



Colorado Hospital Industry Update

Year End 2024

Financial and Utilization Trends



Key Takeaways

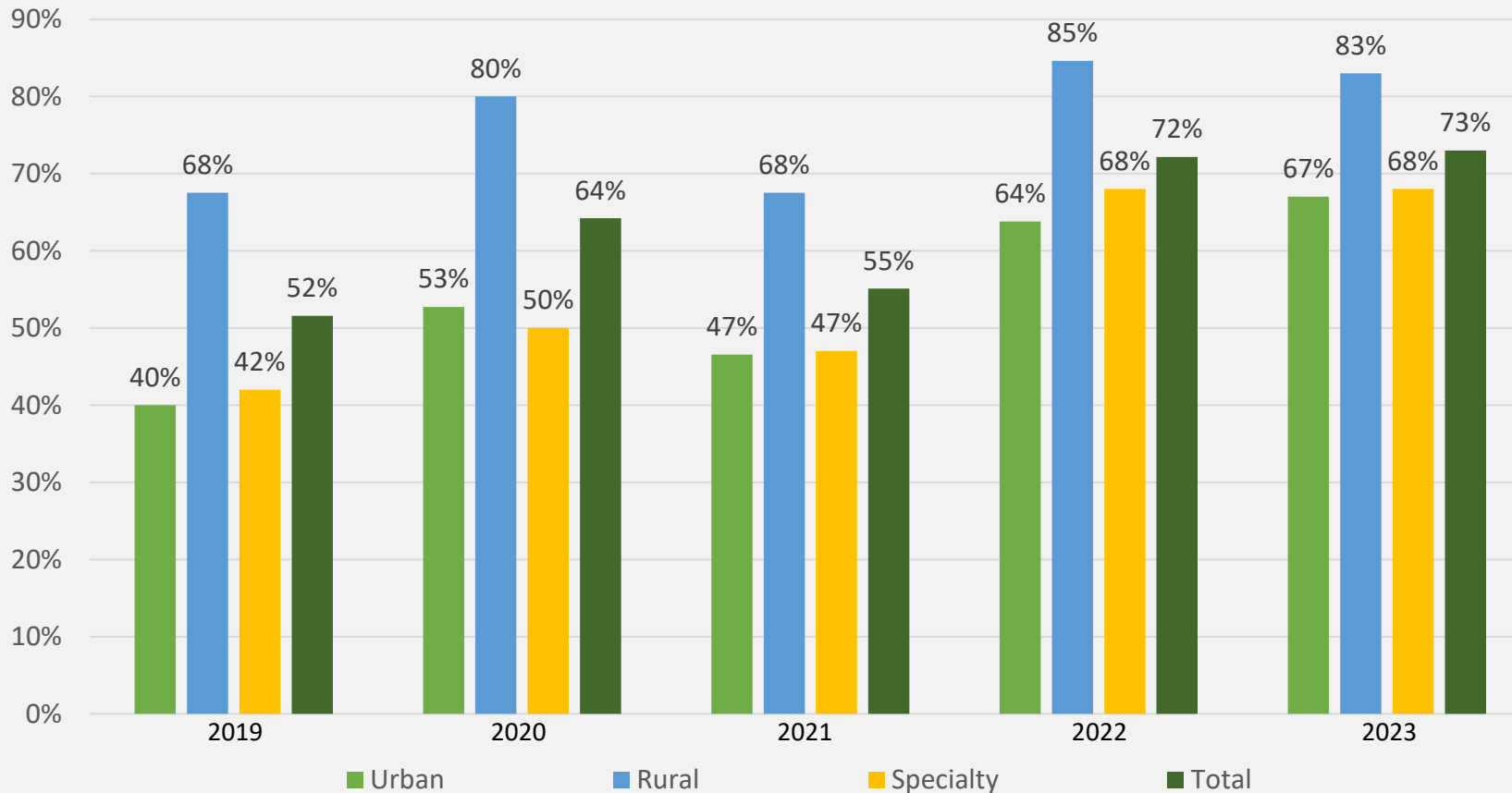


- **Finances have deteriorated:** 73% of Colorado hospitals are losing money every day to care for patients, which puts the health care services their communities rely on at risk.
- **Unpaid care continues to increase:** Colorado hospitals are providing significantly more charity care, and the shortfall of reimbursement for Medicaid and Medicare patients is escalating rapidly.
- **Expense costs are significantly higher than revenue:** Expenses costs are 8% higher than revenue in 2024, which is less than recent years, but still unsustainable. Federal action on tariffs could worsen this in 2025.
- **Significant uncertainty ahead:** State policies and looming federal actions are creating an unstable and vulnerable environment for hospitals, threatening viability and access to care.

