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Hospital Insights Report

Findings and policy considerations on Colorado hospitals' financial positions relative to rising hospital prices and pandemic readiness.



COLORADO
Department of Health Care
Policy & Financing

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Introduction

In collaboration with the state of Colorado, we are all thankful that Colorado's hospitals were able to address the unprecedented challenges faced over the last few years caused by COVID-19, such as changing demand for care; limited supplies, capacity and treatments; the ever-changing COVID-19 variants; evolving best practices to treat those variants; responding to the needs of an exhausted and dynamic workforce, and more. At its worst, the pandemic caused the need to implement crisis standards of care out of concern that delivery system capacity would be insufficient to fully respond to patient demand exacerbated by the pandemic. We have a shared goal to learn from this experience, evaluate the present and create new policy to prevent the need to use crisis standards of care in Colorado again.

As we pass the two-year anniversary of the COVID-19 pandemic, this timely report offers an opportunity to look back and recognize accomplishments, draw insights, generate dialogue and inform policy around hospital financials, community benefit and pandemic readiness going forward. This report leverages recently released hospital reports and consolidates and synthesizes their findings, with additional information provided on hospital available cash on hand reserves. This report is part of a broader responsibility of the Colorado Department of Health Care Policy & Financing (HCPF, or the Department) to issue a series of hospital transparency reports for policymaker, stakeholder and public consumption.^{1,2,3,4,5,6} As health care spending growth continues to outpace our nation's gross domestic product, and as community health assessments continue to demonstrate gaps, this report identifies opportunities for partnership that strengthen hospitals' pandemic readiness in a way that addresses community needs and drives system sustainability and affordability.

At the same time, addressing health care affordability is among the top concerns for Colorado families and businesses and critical to the state government and those served by our safety net

¹ Department of Health Care Policy & Financing. (2022, January). 2022 CHASE Annual Report. Retrieved from <https://hcpf.colorado.gov/colorado-healthcare-affordability-and-sustainability-enterprise-chase-board>.

² Department of Health Care Policy & Financing. (2022, January). 2022 Hospital Community Benefit Accountability Report. Retrieved from <https://hcpf.colorado.gov/hospital-community-benefit-accountability>.

³ Department of Health Care Policy & Financing. (2021, August). COVID-19's Impact on Colorado Hospitals' Finances. Retrieved from <https://hcpf.colorado.gov/hospital-reports-hub>.

⁴ Department of Health Care Policy & Financing. (2021, August). Hospital Cost, Price & Profit Review. Retrieved from <https://hcpf.colorado.gov/hospital-reports-hub>.

⁵ Department of Health Care Policy & Financing. (2020, January). Colorado Hospital Cost Shift Analysis Report January 2020. Retrieved from www.colorado.gov/pacific/hcpf/colorado-cost-shift-analysis.

⁶ Department of Health Care Policy & Financing. (2022, January). 2022 Hospital Expenditure Report with Key Findings. Retrieved from <https://hcpf.colorado.gov/hospital-transparency>.

programs. For this reason, Department leadership and staff leverage our expertise, influence and not-for-profit values to drive health care affordability measures that will benefit all Coloradans, not just Department programs.

The Colorado Department of Health Care Policy & Financing administers [Health First Colorado](#) (Colorado's Medicaid program), Child Health Plan Plus (CHP+) and other health care programs. The Department's mission is to improve health care equity, access and outcomes for the people we serve while saving Coloradans money on health care and driving value for Colorado. As of the writing of this report, the Department provides health care coverage - such as medical, prescription drugs and behavioral health - to one in every four Coloradans, or 1.6 million people, through its safety net coverage programs.

Hospital participation in Health First Colorado is voluntary. However, as a condition for receiving federal tax exemption for providing health care to the community, nonprofit hospitals are generally required to care for Medicare and Medicaid beneficiaries.⁷ In Colorado in 2020, 21.2% of hospital care was provided to Health First Colorado members.⁸

⁷ Internal Revenue Service. (n.d.). Charitable Hospitals - General Requirements for Tax-Exemption Under Section 501(c)(3). Retrieved from <https://www.irs.gov/charities-non-profits/charitable-hospitals-general-requirements-for-tax-exemption-under-section-501c3>.

⁸ Department of Health Care Policy & Financing. (2022, January). 2022 CHASE Annual Report. Retrieved from <https://hcpf.colorado.gov/colorado-healthcare-affordability-and-sustainability-enterprise-chase-board>.

Executive Summary

Colorado Hospital Systems are in a Strong Financial Position

Colorado hospitals are profitable - ranking in the top 10 nationally for three consecutive years, in the aggregate.⁹ Denver metro area hospitals posted combined profits of nearly \$1.4 billion in 2020.¹⁰ Colorado hospitals' higher profits are partly attributable to increased Health First Colorado reimbursement and health care coverage expansions (creating a lower uninsured rate of 6.5%-6.6%). Health care coverage expansions are financed largely through the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) hospital provider fee and the Affordable Care Act (ACA).^{11,12} However, concurrent with coverage expansion, hospital prices to commercial insurance carriers have risen¹³ and health care costs consumed more of Coloradans' dollars and the total state budget.^{14,15} At the same time, 46% of U.S. adults reported difficulties affording out-of-pocket costs for medical care¹⁶ and one in five Coloradans chose not to seek health care services because of affordability.¹⁷

Colorado is one of only two states (along with Alaska) that ranks in the top 10 for all four measures of hospital cost, price and profit, making us one of the most expensive states for

⁹ Data extracted from the October 2021 Healthcare Cost Report Information System (HCRIS) update. Data includes data for short-stay hospitals across the nation. Other state values are adjusted for cost of living. Department adjustments are made to ensure data is error free and outliers are removed. For more a thorough detail of the Department's Medicare Cost Report analysis see the Appendix A of the [Hospital Cost, Price and Profit Review](#).

¹⁰ <https://allanbaumgarten.com/colorado/> as reported by *Colorado Sun* 1/5/22 <https://coloradosun.com/2022/01/05/colorado-hospital-profits-2020-covid/>.

¹¹ Colorado Health Care Affordability Act, HB09-1293. 2009 Regular Session. (2009). Page 2. Available from [http://www.leg.state.co.us/clics/clics2009a/csl.nsf/billcontainers/D71C48DD229F80CD872575540079F3A0/\\$FILE/1293_enr.pdf](http://www.leg.state.co.us/clics/clics2009a/csl.nsf/billcontainers/D71C48DD229F80CD872575540079F3A0/$FILE/1293_enr.pdf).

¹² Patient Protection and Affordable Care Act of 2010, Pub. L. No. 111-148, 124 Stat. 119 (2010). <https://www.congress.gov/111/plaws/publ148/PLAW-111publ148.pdf>.

¹³ The CHASE Annual Report reports payment-less-cost per patient figures. Although not within the report, commercial insurance *payment* per patient figures have been calculated using the same dataset. Commercial insurance payment per patient figures have increased every year along with commercial insurance payment-less-cost per patient figures.

¹⁴ See Figure 1 on page 8 of the Hospital Cost, Price & Profit Review. Department of Health Care Policy & Financing. (2021, August). Hospital Cost, Price & Profit Review. Retrieved from <https://hcpf.colorado.gov/hospital-reports-hub>.

¹⁵ Health services make up 46.2% of the FY 2021-22 state budget and includes: Health Care Policy & Financing (36.3%), Department of Public Health & Environment (1.8%) and the Department of Human Services (8.1%). This is a 4.2% increase from FY 2014-15's state budget driven by Health Care Policy & Financing's growth. Colorado General Assembly. (n.d.). The Operating Budget. Explore the Colorado State Budget. Retrieved from <https://leg.colorado.gov/explorebudget/>.

¹⁶ Kearney, A., Hamel, L., Stokes, M., & Brodie, M. (2021, December 14). Americans' Challenges with Health Care Costs. Kaiser Family Foundation. Retrieved from <https://www.kff.org/health-costs/issue-brief/americans-challenges-with-health-care-costs/>.

¹⁷ Colorado Health Institute. (2021, October 25). 2021 Colorado Health Access Survey: Health Insurance Coverage. Retrieved from <https://www.coloradohealthinstitute.org/research/colorado-health-access-survey-2021>.

hospital care. Table 1 below displays Colorado’s national ranking by metric; a higher ranking indicates less affordable hospital care. However, each of these financial metrics is headed in the right direction over this three-year period. **This trend demonstrates positive movement in partnership with hospitals to improve affordability for Coloradans and our employers relative to national rankings and progress in our shared goal of saving people money on health care.**

Table 1. Colorado’s Cost, Price and Profit National Ranking (lower is more affordable)¹⁸

Measure	2018	2019	2020
Price/Patient	5th highest	4th highest	6th highest
Cost/Patient	8th highest	8th highest	10th highest
Profit/Patient	3rd highest	4th highest	7th highest
Total Profit	1st highest	5th highest	6th highest

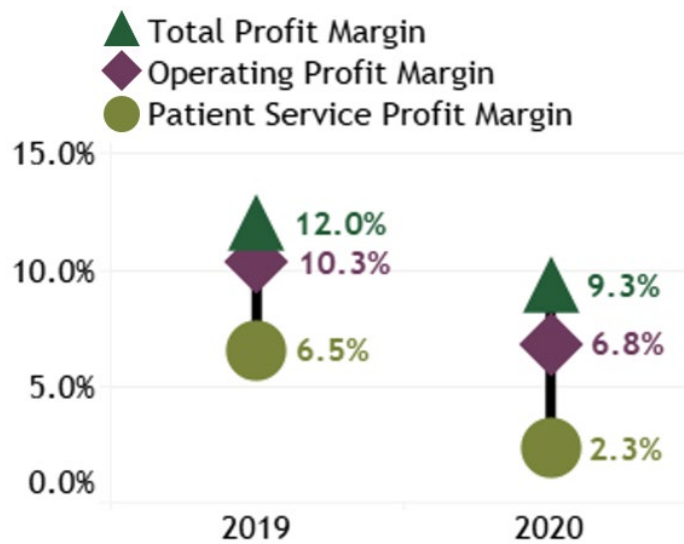
All Colorado Hospital Systems Profited During the Pandemic

As shown in Figure 1 below, on the whole, Colorado hospitals profited from patient services during the COVID-19 pandemic with 2.3% patient service profits. Total profit margins in Colorado were 9.3% in 2020, down from 12.0% in 2019, despite the revenue volatility and unprecedented nature of the pandemic.¹⁹ In 2020, 71.4% of Colorado’s hospitals were profitable from patient services revenues or saw improvements from 2019 patient services profits. The vast majority (92.6%) of Colorado hospitals did not record losses or a decrease in total profits from 2019 to 2020, when including federal stimulus dollars.

¹⁸ Data extracted from the October 2021 Healthcare Cost Report Information System (HCRIS) update. Data includes data for short-stay hospitals across the nation. Other state values are adjusted for cost of living. Department adjustments are made to ensure data is error free and outliers are removed. For more a thorough detail of the Department’s Medicare Cost Report analysis see Appendix A of the [Hospital Cost, Price and Profit Review](#).

¹⁹ Werley, J. (2020, October 26). Exclusive: Colorado hospitals expect billions in revenue declines due to Covid-19. Denver Business Journal. Available from <https://www.bizjournals.com/denver/news/2020/10/26/colorado-hospital-revenue-decline-covid-19.html>.

Figure 1. 2020 and 2019 Profit Margins for Colorado Hospitals

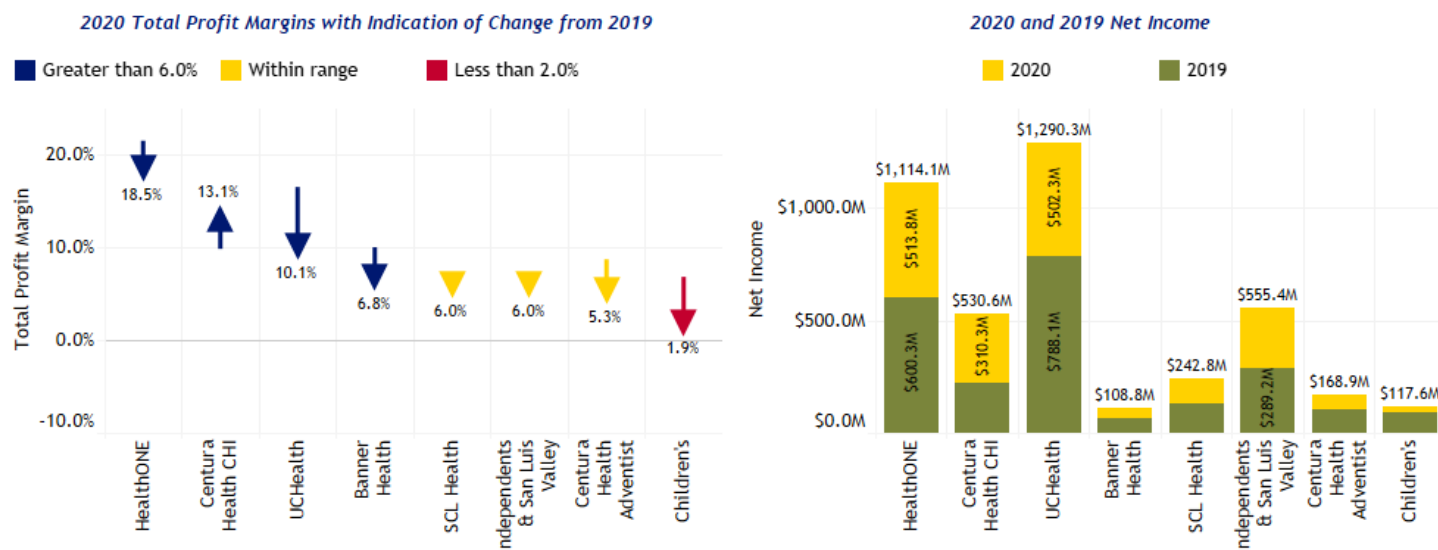


There are three different categorizations of the way that hospitals make money. Patient service profits come from patient care. Hospitals also make money from other operating activities such as their gift shop, cafeteria and the hospital's medical education tuition and research grants. Patient service profits plus these other operating profits are operating profits. Total profits are the very bottom-line measure of profits. Total profits include patient service profits and operating profits, as well as non-operating activities like grants, federal stimulus, investment gains or losses, tax subsidies and (for the tax paying hospitals) taxes paid.

All of Colorado's hospital systems were profitable in 2020 (Figure 2).²⁰ Although three hospital systems recorded losses from patient services, the other forms of revenue made up for those losses. One hospital system (Centura Health CHI) did better in 2020 than in 2019. Comparatively, the nonprofit, tax exempt UCHealth hospital system's profits in 2019 and 2020 total more than the Colorado profits of the largest for-profit tax paying system operating in Colorado (HCA-HealthONE). UCHealth hospitals made \$1.3 billion in total profits in 2019 and 2020 combined.

²⁰ For this information by individual hospital, please see Table 9 through Table 11 in the Appendix.

Figure 2. 2020 Total Profit Margins (with the change from 2019 indicated as the arrow) and 2020 plus 2019 Net Income by System



For national health systems with hospitals in Colorado, these profit trends appear to continue in the first three quarters of 2021, with major systems reporting profits similar to pre-pandemic levels (Table 2).²¹ These figures include all business components nationally and will differ from the Colorado hospital specific figure discussed above. All national health systems with hospitals in Colorado earned a profit (measured by both operating profit and total profit) for every pandemic period reviewed. Two health systems (UCHealth and HCA HealthONE) realized higher total profits than before the pandemic.²² UCHealth's total profits increased from 10% in 2019, to 14.7% in 2020, to 17.4% through September 2021. Admirably and uniquely, as a system, HCA HealthONE **returned more than \$6 billion of the federal stimulus dollars it received**, including more than \$100 million provided to its Colorado hospitals.²³

²¹ Data compiled from consolidated system financial statements. See the 2021 Preview Profits and Reserves section below which starts on page 30.

²² HCA HealthONE is a tax paying, for profit system, while UCHealth is nonprofit and tax exempt. Note: HCA HealthONE returned all federal COVID-19 stimulus.

²³ HCA Healthcare. (2020, October 8). HCA Healthcare Previews 2020 Third Quarter Results.

<https://investor.hcahealthcare.com/news/news-details/2020/hca-healthcare-previews-2020-third-quarter-results/>.

Table 2: Consolidated National System Profits and Days Cash on Hand Reserves

	2019 Total Profit Margin	2020 Total Profit Margin	2020 Total Profit Dollar Amount	2021 Q1-Q3 Total Profit Margin	2021 Q3 Days Cash on Hand	2021 Q3 Dollar Reserves
Banner Health	7.2%	5.4%	\$587 Million	6.9%	271	\$9.8 Billion
Centura - Advent	12.5%	7.1%	\$915 Million	9.4%	242	\$8.3 Billion
Centura - CommonSpirit	2.1%	6.2%	\$2.0 Billion	3.5%	223	\$19.4 Billion
Children's	14.1%	8.2%	\$126 Million	10.5%	250	\$1.3 Billion
Denver Health	10.6%	8.2%	\$99 Million	0.6%	123	\$389 Million
HCA - HealthONE	6.8%	7.3%	\$3.8 Billion	17.2%	N/A ²³	N/A ²³
SCL	12.5%	11.1%	\$349 Million	7.6%	410	\$3.1 Billion
UCHealth	10.0%	14.7%	\$845 Million	17.4%	365	\$6.6 Billion

Without stimulus, the overall payment-to-cost ratio for 2020 was 1.02 before federal stimulus and other non-patient service profits, which amounts to \$406.7 million patient services profits. Hospitals also received an estimated \$1.07 billion in federal stimulus (a 263% increase to patient service profits). As discussed in further detail below in this report, including federal stimulus and other forms of profits, Colorado hospitals reported \$1.8 billion total profits or 9.3% total profit margins in 2020.

At the same time, uncompensated care remained relatively flat during the pandemic despite the pandemic-induced economic downturn. Moreover, federal stimulus more than compensated for profit and charity care impacts.

Most Systems Increased Their Reserves During the Pandemic, Instead of Spending Down These Rainy-Day Funds

Forty-one out of 45 Colorado hospitals/systems realized an increase or maintained days cash on hand reserves from 2019 to 2020. Only three Colorado hospitals in 2020 had days cash on hand below 100: Colorado Canyons (85), Arkansas Valley (76) and St. Vincent (43).

This trend has continued into 2021 for the state's health systems. The below chart (Figure 3) illustrates the variation by system of the days cash on hand reserves, as one indicator of the impact of the pandemic. All major systems had reserves (days cash on hand) above

national norms.²⁴ Days cash on hand is greater than 300 days for Children's Hospital Colorado, SCL Health and UCHealth.

Figure 3. Consolidated National System Days Cash on Hand Reserves for 2019, 2020 and 2021 through September

System	Year	Days Cash on Hand	Dollar Reserves
Banner Health	2019	225	\$6,786 M
	2020	284	\$8,924 M
	2021 Q1,2, & 3	271	\$9,834 M
Centura - Advent	2019	238	\$6,814 M
	2020	260	\$7,977 M
	2021 Q1,2, & 3	242	\$8,293 M
Centura - CommonSpirit	2019	153	\$11,720 M
	2020	224	\$17,910 M
	2021 Q1,2, & 3	223	\$19,420 M
Children's	2019	321	\$1,090 M
	2020	333	\$1,121 M
	2021 Q1,2, & 3	350	\$1,300 M
Denver Health	2019	131	\$364 M
	2020	159	\$441 M
	2021 Q1,2, & 3	123	\$389 M
SCL	2019	334	\$2,294 M
	2020	411	\$2,910 M
	2021 Q1,2, & 3	410	\$3,088 M
UC Health	2019	340	\$4,558 M
	2020	430	\$6,189 M
	2021 Q1,2, & 3	365	\$6,591 M

The vast majority of Colorado hospitals/systems showed positive or increased total profits and increased days cash on hand from 2019 to 2020. Health system reserves and profits exhibited few lasting substantial financial effects from COVID-19 through the third quarter of calendar year 2021.

²⁴ Denver Health's reserves were lower than national norms. HealthONE is an affiliate of HCA, and like other systems, its hospitals shift excess cash to the managing company. HCA is a public company and often spends accumulated cash on stock repurchases, relying instead on credit lines and other debt agreements for short-term liquidity. These shares could be resold in the future for additional funds but are not reflected in days cash on hand, meaning that days cash on hand is not a meaningful representation of liquidity for HCA-HealthONE.

Hospital Strategic Decisions Contributed to Increased Hospital Prices

Colorado hospital data reported to the Colorado Hospital Association through the DATABANK program and other sources indicates that the increase in hospital profits in pre-pandemic years largely went toward market share growth, vertical integration,²⁵ capital investments and further building reserves.^{26,27} Health care costs and hospital prices continued to increase. Studies show that these strategic activities like increasing market share, etc., have not been shown to contribute to higher quality of care.^{28,29}

There remains an opportunity for Colorado hospitals to partner with the state to reduce their commercial prices and lower their costs overall, including reviewing individual hospital opportunities under each system to address outliers. There is also an opportunity to consider disseminating future public stimulus funding in a way that takes into account each recipient's financial position. Finally, there is an opportunity to study and learn from how hospitals spent their 2020 federal pandemic stimulus dollars to further shape future stimulus policy.

More Information Is Needed on Hospital Community Investments

Overall, Colorado hospitals invested \$836.3 million in community benefits in 2020, not including Medicaid shortfall. Admirably, these investments equal 6% of hospital patient revenue received.³⁰ Despite the data gathered from HB19-1320, the Department does not have enough detailed information to identify where and how the state's nonprofit, tax exempt hospitals spend their community benefit dollars, nor can we properly determine if the community benefit investments match each community's identified needs.³¹

²⁵ There are two types of health care market consolidation. Vertical integration refers to one type of entity purchasing another in the supply chain, such as hospitals acquiring physician practices. This contrasts with horizontal consolidation, when two providers performing similar functions merge, such as when two hospitals merge or groups of physician practices merge to form larger group practices.

²⁶ Department of Health Care Policy & Financing. (2020, January). Colorado Hospital Cost Shift Analysis Report January 2020. Retrieved from www.colorado.gov/pacific/hcpf/colorado-cost-shift-analysis.

²⁷ Department of Health Care Policy & Financing. (2021, August). Hospital Cost, Price & Profit Review. Retrieved from <https://hcpf.colorado.gov/hospital-reports-hub>.

²⁸ National Council on Compensation Insurance. (2018, July 11). The Impact of Hospital Consolidation on Medical Costs. Retrieved from http://www.ncci.com/Articles/Pages/II_Insights_QEB_Impact-of-Hospital-Consolidation-on-Medical-Costs.aspx.

²⁹ Beaulieu, N. (2020, January 2). *Changes in Quality of Care after Hospital Mergers and Acquisitions*. The New England Journal of Medicine. <http://doi.org/10.1056/NEJMs1901383>.

³⁰ Department of Health Care Policy & Financing. (2022, January). 2022 Hospital Community Benefit Accountability Report. Retrieved from <https://hcpf.colorado.gov/hospital-community-benefit-accountability>.

³¹ Department of Health Care Policy & Financing. (2022, January). 2022 Hospital Community Benefit Accountability Report. Retrieved from <https://hcpf.colorado.gov/hospital-community-benefit-accountability>.

There remains an opportunity for Colorado hospitals to partner with the state to improve insights into community investments and strengthen hospitals' accountability to their communities. Such community investment opportunities may include pandemic readiness and community responsiveness, such as: distributing vaccines; investing in behavioral health or addressing social determinants of health, the needs for both of which increased during the pandemic; or cross training or building and maintaining a sustainable health care workforce for the future.

