STATE OF MINNESOTA | DISTRICT COURT

COUNTY OF RAMSEY | SECOND JUDICIAL DISTRICT

Case Type: Other Civil
(Charitable/Nonprofit Violations)

Court File No. _____

In the Matter of Hendricks
Community Hospital Association

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, by its Attorney General Keith Ellison ("State" or "Attorney General") and Hendricks Community Hospital Association ("Hendricks");

WHEREAS, the Attorney General is authorized under Minnesota Statutes chapter 8 and common law authority, including *parens patriae* authority, to enforce Minnesota's laws, vindicate the State's sovereign and quasi-sovereign interests, and remediate all harm arising out of—and provide full relief for—violations of Minnesota's laws;

WHEREAS, the Attorney General is authorized to enforce Minnesota's laws relating to consumer protection, nonprofit corporations, fair, reasonable, and understandable billing practices by nonprofit healthcare providers, and hospital billing of uninsured patients, including as *parens patriae*. *See, e.g.*, Minn. Stat. §§ 8.31, 317A.813, 325D.44, 325F.70, 144.587, 144.589, and the Hospital Agreement ¶¶ 41-42.

WHEREAS, Minnesota Statutes section 8.31, subdivision 2b provides that the Attorney General may accept an assurance of discontinuance of any act or practice the Attorney General deems to be in violation of the Minnesota laws he is empowered to enforce from any person the attorney general alleges is engaging in, or has engaged in, the act or practice. Such an assurance may include a stipulation for performance and the remedies provided for by section 8.31;

WHEREAS, the State and Minnesota nonprofit healthcare providers 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, Hendricks is a Minnesota nonprofit corporation organized under the Minnesota Nonprofit Corporation Act, Minn. Stat. ch. 317A, is registered with the State as a soliciting charitable organization pursuant to the Charitable Solicitation Act, Minn. Stat. §§ 309.50-.61, and is a signatory to the Hospital Agreement. Hendricks' registered office address is 503 E. Lincoln St., Hendricks, Minnesota 56136.

WHEREAS, following an investigation, the Attorney General has deemed Hendricks to be in violation of Minnesota law as alleged below;

WHEREAS, pursuant to Minnesota Statutes section 8.31, subdivision 2b, an Assurance shall not be considered an admission of a violation for any purpose;

WHEREAS, the Attorney General and Hendricks (collectively, "the Parties") desire to resolve fully the Attorney General's investigation by entering into this Assurance;

NOW, THEREFORE, the Parties hereby agree to entry of an order with the following terms and conditions:

DEFINITIONS

1. "Charity Care" means the provision of free or discounted care to a patient pursuant to the Hospital's financial assistance policies.

ALLEGATIONS

The Attorney General states and alleges as follows:

I. HOSPITAL AGREEMENT AND MINNESOTA STATUTES SECTIONS 144.587 CHARITY CARE AND 144.589 UNINSURED DISCOUNT.

2. In 2005, following a compliance review of a Minnesota healthcare provider, 125 Minnesota Hospitals (the "Hospitals") entered into two-year regulatory agreements—known collectively as the Hospital Agreement—with the Attorney General 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 Hospital Agreement expires on July 1, 2027.

3. Pursuant to the Hospital Agreement, the Hospitals acknowledge their obligations as charitable organizations to meet certain standards of conduct imposed by their charitable missions and that the Agreement sets forth appropriate standards by which their conduct is regulated. The Agreement requires each Hospital's board of directors to take an active role in ensuring compliance with the Agreement.

4. The Hospital Agreement was founded on the principle that a hospital bill should never get in the way of a Minnesotan receiving essential health services. It states 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." In accordance with these principles, the Hospital Agreement requires Hospitals to provide patients

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.

5. Minnesota Statutes section 144.587 prohibits Hospitals from requesting more information than is "reasonably necessary and readily available to determine eligibility" for Charity Care and prohibits Hospitals from "demand[ing] duplicate forms of verification of assets."

