

Meeting Minutes: Health Care Workforce & Education Committee

DATE: MAY 14, 2025

Attendance

Committee Members

- Brad Benson—M Health-Fairview
- David Dahlen – Mayo Clinic
- Kelly Frisch— HealthPartners
- Miranda Gilmore – Fraser Integrated Healthcare
- Robert Miner – Allina Health/Abbott Northwestern
- Christine Mueller –University of Minnesota
- Peter Nalin – University of Minnesota Medical School, Duluth campus
- Michelle Noltimier—HealthPartners Institute
- Sheila Riggs – University of Minnesota
- Thomas Satre – Vice Chair – CentraCare Health
- Troy Taubenheim – Chair - Metro Minnesota Council on GME
- Meghan Walsh –Hennepin County Medical Center
- Linda Welage—University of Minnesota

Members Not in Attendance:

- Susan Culican –University of Minnesota
- Roger Dearth—Mayo Clinic
- Badrinath Konety—Allina
- Kimberly Lakhan—College of St. Scholastica
- Nate Mussell –Fairview

State of Minnesota Staff

- Susan Castellano, Nitika Moibi, Zora Radosevich, Diane Reger, Melissa Stevens - MDH
- Susan Hammersten - DHS

Agenda

- Welcome: Dr. Thomas Satre, Chair
- Health Care Workforce and Education Committee and Health Care Workforce Advisory Council: Zora Radosevich, MDH
- GME Funding: Dan Pollock
- Office of Rural Health & Primary Care (ORHPC) Programs/Funding: MDH Staff
 - Site-based Clinical Training (SBCT) – Zora Radosevich
 - Medical Education & Research Cost (MERC) – Diane Reger
- Upcoming 2025 Meetings: Dr. Satre, Chair

Next meeting

Date: August 6, 2025

Time: 1 to 3 pm

Location: Web-based teleconference

Agenda items: Submit proposed agenda items to health.merc@state.mn.us or committee chair.

Meeting notes

Welcome: Dr. Thomas Satre, Chair

The meeting was called to order.

Health Care Workforce Advisory Council: Zora Radosevich, MDH

Legislative approval for the advisory council is still pending, and no updates are expected until the legislative session concludes.

The Health Care Workforce & Education Committee (formerly MERC Committee) will remain active, with current members continuing in their roles unless they choose to step down, until the advisory council's approval status is determined. At that time, the committee makeup will be reviewed to determine how it will be structured moving forward. Zora acknowledged Christine Mueller's upcoming retirement in June and expressed gratitude for her contributions to the committee since joining in 2021.

Medicaid GME Supplemental Payments: Dan Pollock, LGN on behalf of MMCGME

Dan Pollock presented an update on behalf of the membership of the Metro Minnesota Council on Graduate Medical Education (MMCGME). The origins of the initiative began with the 2023

University of Minnesota Medical School Task Force. In the Task Force, lawmakers and health care stakeholders were advised that Minnesota’s public funding for Graduate Medical Education (GME) falls significantly short of covering the true cost of training future healthcare professionals, and that this financial gap could create a disincentive for hospitals to maintain and expand teaching programs, and negatively impact workforce sustainability across the state’s health system.

Following 2023 legislative funding changes, \$49.5 million in GME support previously distributed through the MERC program was redirected through a component of the Medicaid FFS hospital rates. MERC funding alone is not sufficient to fund the full scope of Minnesota’s 3,066 trainees, leaving hospitals and affiliated training sites to bridge the financial gap.

Addressing these funding challenges was determined to be critical to ensuring the continued development of the healthcare workforce, maintaining quality training environments, and sustaining Minnesota’s ability to meet future healthcare demands.

New legislation enacted in 2024 mandated that teaching hospitals contribute to graduate medical education (GME) funding through a Medicaid surcharge of up to 1.41% of their fiscal year 2021 net patient revenue for inpatient services—amounting to approximately \$90 million in revenue annually.

- Revenue generated from the surcharge is exclusively dedicated to covering the non-federal share of a new GME supplemental Medicaid payment.
- Certain hospitals are exempt from the surcharge, including:
 - Children’s Hospitals
 - Gillette Children’s Specialty Healthcare
 - Hospitals with fewer than 3 FTE trainees in 2022
 - Indian Health Service (IHS) facilities
 - Regional Treatment Centers
- New supplemental payments will be disbursed no more than 30 days after surcharge collection.
- Total combined state and federal Medicaid funding is projected to reach approximately \$203 million annually.

Distribution of GME Supplemental Payments:

Teaching hospitals will receive Medicaid lump sum payments based on 2022 Medicare data and full-time equivalent (FTE) trainee counts. The payment structure is tiered to reflect the number of trainees at each institution:

- \$425,000 per FTE for hospitals with up to 10 FTEs
- \$350,000 per FTE for hospitals with 11 to 20 FTEs
- \$95,000 per FTE for hospitals with 21 to 30 FTEs
- \$70,000 per FTE for hospitals with 31 to 400 FTEs
- \$50,000 per FTE for hospitals with over 401 FTEs

Surcharge – DHS Submission to CMS:

Throughout fall 2024 and winter 2025, MMCGME teaching hospitals collaborated on developing a Medicaid state plan amendment to secure federal approval for a new hospital surcharge.

- The teaching hospital surcharge requires a federal waiver to proceed.
- It must pass the P1/P2 statistical test, which evaluates whether the tax is broad-based and uniform (ensuring that it is not applied exclusively to Medicaid revenue).
- The final test result was 1.0017, meeting the necessary threshold for compliance.

