b), cl. (12)	Relocation of beds by a hospital with a statutory obligation to serve indigent patients
2000	1	Subd. 1, para. (b), cl. (13)	Addition of up to 31 new beds to an existing hospital in Beltrami County
2001	1	Subd. 1, para. (b), cl. (14)	Addition of up to eight new beds to an existing hospital in Otter Tail County

Year Enacted	Number of Exceptions	Current Citation in <a href="#">Sec. 144.551</a>	Description
2003	2	Subd. 1, para. (b), cl. (15)	Addition of 20 new beds to an existing hospital in Carver County (a requirement that the beds be used for rehabilitation services was removed in 2019)
		Subd. 1, para. (b), cl. (16)	Construction or relocation of up to 20 hospital beds for up to two children's psychiatric facilities or units approved by commissioner of human services
2004	2	Subd. 1, para. (b), cl. (17)	Addition of 14 new beds to an existing hospital in Itasca County, for rehabilitation services
		Subd. 1, para. (b), cl. (18)	Addition of 20 beds in existing space in a hospital in Hennepin County that previously closed 20 rehabilitation beds, for rehabilitation services
2005	1	Subd. 1, para. (b), cl. (19)	Construction or modifications by a critical access hospital that delicensed beds after 1997
2006	4	Subd. 1, para. (b), cl. (20)	Construction of a new hospital in Maple Grove with up to 300 beds (Maple Grove Hospital)
		Subd. 1, para. (b), cl. (21)	Projects approved for a new hospital license under sec. 144.553, alternative approval process
		Subd. 1, para. (b), cl. (22)	Construction of a new hospital in Cass County with up to 25 beds <sup>14</sup>
		Subd. 1, para. (b), cl. (23)	Addition of two beds to an existing hospital in Fergus Falls, for rehabilitation services
2009	1	Subd. 1, para. (b), cl. (24)	Construction of a new psychiatric hospital for persons under 21 in Hennepin County with up to 20 beds (PrairieCare Maple Grove; also used to authorize construction of the PrairieCare Brooklyn Park facility) <sup>15</sup>
2011	1	Subd. 1, para. (b), cl. (24)	Addition of up to 30 beds to a psychiatric hospital for persons under 21 in Hennepin County (PrairieCare Maple Grove; also used to authorize construction of the PrairieCare Brooklyn Park facility)
2014	1	Subd. 1, para. (b), cl. (25)	Construction of a new psychiatric hospital in Thief River Falls with 16 beds

<sup>14</sup> A new hospital in Cass County was not constructed under this exception.

<sup>15</sup> See Minnesota Department of Health, "Public Interest Review: Evaluation of a Proposal for Expansion of Child and Adolescent Psychiatric Bed Capacity in Brooklyn Park, Minnesota," June 2017, p. 3.

Year Enacted	Number of Exceptions	Current Citation in <a href="#">Sec. 144.551</a>	Description
2015	1	Subd. 1, para. (b), cl. (26)	Addition of 20 new beds to an existing facility in Maple Grove for a new psychiatric hospital (PrairieCare Maple Grove)
2017	1	Subd. 1, para. (b), cl. (27)	Addition of 21 new beds to an existing psychiatric hospital for persons under 21 in Hennepin County (PrairieCare Brooklyn Park)
2018	1	Subd. 1, para. (b), cl. (28)	Addition of 55 licensed beds to an existing safety net, level I trauma center hospital in Ramsey County, 15 of which must be for inpatient mental health, plus five unlicensed observation mental health beds (Regions Hospital)
2021	2	Subd. 1, para. (b), cl. (29)	Addition of 45 licensed beds to an existing safety net, level I trauma center hospital in Ramsey County, five of which must be for inpatient mental health (Regions Hospital)
		Subd. 1, para. (b), cl. (30)	Addition of up to 30 beds to an existing psychiatric hospital for persons under 21 in Hennepin County (PrairieCare Brooklyn Park)
2022	5	Subd. 1, para. (b), cl. (31)	Addition of beds to a critical access hospital in Cook County (North Shore Health Hospital and Care Center) or Mahnommen County (Mahnommen Health)
		Subd. 1, para. (b), cl. (32)	Addition of 22 beds to a children's hospital in St. Paul, for pediatric inpatient behavioral health services (Children's Minnesota, St. Paul campus)
		Subd. 1, para. (b), cl. (33)	Construction of a new 144-bed psychiatric hospital at the Bethesda Hospital site in St. Paul (Fairview Health Services/Acadia Healthcare hospital)
		Subd. 1a, para. (a), cl. (1)	Between 8/1/22 and 7/31/27, construction that increases a hospital's mental health capacity
		Subd. 1a, para. (a), cl. (2)	Between 8/1/22 and 7/31/27, establishment of a new psychiatric hospital



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