Nearly 75% of Colorado Hospitals Have Unsustainable Margins



Percent of Hospitals with Unsustainable Patient Margins

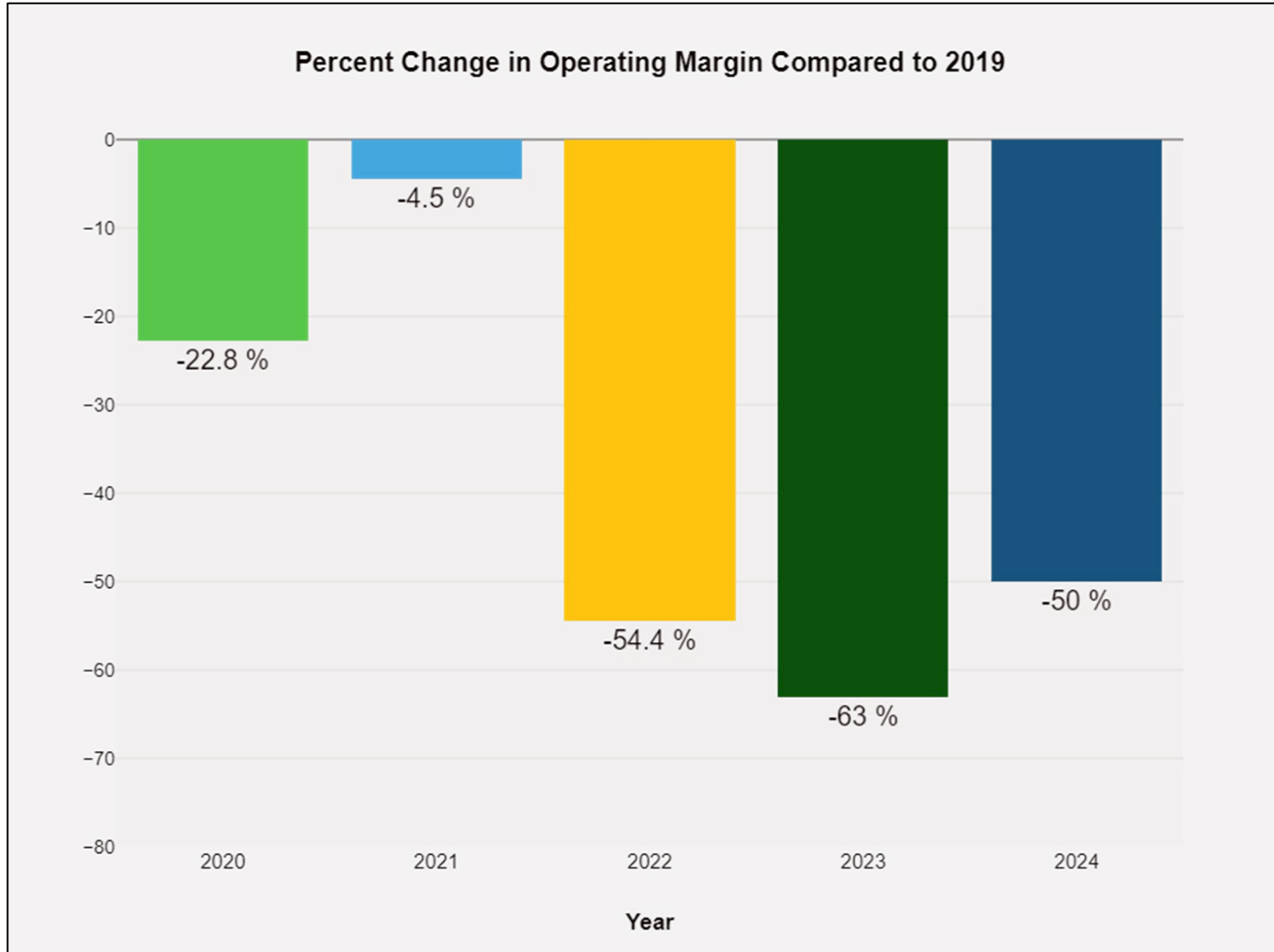


Key Takeaways

- Nearly 75% of Colorado hospitals finished 2023 with margins that do not provide for long term sustainability and investment in patient care.
- Since 2019, sustainable margins have significantly diminished for all types of hospitals including rural, urban, and specialty.

2019 – 2023 data obtained from HCRIS database (2024 not available)