Rural Hospitals Would Have Been Devastated Without Federal Stimulus

The COVID-19 pandemic revealed the vulnerabilities of many of Colorado's rural hospitals.³² While urban hospitals profited regardless of federal stimulus dollars, rural hospitals would have been financially devastated without economic stimulus funding.³³ That said, one of the learnings from the federal stimulus was that the distribution methodology did not account for hospital financial need, days cash on hand reserves or an ability to respond to revenue volatility caused by the pandemic. Initially, the distribution methodology predominately relied on hospital revenue and COVID-19 admissions; later, the methodology for smaller distributions considered losses, the number of beds and operating expenses.³⁴ Federal stimulus estimates for Colorado hospitals by system are shown below, and complete stimulus estimates are available in the Appendix.

³² Of Colorado's 84 general/acute care hospitals, half (43) are in rural areas of the state. Because Colorado's rural areas vary in economic activity and population density, the Department breaks down rural analysis into three different types of rural hospitals: resort, frontier and other rural hospitals. This type of breakdown pinpoints where and what type of efforts should be directed across the state. Of the rural hospitals, frontier hospitals experienced the lowest patient service profit margins during the pandemic (-9.1%). The frontier hospitals should be at the forefront of the state's transformational investment.

³³ Department of Health Care Policy & Financing. (2021, August). COVID-19's Impact on Colorado Hospitals' Finances. Retrieved from <https://hcpf.colorado.gov/hospital-reports-hub>.

³⁴ Health Resources & Services Administration. (December 2021) Provider Relief Fund Past Payments. <https://www.hrsa.gov/provider-relief/past-payments>.

Figure 4: Federal Stimulus for COVID-19 for Colorado Hospitals, estimates as of September 2021 by Hospital Type and System³⁵

By Type		Estimated Total
Critical Access		\$223,172,488
General		\$893,359,329
Children		\$52,444,908
Long Term Care, Psychiatric, Rehab Hospitals	(not broken out individually)	\$8,599,925
Sum		\$1,177,576,650

By System		Estimated Total
Banner Health		\$43,792,603
Centura Health Adventist		\$62,529,308
Centura Health CHI		\$96,792,190
Children's Hospital Colorado		\$52,444,908
Denver Health and Hospital Authority		\$99,913,019
HealthONE	(Committed to return all stimulus funding received)	\$109,249,755
SCL Health		\$104,783,688
UCHealth		\$267,661,704
Independent		\$340,409,475
Sum		\$1,177,576,650
Total Removing HCA-HealthONE	HealthONE Removed	\$1,068,326,895

The pandemic also showed that hospitals in rural areas have an opportunity to better sustain and evolve patient services to meet current community needs. As reported in the August 2021 [Hospital Cost, Price & Profit Review](#), unlike large hospital systems of the urban, front range region, rural hospitals require transformational investment. In fact, with their historic low margins and the continued growth in public programs, rural hospitals are ripe for public investment that:

- (a) Increases access to care for rural communities
- (b) Drives health care revenues into rural communities instead of channeling it to front range large hospital systems, as access increases
- (c) Stabilizes rural hospitals as a top employer in the community
- (d) Improves affordability capabilities

³⁵ HCA-HealthONE has committed to returning all stimulus. HCA Healthcare. (2020, October 8). HCA Healthcare Previews 2020 Third Quarter Results. <https://investor.hcahealthcare.com/news/news-details/2020/hca-healthcare-previews-2020-third-quarter-results/>. Removing their stimulus from these tables gives a Colorado stimulus amount of \$1.068 billion. This amount is an estimate and could change either up or down, for example, with additional stimulus disbursements not included in the estimate or hospitals returning unused stimulus.

- (e) Maximizes new alternate payment methodologies that reward affordability and quality outcomes while investing in rural hospital access expansion

Hospitals Continue to Increase Their Ownership of Physicians

According to the June 2021 Physicians Advocacy Institute-Avalere Health Report, physician acquisitions accelerated in the last half of 2020. Only 30% of physicians in the U.S. practiced medicine independently at the beginning of 2021; the remaining 70% were employed by hospital systems or other corporate entities such as private equity firms or health insurers.³⁶ The COVID-19 pandemic accelerated physician employment by hospital systems and other corporate entities in the last half of 2020.³⁷

There is an opportunity to leverage existing relationships among hospitals and physicians for increased future pandemic preparedness. Hospital-physician alignment enables an increased system ability to implement patient surge prevention measures like COVID-19 vaccine distribution as well as endemic to pandemic readiness initiatives, such as: health care worker cross-training, increasing therapy and supply inventories, and planning and preparing to redeploy workforce to hospital patient care supports during pandemic surges.

Policy Considerations and Next Steps

This report identifies the following policy considerations as potential opportunities to strengthen hospitals' readiness in a way that addresses community needs and drives system sustainability and affordability. The below summarizes those recommendations and opportunities noted above:

- **Partner on strategies to promote high-quality, affordable hospital care** including examining opportunities to reduce hospital commercial prices and lower hospital costs. See last bullet for specific strategies under consideration or in process.
- **Consider future methodologies for calculating hospital pandemic relief and economic recovery public dollars** that take into account the institution's financials that reflect a hospital's ability to handle revenue volatility, such as days cash on hand reserves. There may also be an opportunity to refine policy to ensure that public dollars are not used for

³⁶ Physicians Advocacy Institute. (2021). *PAI-Avalere Health Report on Trends in Physician Employment and Acquisitions of Medical Practices in 2019-2020*. Report and Key Findings retrieved from <http://www.physiciansadvocacyinstitute.org/PAI-Research/Physician-Employment-and-Practice-Acquisitions-Trends-2019-20>.

³⁷ Physicians Advocacy Institute. (2021). *PAI-Avalere Health Report on Trends in Physician Employment and Acquisitions of Medical Practices in 2019-2020*. Report and Key Findings retrieved from <http://www.physiciansadvocacyinstitute.org/PAI-Research/Physician-Employment-and-Practice-Acquisitions-Trends-2019-20>.

activities that have been shown to increase hospital prices without increased quality or public health benefits.

- **Improve the impact of nonprofit, tax exempt hospital community investment dollars** through increased transparency into actions, investments, programs and results supported by each hospital's community benefit dollars compared to identified community needs. This additional information could inform shared goals between hospitals and the state, as well as obligations for targeted community investment dollars across the entire state, such as investing in behavioral health, growing our health care workforce or vaccine administration to targeted communities.
- **Increase public investment in rural and frontier hospitals** to increase rural care access to meet patient and community demands, keep care local wherever possible and stabilize rural providers as an important employer in their communities. Such investments may be structured to incentivize high-quality care, health equity and improved affordability.
- **Leverage Colorado hospitals' financial reserves and their employment of much of Colorado's health care workforce** to increase the delivery system's ability to implement patient surge prevention measures like COVID-19 vaccine distribution as well as pandemic response management to endemic management and pandemic readiness transformation, including initiatives such as: worker cross-training; therapy and supply inventories; vaccine distribution; and planning and preparing to redeploy workforce to hospital patient care supports during pandemic surges. Readiness planning and transformation will address gaps and opportunities identified in our health system to promote agility and avoid future need for crisis standards of care.
- **Gather important information on additional opportunities for partnership to drive high-quality, affordable hospital care as well as hospital readiness, emergency preparedness and surge capacity.** Such information might include:
 - Hospital price transparency that leverages and aggregates federally required hospital pricing information to enable comparisons by procedure, system and health plan, as well as Medicare benchmarking
 - Hospital outliers by price, reserves (days cash on hand), costs and profits
 - Hospital commercial prices relative to patient care costs
 - Hospital system payer type and trends
 - The definition of nonprofit and tax-exempt status
 - Trends on state and regional market health care consolidation

- Statements of owners' equity financial reports to get a fuller financial picture for publicly traded hospitals
- New hospital beds in Colorado with associated costs and expansion capability provided during surges
- Baseline pre-pandemic average hospital admission rates for working toward Colorado's goal of avoiding future crisis standards of care

Deeper Dive into Colorado Hospitals' Financial Positions

This report reviews and builds upon previous Department reports, including:

- [CHASE Annual Report](#), which estimates the difference between cost and payment by insurance type
- [Hospital Community Benefit Accountability Report](#), which reports hospital community investment and recommendations on how the General Assembly can improve hospitals' accountability to their communities, like requiring hospitals to directly tie identified needs of the community with community investment
- [Hospital Expenditure Report](#), which reports on trends in payments, costs, uncompensated care and payer mix
- [Hospital Cost, Price & Profit Review](#), which compares Colorado hospitals' cost, price and profit to hospitals across the country
- [COVID-19 Impact on Colorado Hospitals' Finances](#), which looks at hospitals' financial preparedness and financial position before and during the pandemic
- [Colorado Hospital Cost Shift Analysis](#), which dives deeper into the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) Annual Report dataset to understand the drivers of "cost shifting"

Each of these reports touches on different aspects of the hospital industry and marketplace such as community benefit, payer mix or hospital financials. The compilation of findings below creates a cohesive picture of the hospital industry and marketplace.

This report also builds upon the work already done, extending the CHASE Annual Report's payment and cost analysis to measure hospital profits.³⁸ We invite you to visit the

³⁸ Hospital and Colorado hospital system profits are from data submitted to the Department from hospitals pursuant to HB 19-1001. Consolidated health system profits and days cash on hand measures use data from financial statements

Department's [Hospital Report Hub](#) for these reports, tools and other resources on hospitals, and our [Health Care Affordability Hub](#) for other affordability strategies and information.

Generally, Colorado Hospitals Are in Strong Financial Positions

Colorado hospitals are profitable - ranking in the top 10 nationally for three years running, in the aggregate.³⁹ Denver metro area hospitals posted combined profits of nearly \$1.4 billion in 2020.⁴⁰ Colorado hospitals' higher profits are partly attributable to increased Health First Colorado reimbursement and health care coverage expansions (creating a lower uninsured rate of 6.5%-6.6%). Health care coverage expansions are financed largely through the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) hospital provider fee and the Affordable Care Act (ACA).^{41,42} However, hospital prices to commercial insurance carriers have risen concurrently,⁴³ while health care costs consumed more of Coloradans' dollars and the total state budget.^{44,45} At the same time, 46% of U.S. adults reported difficulties affording out-of-pocket costs for medical care⁴⁶ and one in five Coloradans chose not to seek health care services because of affordability.⁴⁷

sources from the Electronic Municipal Market Access. Municipal Securities Rulemaking Board. (n.d) Electronic Municipal Market Access (EMMA). Retrieved from <https://emma.msrb.org>

³⁹ Data extracted from the October 2021 Healthcare Cost Report Information System (HCRIS) update. Data includes data for short-stay hospitals across the nation. Other state values are adjusted for cost of living. Department adjustments are made to ensure data is error free and outliers are removed. For more a thorough detail of the Department's Medicare Cost Report analysis see the Appendix A of the [Hospital Cost, Price and Profit Review](#).

⁴⁰ <https://allanbaumgarten.com/colorado/> as reported by *Colorado Sun* 1/5/22

<https://coloradosun.com/2022/01/05/colorado-hospital-profits-2020-covid/>.

⁴¹ Colorado Health Care Affordability Act, HB09-1293. 2009 Regular Session. (2009). Page 2. Available from [http://www.leg.state.co.us/clics/clics2009a/csl.nsf/billcontainers/D71C48DD229F80CD872575540079F3A0/\\$FILE/1293_enr.pdf](http://www.leg.state.co.us/clics/clics2009a/csl.nsf/billcontainers/D71C48DD229F80CD872575540079F3A0/$FILE/1293_enr.pdf).

⁴² Patient Protection and Affordable Care Act of 2010, Pub. L. No. 111-148, 124 Stat. 119 (2010).

<https://www.congress.gov/111/plaws/publ148/PLAW-111publ148.pdf>.

⁴³ The CHASE Annual Report reports payment-less-cost per patient figures. Although not within the report, commercial insurance *payment* per patient figures have been calculated using the same dataset. Commercial insurance payment per patient figures have increased every year along with commercial insurance payment-less-cost per patient figures.

⁴⁴ See Figure 1 on page 8 of the Hospital Cost, Price & Profit Review. Department of Health Care Policy & Financing. (2021, August). Hospital Cost, Price & Profit Review. Retrieved from <https://hcpf.colorado.gov/hospital-reports-hub>.

⁴⁵ Health services make up 46.2% of the FY 2021-22 state budget and includes: Health Care Policy & Financing (36.3%), Department of Public Health & Environment (1.8%) and the Department of Human Services (8.1%). This is a 4.2% increase from FY 2014-15's state budget driven by Health Care Policy & Financing's growth. Colorado General Assembly. (n.d.). The Operating Budget. Explore the Colorado State Budget. Retrieved from <https://leg.colorado.gov/explorebudget/>.

⁴⁶ Kearney, A., Hamel, L., Stokes, M., & Brodie, M. (2021, December 14). Americans' Challenges with Health Care Costs. Kaiser Family Foundation. Retrieved from <https://www.kff.org/health-costs/issue-brief/americans-challenges-with-health-care-costs/>.

⁴⁷ Colorado Health Institute. (2021, October 25). 2021 Colorado Health Access Survey: Health Insurance Coverage. Retrieved from <https://www.coloradohealthinstitute.org/research/colorado-health-access-survey-2021>.

Federal Stimulus Appeared to More Than Compensate for Colorado Hospital Pandemic Losses

Colorado hospitals in aggregate received an estimated \$1.07 billion in federal stimulus.⁴⁸ Between 2019 and 2020, patient service profits decreased \$736.4 million.⁴⁹ As displayed in Figure 5 and Table 3 below, federal stimulus more than accounted for changes in payment-less-costs (profits) and increases in charity care write-offs (costs of free or discounted services a hospital provided to patients). At the same time, uncompensated care remained relatively flat during the pandemic. This was unexpected given the pandemic-induced economic downturn. Uncompensated care costs, which include both charity care and bad debt, totaled \$493.9 million in 2020, up slightly (0.7% or \$11.6 million) from 2019.⁵⁰

Figure 5 below shows that federal stimulus to all Colorado hospitals in aggregate was an estimated \$1.07 billion in 2019 and 2020. At the same time, Colorado hospitals' aggregated payment (defined as net patient revenue, which is gross charges minus contractual allowances and uncompensated care charges) less cost (defined as total operating expenses allocated to payers) was \$736.4 million. That means that federal stimulus exceeded decreases in hospital profits during 2019 and 2020 by an estimated \$331.9 million.

Breaking down the \$736.4 million profit losses between 2019 and 2020 shows that hospital reimbursement from some payer types declined (Medicare and commercial insurance payers) while from other payer types it increased. From 2019 to 2020, aggregate Colorado hospital profits decreased in commercial insurance (67.2%) and Medicare (32.8%). These losses were offset by positive changes in reimbursement from Health First Colorado (Colorado's Medicaid program) (53.2%), Colorado Indigent Care Program (CICP)/Other (38.9%) and Self Pay (7.8%). While these payers had overall negative reimbursement in 2020 (see Figure 5 below), they were reimbursed more than they were in 2019.

⁴⁸ Federal stimulus estimates by hospital and by system are available in the appendix.

⁴⁹ The difference between amounts in Table 20 from the [2022 Colorado Healthcare Affordability and Sustainability Enterprise Annual Report](#) compared to Department estimates of federal stimulus. Hospitals saw decreases in commercial insurance and Medicare patient service profits, and saw increases in Health First Colorado, Colorado Indigent Care Program/Other and Self-Pay patient service profits.

⁵⁰ Department of Health Care Policy & Financing. (2022, January). 2022 Hospital Expenditure Report with Key Findings. Retrieved from <https://hcpf.colorado.gov/hospital-transparency>.

Figure 5. Federal Stimulus Estimates Compared to Changes in Reimbursement from Patient Services

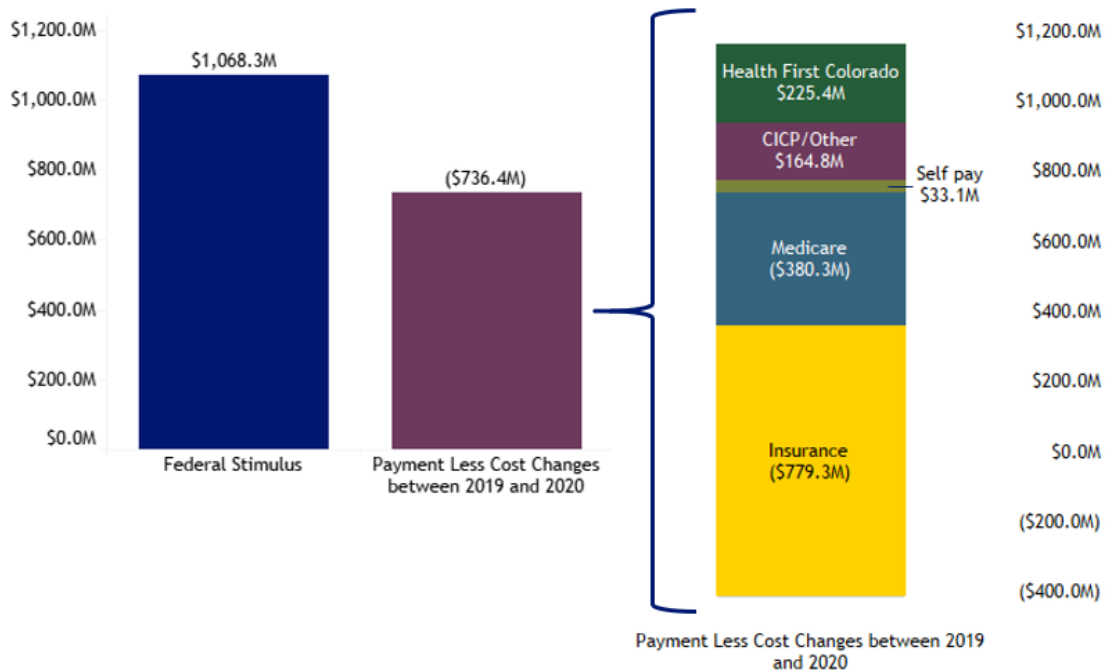


Table 3 below breaks down total patient service profits by payer and by year, illustrating that Colorado hospitals in aggregate saw reduced commercial insurance patient service reimbursement and increased Health First Colorado patient service reimbursement from 2019 to 2020. This insight corresponds to the pandemic-related economic downturn when many Coloradans initially lost their jobs - and their associated employer-sponsored insurance - and turned to Health First Colorado for health care coverage. During this time period, Health First Colorado coverage grew by approximately 200,000 Coloradans (now up 350,000, or 28%, as of the writing of this report). Due to federal law, the Department has retained Health First Colorado and CHP+ members throughout the public health emergency, even if they secured jobs and gained employer-sponsored insurance (unless the member voluntarily terminated their safety net coverage).

Typically, one would expect aggregate hospital losses in shifting large volumes of patients from commercial insurance to Health First Colorado; however, during this time period, hospitals that saw more Health First Colorado patients also saw their profits increase. The cost shift is explored further below.

Table 3. Federal Stimulus Estimates Compared to Changes in Profit (Loss) from Patient Services

Year	Medicare Patient Service Profits (Loss)	Health First Colorado Patient Service Profits (Loss)	Insurance Patient Service Profits (Loss)	Self-Pay Patient Service Profits (Loss)	CICP/Other Patient Service Profits (Loss)	Total Patient Service Profits (Losses)	Federal Stimulus
2019	(\$1,805,149,943)	(\$870,115,637)	\$4,452,854,554	(\$412,604,528)	(\$221,886,903)	\$1,143,097,543	
2020	(\$2,185,483,264)	(\$644,763,222)	\$3,673,574,068	(\$379,489,073)	(\$57,130,670)	\$406,707,839	\$1,068,326,895
Change	(\$380,333,321)	\$225,352,415	(\$779,280,486)	\$33,115,455	\$164,756,233	(\$736,389,704)	\$1,068,326,895

The above Figure 5 and Table 3 showed that in aggregate, Colorado hospital stimulus dollars received exceeded additional expenditures in 2019 and 2020; further, Colorado hospitals would have profited without federal stimulus. However, when drilling down to individual hospitals, hospital profits varied. The next section of this report will go into further detail on the more individualized experiences of hospitals and systems in Colorado.

Upon analysis, stimulus funding more than compensated for the decrease in hospital patient services profits for commercial insurance. Additionally, although more Coloradans were covered by Health First Colorado due to the pandemic, hospital payer mix did not shift significantly between 2019 and 2020.⁵¹

Annually, the Department releases the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) report, in collaboration with the Colorado Hospital Association and the CHASE Board. It presents payments, costs and patient service profits for Colorado hospitals. This report includes payment-to-cost ratios, which is another way of looking at profits. The data from the report released on Jan. 18, 2022, indicates that although patient service profits declined between 2019 and 2020, Colorado hospitals did profit from patient services in 2020: patient service profit margins were 2.3%. This is within a range identified as sustainable for hospitals.⁵² Although patient service costs increased \$1.1 billion with the 2020 pandemic, the increase in costs did not consume enough revenue to result in profit losses in the aggregate. To understand the value of the additional \$1.07 billion in federal stimulus,

⁵¹ Department of Health Care Policy & Financing. (2022, January). 2022 CHASE Annual Report. Retrieved from <https://hcpf.colorado.gov/colorado-healthcare-affordability-and-sustainability-enterprise-chase-board>.

⁵² The Colorado Hospital Association has presented that profit margins between 2.0% and 6.0% are sustainable for long-term “investments in infrastructure, equipment, and [the] workforce.” Colorado Hospital Association. (2022). *Hospitals Here for You*. <https://cha.com/colorado-hospitals/hospitals-here-for-you/>.

not included in these profits, it is equivalent to a 263% increase in 2020 patient service profits without federal stimulus.

CHASE reports answer questions about patient services, but they do not answer questions about other aspects of hospital financing, such as other operations and non-operating activities. Table 4 through Table 6 below continue where the CHASE report leaves off, presenting the full picture of hospitals' financial positions in 2019 and 2020, without the need to speculate on the impact of the estimated \$1.07 billion dollars of federal stimulus.⁵³

Table 4. Patient Service Payment, Cost and Profit, reported in CHASE^{54,55}

Every year, the Department reports on patient service payments and costs within the [CHASE Annual Report](#). Patient service payments, also referred to as net patient revenue, are payments that can be tied to a patient. Patient service costs are the operating costs associated with patient services.

	2019	2019 % of payments	2020	2020 % of payments
Patient Service Payments	\$17,567,599,541	100.0%	\$17,973,720,186	100.0%
Patient Service Costs	\$16,424,501,999	93.5%	\$17,567,012,347	97.7%
Patient Service Net Income/ Patient Service Profit Margins	\$1,143,097,541	6.5%	\$406,707,840	2.3%

Table 5. Operating Payment, Cost and Profit

Hospitals also report payments they receive from other operating activities such as their gift shop, cafeteria, and the hospital's medical education tuition and research grants. Operating payments are the total payments received from patient services plus these other operating activities.

	2019	2019 % of payments	2020	2020 % of payments
Operating Payments	\$18,564,024,020	100.0%	\$19,184,748,367	100.0%
Operating Costs	\$16,650,863,219	89.7%	\$17,888,265,296	93.2%
Operating Net Income/ Operating Profit Margin	\$1,913,160,833	10.3%	\$1,296,483,071	6.8%

⁵³ Data submitted to the Department from hospitals pursuant to HB 19-1001.

