Attorney General Ellison,

Minnesota built and has maintained its legacy of healthcare excellence through thoughtful growth, consistent innovation, and collaboration for the greater good. Now, healthcare in Minnesota and across America is entering a challenging new chapter that requires of us, the inheritors of this legacy, visionary thinking and bold action if we are to navigate it successfully for the benefit of future generations. Sutter Health and Allina Health are joining together with a shared vision grounded in a simple, yet powerful belief: Minnesotans deserve a sustainable health system that provides access to high-quality affordable health care when and where people need it.

As Sutter Health and Allina Health join together, we confirm to you in this letter that in order to meet this critical moment for Minnesota, we will:

1. Invest **$2.15 billion** to build & expand facilities, grow clinical services, create jobs, & increase access to care,
2. As part of this investment, specifically earmark at least **$150 million for rural healthcare** & grow the pipeline of new physicians through rural residency programs,
3. Expand lifesaving **access to mental health and addiction care** to serve thousands more patients by embedding mental health services in new primary care clinics, scaling Allina Health's virtual addiction therapy program across Minnesota & expanding services at Allina Health's Center for Mental Health and Addiction,
4. Develop a **new Innovation Center in Minnesota** to strengthen healthcare innovation & medical technology through industry partnerships designed to advance research, improve clinical outcomes, & facilitate emerging therapies, and
5. Invest more than **$50 million to strengthen Allina Health's strong workforce and to grow a pipeline of healthcare talent in Minnesota** by supporting caregiver development, education, training, career mobility, leadership development, & future-ready skills through scholarships & partnerships.

New Path Forward to Preserve Allina Health's Legacy & Future Impact

Allina Health has been an essential part of Minnesota's healthcare for more than a century. Serving more than a million patients across the Minneapolis-St. Paul metropolitan area and the Greater Minnesota region, Allina Health is the state's largest provider of adult inpatient services to Medicare and Medicaid enrollees and the largest provider of inpatient mental health services. As a non-profit health system, Allina Health is a pioneer in leading-edge clinical research, medical education and clinical care - home to nationally renowned clinical institutes in cardiovascular care, cancer and neurosciences. The importance of Allina Health's role in Minnesota's system of care and safety net cannot be overstated.

Yet even an organization as strong and respected as Allina Health faces growing challenges alongside other health systems across the country. The financial pressures Allina Health has been struggling to overcome in recent years jeopardizes its ability to meet the future healthcare needs of the Minnesota communities it has long served.

Over the last five years, Allina Health has suffered nearly $1 billion in operating losses, including an estimated greater than $150 million-dollar operating loss in 2026. These financial losses have forced Allina Health to make difficult, but necessary decisions to reduce and consolidate services. Cash on hand has been reduced by nearly half, at a time when the organization has experienced unprecedented cost pressures and growing capital needs. As a result, investments in hospitals, clinics, medical equipment, and technology have been funded at significantly reduced levels, deferring critical maintenance and delaying the modernization that Allina Health's patients and communities have a right to expect.

These financial challenges are not isolated to Allina Health nor are they temporary. In fact, they will become more severe with upcoming federal policy changes. Without a fundamentally different path forward, Allina Health projects its financial condition will deteriorate at an accelerating pace that will force more service and facility closures and have a negative impact on jobs, and the continued inability to invest to meet the healthcare needs of future generations of Minnesotans.

To Allina Health's credit it did not seek a partner because it lacked a plan, Allina Health's board and leadership team proactively identified a strong partner as part of their bold, decisive plan. The strategic integration with Sutter Health fundamentally transforms Allina Health's long-term outlook and financial trajectory. It also represents a positive growth path forward that will expand needed healthcare services, support the addition of new healthcare jobs, provide national leadership through elevating Allina Health's clinical expertise, develop and train the next generation of caregivers, improve both the patient and the caregiver experience, and accelerate clinical innovation.

