



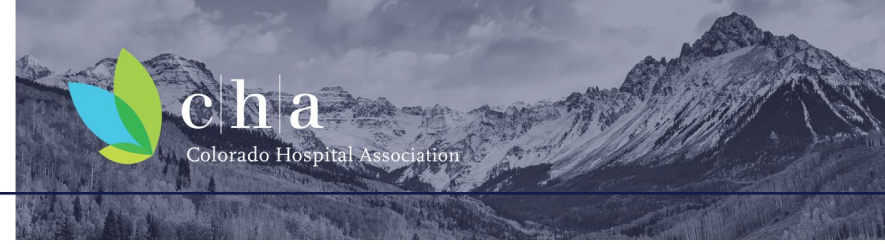
Colorado Hospital Industry Update

Q3 2025

Financial and Utilization Trends

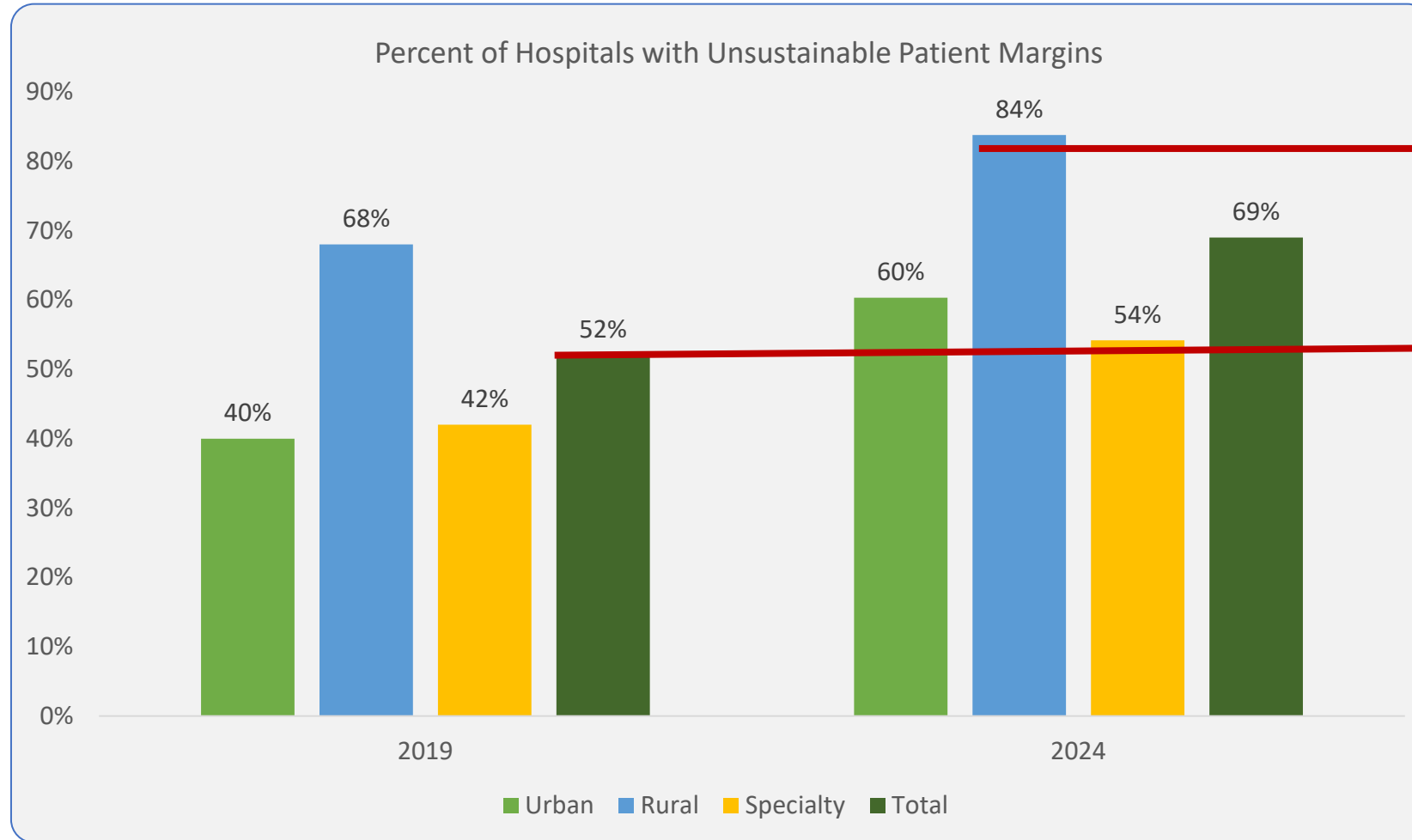


Key Takeaways



- **Colorado hospitals are in financial distress:** Nearly 70% ended 2024 with unsustainable margins as expenses outpace revenues, leaving limited room for investment in patient care or infrastructure.
- **Charity care and uncompensated care costs are rising:** Hospitals are shouldering growing burdens as more Coloradans lose coverage and turn to hospitals as the safety net.
- **Government payers now dominate, but underpay:** Medicare and Medicaid make up over 60% of hospital coverage, yet reimbursement falls billions short of actual care costs.
- **State and federal budget cuts will make a bad situation worse:** Cuts from H.R. 1 and state reductions to the Medicaid program and its funding in the budget will further damage financials and lead to coverage losses for thousands of Coloradans.
- **The result:** More people will lose coverage, hospitals will face deeper financial losses, and patients' access to care will be at serious risk.

