

Public Report of the Minnesota Attorney General Regarding Mayo Clinic's Charity Care and Debt Collection Practices

March 2025



The Office of
Minnesota Attorney General Keith Ellison
helping people afford their lives and live with dignity, safety, and respect • www.ag.state.mn.us

Contents

Foreword from Attorney General Keith Ellison	3
I. Background	4
A. Introduction	4
B. The Attorney General’s Authority	4
C. Mayo Clinic’s History and Charitable Mission to Benefit the Public.....	5
D. The Rising Costs of Medical Care and Medical Debt.....	5
E. Nonprofit Hospital Charity Care Requirements	6
F. Minnesota’s Hospital Agreement.....	7
II. The Attorney General Investigated Mayo Clinic’s Charity Care and Debt Collection Practices under Minnesota Charitable Laws, Consumer Protection Laws, and the Hospital Agreement	8
A. Initiation of the Attorney General’s Investigation	8
B. The Attorney General’s Investigative Findings	9
1. Mayo Clinic steered certain patients away from charity care	9
2. Mayo Clinic’s charity care application was burdensome and deterred otherwise eligible patients	10
3. Mayo Clinic engaged in aggressive debt collection and litigation practices.....	11
4. Mayo Clinic delayed and denied care to patients due to outstanding medical debt	12
III. Mayo Clinic has Taken Positive Steps to Increase Access to Charity Care as a Result of the Attorney General’s Investigation	13
IV. The Attorney General’s Assurance of Discontinuance with Mayo Clinic Improves Patient Access to Charity Care and Minimizes Patients’ Exposure to Lawsuits to Collect Outstanding Medical Debt	14
A. Maintenance of Current Charity Care Policy.....	14
B. Presumptive Eligibility Process.....	14
C. Streamlined Charity Care Application	14
D. No Lawsuits Other Than in Exceptional Circumstances	14
V. Legislative Changes are Needed to Increase Access to Charity Care	15
A. Require Hospitals to Implement Presumptive Eligibility for Qualified Charity Care Patients	15
B. Provide a Basic Eligibility Floor for Charity Care Based on Income	16
C. Enact a Uniform and Simplified Charity Care Application.....	16
Endnotes	17
Exhibit A: Hospital Agreement	20
Exhibit B: Assurance of Discontinuance	40



Foreword

From Attorney General Keith Ellison

Accessible, affordable healthcare is perhaps the most vital ingredient for our ability to afford our lives and live with dignity, safety, and respect. No one should have to choose between affording their life and affording to live. No Minnesotan asks to get sick, but when we do, the added pain of medical bills we can't afford is the last thing we need. Medical debt leads to skipped appointments, unfilled prescriptions, and avoidance of needed care – deepening health problems and feeding a vicious cycle of debt and sickness.

In the U.S., nonprofit hospitals are given significant tax breaks in exchange for benefiting their communities. One such benefit nonprofit hospitals are required to provide is financial assistance, otherwise known as “charity care.” By law, nonprofit hospitals are required to offer free or discounted services to patients who meet the organization’s eligibility criteria and who would otherwise struggle to pay for medical care. In an effort to keep more Minnesotans out of the debt and sickness spiral, Minnesota signed a contract with nonprofit hospitals called the Hospital Agreement. The Hospital Agreement requires hospitals to give patients a reasonable opportunity to apply for charity care before suing them or trying to collect on a debt.

As outlined in this report, several of Mayo’s policies were acting as a barrier to care for Minnesotans unable to pay for services, in a way that went against both the charity care requirements and Mayo’s own responsibilities as a charitable organization.

Working in cooperation with my Office, Mayo has made several commitments that already have and will continue to improve their patients’ ability to access charity care. For instance, the application process for charity care will be streamlined, and some patients will be pre-qualified for charity care, meaning they wouldn’t have to apply at all. Mayo has also committed to avoiding litigation against patients in all but the most exceptional circumstances.

But Mayo Clinic is not alone. My Office has seen that many of the practices outlined in this report are systemic among Minnesota hospitals and the law does not go far enough to protect patients from unfair medical debt. For that reason, this report also advocates for changes the legislature should make to improve access to charity care.

Overall, the changes in this report will make it easier for patients to get and afford the care they need – and easier for Mayo Clinic to fulfill its charitable commitments to the community. I applaud Mayo for their partnership, and for their dedication to keeping Minnesota healthy.

A handwritten signature in black ink that reads "Keith Ellison".

I. Background.

A. Introduction.

This report is part of Minnesota Attorney General Keith Ellison’s (“Attorney General”) ongoing review of the debt collection and financial assistance practices of nonprofit hospitals specifically, and medical debt generally, as well as their impact on Minnesotans, including access to and affordability of healthcare. This report describes the Attorney General’s investigation of Mayo Clinic and how its policies and practices impacted the ability of its patients to access financial assistance. The Attorney General is publishing this report to educate the public on a matter of great importance and to advocate for changes that improve Minnesotans’ ability to access financial assistance. Many practices outlined in this report may not be unique to Mayo Clinic; instead, they highlight what are often widespread practices by hospitals and healthcare providers statewide. Additionally, Mayo Clinic’s cooperation with the Attorney General’s investigation and willingness to make changes demonstrates its interest in serving as a leader in the field for other health systems to follow.

B. The Attorney General’s Authority.

Under state law, the Attorney General is the principal regulator of charities and nonprofits in Minnesota. He has the authority to enforce the Hospital Agreement, which governs Minnesota hospitals’ billing and debt collection practices.¹ He also has the authority to enforce state laws related to consumer protection, charitable organizations, nonprofit corporations, and fair, reasonable, and understandable billing practices by nonprofit healthcare providers, including as *parens patriae*.² The Attorney General investigated Mayo Clinic’s debt collection practices and provision of charity care under this authority. This report provides a summary of that investigation. This report does not constitute a legal opinion or reflect a formal determination by the Attorney General but rather is being made public pursuant to Minn. Stat. § 13.39, subd. 2, which permits the Attorney General to disclose information upon determining that such information will promote public health or safety.³

The above-referenced laws serve an important role in ensuring nonprofit charitable organizations are operated for the benefit of the public. These statutes authorize the Attorney General to investigate regulated nonprofits and charities like Mayo Clinic providing, for instance, that Mayo Clinic’s “books and records shall be open to inspection at all reasonable times by the attorney general.”⁴ Further, Minnesota law reflects the legislature’s intention to protect consumers from unfair, deceptive, and misleading practices in business, commerce, or trade and authorizes the Attorney General to investigate such practices.⁵ Finally, the Hospital Agreement requires Mayo Clinic to “cooperate with, respond to inquiries of, and provide information to the Attorney General, in a timely manner as necessary for the enforcement of [the Hospital] Agreement.”⁶

“The attorney general shall investigate violations of the law of this state respecting unfair, discriminatory, and other unlawful practices in business, commerce, or trade...”

Minn. Stat. § 8.31



Under state law, the Attorney General is the principal regulator of charities and nonprofits in Minnesota.

C. Mayo Clinic's History and Charitable Mission to Benefit the Public.

Mayo Clinic is a Minnesota nonprofit corporation that operates hospitals throughout Minnesota and other states. Mayo Clinic is incorporated under the Minnesota Nonprofit Corporation Act, Minnesota Statutes chapter 317A, is registered with the Attorney General 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 chapter 501B, and is a signatory to the Hospital Agreement. Mayo Clinic's charitable mission is "to inspir[e] hope and promot[e] health through integrated clinical practice, education and research."⁷

"Inspiring hope and promoting health through integrated clinical practice, education and research"

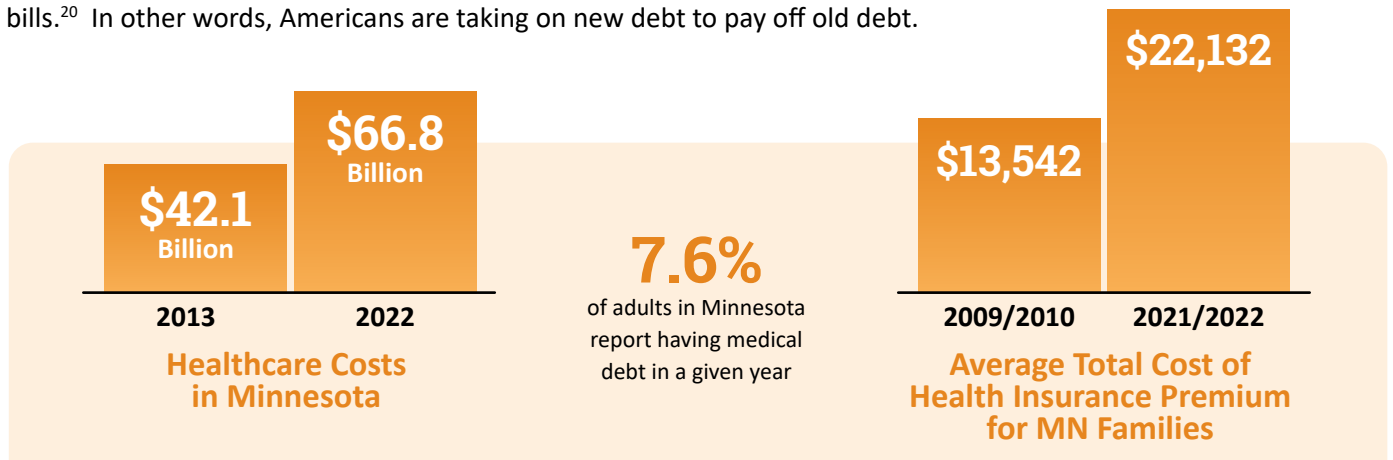
*Mayo Clinic's
Charitable Mission*

As a charitable organization, Mayo Clinic has a duty to be organized and operated for the benefit of the public.⁸ Mayo Clinic's specific mission to help the public dates to its inception. Mayo Clinic was founded by a group of physicians and Catholic Sisters. After a tornado devastated Rochester in 1883, Dr. William Mayo and his sons partnered with the Sisters of St. Francis to care for the community and eventually build what is known today as the Mayo Clinic. Saint Mary's Hospital opened in 1889 "to all sick persons regardless of their color, sex, financial status or professed religion."⁹ The duty of Saint Mary's nurses and doctors "was to alleviate human suffering and to save human lives – and they did it."¹⁰ The vision and intent of the Mayos and the Sisters is described in Mayo Clinic's values: "Respect, Integrity, Compassion, Healing, Teamwork, Innovation, Excellence and Stewardship." Mayo credits its founders, the Doctors Mayo and the Sisters of St. Francis, for enriching the life of the clinic.¹¹

