

<p>STATE OF MINNESOTA</p> <p>COUNTY OF RAMSEY</p> <p>In the Matter of Mayo Clinic</p>	<p>DISTRICT COURT</p> <p>SECOND JUDICIAL DISTRICT Case Type: Other Civil (Charitable Nonprofit Violations)</p> <p>Court File No.: _____</p> <p>ASSURANCE OF DISCONTINUANCE</p>
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WHEREAS, this Assurance of Discontinuance (“Assurance”) is entered into pursuant to Minnesota Statutes section 8.31, subdivision 2b, between the State of Minnesota, through its Attorney General, Keith Ellison (“State” or “AGO”) and Mayo Clinic (collectively, the “Parties”);

WHEREAS, the State and Minnesota nonprofit healthcare providers including Mayo Clinic entered into regulatory agreements (the “Hospital Agreement”) relating to patient billing and medical debt collection practices to ensure that such providers collect medical debt in a fair, reasonable, and responsible manner;

WHEREAS, the AGO has authority to enforce Minnesota’s laws relating to consumer protection, charitable organizations, charitable trusts, nonprofit corporations, and fair, reasonable, and understandable billing practices by nonprofit healthcare providers, including as *parens patriae*. See e.g., Minn. Stat. §§ 8.31, 317A.813, 325D.44, 325F.69, 309.57, 501B.34, 501B.40, and the Hospital Agreement ¶¶ 41-42;

WHEREAS, Mayo Clinic is a Minnesota nonprofit corporation organized under the Minnesota Nonprofit Corporation Act (“Act”), Minnesota Statutes chapter 317A, is registered with the State as a soliciting charitable organization under the Minnesota Charitable Solicitation Act, Minnesota Statutes sections 309.50 to 309.61, is a Minnesota charitable trust under the Supervision

of Charitable Trusts and Trustees Act, Minnesota Statutes section 501B, and is a signatory to the Hospital Agreement;

WHEREAS, the AGO seeks to increase the transparency of financial assistance policies of nonprofit hospitals across the state to ensure compliance with the charitable mission and purposes of the hospitals, as well as with Section 501(r) of the Internal Revenue Code;

WHEREAS, Minnesota Statutes section 8.31, subdivision 2b, vests the AGO with authority to accept an assurance of discontinuance to resolve investigations, and such assurance may include a stipulation for performance or remedies provided by section 8.31, and violation of such an assurance is punishable as contempt;

WHEREAS, pursuant to Minnesota Statutes section 8.31, subdivision 2b, “[a]n assurance shall not be considered an admission of a violation for any purpose;”

WHEREAS, Mayo Clinic specifically denies that it has violated the Hospital Agreement or Minnesota law with respect to the allegations set forth in this document; and

WHEREAS, notwithstanding the Parties’ differing views and positions with respect to the AGO’s inquiry, the Parties desire to resolve fully this matter by Assurance;

NOW THEREFORE, the Attorney General and Mayo Clinic hereby agree to entry of an order with the following terms and conditions:

DEFINITIONS

1. “Charity Care” or “Financial Assistance” means the provision of free or discounted care to a patient pursuant to financial assistance policies approved by Mayo Clinic’s Board of Directors. The terms Financial Assistance and Charity Care are used interchangeably throughout this Assurance.

2. “Mayo Clinic” means Mayo Clinic and includes any free-standing physician clinics operated by Mayo Clinic or its Minnesota subsidiaries, as well as all hospitals operated by Mayo

Clinic in Minnesota, including Mayo Clinic Health System-Lake City, Mayo Clinic Hospital-Rochester, Mayo Clinic Health System-Southeast Minnesota Region, Mayo Clinic Health System-Fairmont, Mayo Clinic Health System-Southwest Minnesota Region, and Mayo Clinic Health System-St. James.

ALLEGATIONS

The AGO states and alleges as follows:

I. THE ATTORNEY GENERAL’S HOSPITAL AGREEMENT

3. In 2005, following a compliance review of a Minnesota healthcare provider, 125 Minnesota hospitals (the “Hospitals”) voluntarily entered into two-year regulatory agreements—known as the Hospital Agreement—with the AGO pertaining to the entities’ billing and debt collection practices. The Hospital Agreement was subsequently renewed in 2007, 2012, 2017, and 2022, each time for an additional five years. The current Agreement expires on August 22, 2027.