Operating Margins Significantly Below Pre-Pandemic

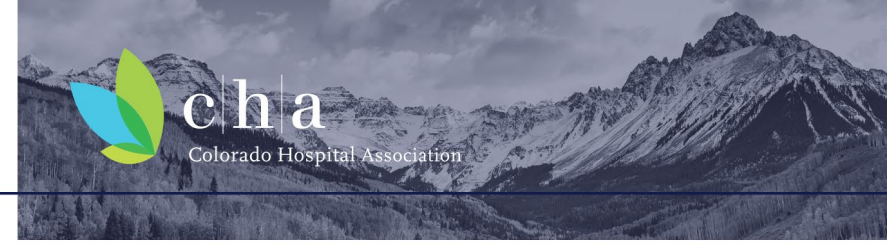


Data obtained from CHA Databank reported through December 2024

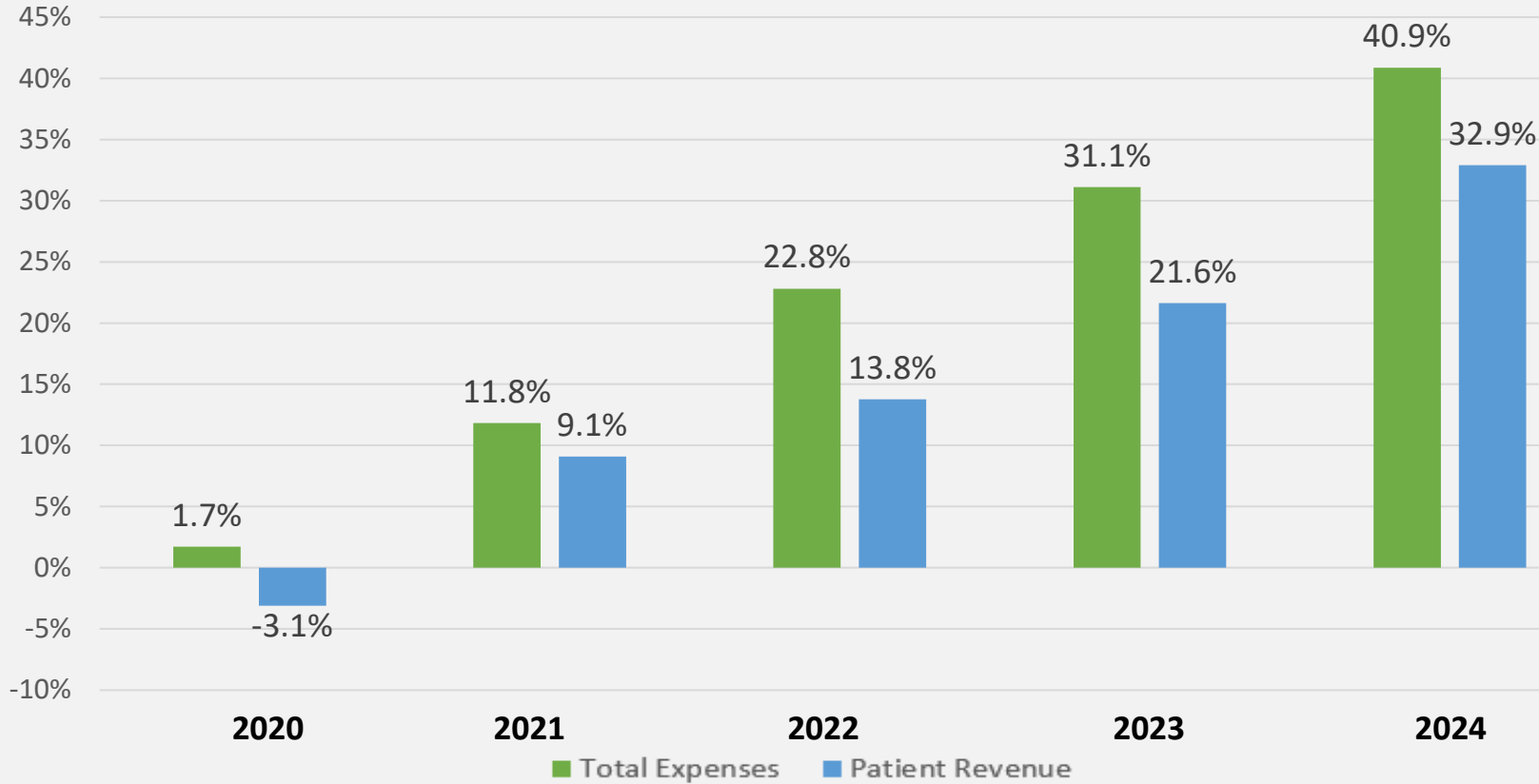
Key Takeaways

- Operating margins remain 50.3% lower for 2024 compared to 2019, a continuing trend each year since the start of the pandemic.
- The significant decline in operating margins constrains future investments; increases the need for alternative payment sources, such as local tax revenues; and creates more hospitals vulnerable for closure or reduction in services.

