

Following the House committee hearing on HB 25-1174, CHA believes it's important to focus on the facts.

Margins

Many misleading or flatly inaccurate statements about hospital margins were made during the hearing.

Facts:

- 64 hospitals, not all urban, will be subject to rate setting in the bill
 - Over 50% of these 64 hospitals have negative margins
 - Another 15% have margins below 4%, which is the margin necessary for long-term sustainability
 - Average patient service margin for these hospitals is -2%
- Quoted margin numbers were inflated and misleading
 - Total margin includes investment income that does NOT come from patient care delivery (Investment returns cannot responsibly be counted on to fund on-going operations)
 - 2024 total margins cited included a one-time 340B settlement of underpaid funds from last decade
 - Many urban hospitals are part of national systems, and margins quoted use \$ from the entire system – including from hospitals outside of Colorado

Oregon Experience

Proponents: "Oregon hospitals are doing just fine."

Becky Hultberg President/CEO of Hospital Association of Oregon: **"We have been sounding the alarm for more than a year that hospitals in financial distress will eventually have to make some wrenching decisions about the services they provide, and that's what we are seeing now."** *The Lund Report*

Facts:

- Much like Colorado, 54% of Oregon hospitals are operating at a loss
- Oregon did have a hospital closure, leaving Eugene -- the second largest city in the state -- without an Emergency Department after PeaceHealth Sacred Heart shuttered its doors
 - To put this into perspective, it would be akin to Colorado Springs not having an Emergency Department
- Patient care services that have been reduced or eliminated
 - Maternity/OB/Midwifery
 - Sleep clinics and labs
 - Pediatric cardiology
 - Eye and Allergy Care
 - Home health service
 - Medical Oncology

Rural Impact

Proponents: “This legislation won’t affect the rural hospitals.”

Kelly Erb Zager, Associate Director of Policy and Advocacy at the Colorado Rural Health Center: **“Rural health care facilities – we really do depend on healthy partnerships with urban facilities. Especially for specialty care, transfers, and telehealth.”**

Facts:

- Colorado has 43 rural hospitals, only 32 of which are Critical Access Hospitals
- Rural hospitals are not all carved out – nine small rural hospitals are included in this bill. Seven of those included in rate setting are operating at a loss.
- Carveouts won’t protect rural hospitals because they rely on urban partners for:
 - 12,000+ transfers each year from rural emergency departments to their urban counterparts for higher level of care:
 - Trauma care
 - Life-saving stroke care
 - Cardiac care
 - Cancer care
 - OB/NICU care
 - In addition to ED transfers, rural hospitals rely on urban hospitals for:
 - Higher-acuity care
 - Specialized care not offered at all hospitals
 - Additional patient capacity
 - Telehealth services
 - Specialty care delivered close to home in rural hospitals by visiting specialists provided by urban hospitals
 - Orthopedics
 - Cardiology
 - Cancer

Questions?

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