



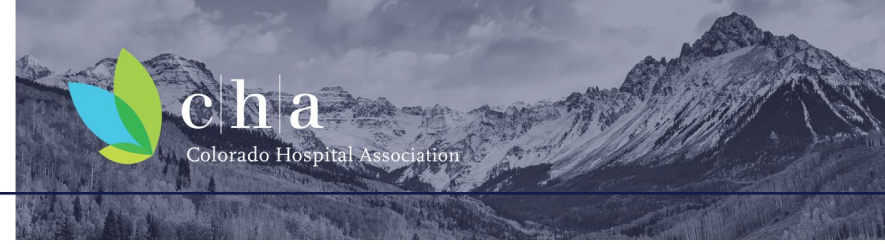
Colorado Hospital Industry Update

Q1 2025

Financial and Utilization Trends

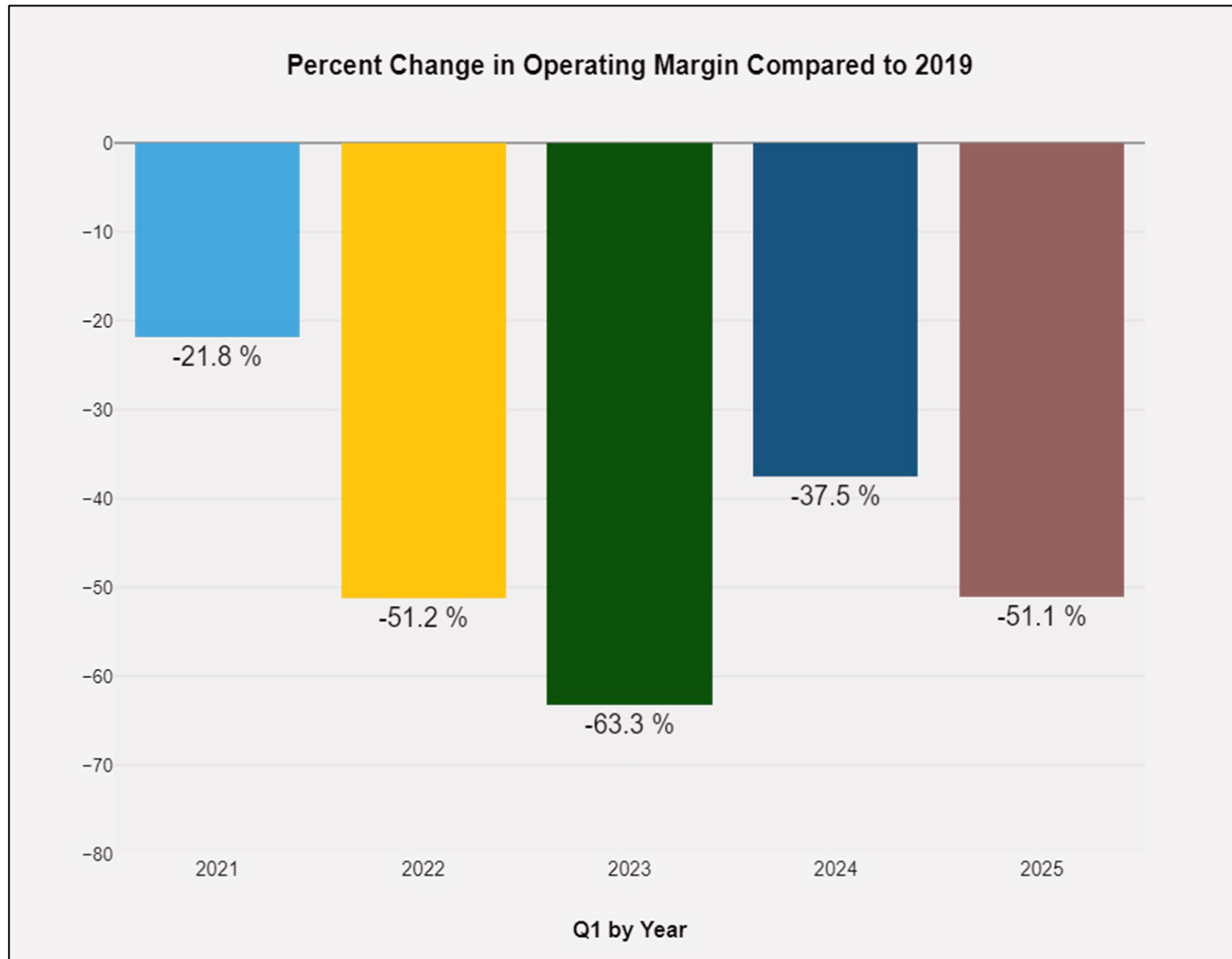


Summary



- Ongoing economic pressures and policy decisions are destabilizing Colorado's hospital system and threatening long-term viability.
- Hospitals are still grappling with persistently high labor and supply costs, alongside a surge in uncompensated and charity care.
- Most Colorado hospitals have negative or very low margins, jeopardizing their ability to invest in staff, services, and infrastructure.
- Charity care provided in Colorado hospitals has skyrocketed, while underpayments from Medicaid and Medicare continue to widen the financial gap.
- In this fragile environment, any further state or federal funding cuts pose a direct threat to patient care and the health care services that Coloradans rely on.