4. The Hospital Agreement requires each Hospital’s board of directors to take an active role in managing their facilities’ billing and debt collection practices. For example, the Hospitals’ boards are required to adopt a “zero tolerance policy for abusive, harassing, oppressive, false, deceptive, or misleading language” when “collecting medical debt from patients.”

5. The Hospital Agreement was founded on the principle that debt collection and financial aid policies should be “clear, understandable, and communicated in a dignified manner and should be consistent with the mission and values of the hospital, taking into account each individual’s ability to contribute to the cost of his or her care and the hospital’s financial ability to provide the care.”

6. Pursuant to the Hospital Agreement, before Mayo Clinic files a lawsuit against a patient to collect medical debt, seeks to garnish wages from a patient, or refers a patient to a collection agency, Mayo Clinic must offer a reasonable payment plan to a patient who has

indicated an inability to pay the full amount of the debt in one payment and must offer a patient a reasonable opportunity to submit an application for Charity Care, if the facts and circumstances suggest that the patient may be eligible for Charity Care.

7. The Hospital Agreement provides that the Hospital may require the patient to provide reasonable verification of the inability to pay the full amount of the debt in one payment.

8. The Hospital Agreement states that a patient must be provided a reasonable opportunity to submit an application for Charity Care, but does not set forth specific requirements regarding the form or content of the application for Charity Care a hospital may use.

II. MAYO CLINIC

A. Background

9. Mayo Clinic is a Minnesota nonprofit corporation that operates hospitals throughout Minnesota. Mayo Clinic's charitable mission is "to inspire hope and contribute to health and well-being by providing the best care to every patient through integrated clinic practice, education and research."

10. Mayo Clinic expends significant resources on research, education, charitable donations and other community benefits.

11. Minnesota patients incur medical debt from health services provided by Mayo Clinic, and Mayo Clinic is legally permitted to collect such debt.

12. Mayo Clinic provides Financial Assistance to qualifying patients pursuant to the Hospital Agreement and its Financial Assistance policies in exchange for favorable tax treatment. The level of Financial Assistance provided by Mayo Clinic is based on the patient's household size and income level in relation to the then-current Federal Poverty Guidelines (FPG). Mayo Clinic's Financial Assistance policy provides 100% Financial Assistance to patients with incomes up to 200% of the FPG and between 40% to 50% Financial Assistance for patients with incomes

up to 400% of the FPG. For example, in calendar year 2024, a family of four with a household income of \$62,400 may be eligible for a 100% discount on a bill for health services from Mayo Clinic.

B. Mayo Clinic Policy and Procedures Regarding the Availability of Financial Assistance

13. Mayo Clinic provides information about Financial Assistance to patients in multiple ways. When patients come to any Mayo Clinic hospital, they receive information regarding the availability of Financial Assistance in the Financial Assistance Plain Language Summary and/or the Authorization and Service Terms document. After the provision of care, Mayo Clinic continues to provide information about Financial Assistance in billing statements and related letters. Mayo Clinic's Financial Assistance policies and application are available on its website. Mayo Clinic also offers free financial counseling to patients who are uninsured or underinsured.

14. In the course of its review, the AGO identified three internal Mayo Clinic documents that instructed billing department employees to steer certain patients away from Financial Assistance in an effort to collect payment. The documents instructed employees to verbally inform patients of the availability of Financial Assistance only if patients were unable to agree to a payment plan and had no other means of meeting payment requirements. Two of these procedure documents, which applied only to a limited subset of patients, have since been voluntarily discontinued. The third procedure document has been modified to ensure that patients receive full information about the availability of Financial Assistance as soon as a patient indicates they may be eligible for Financial Assistance.

C. Mayo Clinic’s Application for Charity Care

15. The Hospital Agreement does not provide specific guidance regarding the form or content of the application for Financial Assistance a hospital may use, but does require hospitals to provide patients a reasonable opportunity to submit an application for Financial Assistance. For each of the past five years, more than 5,000 patients completed the application and received Financial Assistance from Mayo Clinic. However, the AGO’s review showed that certain patients submitted incomplete applications. Mayo Clinic sent such patients a follow-up letter informing them that their application was missing information, but for some patients Mayo Clinic did not provide additional follow up if the patients did not provide the missing information. As a result, patients who may have been eligible to receive financial assistance did not receive it.