D. The Rising Costs of Medical Care and Medical Debt.

Healthcare costs have skyrocketed in Minnesota, from \$42.1 billion in 2013 to \$66.8 billion in 2022, with hospital costs accounting for nearly a third of the spending.¹² The average annual health insurance premium for Minnesota families has increased from \$13,542 in 2009/2010 to over \$22,000 in 2021/2022, with employees contributing about a quarter of the cost.¹³ These worrisome trends are expected to continue. The Minnesota Department of Health projects healthcare spending to top \$100 billion in 2031, with hospital spending rising at an average annual rate of 6%.¹⁴ Despite increased spending, there has been little measurable benefit to Minnesotans—increased spending has not improved health outcomes.¹⁵

As healthcare costs rise, so does medical debt. According to a KFF Health News investigation, 20 million Americans owe medical debt, more than a quarter of whom owe more than \$5,000.¹⁶ In Minnesota, 7.6% of adults report having medical debt in a given year.¹⁷ While the total amount of medical debt is difficult to determine, some reports put the figure at \$220 billion, placing a heavy burden on both individuals and the economy.¹⁸ Although individuals without health insurance are more likely to have medical debt, it is also a problem among people with insurance coverage.¹⁹ Some estimates show that millions of Americans are on financing plans to pay off medical or dental bills.²⁰ In other words, Americans are taking on new debt to pay off old debt.



Medical debt creates a cycle of financial strain and worsened health, as nearly 40% of working-age adults said they delayed or skipped needed health care or a prescription in the past year because they could not afford it.²¹ More than half of them said their health problem got worse as a result.²² Medical debt leads to trade-offs, with almost 40% of people with debt cutting back on basic necessities like food, heat, or rent as a result.²³ Emotional distress follows, with nearly half of patients feeling trapped and a third experiencing increased anxiety and depression.²⁴

E. Nonprofit Hospital Charity Care Requirements.

Nonprofit hospitals are required to provide financial assistance to patients as a condition of receiving tax-exempt status.²⁵ Such assistance is also consistent with the missions of charitable health systems like Mayo Clinic. Financial assistance, otherwise known as “charity care,” is defined as “free or discounted health services provided to persons who meet the organization’s criteria for financial assistance and are unable to pay for all or a portion of the services.”²⁶ Neither state nor federal law sets a minimum requirement for charity care that hospitals must provide, and the amount of charity care hospitals provide varies greatly. Some studies have found that charity care costs represented 1.4% or less of operating expenses at half of all hospitals.²⁷ Recent studies show that charity care represents a similar amount of operating expenses at nonprofit and for-profit hospitals.²⁸

“Every dime, every nickel of profit that Mayo Clinic generates goes right back into the foundation and really just ignites health care transformation.”

*Mayo Clinic’s
Chief Financial Officer*

Despite having an operating income in excess of \$1 billion most years since 2019—including a record \$1.29 billion in 2024—and resulting financial capacity to serve as a leader in providing charity care,²⁹ prior to the Attorney General’s investigation Mayo Clinic lagged behind its peers when it came to providing charity care. This resulted in public criticism about its “fair share” deficit, which is a measure that compares charity care and other community spending against the value of tax breaks received by nonprofit hospitals.³⁰

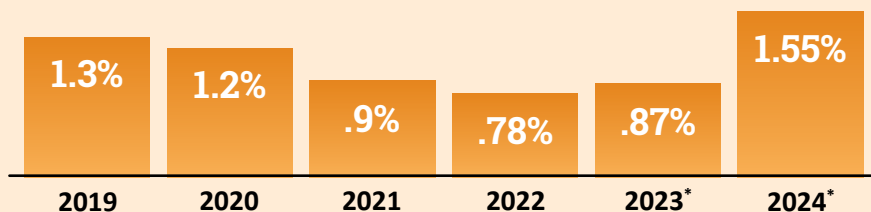
In 2019, Mayo Clinic provided \$114,216,800 in charity care, totaling 1.3% of its operating expenses. Mayo Clinic’s provision of charity care declined annually thereafter through 2022: 1.2% of operating expenses in 2020, .9% of operating expenses in 2021, and .78% of operating expenses in 2022. As discussed below, Mayo Clinic’s provision of charity care increased in 2023 and 2024 as a result of the Attorney General’s investigation.

Hospitals have wide latitude in establishing their own eligibility criteria for charity care. The level of charity care provided by Mayo Clinic is based on the patient’s household size and income level in relation to the Federal Poverty Guidelines (“FPG”). Mayo Clinic’s charity care policy provides 100% charity care (i.e., free care) to patients with incomes up to 200% of FPG and between 40% to 50% charity care for patients with incomes up to 400% of FPG. Most Minnesota nonprofit hospitals provide charity care for patients with incomes between 175% and 225% of FPG.³¹ But, as demonstrated below, a hospital’s charity care policy is only as generous as its patients’ ability to access it.

In part because of the factors detailed here, many people who are potentially eligible for charity care do not receive it.³² In fact, some studies show that more than 50% of people who are potentially eligible for charity care do not even apply for it.³³ That is because many hospitals fail to adequately inform patients about the availability of charity care, or have burdensome application processes.³⁴ One study reported that nearly half of nonprofit hospital organizations

Percentage of Mayo Clinic’s Operating Expenses Provided to Charity Care

*Mayo Clinic’s provision of charity care increased in 2023 and 2024 as a result of the Attorney General’s investigation



regularly bill patients whose incomes are low enough to qualify for charity care, resulting in written-off bills being reported as bad debt. In one year, the study estimated the nonprofits “had given up collecting \$2.7 billion in bills sent to patients who probably would have qualified for financial assistance under the hospitals’ own policies if they had filled out the applications.”³⁵ Minnesota’s unique Hospital Agreement was reached, in part, to resolve some of these concerns and increase Minnesotans’ access to charity care.

F. Minnesota’s Hospital Agreement.

In 2005, following a compliance review of a Minnesota healthcare provider, 125 Minnesota hospitals, including Mayo Clinic, entered into regulatory agreements with the Attorney General’s Office—known as the “Hospital Agreement”—pertaining to the entities’ billing and debt collection practices.³⁶ Pursuant to the Hospital Agreement, the hospitals acknowledge their obligations as charitable organizations to meet certain standards of conduct imposed by their charitable missions. As stated in the Hospital Agreement, “a hospital bill should never get in the way of a Minnesotan receiving essential health services.”³⁷ 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.”³⁸ Importantly, the Hospital Agreement requires, among other things, that hospitals give patients a “reasonable opportunity to submit an application for Charity Care” prior to engaging in debt collection action or litigation.³⁹

STATE OF MINNESOTA COUNTY OF RAMSEY	DISTRICT COURT SECOND JUDICIAL DISTRICT
In the matter of Mayo Clinic	a hospital bill should never get in the way of a Minnesotan receiving essential health services;
WHEREAS, the Hospitals and Holding Companies named in this Agreement believe that a hospital bill should never get in the way of a Minnesotan receiving essential health services; and	
WHEREAS, the Hospitals and Holding Companies named in this Agreement believe that 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; and	financial aid policies should be clear, understandable, and communicated in a dignified manner

II. The Attorney General Investigated Mayo Clinic's Charity Care and Debt Collection Practices under Minnesota Charitable Laws, Consumer Protection Laws, and the Hospital Agreement.

A. Initiation of the Attorney General's Investigation.

In late 2022, the *Rochester Post Bulletin* published a series of articles reporting on the relatively low amount of charity care Mayo Clinic provided⁴⁰ as well as patients' limited awareness of the availability of charity care due to Mayo Clinic's lack of transparency about the program.⁴¹ The reporting also alleged that Mayo Clinic engaged in aggressive debt collection, including suing some patients who may have been eligible for charity care, and even delaying or denying medical care due to outstanding debt.⁴² In response to the *Rochester Post Bulletin* reporting, and pursuant to the authority referenced above, the Attorney General requested documents and information from Mayo Clinic regarding its charity care and debt collection practices.



They could have qualified for charity care. But Mayo Clinic sued them

Nonprofit hospitals must offer free or discounted care to eligible patients. But the *Post Bulletin* discovered that some patients sued by Mayo for unpaid medical bills didn't know this option existed.

Because of the significant impact Mayo Clinic has on healthcare in Minnesota, the position the Attorney General holds as the chief regulator of charities and nonprofits in Minnesota, and his authority to enforce state and federal consumer protection laws and the Hospital Agreement, the Attorney General determined a review of Mayo Clinic's charity care and debt collection practices was necessary.

First, the Attorney General worked continuously and in cooperation with Mayo Clinic. In addition to the initial formal request for documents and information, this included multiple rounds of requests for clarification, numerous meet-and-confers, calls with counsel, and exchanges of draft settlement agreements.