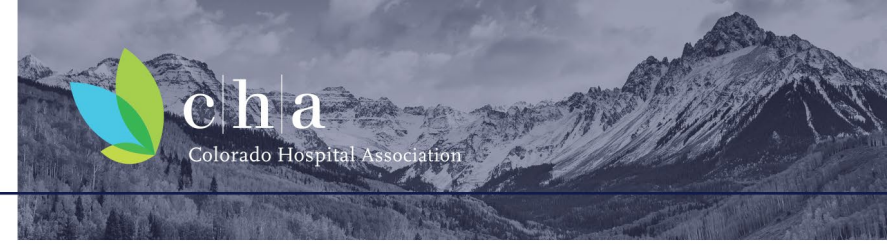
Operating Margins Significantly Below Pre-Pandemic



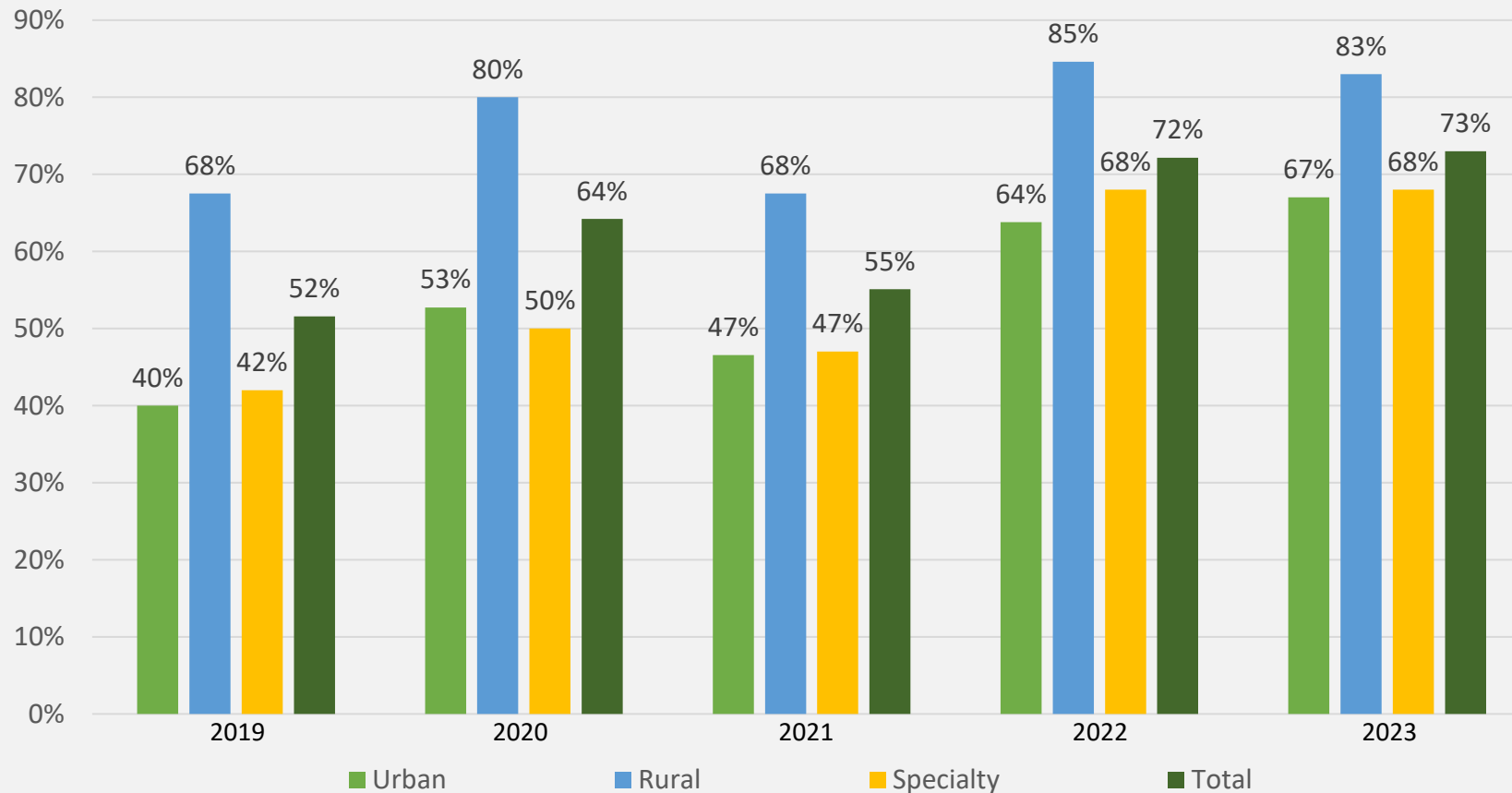
Key Takeaways

- Operating margins remain 51% lower for 2025 compared to 2019, a continuing trend each year since the start of the pandemic.
- The 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.