16. In three cases reviewed during the AGO’s investigation, Mayo Clinic sued patients who may have qualified for Financial Assistance based on their household size and gross income. These patients were informed they could request Financial Assistance but, due to a variety of facts and circumstances, they did not complete the application.

D. The Amount of Financial Assistance Mayo Clinic Provided and Remedial Actions Mayo Clinic has Taken

17. The chart below illustrates the Financial Assistance Mayo Clinic has provided from 2019-2024.

Direct Patient Care Financial Assistance as a % of Expenses						
MN Mayo Clinic Locations	2019	2020	2021	2022	2023	2024
Financial Assistance	\$114,216,800	\$104,311,600	\$86,248,400	\$79,130,600	\$87,394,200	\$170,484,985
Total Expenses	\$8,636,417,500	\$8,950,877,600	\$9,721,116,600	\$10,092,869,794	\$10,091,619,333	\$11,012,793,380
Financial Assistance as a % of Expenses	1.30%	1.20%	0.90%	0.78%	0.87%	1.55%

18. Beginning in October 2023, Mayo Clinic expanded its process of assessing “presumptive eligibility” in which it qualifies certain patients as eligible for Financial Assistance without requiring the patient to complete a Financial Assistance application. This voluntary

change in Mayo Clinic's Financial Assistance practices has substantially increased the amount of Financial Assistance awarded to patients. Between October 1, 2023 and August 31, 2024, Mayo Clinic provided nearly \$142 million in Financial Assistance, benefitting over 42,700 patients. Of the \$142 million in financial assistance provided to patients, \$89 million was provided to over 37,500 patients without requiring those patients to complete a Financial Assistance application.

19. Mayo Clinic has made material representations to the AGO that, as a result of the AGO's investigation and its own internal review, Mayo Clinic has taken significant steps to improve the availability of Financial Assistance to eligible patients. The AGO relies upon Mayo Clinic's representations in its investigation and resolution of this matter.

20. In addition to the nearly \$142 million in Financial Assistance Mayo Clinic has provided between October 1, 2023, and August 31, 2024, Mayo Clinic has conducted a Financial Assistance assessment on all accounts at its collection agencies during that time period and adjusted over \$33.8 million in outstanding patient debt benefitting over 8,400 patients.

21. Mayo Clinic has voluntarily ceased filing lawsuits against patients with outstanding medical debt except in exceptional circumstances.

22. The AGO avers that Mayo Clinic's above-described alleged conduct violates the Hospital Agreement, the Prevention of Consumer Fraud Act ("CFA"), Minn. Stat. § 325F.69, *et seq.*, the Uniform Deceptive Trade Practices Act ("DTPA"), Minn. Stat. § 325D.43, *et seq.*, the Minnesota Nonprofit Corporation Act, ch. 317A, and the Supervision of Charitable Trusts and Trustees Act, ch. 501B. Mayo Clinic unequivocally denies that it has violated any provision of the Hospital Agreement or any law. Mayo Clinic further contends that it has voluntarily adopted Financial Assistance practices that exceed legal requirements to the benefit of its patients.

INJUNCTIVE RELIEF

23. In addition to all other duties, powers, responsibilities, and obligations set forth under the CFA, DTPA, Hospital Agreement, Minnesota Nonprofit Corporation Act, the Charitable Trust Act, and all other applicable law, Mayo Clinic shall comply with the following injunctive terms and provisions:

a. Presumptive eligibility for Financial Assistance/Charity Care

- i. Mayo Clinic shall continue to conduct screening of patients for participation in Medicaid and other government assistance programs in accordance with Minnesota law, including but not limited to Minn. Stat. § 144.587, subd. 2.
- ii. If patients do not qualify for participation in government assistance programs, Mayo Clinic shall continue to determine the patient's eligibility for Financial Assistance. If Mayo Clinic determines that a patient is presumptively eligible for Financial Assistance based on their household size and income as a percentage of FPG, Mayo Clinic shall provide the patient a discount in accordance with its Financial Assistance policies, without requiring the patient to complete a Financial Assistance application. For clarity, this includes applying the presumptive eligibility process to all hospital based uninsured or unverified insurance (according to Minn. Stat. § 144.587) patients eligible for Financial Assistance under Mayo Clinic's Financial Assistance Policy.
- iii. Mayo Clinic shall continue to maintain a Financial Assistance Policy that applies to qualifying patients who receive emergency and/or medically necessary care and provides 100% Financial Assistance to patients with incomes up to 200% of the FPG and between 40% to 50% Financial Assistance for patients with incomes up to 400% of the FPG.

