Case Study

How an acquisition can help a community

Background

Seventy percent of Colorado hospitals are struggling to remain financially sustainable.[1] These precarious financial conditions pose an ongoing threat to the availability of health care services in communities statewide.

Hospitals in financial stress often must reduce services and layoff employees and, in some cases, these hospitals have no other option than to consider closing. In recent years in Colorado, multiple hospitals have closed their birth centers and stopped offering perinatal care. Others have reduced or stopped offering pediatric, behavioral health or comprehensive women's care, and a small number of hospitals have needed additional taxpayer funding to sustain their finances.

These decisions detrimentally impact the community served by the hospital:

- Patients have less access to the essential care they need;
- Patients are forced to travel longer distances to other health care providers;
- Communities struggle with the loss of a large employer; and
- Communities are left without a local institution they have relied on.

While a range of factors contribute to an individual hospital's financial sustainability, one challenge shared by Colorado hospitals statewide is the increase in the number of uninsured and governmentally insured patients. Neither Medicare nor Medicaid payments cover the cost of care, and a full 61 percent of hospital care goes to these patients.[2] Public payers' inability/failure to cover the cost of care leaves hospitals to fill the gap – a pressure exacerbated by also trying to care for patients without insurance or who need financial assistance. As large numbers of Colorado residents have lost their Medicaid coverage during the Medicaid redetermination period in 2024, the numbers of uninsured patients seeking care in hospitals' emergency departments, clinics and hospitals has significantly increased (charity care costs are up 51 percent from 2023).[1]

When **Parkview Medical Center** in Pueblo, Colo., despite all efforts, found itself in the all-too-familiar predicament of needing to provide care to its community while also facing significant operating losses, hospital leadership set out to find a solution.

The Financial Challenge

Parkview Medical Center, a safety-net health care provider with a history of providing excellent care for all patients regardless of their ability to pay, has offered comprehensive care for more than 100 years. Parkview's two hospitals, Parkview Pueblo West Hospital and Parkview Medical Center, offer almost 300 inpatient beds to serve Pueblo and southern Colorado patients. In 2024, Parkview's caregivers were at the bedside during nearly 20,000 inpatient hospital visits. Almost 77,000 people were treated in Parkview's emergency departments, and more than 400,000 visits were made to its Pueblo area clinics.

Parkview's days of cash on hand had declined from 225 in September 2021 to 159 in September 2023[3] and was budgeted to continue declining. The hospital's budgeted

operating loss for fiscal year 2024 totaled $35 million, and it had already been forced to stop providing some costly services, including its inpatient behavioral health unit. Additional cuts and staff reductions were being discussed. A vast majority of Parkview Medical Center patients – more than 83 percent – are governmentally insured (e.g., Medicare, Medicaid, Tricare) or uninsured.[4] Inadequate reimbursement rates from government payers for Parkview's 63,000 Medicare and Medicaid beneficiaries were increasing financial pressures.[5]

[1] CHA Colorado Hospital Industry Update (3rd Quarter 2024 Financial and Utilization Trends)
[2] HCPF, Hospital Expenditure Report, percent of gross charges, FY 2021 data (January 2023)
[3] Parkview financial statements
[4] FY 2023 based on gross charges
[5] FY 2022 based on Schedule H reporting

Colorado Hospital Association

UCHealth Parkview

Like so many other hospitals, Parkview serves as a regional economic and community pillar and is crucial to Pueblo's economic stability, so the devastating effects of service line closures would extend far beyond the immediate impact to patients. As the city's largest employer, Parkview provides $248 million in salary and benefits to 2,800 employees. In addition, the hospital provides valuable community health improvement programs, significant uncompensated care, and other local supports. In the face of significant financial headwinds, how would this local institution remain an economic anchor in southern Colorado?

The Solution

In 2022, Parkview Medical Center approached UCHealth and asked to begin discussions about joining the nonprofit health system. At that time, UCHealth included 12 Colorado hospitals and was the state's largest provider of Medicaid care. Joining UCHealth would give Parkview a chance to continue supporting its community in the ways it always had, without sacrificing close-to-home access to comprehensive services that patients rely on.

UCHealth's resulting support saved the service lines at risk of closure and gave Parkview the resources to bolster its operations and stabilize its finances, cementing the hospital's role as a community leader for years to come. The integration with UCHealth reassured patients that their access to critical health care services would be protected and reinvigorated the close partnerships that so many in Pueblo and surrounding areas depend on.

Joining UCHealth allowed Parkview Medical Center to:
- Identify opportunities for improvement in patient care, safety, quality, and outcomes through collaboration between clinical staff and quality/safety teams
- Grow the area's health care workforce through enhanced provider and employee recruitment and new education advancement programs for Parkview employees
- Save on vital drugs and other supplies by accessing UCHealth's supply chain contracts
- Reduce information technology (IT) expenses by taking advantage of UCHealth's IT contracts
- Introduce innovative artificial intelligence and virtual programs to reduce sepsis mortality and expand access to urgent and primary care
- Expand interpretive and language services for patients who speak diverse languages

The decision to join UCHealth also allowed community programs to grow and flourish, including:
- Parkview Mobile Nurses, which deliver preventive health care services and education for community organizations
- School-to-Employment Program, which provides shadowing opportunities for Pueblo high school students
- CSU Pueblo and Pueblo Community College Partnerships, which help expand the health care workforce by educating more nurses, medical assistants, pharmacy techs, radiology techs and others
- Next Chapter Veterans Wellness Collaborative, which offers comprehensive suicide prevention services, led by UCHealth and funded by the Colorado Behavioral Health Administration

In addition, the integration with UCHealth included commitments of a $5 million contribution to the Parkview Foundation and an almost $200 million investment over 10 years to support Parkview, patients, and the local community.

Conclusion

When a community safety-net hospital was unable to face its significant financial challenges, it reached out to a larger health system for help. Despite the difficult circumstances, UCHealth welcomed Parkview and leveraged resources to reinforce its hospitals and the critical services it provides to patients. Thanks to thoughtful consideration and support from the health system, the health care provider in Pueblo preserved its ability to serve its patients 24/7/365 while continuing to uplift the greater southern Colorado community it calls home.

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