**Revenue Data on MN's Hospital Chains**
**1/13/2020**

For many years, the Star Tribune has been publishing total revenue figures for the largest nonprofits in MN. The figures for 2019 appeared in yesterday's Strib.

I want to review several of those figures to help people understand what it means when someone like Rebecca Otto or "single payer" proponents in CA propose to "budget," or make premium/capitation payments to, hospital-clinic chains. Typically they don't use the word "chain." Typically they use "provider group," or a label ending in "system" ("health care system," "delivery system" or "integrated delivery system").

The Department of Human Services and some legislators have used the phrase "direct contracting" to mean the same thing within the Medicaid and MinnesotaCare programs -- bypassing the insurance industry and giving Medicaid dollars to chains or "provider groups" or "systems."

The Strib reports that Fairview Health Services, for example, took in $5.7 billion in 2019. Fairview consists of 12 hospitals, at least 56 clinics, and 36 pharmacies. Compare that $5.7 billion with total MN spending on health care, which was probably somewhere between $55 and $65 billion in 2019. Fairview's revenue equaled roughly 10 percent of all MN spending in 2019.

Imagine if John Marty's bill, the MN Health Plan, were amended so that instead of authorizing the single-payer board to negotiate budgets with each of MN's 140 hospitals and set uniform fees for all doctors, the bill authorized either budgets or capitation/premium payments to giant chains like Fairview. Fairview would get a huge multiple-billion payment -- let's say $6 billion -- to distribute among its 12 hospitals and dozens of clinics and pharmacies as it saw fit. Fairview would be free to decide where to close or open hospitals, departments within hospitals, clinics etc, and free to decide to pay doctors according to its own policies (fee for service, capitation, pay-for-performance) and at whatever levels it wants.

Other chains would get similar multi-billion payouts. Allina's revenue for 2019 was $4.4 billion, Mayo's was $11.9 billion, Essentia's was $2.1 billion, and CentraCare's was $1.6 billion. Some of these revenue figures represent patient revenue from out of state. Nevertheless, these are huge numbers, both in absolute terms and as a percent of total spending that a MN single-payer board would have control over.

If these chains are treated like insurance companies -- Minnesotans would enroll in them and the chains would be paid a per-head fee per enrollee (aka a premium) -- not only would the single-payer board lose near total control over the allocation of resources (where ERs and MRIs will be located or how much to pay cardiologists, for example), but the system would retain most of the excessive administrative costs that a true single-payer system would get rid of.

StarTribune Sunday Tug of War article

StarTribune 24th annual list of largest nonprofits in Minnesota dominated by the state's nonprofit healthcare sector