Expense Trends Remain Higher than Revenue Increases



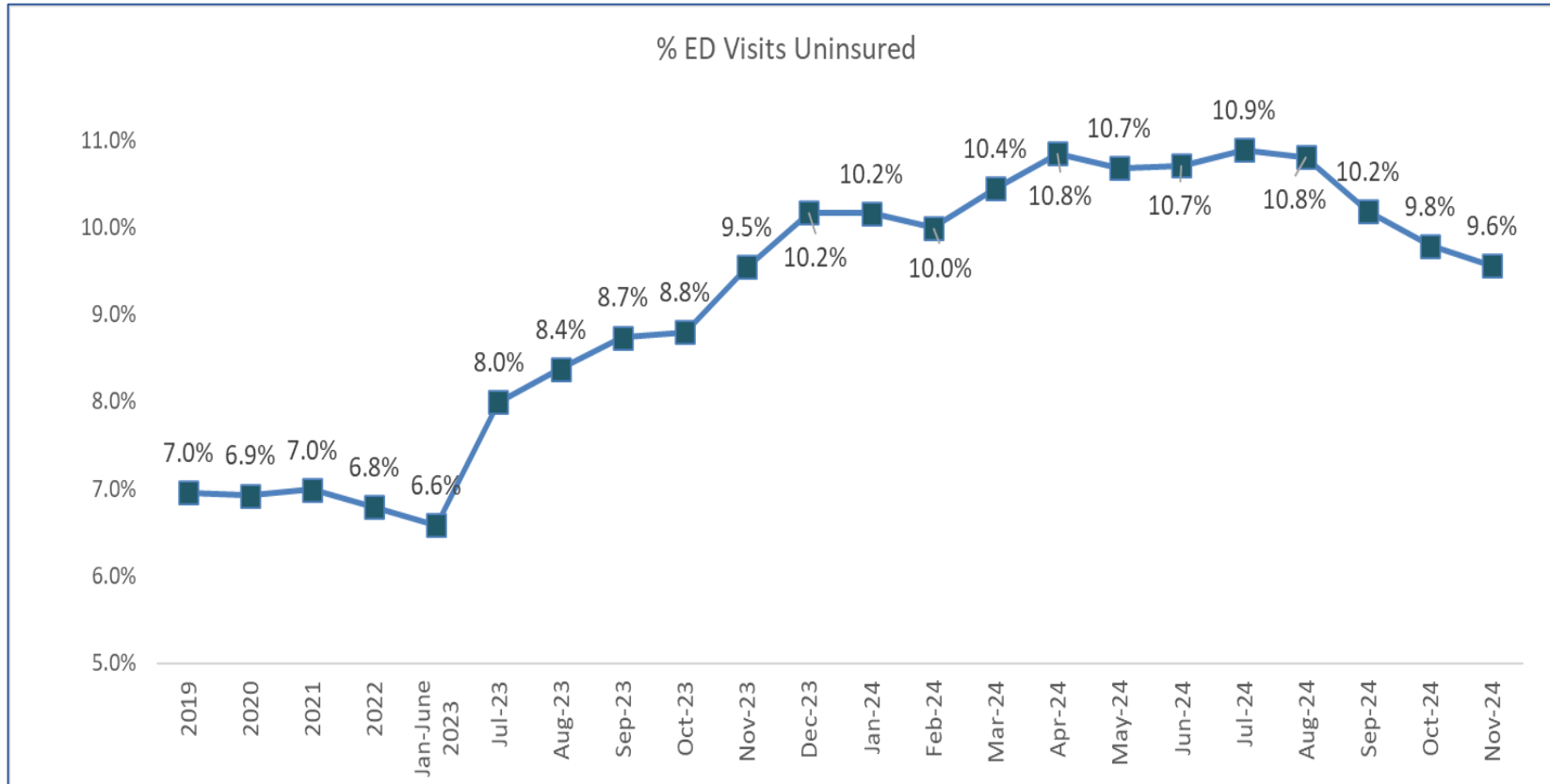
Revenue and Expense Percent Change from 2019



Key Takeaways

- Increases in operating expenses have exceeded revenues since 2019 – a cumulative 8% differential as of 2024, slightly improved from prior year.
- When expense trends continue to outpace revenue, it may force hospitals to be more conservative about current services/locations and future investments.