Nearly 70% of Colorado Hospitals Have Unsustainable Margins

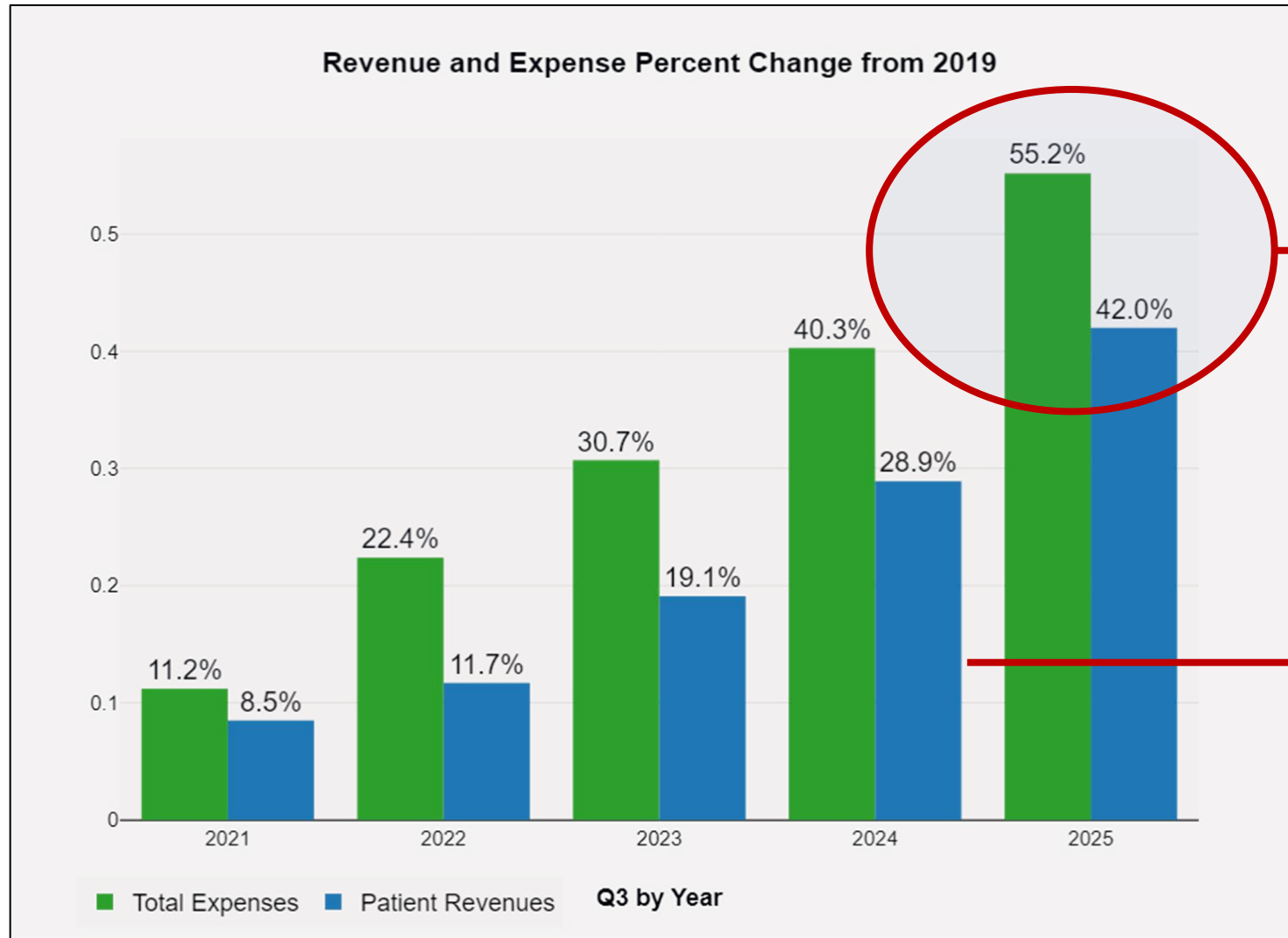


More than 80% of rural hospitals cannot achieve sustainable margins.

Of all hospitals, 17% more are now unsustainable than in 2019.

Note: 2019 and 2024 data obtained from HCRIS database. Complete data is not yet available for 2025.