⁵⁴ Department of Health Care Policy & Financing. (2022, January). 2022 CHASE Annual Report. Retrieved from <https://hcpf.colorado.gov/colorado-healthcare-affordability-and-sustainability-enterprise-chase-board>.

⁵⁵ Department of Health Care Policy & Financing. (2021, January). 2021 CHASE Annual Report. Retrieved from <https://hcpf.colorado.gov/colorado-healthcare-affordability-and-sustainability-enterprise-chase-board>.

Table 6. Total Payment, Cost and Profit

There are a lot of non-operating activities that must be considered in a hospital's financials, including federal stimulus, investment gains or losses, tax subsidies and (for the tax paying hospitals) taxes paid. Total payments, total costs and net income include all payments and costs and are the very bottom-line of a hospital's financial position.

	2019	2019 % of payments	2020	2020 % of payments
Total Payments	\$19,030,215,452	100.0%	\$19,843,863,723	100.0%
Total Costs	\$16,744,810,938	88.0%	\$18,000,591,355	90.7%
Net Income/ Total Profit Margins	\$2,285,404,545	12.0%	\$1,843,272,369	9.3%

Colorado hospitals' income statements show that before the pandemic, 2019 total profit margins were 12.0% compared to 9.3% total profit margins in 2020, during the pandemic. As seen in Table 6 above, at the very bottom-line and including federal stimulus, Colorado hospitals earned \$1.8 billion in total profits during the 2020 pandemic.

As context, prior to the pandemic, payer mix shifted favorably for hospitals over time. Prior to the ACA expansion in 2014, payer mix for the payer type category that includes the uninsured (CICP/Self Pay/Other) was between 13.3% and 14.5%. Additionally, aggregated hospital uncompensated care costs (bad debt and charity care) were \$699.7 million in 2013. After coverage expansion (i.e., the implementation of the ACA, Medicaid expansion and marketplace exchanges), from 2014 to 2020, payer mix for that same group ranged from 7.8% to 9.6%. From 2013 to 2020, aggregated Colorado hospital uncompensated care costs decreased from \$699.7 million to \$418.2 million, a decrease of 40.2% or \$281.6 million.⁵⁶

Health First Colorado provider reimbursement has improved in two ways since 2009. First, the provider fee program increased reimbursement rates by paying hospitals supplemental payments that increased Health First Colorado payments from 54% to 74% of the cost to care for these patients between 2009 and 2010. Since coverage expansion under the ACA, from 2014 to 2020, aggregated payments to hospitals for care they provided to Health First Colorado members have increased significantly

⁵⁶ Department of Health Care Policy & Financing. (2022, January). 2022 CHASE Annual Report. Retrieved from <https://hcpf.colorado.gov/colorado-healthcare-affordability-and-sustainability-enterprise-chase-board>.

overall from 72% to 83% (as of 2020) of aggregated hospital costs for caring for these members.⁵⁷

Table 7 below shows the payment-to-cost ratio, or how much hospitals are reimbursed compared to their cost of care by payer group.⁵⁸ As seen in the table, in 2020, Health First Colorado reimbursed hospitals 83 cents on the dollar of costs, which is 23.9% more than Medicare. For context, Medicare sets rates at levels that are intended to approximate Medicare related costs for efficiently run hospitals. The March 2021 Medicare Payment Advisory Commission (MedPAC)⁵⁹ report to congress states that the median Medicare payment-to-cost ratio for relatively efficient hospitals was \$0.99 for every dollar of costs in 2019, meaning efficiently operated hospitals are near breaking even at Medicare rates.⁶⁰ This means payments at Health First Colorado levels would considerably exceed break-even for efficiently run hospitals, and again demonstrates the need for Colorado hospitals to bring down their comparatively high costs against their national hospital peers.

During the same period, commercial insurance carriers reimbursed hospitals \$1.66 for every dollar of hospital costs, driving the overall hospital payment-to-cost ratio of \$1.02 for every dollar of costs, reflecting patient service hospital profit and an opportunity for hospitals to concurrently reduce their commercial prices. This range of 1.02 through 1.09 in the chart below represents changing hospital patient service profits between 2009 and 2020.⁶¹

⁵⁷ Includes data from the former Colorado Health Care Affordability Act (CHCAA).

⁵⁸ Reviewing payment-to-cost ratio differs from reviewing cost to charge ratios, by comparing different lines of the hospital's financials. Cost to charge ratios are the same for all payers and are applied to payer charges to estimate the costs associated with the payer. When estimated payer costs are subtracted from the payer's payment, "cost shifting" ratios can be seen; commercial insurance pays above costs and government and other payers pay below costs. Year over year comparisons, like those done within the [Colorado Hospital Cost Shift Analysis Report](#), found that "cost shifting" did not improve with improvements to the payment-to-cost ratios of government and other payers.

⁵⁹ For context, the Medicare Payment Advisory Commission (MedPAC), a non-partisan group of commissioners and staff who are considered national subject matter experts in health care payments, conduct annual reviews and set recommendations for the level of Medicare payments for a variety of provider types to ensure adequate access to care for its beneficiaries. In other words, MedPAC annually sets Medicare hospital reimbursement levels to ensure Medicare beneficiaries have adequate access to care from efficiently managed hospitals.

⁶⁰ MedPac. (2021, March). March 2021 Report to the Congress: Medicare Payment Policy. Retrieved from <https://www.medpac.gov/document/march-2021-report-to-the-congress-medicare-payment-policy/>.

⁶¹ Colorado Health Institute. (2021, October 25). Colorado Health Access Survey 2021: Navigating Uncharted Waters: The Pandemic, Health, Coverage, and Care in Colorado. Retrieved from www.coloradohealthinstitute.org/research/CHAS.

Table 7. Payment-to-Cost Ratio⁶²

Year	Medicare	Health First Colorado	Insurance	CICP/ Self-Pay/ Other	Overall
2009	0.78	0.54	1.55	0.52	1.05
2012	0.74	0.79	1.54	0.67	1.07
2015	0.72	0.75	1.58	1.11	1.08
2018	0.70	0.77	1.70	0.88	1.09
2020	0.67	0.83	1.66	0.72	1.02

Table 7 shows that in 2009, before the implementation of the hospital provider fee, the overall payment-to-cost ratio was 1.05. Overall payment-to-cost ratio in 2009 was 1.05. By 2018, the overall payment-to-cost ratio increased to 1.09. Additionally, over this timeframe, Health First Colorado hospital reimbursement increased and payments for commercial insurance increased, while profits nearly doubled. Note the reduction in the “Overall” column (reflection of profits) in 2020, compared to 2018, despite the increase in Health First Colorado payment increase (not including the \$1.07 billion in federal stimulus). For the full table with all years, please see the [CHASE Annual Report](#).

One important aspect missing from the chart above is federal stimulus monies provided to hospitals through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and others. In 2020, Colorado hospitals accepted approximately \$1.07 billion in financial assistance.⁶³ Federal stimulus improved hospitals’ financial position for the year and increased the overall payment-to-cost ratio and total profit margins. The scale of the impact from federal stimulus dollars on hospital financials is uncertain due to several factors, including the recognition of the payments in 2020 for other business components and purchases that would be expensed in following years.⁶⁴ But not including federal stimulus understates hospitals’ financial positions.

⁶² Department of Health Care Policy & Financing. (2022, January). 2022 CHASE Annual Report. Retrieved from <https://hcpf.colorado.gov/colorado-healthcare-affordability-and-sustainability-enterprise-chase-board>.

⁶³ Department of Health Care Policy & Financing. (2021, August). COVID-19’s Impact on Colorado Hospitals’ Finances. Retrieved from <https://hcpf.colorado.gov/hospital-reports-hub>.

⁶⁴ Stimulus can be used to make up for lost revenue, or to cover COVID-19 related expenses. A portion of these COVID-19 related expenditures is reflected in the payment-to-cost ratio e.g., supplies, payroll, etc., and not including

Without stimulus, the overall payment-to-cost ratio for 2020 was 1.02 as shown above (before federal stimulus and other non-patient service profits) which amounts to \$406.7 million patient services profits. Hospitals also received an estimated \$1.07 billion in federal stimulus (a 263% increase to patient service profits), and profits from other operations and non-operations. As discussed above in this report, including federal stimulus and other forms of profits, Colorado hospitals reported \$1.8 million total profits or 9.3% total profit margins in 2020.

Though many Coloradans shifted from being privately, commercially insured patients where hospitals generally get paid above costs, to Health First Colorado members where hospitals generally get paid below costs, the data shows that the proportion of Health First Colorado patients was similar to the proportion before the pandemic; hospitals were paid higher Health First Colorado reimbursement and recorded profits before applying the value of federal stimulus dollars.^{65,66}

Overcompensation by Commercial Insurance More Than Covers Any Public Payer Shortfall

Figure 6 below displays payment-less-cost by payer type using a stacked bar chart to better depict the variation of payment-less-cost of different payer types. Each color depicts the payment-less-cost of a payer type. The positive purple bars are the compensation above cost by commercial insurance while the negative bars represent the compensation below cost (or shortfall) of public payers like Medicare and Health First Colorado as well as the uninsured.

stimulus deflates the ratio. However, some COVID-19 related purchases are not reflected in this ratio (e.g., capital expenditures for medical equipment, telehealth infrastructure, etc.) and including all stimulus may overstate the payment portion of the ratio. Further complicating this, hospitals have stated that some stimulus funding was used for other business components, and a portion of stimulus could be rolled over for use in 2021 if eligible costs and lost revenues for 2020 have been covered.

⁶⁵ Per the 2021 Colorado Health Access Survey, because of continuous enrollment and population growth over the timeframe (Colorado's population grew by approximately 222,000 people between 2019 and 2021), it is impossible to pinpoint Medicaid churn, but it is likely somewhere between the drop in employer-sponsored and individual/other insurance coverage (64,000) and Medicaid/CHP+ insurance coverage growth (368,000). Colorado Health Institute. (2021, October 25). 2021 Colorado Health Access Survey: Health Insurance Coverage. Retrieved from <https://www.coloradohealthinstitute.org/research/colorado-health-access-survey-2021>.

⁶⁶ Department of Health Care Policy & Financing. (2022, January). 2022 CHASE Annual Report. Page 24. Retrieved from <https://hcpf.colorado.gov/colorado-healthcare-affordability-and-sustainability-enterprise-chase-board>.

Patient service profits by commercial insurance is \$3.7 billion, which is \$406.7 million more than all shortfalls from public payers and uninsured patients, resulting in a profit of \$406.7 million in aggregate for Colorado hospitals in 2020.

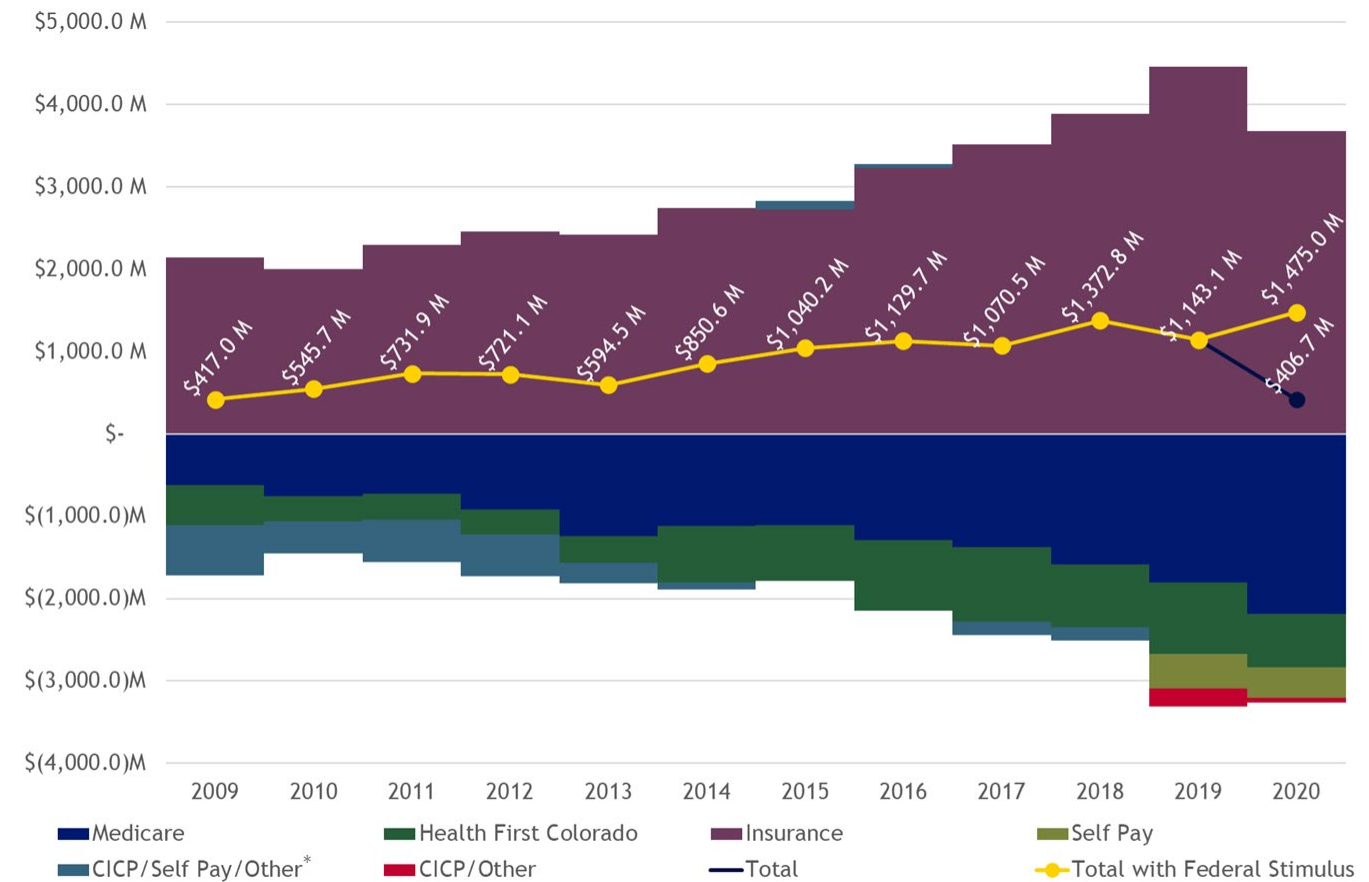
The difference between the positive and negative bars is reflected by the total line and represents hospitals' patient profits. Hospitals' patient profits have grown nearly every year from 2009 to 2019, averaging an increase of 10.6% per year.⁶⁷ Colorado hospitals earned patient profits in 2020; while the pandemic explains the drop in patient profit between 2019 and 2020, the drop in patient profit is more than offset by the federal stimulus.

As seen in Figure 6 below, Colorado hospitals profited in 2020. Even before including federal stimulus, total payment-less-cost (i.e., profit on patient services) is a positive \$406.7 million. Between 2019 and 2020, overall patient profit decreased by 64.4%, representing a \$736.4 million decrease, not including federal stimulus dollars. While there are limitations of factoring in federal stimulus, (and some limitations when federal stimulus is not included⁶⁴) when stimulus is included in payments, 2020 patient profit equals \$1.475 billion. Adding in the value of the federal stimulus in the aggregate, overall patient profits could have increased 29.0%.⁶⁸

⁶⁷ A compound growth rate between 2009 and 2019 is calculated on overall patient service profits from Table 20 of the [2022 Colorado Healthcare Affordability and Sustainability Enterprise Annual Report](#). Patient service profit margins have also grown an average of 4.0% a year.

⁶⁸ Combining these two profit growth estimates finds that patient profits changed between -64.4% and 29.0%.

Figure 6 Profit on Patient Services by Payer Type with Lines to Indicate Total Profits



*CICP/Self Pay/Other includes hospital reported data for CICP, Self Pay, and Other payer types. This category was broken into two categories (CICP/Other and Self Pay) in 2019 and 2020.

High Profits Have Financed Growth and Integration

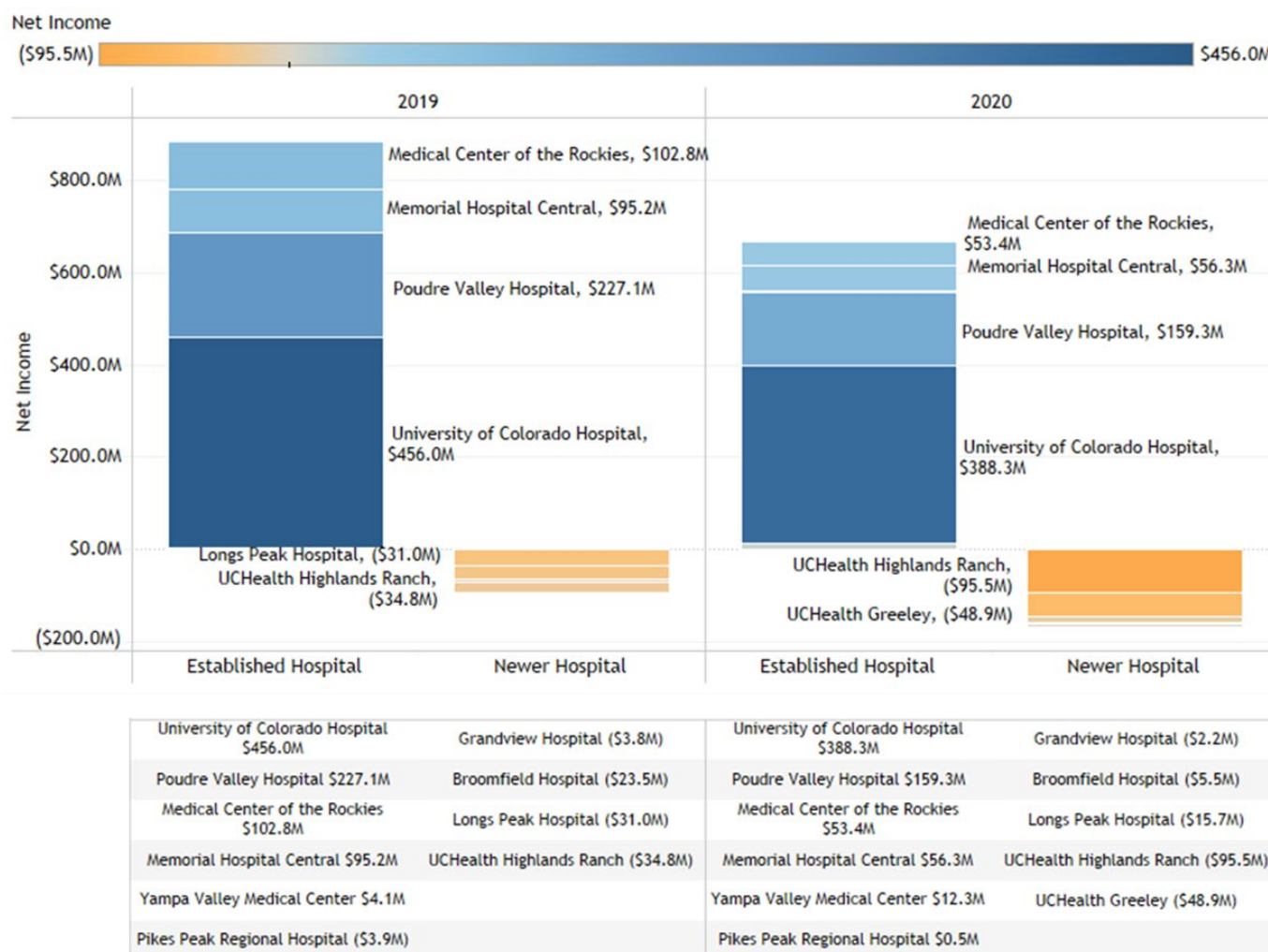
Starting in 2012, large hospital systems have expanded their reach across Colorado.^{69,70} Increased hospital system prices to commercial carriers, improved payments from Medicaid and increasing overall profits help finance this market share growth. The UHealth system is an example. Since the ACA and Colorado's Medicaid expansion, which is concurrent with reduced uncompensated care costs and increased profits, UHealth has opened five new hospitals. The high prices and high profits of well-established hospitals finance the initial investment and losses of establishing a

⁶⁹ Department of Health Care Policy & Financing. (2020, January). Colorado Hospital Cost Shift Analysis Report January 2020. Retrieved from www.colorado.gov/pacific/hcpf/colorado-cost-shift-analysis.

⁷⁰ Department of Health Care Policy & Financing. (2021, August). Hospital Cost, Price & Profit Review. Retrieved from <https://hcpf.colorado.gov/hospital-reports-hub>.

new hospital.⁷¹ This is shown in Figure 7 below. UHealth system captured 22.7% of the market in 2020 (compared to 18.2% in 2015).⁷²

Figure 7. UHealth Profits for Old and New Hospitals



Besides using profits to acquire existing hospitals or build new hospitals, hospital systems are also acquiring physician practices. According to the June 2021 Physicians Advocacy Institute-Avalere Health Report, physician acquisitions accelerated in the last half of 2020. Only 30% of physicians in the U.S. practiced medicine independently at the beginning of 2021; the remaining 70% were employed by hospital systems or other corporate entities such as private equity firms or health insurers. Hospitals and

⁷¹ The Hospital Cost Price and Profit Review found that of the four large UHealth hospitals, only Memorial Hospital in Colorado Springs had nationally normal prices.

⁷² Calculated with adjusted discharges.

corporate entities, including venture capital and private equity firms and insurance companies, now own nearly half of U.S. physician practices. The COVID-19 pandemic accelerated corporate ownership of physician practices and physician employment by hospital systems and other corporate entities in the last half of 2020.⁷³

The literature shows that health care provider consolidation generally leads to higher health care prices.^{74,75,76} Indeed, the pandemic has further accelerated market consolidation trends, which tend to lessen competition, create regional provider dominance and leave health care consumers and payers with fewer options.⁷⁷

Colorado Continues to Be a High Price, High Cost and High Profit State

The [Hospital Cost, Price and Profit Review](#) analysis concludes that instead of passing cost-savings to Coloradans from decreased charity care and uncompensated care, hospitals used their profits to grow, resulting in higher hospital costs and necessitating higher prices. An update to this analysis finds that Colorado hospitals were high price, high cost and high profit in 2019 and 2020, ranking high in all these measures at once; specifically, Colorado is one of two states (the other being Alaska) that are in the top 10 for all four of the below financial categories in 2019 and 2020. That said, Table 8 below shows that Colorado hospitals have been taking action to move their financials in the right direction across all metrics - prices, costs and profits - against their national peers.

⁷³ Physicians Advocacy Institute. (2021). *PAI-Avalere Health Report on Trends in Physician Employment and Acquisitions of Medical Practices in 2019-2020*. Report and key findings retrieved from <http://www.physiciansadvocacyinstitute.org/PAI-Research/Physician-Employment-and-Practice-Acquisitions-Trends-2019-20>.

⁷⁴ National Council on Compensation Insurance. (2018, July 11). The Impact of Hospital Consolidation on Medical Costs. Retrieved from http://www.ncci.com/Articles/Pages/II_Insights_QEB_Impact-of-Hospital-Consolidation-on-Medical-Costs.aspx.

⁷⁵ Schmitt M. (2018, August). Multimarket Contact in the Hospital Industry. *American Economic Journal: Economic Policy*, Volume 10. <http://doi.org/10.1257/pol.20170001>.

