Hennepin County

Update to State Advisory Task Force on Governance of Hennepin Healthcare System (HHS)

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October 2026

Agenda

Background

County Administration proposal to County Board

- Operating and funding agreement
- Lease
- HHS bylaws
- HHS board recruitment

Materials Provided to Task Force

Questions



Background

Background and current state

- **In 2006, enabling legislation gave Hennepin County authority to create HHS as a public subsidiary corporation**
- **Effective 1/1/2007, Hennepin County formally created HHS**
  - Hennepin County Board appointed initial HHS board and chair
  - Hennepin County Board several key governance documents - HHS bylaws, County-HHS operating and funding agreement, County-HHS lease
- **From 2007-2025, HHS governed by the subsidiary board**
  - Subject to Hennepin County Board's reserved powers
- **In August 2025, the County Board removed the subsidiary board and resumed interim control**
- **In May 2026, legislation created State Stabilization Fund and set deadline to reconstitute HHS board and transition governance**

Legislative deadline: Transition governance by January 15

- **County Board's tasks:**
  - Select new members and reconstitute the HHS board as outlined in statute
  - Transition governance to the new HHS board
- **Initial focus**
  - Operate within existing statutory framework
  - Short-term timeframe of 2027-29
  - Review and update County-HHS governance documents
  - Focus on County Board role and responsibilities

Short-term decisions within statutory framework

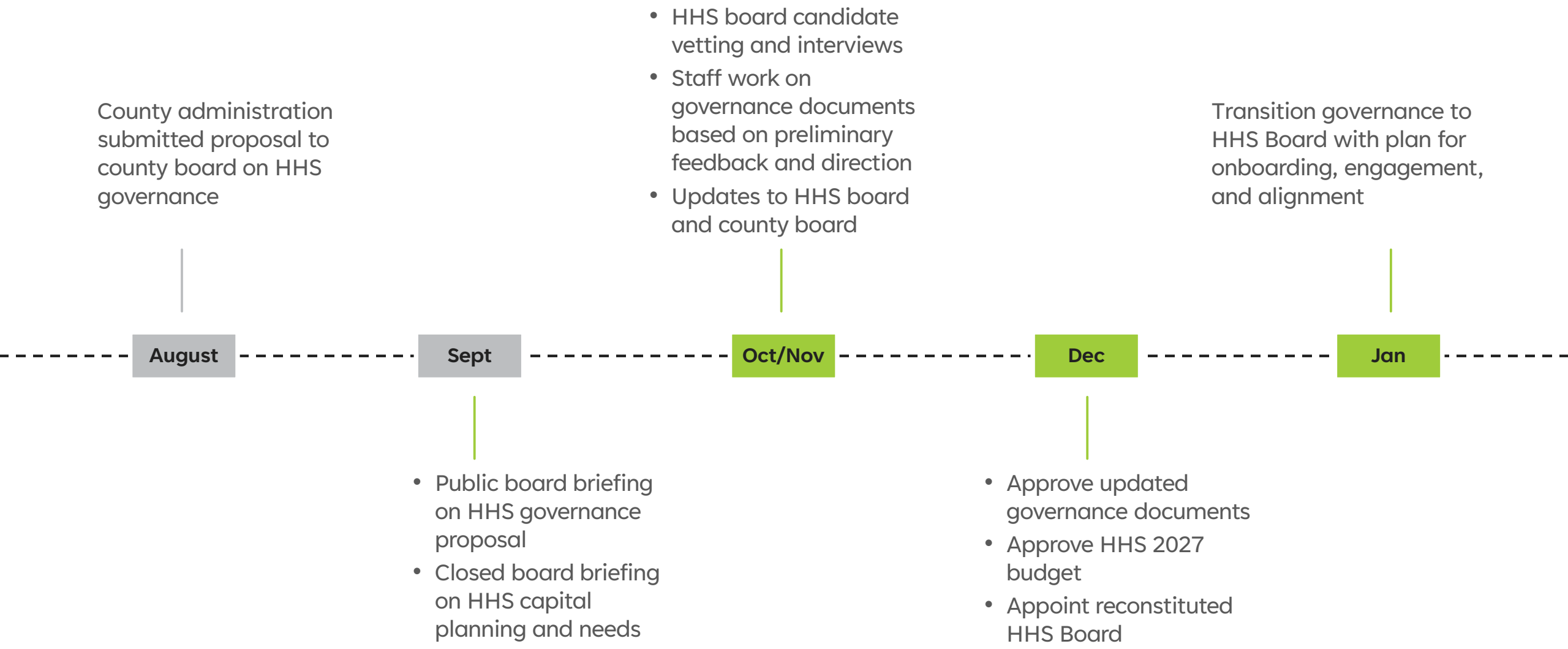
Current statutory framework (will not change before January 15, 2027)