Expense Trends Remain Higher than Revenue Increases

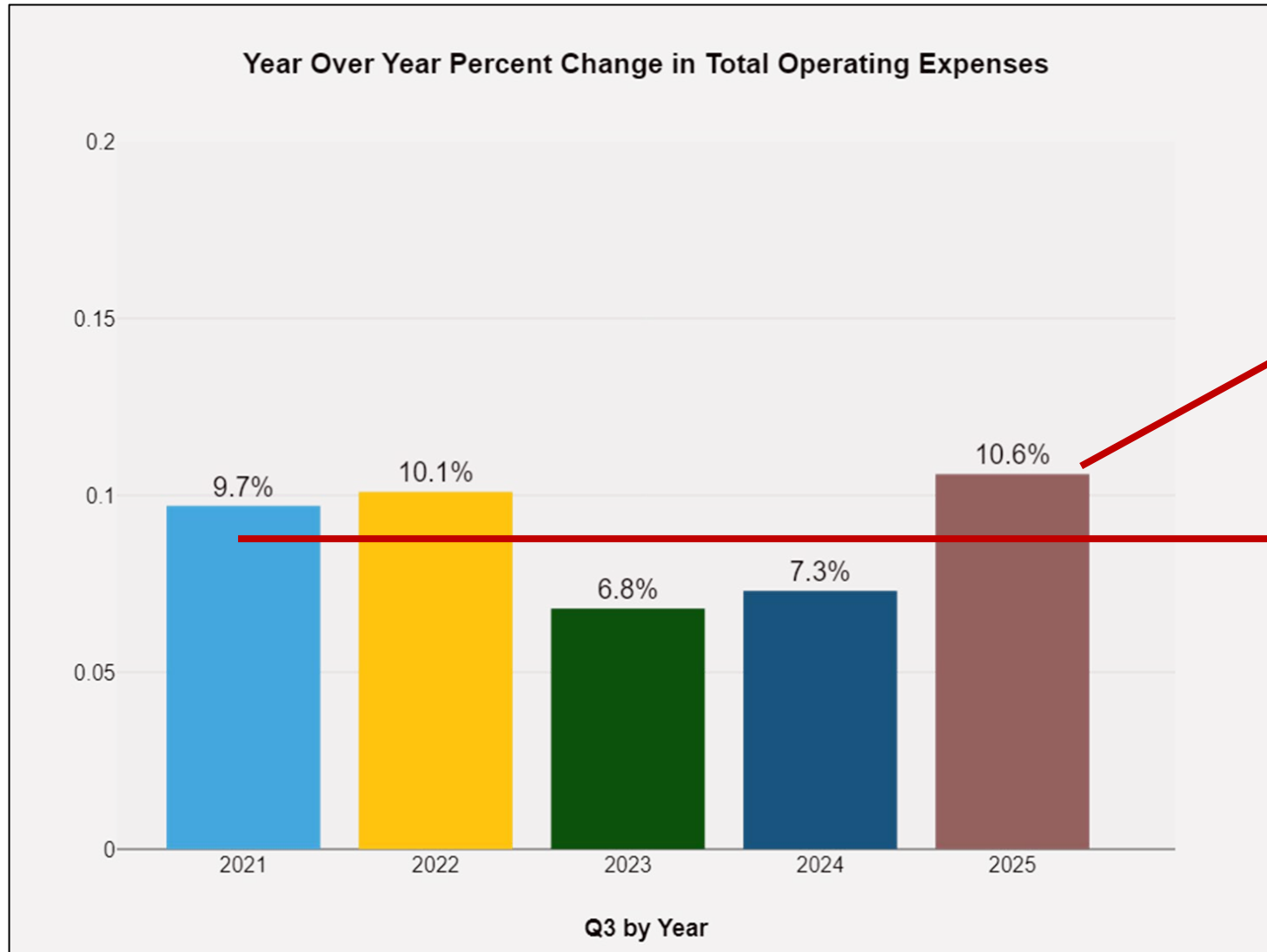


Expenses are increasing faster than revenues, resulting in deteriorating operating margins, decreased by 13.2% points since 2019.