This partnership combines Allina Health's expertise, reach and deep Minnesota roots with Sutter's demonstrated capabilities and resources to create a stronger, more sustainable nonprofit healthcare future for Minnesota. As the two organizations come together, this is about building upon Minnesota's healthcare legacy while helping ensure its future.

Evolution of Sutter Health Under New Leadership Has Delivered Proven Results & Strong Momentum

Minnesota deserves confidence that the opportunities outlined in this letter are grounded in experience, capability, and demonstrated results. Our confidence in what we can build together is rooted in the experiences of both organizations and in the work that Sutter Health has undertaken over the past three and a half years to strengthen healthcare access, improve quality, invest in caregivers, and build long-term sustainability across a diverse service footprint that includes major metropolitan areas and rural communities.

In 2022, Sutter Health faced its own set of challenges including reductions in force, lawsuits, poor engagement, lack of a unified strategy, and a fragmented culture. To affect a turnaround, the Sutter Health Board recruited Warner Thomas to become the CEO of Sutter Health late in 2022 and build a leadership team, establish a clear vision and execute a forward-looking growth strategy. Thomas was well known across the industry for his 24 years of leadership at Ochsner Health, including leadership that was tested through Hurricane Katrina and the Covid-19 pandemic, and leadership that brought the value of a strong integrated health system to communities across the state of Louisiana.

From 2012 to 2022, with Thomas as CEO, Ochsner grew by a factor of four beyond a metropolitan footprint to build a statewide presence that largely rebuilt the entire Louisiana healthcare landscape. By building partnerships, Ochsner strengthened rural and community hospitals facing significant pressure including potential closure and brought the capabilities of an integrated health system to preserve healthcare services that communities could not afford to lose. Ochsner's work with LSU Health in Shreveport is another powerful example. The two organizations came together to both preserve critical care services but also to strengthen the medical school and graduate medical education programs that are essential to developing the healthcare workforce in North Louisiana.

Under the leadership of CEO Warner Thomas for the last three and a half years, Sutter Health has turned the page. Rather than operating from a mindset of scarcity as it had for years, Sutter has invested in growth, access, workforce development, quality improvement, innovation, graduate medical education programs, and advancing research and innovation. These changes have enabled Sutter to move beyond decades-old lawsuits regarding prior contracting practices which have been settled without any finding of wrongdoing. These past allegations continue to come up; however, they do not represent how Sutter Health operates in California today. Sutter's current approach is rooted in value-based payment arrangements, risk sharing contracts, and clinically integrated networks designed to improve affordability, quality, coordination, efficiency, and access to care. This is an approach that Sutter will carry into this partnership in Minnesota. Additionally, since Thomas' arrival, Sutter Health has built a strong, respected relationship with the California Attorney General's office.

Most importantly, Sutter Health has demonstrated that mission-driven nonprofit health systems can simultaneously improve quality, expand access, grow services, invest in caregivers, and strengthen long-term sustainability. Like many healthcare providers, demands for care once far surpassed Sutter's capacity, leading to long waits for appointments and fragmented care for patients. To overcome this, Sutter invested heavily in primary care, specialty care, ambulatory services, urgent care, and virtual care capabilities. Sutter also recruited thousands of new physicians and clinicians to improve access and bring healthcare closer to where patients live and work. The recognition that high-quality care must be delivered in the right place, and at the right time is at the core of how Sutter has made and continues to make care more affordable, accessible and ultimately drive better health outcomes.

Sutter Health has also invested in rural communities across Northern and Central California, including in primary, urgent, mental health and crisis care. Among many investments in much needed rural programs, the organization is building an Emergency Psychiatric Assessment Treatment and Healing—or EmPATH—unit for people in acute mental health crisis in a small rural community near the Oregon border. In addition, Sutter has made a significant commitment to training the next generation of physicians including across rural residency and fellowship programs, and recently announced plans to open the first new MD-granting medical school in the San Francisco Bay Area in more than a century.