b. Reduced obstacles to Charity Care Applications

- i. In cases where patients are not presumptively eligible for Financial Assistance, Mayo Clinic shall continue to ensure that its Financial Assistance application is available to complete online. If a patient attempts to submit an incomplete application, Mayo Clinic shall offer to schedule an appointment with a Mayo Clinic Financial Counselor to assist in completion of the application.
- ii. In cases where patients are not presumptively eligible for Financial Assistance, Mayo Clinic shall not require excessive or redundant items

for income or asset verification or otherwise place an unreasonable burden on patients submitting Financial Assistance applications. Mayo Clinic shall use the Financial Assistance application attached to this Assurance as Appendix A. Mayo Clinic shall have a procedure in place to provide approval in cases where applicants do not have required documentation.

- iii. In the event that an incomplete Financial Assistance application is submitted (if not online), Mayo Clinic shall promptly offer to schedule a follow-up appointment with the patient and a Mayo Clinic Financial Counselor to assist in completion of the application.

c. Payment plans

- i. If a patient is not eligible for Financial Assistance, Mayo Clinic shall continue to offer the patient a reasonable payment plan if the patient has indicated inability to pay the full amount of the debt in one payment. As permitted by the Hospital Agreement, Mayo Clinic may require the patient to provide reasonable verification of the inability to pay the full amount of the debt in one payment.

d. Debt collection and litigation

- i. Mayo Clinic shall continue to maintain policies and procedures to ensure that all billing statements include clear and conspicuous language regarding the availability of Financial Assistance and payment plans.
- ii. Prior to placing an account in collections, Mayo Clinic shall continue to ensure that the patient has been given a reasonable opportunity to apply for Financial Assistance. If Mayo Clinic determines that a patient is eligible for Financial Assistance based on their household size and income as a percentage of FPG, Mayo Clinic shall eliminate or reduce the patient's outstanding balance in accordance with its Financial Assistance policies.
- iii. Mayo Clinic shall continue its practice of not taking legal action against its patients for the collection of medical debt other than in exceptional circumstances, such as when a patient receives and retains payment directly from its insurer that is intended to pay for care provided by Mayo Clinic. In no case shall Mayo Clinic file a lawsuit seeking to collect medical debt without obtaining prior approval of Mayo Clinic's Chief Financial Officer.

e. Training

- i. Mayo Clinic will continue to develop, implement, and maintain policies and procedures to ensure that all relevant employees and contractors are

properly trained on all current and modified policies and procedures related to medical debt collection and Financial Assistance, consistent with the Hospital Agreement.

f. Compliance

- i. Mayo Clinic will comply with the terms of this Assurance and will provide a copy of this Assurance to Mayo Clinic's debt collection agencies and debt collection attorneys.

GENERAL TERMS

24. Nothing in this Assurance shall relieve Mayo Clinic of its obligation to comply with all applicable state, county, city, and federal laws and regulations, or court or administrative orders and directives.

25. In consideration of the stipulated relief and contingent upon the Court's entry of this Assurance and Order, the AGO, by execution of this Assurance, hereby fully and completely releases Mayo Clinic of any and all claims of the AGO under Minnesota Statutes sections 317A.813, 325D.44, 325F.69, 309.57, 501B.34, 501B.40, and the Hospital Agreement connected with or arising out of the allegations contained in this Assurance, up to and including the date of entry of this Assurance. The AGO through this Assurance does not settle, release, or resolve any claim against Mayo Clinic or any other person or entity involving any private causes of action, claims, and remedies, including but not limited to private causes of action, claims, or remedies provided for under Minnesota Statutes section 8.31. This release does not apply in any way to claims of any other Minnesota state agency, department, official, or division.