Additional 1.8% deterioration in YTD Q3 2025 compared to YTD Q3 2024.

Data obtained from CHA Databank reported through September 2025

Operating Expense Trends by Year

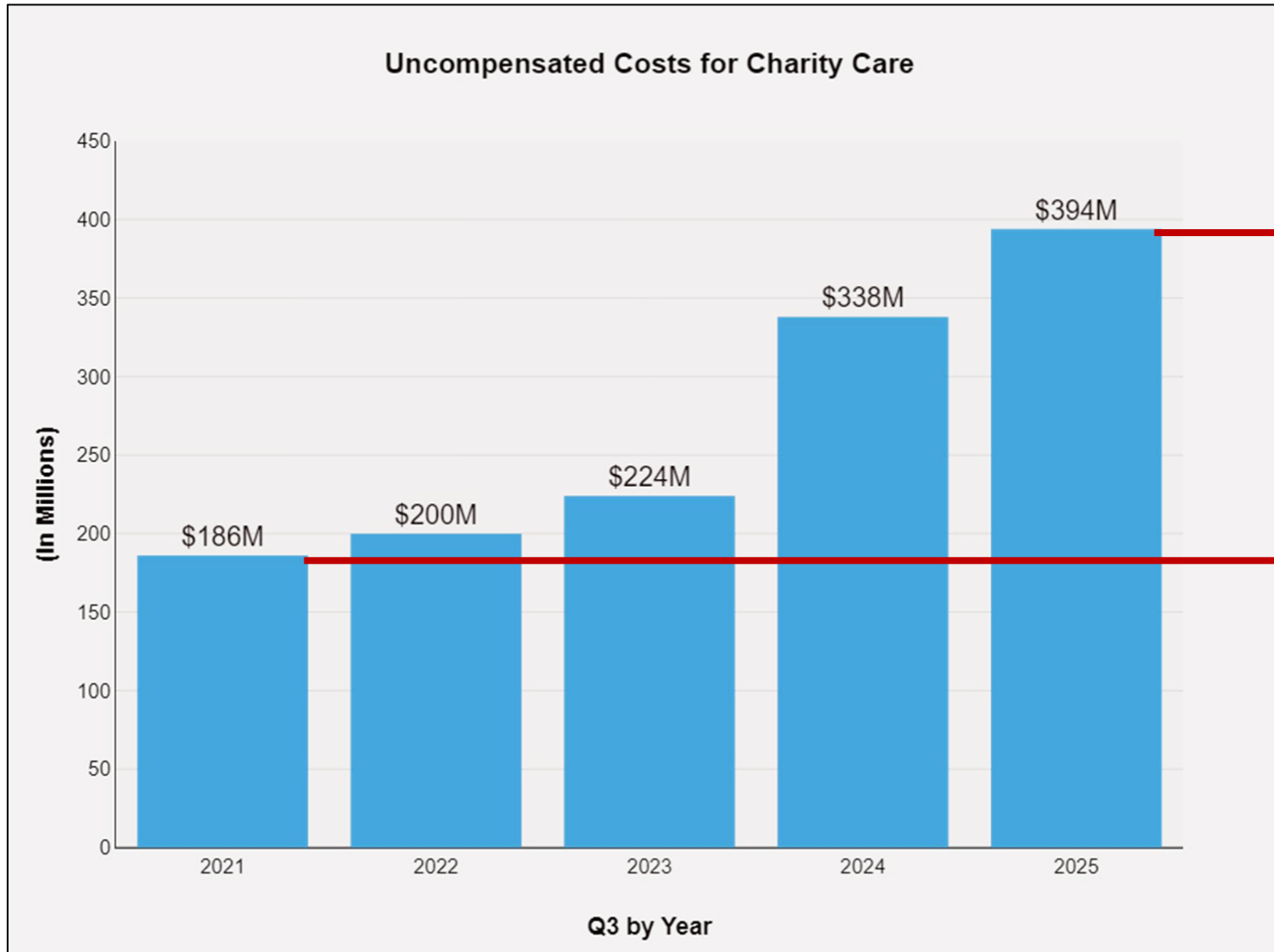


Operating expense trends are running at the highest level over the last 5 years.