Second, in service of the public, the Attorney General held two community meetings in August and September 2023 and called for public comment to hear directly from consumers on their experiences with medical billing.⁴³ Public feedback was significant and continuous. Since the *Rochester Post Bulletin* reporting, the Office has received over 120 Mayo Clinic-related complaints from the public about various issues related to medical billing and debt. Consumers expressed concerns about the negative impact that medical debt had on their lives, including lawsuits, garnishments, and even the denial of medical care due to outstanding medical debt.

The Office considered all the information, opinions, factors, and documents from the sources above while assessing Mayo Clinic's provision of charity care and debt collection practices.

B. The Attorney General's Investigative Findings.

Certain important facts were revealed as a part of the Office's investigation. Below is a high-level overview.

1. Mayo Clinic steered certain patients away from charity care.

Despite Mayo Clinic's charitable mission and legal requirement to provide patients with reasonable opportunities to apply for charity care, the Attorney General's investigation uncovered documents in which Mayo Clinic staff were instructed to steer patients away from charity care to collect payment.

For instance, in one internal policy document under the heading "Requests for Charitable Care and Financial Assistance," Mayo Clinic instructed its billing department employees that "[e]very effort must be made to collect [pre-service deposits] prior to engaging in conversations about charitable care. Ask the patient if they are able to obtain a bank loan, borrow from a family member, or have a fundraiser to cover the [pre-service deposits]." Another policy document instructed Mayo Clinic staff that, even "if a patient expresses an inability to pay . . . [e]very attempt must be made to resolve the balance, through a payment plan or settlement, before discussing financial assistance."

Yet another Mayo Clinic policy document similarly instructed staff to divert patients seeking charity care toward other options and only offer charity care as a last resort:

Procedure

1. If a call is received inquiring about charitable care and there are no appointments scheduled:
 - a. Discuss pre-service deposit (PSD) guidelines.
 - b. If the patient lives in MN, WI, IA, ND, or SD, encourage them to apply for Medical Assistance (MA) and have the patient call back when they are enrolled to avoid a PSD.
 - c. If the patient lives in a state that would be considered non-participating, advise them to apply for Medicaid and work with their local physician to find a provider that accepts their states MA plan.
 - d. Ask the patient if they are able get a bank loan, borrow from a family member, or have a fund raiser to cover the PSD.
 - e. If the patient will soon be eligible for Medicare and the services are non-emergent, ask the patient to call back when Medicare coverage is in place.
 - f. Other than local patients, care needs to be unique to Mayo or be the closest treating facility for the patient's condition.
 - g. If the patient is still asking for charitable care, explain to the patient that their local medical provider or referring doctor must call Mayo through Referring Physicians Services (RPS) 800-533-1564 to discuss the patient's medical case with a Mayo On-Call Staff doctor. Care needs to be unique to Mayo. Also, let the patient know that if the Mayo doctor does support charitable care then the patient will need to provide financial information before a charitable care request can be submitted for Mayo Administrative decision. (We may ask for pay stubs/income tax statements).
 - i. If no Mayo Clinic number, no documentation needed.
 - ii. If the patient has a Mayo Clinic number, document in Epic guarantor account notes regarding the call and e-mail the Charity team to set a self-pay flag and start a financial assistance case to follow as the patient expressed a hardship.

Mayo Clinic retained several third-party debt collection agencies to assist in collecting outstanding medical debt from its patients, including ARStrat, which Mayo Clinic retained from at least October 2017 through September 2023. The Hospital Agreement requires Mayo Clinic to ensure that contracts with third-party collection agencies require such agencies "to act in accordance with the terms of [the Hospital] Agreement, applicable laws, and the policies described" in the Hospital Agreement.⁴⁴

Mayo Clinic's contracted debt collection agency, ARStrat, failed to include language about charity care on its collection notices

Documents produced by Mayo Clinic to the Attorney General show that ARStrat at times failed to include language about charity care on its collection notices. Mayo Clinic was aware that ARStrat failed to provide this information to Mayo Clinic's patients. In one exchange from November 2022, two senior Mayo Clinic employees discussed how to "deal with the [Post Bulletin] article," with one writing, "[u]nfortunately, I do not think Arstrat mentions [financial assistance] in any of their letters that I saw." Her colleague responded that Mayo Clinic "should ask that

ARstrat add a blurb about financial assistance similar to what [another collection agency Mayo Clinic used] provides." The first employee replied "ARstrat just confirmed that they do not [mention financial assistance]. I will ask them to add it asap."

2. Mayo Clinic's charity care application was burdensome and deterred otherwise eligible patients.

Mayo Clinic's charity care application was so burdensome and its follow-up so inadequate that some patients who may have been eligible under Mayo Clinic's own policies were not provided the charity care to which they were otherwise entitled. For instance, Mayo Clinic's charity care application required voluminous and often duplicative information, including but not limited to information and documentation regarding assets, debt, and insurance. In numerous cases reviewed by the Attorney General, patients had difficulty completing the application.

A spreadsheet produced by Mayo Clinic demonstrates the burdensome nature of its charity care application and process. The spreadsheet identifies 1,929 collections lawsuits Mayo Clinic filed against patients between January 1, 2019 and November 30, 2022. It details patient contacts by Mayo Clinic and its various debt collection agencies prior to filing suit. One tab indicates that, of the 537 patients with whom Mayo Clinic discussed charity care, 290 did not return the application.

In the event a patient submitted an incomplete application for charity care, Mayo Clinic failed to adequately follow up to ensure the application was completed or offer help in doing so. For example, one patient submitted a charity care application that Mayo Clinic denied due to a missing signature. Mayo Clinic then sued her for unpaid medical bills. Later, in conducting an internal review in response to the *Rochester Post Bulletin* reporting, one Mayo Clinic employee asked "[w]as there ever any follow-up with [patient] re: the unsigned [application]? Wouldn't we have contacted them asking for them to complete them?" Another employee responded that the patient was sent a "missing information letter" but "[the patient] never sent an updated sheet/app with signatures so it was denied." The first employee asked: "Did we ever follow-up/call with the patient asking them for the missing information?" to which the response was "NO – [Financial Support] procedure does not include a call after a missing letter is sent to patient."

Mayo Clinic sued a patient for unpaid medical bills after denying her application due to a missing signature.

"[w]as there ever any follow-up with [patient] re: the unsigned [application]? Wouldn't we have contacted them asking for them to complete them?"

the patient was sent a "missing information letter" but "[the patient] never sent an updated sheet/app with signatures so it was denied."

"Did we ever follow-up/call with the patient asking them for the missing information?"

"NO – [Financial Support] procedure does not include a call after a missing letter is sent to patient."

Due to Mayo Clinic’s burdensome charity care application and inadequate follow-up process, some patients were not provided “a reasonable opportunity to submit an application for Charity Care,” as required by the Hospital Agreement.⁴⁵ In fact, in at least four cases reviewed by the Attorney General, Mayo Clinic sued patients who may have qualified for charity care based on their household size and income.

3. Mayo Clinic engaged in aggressive debt collection and litigation practices.

Mayo Clinic engaged in aggressive debt collection and litigation in contravention of the Hospital Agreement, as well as its charitable mission and values, including but not limited to garnishing more than \$2.5 million in wages from 2019 to 2022. In at least three cases reviewed during the Attorney General’s investigation, Mayo Clinic sought to garnish wages from patients who may have qualified for charity care.

Mayo Clinic acknowledged that its litigation thresholds, which were as low as \$1,000 in outstanding debt, were below industry standards and even contravened its own policies. In one email between senior Mayo Clinic employees sent in response to the *Rochester Post Bulletin* reporting, one employee stated that Mayo Clinic was “supposed to stop all” lawsuits seeking to collect debt less than \$5,000:

From: [REDACTED]@mayo.edu>
Sent on: Tuesday, November 22, 2022 6:22:30 PM
To: [REDACTED]@mayo.edu>
Subject: FW: Patients

Hey [REDACTED]. How much of this legal info do we have readily available?

1. Total litigations YTD by DSE for Mayo – (\$ and Vol)
2. Total active litigations (vol & \$) less than \$5K this year (we were supposed to stop all of these, so need to confirm) - **There is a case below referenced for \$1370, that should not have gone to legal action.** Can you confirm if it has gone to the court.
3. Total active litigations between \$5K-10K (\$ & Vol)

Documents reviewed by the AGO, however, indicate that Mayo Clinic sued more than one thousand patients to collect debt balances between \$1,000 and \$5,000, and filed more than 30 lawsuits seeking to recover less than \$1,000 in debt.

Even a Senior Director in Mayo Clinic’s Revenue Cycle group was apparently unaware how aggressive Mayo Clinic was in suing its patients:

From: [REDACTED]@mayo.edu>
Sent on: Wednesday, November 23, 2022 6:00:25 AM
To: [REDACTED]@mayo.edu>; [REDACTED]@mayo.edu>; [REDACTED]@mayo.edu>; [REDACTED]@mayo.edu>
Subject: RE: PB Article SBAR -- Not for distribution.

Interesting article, [REDACTED]. Thanks for sharing.... **Are these facts true? Did we sue the patient for the balance? I didn't know we went to those lengths..**

Thanks,
[REDACTED]

Senior Director,
Revenue Cycle
Cell Phone: [REDACTED]
E-mail: [REDACTED]@mayo.edu

In another email, Mayo Clinic acknowledged that its “legal placement thresholds” were increased in November 2022 from \$1,000 to \$2,500 “as we continue to better align with the industry to limit legal action.”

4. **Mayo Clinic delayed and denied care to patients due to outstanding medical debt.**

The Attorney General's investigation revealed that Mayo Clinic's Financial Counseling Call Center followed a Pre-Appointment Review process that contained guidelines regarding appointment requests if a patient had an outstanding balance in collections. This process included a review of whether the care was urgent or unique to Mayo Clinic and whether the patient was local. Physician review was required. If these criteria were not satisfied, Mayo Clinic required patients to pay their outstanding debt in full prior to scheduling an appointment for medical treatment.