6. The Hospital Agreement also requires that Hospitals provide a discount to uninsured patients with annual household incomes less than $125,000 such that these patients are not charged more than a Hospital would charge their "most favored insurer," defined as the nongovernmental third-party payor that provided the most revenue to the provider during the previous calendar year.

7. Effective November 1, 2023, Minnesota Statutes section 144.589 superseded the Hospital Agreement's uninsured discount provision. Section 144.589 changed the methodology by which this discount is calculated for uninsured patients with annual household incomes less than $125,000. Instead of the "most favored insurer" methodology, section 144.589 prohibits Hospitals from charging uninsured patients with annual household incomes less than $125,000 a rate that exceeds the lowest total amount that the hospital would be reimbursed from a nongovernmental third-party payor. In other words, section 144.589 requires that hospitals provide the highest discount to eligible uninsured patients that it provides to any private insurer.

II. HENDRICKS COMMUNITY HOSPITAL ASSOCIATION.

a. Background.

8. Hendricks is a Minnesota nonprofit corporation that operates a critical access hospital in Hendricks, Minnesota and clinics throughout the Hendricks area. Among other things, Hendricks offers services in primary and specialty care clinics, emergency care, assisted living,

and hospice. It first registered with the Attorney General as a charitable organization pursuant to the Charitable Solicitation Act, Minn. Stat. §§ 309.50-.61, in October 1991.

9. Like every Minnesota nonprofit hospital, Hendricks provides free or discounted care to qualifying patients pursuant to the Hospital Agreement and in exchange for its exemption from federal income tax under Internal Revenue Code Section 501(c)(3).

10. Pursuant to the Hospital Agreement and Minnesota Statutes section 144.587, Hendricks is required to provide patients a reasonable opportunity to submit an application for Charity Care and is prohibited from demanding burdensome information when doing so.

11. Until October 31, 2023, the Hospital Agreement required that Hendricks provide a discount to uninsured patients with annual household incomes less than $125,000. As of November 1, 2023, Minnesota Statutes section 144.589 superseded the Agreement's provisions on uninsured discounts.

12. Pursuant to the Hospital Agreement and Minnesota Statutes section 144.589, Hendricks is required to provide a discount to uninsured patients with annual household incomes less than $125,000 in accordance with the Hospital Agreement (before November 1, 2023) or Section 144.589 (on or after November 1, 2023).

b. Hendricks' Burdensome Charity Care Application.

13. In June 2026, the Attorney General initiated an investigation into Hendricks based upon reporting regarding its Charity Care practices. During the course of the investigation, the Attorney General discovered that Hendricks' patients potentially faced significant barriers to accessing Charity Care as a result of Hendricks' burdensome application. Specifically, Hendricks' application required patients to submit copies of tax returns, W-2 forms, pay stubs, bank

statements, and asked fifty-three questions about patients' finances, including numerous questions about both liquid and illiquid assets.

14. As a result of the investigation, Hendricks proposed that it was willing to modify its Charity Care application to improve the availability of Charity Care to eligible patients.

c. Hendricks' Provision of the Uninsured Discount Pursuant to the Hospital Agreement and Minnesota Statutes section 144.589.

15. From January 1, 2020 to October 31, 2023, Hendricks provided a 10% discount for uninsured patients, whether or not their annual household income was less than $125,000. From January 1, 2020 to October 31, 2023, the Hospital Agreement required that Hendricks use the "most favored insurer" methodology and provide uninsured patients with annual household incomes under $125,000 with the same discount that Hendricks provided to the insurer that provided it with the most revenue.

16. During the investigation, the Attorney General discovered issues regarding Hendricks' provision of the uninsured discount. Hendricks cooperated with the Attorney General throughout the investigation and addressed the identified issues.