Nearly 75% of Colorado Hospitals Have Unsustainable Margins



Percent of Hospitals with Unsustainable Patient Margins

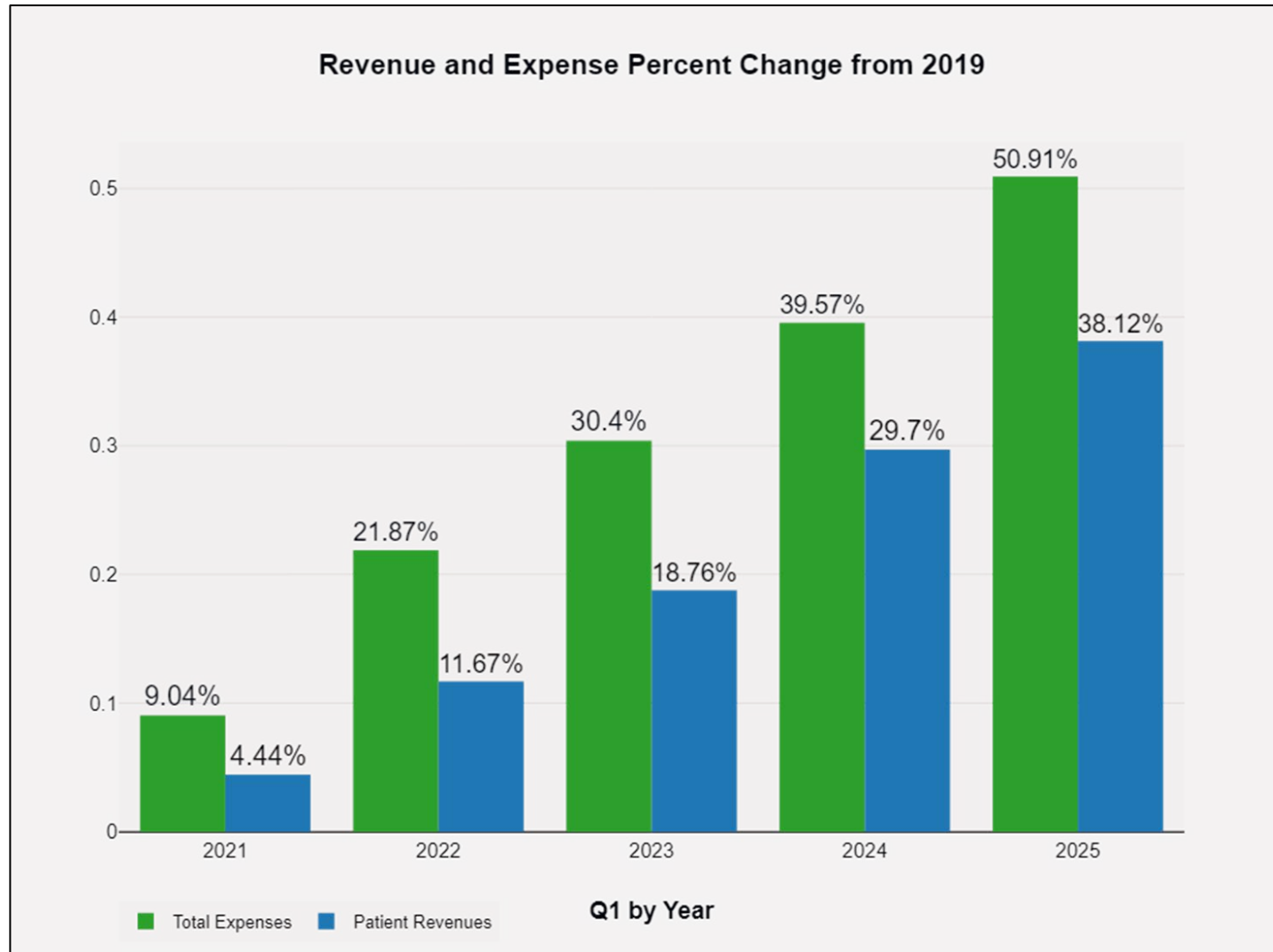


Key Takeaways

- 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.

Note: 2019-23 data obtained from HCRIS database; full 2024 data not yet available