Documentation provided by Mayo Clinic shows scheduling holds were put in place for patients who pre-qualified for charity care and were sent an application, but for whom applications were not completed. Effective October 1, 2024, medical providers are prohibited under the Debt Fairness Act from withholding medically necessary care due to unpaid debt.⁴⁶

Debt Fairness Act

Minn. Stat. § 62J.807 - Effective October 1, 2024

62J.807 DENIAL OF HEALTH TREATMENT OR SERVICES DUE TO OUTSTANDING MEDICAL DEBT.

(a) A health care provider must not deny medically necessary health treatment or services to a patient or any member of the patient's family or household because of current or previous outstanding medical debt owed by the patient or any member of the patient's family or household to the health care provider, regardless of whether the health treatment or service may be available from another health care provider.

(b) As a condition of providing medically necessary health treatment or services in the circumstances described in paragraph (a), a health care provider may require the patient to enroll in a payment plan for the outstanding medical debt owed to the health care provider. The payment plan must be reasonable and must take into account any information disclosed by the patient regarding the patient's ability to pay. Before entering into the payment plan, a health care provider must notify the patient that if the patient is unable to make all or part of the agreed-upon installment payments, the patient must communicate the patient's situation to the health care provider and must pay an amount the patient can afford.

III. Mayo Clinic has Taken Positive Steps to Increase Access to Charity Care as a Result of the Attorney General’s Investigation.

Mayo Clinic has represented to the Attorney General that, as a result of the Attorney General’s investigation and its own internal review, Mayo Clinic has taken significant steps to improve eligible patients’ access to charity care.

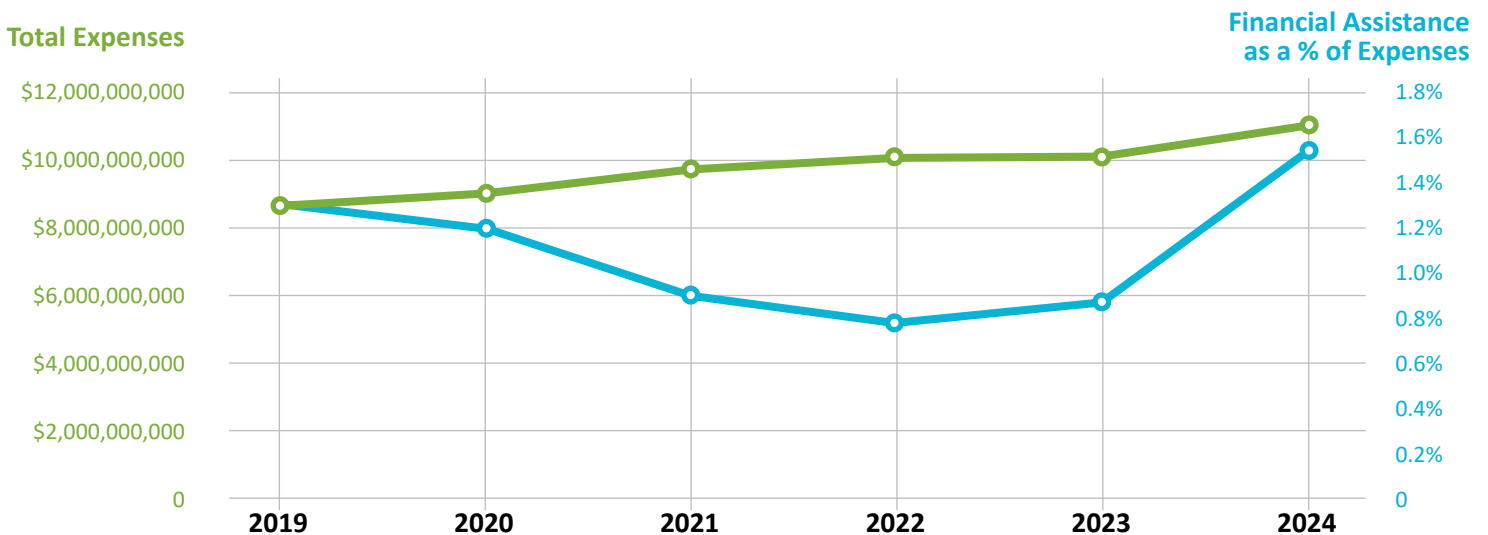
For example, beginning in October 2023, Mayo Clinic expanded its process of assessing “presumptive eligibility” in which it qualifies certain patients as eligible for charity care without requiring the patient to complete an application. This change in Mayo Clinic’s charity care practices substantially increased the amount of charity care Mayo Clinic provided to patients. Between October 1, 2023 and August 31, 2024, Mayo Clinic provided nearly \$142 million in charity care to more than 42,700 patients. Of the \$142 million, \$89 million was provided to over 37,500 patients without requiring those patients to complete a charity care application. This is a significant increase from figures reported by Mayo for the years 2019-2022. In 2019, 9,361 charity care applications were approved. The figures declined every year thereafter to 5,874 in 2022.

Additionally, Mayo Clinic conducted a charity care assessment on all accounts at its collection agencies during that period and adjusted over \$33.8 million in outstanding patient debt, benefitting over 8,400 patients.

The chart below illustrates the charity care Mayo Clinic has provided from 2019-2024:

Direct Patient Care Financial Assistance as a Percentage of Expenses

	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	\$10,092,896,794	\$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%



Mayo Clinic has also discontinued the steering practices detailed above to ensure that patients receive complete information about the availability of charity care as soon as they indicate they may be eligible.

IV. The Attorney General's Assurance of Discontinuance with Mayo Clinic Improves Patient Access to Charity Care and Minimizes Patients' Exposure to Lawsuits to Collect Outstanding Medical Debt.

To resolve the Attorney General's investigation, Mayo Clinic has agreed to enter into a settlement agreement, also called an Assurance of Discontinuance ("Assurance"), that has been publicly filed and will be enforceable by a Court.⁴⁷ As part of the Assurance, Mayo Clinic has agreed to comply with certain injunctive terms and conditions, detailed below.

A. Maintenance of Current Charity Care Policy.

Mayo Clinic has agreed to maintain its charity care policy providing 100% charity care to patients with incomes up to 200% of FPG and between 40% to 50% charity care for patients with incomes up to 400% of FPG for the duration of the Assurance.

B. Presumptive Eligibility Process.

Mayo Clinic conducts 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. If patients do not qualify for participation in government assistance programs, Mayo Clinic will determine the patient's eligibility for charity care. Under the Assurance, if Mayo Clinic determines that a patient is presumptively eligible for charity care based on their household size and income as a percentage of FPG, Mayo Clinic will provide the patient a discount in accordance with its charity care policies, without requiring the patient to complete an application. This includes applying the presumptive eligibility process to all hospital-based uninsured or unverified insurance (according to Minn. Stat. § 144.587) patients eligible for charity care under Mayo Clinic's charity care policy.

C. Streamlined Charity Care Application.

In cases where patients are not presumptively eligible for charity care, the Assurance requires Mayo Clinic to use an agreed-upon simplified charity care application that does not require excessive or redundant items for income or asset verification or otherwise place an unreasonable burden on patients. The Assurance also requires Mayo Clinic to ensure that its charity care application is available to complete online. If a patient attempts to submit an incomplete application, Mayo Clinic must offer to schedule an appointment with a Mayo Clinic Financial Counselor to assist in completion of the application.

D. No Lawsuits Other Than in Exceptional Circumstances.

The Assurance requires Mayo Clinic to cease filing lawsuits against patients with outstanding medical debt except in exceptional circumstances, such as when a patient receives and retains payment directly from his or her insurer that is intended to pay for care provided by Mayo Clinic. In addition, Mayo Clinic is required to obtain the prior approval of its Chief Financial Officer prior to filing a lawsuit seeking to collect medical debt.

V. Legislative Changes are Needed to Increase Access to Charity Care.

In addition to the findings detailed above, the Attorney General's investigation revealed that Minnesota's past regulatory framework was insufficient to ensure access to charity care and counter the crippling effects of medical debt. Recent changes to Minnesota law include new legal protections designed to address medical debt. In 2023, the legislature passed a bill requiring hospitals to screen patients who are uninsured or whose insurance coverage status is not known by the hospital for eligibility for health coverage in government programs or charity care.⁴⁸ The bill also codified aspects of the Hospital Agreement. The legislature further addressed medical debt with the 2024 passage of the Minnesota Debt Fairness Act.⁴⁹ In addition to other improvements, as of October 1, 2024, medical debt is no longer automatically transferred to one's spouse, cannot be used to deny medically necessary care, and can no longer be reported to credit reporting agencies.

While these protections and the protections of the Hospital Agreement go a long way to addressing the medical debt problem, this report demonstrates that more can and must be done to prevent patients from incurring medical debt and to mitigate the harm caused by medical debt. Below are some steps the Attorney General encourages the legislature to explore in order to provide patients greater access to charity care.

A. Require Hospitals to Implement Presumptive Eligibility for Qualified Charity Care Patients.

- As explained above, presumptive eligibility for charity care is a process that automatically approves and enrolls patients in the charity care program based on certain criteria (e.g., household size and income), without requiring the patient to apply.
- Implementing a presumptive eligibility process that applies to all patients—uninsured, insured, and coverage status unknown⁵⁰—would help ensure that patients who are eligible for charity care under a hospital's policy are able to access the assistance. In many cases, patients are unaware of the availability of a hospital's charity care program or its eligibility requirements. And even when patients are aware, they are often unable to successfully apply due to burdensome requirements such as redundant and unnecessary information to verify income or assets.
- Determining eligibility as early as possible and prior to billing helps reduce stigma and burdens for patients and revenue cycle management employees.
- Presumptive eligibility determination can be made through a third-party software vendor or if not possible, by honoring other income-verified government programs (e.g., SNAP and Medicaid).