17. In or around June 2026, Hendricks discovered that it did not correctly determine the "most favored insurer" in accordance with the Hospital Agreement's uninsured discount provision from January 1, 2020, to October 31, 2023. Hendricks determined that Insurer A's discount rate of 30.79 to 39.3% should have been applied, instead of the flat 10% discount, based on the methodology described in the Hospital Agreement.

18. From January 1, 2020 to October 31, 2023, Hendricks failed to comply with the Hospital Agreement's requirement that the discount given to Hendricks' "most favored insurer" be provided to uninsured patients with annual household incomes under $125,000. Although Hendricks had previously provided all such patients with a 10% discount, Hendricks identified

208 uninsured patients within this time period that may be entitled to an additional 20.79 to 29.3% discount, if their annual household income at the time of service was under $125,000.

19. Hendricks did not adjust its uninsured discount determination to comply with the requirement in Minnesota Statutes section 144.589 that became effective on November 1, 2023, to provide uninsured patients with the highest discount Hendricks provides to any private insurer. From November 1, 2023 to June 30, 2026, Hendricks continued to provide all uninsured patients a 10% discount with no income verification required. Pursuant to the statute, the discounts provided to uninsured patients with an annual household income of less than $125,000 should have ranged from 35.53 to 42.63%.

20. From November 1, 2023 to June 30, 2026, Hendricks failed to comply with the requirement in Minnesota Statutes section 144.589 that Hendricks provide eligible uninsured patients with the highest discount it provides to any private insurer. Hendricks identified 115 uninsured patients within this time period who received an uninsured discount but may be entitled to an additional 25.53 to 32.63% discount, subject to income verification.

21. The Attorney General alleges that the above-described conduct violates the Hospital Agreement ¶ 32 and Minnesota Statutes sections 144.587 and 144.589.

REPRESENTATIONS AND WARRANTIES

22. On October 20, 2026, Hendricks provided consumer data, identifying the number of uninsured patients it treated from January 1, 2020 to June 30, 2026, the discounted amount those patients were charged, the amount collected, and the discount rate each of those patients should have been charged if their annual household income at the time of service was under $125,000. Hendricks represents and warrants that the data described in this paragraph are accurate and complete.

23. Hendricks identified a total of 323 patients from January 1, 2020 to June 30, 2026 that are entitled to an additional discount. Patients are entitled to a total of $171,800 in refunds or medical debt reduction during this time period, as reflected in the table below.

Date Range	Discount provided	Discount required	Difference	Number of patients	Refund or debt reduction
1/1/20-6/30/20	10%	35.54%	25.54%	37	$10,752
7/1/20-6/30/21	10%	31.89%	21.89%	52	$22,977
7/1/21-6/30/22	10%	30.79%	20.79%	54	$36,894
7/1/22-10/31/23	10%	39.3%	29.3%	65	$32,135
11/1/23-6/30/24	10%	35.53%	25.53%	37	$23,344
7/1/24-6/30/25	10%	38.83%	28.83%	42	$27,760
7/1/25-6/30/26	10%	42.63%	32.63%	36	$17,938
			Total:	**323**	**$171,800**

24. Hendricks has made material representations to the Attorney General that, as a result of the Attorney General's investigation and its own internal review, Hendricks has taken significant steps to provide refunds and debt reduction to the 323 eligible patients identified in the table above.

25. The Attorney General has relied on Hendricks' above representations and warranties in its investigation and resolution of this matter.

INJUNCTIVE RELIEF

26. Hendricks, including: (1) its principals, officers, directors, agents, servants, employees, and independent contractors; (2) its parents, affiliates, subsidiaries, and successors; and (3) those persons acting in concert or participation with Hendricks who receive actual notice of this Order, agree to, and shall comply with, the following permanent injunctive terms and provisions.