ED Utilization Trends for Uninsured Patients

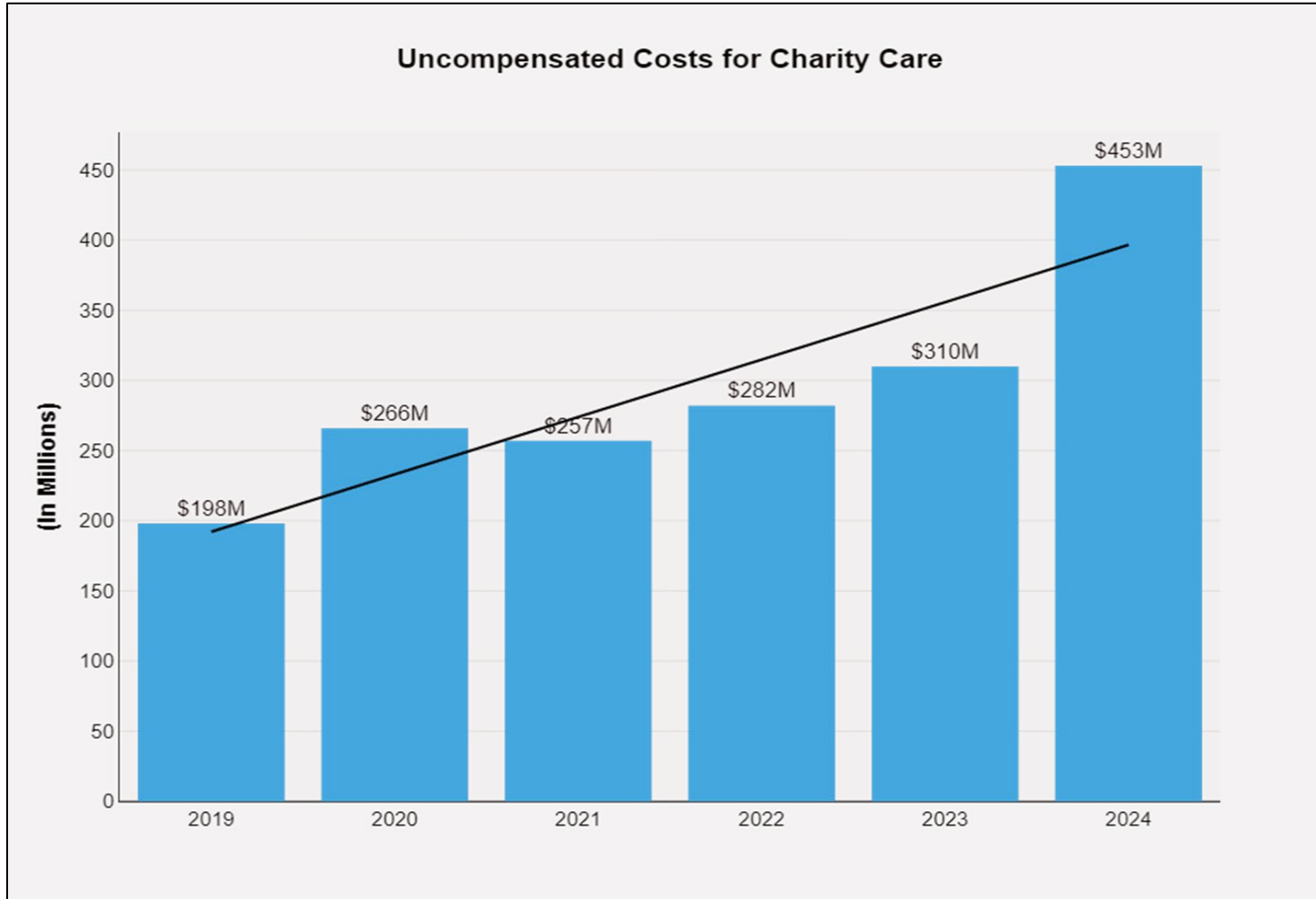


Key Takeaways

- Increasing uncompensated care costs are due in large part to increases in uninsured patients.
- The % of uninsured patients in hospital emergency departments (ED) has dipped below 10% but remains 40% higher than 2019 baseline.