B. Provide a Basic Eligibility Floor for Charity Care Based on Income.

- Hospitals establish their own eligibility criteria for charity care. For this reason, eligibility for charity care can vary by hospital. For example, the maximum income eligibility for charity care may range from 100% if the patient's income is at 0% to 175% of FPG to up to 50% if the patient's income is at 400% of FPG.
- Providing a basic eligibility floor (e.g., 200% of FPG) would improve consistency in policies and the level of charity care provided by hospitals. In 2020, half of all hospitals reported that charity care costs represented 1.4% or less of operating expenses. The level of charity care varied from less than .1% of operating expenses to greater than 7%.⁵¹

C. Enact a Uniform and Simplified Charity Care Application.

- There is no requirement that hospitals use a standard charity care application and, as the Attorney General's investigation revealed, many patients found Mayo Clinic's application burdensome. A legally mandated, uniform, and simple application would increase eligible patients' ability to access charity care.

Endnotes

- 1 Agreement, *In the Matter of Mayo Clinic*, 62-CO-05-005590 (Minn. 2d Jud. Dist. Aug. 22, 2022) (hereinafter “Hospital Agreement”) ¶¶ 41-42, <https://perma.cc/88HB-RS8E>. The Hospital Agreement is attached as **Exhibit A** to this report.
- 2 See, e.g., Minn. Stat. §§ 8.31, 317A.813, 325D.44, 325F.70, 309.57, 501B.34, 501B.40. The Attorney General maintains inherent *parens patriae* powers when “‘state citizens have been harmed, [and] where the state maintains a quasi-sovereign interest,’ which occurs when ‘the health and well-being of its residents is affected, or where the state works to assure that its residents enjoy the full benefit of . . . [the] laws.’” *State v. Minn. Sch. of Bus., Inc.*, 935 N.W.2d 124, 133 n. 4 (Minn. 2019) (quoting *State by Humphrey v. Standard Oil Co. (Ind.)*, 568 F. Supp. 556, 563 (D. Minn. 1983)).
- 3 See also Minn. Stat. § 309.533 (stating the Attorney General “may make public or private investigations within or outside the state as deemed necessary by the attorney general to determine whether any person” had violated the chapter, to aid in its enforcement, or to prescribe rules or forms, and “may publish information, concerning the violation of” the chapter).
- 4 Minn. Stat. § 309.54, subd. 2.
- 5 Minn. Stat. §§ 8.31, 325D.44 (Deceptive Trade Practices Act), and 325F.69 (Consumer Fraud Act).
- 6 Hospital Agreement ¶ 41.
- 7 *Mission and Values*, Mayo Clinic, <https://perma.cc/K7NV-GKGZ>.
- 8 26 U.S.C. § 501(c)(3); Minn. Stat. §§ 309.53, subd. 3, 501B.35, subd. 2.
- 9 Sister Ellen Whelan & Matthew D. Dacy, *The Little Book of Mayo Clinic Values*, at 6, (2017), <https://perma.cc/38KZ-KDAL>.
- 10 *Id.* at 8.
- 11 *Id.* at VII. “Because of their care for the sick and injured, nonprofit hospitals have long been considered organizations deserving of tax exemptions.” State of Minn. Office of the Leg. Auditor, *Community Benefit Expenditures at Nonprofit Hospitals: 2025 Evaluation Report*, at 35 (Feb. 2025), <https://perma.cc/WK48-WCD4>.
- 12 Minnesota Dept. of Health, *Minnesota Health Care Markets Chartbook* Section 1, at 4, 15 (updated Jan. 2025), <https://perma.cc/DAD2-L8JY>.
- 13 Minnesota Dept. of Health, *Minnesota Health Care Markets Chartbook* Section 3, at 23, 26, <https://perma.cc/M2MZ-4ZFW>.
- 14 Minnesota Dept. of Health, *Minnesota Health Care Spending Projections, 2022 to 2031: Key Trends*, at 1, 4 (Oct. 2024), <https://perma.cc/8QBV-WRPA>.
- 15 *Id.* at 5.
- 16 Shameek Rakshit *et al.*, *The burden of medical debt in the United States*, Peterson Ctr. on Healthcare & KFF (Feb. 12, 2024), <https://perma.cc/5WR2-5RM5>.
- 17 *Id.*
- 18 *Id.*
- 19 *Id.*
- 20 Noam N. Levey and Aneri Pattani, *How Banks and Private Equity Cash In When Patients Can’t Pay Their Medical Bills*, KFF Health News (Nov. 17, 2022), <https://perma.cc/729F-MGFR>.
- 21 Sara R. Collins *et al.*, *Paying for It: How Health Care Costs and Medical Debt Are Making Americans Sicker and Poorer: Findings from the Commonwealth Fund 2023 Health Care Affordability Survey*, Commonwealth Fund, (Oct. 26, 2023), <https://perma.cc/6Z54-B5P3>.
- 22 *Id.*
- 23 *Id.*
- 24 *Impacts of Medical Debt*, (Oct. 2023), <https://perma.cc/5VPM-CFHS>.
- 25 26 U.S.C. § 501(r).
- 26 *Financial assistance policies (FAPs)*, Internal Revenue Serv., (updated Dec. 2024), <https://perma.cc/C5DX-LTSZ>.
- 27 Zachary Levinson *et al.*, *Hospital Charity Care: How It Works and Why It Matters*, KFF (Nov. 2022), <https://perma.cc/DXE6-YBCR>.
- 28 Joseph D. Bruch & David Bellamy, *Charity Care: Do Nonprofit Hospitals Give More than For-Profit Hospitals?*, 36 J.Gen. Internal Med. 3279 (2020), <https://perma.cc/NC97-WN96>.

29 In 2024, Mayo Clinic’s Chief Financial Officer said, “We’re pleased with the [financial] results, but we’re not organized for financial return[.] . . . Every dime, every nickel of profit that Mayo Clinic generates goes right back into the foundation and really just ignites health care transformation.” Christopher Snowbeck, *Mayo Clinic operating profit jumps to \$1.1B as staffing woes recede*, Minn. Star-Tribune, (Feb. 28, 2024), <https://perma.cc/RQN3-8Y49>.

30 See, e.g., *Fair Share Spending – Are Hospitals Giving Back as Much as They Take?* Lown Inst. Hosp. Index, <https://perma.cc/7HVG-AJW8>; Christopher Snowbeck, *Report says tax breaks for Minnesota hospitals, including Mayo, outweigh community benefit*, Minn. Star-Tribune (March 25, 2024), <https://perma.cc/Q6XP-RTFM>; Molly Castle Work & Jeff Kiger, *Medical bills can be crippling. Mayo Clinic’s charity care? Arguably lacking*, Post Bull. (Sept. 30, 2022), <https://perma.cc/9NV5-7MQF>. Recently, the Office of the Legislative Auditor found that most nonprofit hospitals in Minnesota—including Mayo Clinic—appear to spend more in community benefit spending than they receive in tax breaks. But the report itself stated that “limited data and competing definitions made it difficult to accurately quantify either community benefits or tax benefits.” State of Minn. Office of the Leg. Auditor, *Community Benefit Expenditures at Nonprofit Hospitals: 2025 Evaluation Report*, at S-1 (Feb. 2025), <https://perma.cc/K9P2-C643>. Accordingly, the report is of limited utility to the Attorney General’s investigation, which focused on charity care.

31 State of Minn. Office of the Leg. Auditor, *Community Benefit Expenditures at Nonprofit Hospitals-2025 Evaluation Report*, at 33-34. <https://perma.cc/K9P2-C643>.

32 Susan Singer *et al.*, *Understanding Required Financial Assistance in Medical Care*, Consumer Fin. Prot. Bureau (July 28, 2022), <https://perma.cc/Y6SN-B28E>.

33 Elise Goldstein *et al.*, *The Path to Charity Care – Exploring the Journey & Roadblocks to Financial Assistance for Medical Bills*, Dollar For (2023), <https://perma.cc/8WXT-YZVW>.

34 *Id.*

35 Jordan Rau, *Patients Eligible for Charity Care Instead Get Big Bills*, KFF Health News (Oct. 14, 2019), <https://perma.cc/9LAZ-MVCZ>.

36 The Hospital Agreement has been subsequently renewed several times, and the current Agreement expires on August 22, 2027.

37 Hospital Agreement, at 1.

38 *Id.*

39 Hospital Agreement ¶¶ 1, 9, 16.

40 Work & Kiger, *supra* note 30.

41 Molly Castle Work, *They Could have Qualified for Charity Care. But Mayo Clinic Sued Them*, Post Bull. (Nov. 22, 2022), <https://perma.cc/9TS7-DYDJ>.

42 *Id.*

43 *Attorney General Ellison Announces New Steps in Renewed Focus on Medical Billing*, Minn. Off. Att’y Gen. Keith Ellison (Aug. 18, 2023), <https://perma.cc/MKL8-7GRS>.

44 Hospital Agreement ¶ 15.

45 Hospital Agreement ¶¶ 1, 9, 16.

46 Minn. Stat. § 62J.807.

47 See Minn. Stat. § 8.31, subd. 2b. The Assurance is attached as **Exhibit B** to this report.

48 Minn. Stat. §§ 144.587-89; Danny Spewak, *New Law in Minnesota Requires Hospitals to Screen Patients for ‘Charity Care’ Before Sending Them into Medical Debt*, KARE (Jan. 15, 2024), <https://perma.cc/8UXX-WFZV>.