Expense Trends Remain Higher than Revenue Increases

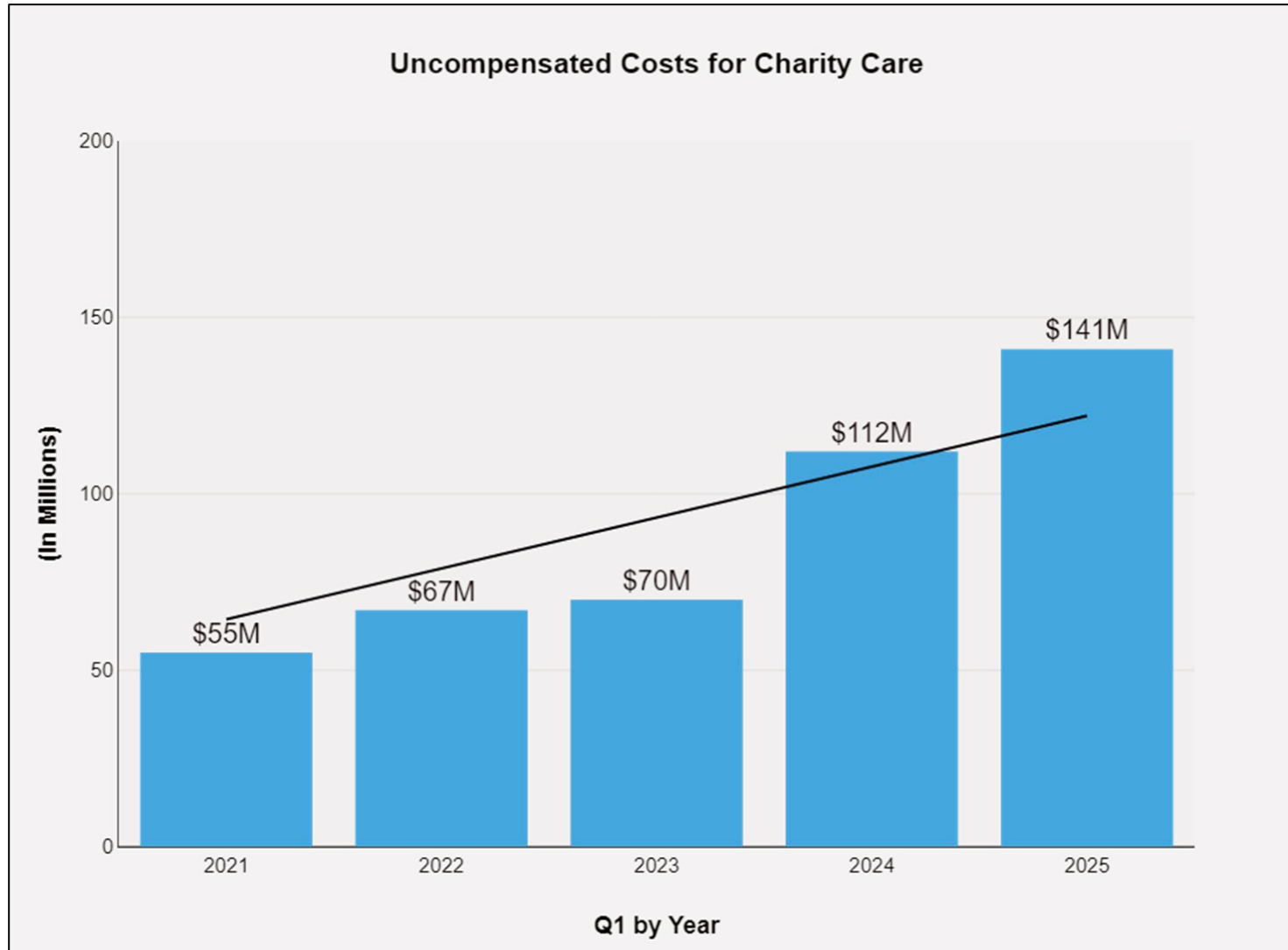


Data obtained from CHA Databank reported through March 2025

Key Takeaways

- Increases in operating expenses have exceeded revenues since 2019 – a cumulative 12.8% differential as of 2025.
- When expense trends continue to outpace revenue, it may force hospitals to be more conservative about current services/locations and future investments.

