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Implementation and Impact of 2Q Sales Tax Funding

April 1, 2026

Presentation Overview

Section 1: 2Q Reporting Methodology and
2025 2Q Spending Report and Impact

Section 2: 2026 2Q Spending Plan and Strategic Outlook

Q&A will follow both sections



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Denver Health 2Q Sales Tax: Protecting Essential Services for Our Community

Flat Funding, Rising Costs: MI Payment has remained around \$30 million since 1997.
Denver voters approved the 2Q sales tax in 2024, projected to generate \$65 million in year 1.

Preventing Cuts to Critical Services

- Denver Health provides ~\$140 million in uncompensated care each year.
- Prior to 2Q, the system faced annual losses.
- Without a sustainable funding solution, services and access to care were at risk, and in some cases starting to be reduced.
- The 2Q sales tax provides essential funding to stabilize the budget and protect critical health care services relied upon by tens of thousands of Denver residents.

Stabilizing for Growth

- In 2025, Denver Health's priority was to stabilize the cost of providing care by using 2Q funding.
- Areas of focus included:
 - Expanding community health services
 - Recruiting and retaining health care staff
 - Meeting the growing health care needs of Denver
- As we grow and expand services, our costs will also increase.



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Ballot Language

... A THIRTY-FOUR ONE-HUNDREDTHS OF ONE PERCENT (0.34%) SALES AND USE TAX RATE (3.4 CENTS ON A TEN-DOLLAR PURCHASE), TO BE COLLECTED ON TANGIBLE PERSONAL PROPERTY, PRODUCTS, AND SERVICES CURRENTLY SUBJECT TO SALES AND USE TAX, IN ORDER TO MAINTAIN AND EXPAND DENVER HEALTH AND HOSPITAL AUTHORITY SERVICES, INCLUDING:

- EMERGENCY AND TRAUMA CARE;
- PRIMARY MEDICAL CARE;
- MENTAL HEALTH CARE;
- DRUG AND ALCOHOL USE RECOVERY; AND
- PEDIATRIC CARE.