49 *Attorney General Ellison Celebrates Signing of Debt Fairness Act*, Off. Att’y Gen. Keith Ellison (June 17, 2024), <https://perma.cc/U97F-7NFR>.

50 The current screening law only applies to a patient who is uninsured or whose insurance coverage status is not known by the hospital. Insured patients also incur medical debt and should be included in presumptive eligibility screening.

51 Zachary Levinson *et al.*, *Hospital Charity Care: How it Works and Why it Matters*, KFF (Nov. 3, 2022), <https://perma.cc/K3EK-JLNH>. Figure 1: KFF analysis of RAND Hospital Data, 2020. As noted *supra* note 30, the Office of the Legislative Auditor’s finding—that by some definitions community benefit spending among Minnesota nonprofit hospitals surpassed those hospitals’ tax benefits—is of limited utility.



The Office of the
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STATE OF MINNESOTA
COUNTY OF RAMSEY

DISTRICT COURT
SECOND JUDICIAL DISTRICT
Court File No. 62-C0-05-5590

In the matter of Mayo Clinic

AGREEMENT

WHEREAS, the Hospitals and Holding Companies named in this Agreement believe that a hospital bill should never get in the way of a Minnesotan receiving essential health services; and

WHEREAS, the Hospitals and Holding Companies named in this Agreement believe that 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; and

WHEREAS, the Hospitals and Holding Companies named in this Agreement believe that debt collection policies - by both hospital staff and external collection agencies - should reflect the mission and values of the hospital; and

WHEREAS, to convey this message to patients and the communities they serve, the Hospitals and Holding Companies named in this Agreement entered into an Agreement in 2005, 2007, 2012, and 2017 for purposes of memorializing their desire to reform practices relating to collection of medical debt and patient billing; and

WHEREAS, the Holding Companies and Hospitals set forth in this Agreement wish to continue these policies and practices; and

NOW, THEREFORE, the Holding Companies and Hospitals named in this Agreement stipulate and agree to the entry of the following Agreement:

DEFINITIONS

A. The term “Charity Care” means the provision of free or discounted care to a patient pursuant to financial assistance policies approved by the Hospital Board of Directors.

B. The term “Holding Company” means the following parent organization which is a signatory to this Agreement: **Mayo Clinic** and includes any free standing physician clinics operated by that Holding Company or its Minnesota subsidiaries during the term of this Agreement, as well as all hospitals operated by that Holding Company 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. Unless otherwise indicated, for purposes of this Agreement, the term “Hospital” is synonymous with the term “Holding Company” and shall include all of the signatories to this Agreement.

C. The term “Hospital Board of Directors” shall mean the Board of Directors of the particular Holding Company.

LITIGATION PRACTICES

1. The Hospital shall not give any debt collection agency or attorney any blanket authorization to take legal action against its patients for the collection of medical debt. The Hospital shall not file any lawsuit against any particular patient to collect medical debt until a Hospital employee with the appropriate level of authority authorizes the litigation after verifying that:

- a. There is a reasonable basis to believe that the patient owes the debt;
- b. All known third-party payors have been properly billed by the Hospital, such that any remaining debt is the financial responsibility of the patient and

provided that the Hospital shall not bill a patient for any amount that an insurance company is obligated to pay;

- c. Where the patient has indicated inability to pay the full amount of the debt in one payment, the Hospital has offered the patient a reasonable payment plan, provided 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;
- d. The patient has been given 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, including, for example, if the patient is uninsured or is on MinnesotaCare, Medical Assistance, or other relief based on need; and
- e. In the case of a default judgment proceeding, verifying: that there is not a reasonable basis to believe: (i) that the patient may already consider that he or she has adequately answered the complaint by calling or writing to the Hospital, its debt collection agency, or its attorney; (ii) that the patient is sick, disabled, infirm or so elderly so as to potentially render the patient unable to answer the complaint; or (iii) the patient may not have received service of the complaint.

2. The Hospital shall set forth in the policy developed pursuant to Paragraph 36(b) of this Agreement the level of employee (i.e. supervisor, manager, Chief Financial Officer, etc.) who is authorized to make the determinations required in the prior paragraph, which level may vary based upon the amount of the debt.

3. On at least an annual basis, the Hospital's Chief Executive Officer shall review and determine whether or not to issue to or renew any contract with any third party debt collection attorney. In determining whether to issue or renew any such contract, the Hospital shall consider

whether the debt collection attorney has acted in a manner consistent with this Agreement and with the Hospital's mission and policies and applicable laws.

4. The Hospital shall enter into a written contract directly with any attorney or law firm utilized by it to collect debt from its patients and shall not subcontract or delegate the selection of any third party debt collection attorney or law firm to its debt collection agency. Any contract between the Hospital and the debt collection attorney or law firm shall require the attorney or law firm to act in accordance with the terms of this Agreement, applicable laws, and the policies described in paragraph 36.

5. The Hospital shall not pay any debt collection attorney or law firm any performance bonus, contingency bonus, or other similar payment which is calculated on the basis of the amount or percentage of debt collected from two or more patients. This paragraph shall not prohibit the Hospital from paying an attorney a percentage of the debt collected from a particular patient, provided that the Hospital shall establish adequate contractual controls to ensure that the attorney acts in a manner consistent with this Agreement and the Hospital's mission.

6. The Hospital's General Counsel's Office or, if none exists, a Hospital employee with suitable experience and authority shall oversee the conduct of any third party attorney retained by the Hospital to collect medical debt from its patients and shall oversee all debt collection litigation.

7. The Hospital shall require that its third party debt collection attorneys take the following actions with respect to the collection of medical debt from patients:

- a. File any lawsuits brought against the Hospital's patients for the collection of medical debt with the applicable court no later than seven (7) days after the lawsuit has been served upon the patient;

- b. Sign and date all pleadings, including but not limited to all summonses and complaints and garnishment summonses and related documents;
 - c. Ensure that all affidavits of service which purport to document the service of any pleading or legal papers state the following
 - (i) If the pleading is served by mail, the affidavit of service shall state the address to which it was mailed; and
 - (ii) If the pleading is served personally, the affidavit of service shall state the name of the person to whom the pleading was delivered. Generalized statements, such as that the pleading was delivered to “a person of suitable age,” shall not suffice for purposes of this paragraph.
 - d. Serve along with any summons and complaint the form attached as Exhibit A, or such other form approved in advance by the Attorney General's Office. This requirement does not apply to actions occurring in conciliation court.
 - e. List in the case caption of all pleadings the county where the lawsuit is or will be venued; and
 - f. The Hospital shall instruct its attorneys not to petition any court to have any debtor arrested, or any arrest warrant or body attachment issued, or to cause such an action, as a result of the debtor's failure to appear in court, to complete paperwork, or to otherwise respond to any request or action by the Hospital in connection with its efforts to collect medical debt from the patient.
8. If the Hospital has knowledge of the identity of an attorney representing a patient in connection with the Hospital's debt collection efforts, it shall notify its third party debt collection attorney, law firm, and agency of the identity of any attorney who represents the patient. Neither

the Hospital, nor any debt collection agency or attorney retained by it, shall directly contact any patient known to be represented by attorney with regard to the collection of that debt without the permission of the patient's attorney.

GARNISHMENTS

9. The Hospital shall not give any debt collection agency or attorney any blanket authorization to pursue the garnishment of patients' wages or bank accounts. The Hospital shall not authorize its debt collection agencies or attorneys to proceed with the garnishment of a particular patient's bank account or wages until a Hospital employee with the appropriate level of authority authorizes the garnishment for that particular patient after verifying that:

- a. The Hospital has no reasonable basis to believe that the patient's wages or funds at a financial institution are likely to be exempt from garnishment. Such information may include, but is not limited to, such factors as whether the patient is on Social Security, Medical Assistance, or other relief based on need;
- b. There is a reasonable basis to believe that the patient owes the debt;
- c. All known third-party payors have been properly billed by the Hospital, such that any remaining debt is the financial responsibility of the patient and provided that the Hospital shall not bill a patient for any amount that an insurance company is obligated to pay;
- d. Where the patient has indicated an inability to pay the full amount of the debt in one payment, the Hospital has offered the patient a reasonable payment plan, provided 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;
and

- e. The patient has been given 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, including, for example, if the patient is uninsured or is on MinnesotaCare, Medical Assistance, or other relief based on need.

10. The Hospital shall set forth in the policy developed pursuant to Paragraph 36 of this Agreement the level of employee (i.e. supervisor, manager, Chief Financial Officer, etc.) who is authorized to make the determinations required in the prior paragraph, which level may vary based upon the amount of the debt.

11. The Hospital shall not garnish the wages or bank account of any patient unless it has first obtained a judgment against the patient in court for the amount of the debt.

12. The Hospital shall include with the initial notice it sends to any patient of a garnishment the form attached as Exhibit B, or such other form approved, in advance, by the Attorney General's Office.

13. If a patient submits a written claim that the patient's account or wages are exempt from garnishment, the Hospital's third party debt collection attorney shall not object to the claim of exemption without receiving the specific, case-by-case approval of the Hospital's General counsel's Office or, if none exists, a Hospital employee with suitable experience and authority. In deciding whether to grant such approval in a particular case, the General Counsel's Office or Hospital employee shall review all information submitted by the patient in support of the patient's claim of exemption.

COLLECTION AGENCIES

14. On at least an annual basis, the Hospital's Chief Executive Officer shall review and determine whether or not to issue to or renew any contract with any third party debt collection

agency. In determining whether to issue or renew any such contract, the Hospital shall consider whether the debt collection agency has acted in a manner consistent with this Agreement and with the Hospital's mission and policies and applicable laws.