Delivering on Our Commitments to Minnesota

Investing $2.15 Billion to Expand Facilities, Services, Jobs, and Access to Care

Together, we will invest $2.15 billion over five years to expand healthcare capacity across the Minneapolis-St. Paul metropolitan area, Greater Minnesota and Western Wisconsin. Our goal is simple: make healthcare easier to access, closer to where people live and work, delivered in ways that fit the realities of their lives, and is more affordable.

To meet this goal, we commit to being an engaged and solutions-oriented partner in this critical work and will make an initial wave of more than $500 million in investment that is focused on expanding services at existing sites of care and adding new primary care, specialty care, urgent care, surgery centers, virtual care, and integrated mental health capacity. In support of those investments, we anticipate recruiting up to 500 physicians and clinicians, along with support staff, to serve more patients and reduce appointment wait times.

With this historic investment in expanding access to care, we will help patients receive care earlier, avoid emergency department visits and hospitalizations wherever possible, and help lower costs to patients.

Strengthening Rural Healthcare Through a $150 Million Investment

We will invest at least $150 million, including support of the state's rural health initiative being convened by the Attorney General's Office, over five years to strengthen rural healthcare access, expand specialty outreach, support virtual care capabilities, and enhance care coordination throughout Greater Minnesota.

We will also pursue expansion of Allina Health's residency programs specifically in rural facilities in family medicine, general surgery, mental health, and obstetrics and gynecology subject to required accreditation approvals. This will bolster the clinical pipeline to address the physician shortage especially in rural areas. This will be part of a broader effort to not just maintain but expand graduate medical education opportunities and support statewide and regional clinical workforce training initiatives intended to strengthen care capacity long-term.

Rural healthcare is essential to the vitality of Minnesota communities. When access diminishes, the harmful effects extend well beyond clinical care, influencing economic development, workforce recruitment, and quality of life. We will also establish a community advisory group consisting of community members representing both urban and rural areas to ensure that the voice of the community is elevated as we move forward.

We recognize that the health of Minnesota's rural care network depends on the success of many organizations, not just our own. We welcome opportunities to work alongside hospitals, health systems, community providers, educational institutions, and state leaders, and we intend to dedicate experienced leadership to Minnesota's broader rural health work.

Our goal is not simply to preserve rural healthcare, but to strengthen it.

Expanding Mental Health and Addiction Care for Thousands of Patients

We will continue scaling Allina Health's fully virtual addiction therapy program including medication-assisted treatment, therapy and peer support to go from serving patients in 33 counties to serving patients in all 87 counties across Minnesota. We will also expand services available through the Center for Mental Health and Addiction on Mercy Hospital's Unity Campus in Fridley where mental health and addiction treatment, peer support, county services, crisis services, and social support, are co-located to serve nearly 35% more patients by 2030.

Mental health and addiction care should not exist separately from overall healthcare and require collaboration and partnership with government and community partners. Our goal is to help create a more connected system where patients can access mental health and addiction services as seamlessly as they access primary and specialty care.

Developing a Minnesota-Based Innovation Center to Strengthen Industry Collaboration

We will open a Minnesota-based Innovation Center that will complement the state's existing leadership in health care innovation and medical technology. Sutter Health's existing Innovation Center in San Francisco is designed to convene clinical experts with engineers, developers and designers from leading digital health companies to solve healthcare's most pressing needs. Similarly, this new center would be developed with Minnesota partners and would be physician/clinician-led. Together, the centers would focus on practical solutions that improve patient outcomes, enhance safety, reduce administrative burden, and help caregivers spend more time with patients.

Minnesota has long been recognized as one of the nation's leading healthcare innovation ecosystems. Working together, we believe there is an opportunity to create stronger connections between the innovation communities in Minnesota and California in ways that directly benefit Minnesota patients.