⁷⁶ Cooper, Z., Craig, S., Gaynor, M. & Reenen, J. (2019, February). The Price Ain't Right? Hospital Prices and Health Spending on the Privately Insured. *The Quarterly Journal of Economics*, Volume 134, Issue 1. Pages 51-107, <https://doi.org/10.1093/qje/qjy020>.

⁷⁷ Gaby-Biegel, Jared. (2020, March 5). The Effects of Hospital Consolidation in Colorado. The Center for Economic Policy and Research. <https://cepr.net/report/the-effects-of-hospital-consolidation-in-colorado/>.

Table 8. Colorado's Cost, Price and Profit National Ranking⁷⁸

Measure	2018	2019	2020
Price/Patient	5th highest	4th highest	6th highest
Cost/Patient	8th highest	8th highest	10th highest
Profit/Patient	3rd highest	4th highest	7th highest
Total Profit	1st highest	5th highest	6th highest

There is an opportunity to continue to partner with hospitals to better control their costs and to reduce their profit target, with the goal of lower prices. Ultimately, lowering hospital prices is the most important factor to insurance carriers and other purchasers in lowering the cost of health care to Colorado families and employers.

While this section reports on hospital cost, price and profit in the aggregate for Colorado hospitals, sections below illuminate specific hospitals and systems.

Hospital Community Investments

Colorado hospitals invested \$836.3 million in community benefits in 2020, not including Medicaid shortfall,⁷⁹ which captures the difference between Medicaid payments and the costs associated with providing services to these Medicaid members. These community investments equal 6% of hospital patient revenue received, which is an impressive level. Comparatively, the median total profit margin for Colorado's hospitals was 7.9% in 2020. Investments by category are as follows:

- Free or reduced-cost health care services: \$199.5 million, 24% of total
- Programs addressing health behaviors or risks: \$485.5 million, 58% of total
- Programs that addressed social determinants of health: \$23.1 million, 3% of total

⁷⁸ Data extracted from the October 2021 Healthcare Cost Report Information System (HCRIS) update. Data includes data for short-stay hospitals across the nation. Other state values are adjusted for cost of living. Department adjustments are made to ensure data is error free and outliers are removed. For more a thorough detail of the Department's Medicare Cost Report analysis see the Appendix A of the [Hospital Cost, Price and Profit Review](#).

⁷⁹ Medicaid shortfall is the difference between a hospital's cost of care for Medicaid eligible patients and the payments that the hospital receives for these services.

- Other investments that addressed community identified needs: \$128.2 million, 15% of total⁸⁰

Colorado House Bill 19-1320, Health Care Providers' Accountability to Communities, requires hospitals to meaningfully engage with their communities for feedback on their community benefit activities and to report their community benefit expenditures to the Department. The legislation was an important step to understand the community benefits Colorado's hospitals provide to their respective communities. As reported in the Jan. 15, 2022, [Hospital Community Benefit Accountability Report](https://hcpf.colorado.gov/hospital-community-benefit-accountability),⁸¹ hospitals' community investments contributions are significant, appreciated and valued.

However, opportunities exist to strengthen hospitals' accountability to their communities. While the median total profit margin for Colorado's hospitals was 7.9% in 2020, community investments were 6% of hospital patient revenue received. Notably, the currently reported information does not provide enough detail to identify where and how the funds were invested and whether the community benefit investments match communities' identified needs. Without this information, the Department also cannot report on the impact of the community investment dollars. The profitability of Colorado's hospitals, even in the midst of the pandemic and after investing 6% of their patient revenues in the community, warrants further investigation.

Grand Junction Community Hospital On-Site Child Care

Community Hospital is building a child care center right next to the hospital for its employees. This is in response to a shortage of local child care that existed in Mesa county even before the pandemic. The center is scheduled to open in early 2023 with capacity up to 100 children. Community Hospital is a Level III Trauma Center offering full outpatient diagnostic services and inpatient care for the Western Slope region of Colorado and eastern Utah.

⁸⁰ Department of Health Care Policy & Financing. (2022, January). 2022 Hospital Community Benefit Accountability Report. Retrieved from <https://hcpf.colorado.gov/hospital-community-benefit-accountability>.

⁸¹ Department of Health Care Policy & Financing. (2022, January). 2022 Hospital Community Benefit Accountability Report. Retrieved from <https://hcpf.colorado.gov/hospital-community-benefit-accountability>.

Hospitals Continue to Increase their Ownership of Physicians

As stated above, the literature shows that health care provider consolidation generally leads to higher health care prices.^{82,83,84} Indeed, the pandemic has further accelerated market consolidation trends, reducing competition and giving health care consumers and payors fewer options.⁸⁵

Generally, increased hospital ownership results in increased hospital prices without evidence of increased quality.^{86,87} According to the June 2021 Physicians Advocacy Institute-Avalere Health Report, physician acquisitions accelerated in the last half of 2020.⁸⁸ Only 30% of physicians in the U.S. practiced medicine independently at the beginning of 2021; the remaining 70% were employed by hospital systems or other corporate entities such as private equity firms or health insurers. The COVID-19 pandemic accelerated physician employment by hospital systems and other corporate entities in the last half of 2020.⁸⁹

However, hospital systems that have acquired physicians are well positioned to redeploy those physicians and other owned staff during future pandemic surges.

⁸² National Council on Compensation Insurance. (2018, July 11). The Impact of Hospital Consolidation on Medical Costs. Retrieved from

http://www.ncci.com/Articles/Pages/II_Insights_QEB_Impact-of-Hospital-Consolidation-on-Medical-Costs.aspx.

⁸³ Schmitt M. (2018, August). Multimarket Contact in the Hospital Industry. American Economic Journal: Economic Policy, Volume 10. <http://doi.org/10.1257/pol.20170001>.

⁸⁴ Cooper, Z., Craig, S., Gaynor, M. & Reenen, J. (2019, February). The Price Ain't Right? Hospital Prices and Health Spending on the Privately Insured. The Quarterly Journal of Economics, Volume 134, Issue 1. Pages 51-107, <https://doi.org/10.1093/qje/qjy020>.

⁸⁵ Gaby-Biegel, Jared. (2020, March 5). The Effects of Hospital Consolidation in Colorado. The Center for Economic Policy and Research. <https://cepr.net/report/the-effects-of-hospital-consolidation-in-colorado/>.

⁸⁶ National Council on Compensation Insurance. (2018, July 11). The Impact of Hospital Consolidation on Medical Costs. Retrieved from

http://www.ncci.com/Articles/Pages/II_Insights_QEB_Impact-of-Hospital-Consolidation-on-Medical-Costs.aspx.

⁸⁷ Beaulieu, N. (2020, January 2). *Changes in Quality of Care after Hospital Mergers and Acquisitions*. The New England Journal of Medicine. <http://doi.org/10.1056/NEJMs1901383>.

⁸⁸ Physicians Advocacy Institute. (2021). *PAI-Avalere Health Report on Trends in Physician Employment and Acquisitions of Medical Practices in 2019-2020*. Report and Key Findings retrieved from <http://www.physiciansadvocacyinstitute.org/PAI-Research/Physician-Employment-and-Practice-Acquisitions-Trends-2019-20>.

⁸⁹ Physicians Advocacy Institute. (2021). *PAI-Avalere Health Report on Trends in Physician Employment and Acquisitions of Medical Practices in 2019-2020*. Report and Key Findings retrieved from <http://www.physiciansadvocacyinstitute.org/PAI-Research/Physician-Employment-and-Practice-Acquisitions-Trends-2019-20>.

Colorado has 1.9 hospital beds per 1,000 residents, below the national average of 2.4 hospital beds per 1,000.⁹⁰ The good news is that the healthier population in Colorado means that Colorado does not need as many hospital beds as other states, nor should it aspire to grow to the 2.4 national bed average per 1,000. We have an opportunity to further study the number of new beds available through these hospitals, the cost to build them and the care delivery expansion capability they provided during pandemic surges.

Certain Colorado Systems and Hospitals Are Major Drivers of Hospital Unaffordability

As shown in Table 8 above, Colorado hospitals rank nationally as 7th and 6th highest in profits in aggregate. The following subsections will analyze Colorado hospital profit margins further.

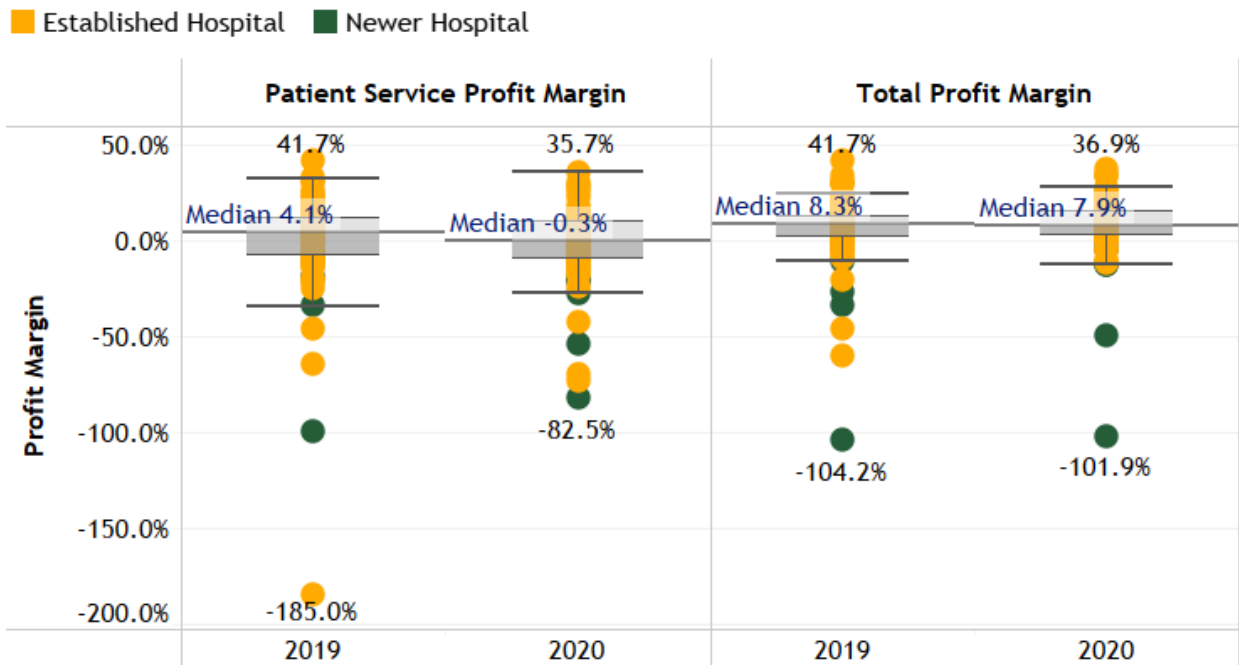
Hospital Profit Margin Analysis⁹¹

There is a wide range of hospital profitability in Colorado and many profitable hospitals in Colorado as seen below in Figure 8.

⁹⁰ Becker's Hospital Review. *States ranked by hospital beds per 1,000 population*. (April 5, 2021) <https://www.beckershospitalreview.com/rankings-and-ratings/states-ranked-by-hospital-beds-per-1-000-population-2.html>.

⁹¹ This analysis compares hospital and system profits using profit margins because this type of ratio analysis accounts for hospital size and other features. Margins are calculated by dividing profits by payments and are presented as a percentage. Profit margins answer the question "What percentage of payments do a hospital keep after paying off their costs?" Profit margins are an efficiency measure, and, for market structures where imperfect competition exists, are also a measure of how organizations are maximizing profits.

Figure 8. 2019 and 2020 Profit Margins for Colorado Hospitals, including Median



Between 2019 and 2020, there is a drop in median patient service profits from 4.1% in 2019 to -0.3% in 2020. About half (39 of the 82 in the dataset) of hospitals had positive patient service profits in 2020 while shifts in patient service profits were not significant for most hospitals (see Figure 21 of the Appendix for a depiction of patient service margin changes between the two years). For the hospitals with data in both years, 71.4% of hospitals either profited in 2020 or increased patient service profit margins from 2019. In 2020, most hospitals did better before federal stimulus, either recording positive patient service profits or seeing improvements as compared to 2019 patient service profits.

Patient service profit margins do not reflect \$1.07 billion in federal stimulus dollars distributed to hospitals to cover revenue losses and investments in equipment. After accounting for all forms of payment (federal stimulus, other operating revenue and non-operating revenue), the pandemic did not appear to negatively impact most hospitals' financial positions. The median total profit margin dropped from 8.3% to 7.9%. Only 13 of the 82 Colorado hospitals recorded negative total profit margins in 2020, and most of these hospitals (7) recorded higher total profit margins in 2020 than in 2019. Meaning just 6 hospitals were both unprofitable and less profitable in 2020

than in 2019. The vast majority (92.6%) of Colorado hospitals did not record losses and a decrease in total profits from 2019 to 2020, when including federal stimulus dollars.

Colorado hospitals reported to the Department that federal stimulus is represented in total profit margins and net income, but that depreciation expenses from pandemic-related equipment investments will not be accounted for until future submissions. This accounting presents a challenge with this type of financial analysis, but the Department does not believe that making an adjustment for these types of equipment depreciation expenses will significantly decrease profits. In 2020, depreciation expense is not a large portion of expenses, only 6.0% of total operating expenses; even when a high estimate of 2020 equipment purchases are depreciated, 2020 profit margins only decline 0.8%.⁹²

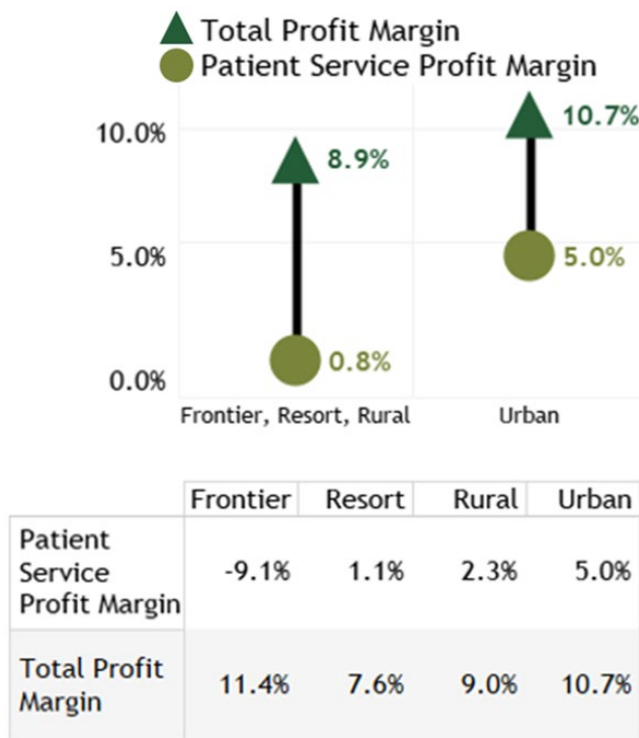
Rural Hospital Profit Margin Analysis

While non-rural hospitals were fairly profitable in 2020 before the application of federal stimulus, rural hospitals were dependent on federal stimulus and other non-operating revenues. As seen in Figure 9 below, urban hospitals achieved 5.0% profit margins from patient services, while rural hospitals (which includes frontier, resort and other rural hospitals) achieved a slim 0.8% patient service profit margin. This low patient service profit margin limits how much rural hospitals can invest to keep pace with emerging medical technology and infrastructure best practices.

Had it not been for federal stimulus and other non-patient sources of profit, rural hospitals would have barely broken even (0.8% patient service margins). Federal stimulus and other non-patient forms of revenue are why rural hospitals were profitable (8.9% total margins). As noted in Figure 9 below, frontier hospitals are particularly vulnerable to patient, revenue and expense volatility caused by pandemic surges and related economic downturns due to their low margins.

⁹² In 2020, \$302.9 million of fixed and other equipment purchases were recorded. Even if half of the assets' values were depreciated in the first year (which is a high rate of depreciation) and recorded as a depreciation expense in 2020, patient service profit margins are 1.4% and total profit margins are 8.5%, which is a 0.8% decline from aggregated 2.3% patient service profit margins and 9.3% total profit margins.

Figure 9. 2020 Profit Margins by Rural Designation⁹³



Looking at total profits, as opposed to patient service profits, it was federal stimulus and other sources of income that sustained rural hospitals through the pandemic. Although most rural hospitals (92.7%) were profitable in 2020, and the rural hospital group recorded 8.9% total profit margins, 8.1% of those profit margins were financed from federal stimulus and other non-patient service revenues. We have an opportunity to invest in rural hospitals in a way that enables them to sustain themselves on patient services margins alone, without intervention in the form of payouts like federal stimulus.

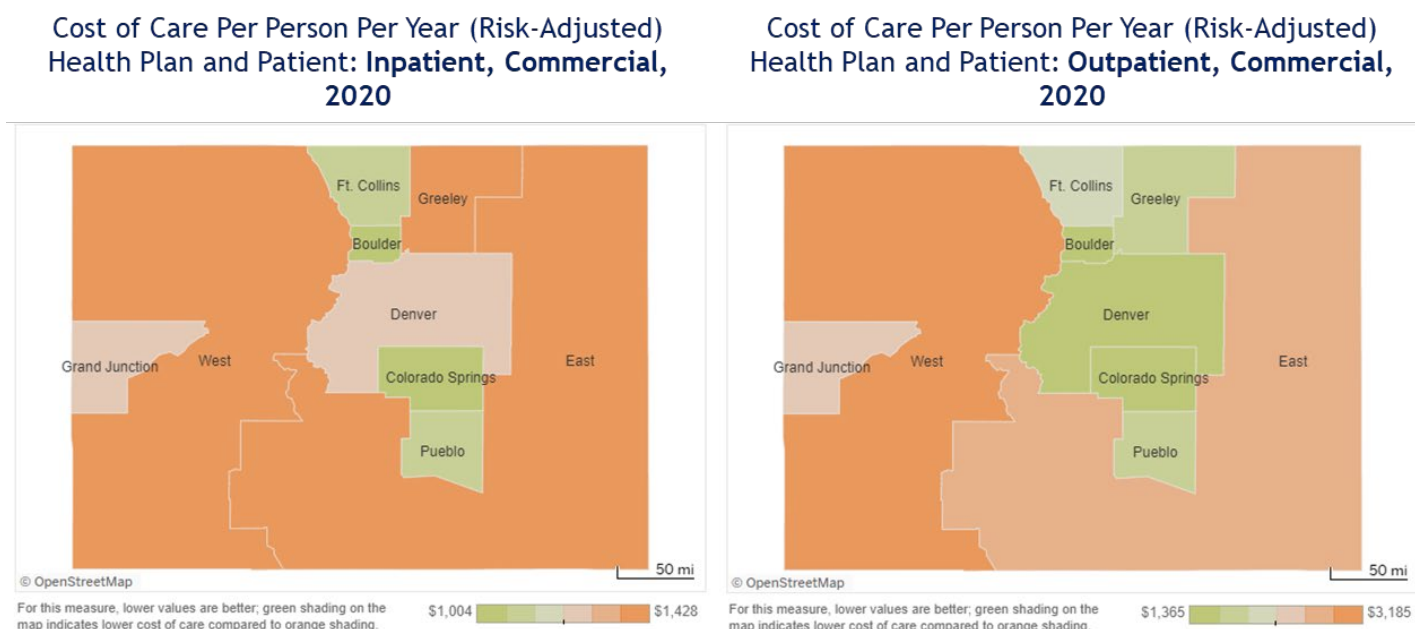
Of the three types of rural hospitals, frontier hospitals (a county-based location designation primarily based the number of people per square mile) are the least profitable from patient services, recording -9.1% patient service profit margins. Resort hospitals, non-resort and non-frontier rural hospitals recorded higher patient service profits at 1.1% and 2.3% respectively. In 2020, 83.3% of the 12 frontier hospitals had negative patient service profit margins, compared to 51.7% of 29

⁹³ Excludes recently opened hospitals for a better comparison.

rural/resort hospitals. If policymakers are to address rural hospital sustainability, the 12 frontier hospitals should be a priority for policy design.

This investment in affordability is critical as rural regions have higher health care costs than urban regions. The Center for Improving Value in Health Care's [Community Dashboard](#) shows that both inpatient and outpatient services are more costly per person in rural parts of the state.⁹⁴

Figure 10. Cost of Care Per Person for Commercial Payers for 2020 by DOI Region



⁹⁴ Center for Improving Value in Health Care (CIVHC). (n.d). *Community Dashboard*. Retrieved from <http://www.civhc.org/get-data/public-data/community-dashboard/>. CIVHC notes that both inpatient and outpatient services include costs for facility services only, and do not include costs for physicians and other professionals.

The Hospital Transformation Program (HTP) is the state's first major effort to significantly redirect hospital supplemental payments toward major delivery model transformation to the betterment of all Coloradans, regardless of payer or coverage type. The goal of the HTP is to improve the quality of hospital care provided to Health First Colorado members by tying provider fee funded hospital payments to quality-based initiatives (also known as Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) fees). Over the course of the five-year HTP effort, payments will transition from pay-for-process and reporting to a pay-for-performance structure to reward improved quality, meaningful community engagement, and better patient health outcomes. A critical component of the HTP is its Rural Support Fund, which helps prepare critical access and rural hospitals for future value-based payment environments. For some rural hospital communities, layering quality-based initiatives on top of insufficient operational strategies or inadequate infrastructure will not enable the hospitals to meet the emerging needs of the communities they serve or to adequately administer emerging payment methodologies. HTP Rural Support Fund payments total \$12,000,000 annually for each of the five years, or \$60 million in total funding. Twenty-three hospitals qualified for the Rural Support Fund and receive approximately \$523,000 per hospital each year, with the first distributions occurring in August 2020. See <https://hcpf.colorado.gov/colorado-hospital-transformation-program> for more information about HTP and its Rural Support Fund.

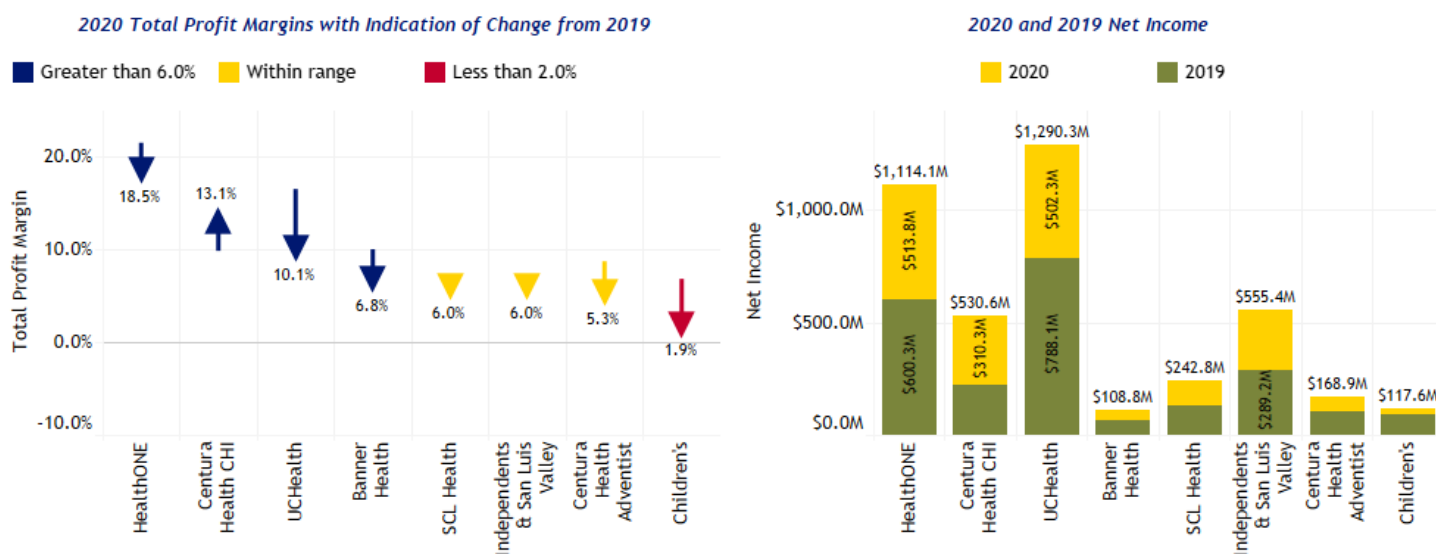
Hospital Systems Profit Margin Analysis Figure 11 displays that, in total and including federal stimulus, all hospital systems profited in 2020 despite the pandemic, and all but one recorded total profit above or within a Colorado Hospital Association (CHA) identified sustainable range of growth of 2.0% to 6.0%.⁹⁵ As seen in Figure 12, two hospital systems fell below 2.0% patient service profit margins and Children's Hospital Colorado was the only hospital to fall below the 2.0% in total profits.⁹⁶ Keep in mind,

⁹⁵ The Colorado Hospital Association (CHA) has presented that profit margins between 2.0% and 6.0% are sustainable for long term "investments in infrastructure, equipment, and [the] workforce". Colorado Hospital Association. (2022). *Hospitals Here for You*. <https://cha.com/colorado-hospitals/hospitals-here-for-you/>.