26. This Assurance may be executed in counterparts, each of which constitutes an original, and all of which shall constitute one and the same agreement. This Assurance may be executed by facsimile or electronic copy in any image format.

27. The person signing this Assurance for Mayo Clinic warrants that Mayo Clinic has authorized the person to execute this Assurance, that Mayo Clinic has been fully advised by its

counsel before entering into the Assurance, and that he or she executes this Assurance in an official capacity that binds Mayo Clinic.

28. This Assurance constitutes the full and complete terms of the agreement entered into by Mayo Clinic and the AGO.

29. The Parties agree that this Assurance, including any issues related to interpretation or enforcement, shall be governed by the laws of the State of Minnesota.

30. The Ramsey County District Court shall retain jurisdiction of this matter for purposes of enforcing this Assurance. The AGO may make such application as appropriate to enforce or interpret the provisions of this Assurance or, in the alternative, maintain any action within his legal authority for such other and further relief as he determines is proper and necessary for the enforcement of this Assurance. The parties agree that, in any action brought by the AGO to enforce the terms of this Assurance, the Court shall have the authority to award equitable relief, including specific performance.

31. The failure of a party to exercise any rights under this Assurance shall not be deemed to be a waiver of any right or any future rights.

32. Nothing in this Assurance shall be construed to limit the power or authority of the State of Minnesota or the AGO except as expressly set forth herein.

33. Each of the parties is represented by counsel, participated in the drafting of this Assurance, and agrees that the Assurance's terms may not be construed against or in favor of any of the parties by virtue of draftsmanship.

34. Each party shall perform such further acts and execute and deliver such further documents as may reasonably be necessary to carry out this Assurance.

35. Mayo Clinic shall fully, completely, truthfully, and promptly cooperate with the AGO in its compliance monitoring or investigating of any suspected violations of this Assurance.

36. Mayo Clinic understands that if a Court of competent jurisdiction holds that Mayo Clinic has committed a violation of this Assurance, that such violation may be enforced through contempt proceedings under Minnesota Statutes section 8.31, subdivision 2b, and that the AGO may thereafter, in his sole discretion, initiate legal proceedings against Mayo Clinic for any and all violations of this Assurance.

37. The AGO shall have all powers and remedies specified by Minn. Stat. §§ 8.31, 309.553, 309.57, 317A.813, 501B.40, 501B.41, and all other authority otherwise available to it for purposes of investigating and remedying any violations of this Assurance.

38. On or before executing this Assurance, Mayo Clinic shall provide the AGO its taxpayer identification number (TIN). Mayo Clinic understands that it may be subject to a penalty if it fails to provide the AGO with its TIN pursuant to 26 C.F.R. 6723, 26 C.F.R. 6724(d)(3), and 26 C.F.R. 301.6723-1. Mayo Clinic shall also cooperate in the AGO's completion of Internal Revenue Service Form 1098-F by providing the AGO with any additional information reasonably requested by the AGO within a reasonable timeframe.

39. Mayo Clinic shall notify its principals, officers, directors, agents, employees, affiliates, subsidiaries, and successors, and any other person in active concert or participation with Mayo Clinic of the obligations, duties, and responsibilities imposed on them by this Assurance.

40. This Assurance should not be construed to state or imply, directly or indirectly, that the State of Minnesota or the AGO have approved of, condone, or agree with any conduct, actions, or inactions by Mayo Clinic.

41. Mayo Clinic agrees that the AGO, with at least ten (10) business days' notice to Mayo Clinic, may file this executed Assurance with the Ramsey County District Court on an *ex parte* basis, and that the Court may issue the Order below without further proceedings.

