

# Colorado lawmakers target another \$5 million for Denver Health amid fears of hospital's 'death spiral'

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A bipartisan group of Colorado lawmakers is again moving to direct a special \$5 million infusion to Denver Health amid rising concerns about the hospital's financial security and fears of a potential descent into a "death spiral."

Members of the powerful Joint Budget Committee, which gave initial approval to the allocation Wednesday night, acknowledged that \$5 million isn't enough to solve Denver Health's long-term challenges, which include a growing amount of uncompensated health care and a patient base that's increasingly dominated by lower-paying, government-based insurance coverage.

Indeed, the budget committee's staff recommended against allocating the money to the [hospital](#) in part because it wasn't enough to solve "long-term sustainability issues."

Still, because of Denver Health's outsized role in the Colorado health care ecosystem, the committee's six members unanimously supported directing the \$5 million to the hospital, the second time they've done so in the past year. The hospital is a safety net facility that provides care, including high-level trauma and substance use treatment, to patients from across the state, including low-income and indigent residents.

The Colorado Department of Health Care Policy and Financing requested the money for Denver Health and offered a grim analysis of the hospital's financial future, according to budget committee documents. After reviewing "financial measures and year-over-year trends," the agency determined that "without significant structural changes to its [business operations](#), Denver Health will continue deteriorating financially into failure. This is commonly referred to in business as a 'death spiral.'"

Rep. Shannon Bird, the chair of the budget committee and a Westminster Democrat, said she was "quite concerned" about Denver Health's financial situation and believed it would require a "statewide effort" to fix.

In addition to approving the \$5 million payment to the hospital, which will be allocated in the coming months through the legislature's budget-drafting process, legislators also directed the health care policy department to work with Denver Health on a long-term solution to its [financial woes](#) and to try to match the state's money with federal dollars.

"The majority of the members on our committee have had the opportunity to visit Denver Health, to talk to people who lead Denver Health and to understand what their challenges are," Bird said in an interview Thursday. "I know that \$5 million isn't enough to solve all of the challenges that they have. But it is a part of the puzzle, and it is something that the state can do."

The agency wrote to the budget committee that it's not too late to reverse course and "put Denver Health on firmer financial footing." In a statement, spokesman Marc Williams said the department has been working with the hospital on a more lasting fix and will "explore any opportunities" to match the state's \$5 million.

The money likely would be allocated to the hospital on July 1 as part of the state's broader budget, Bird said. Lawmakers are working on separate legislation that would allow the state to more easily support Denver Health going forward, potentially starting with this latest \$5 million infusion.

The budget committee directed an "extraordinary" \$5 million to Denver Health in February 2023, when the hospital reported it had just over 80 days' operating cash left on hand. Other urban hospitals in the state have

a median of 250 days cash available, according to the Department of Health Care Policy and Financing.

In a statement, Dr. Steven Federico, the hospital's chief government and external community relations officer, said Denver Health plans to use the money to "help backfill the uncompensated care costs we took on in 2023, particularly targeting costs from out-of-county patients, which totaled about \$40 million last year."

He said preliminary data indicates Denver Health is already behind budget for 2024.

"We continue to see growing costs for uncompensated care as Denver Health's total uncompensated care costs in 2023 are now finalized at \$140 million," he said. "We anticipate this trend to continue and are expecting similar uncompensated care costs for this year."

Uncompensated care at the hospital increased by 127% between 2020 and 2023, legislators said. The hospital nearly broke even last year, thanks to roughly \$20 million in one-time cash infusions from the state, donors and Kaiser Permanente. The facility finished 2022 roughly \$35 million in the red.

The hospital provides more uncompensated care than other hospitals in metro Denver, and it also has fewer patients with private insurance than its peers. Private coverage pays more than Medicare and Medicaid, and it helps to offset the cost of care the hospital doesn't get paid for.

To try to shore up its books last year, the hospital closed 15 psychiatric beds, delayed maintenance and curbed raises that were intended to retain staff. Simultaneously, though, uncompensated care continued to increase amid an increase of migrants to the city. The city's payments to help offset that care has remained flat at \$30.8 million for years.

While budget-minded legislators are backing a cash infusion for Denver Health, other lawmakers have advanced legislation to more easily support the hospital in the future. That bill, which is bipartisan and already has passed the House, cleared an initial Senate hearing Thursday and is on the fast track for Gov. Jared Polis' desk.

"(Denver Health) is constantly in that tenuous space of, 'Can it make enough money to operate?'" said Sen. Dafna Michaelson Jenet, a Commerce City Democrat who's sponsoring that measure. "But it always answers the question of 'Can it serve the patient?' with 'Yes.'"

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