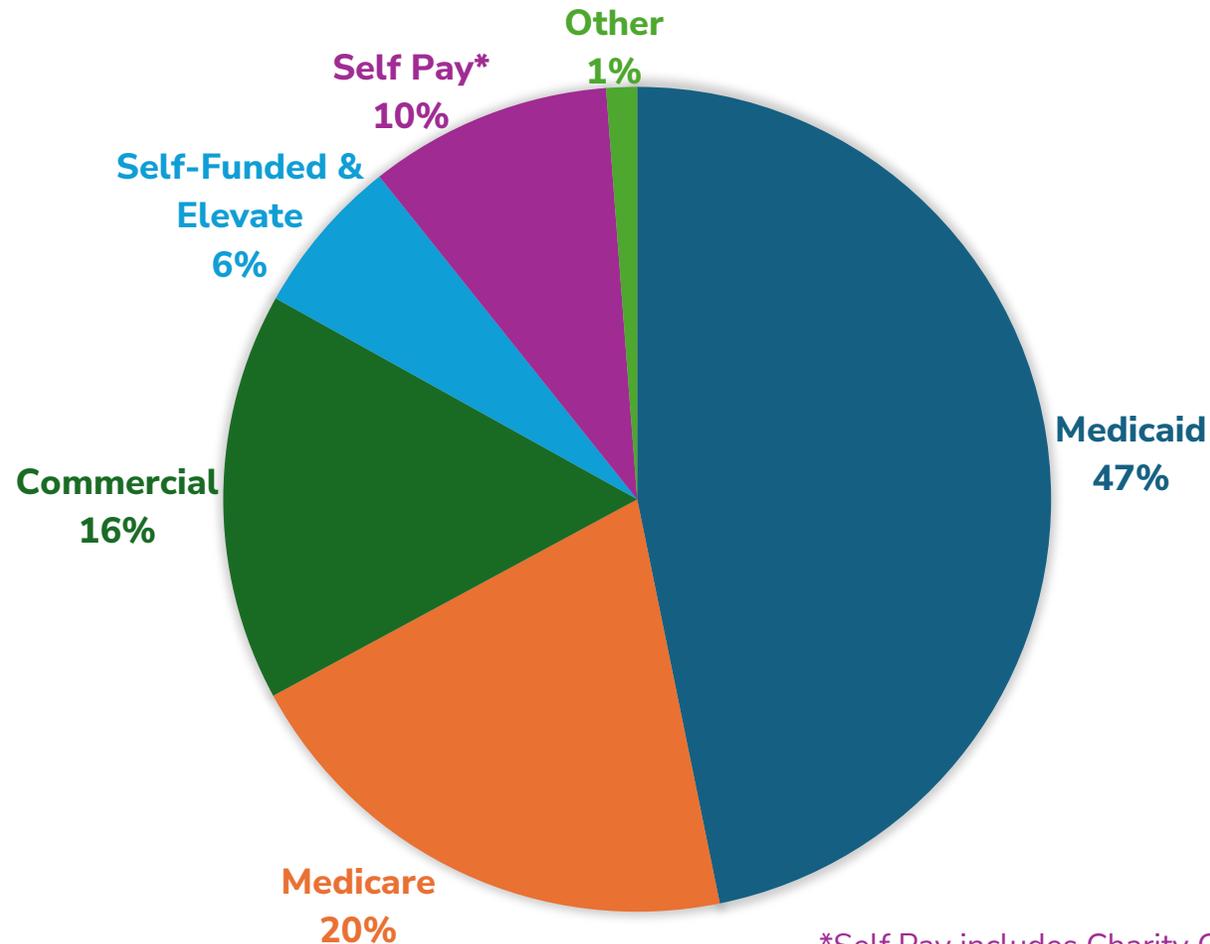


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2025 Payer Mix – \$1.56 Billion Total Revenue



*Self Pay includes Charity Care and Bad Debt for presentation purposes.