Operating expenses have averaged 8.9% per year.

Data obtained from CHA Databank reported through September 2025

Charity Care Continues to Increase

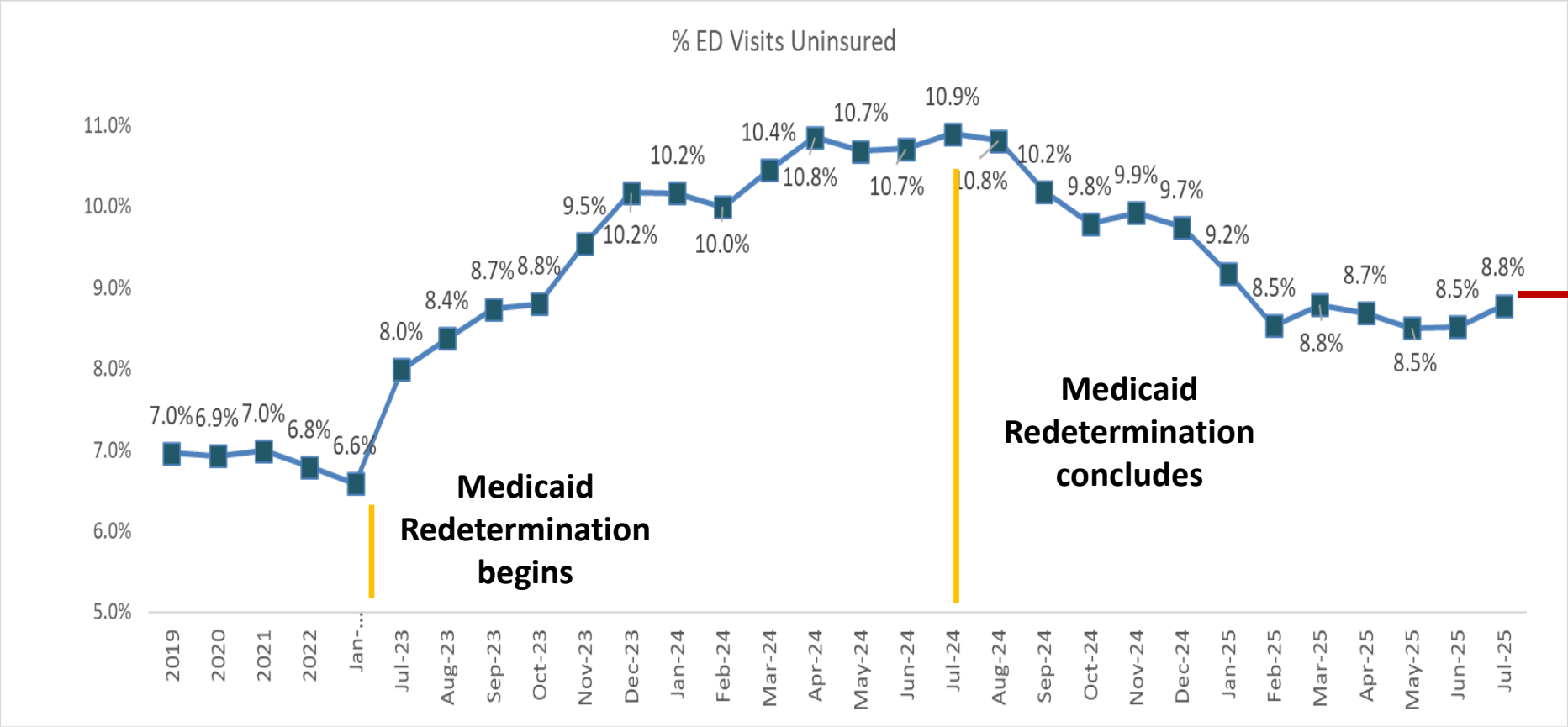
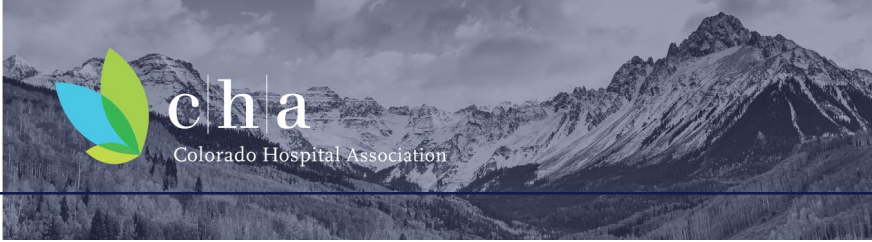