It is also our intent to remain focused on the leading edge of clinical care. We will invite discussions with the University of Minnesota and other higher education partners. We will pursue opportunities to advance research, accelerate clinical innovation, expand participation in clinical trials in Minnesota, and strengthen collaborations with Minnesota's academic, medical, research, and technology institutions. This builds on both organizations' legacies of research and discovery.

Investing $50 million to Develop Allina's Healthcare Workforce

We will invest more than $50 million to support workforce development, education, training, career mobility, leadership development, and future-ready skills. Allina Health's workforce is exceptional, and we are excited by the opportunity to further invest in the existing workforce and to grow and train a pipeline of healthcare talent in Minnesota. Together, our goal is to combine competitive compensation and comprehensive benefits with the tools, resources, development opportunities, and the support systems employees need to succeed including physician and advanced practice clinician development, nursing and allied health pathways, role-based leadership development, critical-skills training, and mentorship through established Sutter Health University (SHU) programs.

As Allina Health's care network grows, we expect its care team to grow as well. To support this workforce growth, we will develop a comprehensive workforce development plan inclusive of a portfolio of academic partners, internship and fellowship programs, early exposure programs and structured clinical upskilling blueprints to ensure workforce readiness and to create pathways into healthcare, equivalent to what Sutter Health has today.

We will explore partnerships with educational and workforce organizations to build career pathways that support jobs of the future, launch needs-based tuition and scholarship programs similar to what Sutter Health is funding in partnership with Charles Drew University to provide scholarships to first generation medical students.

We commit that we will honor existing collective bargaining agreements, bargain in good faith, and continue constructive engagement with union partners. We understand the need to reinforce that commitment and have signed Letters of Understanding confirming current contracts with individual unions.

We will also establish additional employee advisory structures that give Care Team Members dedicated avenues to provide feedback, inform proposed changes, and bring new ideas forward.

We believe technology should support caregivers rather than burden or replace them. As we evaluate new technologies, our approach will be human and physician/clinician-led and our guiding principle will remain clear: technology should reduce administrative work, support safer and more reliable care, and help physicians, advanced practice clinicians, nurses, and other caregivers spend more time with patients. At Sutter, frontline employees, clinicians, and physicians have a meaningful voice in shaping that work along with the right governance in place.

We also recognize that the ecosystem of care in Minnesota remains fragile, especially the safety-net system. We welcome discussions with Hennepin Healthcare regarding shared interests in the sustainability of services in the metropolitan area that also benefit Minnesotans statewide. These would build upon Allina Health's current collaboration with HCMC including rotations in place for general surgery residents at Abott Northwestern and our joint cardiology fellowship program. Our goal is to help grow, strengthen, and sustain the healthcare workforce that Minnesota will need for decades to come.

Partnering to Strengthen Minnesota Communities

We are grateful for the Attorney General's thoughtful review, for the perspectives shared by communities throughout the state, and for the opportunity to continue this work together. American healthcare is entering a challenging new chapter that requires bold and proactive thinking to navigate successfully.

Allina Health chose Sutter Health as a partner to shift from service reductions and closures to growth in services and facilities expansion driven by Sutter's ability to invest in new opportunities and our shared non-profit mission and values. Sutter chose Minnesota because of the state's record of healthcare achievement, a talented workforce and strong corporate sector, and the opportunity to grow and excel in a Top 20 metropolitan area. Sutter Health recognized Allina Health as the right partner because of their record of clinical excellence, community service and research accomplishment.

We know that it will take all of us working together—physicians, clinicians, caregivers and partners—to deliver on our vision for the patients we are so proud to care for. Healthcare is fundamentally about people caring for people and we look forward to demonstrating, through our actions and investments, that the confidence placed in this partnership is well founded and that, together, we can build a healthier future for Minnesota for generations to come.[1]

Lisa Shannon
President and CEO
Allina Health

Warner Thomas
President and CEO
Sutter Health

[1] The opportunities described in this letter are statements of intent and aspiration rather than obligations or commitments as contained in the Memorandum of Understanding.