

Colorado Hospitals Are Funding \$5 Billion for State Health Care System

Pending legislation that would use additional rate setting on Colorado’s hospitals to further restrict revenues is the wrong idea. **Currently, 70% of Colorado hospitals are below the threshold for financial sustainability.** With expenses growing faster than revenues, Colorado’s hospitals continue to directly support of state programs, administration, and health care delivery.

Hospital Support of Colorado’s Health Care System Through Recent State-Mandated Subsidies and Discounts *(in millions)*

Item/Program	Current (2024)	New/Additional (Baseline + new in 2025)	Total	Description
Shortfall on Medicaid fee-for-service rates ¹	\$1,067	\$160	\$1,227	Medicaid underfunding + 0% increase in 2025 FFS rates vs cost trends
Hospital fee funding of HCPF administrative costs ²	\$148	\$7	\$155	Increase in federal funding from hospital fees to fund HCPF administrative costs
Hospital fee funding of Medicaid expansion population ³	\$2,990	\$150	\$3,140	Increase in federal funding from hospital Fees to fund Medicaid Expansion
Out of Network hospital rate setting ⁴	\$467	\$47	\$514	Baseline from DORA OON reporting; trend 10% per year
Colorado Option rate subsidy ⁵	\$30	\$95	\$125	Based on Connect for Health 2025 enrollment results
Uncompensated care ⁶	\$330	\$142	\$472	2023 Baseline and 40% increase experienced in 2024
TOTAL	\$5,032	\$601	\$5,633	

This is the wrong solution.

Rate setting will put even more pressure on the rest of the commercial market, raising insurance rates for everyone else. The most recent payment-to-cost ratio (a state calculated index of hospital margins) already shows that hospitals are making no margin for care provided.

¹ Annual legislative appropriations have dropped Medicaid “payment to cost” to just 79 cents on the dollar in SFY 2023-24. [HCPF CHASE Annual Report](#), Jan. 15, 2025.

² [HCPF CHASE Annual Report](#), Jan. 15, 2025.

³ [HCPF CHASE Annual Report](#), Jan. 15, 2025.

⁴ HB 19-1174 established fixed rates for some out-of-network hospital services; baseline from [DOI reporting](#), with CHA-calculated trend forward.

⁵ HB 21-1232 required hospitals to drop prices for Colorado Option plans with varying hospital-specific statutory rate floors. The impact of these reduced rates is projected to be \$95 million based on DOI-reported 2025 Colorado Option [enrollment results](#).

⁶ HB 21-1198 required standardization and a dramatic expansion of hospital charity care programs, leading to 140% growth in uncompensated care since 2019. SOURCE: CHA Databank