- HHS will remain a subsidiary of the county
- County Board has reserved powers including:
  (a) approve annual HHS budget;
  (b) approve Health Services Plan;
  (c) approve future slates of HHS board nominees
- County Board appoints two commissioners to HHS board
- County Board may meet with HHS in closed session
- HHS board has authority to hire or terminate the HHS CEO

Within County Board's discretion

- Operating and funding agreement
- Lease
- HHS Bylaws

Anticipated timeline



County administration's proposal on HHS governance & finance

-Operating and funding agreement

-Lease

-HHS board bylaws

-HHS board recruitment



Proposal: operating and funding agreement

Financial support

- State has provided a stabilization fund
- County would provide an additional general subsidy ($38M for 2027)
  - HHS would be able to use county funding at its discretion for urgent needs
  - County subsidy could be reduced if other revenue streams are made available to HHS
- HHS would continue to provide care to Hennepin County residents
- Any future funding (2028 and beyond) would be determined by the county's budgeting process
- County would outline an expedited process for HHS to request an emergency loan (one-time, $35M max)
- The emergency loan would allow time for county board to consider any additional funding requests or actions

Transparency, reporting and accountability

Transparency and reporting

- HHS would be required to provide data upon request to the county
- County would be able to work with HHS on the necessary level of detail for the county's financial decisions

Accountability

- County could withhold its general subsidy if HHS breaches lease or other aspects of the operating and funding agreement

Proposal: lease

Maintain county ownership of real estate

- No changes recommended to current lease
  - Maintains county ownership and control of real estate
  - Provides facilities at low cost to HHS ($1/year)
  - Outlines HHS's obligations to maintain the facilities in good order, condition, and repair
  - Requires that properties be used to operate a hospital
  - Ensures that the property would return to the county if no longer needed or used by HHS
- Lease is integrated with the operating and funding agreement
  - Proposed updates to the operating and funding agreement (OFA) will ensure that county receives timely information related to facilities

Proposal: HHS board bylaws

Transparency and accountability

- **Budget:** HHS would be required to bring any significant budget amendment to the county board for approval
- **Delegation:** HHS board would have limited authority to delegate to the CEO, and would receive regular reporting on decisions made
- **Public notice:** HHS board would be required to timely post notice of meetings, agendas, and actions
- **Competitive data:** The bylaws would clarify the process and standards for use of the competitive data exception, to promote transparency regarding HHS board activities
- **County attendance:** County administrator or designee would be allowed to attend any HHS board or committee meeting, including closed portions
- **Code of conduct:** HHS board members would be subject to a code of conduct
- **Accountability:** HHS board members would be subject to removal for cause as determined by the county board

HHS board membership

Membership

- Voting members would include commissioners, plus public members appointed by the county board
  - Voting members must meet the updated statutory qualifications
  - CEO and president of the medical staff would serve ex officio as non-voting members
  - HHS employees and others would be able to serve on HHS board committees

Commissioner-appointees

- Members: 2 commissioners plus 1 alternate commissioner would be appointed to the HHS board by the county board
- Committees: At least one commissioner would serve on the HHS board governance committee and at least one on HHS board finance committee
  - At least one commissioner as part of the final interview for any HHS board candidate
- Terms: Appointed commissioners would serve a two-year term, subject to a two-term limit
- Voting rights: At HHS Board meeting, if two voting commissioners object to an item, it would be laid over (one time) to the following HHS Board meeting
- Disclosure: Commissioners would be able to disclose votes they cast at an HHS board or committee meeting

HHS board recruitment

HHS board service and terms

- No compensation; reimburse approved expenses
- Minnesota residents
- Board matrix developed with county's consultant
  - Competency dimensions (new statutory requirement for at least 75% of non-commissioner members)
  - Community dimensions
  - Personal dimensions

Anticipated selection process

- **September:** Facilitated by county's consultant – applications and initial screening
- **October:** First interview with a panel of county & HHS staff leaders
- **November:** Second interview with a selection panel of two commissioners, county administrator, and HHS CEO
- **December:** Selection panel makes recommendations on appointment to the county board

Materials Provided to Task Force

-County Administration memorandum dated 8/26/26

-Link to recording of County Board briefing on 9/18/26

  -Includes comments and discussion from all 7 commissioners

-Per MMB request, written comment submitted to County Administration or the County Board:

  -Hennepin Healthcare memorandum 9/11/26

  -Individual commissioner's memorandum 9/18/26

Questions?

Thank you