\$56 million (17% increase) in charity/uncompensated care compared to YTD Q3 2024.

\$208 million (112% increase) in charity/uncompensated compared to YTD Q3 2021.

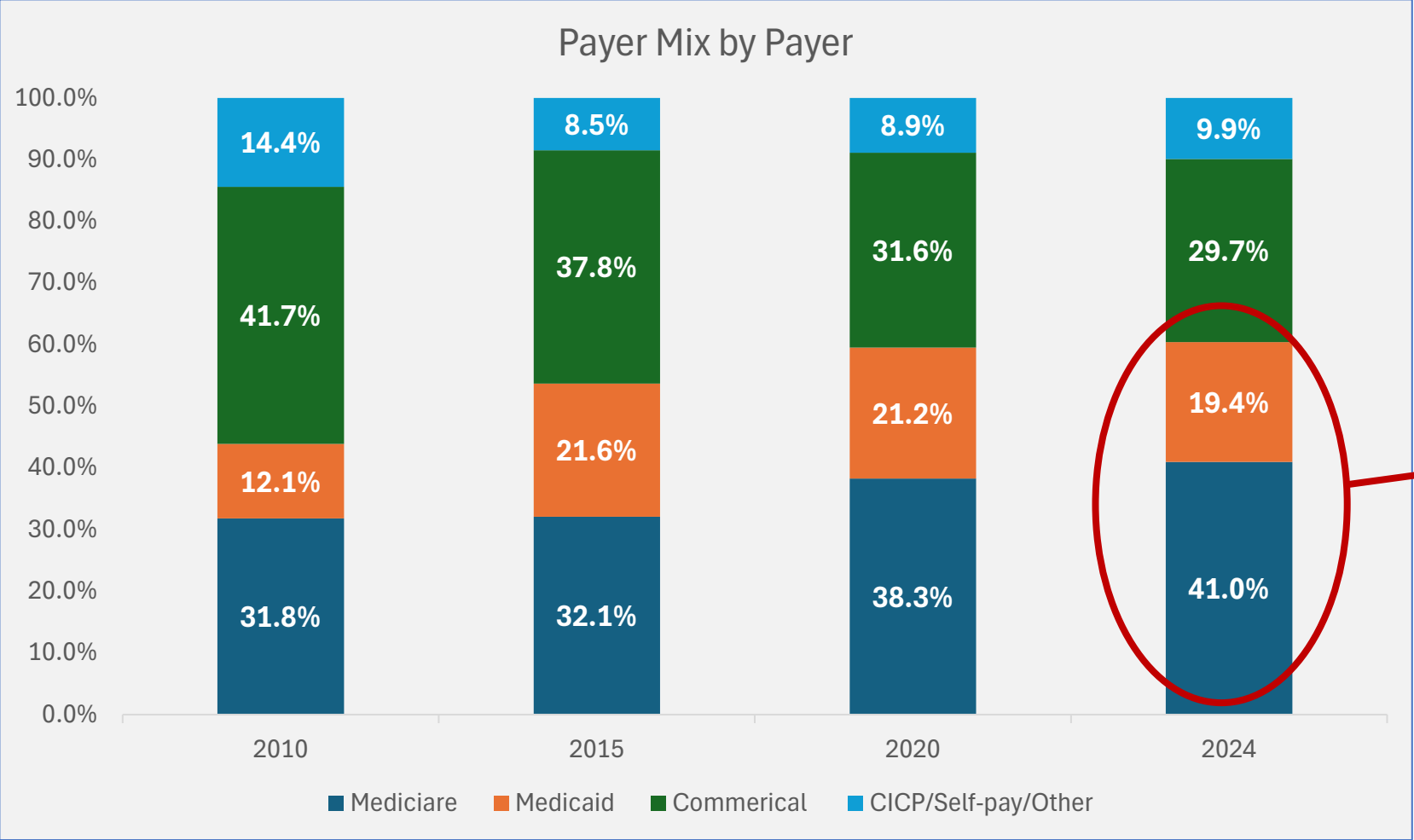
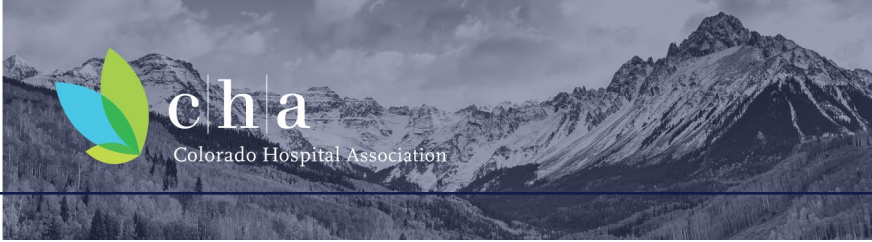
Data obtained from CHA Databank reported through September 2025