Timeline/Implementation:

On March 31, 2025, DHS submitted the surcharge waiver for federal approval alongside a state plan amendment for the proposed GME supplemental rate, which is open for public comment until June 30, 2025, through the [DHS SPA mailbox](#). The draft SPA can be viewed on the [DHS website](#).

- There is some question whether congressional action could alter or eliminate new state Medicaid rate add-ons, affecting GME funding and other healthcare services.
- Uncertainty remains regarding the timing and approval of any new federal Medicaid policy and law.
- If approved by CMS, the new GME supplemental rate would likely take effect on July 1, 2025.

The path forward depends on federal decisions, making stakeholder engagement in the public comment process critical.

ORHPC Programs/Grants: MDH Staff

Site Based Clinical Training Grant: Zora Radosevich

During the current funding cycle, which includes FY 25 funding and FY 23 clinical training, a total of \$5,550,000 has been allocated to support primary care initiatives. Of this funding, \$4,900,000 is designated for rural primary care programs, while \$650,000 is set aside for oral health primary care initiatives that serve both urban and rural communities.

A total of 363 distinct sites applied for funding, with 140 of them deemed eligible. Among the eligible applicants, 131 sites focus on rural primary care, ensuring that healthcare services reach underserved rural populations. Meanwhile, 10 eligible sites are dedicated to oral health primary care, addressing the need for comprehensive dental care within both rural and urban settings.

These numbers reflect the strong demand for support in primary care services across various regions and emphasize the importance of targeted funding in rural healthcare and oral health

programs. Further discussions may be needed to address next steps and key priorities for implementation.

Rural was defined as counties outside the seven (7) metropolitan counties. Primary care status was determined by utilizing teaching institutions' program designation through the MERC application.

The program will be meeting with stakeholders in rural Minnesota this summer to seek input on ways to increase rural training opportunities and workforce.

Additional information can be found at: [Site-Based Clinical Training Grant Program](#)

Reports for funding distributed in the previous grant cycle can be found at:

[2024 Grants by Clinical Training Site \(Excel\)](#)

[2024 Grants by Sponsoring Institution \(Excel\)](#)

[2025 Funding by Clinical Training Site \(Excel\)](#)

[2025 Grants by Sponsoring Institution \(Excel\)](#)

Medical Education and Research Cost (MERC): Diane Reger

MERC funding is allocated through three formula-based pools, each with distinct eligibility criteria designed to support training sites.

On April 22nd, MDH distributed funds from the first two pools. The first formula pool primarily consisted of cigarette tax appropriations eligible for matching under the MERC State Plan Amendment (SPA), which is capped at \$7,575,000. Historically, this funding maintained a 50% state funds / 50% match ratio. However, in FY2025, the tobacco match increased, reducing the reliance on state funds. This adjustment resulted in unmatched funding, allowing for a larger overall distribution in April. Any training sites meeting the minimum eligibility criteria received funding from this pool.

If a site's expenditures were not covered under the first pool, they were assigned to either the second or third pool, as determined by DHS. Pool 2 consisted of \$2 million, split evenly between the general fund and healthcare access funds, and was allocated exclusively to sites that are NOT AFFILIATED with a hospital system, while Pool 3 included sites AFFILIATED with hospitals or hospital systems. Pool 3 included \$49,552,000 in projected funding, administered through DHS, to be incorporated into Medicaid FFS Hospital Rates between July 1, 2027 – June 30, 2029.

A total of 484 training sites applied for MERC funding. Following review, 294 sites qualified, while 190 did not meet eligibility criteria.

Reasons for disqualification included:

- Closed Status: Sites must maintain active enrollment in the Minnesota Health Care Program to be eligible for funding.
- Below FTE Requirements: Sites with less than 0.10 FTE did not qualify.
- Incomplete Application: Some withdrew their applications or did not complete Step 2.

- Low Clinical Training Expenditures: Funding requires a minimum of \$5,000 in training expenses.
- Lacked MA/PMAP Reimbursements: No recorded reimbursements with DHS for CY2023.

Additionally, 60 sites were ineligible due to formula constraints, which rely on reported MA/PMAP reimbursements on record with DHS.

Key highlights for sites funded:

- Training is primarily taking place in sites Affiliated with a hospital system.
 - 90.3% of the total FTEs
 - 95.8% of the total funding
 - Hospitals received approximately 86% of total funding across Pool 1 (Tobacco) and Pool 3 (Medicaid FFS Hospital Rates), reinforcing their central role in medical training infrastructure.
 - Clinics followed with 7.3% of the total funding.
- Funding is determined at the site level using Medicaid reimbursement data but is distributed among learner types based on FTE counts and expenditures.
 - Medical residents represented nearly 64% of the FTEs, aligning with their funding share of 61%, reflecting their critical role in the State's GME system.
- Report Summaries: [MERC Publications - MN Dept. of Health](#)
- Grant Verification:
 - Sponsoring Institutions must file by June 30, 2025.
 - Selected Clinical Training Sites must file by July 15, 2025.

Future 2025 Meetings

Web Based Teleconference 1 – 3 pm: August 6 and November 5

Submit agenda items to committee chair or health.merc@state.mn.us.

Agenda will be posted on the committee [website](#) under Meeting Materials approximately one week before the scheduled meeting.

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