Charity Care Continues to Increase

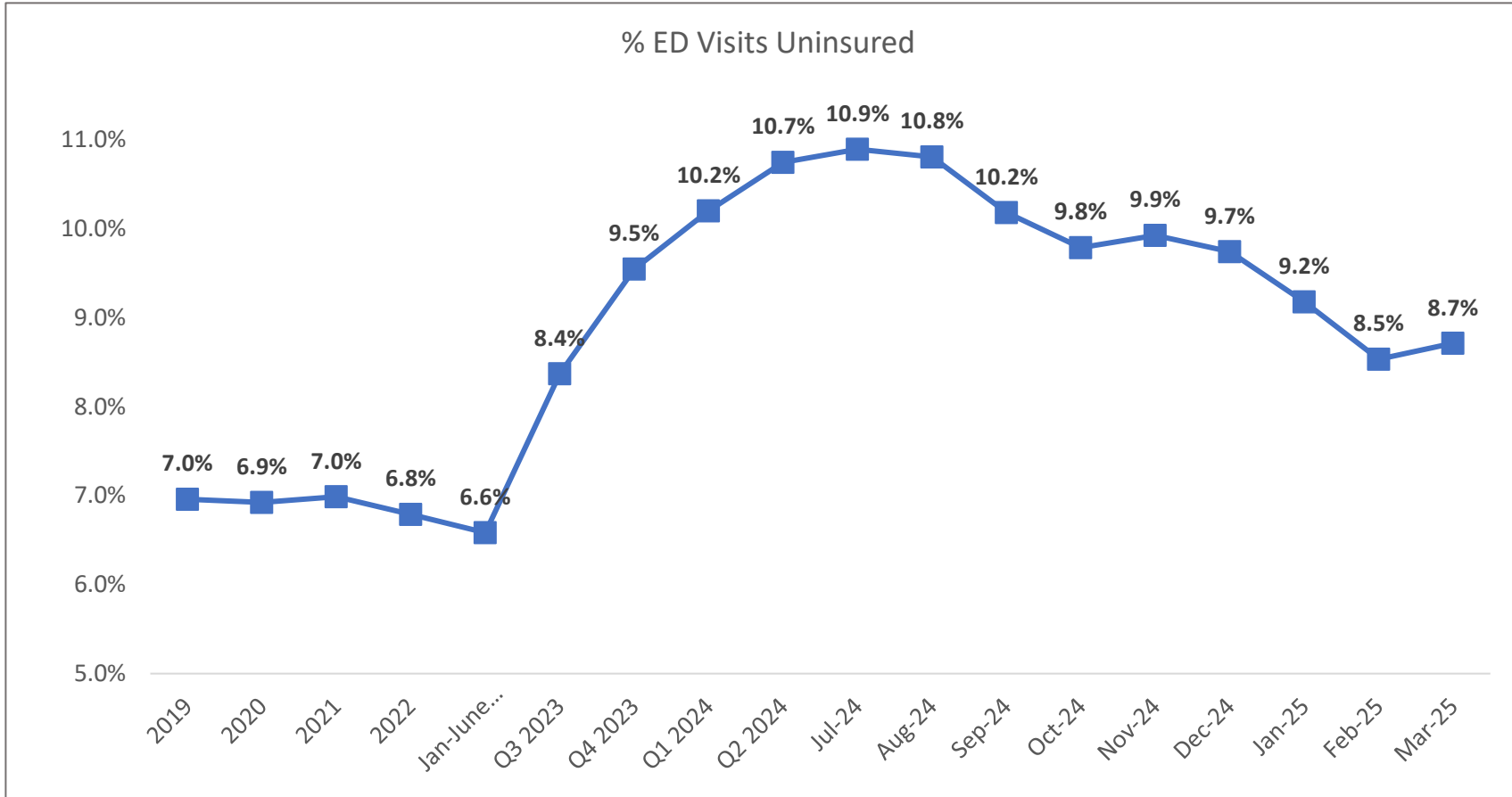


Data obtained from CHA Databank reported through March 2025

Key Takeaways

- Charity care costs are escalating rapidly, up an additional 26% in Q1 2025 after nearly 60% increase in 2024.
- The increase in uncompensated charity care costs are related to the rise in uninsured patients and continued growth of the Hospital Discounted Care program.

