

Hospital Community Impact Tops \$6.5 Billion

2026 MHA Community Impact Report

Minnesota’s non-profit hospitals and health systems are committed to addressing the overall well-being in their communities. They do this by providing community benefits - health care-related services, often with little or no compensation, to address critical needs in the community. These services include:



Health outreach services to vulnerable or underserved people



Financial assistance and in-kind support of public health programs



Health education screening and prevention services



Medical research projects



Physician, nurse, and highly skilled health care professional training initiatives

Existing federal and state regulations require non-profit hospitals and health systems to provide community benefits to maintain tax-exempt status.

MHA Community Impact Report

To demonstrate the entire scope of hospitals and health systems’ work to improve health and wellbeing in their communities, MHA produces a community impact report with additional categories.

At a glance



TOTAL COMMUNITY IMPACT
\$6.5 billion

Minnesota hospitals and health systems contributed \$6.5 billion to their communities in FY 2024.



UNCOMPENSATED CARE
\$342 million
+
\$611 million

Minnesota hospitals and health systems were not reimbursed for charity care and bad debt totaling \$953 million.



MEDICAID REIMBURSEMENT SHORTFALL
\$1.46 billion

Medicaid reimburses hospitals 21% below the actual cost of providing care. Hospitals subsidize this care.



MEDICARE REIMBURSEMENT SHORTFALL
\$1.9 billion

Medicare reimburses hospitals 18% below the actual cost of providing care. Hospitals subsidize this care.



COMMUNITY BENEFIT
\$3.9 billion

Community benefits as defined by the IRS.

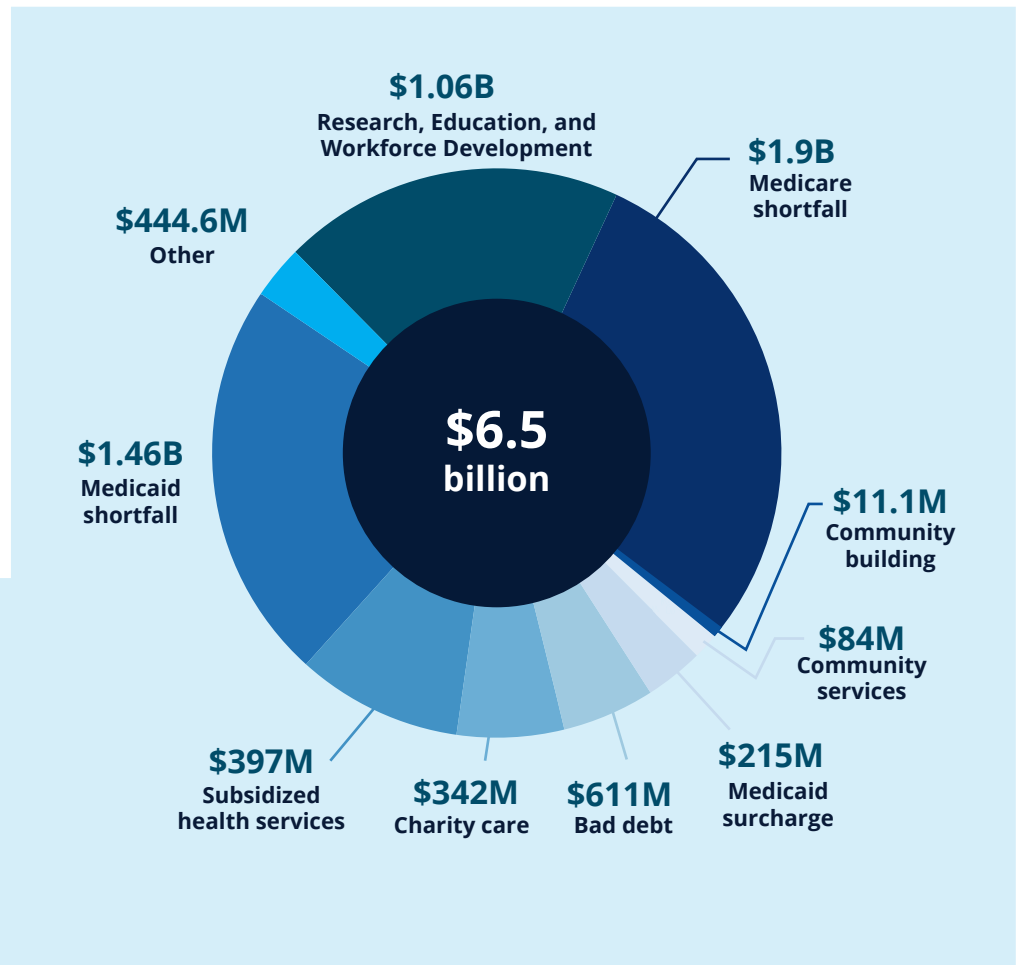
Defining Community Impact

IRS Defined Community Benefits	Additional State of Minnesota Defined Community Benefits	Other Community Impacts
<ul style="list-style-type: none"> Charity Care Unreimbursed Medicaid Medicaid surcharge MinnesotaCare tax Unreimbursed costs of other means tested government programs Community health improvement services and community benefit operations Subsidized health services Health professional education and workforce development Research Cash and in-kind donations 	<ul style="list-style-type: none"> Costs of community building activities Costs of community benefit operations 	<ul style="list-style-type: none"> Unreimbursed Medicare: The financial loss suffered by hospitals resulting from the difference between payments received from Medicare and the cost of care provided to Medicare enrollees. Bad debt: Charges for care provided to patients who neither pay their share of the hospital bill nor complete the steps necessary to receive charity care or public insurance. Taxes and fees: Property taxes, fees in lieu of taxes and other fees or surcharges paid by hospitals to local or state government.