Uninsured Emergency Room Visits



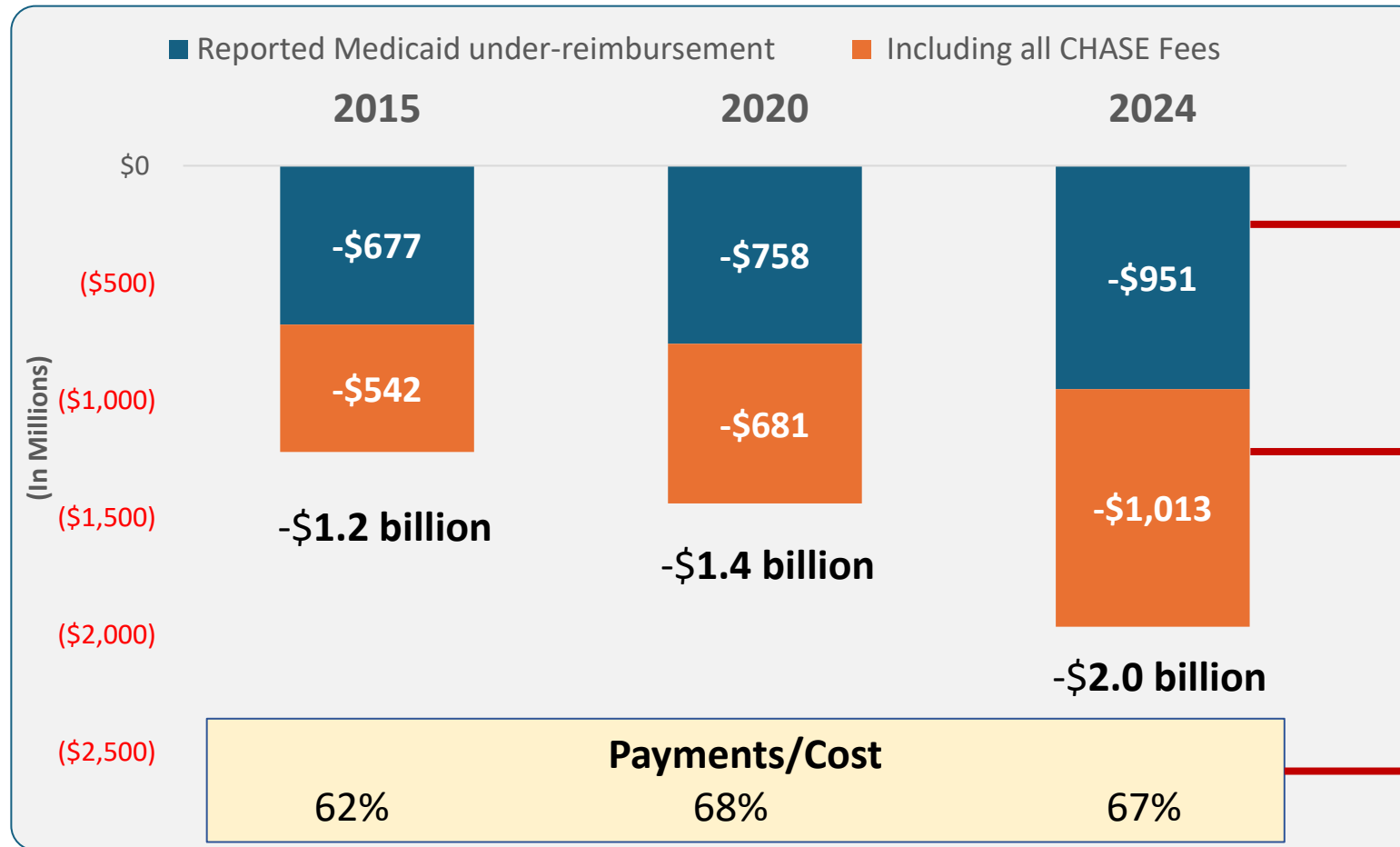
Although the rate of uninsured patients has improved since the end of redetermination, it has not returned to baseline and remains 25% above 2019.