15. The Hospital shall enter into a written contract with any collection agency utilized by it to collect debt from its patients. The contract shall require the collection agency to act in accordance with the terms of this Agreement, applicable laws, and the policies described in paragraph 36.

16. The Hospital shall not refer any patient's account to a third party debt collection agency unless the Hospital has confirmed that:

- a. There is a reasonable basis to believe that the patient owes the debt;
- b. All known third-party payors have been properly billed by the Hospital, such that any remaining debt is the financial responsibility of the patient and provided that the Hospital shall not bill a patient for any amount that an insurance company is obligated to pay;
- c. Where the patient has indicated an inability to pay the full amount of the debt in one payment, the Hospital has offered the patient a reasonable payment plan, provided 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; and
- d. The patient has been given 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, including, for example, if the patient is uninsured or is on MinnesotaCare, Medical Assistance, or other relief based on need.

17. The Hospital shall set forth in the policy developed pursuant to Paragraph 36 of this Agreement the process for satisfying the criteria required in the prior paragraph and the person(s) accountable for compliance with this agreement.

18. The Hospital shall not refer any medical debt to a third party debt collection agency or attorney if the patient has made payments on that debt in accordance with the terms of a payment plan previously agreed to by the Hospital.

19. If a patient has submitted an application for Charity Care after an account has been referred for collection activity, the Hospital shall suspend all collection activity until the patient's Charity Care application has been processed by the Hospital and the Hospital has notified the patient of its decision.

20. The Hospital shall not pay any debt collection agency any performance bonus, contingency bonus, or other similar payment which is calculated on the basis of the amount or percentage of debt collected from two or more patients. This paragraph shall not prohibit the Hospital from paying a collection agency a percentage of the debt collected from a particular patient, provided that the Hospital shall establish adequate contractual controls to ensure that the collection agency acts in a manner consistent with this Agreement and the Hospital's mission.

21. The Hospital shall require any third party debt collection agency and attorney utilized by it to keep a log of all oral and written complaints received by any patient concerning the conduct of the agency. For purposes of this paragraph, a "complaint" is any communication from a patient or patient's representative in which they express concerns about the conduct of the debt collection agency. The Hospital shall obtain a complete copy of the log at least six (6) times per year. The Hospital's contract with the debt collection agency shall state that failure by the

agency to log and provide all patient complaints in the manner required by this paragraph may result in termination of the Hospital's contract with the agency.

22. The Hospital shall require any third party debt collection agency and attorney utilized by it to keep a record of the date, time, and purpose of all communications to or from its patients.

23. If a patient asks any third party debt collection agency or attorney for the contact information for the Hospital, the Hospital shall instruct the agency or attorney to provide the patient with the phone number and address described in Paragraph 28. The Hospital shall not refuse to supply information to or speak with any of its patients on the basis that the account has been placed with a third party debt collection agency or attorney for collections.

24. The Hospital shall train its outside debt collection agencies and attorneys about the Hospital's Charity Care policy and how a patient may obtain more information about the Hospital's Charity Care policy or submit an application for Charity Care. The Hospital shall require its debt collection agencies and attorneys to refer patients who may be eligible for Charity Care to the Hospital.

25. The Hospital shall include the following language on all collection notices sent to patients by it or its third party debt collection agencies or attorneys, and on all cover letters serving all lawsuits and garnishment papers:

If you feel that your concerns have not been addressed, please contact _____ first and allow us the opportunity to try and address your concerns. If you continue to have concerns that have not been addressed, you may contact the Minnesota Attorney General's Office by telephone at 651-296-3353 or 1-800-657-3787, by email at hospital.billing@ag.state.mn.us, or online at www.ag.state.mn.us/contact.

The Hospital shall print this language with the prominence required for notices under the federal Fair Debt Collection Practices Act.

26. Neither the Hospital nor its debt collection agencies or attorneys shall report any patient to a credit reporting agency as a result of that patient's failure to pay a medical bill.

CENTRAL BILLING OFFICE

27. The Hospital shall develop and implement policies and procedures to ensure the timely and accurate submission of claims to third party payors. If the Hospital timely received from a patient information about the patient's third party payor but does not timely submit a claim to the third party payor, the Hospital shall not bill the patient for any amount in excess of that for which the patient would have been responsible had the third party payor paid the claim. The Hospital shall not refer any bill to a third party collection agency or attorney for collection activity while a claim for payment of the bill is pending with a third party payor with which the Hospital has a contract. The Hospital may refer a bill to a third party collection agency or attorney following an initial denial of the claim by the third party payor. The Hospital shall not refer any bill to a third party collection agency or attorney for collection activity when a claim is denied by a third party payor due to the Hospital's error, and such error results in the patient becoming liable for the debt when they would not otherwise be liable. The parties recognize that, in order for the Hospital to properly bill a patient's insurance company, the Hospital may need the patient's cooperation and that the Hospital may not be able to properly bill the patient's insurance company without the patient's cooperation. In the event that the Hospital believes that a private third party payor has improperly delayed or denied payment of a claim, the Hospital may file a complaint with the Minnesota Attorney General's Office, which may provide assistance to the Hospital or its patient in attempting to get the claim paid.

28. The Hospital shall develop a streamlined process for patients to question or dispute bills, including a toll-free phone number patients may call and an address to which they may write.

The phone number and address shall be listed on all patient bills and collection notices sent by the Hospital. The Hospital shall return telephone calls made by patients to this number as promptly as possible, but in no event later than one business day after the call is received. The Hospital shall respond to correspondence sent to this address by patients within ten (10) days.

29. If a patient advises the Hospital, its debt collection agency, or any attorney utilized by the Hospital that: a) the patient does not owe all or part of a bill, b) a third party payor should pay the bill, or c) the patient needs documentation concerning the bill, the Hospital, the collection agency, and its attorney must cease further collection efforts until the Hospital or the agency provides the patient with documentation establishing that, as applicable, the patient owes the debt or that the applicable third party payor has already paid all amounts for which it is obligated. The Hospital or the collection agency shall provide such documentation in writing within ten (10) days and shall not pursue further collection activity for a period of thirty (30) days after providing proof that the debt is owed, so as to give the patient further opportunity to pay the bill or to challenge the documentation supplied by the Hospital. If the Hospital provides the required documentation and the patient does not respond within thirty (30) days, the Hospital may resume collection activity. This section should not be construed as preventing the Hospital from addressing patient billing inquiries orally when appropriate.

30. The Hospital shall develop a system to record and log all patient complaints received by its billing offices, including at the locations identified in paragraph 28, regarding the collection of medical debt by the Hospital or its third party debt collection attorneys or agencies. The Hospital may maintain such records at more than one location.

BILLING TO THE UNINSURED

31. If the Hospital demands that an uninsured patient pay a medical bill, upon request by the uninsured patient, the Hospital shall provide to that patient a detailed, itemized bill.

32. The term “most favored insurer” means the nongovernmental third party payor that provided the most revenue to the provider during the previous calendar year. The Hospital shall not charge a patient whose annual household income is less than \$125,000 for any uninsured treatment in an amount greater than the amount which the provider would be reimbursed for that service or treatment from its most favored insurer. The total charge for uninsured treatment shall not be more than the provider would be reimbursed directly from its most favored insurer and from that insurer’s policyholder under any applicable and allowable copayments, deductibles, or coinsurance. The Hospital shall apply the same percentage discount to its charge description master for uninsured treatment that it would apply to charges incurred by a policyholder of its most favored insurer. Beginning on the date of this Agreement, each year the Hospital and the Attorney General may agree in advance, by a confidential letter agreement, on the percentage discount from the charge description master that the Hospital provides to its most favored insurer and which the Hospital shall provide for uninsured treatment under this paragraph. The Hospital shall provide to the Attorney General, pursuant to paragraph 41, any information requested by the Attorney General for purposes of calculating this discount. The Hospital shall utilize the same initial charge description master prices for uninsured treatment that it utilizes for treatment provided to a policyholder of its most favored insurer.

The term “uninsured treatment” means any treatment or services which are not covered by a plan, contract, or policy which provides coverage to the patient through or is issued to the patient by: (1) a “health plan company,” as that term is defined in Minn. Stat. § 62Q.01, subd. 4; (2) a

self-funded employee benefit plan; (3) any governmental program, including but not limited to MinnesotaCare, the Minnesota Comprehensive Health Association, Medicare, Medicaid, or TriCare; (4) any other type of health insurance, health maintenance, or health plan coverage; (5) any other type of insurance coverage, including but not limited to no-fault automobile coverage, workers' compensation coverage, or liability coverage. In the event that the Hospital inadvertently sends a bill to a patient in excess of that which is allowed by this paragraph 32 because the Hospital is not aware that the treatment or service constitutes uninsured treatment, and the Hospital thereafter learns that the treatment or service constitutes uninsured treatment, the Hospital shall promptly adjust its charges so as not to exceed the amount allowable under this paragraph 32, and the Hospital shall promptly notify the patient of the new amount of the bill.

This paragraph shall only apply to charges by or incurred at a facility defined in Minn. Stat. § 144.50, subd. 2 (2010) or Minn. Stat. § 144.55, subd. 2 (2010), including those of a provider who is employed by the Hospital when providing services to a patient at a facility defined in Minn. Stat. § 144.50, subd. 2 (2010) and Minn. Stat. § 144.55, subd. 2 (2010). This paragraph shall only apply to medically necessary health care treatment and not to cosmetic procedures without any medical necessity.

33. In recognition that some patients express their financial concerns directly to their treatment providers (i.e. doctors, nurses, etc.), the Hospital shall train its staff responsible for admissions, billing, and providing direct patient treatment, about the existence of the Hospital's Charity Care policy and how a patient may obtain more information about the Hospital's Charity Care policy or submit an application for Charity Care.