42. This Assurance shall remain in effect after the entry of this Assurance by the Court until August 22, 2027.

43. Service of notices or other documents required or permitted by this Assurance shall be served on the following persons, or any person subsequently designated by the parties to receive such notices, by mail and email at the addresses identified below:

As to the AGO:

Evan Romanoff, Assistant Attorney General
Office of the Minnesota Attorney General
445 Minnesota Street, Suite 1200
St. Paul, Minnesota 55101
evan.romanoff@ag.state.mn.us

As to Mayo Clinic:

Chief Legal Officer
Mayo Clinic
200 First St. SW
Rochester, MN 55905
Brown.sally@mayo.edu

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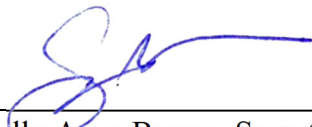
KEITH ELLISON
Attorney General
State of Minnesota

Dated: February 28, 2025

By: /s/ *Evan Romanoff*
Evan Romanoff
Assistant Attorney General

Mayo Clinic

Dated: February 28, 2025

By: 

Sally Anne Brown, Secretary and Chief Legal
Officer
On behalf of Mayo Clinic

ORDER

Having reviewed the terms of the foregoing Assurance of Discontinuance, which is incorporated herein by reference, and which the Court finds reasonable and appropriate, it is SO ORDERED.

Date: _____

Judge of District Court

LET JUDGMENT BE ENTERED ACCORDINGLY.



Complete and print.

Financial Assistance Application

Form content not retained in medical record.
For local storage only.

Appendix A

(complete fields or place patient label here)

Patient Name (First, Middle, Last)	
Birth Date (mm-dd-yyyy)	Mayo Clinic Number
Location of Service	Room Number (if applicable)

Instructions: Please complete the application and attach copies of:

- Tax return from current or prior year (or W-2 if tax not available)
- Unemployment statements (if applicable)
- Pay stubs (most recent month)
- Social Security, Pension, Retirement benefits (if applicable)
- Bank statements (most recent month for all accounts)

If the above copies are not available, please provide a separate page describing your current financial situation

Patients seen only at Oakridge in Mondovi WI or Albert Lea MN Behavioral Health are only required to complete the application and attach copies of one of the following:

- Prior year W-2 (or Form 4506-T if W-2 not filed)
- Income verification from Employer
- Two most recent pay stubs

Patient or Responsible Party Completing this Application

Patient Name (First, Middle, Last)		Birth Date (mm-dd-yyyy)	
Address	City	State	ZIP Code
Responsible Party Completing the Application (if not the Patient)	Relationship to the Patient (if not the Patient)		
Household Annual Income (as reported on income tax filing)	Household Size (patient, spouse, and dependents as reported on income tax filing)		
Phone	Medical Insurance Name and Policy Number		
Employment Status <input type="checkbox"/> Full time <input type="checkbox"/> Part time <input type="checkbox"/> Self-employed <input type="checkbox"/> Unemployed <input type="checkbox"/> Student	<input type="checkbox"/> Retired	Employer Name	
Employment Length	Unemployed Date/Length (mm-dd-yyyy)	Are you claimed on another tax return? <input type="checkbox"/> Yes <input type="checkbox"/> No (If Yes is checked, provide tax return.)	

Dependents (If more than 6 dependents use separate page)

Full Name	Relationship	Birth Date (mm-dd-yyyy)
1.		
2.		
3.		
4.		
5.		
6.		

Patients seen only at Oakridge in Mondovi WI or Albert Lea MN Behavioral Health do not need to complete the following spouse section:

Spouse (Used to identify all patient accounts eligible for financial assistance)

Marital Status		
Name (First, Middle, Last)		Birth Date (mm-dd-yyyy)
Employment Status <input type="checkbox"/> Full time <input type="checkbox"/> Part time <input type="checkbox"/> Self-employed <input type="checkbox"/> Unemployed <input type="checkbox"/> Student <input type="checkbox"/> Retired	Employer Name	
Employment Length	Unemployed Date/Length (mm-dd-yyyy)	

Financial Assistance Application (continued)

Certification Signatures

I certify that all information listed is true and correct to the best of my knowledge. I understand that the information is to be used to ascertain my ability to pay for services provided by Mayo Clinic or an affiliated entity and I give permission to Mayo Clinic and all affiliated clinics, hospitals and entities to share the information as necessary to consider my financial assistance request. I hereby grant permission to Mayo Clinic, all Mayo Clinic affiliates and representatives or agents to investigate the information contained herein.

Patient or Responsible Party Signature ▶	Date Today (mm-dd-yyyy)
Patient or Responsible Party Printed Name (First, Middle, Last)	