ED Utilization Trends for Uninsured Patients

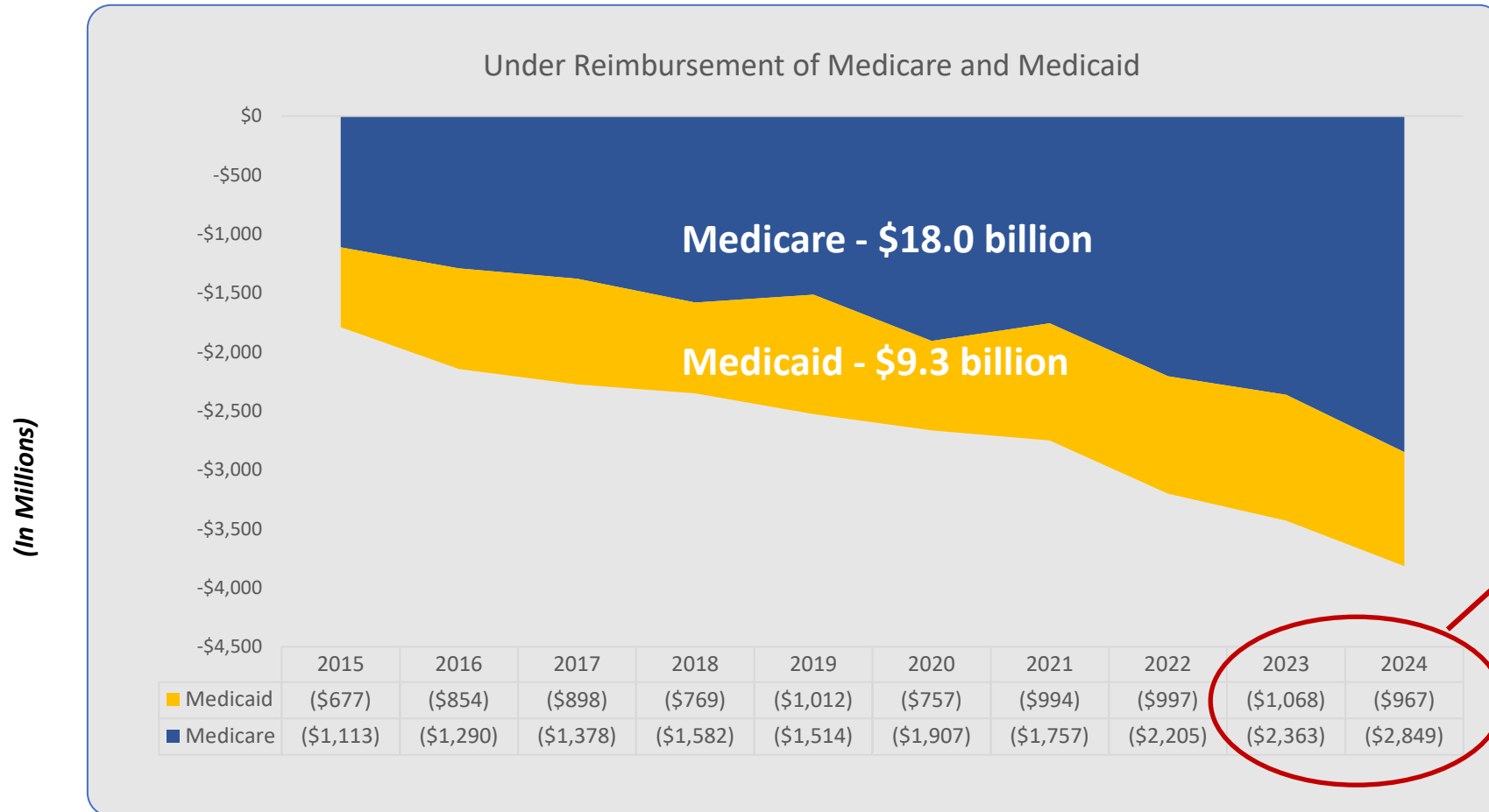


Key Takeaways

- The number of uninsured patients in hospital emergency departments increased significantly during Medicaid redetermination in 2023 and 2024.
- The uninsured rate has trended lower in recent months but still remains nearly 25% higher than recent years.