Data obtained from CHA Claims database reported through November 2024

Charity Care Continues to Increase

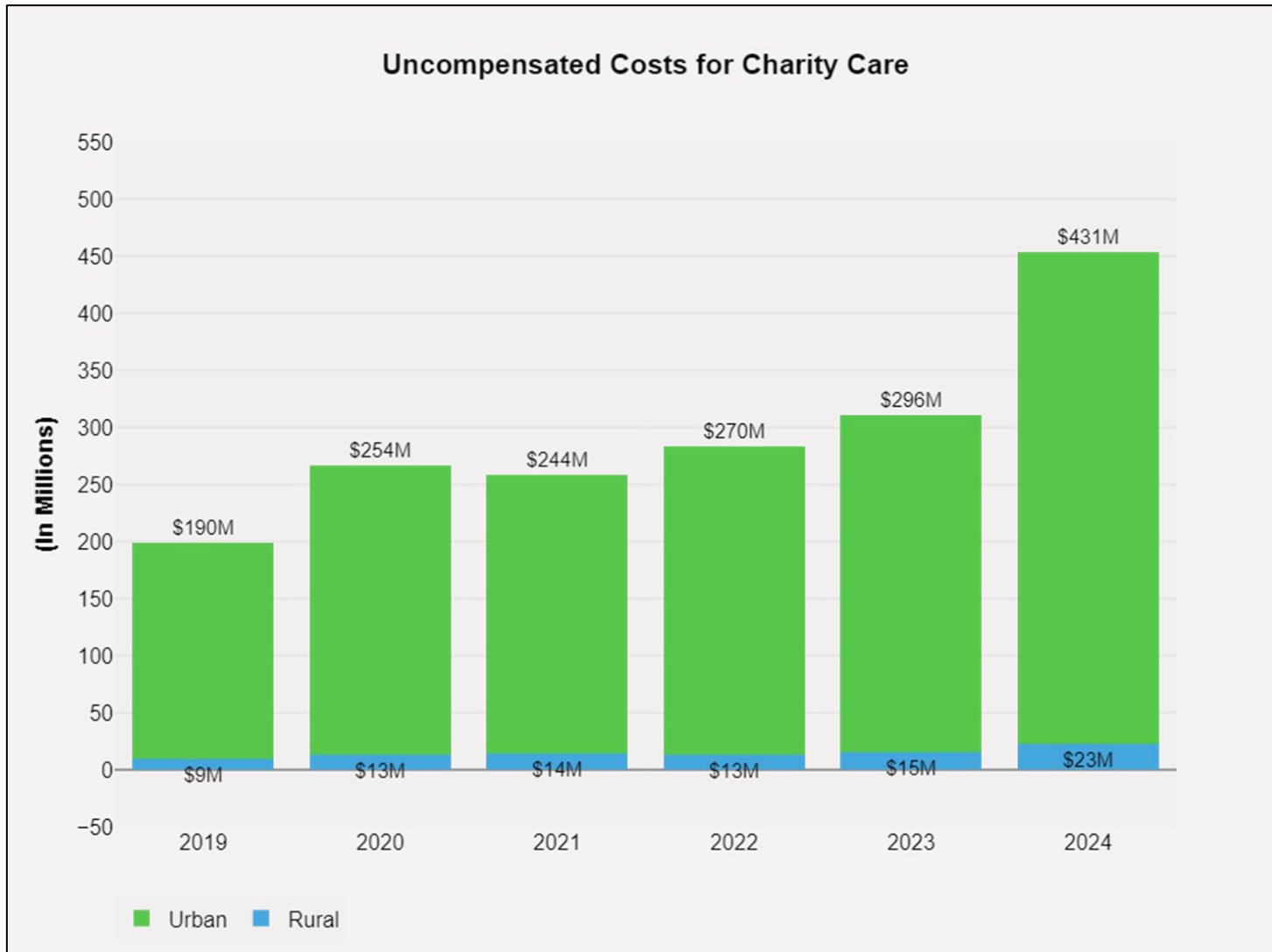


Key Takeaways

- Charity care costs are escalating rapidly, up 46% in 2024 and 130% compared to 2019.
- The increase in uncompensated charity care costs are related to the rise in uninsured patients and continued growth of Colorado's Hospital Discounted Care program.

Data obtained from CHA Databank reported through December 2024

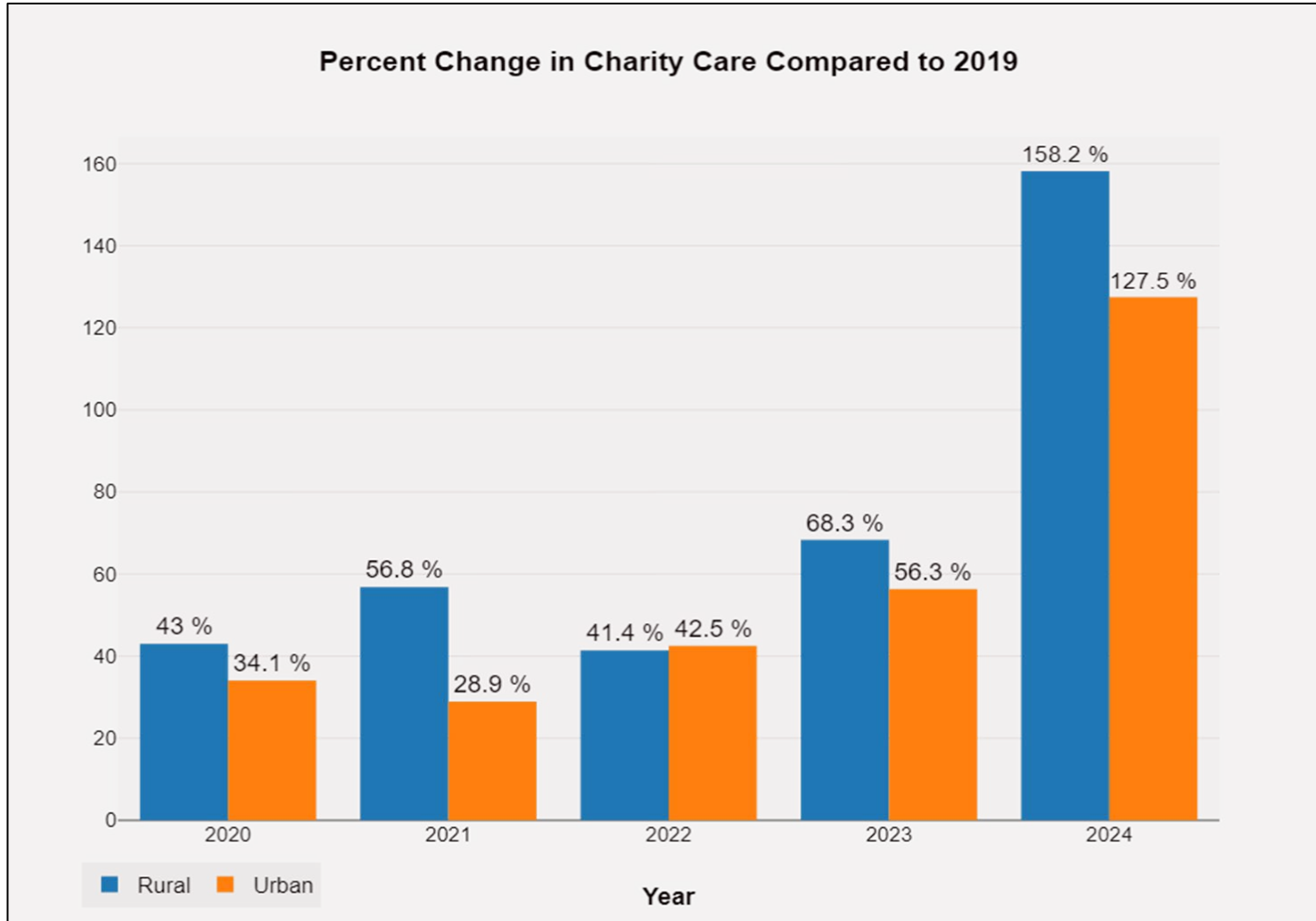
Charity Care Continues to Increase



Key Takeaways

- Charity care costs have escalating rapidly in 2024, up 48% for urban hospitals and 60% for rural hospitals.
- The increase in uncompensated charity care costs are related to the rise in uninsured patients and continued growth of Colorado's Hospital Discounted Care program.