MISCELLANEOUS PROVISIONS

34. In the event that the Hospital concludes that any requirement of this Agreement is no longer feasible, that the public may be better served by a modification of this Agreement, or that it has evidence that the terms of this Agreement have caused those who can afford health insurance coverage to voluntarily choose to go without it, the Hospital may request that the Attorney General consent to a modification of the terms of this Agreement. The Attorney General shall make a good faith evaluation of the then-existing circumstances and, after collecting information the Attorney General deems necessary, make a decision within thirty (30) days as to whether to consent to a modification of this Agreement.

35. The Hospital and its agents shall not state or imply, directly or indirectly, that the State of Minnesota or the Attorney General's Office has approved of, condones, or agrees with any lawsuit, garnishment, or other attempt by the Hospital to collect debt from a patient.

36. The Hospital's Board of Directors shall adopt the following policies, which shall not be inconsistent with this Agreement:

- a. A zero tolerance policy for abusive, harassing, oppressive, false, deceptive, or misleading language or collections conduct by its debt collection attorney and agency, and their agents and employees, and Hospital employees responsible for collecting medical debt from patients;
- b. A debt collection litigation policy, which shall include a policy permitting the garnishment of patient wages or accounts only after entry of a judgment;
- c. A policy establishing the procedures to be utilized by the Hospital's third party debt collection agencies;

- d. A policy establishing the procedures to be utilized by the Hospital's employees who participate in the collection of medical debt; and
- e. A Charity Care policy which takes into consideration the financial ability of the patient to pay a medical bill.

37. The Hospital's Board of Directors shall review, at least one time per year, the Hospital's practices in the following areas:

- a. The filing of debt collection litigation against Hospital patients, including the garnishment of patient wages or accounts subsequent to entry of a default judgment;
- b. The debt collection activity of its third party debt collection agencies;
- c. The debt collection activities of its internal debt collectors;
- d. The Hospital's compliance with this Agreement and the policies described in Paragraph 36;
- e. The results of the reviews required by the Chief Executive Officer in Paragraphs 3 and 14 of this Agreement;
- f. The results of the reviews required by Paragraph 38 of this Agreement; and
- g. The Hospital's Charity Care practices.

38. The Hospital shall annually review the practices of its third party debt collection agency and debt collection attorney, and its internal medical debt collection practices, at least one (1) time per year. The purpose is to review compliance with this Agreement and the Hospital's policies.

39. This Agreement is not intended to assert, nor shall it be construed as, or deemed to be, an admission or concession or evidence of any liability or wrongdoing whatsoever on the part of Hospital.

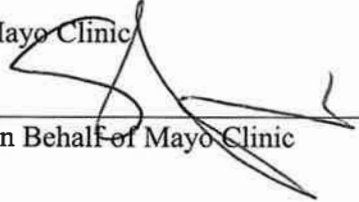
40. This Agreement shall remain in effect for five years after the entry of this Agreement by the Court.

41. The Hospital shall cooperate with, respond to inquiries of, and provide information to the Attorney General in a timely manner as necessary for the enforcement of this Agreement.

42. The Court shall retain jurisdiction to enforce the provisions of this Agreement.


43. The Hospital shall comply with all applicable state and federal laws relating to billing and debt collection.

Dated: May 27, 2022

Mayo Clinic

 On Behalf of Mayo Clinic

Dated: June 24, 2022

KEITH ELLISON
 Attorney General
 State of Minnesota


 COLLIN BALLOU
 Assistant Attorney General

Based upon the above Stipulation, IT IS SO ORDERED:

Dated: _____

BY THE COURT:



Nelson, Laura (Judge)
Aug 22 2022 8:02 PM

Judge of District Court

EXHIBIT A

[HOSPITAL NAME] Lawsuit Information Sheet

You are receiving this information sheet because you have been served with a Summons and Complaint (lawsuit) by [HOSPITAL NAME] (“_____”). [HOSPITAL NAME] cannot give you legal advice. Therefore, this document only provides basic information, and you should immediately discuss this matter with an attorney.

- **Start of the Lawsuit.** To start a lawsuit against you, [HOSPITAL NAME] has served a Summons and Complaint on you either: (a) by delivering it to you personally or leaving it at your home; or (b) by mail, if you agree in writing to accept “service” of the Summons and Complaint by mail and sign a form that so indicates. The Summons informs you that you must provide a *formal, written legal “answer”* to the complaint within 20 days after you receive the legal documents. The Complaint explains why [HOSPITAL NAME] is suing you and asks a court to make you pay money.

The Summons and Complaint may not include a court file number. They are, however, the legal documents that begin the lawsuit. It is very important that you do not ignore the documents, or you will be in “default.” No court hearing is required for a default judgment to be entered against you if you do not respond to the Complaint.

- **Answering a Complaint.** The “Answer” is the formal legal name for your response to the Complaint. The Answer must meet certain requirements of the Minnesota Rules of Civil Procedure. *Contacting [HOSPITAL NAME] or its attorney by telephone or written correspondence is not “answering” the Complaint.* While [HOSPITAL NAME] encourages you to call if you have questions regarding the bill that was sent to collections, doing so is not a formal “Answer.” Some court clerks have form “Answers” which may be of assistance to you. You must serve a copy of your Answer on [HOSPITAL NAME]’s attorney by mail, fax, or hand delivery and complete an Affidavit of Service that explains who was served, how, and on what date. The Affidavit of Service form must be signed in front of a notary public or a court clerk. If you want a judge to hear the dispute, you should file the original Answer and Affidavit of Service with the court in the county in which you are being sued after you have served your Answer on [HOSPITAL NAME]. You will be required to pay a court filing fee. (If you meet certain financial guidelines, however, you may not be required to pay the court filing fee. You may obtain more information regarding a waiver of the fee by contacting the clerk of court.)

- **Failure to Answer.** If you do not “answer” the Complaint, [HOSPITAL NAME] may get a “default” judgment entered against you requiring you to pay money. By getting a default judgment, [HOSPITAL NAME] may be able to initiate a separate garnishment action against you.

EXHIBIT B
[HOSPITAL NAME] Garnishment Information Sheet

You are receiving this information sheet because [HOSPITAL NAME] (“_____”) has started a process to get money from you by sending a “garnishment summons” to a “garnishee”-- typically your bank or employer. These proceedings are called “garnishment” proceedings. [HOSPITAL NAME] cannot provide you with legal advice. Therefore, this document only provides basic information. You should immediately discuss this matter with an attorney.

- **Taking Money From Your Wages.** If [HOSPITAL NAME] is trying to take money from your wages, you should receive notice *before* your wages are garnished or taken. Generally, [HOSPITAL NAME] cannot garnish more than 25% of your net wages, or any of your net wages if they are less than \$206 per week. If you have received public assistance based on need, [HOSPITAL NAME] cannot take any of your wages for 6 months after you received the assistance, if you submit the proper paperwork on time. To claim that wages cannot be taken (i.e., are “exempt”), you must promptly return to [HOSPITAL NAME]’s attorney the “Debtor’s Exemption Claim Notice” that came with the “Garnishment Exemption Notice and Notice of Intent to Garnish Earnings.” *Calling [HOSPITAL NAME] is not sufficient.* If [HOSPITAL NAME]’s attorney does not receive this exemption notice within 10 days, [Hospital Name] can seek to get money from your employer. **If [HOSPITAL NAME] does not agree that your wages are exempt, it can still seek to get money from your employer, and you will have to ask the court to decide that your wages cannot be taken.**

- **Taking Money From Your Bank Accounts.** If [HOSPITAL NAME] is trying to take money from your bank account, the bank will “freeze” enough money in your account to pay off your debt to [HOSPITAL NAME]. *You will not receive notice of the bank garnishment until after your funds are already frozen. You will not have access to your funds while they are frozen. Your checks may “bounce,” and you may incur overdraft charges during this time.* You may want to contact your bank immediately.

If you deposit qualified public assistance checks (or wages if you are on or have received public assistance within the last 6 months) in a bank account, [HOSPITAL NAME] cannot garnish your account for 60 days, if you timely fill out the proper paperwork. To claim that funds in your bank account cannot be taken (i.e., are “exempt”), you must sign and return within 14 days to the bank (and [HOSPITAL NAME]’s attorney) the “Exemption Notice” (the form your bank sent to you when it received a Garnishment Summons from [HOSPITAL NAME]). *Calling [HOSPITAL NAME] is not sufficient.* You may want to include copies of documents (i.e. benefit letters, bank statements, etc.) to show why your funds are exempt. **If you don’t claim an exemption within 14 days from the date the bank mailed the exemption notice to you, the bank may turn over your frozen funds to [HOSPITAL NAME].** If you do claim an exemption on time, the bank will “unfreeze” your funds and release them to you in 7 days unless [HOSPITAL NAME] “objects” to your “exemption claim.” If [HOSPITAL NAME] “objects,” it must send you a written objection to your exemption claim, along with a form entitled “A Request for Hearing and Notice of Hearing.” **If [HOSPITAL NAME] sends you this form, you must fill out and file with the court the “Request for Hearing” form within 10 days of receiving the objection, or the bank can release your money to [HOSPITAL NAME].**

STATE OF MINNESOTA	DISTRICT COURT
COUNTY OF RAMSEY	SECOND JUDICIAL DISTRICT Case Type: Other Civil (Charitable Nonprofit Violations)
In the Matter of Mayo Clinic	Court File No.: _____
	ASSURANCE OF DISCONTINUANCE

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

[Remainder of page intentionally left blank]

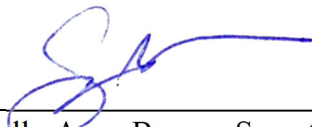
KEITH ELLISON
Attorney General
State of Minnesota

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)	