Data obtained from CHA Claims database reported through March 2025

Growing Shortfall in Government Payer Reimbursement

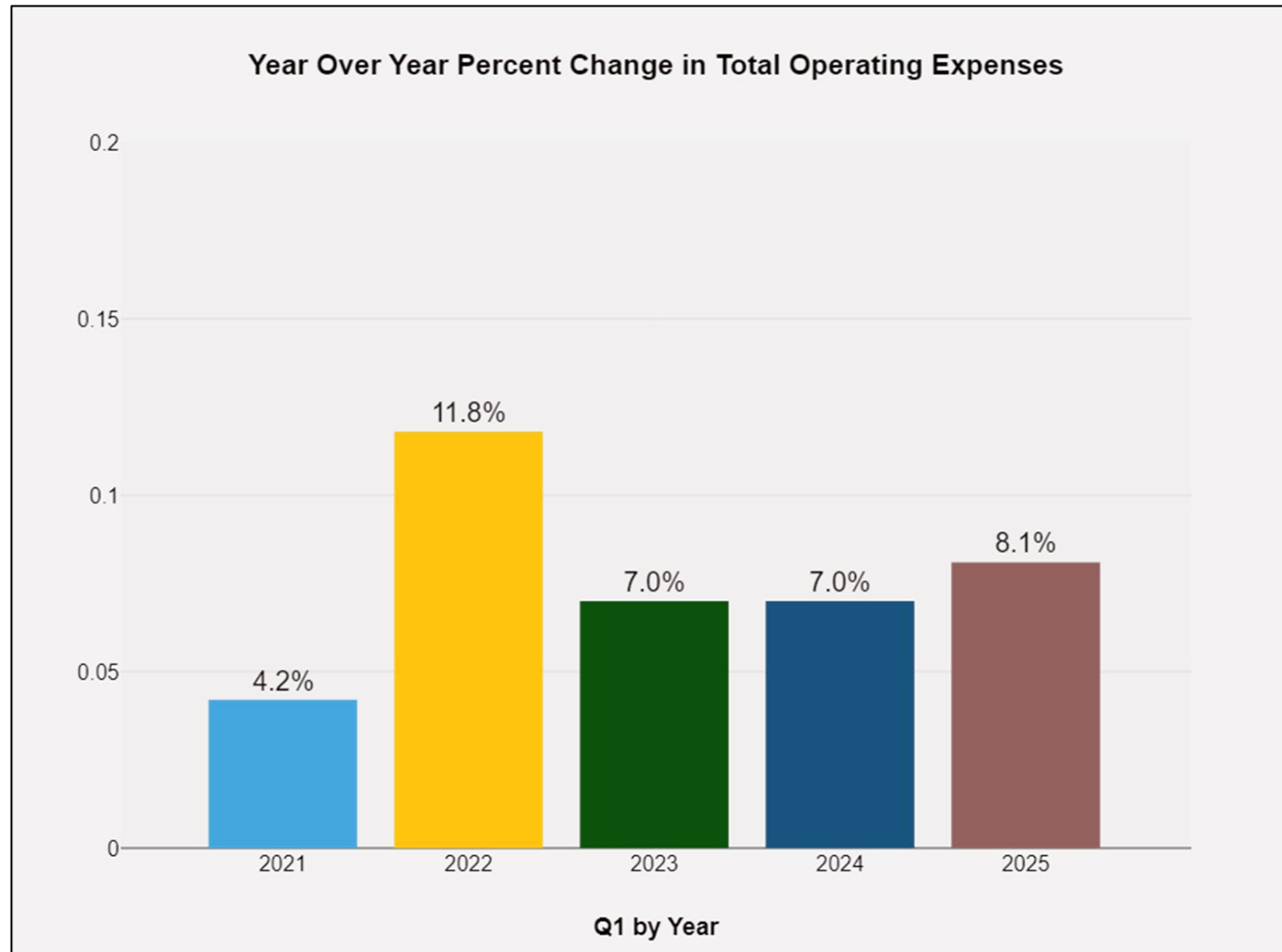


Key Takeaways

- At an escalating rate, Medicare and Medicaid reimbursement falls short of the cost of caring for patients.
- In 2024, the amount totaled over \$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, 2025 Data not yet available

Operating Expense Trends by Year

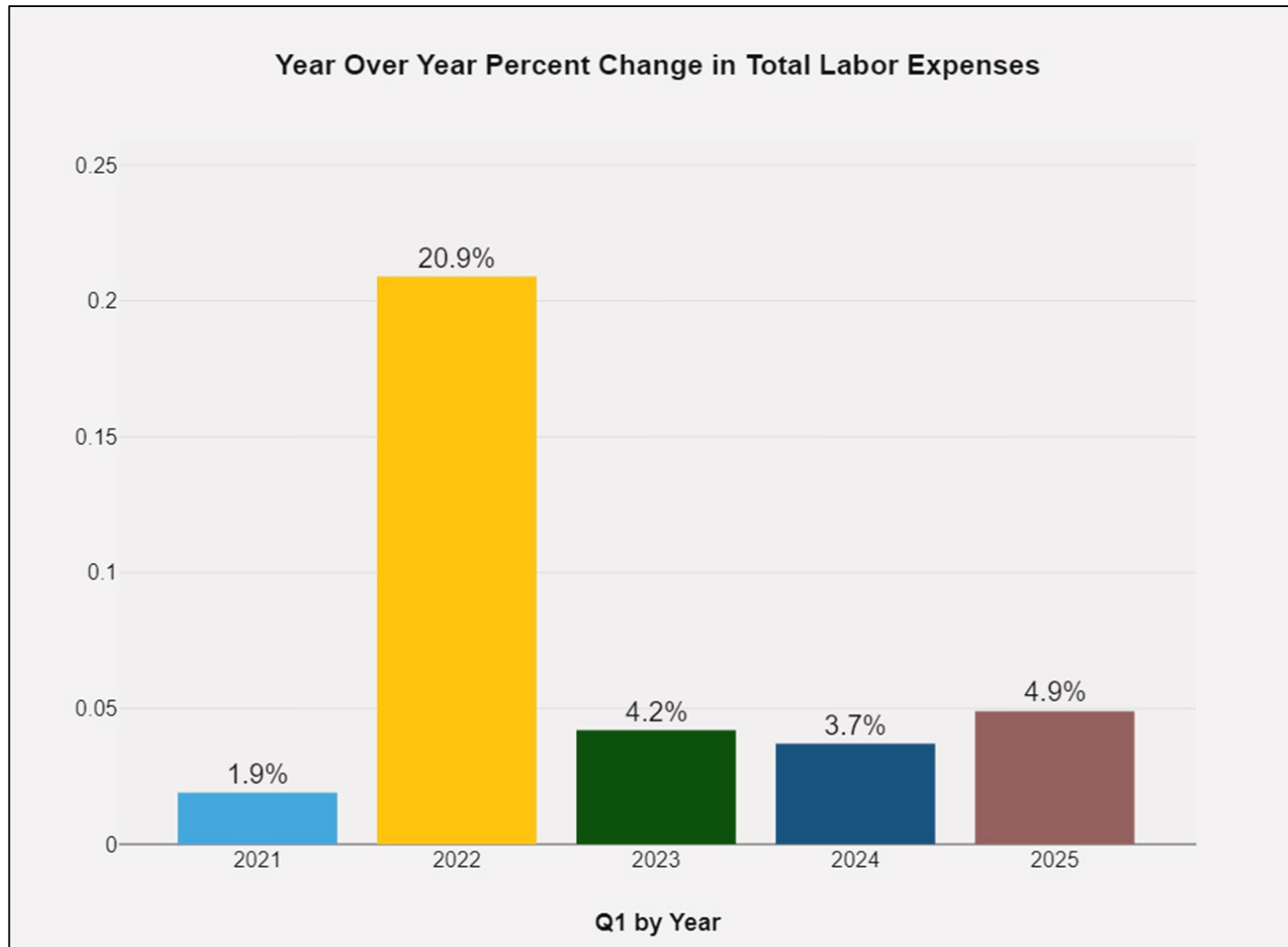


Key Takeaways

- Operating expense trends continue to remain higher than historical levels, over 8% in 2025, driven by increases in labor, supply, and high inflation pressures.
- High costs in Colorado continue to put pressure on operational expenses.