Government Payer Share Is Growing



Medicaid and Medicare are now more than 60% of coverage, up from 44% since 2010.

Underpayment for Medicaid Services



Public reporting excludes most of the CHASE fees in Medicaid costs.

Costs exceeding payments for Medicaid services are rapidly increasing, nearly doubling since 2015.

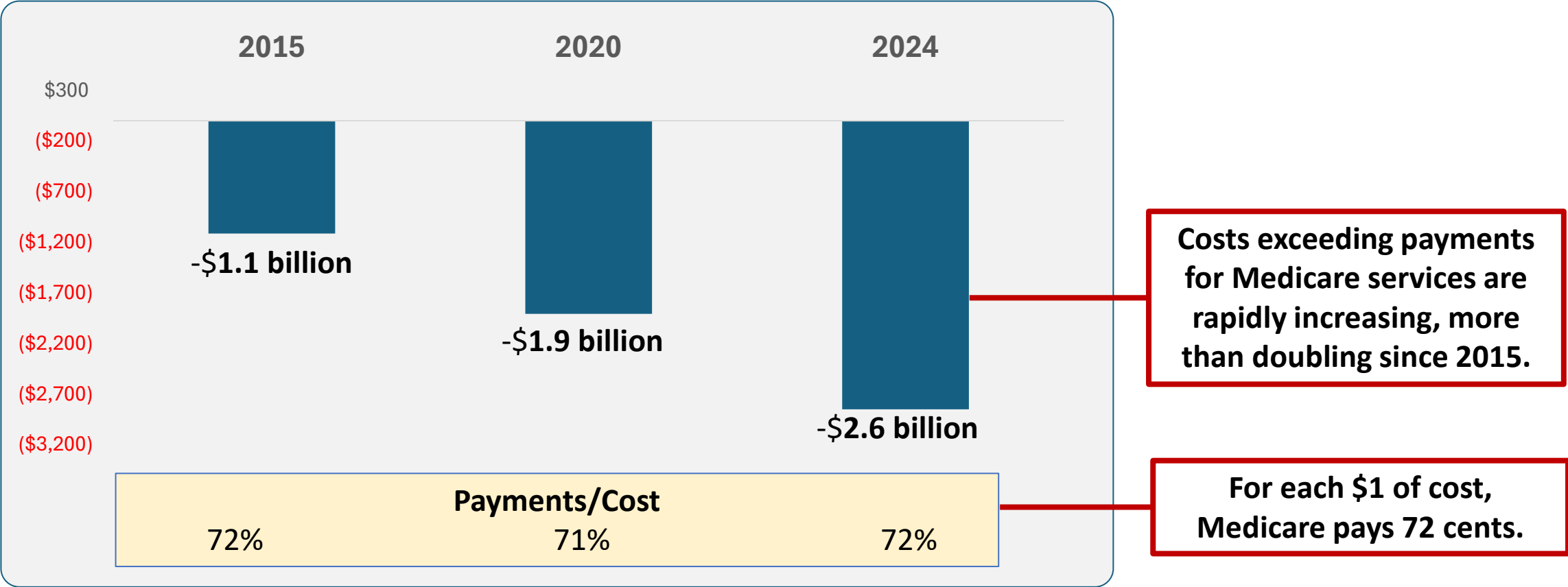
For each \$1 of cost, Medicaid pays 67 cents.

Data Sources

Medicaid under-reimbursement: CHASE annual report (2015 & 2020) and 2026 CHASE annual report Draft (2024)

CHASE total fee: CHASE Board Documents

Underpayment for Medicare Services



Data Sources
Medicaid under-reimbursement: CHASE annual report (2015 & 2020) and 2026 CHASE annual report Draft (2024)