27. In addition to all other duties, powers, responsibilities, and obligations set forth under the Hospital Agreement, the Minnesota Nonprofit Corporation Act, Minn. Stat. ch. 317A,

the Supervision of Charitable Trusts and Trustees Act, Minn. Stat. §§ 501B.33-.45, the Charitable Solicitation Act, Minn. Stat. §§ 309.50-.61, and all other applicable law, Hendricks shall follow all provisions of Minnesota Statutes section 144.589, including but not limited to the requirement to not charge a patient whose annual household income is less than $125,000 for any uninsured service or treatment in an amount that exceeds the lowest total amount the provider would be reimbursed for that service or treatment from a nongovernmental third-party payor.

28. Hendricks shall make all reasonable efforts to refund eligible patients, or reduce medical debt, as quickly as possible, and no later than within 60 days of the Order Approving Assurance of Discontinuance.

29. Hendricks shall provide full transparency and cooperation to the AGO about its compliance with this Assurance. Within 60 days of the Order Approving Assurance of Discontinuance, Hendricks shall report to the AGO the status of the remediation process, including the total amount of outstanding debt eliminated and the total amount of refunds provided. The report shall also include, if applicable, Hendricks' outreach efforts to reach patients who have not deposited their refund checks.

30. Hendricks will 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 the billing of uninsured patients as set forth in Minnesota Statutes section 144.589.

31. In addition to all other duties, powers, responsibilities, and obligations set forth under the Hospital Agreement, the Minnesota Nonprofit Corporation Act, Minn. Stat. ch. 317A, the Supervision of Charitable Trusts and Trustees Act, Minn. Stat. §§ 501B.33-.45, the Charitable Solicitation Act, Minn. Stat. §§ 309.50-.61, and all other applicable law, Hendricks shall follow

all provisions of Minnesota Statutes section 144.587, including but not limited to the prohibition from requesting more information than is reasonable necessary and readily available to determine eligibility for Charity Care.

32. Hendricks shall continue to ensure that its Charity Care application is available to complete online. If a patient attempts to submit or submits an incomplete application, Hendricks shall contact the patient to assist in completion of the application.

33. Hendricks shall use the Charity Care application attached to this Assurance as Appendix A. Hendricks shall have a procedure in place to provide approval in cases where applicants do not have required documentation.

34. Hendricks will develop, implement, and maintain policies and procedures to ensure that its officers and directors receive training on and review the Hospital Agreement, including but not limited to complying with the Hospital Agreement's annual review obligations and requiring that Hendricks' board certify that it has reviewed the Hospital Agreement every five years upon renewal.

35. Hendricks shall fulfill the terms of this Assurance, to accomplish the full relief contemplated by this Assurance. Nothing herein shall prevent Hendricks from fulfilling its obligations to comply with this Assurance through the actions or assistance of third parties. However, regardless of whether one or more third parties provide assistance, it is solely Hendricks' responsibility to ensure that the obligations of this Assurance are satisfied. Hendricks shall not effect any change in their form of doing business, organizational identity, organizational structure, affiliations, ownership, or management composition as a method or means of attempting to avoid the requirements of this Assurance.

GENERAL TERMS

22. Hendricks understands that, after the date of the approval of this Assurance by the Court, a violation of this Assurance may subject it to sanctions for contempt pursuant to Minnesota Statutes section 8.31, and the Attorney General may thereafter, in its sole discretion, initiate legal proceedings against Hendricks for any and all violations of this Assurance.

23. In consideration of the stipulated relief, the sufficiency of which is acknowledged, and contingent upon the Court's entry of this Assurance and Order, the Attorney General, by execution of this Assurance, hereby fully and completely releases Hendricks from any and all claims of the Attorney General under Hospital Agreement ¶ 32 and Minnesota Statutes sections 144.587 and 144.589, connected with or arising out of the allegations described in this Assurance, up to and including the date of the Court's entry of this Assurance.

24. The Attorney General, through the Assurance, does not settle, release, or resolve any claim against any individual, entity, or person other than Hendricks, including against any current or former board members, officers, employees, or other agents of Hendricks. The Attorney General, through this Assurance, does not settle, release, or resolve any claim against Hendricks 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 Minn. Stat. § 8.31. The Attorney General's release in this Assurance does not apply in any way to claims of any other Minnesota state agency, department, official, or division, including but not limited to the Minnesota Department of Revenue.

