



**Minnesota Hospital Association**

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**Sent via email to:** [Susan.Lenczewski@lcpr.leg.mn](mailto:Susan.Lenczewski@lcpr.leg.mn)

Susan Lenczewski, Esq.,  
Executive Director  
Minnesota Legislative Commission on Pensions and Retirement

Dear Sen. Rosen and Rep. Murphy:

Thank you for your work on the Pension Commission and for serving as the respective chairs. This is one of the most challenging legislative committees to serve on. The issues are complex, have long term financial implications and affect the lives of thousands of employees, retirees and employers.

As you know, while state PERA pension issues do not directly impact all Minnesota hospitals, these are extremely important issues to those hospitals with some type of government ownership. I write to you today on their behalf.

Hospitals and health systems are aggressively responding to the COVID-19 pandemic. COVID-19 preparedness expenses combined with an estimated statewide average of a 55% loss of revenue from the cancellation of outpatient visits and elective procedures have significantly changed the financial landscape for hospitals and health systems. Many of the government-owned hospitals are in rural communities where the percentage of lost revenues is exceptionally high. Recovery will be slow and potentially uncertain.

At this critical and challenging time, we urge you to delete Section 4, Section 5 and Section 6 from the 2020 pension bill, HF 4300/SF 4201. These are the sections dealing with the calculation of withdrawal liability, the payment structure for withdrawal liability and reporting requirements of privatizations.

The decision to change hospital ownership is one that requires a great deal of thought, hospital board and community input and planning with employees. Before current laws governing this process are changed, MHA requests time to convene a group of our members and report back to the Commission with our recommendations and appropriate timelines for any changes. We would be happy to commence this work and make recommendations to the Pension Commission by a date certain in 2021. We ask that you please recognize that this is bad time to change PERA obligation.

Thank you for your considerations of our concerns and objections.

Sincerely,

*R. Koranne.*

Rahul Koranne, M.D., MBA, FACP  
CEO and President