

MNASCA Member Forum

May 23, 2025

2025 Minnesota Legislative Session Update

The 2025 Minnesota Legislative Session did not end as planned, requiring a special session to pass the biennial budget. The state faces a \$6 billion budget deficit, with key issues like K-12 education, transportation, and healthcare still unresolved. A day one- or two-day special session is expected before June 1st to avoid state employee layoffs.

Negotiations have been complicated by a tightly divided House, which is evenly split between parties and requires bipartisan support on all measures. The Senate, meanwhile, is controlled by Democrats with only a single-vote majority.

Bills Passed

- State government budget bill
- Agriculture and veterans omnibus budget bill
- Housing bill
- Judiciary and public safety bill
- Legacy bill
- Human services policy bill
- Pension bill
- Omnibus cannabis bill
- DWI-related bill (ignition interlock requirements)

Remaining Issues

- Health
- K-12 education
- Transportation
- Energy
- Taxes
- Bonding

Healthcare Legislation Update

Healthcare updates include a reinsurance agreement for the individual market, tentative agreement on undocumented immigrants' healthcare coverage, and proposed changes to Medical Assistance payments. Other issues under consideration include facility fee restrictions, telehealth coverage, and potential changes to various healthcare professional qualifications. Here is a breakdown:

Reinsurance Agreement

- Agreement reached on reinsurance for the individual market

- Funding sources:
 - 2026: Health Care Access fund (partly funded by provider taxes)
 - 2027: Health plan assessment
 - 2029 onwards: 100% tax credit from the general fund

Undocumented Immigrants' Healthcare Coverage

- Tentative agreement: Children to remain covered, adults to be removed from the program in 2026
- This agreement faced significant opposition from progressive legislators
- Ongoing discussions about potentially grandfathering current enrollees
- Debate on whether to include this in the omnibus bill or as a standalone bill

Medical Assistance Payments

- Agreement to raise inpatient services payments, funded through a hospital tax
- Proposed MCO assessment to fund outpatient services rate increases
 - Would bring in \$300-400 million in new federal money
 - Debate ongoing whether to raise all outpatient rates or only mental health-related rates

Other Healthcare Issues

- Proposal to limit insurance companies and PBMs from forcing medication changes during contract year
- Provider tax to remain at 1.8%
- Facility fee restrictions for hospital-based clinics scaled back
 - Prohibition now only applies to telehealth services
 - Increased transparency and disclosure requirements
- Audio-only telehealth coverage still under consideration
- Informed consent for sensitive examinations provision likely to be included
- Central service technician certification with exemptions and extended implementation
- Potential changes to physician assistant qualifications (collaborative agreements)
- Possible creation of certified midwife license
- Ongoing debate between optometrists and ophthalmologists regarding scope expansion

Workforce Legislation Update

No changes are anticipated to the Earned Sick and Safe Time program at this time. However, discussions continue around potential modifications to the Paid Family and Medical Leave program. The payroll tax cap has been lowered from 1.2% to 1.1%, and lawmakers are weighing a proposal to reduce the maximum number of available leave weeks from 20 to 13. Exemptions for seasonal employees are also under consideration. Despite these ongoing deliberations, the program remains on track to launch in 2026 as planned.

Minnesota Consumer Data Privacy Act Overview

The Minnesota Consumer Data Privacy Act (MCDPA) takes effect on July 31, 2025. This new law governs how certain businesses collect, use, and manage personal data about Minnesota residents. MNASCA received questions about how the MCDPA applies to ASCs, and invited data practices expert, Michael Cohen, a leader of Lathrop GPM's Global Privacy, Cybersecurity & Data Protection Group, to discuss these new requirements.

Cohen explained that the law applies to businesses operating in Minnesota that control or process the personal data of at least 100,000 consumers within a calendar year, excluding data collected solely for payment transactions. It reflects a broader national trend of states enacting their own privacy laws in the absence of comprehensive federal legislation. Unlike HIPAA, which is limited to protected health information (PHI), this law covers a wider range of personal data. Notably, it does not include a broad exemption for HIPAA-covered entities, setting it apart from some other state-level privacy laws.

Key Provisions

- Consumer rights:
 - Right to request information about how their data is used
 - Right to correct inaccurate information
 - Right to delete their data
- Business obligations:
 - Provide secure means for submitting data access requests
 - Respond to requests within 45 days (with possible 45-day extension)
 - Maintain records of requests for two years
 - Update privacy policies to include required information
 - Create and maintain a data inventory
 - Implement data minimization practices
 - Conduct data protection assessments for sensitive data processing
- Enforcement:
 - No private right of action; enforceable only by the Minnesota Attorney General's office
 - Opportunity to cure violations until January 31, 2026

Exemptions for Healthcare Organizations

- Protected Health Information (PHI) regulated under HIPAA
- Health records as defined under the Minnesota Health Records Act
- Patient identifying information for substance abuse records
- Information created for the Federal Healthcare Quality Improvement Act
- Patient safety work product information
- Information included in limited data sets as defined under HIPAA

Potential Action Items for Compliance

- Determine if your organization is covered by the law
- Assess what information you maintain that is not exempt under HIPAA or other healthcare laws
- Review and update website privacy policies
- Consider creating a data inventory and documenting compliance efforts
- Implement internal processes for handling data access requests
- Develop a written information security program
- Review and update vendor and service provider agreements

Cohen offered encouraged attendees to reach out if they need guidance or assistance with compliance.

Resources:

- Michael Cohen slide deck: [Minnesota Consumer Data Privacy Act](#)
- Lathrop GPM Client Alert: [Minnesota Enacts Comprehensive Data Privacy Law](#)
- [Legal Guide to Privacy and Data Security](#)