MHA combines all these categories of spending into one overall number to represent community contributions. MHA also combines charity care and bad debt to represent uncompensated care. This is done to recognize the fact that many patients who potentially need and qualify for financial assistance/charity care, often do not go through the process to fill out the paperwork.

Minnesota's hospitals and health systems are proud to be pillars of their communities and are committed to providing high-quality care to all patients regardless of their ability to pay.

Minnesota's hospitals and health systems are committed to providing high-quality care to all Minnesotans regardless of the patients' ability to pay. Across Minnesota, hospitals and health systems provide a full spectrum of services to support patients and communities.



Minnesota's hospitals and health systems working outside their hospital walls to make their communities healthier



To build workforce pipeline in their community, CentraCare opened a new University of Minnesota Medical school campus in 2025, with an initial class of 24 future doctors.



To address food insecurity and improve local access to healthy, culturally appropriate food, Fairview launched Fair Table, an initiative designed to advance food equity and reduce diet-related health disparities.



Through the Mamma a-go-go mobile mammography program, Park Nicollet Methodist Hospital and HealthPartners are offering care that meets patients where they are and reducing barriers to accessing preventative care.



To address community nutrition needs, Lake Region Healthcare turned a donated plot of land into a community garden that produces 10,000 pounds of fresh, healthy food each year, and they teach community members to garden.

Community Contributions in Total



Hospital community investments far outpaced the **\$3.9 billion in "community benefits"** as defined by the IRS which includes research, initiatives to address health disparities, community health programs, workforce innovation and Medicaid reimbursement shortfalls.

Additionally, hospitals invested **\$2.6B** to cover losses from Medicare underpayments (\$1.9B) and other uncompensated services provided by the hospital (\$714M).

Minnesota hospitals and health systems invested **\$6.5B** into improving the health of their communities. (FY 2023 Community Impact data).

State Requirements

Beginning in 2007, Minnesota state law requires community hospitals¹ to report community benefit spending to the Minnesota Department of Health, as a part of the Hospital Annual Report (HAR). The categories are similar but not identical to the IRS Form 990 Schedule H. A key difference is that the HAR data is reported by each hospital, while the IRS Form 990 Schedule H is health system wide. The similar categories to the IRS include:

- **Charity care**
- **State health care programs underpayments (Medical Assistance and MinnesotaCare)**
- **Operating subsidized services**
- **Community health services cost**
- **Research**
- **Education**
- **Financial and in-kind contributions**

¹ Community hospitals include all hospitals except for Indian Health Services, Veterans Affairs, and specialty/state hospitals.

The additional categories include:

- **Costs of community building activities:** Costs that the hospital incurs to support programs or activities intended to improve the overall community's strength and security. Typical activities include addressing homelessness and poverty, supporting economic development or environmental protection efforts, or improving public spaces through revitalization, art, streets or lighting, or graffiti removal.
- **Costs of community benefit operations:** The cost associated with dedicated staff, and other costs associated with community benefit strategy and operations.

Federal Requirements

Since passage of the Affordable Care Act, implemented in 2010, non-profit hospitals are required to file a special tax form known as Schedule H, along with their annual Form 990. The Internal Revenue Service (IRS) outlines specific community benefit reporting requirements in their form instructions, and reviews each hospital's community benefit activities at least once every three years.

IRS Defined Community Benefits:

- **Charity Care:** The cost incurred by a hospital in providing free or discounted health care to low-income people who qualify according to the hospital's policies.
- **Unreimbursed Medicaid:** The financial loss suffered by hospitals resulting from the difference between payments received from Medicaid and the cost of care provided to low-income and medically indigent Medicaid enrollees. This category also includes Medicaid provider taxes, fees, and assessments – which in Minnesota consists of the Medicaid surcharge and the MinnesotaCare tax.
- **Unreimbursed costs of other means-tested government programs:** The financial loss suffered by hospitals resulting from the difference between payments received from public programs for those in need of support and the cost of care provided to those enrollees.
- **Community health improvement services and benefit operations:** Community services to address specific community health needs, such as health screenings, health education, health fairs, subsidized health services, and other community outreach programs.
- **Subsidized health services:** Health care, such as emergency and trauma, behavioral health or renal dialysis services, provided at a financial loss because they meet community needs or, if not provided by the hospital, would be unavailable in the community or would become the responsibility of government or another nonprofit.
- **Health professions education and workforce development:** Education and workforce development, including training for doctors, nurses, and other highly skilled health care professionals.
- **Research:** Support for the development of better medical treatments and finding cures for diseases.
- **Cash and in-kind donations:** Money, food, equipment, supplies, or services donated by the hospital to individuals, other nonprofits, or the community at large.