25. Hendricks shall not state or imply, directly or indirectly, that the State of Minnesota or the Attorney General have approved of, condone, or agree with any conduct or actions by Hendricks.

26. Nothing in this Assurance shall relieve Hendricks of its obligation to comply with all applicable Minnesota and federal, local, or tribal laws and regulations, and court or administrative orders and directives.

27. If this Assurance if violated, Hendricks agrees that any statute of limitations, statute of repose, or other time-related defense applicable to the subject matters of the allegations in this Assurance, and any claims arising out of or relating thereto, are retroactively tolled from and after the date of this Assurance.

28. The person signing this Assurance for Hendricks warrants that Hendricks has authorized the person to execute this Assurance, that Hendricks has been fully advised by its counsel or has voluntarily foregone such advisement before entering into the Assurance, and that he or she executes this Assurance in an official capacity that binds Hendricks.

29. 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.

30. This Assurance constitutes the full and complete terms of the agreement entered into between the Attorney General and Hendricks.

31. *Notices*. Notices or communications required by or related to this Assurance must be sent via certified mail or emailed to the following persons, or any person subsequently designated by the parties to receive such notices:

As to the Attorney General:

Evan Romanoff
Assistant Attorney General
Office of the Minnesota Attorney General
445 Minnesota Street, Suite 800
St. Paul, Minnesota 55101
evan.romanoff@ag.state.mn.us

As to Hendricks:

Travis Olsen, Chief Executive Officer
Hendricks Community Hospital Association
503 East Lincoln Street
Hendricks, Minnesota 56136
Travis.olsen@hendrickshosp.org

If mail or email is returned or indicated as undeliverable, notice on the Attorney General shall be made to the Manager or Deputy of the AGO's Charities Division, or any successor division that is responsible for civil enforcement of Minnesota's charities laws.

32. 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.

33. This Assurance, including any issues relating to interpretation or enforcement, shall be governed by the laws of the State of Minnesota.

34. In accordance with Minnesota Statutes section 8.31, subdivision 2b, this Assurance shall not be considered an admission of a violation by Hendricks for any purpose.

35. Nothing in this Assurance shall be construed to limit the power or authority of the State of Minnesota or the Attorney General except as expressly set forth herein with regard to Hendricks.

36. The Attorney General shall have all powers and remedies specified by Minn. Stat. §§ 8.31, 309.533, 309.57, 317A.813, 501B.40, 501B.41, 144.587, 144.589, and all other authority otherwise available to it for purposes of investigating and remedying any violations of this Assurance.

37. Each of the parties 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.

38. Each party shall perform such further acts and execute and deliver such further documents as may reasonably be necessary to carry out this Assurance, including that Hendricks shall promptly comply with any reasonable request from the Attorney General for information regarding verification of Hendricks' compliance with this Assurance.

39. Hendricks agrees that the Attorney General, without further notice to Hendricks, may file this Assurance with the Ramsey County District Court on an *ex parte* basis, and that the Court may issue the Order below without further proceedings, which shall constitute a final judgment. The judgment shall take effect immediately upon entry by the clerk of this Court.

40. The Court shall retain jurisdiction of this matter for purposes of enforcing this Assurance, and all signatories hereto consent to the jurisdiction of the Court for purposes of enforcing this Assurance.

KEITH ELLISON
Attorney General
State of Minnesota

Date: November 9, 2026

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

HENDRICKS COMMUNITY HOSPITAL ASSOCIATION

Date: 11/6/26

By: _____

TRAVIS OLSEN

On behalf of Hendricks Community Hospital Association

ORDER

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

Date:_____ _____

JUDGE OF DISTRICT COURT

THERE BEING NO CAUSE FOR FURTHER DELAY, LET JUDGMENT BE ENTERED IMMEDIATELY.