⁹⁶ Children's Hospital lower profit margins is in part due to establishing the new Colorado Springs location. Without the Colorado Springs location included in 2020 figures, the system's total profit margins are 2.3%. UCHealth is another

the Children's Hospital figures presented here are for the hospitals alone. The section below titled 2021 Preview Profits and Reserves shows that the Children's Hospital Health System, including more than just its hospitals, reported \$126 million in 2020 total profits, or an 8.2% profit margin. Reflecting the hospital-level analysis above, Colorado hospital systems and health systems were profitable during the pandemic.

Figure 11. 2020 Total Profit Margins (with the change from 2019 indicated as the arrow) and 2020 plus 2019 Net Income by System

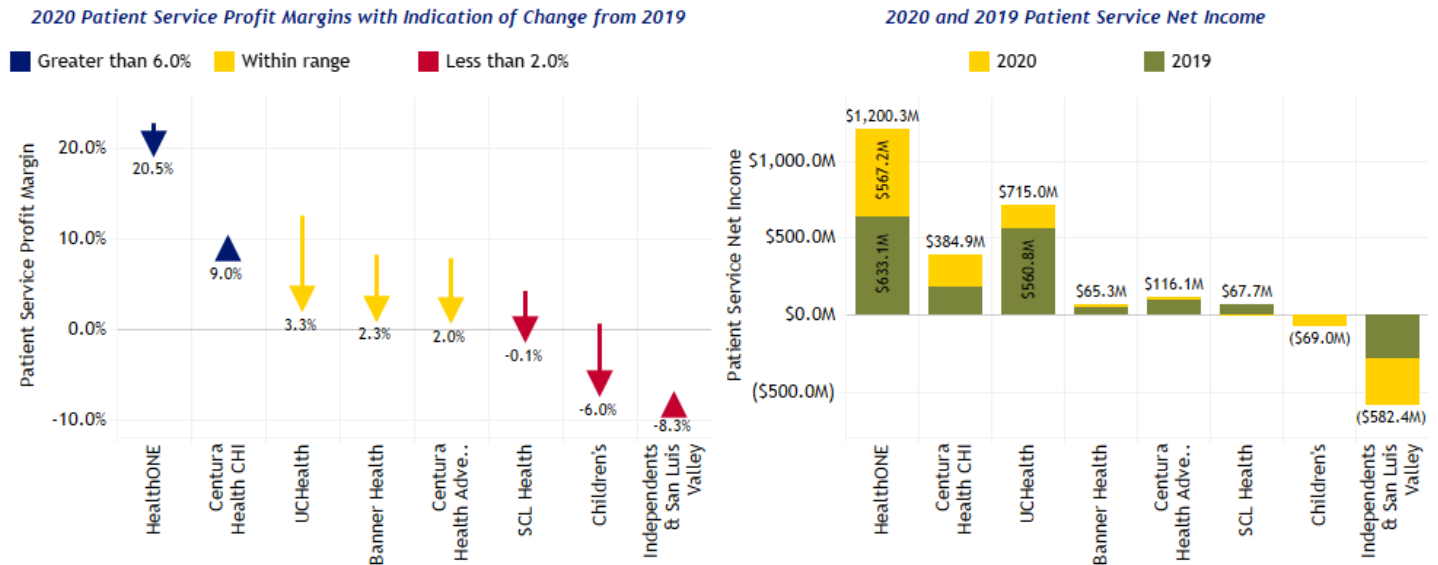


The chart on the left shows percent profits (total profit margin), while the chart on the right shows total profit (net income) in dollars. Both charts include 2019 and 2020 data. The chart on the left for percent profits displays 2019 total profit margins at the start of the arrow, and the point of the arrow displays the 2020 figure. In this way, you can observe the change from 2019 to 2020, and as you can see above, directionally, total profit margins for most hospital systems went down from 2019 to 2020, except for Centura/CHI. HealthONE, Centura/CHI, UCHealth and Banner total profit margins remained greater than 6% in both 2019 and 2020 (in blue). SCL, independents and Centura/Adventist total profit margin remained within the target range for both 2019 and 2020 (in yellow). Finally, Children's total

system whose recent growth was financed from the profit margins of other hospitals. Excluding the less established hospitals from UCHealth profit margins results in much higher patient service and total profit margins in 2020, 7.8% and 14.6% respectively.

profit margin is less than 2%, below target (in red). The following figure reports patient service profits in the same format as the figure above.

Figure 12. 2020 Patient Service Profit Margins (with the change from 2019 indicated as the arrow) and 2020 plus 2019 Patient Service Net Income by System



HCA HealthONE, the state's largest for-profit, tax paying system, had the largest profit margins in the state, at 20.5% for patient services and 18.5% in total. Three nonprofit, tax exempt hospital systems recorded high total profit margins in 2020: Centura Health CHI (13.1%), UCHealth (10.1%), and Banner Health (6.8%). Nonprofit systems were more profitable than independent hospitals at 6.0% total profits. Nonprofit systems recorded 8.5% total profit margins and 10.3% when new hospitals are excluded. In Figure 11 above, UCHealth has been highly profitable in 2019 and 2020, with hospital total profits of \$1.3 billion exceeding the state's HealthONE hospitals, the state's tax paying for-profit hospital system.

All systems recorded total profit margins greater than 6.0% in 2019, and four recorded total profit margins greater than 6.0% in 2020. These systems exceeded the range of margins necessary for CHA identified sustainable growth of between 2.0% and 6.0%.⁹⁷

⁹⁷ The Colorado Hospital Association (CHA) has presented that profit margins between 2.0% and 6.0% are sustainable for long-term "investments in infrastructure, equipment, and [the] workforce". Colorado Hospital Association. (2022). *Hospitals Here for You*. <https://cha.com/colorado-hospitals/hospitals-here-for-you/>.

In fact, Centura Health CHI (CommonSpirit) recorded 2020 total profit margins higher than 2019.

As stated above, the increase in profits in previous years largely went toward market share growth, vertical integration,⁹⁸ capital investments and further building reserves.^{99,100} As a result, health care costs continued to increase for Colorado families and employers. Colorado hospitals continued to be among the highest priced, highest profit and highest cost hospitals in the nation leading up to the pandemic. This trend continued through 2020; initial profit data indicates it continued through 2021 as well. Although the pandemic cut into margins, federal stimulus and hospital strategic choices protected overall system profits even when newer hospitals reported losses during the pandemic.

For a detailed report of hospital profits in 2020 with reference to 2019 profit margins, see Appendices' Table 10, Table 11, Figure 21 and Figure 22.

2019 and 2020 Days Cash on Hand

The following Figure 13 shows the 2019 and 2020 days cash on hand for Colorado hospitals and consolidated national systems. Only three Colorado hospitals in 2020 had days cash on hand below 100: Colorado Canyons (85), Arkansas Valley (76) and St. Vincent (43). To clarify, reserves are the unrestricted cash and investments available to draw on when needed, and days cash on hand takes this amount and divides by the daily operating expense. Days cash on hand measures the savings of a business compared to its operating costs to project how many days of business could occur if all incoming funds ceased. For example, a business with 75 days cash on hand could continue paying bills, payroll and purchasing supplies for 75 days if it stopped receiving income, while continuing to serve patients as normal. In 2019, the median hospital with S&P ratings of AA, single A, and BBB

⁹⁸ There are two types of health care market consolidation. Vertical integration refers to one type of entity purchasing another in the supply chain such as hospitals acquiring physician practices. This contrasts with horizontal consolidation, when two providers performing similar functions merge, such as when two hospitals merge or groups of physician practices merge to form larger group practices.

⁹⁹ Department of Health Care Policy & Financing. (2020, January). Colorado Hospital Cost Shift Analysis Report January 2020. Retrieved from www.colorado.gov/pacific/hcpf/colorado-cost-shift-analysis.

¹⁰⁰ Department of Health Care Policy & Financing. (2021, August). Hospital Cost, Price & Profit Review. Retrieved from <https://hcpf.colorado.gov/hospital-reports-hub>.

ratings had days cash on hand of 334, 260 and 158 respectively.¹⁰¹ Rural hospitals regularly have much smaller amounts of days cash on hand and face significant obstacles to accumulating large reserves.¹⁰²

Forty-one (41) out of 45 Colorado hospitals/systems realized an increase or maintained days cash on hand reserves from 2019 to 2020. Vail Health decreased from an irregular 751 days cash on hand to 531 days cash on hand, still far above AA rating, but reflecting a significant reduction towards a more appropriate reserve. Since this type of reserve is a function of prices charged to the community over expenses (profits over time), it is important that the community engage with their local hospitals to discuss and understand how reserves are being spent or invested; after all, it is the community - families, employers, municipalities - that would have paid for the care (hospital prices) which resulted in the hospital's reserve, and that community will want to see the benefit of spending down the reserves. Communities are also encouraged to collaborate with their local hospitals on a consistent basis, in a formal manner, to understand their hospital's current pricing, current expenses, estimated profits, their reserve target, and plans to spend down or build up reserves and why.

Colorado hospitals as a whole saw vast improvements in reserve levels from 2019 to 2020, with the median days cash on hand improving by 86 days, although it will take years for ripple effects to be fully apparent due to Medicare Advance Payments, payroll taxes, and other factors. Figure 13 below shows a general increase in days cash on hand for Colorado hospitals, from a median of 149 days in 2019 to 235 days in 2020, illustrating that hospitals grew their reserves during the pandemic. Specific days cash on hand values are in the Appendix.

¹⁰¹ S&P Global. (August, 2021). *U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios--2020 vs. 2019*. Pickett, Chloe, Gildner, Luke. <https://www.spglobal.com/ratings/en/research/articles/210830-u-s-not-for-profit-health-care-stand-alone-hospital-median-financial-ratios-2020-vs-2019-12086011>.

¹⁰² UNC Sheps Center for Health Services Research. (May, 2021). *Most Rural Hospitals Have Little Cash Going into COVID*. <https://www.shepscenter.unc.edu/download/20309/>.

Figure 13: 2019 and 2020 Days Cash on Hand for Colorado Hospitals and Consolidated National Systems¹⁰³

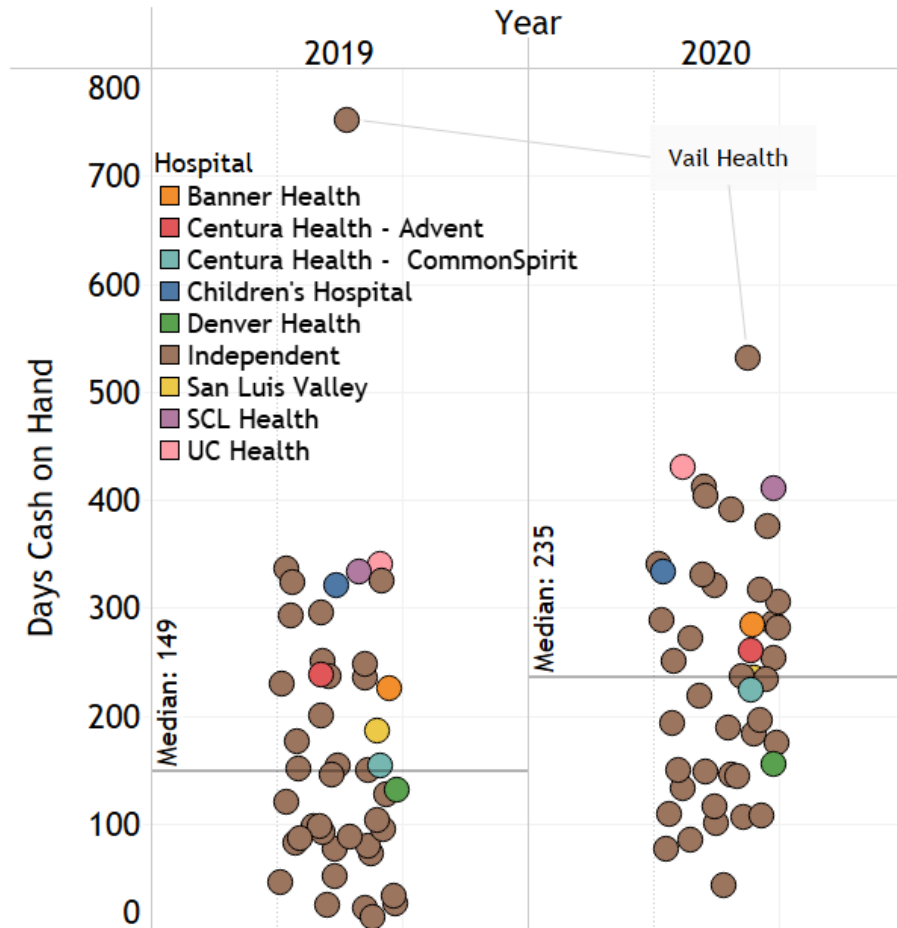


Figure 14 below shows this same data, but further split into urban and rural groupings, showing that rural hospitals grew their reserves more than their urban counterparts from 2019 to 2020. These effects were projected in the [COVID-19 Impact on Colorado Hospitals' Finances](#), but with 2020 data we can see the real effects.¹⁰⁴

¹⁰³ Hospital and Colorado hospital system profits and days cash on hand are from data submitted to the Department from hospitals pursuant to HB 19-1001. Consolidated health system profits and days cash on hand measures use data from financial statements sources from the Electronic Municipal Market Access. Municipal Securities Rulemaking Board. (n.d) Electronic Municipal Market Access (EMMA). Retrieved from <https://emma.msrb.org>

¹⁰⁴ Department of Health Care Policy & Financing. (2021, August). Retrieved from <https://hcpf.colorado.gov/hospital-reports-hub>.

Figure 14: Days Cash on Hand from 2019 and 2020 by Rural and Urban Hospitals / Systems

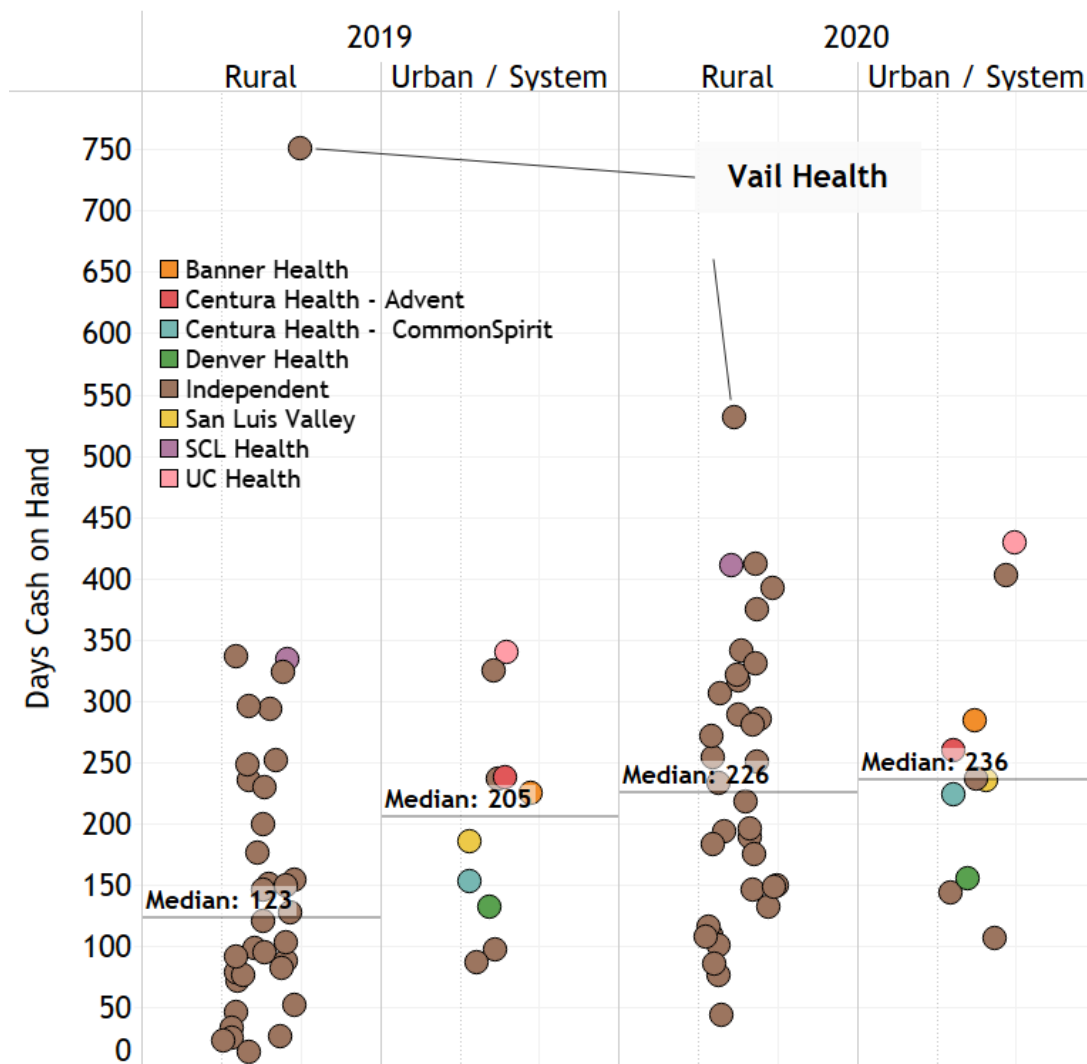
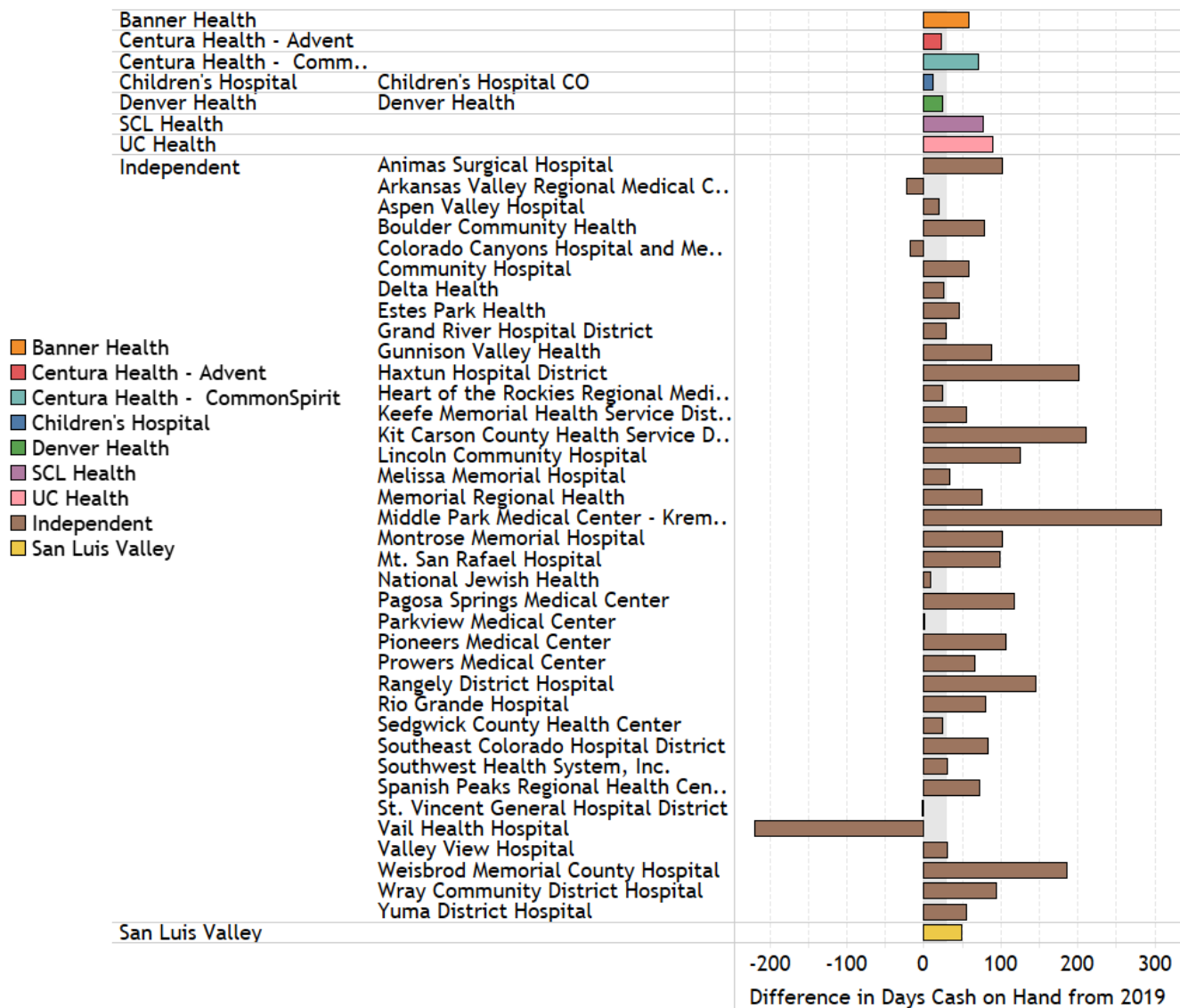


Figure 15 below shows the difference in days cash on hand from 2019 to 2020. Almost all hospitals and consolidated systems showed a marked improvement in days cash on hand.

Figure 15: Difference in Days Cash on Hand from 2019 to 2020 for Colorado Hospitals and Consolidated National Systems



The visual above includes a grey band marking 30 days, with dotted gridlines marking every 50 days cash change. Out of the 45 hospitals/systems represented in this report, 41 showed improvements in days cash on hand from 2019 to 2020, and 32 showed improvements over 30 days.

2021 Preview Profits and Reserves

Through September 2021, all consolidated systems had positive total profits, and only Denver Health, the state's safety net hospital, had negative operating profits (-0.6%).¹⁰⁵ Compared to 2019, consolidated systems have similar operating profits in 2021, with mixed (minor) changes for total profits. UCHealth total profits increased from 10% in 2019, to 14.7% in 2020, to 17.4% through September 2021.