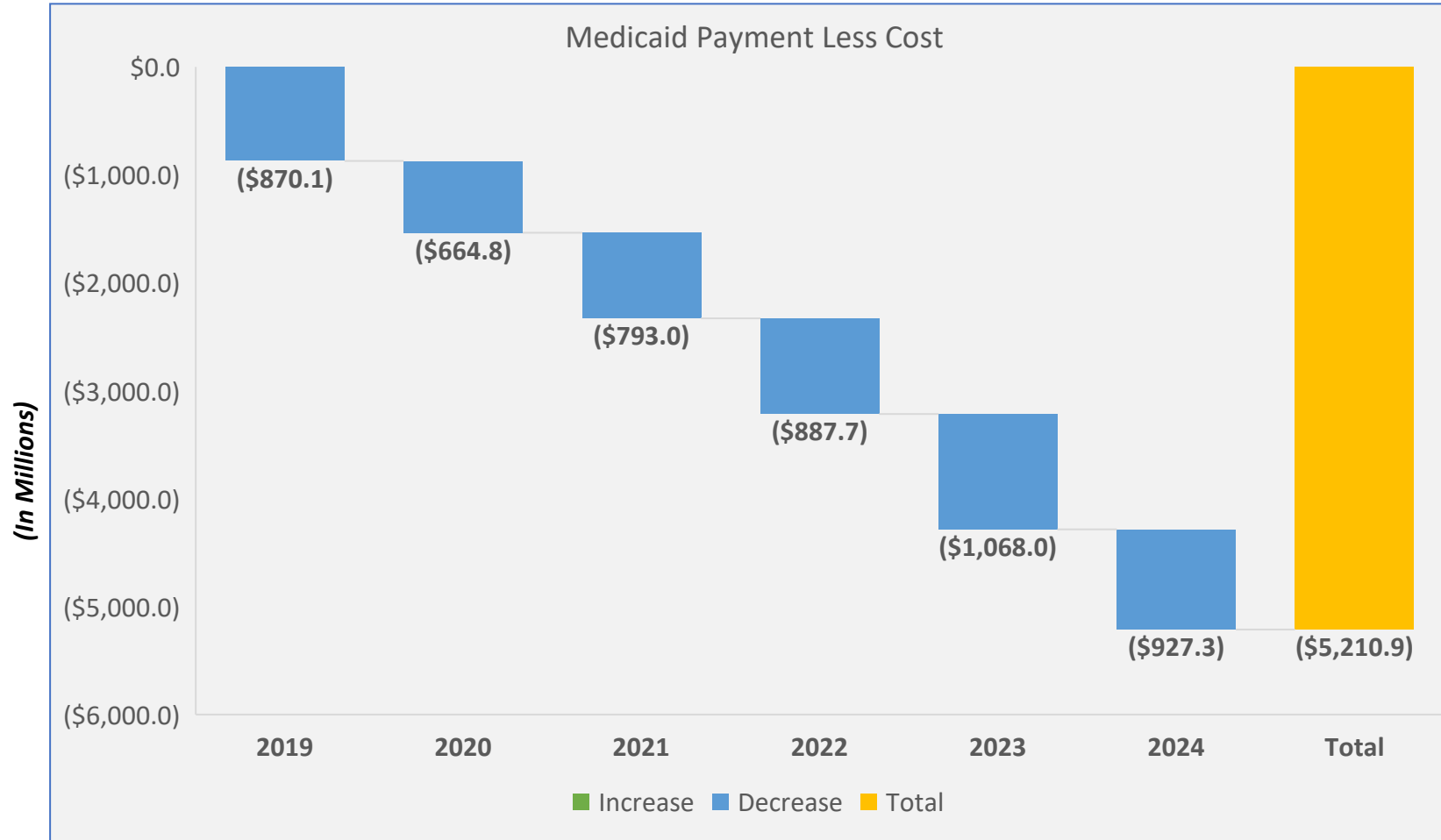
Charity Care Costs Increase Significantly



Key Takeaways

- Compared to 2019, both rural and urban hospitals are experiencing a significant increase in uncompensated charity care costs – rural hospitals at 177% and urban hospitals at 116%.
- These trends are likely to continue with rising uninsured patients and expanded use of Colorado’s Hospital Discounted Care program.

