Dear Nancy,
Thank you for the opportunity to more thoroughly review the 2024 CHASE Annual report and submit edits prior to the vote on the final report. I have compiled my suggestions and notes below. Overall, I think there may be a different theme in the document than what I interpret the data to show for 2024 and would like to have a discussion at the Board about this. Additionally, I would like to discuss whether the report has gotten so voluminous that it may have lost it's clear message; in 2021 the report was 35 pages including the appendix and in 2024 it is 83 pages including the appendix.

Below are my edits for discussion:

4 Major, Thematic edits to the Draft 2024 CHASE Annual Report

1. Omit Days Cash On Hand from the report
2. Highlight that this is the worst Payment Less Cost per Patient since 2009 in Executive Summary and body
3. Highlight Significant Payer Mix Shift since 2009 in Executive Summary and body
4. Highlight that since 2009 and 2015 (ACA benchmark year), the total loss on non-Private Insurance payers has more than doubled, further burdening the Private Insurance payers

1. **Omit Days Cash on Hand**
    - Data is gathered from EMMA filings, which are system level and include non-Colorado hospitals and non- hospital entities such as physician networks and insurance companies that consolidate into systems
        - This comingles funds and metrics into a report that is specifically about hospital finances
    - Data is not presented for all Colorado hospitals and systems – for this to be relevant it would need to be all encompassing
        - By using EMMA filings, it omits health care entities who do not have not for profit bond issuances
        - Pages 8 and 9 comment on the state median or median of all hospitals, but this is not representative of all hospitals, and also includes non-hospital entities
2. **Highlight that this is the worst Payment Less Cost per Patient since 2009**
    - Pull Figure 3 from page 37 forward to the executive summary
    - A leading point should be highlighting the decline in finances in the state with 2022 being the lowest point in the recorded CHASE history
    - Total Payment Less Cost in 2022 is 27% below the baseline year of 2009
3. **Highlight significant payer mix shift since 2009**

· Medicare Mix has grown by 27% since 2009, and the Payment to Cost Ratio has eroded by 7.7%, loss per patient has grown by 165%

· Medicaid Mix has grown by 87% since 2009, and the Payment to Cost Ratio has improved 48%, loss per patient has grown by 14.5%

· Uninsured Mix has improved 39% since 2009

· Private Insurance Mix has declined 30% since 2009, and the Payment to Cost Ratio has improved 5%, margin per patient has improved 95%

· In summary, Medicare and Medicaid, both of which have negative payment to cost ratios, have grown disproportionately to the decline in Uninsured mix, significantly growing the losses that must be covered by Private Insurance

4. **Highlight that the non-Private Insurance losses in total have more than doubled since 2009 and 2015 (ACA benchmark year)**

· Medicare total Payment to Cost losses grew from ($625M) in 2009 to ($2.35B) in 2022, or 276%

· Medicaid total Payment to Cost losses grew from ($483M) in 2009 to ($887M) in 2022, or 84%

· CICP/Self Pay/Other total Payment to Cost losses decreased from ($614M) in 2009 to ($462M) in 2022, or (25%)

· **In total, non-Private Insurance losses grew from ($1.7B) in 2009 to ($3.7B) in 2022, or 118%, I think that this should be the KEY point in this report, losses have continually gotten worse rather than better**

· This increase in $2B subsidy of governmental and uninsured losses has been absorbed by a $1.9B increase in Payment to Cost margin from Private Insurance

· Given the additional shift in Payer Mix above into a lower amount of Private Insurance, a smaller number of patients in Private Insurance appear to be shouldering the increased burden from Medicare and Medicaid losses

Other edits

1. **Page 6 -** 3rd bullet point, "*while the need to cost shift to private payers has been dramatically reduced, given the increase in Health First Colorado's reimbursement and the overall bad debt and charity care decreases, a positive impact on cost shifting to private payers is not apparent*". This is an inaccurate statement given the decline in total payment less costs in the non-Private sector. If the total non-Private Insurance losses grew $2B, the gap had to be made up somewhere, and it has come in the Private Insurance side. I don't think there is math to support the statement that the need to cost shift has been dramatically reduced, in fact the opposite appears to be true. While the total bad debt and charity decreased by $152M since 2009, the loss on Health First Colorado has grown by $404M.

2. **Page 13**- Current CHASE Board Members - Should it be noted here that there is a vacancy for 1 of the required 5 hospital employed members?

3. **Page 39** - Table 11- should be amended to remove the word 'Profit' as the other labels are "Payment Less Cost" throughout the report

4. **Page 40** - Bad Debt and Charity Care – It would be worthwhile to reference that since it's low point post ACA of $263M, it has grown >85% vs. the total cost per patient in Colorado only growing 54%, thus the uninsured and uncompensated care patients still not covered under Medicaid expansion are growing more rapidly, indicating that the uninsured are requiring more costly care than the insured.

5. **Page 52 -** The last bullet point, I believe it is a typo that says "University of Colorado, 3"

Thank you and I look forward to the discussion on December 12th at the next Board meeting.

Jon

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