All consolidated national systems have increased amounts of reserves in 2021 compared to 2019, and only Denver Health has fewer days cash on hand (131 in 2019 to 123 in September 2021). Children's Hospital, UCHealth and SCL all have approximately one year of days cash on hand (350, 365 and 410 days respectively).

These numbers include entire national systems, and therefore 2019 and 2020 profit and margin numbers may differ from earlier sections, which include only Colorado hospitals. While Colorado-dominated systems such as UCHealth will more closely follow the Colorado-specific hospital profit data, there still may be some slight differences as these numbers reflect not just hospitals, but the entire system, including free-standing emergency rooms, physician groups, etc. 2021 data is from publicly available, unaudited financial statements from these hospital systems and therefore is subject to change.

¹⁰⁵ The analysis described in the sections above use the hospital transparency dataset (pursuant to HB 19-1001) to assess profits, focusing on patient service profits and total profits. This section uses the consolidated system's financial statements (Municipal Securities Rulemaking Board. (n.d) Electronic Municipal Market Access (EMMA). Retrieved from <https://emma.msrb.org>), and reports on operating profits and total profits. Operating profits will include profits from other activities than treating patients.

Figure 16 below shows total profit margin for consolidated national systems existing in Colorado, for years 2019, 2020 and 2021 through September (most recently available data). Notably, UCHealth total profits have grown from 10% in 2019 to a state-leading 17.4% through September 2021.

Figure 16: Consolidated National System Total Profit Margin for 2019, 2020 and 2021 through September

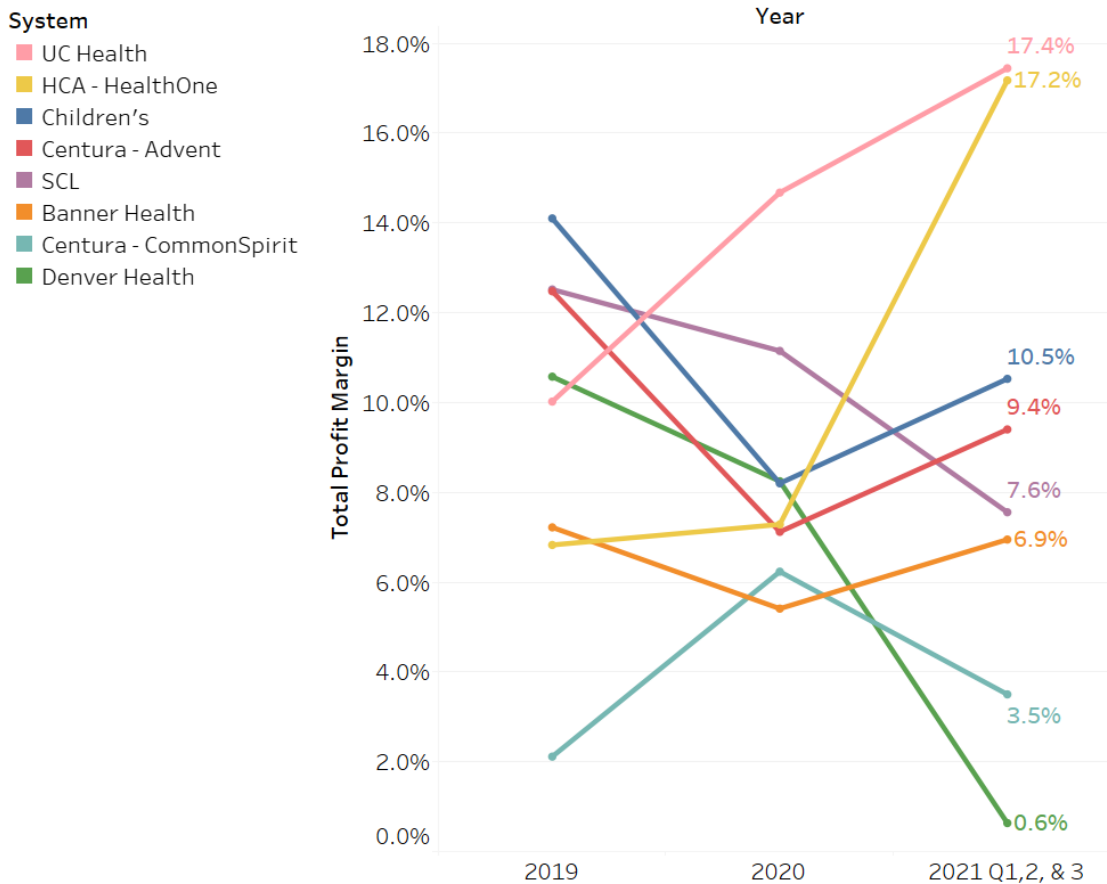


Figure 17 below shows operating profit margin for consolidated national systems existing in Colorado for 2019, 2020 and 2021 through September. Operating profits are slightly different than patient service profits and include additional non-patient operating income and expenses such as the operation of cafeterias, parking structures, medical education, research, or other ongoing non-patient care activities (see the Appendix for patient service profit and total profit for Colorado hospitals). Total profits are a bottom-line profit measure and include profits for everything the hospital or system reports on, including non-operating revenue and expenses from contributions, investment income and one-time gains or losses like federal stimulus. For-profit system HCA-HealthONE has grown operating profits significantly, while other systems have remained more consistent. Notably, Denver Health's operating profit margin and total profit margin have fallen, warranting further analysis. Additionally, most hospitals and systems recognize federal stimulus in total profits, not operating profits, so gains from stimulus won't be reflected here (but will in total profits).

Figure 17: Consolidated National System Operating Profit Margin for 2019, 2020 and 2021 through September

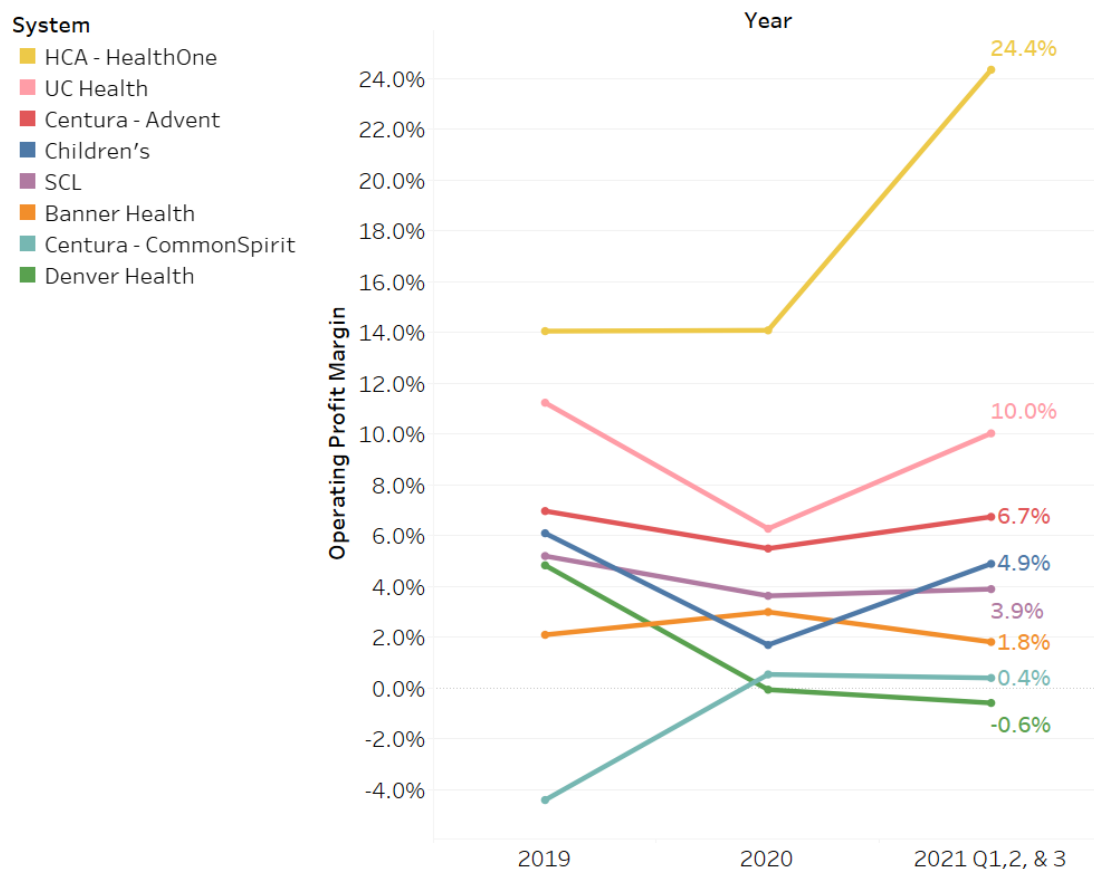


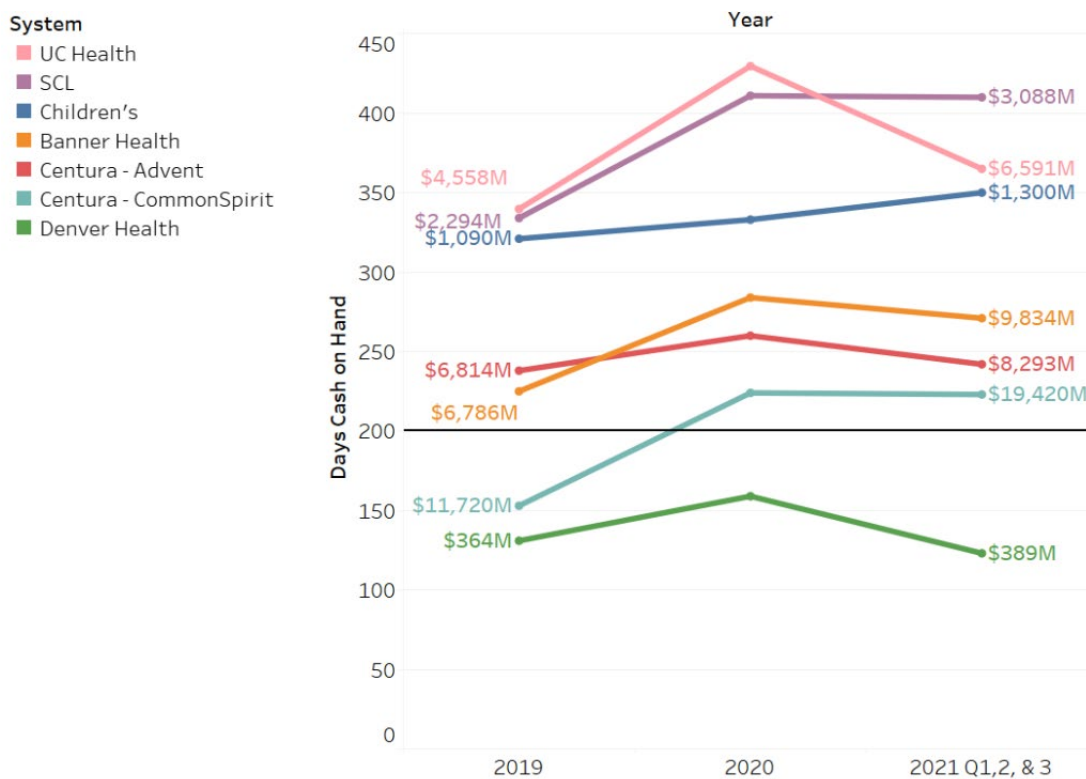
Figure 18 below shows the dollar and percentage values for profits and profit margins for consolidated national systems for 2019, 2020 and 2021 through September.

Figure 18: Consolidated National System Profits and Margins for 2019, 2020, and 2021 through September

System	Year	Operating Profit Margin	Operating Profit	Total Profit Margin	Total Profit (including investments)
Banner Health	2019	2.1%	\$200M	7.2%	\$727M
	2020	3.0%	\$311M	5.4%	\$587M
	2021 Q1,2, & 3	1.8%	\$164M	6.9%	\$667M
Centura - Advent	2019	7.0%	\$829M	12.5%	\$1,579M
	2020	5.5%	\$694M	7.1%	\$915M
	2021 Q1,2, & 3	6.7%	\$728M	9.4%	\$1,014M
Centura - CommonSpirit	2019	-4.4%	(\$645M)	2.1%	\$320M
	2020	0.5%	\$167M	6.2%	\$2,046M
	2021 Q1,2, & 3	0.4%	\$34M	3.5%	\$302M
Children's	2019	6.1%	\$83M	14.1%	\$210M
	2020	1.7%	\$25M	8.2%	\$126M
	2021 Q1,2, & 3	4.9%	\$57M	10.5%	\$131M
Denver Health	2019	4.8%	\$54M	10.6%	\$127M
	2020	-0.1%	(\$1M)	8.2%	\$99M
	2021 Q1,2, & 3	-0.6%	(\$5M)	0.6%	\$6M
HCA - HealthOne	2019	14.1%	\$7,218M	6.8%	\$3,505M
	2020	14.1%	\$7,262M	7.3%	\$3,754M
	2021 Q1,2, & 3	24.4%	\$7,292M	17.2%	\$5,142M
SCL	2019	5.2%	\$148M	12.5%	\$387M
	2020	3.6%	\$105M	11.1%	\$349M
	2021 Q1,2, & 3	3.9%	\$124M	7.6%	\$190M
UC Health	2019	11.2%	\$581M	10.0%	\$540M
	2020	6.3%	\$329M	14.7%	\$845M
	2021 Q1,2, & 3	10.0%	\$454M	17.4%	\$878M

Figure 19 below shows reserve funds and the financial metric days cash on hand for consolidated systems existing in Colorado for 2019, 2020 and 2021 through September. Again, reserves are the unrestricted cash and investments available to draw on when needed, and days cash on hand takes this amount and divides by the daily operating expense. Days cash on hand measures the savings of a business compared to its operating costs to project how many days of business could occur if all incoming funds ceased. For example, a business with 75 days cash on hand could continue paying bills, payroll and purchasing supplies for 75 days if it stopped receiving any income, while continuing to serve patients as normal.

Figure 19: Consolidated National System Days Cash on Hand and Reserve amounts for 2019, 2020, and 2021 through September¹⁰⁶



¹⁰⁶ HealthONE is an affiliate of HCA, and like other systems, its hospitals shift excess cash to the managing company. HCA is a public company and often spends accumulated cash on stock repurchases, relying instead on credit lines and other debt agreements for short-term liquidity. These shares could be resold in the future for additional funds but are not reflected in days cash on hand, meaning that days cash on hand is not a meaningful representation of liquidity for HCA-HealthONE.

Figure 20 below shows the reserves and days cash on hand through September 2021 for consolidated national systems and major Colorado systems.

Figure 20: Consolidated National System Reserves for 2019, 2020, and 2021 through September

System	Year	Days Cash on Hand	Dollar Reserves
Banner Health	2019	225	\$6,786 M
	2020	284	\$8,924 M
	2021 Q1,2, & 3	271	\$9,834 M
Centura - Advent	2019	238	\$6,814 M
	2020	260	\$7,977 M
	2021 Q1,2, & 3	242	\$8,293 M
Centura - CommonSpirit	2019	153	\$11,720 M
	2020	224	\$17,910 M
	2021 Q1,2, & 3	223	\$19,420 M
Children's	2019	321	\$1,090 M
	2020	333	\$1,121 M
	2021 Q1,2, & 3	350	\$1,300 M
Denver Health	2019	131	\$364 M
	2020	159	\$441 M
	2021 Q1,2, & 3	123	\$389 M
SCL	2019	334	\$2,294 M
	2020	411	\$2,910 M
	2021 Q1,2, & 3	410	\$3,088 M
UC Health	2019	340	\$4,558 M
	2020	430	\$6,189 M
	2021 Q1,2, & 3	365	\$6,591 M

Conclusion

Over the past two years, Colorado's hospitals have risen to the challenge of providing care to Coloradans through unprecedented times caused by the COVID-19 pandemic. Thanks to their outstanding efforts and the efforts of our health care workers, elected officials and state administration leadership, we have weathered this incredibly difficult period far better than many other states. Still, there is much we need to learn from these last two years that can inform new policies to help Colorado shift from pandemic responsiveness to endemic management and pandemic readiness.

This insights report synthesizes the information and findings from five recent reports on Colorado hospital financial positions. Colorado hospitals represent a prominent partner in transforming our ability to manage pandemic readiness for many years to come. The good news is that many Colorado hospitals and all health systems are in strong financial positions coming out of the last two years dominated by COVID-19, as evidenced in this report.

At the same time, health care affordability remains a major challenge for Colorado families, businesses, government programs and therefore taxpayers as well. Partnerships to achieve the Administration's quest to *Save People Money on Health Care* must remain a top priority to make Colorado more affordable and improve access to coverage. We must continue to invest in strategies, policies and innovations to achieve this critical goal and hold each other accountable to do our part.

Given these shared goals - health care affordability and transforming our health care system from pandemic responsiveness to endemic management and pandemic readiness - this report offers the following policy considerations and opportunities:

- **Partner on strategies to promote high-quality, affordable hospital care** including examining opportunities to reduce hospital commercial prices and lower hospital costs. See last bullet for specific strategies under consideration or in process.
- **Consider future methodologies for calculating hospital pandemic relief and economic recovery public dollars** that take into account the institution's financials that reflect a hospital's ability to handle revenue volatility, such as days cash on hand reserves. There may also be an opportunity to refine policy to ensure that public dollars are not used for activities that have been shown to increase hospital prices without increased quality or public health benefits.

- **Improve the impact of nonprofit, tax exempt hospital community investment dollars** through increased transparency into actions, investments, programs and results supported by each hospital's community benefit dollars compared to identified community needs. This additional information could inform shared goals between hospitals and the state as well as obligations for targeted community investment dollars across the entire state, such as investing in behavioral health, growing our health care workforce or vaccine administration to targeted communities.
- **Increase public investment in rural and frontier hospitals** to increase rural care access to meet patient and community demands, keep care local wherever possible and stabilize rural providers as an important employer in their communities. Such investments may be structured to incentivize high-quality care, health equity and improved affordability.
- **Leverage Colorado hospitals' financial reserves and their employment of much of Colorado's health care workforce** to increase the delivery system's ability to implement patient surge prevention measures like COVID-19 vaccine distribution as well as pandemic response management to endemic management and pandemic readiness transformation, including initiatives such as: worker cross-training; therapy and supply inventories; vaccine distribution; and planning and preparing to redeploy workforce to hospital patient care supports during pandemic surges. Readiness planning and transformation will address gaps and opportunities identified in our health system to promote agility and avoid future need for crisis standards of care.
- **Gather important information on additional opportunities for partnership to drive high-quality, affordable hospital care as well as hospital readiness, emergency preparedness and surge capacity.** Such information might include:
 - Hospital price transparency that leverages and aggregates federally required hospital pricing information to enable comparisons by procedure, system and health plan, as well as Medicare benchmarking
 - Hospital outliers by price, reserves (days cash on hand), costs and profits
 - Hospital commercial prices relative to patient care costs
 - Hospital system payer type and trends
 - The definition of nonprofit and tax-exempt status
 - Trends on state and regional market health care consolidation
 - Statements of owners' equity financial reports to get a fuller financial picture for publicly traded hospitals

- New hospital beds in Colorado with associated costs and expansion capability provided during surges
- Baseline pre-pandemic average hospital admission rates for working toward Colorado's goal of avoiding future crisis standards of care

Indeed, findings in this report support Colorado hospitals and health systems' ability to partner with the state in meeting objectives identified for hospitals in the Feb. 25, 2022, *Colorado's Next Chapter: Our Roadmap to Moving Forward*. Such objectives for hospitals are centered around establishing hospital readiness standards, surge planning and normalizing COVID-19 patient care in traditional medical settings. The roadmap lays out the following action steps for hospitals to help move Colorado forward:

- Ensure critical supplies, PPE and adequate supply-on-hand
- Provide COVID-19 testing and therapy in non-emergency room settings
- Maintain hospital bed and staffing capacity and surge readiness activation plans
- Improve hospital throughput with access to skilled nursing facility beds, behavioral health treatment, home and community-based services and other step-down options
- Cross train health care workers for emergency response
- Ensure all outpatient, hospital owned, health care providers engage in delivering COVID-19 vaccinations¹⁰⁷

¹⁰⁷ Polis Administration. *Colorado's Next Chapter: Our Roadmap to Moving Forward*. (Feb. 25, 2022) <https://drive.google.com/file/d/1VHQx9feH8OFrbhdG0ArkCdhIFcPDp-NA/view>

Appendix

The Appendix of the Feb. 25, 2022, *Colorado's Next Chapter: Our Roadmap to Moving Forward*¹⁰⁸ further delineates steps that can be taken to expand hospitals' readiness and surge capacity:

"Preparedness

- Require hospitals to report to the Colorado Department of Public Health & Environment (CDPHE) weekly on the availability of fully staffed beds. This will allow public health to monitor bed capacity and establish transfer center protocols quickly in the event of an emergency.
- Require hospitals to demonstrate readiness at all times for a sustained mass casualty event including:
 - Hospitals must be able to demonstrate they are capable of surging to 125% of total bed and ICU capacity within 14 days.
 - All hospitals must maintain a three month supply of PPE and other critical supplies.
 - Owned hospital PCPs and other facilities (urgent care etc.) shall deliver vaccines and therapeutics during a pandemic.
- Hospitals shall develop and maintain plans for redeploying owned staff in an emergency situation as part of their emergency plan.
- Hospitals shall develop, implement and maintain plans for cross training and deployment of staff in emergency situations.

Worker Safety

- Require training in de-escalation for patient-facing hospital staff.
- Require hospitals to establish and maintain an oversight process so that staff have someone to go to if they have safety concerns.

Transparency

- Require hospitals to report quarterly to CDPHE on staffing, staff ratios and turnover among staff.
- Require hospital nurse staffing plans to be made public.
- Require hospitals to report to CDPHE on worker safety protocols.

¹⁰⁸ Polis Administration. *Colorado's Next Chapter: Our Roadmap to Moving Forward*. (Feb. 25, 2022) <https://drive.google.com/file/d/1VHQx9feH8OFrbhdG0ArkCdhIFcPDp-NA/view>. To go directly to the Appendix to read the detailed plan on Establishing Hospital Readiness Standards, Surge Planning, and Normalizing COVID Patient Care in Traditional Medical Settings: <https://drive.google.com/file/d/1xxfdOuc-aWd8g4Me7vT-Jefr55HzR8a0/view>.

Hospital Throughput

- Hospitals shall develop, implement and maintain plans for on-site testing and therapeutics in order to off-load emergency department patient pressures.
- Hospitals shall develop, implement and maintain plans for patient discharges to skilled nursing facilities or other step-down facilities.”

Additional resources are available through our hospital reports hub:

<https://hcpf.colorado.gov/hospital-reports-hub>.

Colorado Payment, Costs and Profits¹⁰⁹

Table 9. Hospital Transparency Income Statement and Notes

Row	Field	2019 Value	2020 Value	Calculation
A	Patient Service Payment	\$17,567,599,541	\$17,973,720,186	
B	Patient Service Cost	\$16,424,501,999	\$17,567,012,347	Cost to Charge Ratio x Charges
C	Patient Service Net Income	\$1,143,097,541	\$406,707,840	Row A - Row B
D	Other Operating Revenue	\$988,417,551	\$1,169,567,356	
E	Total Operating Revenue	\$18,564,024,020	\$19,184,748,367	Row A + Row D
F	Total Operating Expense	\$16,650,863,219	\$17,888,265,296	
G	Operating Net Income	\$1,913,160,833	\$1,296,483,071	Row E - Row F
H	Non-operating Revenue	\$433,783,972	\$626,709,988	
I	Non-operating Expense	\$69,323,723	\$112,326,059	
J	Net Income	\$2,285,404,545	\$1,843,272,369	Row G + Row H - Row I

¹⁰⁹ In 2020, 82 out of the 84 general, acute care hospitals reported, representing 99.7% of all licensed beds in the state. In 2019, 78 out of the 84 hospitals reported, representing 98.8% of all licensed beds in the state. UCHealth Greeley was only open for a short period in 2019 so the 2019 data is not included below.