Data obtained from CHA Databank reported through March 2025

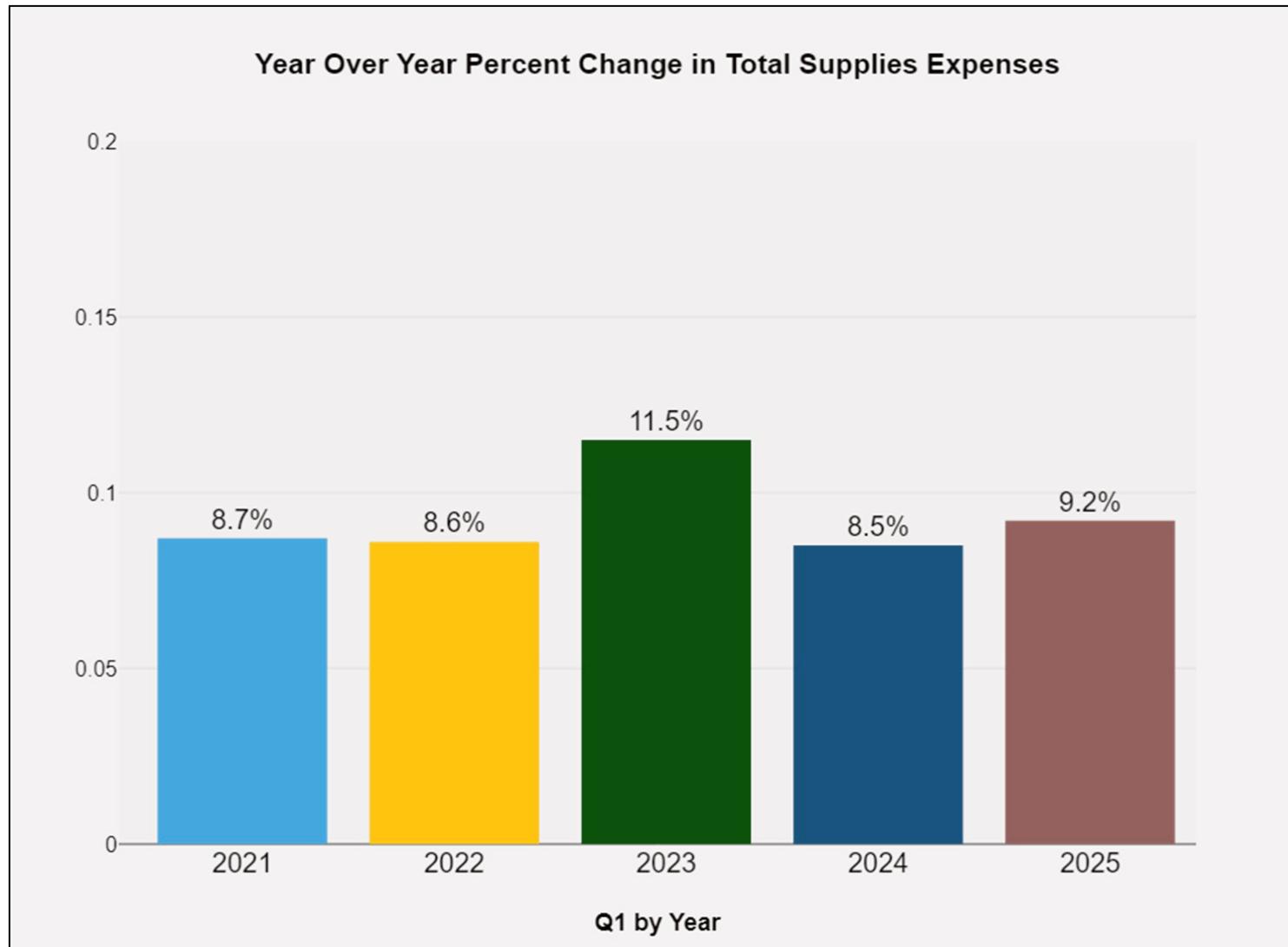
Labor Expense Trends by Year



Key Takeaways

- After significant increases in 2022 (driven by high cost of outside staffing), total labor costs have moderated but continue to run higher than historical levels.
- Investments in staffing retention and recruitment continue to be a top priority.

Supply Expense Trends by Year



Data obtained from CHA Databank reported through March 2025

Key Takeaways

- Supply expense trends continue to remain near double digits.
- Supply expenses are driven by the high cost of pharmaceuticals, high inflation in Colorado, and more acute care needed for patients, requiring longer lengths of stay.