Unreimbursed Medicaid Costs Continue to Escalate

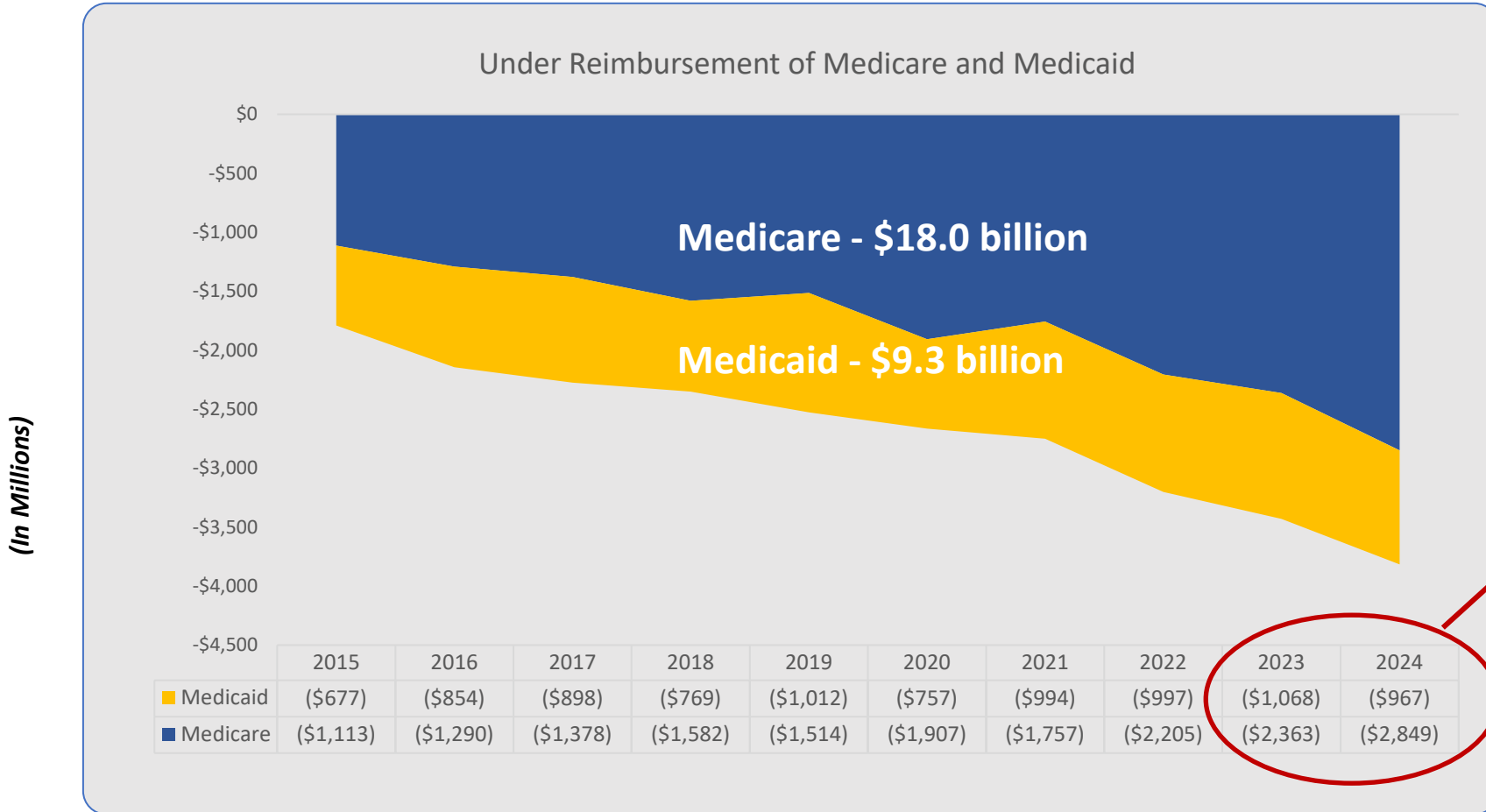
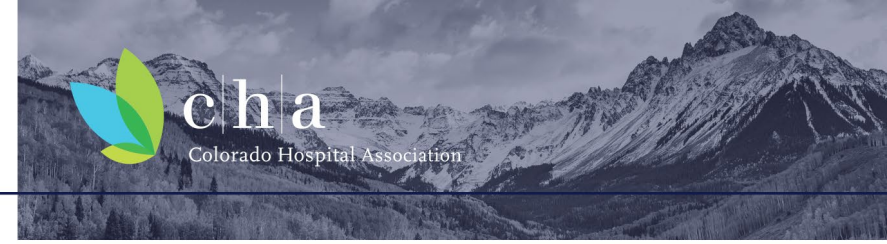


Key Takeaways

- Since 2019, hospitals funded more than \$5 billion of support in unreimbursed care provided to the Medicaid population in Colorado.
- Uncompensated costs related to Medicaid continue to increase, due to low reimbursement rates in the Medicaid program that consistently fall short of the cost to provide care.

Source: 2019 – 2023 amounts from 2023 CHASE Annual Report
2024 Estimate Calculated from CHA DATABANK

Growing Shortfall in Government Payer Reimbursement



Key Takeaways

- At an escalating rate, Medicare and Medicaid reimbursement falls short of the cost of caring for patients.
- In 2024, the amount totaled more than \$4.1 billion, a \$385 million increase over the prior year.

2013-2023 Data obtained from 2025 CHASE Annual report
2024 Estimates Computed from CHA Databank