Table 10. 2019 Profits by Hospital¹¹⁰

Hospital name	Patient Service Net Income	Patient Services Profit Margin	Patient Service Profit Margin Rank	Net Income	Total Profit Margin	Total Profit Margin Rank
Animas Surgical Hospital	\$2,464,482	7.2%	28	\$2,514,302	7.3%	44
Arkansas Valley Regional Medical Center	-\$2,800,327	-7.9%	56	-\$2,575,802	-7.2%	68
Aspen Valley Hospital	-\$13,028,997	-14.2%	66	\$1,229,532	1.2%	58
Avista Adventist Hospital -Centura	\$17,971,506	11.3%	20	\$19,407,390	12.1%	22
Banner Fort Collins Medical Center -Banner Health	-\$94,709	-0.2%	48	\$43,372	0.1%	60
Boulder Community Health	-\$18,236,762	-5.3%	51	\$39,455,680	9.6%	30
Broomfield Hospital -UCHealth	-\$22,854,927	-99.9%	75	-\$23,496,487	-104.2%	76
Castle Rock Adventist Hospital -Centura	\$5,922,709	4.9%	36	\$6,995,906	5.7%	47
Children's Hospital Colorado -Children's	\$19,570,827	1.7%	44	\$111,583,691	8.7%	35
Children's Hospital Colorado Springs -Children's	-\$14,742,098	-18.9%	67	-\$21,332,722	-26.8%	72
Colorado Canyons Hospital and Medical Center	\$11,307,475	19.8%	10	\$12,431,956	21.1%	8
Colorado Plains Medical Center -LifePoint	\$6,666,668	15.8%	11	\$6,849,226	16.2%	15
Community Hospital	\$12,184,583	6.8%	31	\$12,949,809	7.2%	45
Delta Health	-\$4,787,655	-5.7%	53	-\$3,358,059	-3.9%	65
Denver Health Medical Center	-\$168,849,975	-21.4%	70	\$68,121,800	6.0%	46
East Morgan County Hospital -Banner Health	\$2,600,572	7.5%	27	\$2,782,791	8.0%	41
Estes Park Health	-\$3,933,561	-8.1%	57	-\$246,317	-0.5%	63
Good Samaritan Medical Center -SCL Health	\$16,927,969	5.9%	34	\$25,712,379	8.6%	36
Grand River Hospital District	-\$4,690,232	-8.9%	58	\$6,825,035	12.1%	20
Grandview Hospital -UCHealth	-\$3,397,581	-9.5%	60	-\$3,827,599	-10.8%	70
Gunnison Valley Health	\$8,356,920	15.7%	13	\$9,860,942	17.9%	13
Heart of the Rockies Regional Medical Center	\$6,564,609	8.1%	25	\$10,311,438	12.1%	21
Keefe Memorial Health Service District	\$2,908,234	41.7%	1	\$2,918,185	41.7%	1
Lincoln Community Hospital	-\$1,899,106	-11.5%	64	-\$35,594	-0.2%	62
Littleton Adventist Hospital -Centura	\$36,102,660	11.6%	19	\$38,512,560	12.3%	19
Longmont United Hospital -Centura	-\$10,007,381	-6.9%	55	-\$3,353,408	-2.2%	64
Longs Peak Hospital -UCHealth	-\$31,477,028	-34.4%	72	-\$31,047,613	-33.6%	73
Lutheran Medical Center -SCL Health	-\$4,874,541	-1.4%	49	\$8,017,875	2.2%	56
McKee Medical Center -Banner Health	\$16,914,045	12.2%	17	\$18,973,103	13.4%	18
Medical Center of the Rockies -UCHealth	\$114,442,291	20.2%	9	\$102,762,330	18.1%	12
Melissa Memorial Hospital	-\$1,554,733	-9.5%	59	-\$19,933	-0.1%	61
Memorial Hospital Central -UCHealth	\$72,942,272	7.9%	26	\$95,182,610	10.1%	27
Mercy Regional Medical Center -Centura	\$31,526,491	13.1%	16	\$34,841,343	14.2%	17
Montrose Memorial Hospital	\$3,220,795	2.7%	41	\$11,126,450	8.6%	37
Mt. San Rafael Hospital	\$1,683,220	4.8%	37	\$2,813,524	7.6%	43
National Jewish Health	-\$66,485,363	-64.8%	74	\$13,012,036	4.2%	51
North Colorado Medical Center -Banner Health	\$24,076,392	6.5%	33	\$35,543,188	9.2%	33
North Suburban Medical Center -HealthONE	\$17,230,761	8.9%	21	\$15,997,000	8.2%	40
OrthoColorado Hospital -Centura	\$28,024,391	29.9%	4	\$28,228,712	30.0%	3
Pagosa Springs Medical Center	-\$3,276,433	-11.2%	63	\$1,188,620	3.3%	54
Parker Adventist Hospital -Centura	\$49,035,534	15.7%	12	\$51,330,799	16.3%	14
Parkview Medical Center	-\$45,922,006	-13.5%	65	\$18,914,298	4.5%	49
Penrose-St. Francis Health Services -Centura	\$51,268,693	7.2%	29	\$69,496,276	9.4%	32
Pikes Peak Regional Hospital -UCHealth	-\$3,846,584	-20.1%	68	-\$3,913,678	-20.4%	71
Pioneers Medical Center	-\$4,868,218	-25.2%	71	\$1,100,543	4.5%	50
Platte Valley Medical Center -SCL Health	\$5,413,873	4.0%	39	\$12,826,467	9.0%	34
Porter Adventist Hospital -Centura	-\$17,008,985	-5.7%	52	-\$13,035,285	-4.3%	66
Poudre Valley Hospital -UCHealth	\$143,859,689	21.1%	8	\$227,072,742	29.6%	4
Presbyterian/St. Luke's Medical Center -HealthONE	\$162,470,403	25.5%	5	\$155,132,000	24.3%	6
Prowers Medical Center	\$191,000	0.6%	47	\$863,962	2.6%	55
Rangely District Hospital	-\$10,752,117	-185.0%	76	-\$6,704,032	-60.1%	75
Rio Grande Hospital	\$996,966	4.2%	38	\$2,626,222	10.2%	26

¹¹⁰ 2019 information is sourced from hospital submission through House Bill 19:1001 [Hospital Transparency Measures to Analyze Efficacy](#). Patient service net income includes all revenues from the delivery of care to patients minus the costs associated with patient care. Net income includes patient service net income and all other revenues such as grants and gains on investments, and all expenses.

Hospital name	Patient Service Net Income	Patient Services Profit Margin	Patient Service Rank			
Rose Medical Center -HealthONE	\$75,389,207	21.2%	7	\$71,274,000	19.9%	10
San Luis Valley Health Conejos County Hospital	\$134,264	1.3%	45	\$234,851	2.2%	57
San Luis Valley Health Regional Medical Center	\$1,030,093	1.2%	46	\$3,660,258	4.0%	52
Sedgwick County Health Center	\$1,082,854	8.3%	23	\$1,561,367	11.8%	24
Sky Ridge Medical Center -HealthONE	\$167,974,708	31.2%	3	\$157,650,000	29.2%	5
Southeast Colorado Hospital District	-\$1,132,480	-6.7%	54	\$24,164	0.1%	59
Spanish Peaks Regional Health Center	-\$2,203,414	-20.6%	69	\$1,864,537	10.3%	25
St. Anthony Hospital -Centura	\$35,984,679	8.5%	22	\$42,991,755	9.9%	29
St. Anthony North Health Campus -Centura	\$13,188,458	6.5%	32	\$11,243,799	5.6%	48
St. Anthony Summit Medical Center -Centura	\$39,739,919	32.6%	2	\$42,300,237	33.8%	2
St. Joseph Hospital -SCL Health	\$39,413,534	7.0%	30	\$48,404,113	8.4%	38
St. Mary-Corwin Medical Center -Centura	-\$12,411,630	-9.9%	62	-\$11,443,353	-9.0%	69
St. Mary's Hospital & Medical Center, Inc. -SCL Health	\$12,053,360	3.0%	40	\$33,311,543	7.8%	42
St. Thomas More Hospital -Centura	\$5,856,392	8.1%	24	\$5,990,713	8.2%	39
St. Vincent General Hospital District	-\$3,545,510	-46.2%	73	-\$3,545,510	-46.2%	74
Sterling Regional MedCenter -Banner Health	\$8,132,118	13.9%	15	\$8,464,624	14.3%	16
Swedish Medical Center -HealthONE	\$160,584,523	24.1%	6	\$150,442,000	22.5%	7
The Medical Center of Aurora -HealthONE	\$49,496,962	11.9%	18	\$49,809,000	11.8%	23
UCHealth Highlands Ranch -UCHealth	-\$33,762,415	-8620.6%	77	-\$34,838,604	-8477.8%	77
University of Colorado Hospital -UCHealth	\$323,123,033	15.1%	14	\$456,035,394	20.0%	9
Vail Health Hospital	\$4,131,161	2.2%	42	\$47,579,828	19.2%	11
Valley View Hospital	\$13,944,739	5.7%	35	\$26,232,521	10.0%	28
Weisbrod Memorial County Hospital	-\$258,127	-4.1%	50	\$758,516	9.5%	31
Wray Community District Hospital	-\$2,081,455	-9.7%	61	-\$1,334,413	-6.0%	67
Yampa Valley Medical Center -UCHealth	\$1,814,985	1.8%	43	\$4,123,640	3.9%	53
Total	\$1,311,136,669	7.5%		\$2,285,404,545	12.0%	
Total reported in 2021 CHASE Annual Report	\$1,143,097,541	6.5%				
Banner Health	\$51,628,419	8.0%		\$65,807,078	9.8%	
Centura Health Adventist	\$92,023,424	7.6%		\$103,211,370	8.5%	
Centura Health CHI	\$183,170,012	8.6%		\$220,296,073	10.1%	
Children's	\$4,828,730	0.4%		\$90,250,969	6.6%	
HealthONE	\$633,146,564	22.5%		\$600,304,000	21.3%	
Independents/ LifePoint/ San Luis Valley	(\$283,438,406)	-8.7%		\$289,209,943	7.0%	
SCL Health	\$68,934,194	4.0%		\$128,272,378	7.1%	
UCHealth	\$560,843,734	12.3%		\$788,052,734	16.3%	

Table 11. 2020 Profits by Hospital¹¹¹

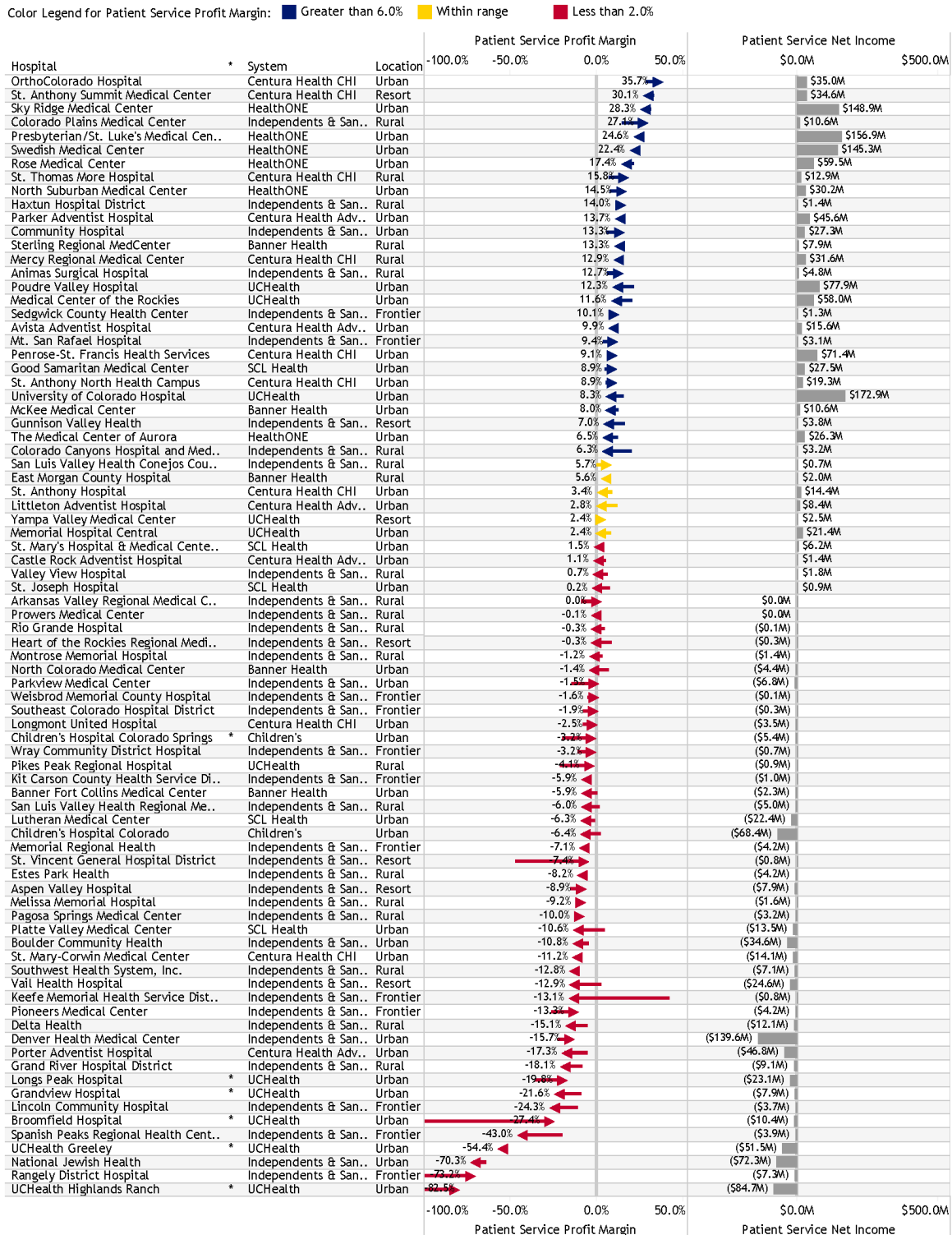
Hospital name	Patient Service Net Income	Patient Services Profit Margin	Patient Service Profit Margin Rank	Net Income	Total Profit Margin	Total Profit Margin Rank
Animas Surgical Hospital	\$4,787,008	12.7%	15	\$5,370,423	14.0%	22
Arkansas Valley Regional Medical Center	-\$5,727	0.0%	39	\$236,265	0.7%	67
Aspen Valley Hospital	-\$7,946,038	-8.9%	60	\$8,146,849	7.7%	42
Avista Adventist Hospital -Centura	\$15,605,192	9.9%	19	\$19,533,978	12.0%	27
Banner Fort Collins Medical Center -Banner Health	-\$2,334,537	-5.9%	53	\$3,499,681	7.0%	47
Boulder Community Health	-\$34,601,869	-10.8%	64	\$29,543,573	7.5%	44
Broomfield Hospital	-\$10,400,801	-27.4%	77	-\$5,459,257	-12.7%	80
Castle Rock Adventist Hospital -Centura	\$1,370,648	1.1%	36	\$8,155,868	6.3%	51
Children's Hospital Colorado -Children's	-\$68,414,904	-6.4%	56	\$28,949,163	2.3%	62
Children's Hospital Colorado Springs -Children's	-\$5,430,808	-3.2%	49	-\$1,592,487	-0.9%	73
Colorado Canyons Hospital and Medical Center	\$3,159,700	6.3%	28	\$6,074,761	11.0%	29
Colorado Plains Medical Center -LifePoint	\$10,598,801	27.1%	4	\$10,863,131	27.5%	4

¹¹¹ 2020 information is sourced from hospital submission through House Bill 19:1001 [Hospital Transparency Measures to Analyze Efficacy](#). Patient service net income includes all revenues from the delivery of care to patients minus the costs associated with patient care. Net income includes patient service net income and all other revenues such as grants and gains on investments, and all expenses.

Hospital name	Patient Service Net Income	Patient Services Profit Margin	Patient Service Profit Margin Rank	Net Income	Total Profit Margin	Total Profit Margin Rank
Community Hospital	\$27,280,335	13.3%	12	\$29,784,300	14.3%	21
Delta Health	-\$12,069,169	-15.1%	70	-\$4,386,042	-5.0%	75
Denver Health Medical Center	-\$139,609,180	-15.7%	71	\$95,796,553	8.0%	40
East Morgan County Hospital -Banner Health	\$1,977,299	5.6%	30	\$2,644,144	7.2%	46
Estes Park Health	-\$4,209,766	-8.2%	59	-\$34,859	-0.1%	70
Good Samaritan Medical Center -SCL Health	\$27,501,718	8.9%	23	\$33,461,450	10.6%	34
Grand River Hospital District	-\$9,111,634	-18.1%	73	\$7,973,305	13.4%	24
Grandview Hospital -UCHealth	-\$7,920,027	-21.6%	75	-\$2,200,756	-5.2%	76
Gunnison Valley Health	\$3,825,882	7.0%	26	\$8,634,680	14.4%	19
Haxtun Hospital District	\$1,433,369	14.0%	10	\$2,061,912	16.2%	16
Heart of the Rockies Regional Medical Center	-\$291,360	-0.3%	42	\$7,145,122	7.7%	42
Keefe Memorial Health Service District	-\$793,460	-13.1%	68	\$2,687,405	33.1%	3
Kit Carson County Health Service District	-\$1,026,197	-5.9%	52	\$326,303	1.8%	64
Lincoln Community Hospital	-\$3,702,890	-24.3%	76	\$2,295,249	10.8%	30
Littleton Adventist Hospital -Centura	\$8,394,052	2.8%	32	\$16,888,346	5.4%	56
Longmont United Hospital -Centura	-\$3,507,424	-2.5%	48	\$8,420,139	5.4%	56
Longs Peak Hospital -UCHealth	-\$23,085,304	-19.8%	74	-\$15,666,485	-12.6%	79
Lutheran Medical Center -SCL Health	-\$22,390,851	-6.3%	55	-\$409,800	-0.1%	70
McKee Medical Center -Banner Health	\$10,574,147	8.0%	25	\$16,549,321	11.7%	28
Medical Center of the Rockies -UCHealth	\$58,036,320	11.6%	17	\$53,352,512	10.8%	30
Melissa Memorial Hospital	-\$1,589,992	-9.2%	61	\$1,572,186	8.0%	40
Memorial Hospital Central -UCHealth	\$21,397,381	2.4%	34	\$56,323,095	6.0%	54
Memorial Regional Health	-\$4,150,875	-7.1%	57	\$1,750,228	2.7%	61
Mercy Regional Medical Center -Centura	\$31,628,754	12.9%	14	\$45,803,233	17.3%	13
Montrose Memorial Hospital	-\$1,409,742	-1.2%	43	\$14,157,044	10.2%	36
Mt. San Rafael Hospital	\$3,103,096	9.4%	20	\$11,688,552	24.5%	6
National Jewish Health	-\$72,263,381	-70.3%	80	\$12,349,000	3.8%	59
North Colorado Medical Center -Banner Health	-\$4,447,064	-1.4%	44	\$9,663,921	2.8%	60
North Suburban Medical Center -HealthONE	\$30,219,847	14.5%	9	\$27,841,000	13.3%	25
OrthoColorado Hospital -Centura	\$34,998,134	35.7%	1	\$36,973,177	36.9%	1
Pagosa Springs Medical Center	-\$3,219,030	-10.0%	62	\$2,123,358	5.7%	55
Parker Adventist Hospital -Centura	\$45,584,823	13.7%	11	\$51,576,896	15.2%	18
Parkview Medical Center	-\$6,764,879	-1.5%	45	-\$575,935	-0.1%	70
Penrose-St. Francis Health Services -Centura	\$71,430,411	9.1%	21	\$112,698,045	13.5%	23
Pikes Peak Regional Hospital -UCHealth	-\$869,024	-4.1%	51	\$461,904	2.0%	63
Pioneers Medical Center	-\$4,162,080	-13.3%	69	\$2,359,148	6.9%	48
Platte Valley Medical Center -SCL Health	-\$13,491,090	-10.6%	63	\$1,656,522	1.1%	66
Porter Adventist Hospital -Centura	-\$46,838,163	-17.3%	72	-\$30,425,476	-10.4%	77
Poudre Valley Hospital -UCHealth	\$77,875,583	12.3%	16	\$159,266,442	22.2%	9
Presbyterian/St. Luke's Medical Center - HealthONE	\$156,936,828	24.6%	5	\$143,365,000	22.4%	8
Prowers Medical Center	-\$18,008	-0.1%	40	\$23,649	0.1%	69
Rangely District Hospital	-\$7,331,706	-73.2%	81	\$2,049,823	10.6%	34
Rio Grande Hospital	-\$67,931	-0.3%	41	\$2,261,625	9.1%	38
Rose Medical Center -HealthONE	\$59,541,005	17.4%	7	\$54,602,000	15.8%	17
San Luis Valley Health Conejos County Hospital	\$656,211	5.7%	29	\$704,970	6.1%	52
San Luis Valley Health Regional Medical Center	-\$5,035,715	-6.0%	54	\$528,423	0.6%	68
Sedgwick County Health Center	\$1,282,340	10.1%	18	\$2,854,400	19.2%	11
Sky Ridge Medical Center -HealthONE	\$148,861,196	28.3%	3	\$132,379,000	25.1%	5
Southeast Colorado Hospital District	-\$328,694	-1.9%	47	\$1,479,684	7.3%	45
Southwest Health System, Inc.	-\$7,069,149	-12.8%	66	\$793,868	1.2%	65
Spanish Peaks Regional Health Center	-\$3,873,107	-43.0%	78	\$1,737,362	9.4%	37
St. Anthony Hospital -Centura	\$14,394,422	3.4%	31	\$26,796,554	6.1%	52
St. Anthony North Health Campus -Centura	\$19,274,329	8.9%	22	\$28,627,081	12.6%	26
St. Anthony Summit Medical Center -Centura	\$34,630,980	30.1%	2	\$42,168,222	33.4%	2
St. Joseph Hospital -SCL Health	\$936,992	0.2%	38	\$39,661,291	6.5%	49
St. Mary-Corwin Medical Center -Centura	-\$14,060,572	-11.2%	65	-\$6,641,577	-4.9%	74
St. Mary's Hospital & Medical Center, Inc. - SCL Health	\$6,238,586	1.5%	35	\$40,198,406	8.6%	39
St. Thomas More Hospital -Centura	\$12,912,704	15.8%	8	\$15,440,711	18.1%	12
St. Vincent General Hospital District	-\$849,390	-7.4%	58	\$2,036,802	14.4%	19
Sterling Regional MedCenter -Banner Health	\$7,888,197	13.3%	13	\$10,643,163	16.6%	15

Hospital name	Patient Service Net Income	Patient Services Profit Margin	Patient Service Profit Margin Rank	Net Income	Total Profit Margin	Total Profit Margin Rank
Swedish Medical Center -HealthONE	\$145,295,505	22.4%	6	\$129,733,000	19.9%	10
The Medical Center of Aurora -HealthONE	\$26,318,487	6.5%	27	\$25,924,000	6.4%	50
UCHealth Greeley -UCHealth	-\$51,508,502	-54.4%	79	-\$48,937,080	-49.4%	81
UCHealth Highlands Ranch -UCHealth	-\$84,720,391	-82.5%	82	-\$95,519,733	-101.9%	82
University of Colorado Hospital -UCHealth	\$172,870,861	8.3%	24	\$388,289,359	16.9%	14
Vail Health Hospital	-\$24,554,984	-12.9%	67	-\$25,312,028	-11.7%	78
Valley View Hospital	\$1,791,236	0.7%	37	\$13,664,215	5.2%	58
Weisbrod Memorial County Hospital	-\$114,807	-1.6%	46	\$2,575,339	24.1%	7
Wray Community District Hospital	-\$717,872	-3.2%	50	\$2,894,720	10.8%	30
Yampa Valley Medical Center -UCHealth	\$2,490,666	2.4%	33	\$12,343,022	10.7%	33
Total	\$586,794,951	3.3%		\$1,843,272,369	9.3%	
Total reported in 2022 CHASE Annual Report	\$406,707,840	2.3%				
Banner Health	\$13,658,042	2.3%		\$43,000,231	6.8%	
Centura Health Adventist	\$24,116,552	2.0%		\$65,729,612	5.3%	
Centura Health CHI	\$201,701,738	9.0%		\$310,285,586	13.1%	
Children's	(\$73,845,712)	-6.0%		\$27,356,677	1.9%	
HealthONE	\$567,172,867	20.5%		\$513,844,000	18.5%	
Independents/ LifePoint/ San Luis Valley	(\$298,970,653)	-8.3%		\$266,235,363	6.0%	
SCL Health	(\$1,204,645)	-0.1%		\$114,567,869	6.0%	
UCHealth	\$154,166,762	3.3%		\$502,253,023	10.1%	

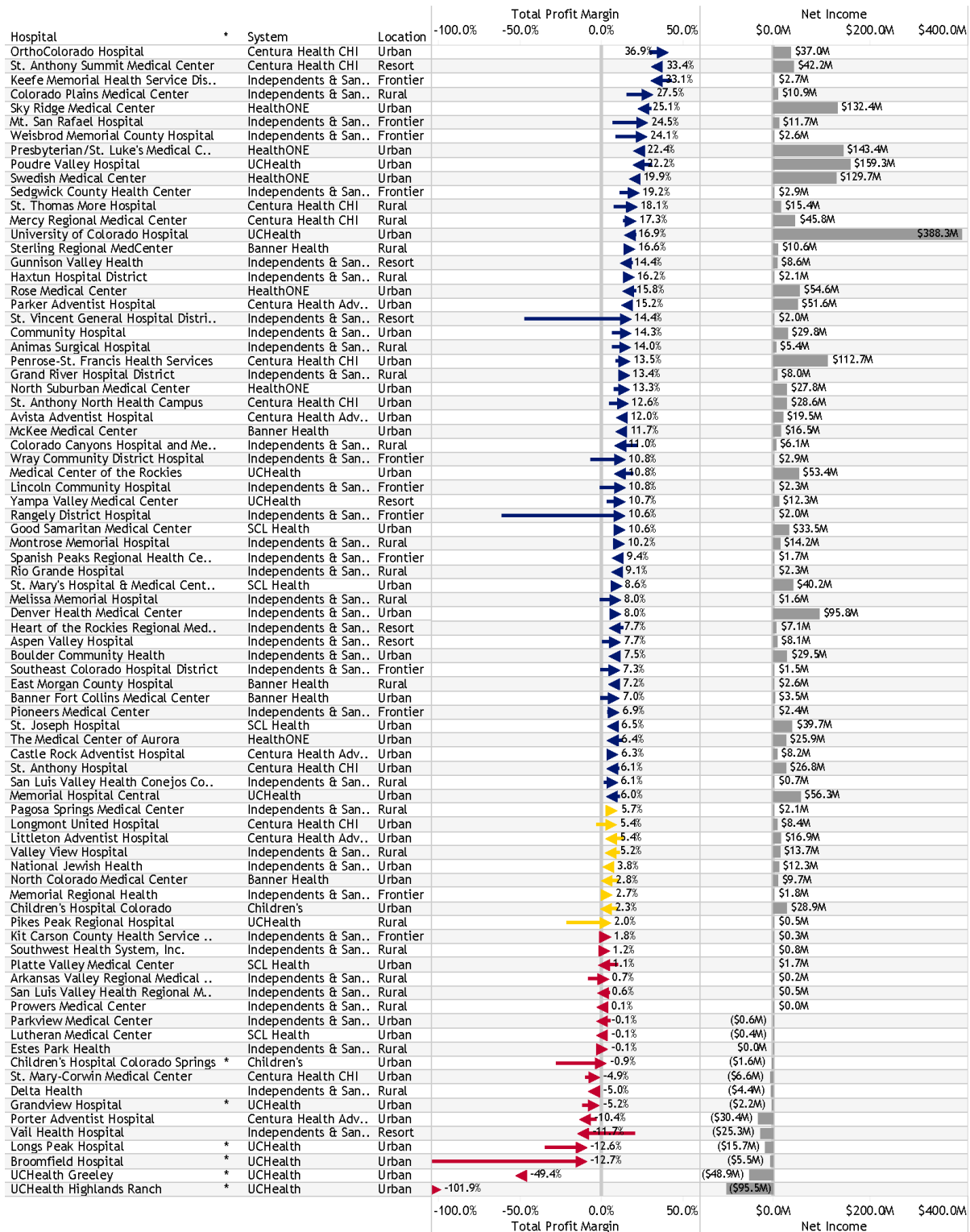
Figure 21. 2020 Patient Service Profit Margin with the Arrow indicating Change from 2019 and Patient Service Net Income¹¹²



¹¹² *Hospitals that have opened since the passage of the Affordable Care Act in 2014.

Figure 22. 2020 Total Profit Margin with Arrow Indicating Change from 2019 and Net Income¹¹³

Color Legend for Total Profit Margin: ■ Greater than 6.0% ■ Within range ■ Less than 2.0%



Days Cash on Hand

Table 12. 2020 and 2019 Days Cash on Hand by Hospital

Hospital/System Name	2019 Days Cash on Hand	2020 Days Cash on Hand
Animas Surgical Hospital	14	116
Arkansas Valley Regional Med Ctr ¹¹⁴	98	76
Aspen Valley Hospital District	235	254
Banner Health	225	284
Boulder Community Hospital	325	403
Centura Health AdventHealth	238	260
Centura Health CHI	153	224
Children's Hospital Colorado	321	333
Colorado Canyons	103	85
Community Hospital	86	144
Delta County Memorial Hospital	82	108
Denver Health Medical Center	131	155
Estes Park Medical Center	151	196
Grand River Hospital District	154	183
Gunnison Valley Hospital	324	412
Haxtun Hospital District	87	288
Heart of The Rockies Reg Med Center	248	272
Keefe Memorial Hospital	336	392
Kit Carson County Memorial Hospital	94	306
Kremmling Memorial Hospital District	33	341
Lincoln Community Hospital	22	148
Melissa Memorial Hospital	200	233
Montrose Memorial Hospital	149	251
Mt. San Rafael Hospital	120	218
National Jewish Health	97	106
Pagosa Springs Medical Center	72	189
Parkview Medical Center	236	236
Pioneers Medical Center	26	132
Prowers Medical Center	127	193
Rangely District Hospital	176	321
Rio Grande Hospital	295	375
San Luis Valley	186	235
SCL Health	334	411
Sedgwick County Health Center	293	317
Southeast Colorado Hospital	92	175
Southwest Memorial Hospital	79	108

¹¹³ *Hospitals that have opened since the passage of the Affordable Care Act in 2014.

¹¹⁴ Arkansas Valley fiscal year ends in March, so 2020 data is for March 2019 to March 2020.

Hospital/System Name	2019 Days Cash on Hand	2020 Days Cash on Hand
Spanish Peaks Regional Health	77	149
St. Vincent General Hospital	46	43
The Memorial Hospital	25	100
UCHealth	340	430
Vail Valley Medical Center	751	531
Valley View Hospital	251	281
Weisbrod Memorial County Hospital	145	331
Wray Community District Hospital	52	146
Yuma District Hospital	230	286

Stimulus Estimate

Figure 23: Federal Stimulus for COVID-19 to Colorado Hospitals, estimates as of September 2021¹¹⁵

Provider Relief Fund from CARES (\$100b) & PPPHCE (\$75b)										
General & Others			Targeted Distribution	Uninsured Distribution	PPPHCE Act	CARES Act	CARES and PPPHCE Acts	Stafford Act	CPSRA Act	
Total Reported			High-Impact Payment Reported	Uninsured Reimbursement	Small Business Loans	HRSA Supplemental Grant	Small Grants	FEMA Disaster	Hosp Prepare Program	
09/13/2021			09/01/2020	05/26/2021	Finalized	Finalized	Finalized	03/26/2021	06/04/2020	
Hospital	System	★	HRSA Attestation	High-Impact Payments	Attestation	Average of High/Low Range	SHIP Payment	Telehealth & Expanded Testing	Disaster Relief	HPP
Animas Surgical Hospital			\$ 4,382,927				\$ 342,693			\$ 7,230
Arkansas Valley Regional Medical Center			\$ 4,665,143			\$ 3,500,000	\$ 342,693			\$ 7,230
Aspen Valley Hospital			\$ 6,934,356				\$ 342,693			\$ 7,230
Avista Adventist Hospital	Centura Health Adventist	★								\$ 7,230
Banner Fort Collins Medical Center	Banner Health				\$ 10,486					\$ 7,230
Boulder Community Health			\$ 13,053,271		\$ 382,374			\$ 638,842	\$ 869,909.55	\$ 7,230
Castle Rock Adventist Hospital	Centura Health Adventist	★		\$ 1,500,000						\$ 7,230
Children's Hospital Colorado	Children's Hospital Colorado		\$ 51,523,985		\$ 106,603			\$ 807,090		\$ 7,230
Colorado Canyons Hospital and Medical Center			\$ 5,188,303				\$ 342,693			\$ 7,230
Colorado Plains Medical Center			\$ 5,197,538	\$ 1,650,000	\$ 96,245		\$ 342,693			\$ 7,230
Community Hospital			\$ 9,495,063		\$ 45,180					\$ 7,230
Delta County Memorial Hospital			\$ 6,417,086				\$ 342,693			\$ 7,230
Denver Health Medical Center	Denver Health and Hospital Authority		\$ 61,979,862	\$ 30,578,940	\$ 4,607,023			\$ 2,739,964		\$ 7,230
East Morgan County Hospital	Banner Health		\$ 4,518,227	\$ 1,950,000	\$ 59,335		\$ 342,693			\$ 7,230
Estes Park Health			\$ 5,403,984		\$ 11,962	\$ 3,500,000	\$ 342,693			\$ 7,230
Good Samaritan Medical Center	SCL Health		\$ 6,232,232	\$ 6,800,000	\$ 89,713					\$ 7,230
Grand River Hospital District			\$ 6,744,087	\$ 500,000	\$ 188,399		\$ 342,693			\$ 7,230
Gunnison Valley Health			\$ 5,009,795	\$ 2,200,000		\$ 3,500,000	\$ 342,693			\$ 7,230
Haxtun Hospital District			\$ 3,440,896			\$ 675,000	\$ 342,693			\$ 7,230
Heart of the Rockies Regional Medical Center			\$ 6,342,302				\$ 342,693			\$ 7,230
Keefe Memorial Health Service District			\$ 2,936,009			\$ 675,000	\$ 342,693			\$ 7,230
Kitt Carson County Health Service District			\$ 4,149,999			\$ 1,500,000	\$ 342,693			\$ 7,230
Lincoln Community Hospital			\$ 4,121,775			\$ 1,641,622	\$ 342,693			\$ 7,230
Littletton Adventist Hospital	Centura Health Adventist	★		\$ 5,450,000						\$ 7,230
Longmont United Hospital	Centura Health CHI		\$ 9,225,731		\$ 274,371					\$ 7,230
Lutheran Medical Center	SCL Health		\$ 22,061,289	\$ 10,150,000	\$ 596,869			\$ 730,008		\$ 7,230
McKee Medical Center	Banner Health		\$ 2,737,692		\$ 155,272					\$ 7,230
Medical Center of the Rockies	UCHealth		\$ 32,164,494	\$ 6,000,000						\$ 7,230
Melissa Memorial Hospital			\$ 3,832,057			\$ 1,500,000	\$ 342,693			\$ 7,230
Memorial Hospital Central	UCHealth		\$ 27,562,339		\$ 2,654,344					\$ 7,230
Memorial Regional Health			\$ 5,510,830			\$ 3,500,000	\$ 342,693			\$ 7,230
Mercy Regional Medical Center	Centura Health CHI	★								\$ 7,230
Middle Park Medical Center - Kremmling			\$ 4,386,549			\$ 3,500,000	\$ 342,693			\$ 7,230
Montrose Memorial Hospital			\$ 14,551,229	\$ 1,850,000	\$ 274,202					\$ 7,230
Mt. San Rafael Hospital			\$ 4,422,188			\$ 3,500,000	\$ 342,693			\$ 7,230
National Jewish Health			\$ 3,682,508							\$ 7,230
North Colorado Medical Center	Banner Health		\$ 7,547,777	\$ 18,771,658	\$ 1,080,460					\$ 7,230
North Suburban Medical Center	HealthONE	★		\$ 7,200,000						\$ 7,230
OrthoColorado Hospital	Centura Health CHI		\$ 1,889,360							\$ 7,230
Pagosa Springs Medical Center			\$ 5,043,353		\$ 49,528	\$ 3,500,000	\$ 342,693			\$ 7,230
Parker Adventist Hospital	Centura Health Adventist	★		\$ 6,000,000						\$ 7,230
Parkview Medical Center			\$ 20,332,293		\$ 203,390					\$ 7,230
Penrose-St. Francis Health Services	Centura Health CHI	★								\$ 7,230
Pikes Peak Regional Hospital	UCHealth		\$ 3,950,648		\$ 66,993		\$ 342,693			\$ 7,230
Pioneers Medical Center			\$ 4,459,753			\$ 1,500,000	\$ 342,693			\$ 7,230
Platte Valley Medical Center	SCL Health		\$ 7,831,124	\$ 3,850,000	\$ 262,385					\$ 7,230
Porter Adventist Hospital	Centura Health Adventist	★		\$ 5,000,000	\$ 779,940					\$ 7,230
Poudre Valley Hospital	UCHealth		\$ 40,887,169		\$ 1,033,534					\$ 7,230
Presbyterian/St. Luke's Medical Center	HealthONE	★								\$ 7,230
Prowers Medical Center			\$ 4,305,310			\$ 3,500,000	\$ 342,693			\$ 7,230
Rangely District Hospital			\$ 3,866,865			\$ 1,500,000	\$ 342,693			\$ 7,230
Rio Grande Hospital			\$ 3,924,015				\$ 342,693			\$ 7,230
Rose Medical Center	HealthONE	★		\$ 7,950,000	\$ 7,458,575					\$ 7,230
San Luis Valley Health Conejos County Hospital	San Luis Valley	★			\$ 62,944		\$ 342,693			\$ 7,230
San Luis Valley Health Regional Medical Center	San Luis Valley	★					\$ 342,693			\$ 7,230
Sedgwick County Health Center			\$ 3,789,480			\$ 675,000	\$ 342,693			\$ 7,230
Sky Ridge Medical Center	HealthONE	★								\$ 7,230
Southeast Colorado Hospital District			\$ 4,163,351			\$ 3,500,000	\$ 342,693			\$ 7,230
Southwest Health System, Inc.			\$ 5,546,589			\$ 7,500,000	\$ 342,693			\$ 7,230
Spanish Peaks Regional Health Center			\$ 4,774,821			\$ 7,500,000	\$ 342,693			\$ 7,230
St. Anthony Hospital	Centura Health CHI	★		\$ 6,900,000						\$ 7,230
St. Anthony North Health Campus	Centura Health CHI	★		\$ 5,400,000						\$ 7,230
St. Anthony Summit Medical Center	Centura Health CHI	★		\$ 1,500,000			\$ 342,693			\$ 7,230
St. Joseph Hospital	SCL Health		\$ 12,714,563	\$ 17,471,816	\$ 1,748,507					\$ 7,230
St. Mary-Corwin Medical Center	Centura Health CHI	★								\$ 7,230
St. Mary's Hospital & Medical Center, Inc.	SCL Health		\$ 13,848,406		\$ 360,626					\$ 7,230
St. Thomas More Hospital	Centura Health CHI	★					\$ 342,693			\$ 7,230
St. Vincent General Hospital District			\$ 3,466,406		\$ 116,152	\$ 675,000	\$ 342,693	\$ 2,796		\$ 7,230
Sterling Regional MedCenter	Banner Health		\$ 5,272,551	\$ 900,000	\$ 67,609		\$ 342,693			\$ 7,230
Swedish Medical Center	HealthONE	★		\$ 9,900,000						\$ 7,230
The Medical Center of Aurora	HealthONE	★		\$ 24,119,702						\$ 7,230
UCHealth Broomfield Hospital	UCHealth		\$ 5,457,789		\$ 32,190					\$ 7,230
UCHealth Grandview Hospital	UCHealth		\$ 5,714,357		\$ 28,558					\$ 7,230
UCHealth Greeley	UCHealth		\$ 6,000,041		\$ 548,571					\$ 7,230
UCHealth Highlands Ranch	UCHealth		\$ 6,190,383		\$ 365,602					\$ 7,230
UCHealth Longs Peak Hospital	UCHealth		\$ 6,827,999	\$ 3,000,000	\$ 940,339					\$ 7,230
University of Colorado Hospital	UCHealth		\$ 42,662,940	\$ 54,104,940	\$ 7,327,035			\$ 998,250		\$ 7,230
Vail Health Hospital			\$ 19,652,682	\$ 1,750,000	\$ 583,429				\$ 673,886.96	\$ 7,230
Valley View Hospital			\$ 12,639,237		\$ 367,669					\$ 7,230
Weisbrod Memorial County Hospital			\$ 3,132,915			\$ 675,000	\$ 342,693			\$ 7,230
Wray Community District Hospital			\$ 3,953,069		\$ 72,077	\$ 1,500,000	\$ 342,693			\$ 7,230
Yampa Valley Medical Center	UCHealth		\$ 12,254,391		\$ 123,882		\$ 342,693			\$ 7,230
Yuma District Hospital			\$ 3,963,313		\$ 12,160	\$ 1,500,000	\$ 342,693			\$ 7,230
System-Level Attestations	San Luis Valley	★	\$ 10,219,596							\$ 10,219,596
System-Level Attestations	HealthONE	★	\$ 51,860,418		\$ 710,450					\$ 52,570,868
System-Level Attestations	Centura Health CHI	★	\$ 69,435,153		\$ 1,417,119					\$ 70,852,272
System-Level Attestations	Centura Health Adventist	★	\$ 43,763,218							\$ 43,763,218
System-Level Attestations	LTAC/Rehab Hospitals	★	\$ 7,722,774	\$ 750,000	\$ 47,621	\$ -	\$ -	\$ -		\$ 79,530
Sum			\$816,937,855	\$243,197,056	\$35,419,723	\$60,516,622	\$13,365,027	\$5,916,950	\$1,543,797	\$679,620
Total Removing HCA-HealthONE	HealthONE Removed		\$765,077,437	\$194,027,354	\$27,250,698	\$60,516,622	\$13,365,027	\$5,916,950	\$1,543,797	\$629,010

HRSA attestation is on the System level, see Figure below

Date updated:

Figure 24: Federal Stimulus for COVID-19 for Colorado Hospitals, estimates as of September 2021 by Hospital Type and System¹¹⁵

By Type		HRSA Attestation†	High-Impact Payment	Uninsured Reimbursement	PPP Loan Average	SHIP Payment	Telehealth/ Expanded testing	Disaster Relief	HPP	Estimated Total†
Critical Access		\$146,165,984	\$4,650,000	\$639,550	\$60,516,622	\$10,966,176	\$2,796	\$0	\$231,360	\$223,172,488
General		\$611,525,112	\$237,797,056	\$34,625,949	\$0	\$2,398,851	\$5,107,064	\$1,543,797	\$361,500	\$893,359,329
Children		\$51,523,985	\$0	\$106,603	\$0	\$0	\$807,090	\$0	\$7,230	\$52,444,908
Long-Term Care, Psychiatric, Rehab Hospitals	(not broken out individually)	\$7,722,774	\$750,000	\$47,621	\$0	\$0	\$0	\$0	\$79,530	\$8,599,925
Sum		\$816,937,855	\$243,197,056	\$35,419,723	\$60,516,622	\$13,365,027	\$5,916,950	\$1,543,797	\$679,620	\$1,177,576,650

By System		HRSA Attestation ‡	High-Impact Payment	Uninsured Reimbursement	PPP Loan Average	SHIP Payment	Telehealth/ Expanded testing	Disaster Relief	CHA HPP	Estimated Total †
Banner Health		\$20,076,247	\$21,621,658	\$1,373,162	\$0	\$685,386	\$0	\$0	\$36,150	\$43,792,603
Centura Health Adventist		* \$43,763,218	\$17,950,000	\$779,940	\$0	\$0	\$0	\$0	\$36,150	\$62,529,308
Centura Health CHI		* \$80,550,244	\$13,800,000	\$1,691,490	\$0	\$685,386	\$0	\$0	\$65,070	\$96,792,190
Children's Hospital Colorado		\$51,523,985	\$0	\$106,603	\$0	\$0	\$807,090	\$0	\$7,230	\$52,444,908
Denver Health and Hospital Authority		\$61,979,862	\$30,578,940	\$4,607,023	\$0	\$0	\$2,739,964	\$0	\$7,230	\$99,913,019
HealthONE	(Committed to return all stimulus funding received)	* \$51,860,418	\$49,169,702	\$8,169,025	\$0	\$0	\$0	\$0	\$50,610	\$109,249,755
San Luis Valley		\$10,219,596	\$0	\$62,944	\$0	\$685,386	\$0	\$0	\$14,460	\$10,982,386
SCL Health		\$62,687,614	\$38,271,816	\$3,058,100	\$0	\$0	\$730,008	\$0	\$36,150	\$104,783,688
UCHealth		\$189,672,550	\$63,104,940	\$13,121,048	\$0	\$685,386	\$998,250	\$0	\$79,530	\$267,661,704
Independent		\$244,604,121	\$8,700,000	\$2,450,388	\$60,516,622	\$10,623,483	\$641,638	\$1,543,797	\$347,040	\$329,427,089
Sum		\$816,937,855	\$243,197,056	\$35,419,723	\$60,516,622	\$13,365,027	\$5,916,950	\$1,543,797	\$679,620	\$1,177,576,650
Total Removing HCA-HealthONE	HealthONE Removed	\$765,077,437	\$194,027,354	\$27,250,698	\$60,516,622	\$13,365,027	\$5,916,950	\$1,543,797	\$629,010	\$1,068,326,895

†RHCs affiliated with hospitals have their payments lumped with the hospital

‡Some hospitals have included High-Impact Payments in their General Attestation, those numbers have been adjusted to prevent double counts

¹¹⁵ HCA-HealthONE has committed to returning all stimulus as cited several times in this report. Removing their stimulus from these tables gives a Colorado stimulus amount of \$1.068 Billion. This amount is an estimate and could change either up or down, for example, with additional stimulus disbursements not included in the estimate or hospitals returning unused stimulus.