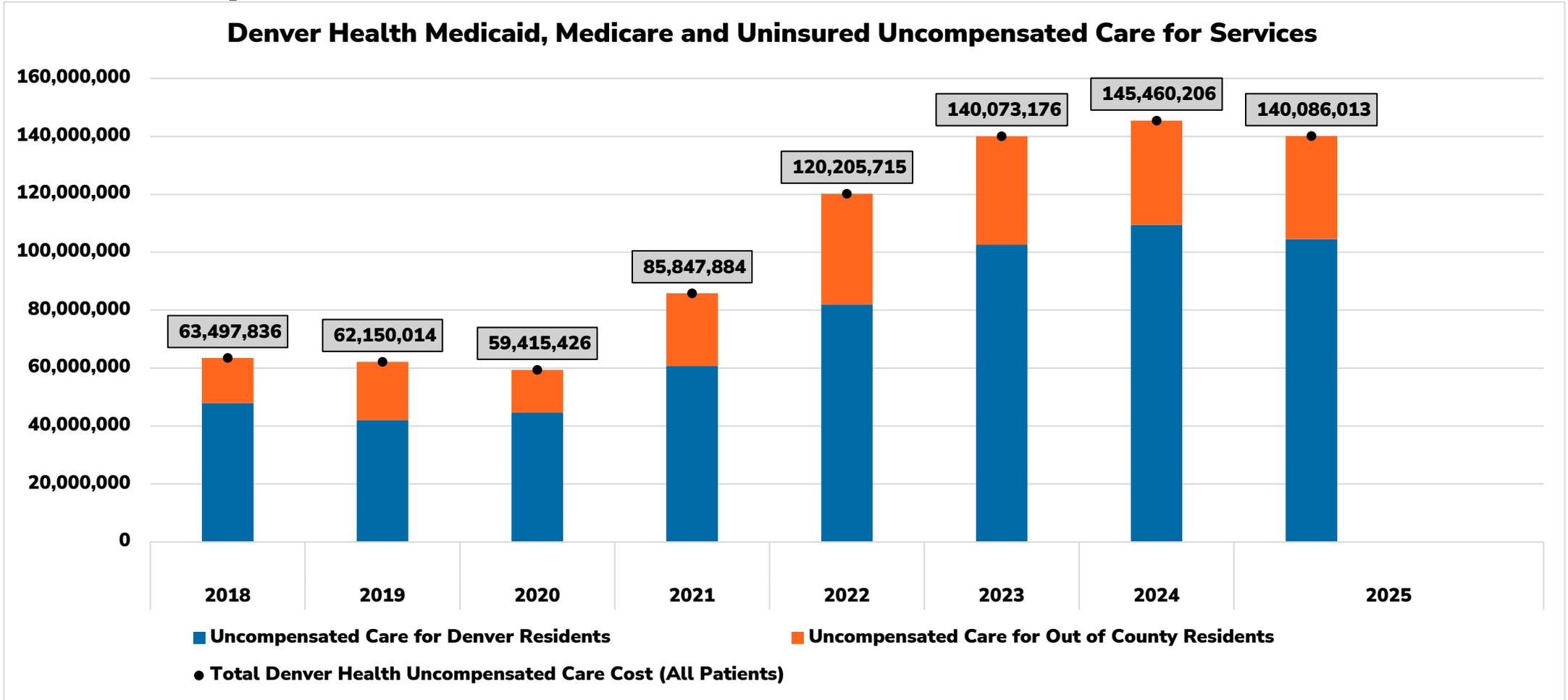


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Uncompensated Care



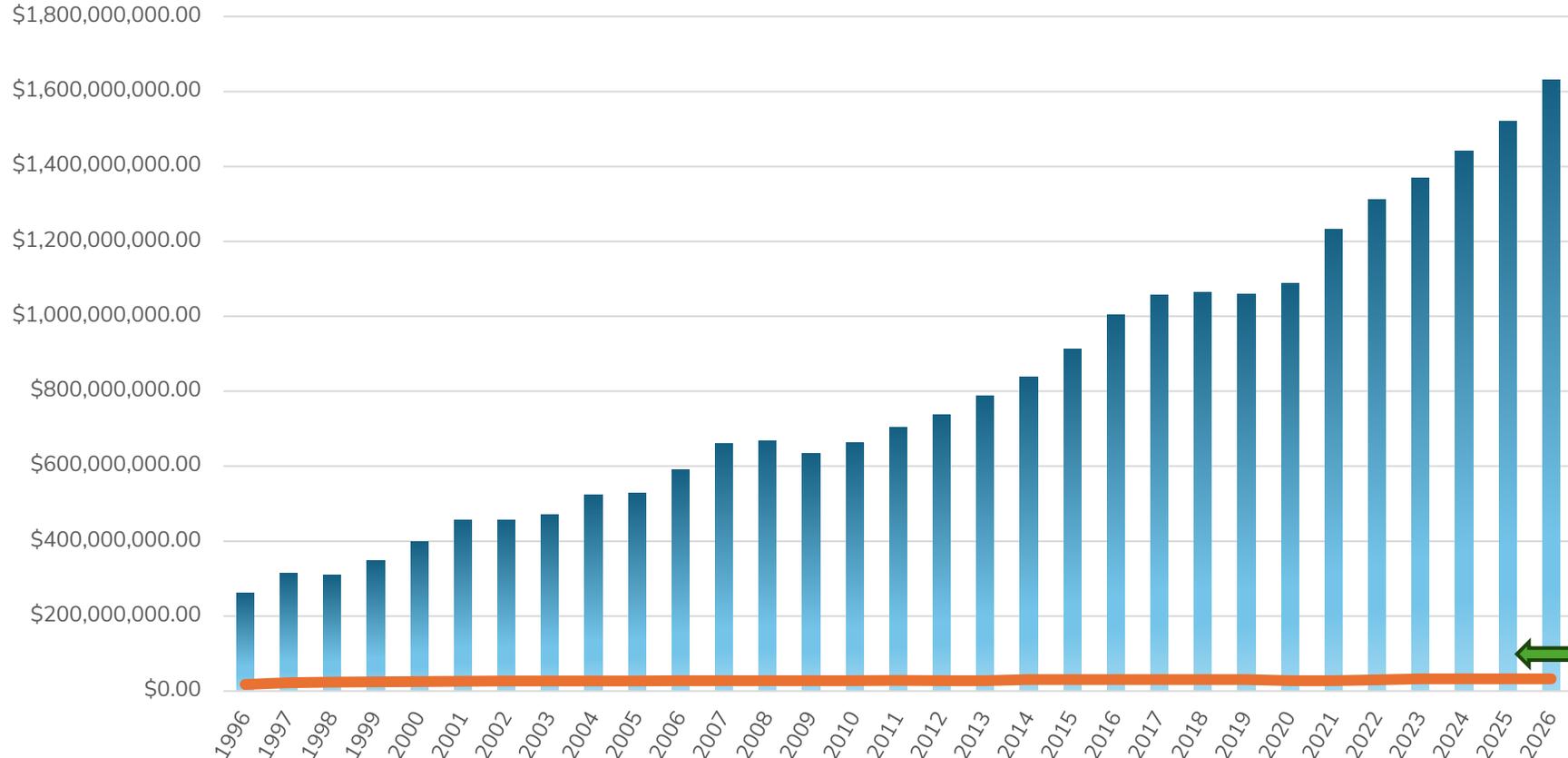
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Operating Expenses are Growing

Operating Expenses vs City Patient Care Payment



Denver Health's 2026 budget is \$1.63 Billion

- City's General Fund is \$1.66B
- DPS's budget is \$1.5B ('25-'26 school year)

- Operating Expense
- City Patient Care Payment (MI Payment)
- ← 2Q – represents \$65 million in voter-approved sales tax



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2025 Reporting Approach

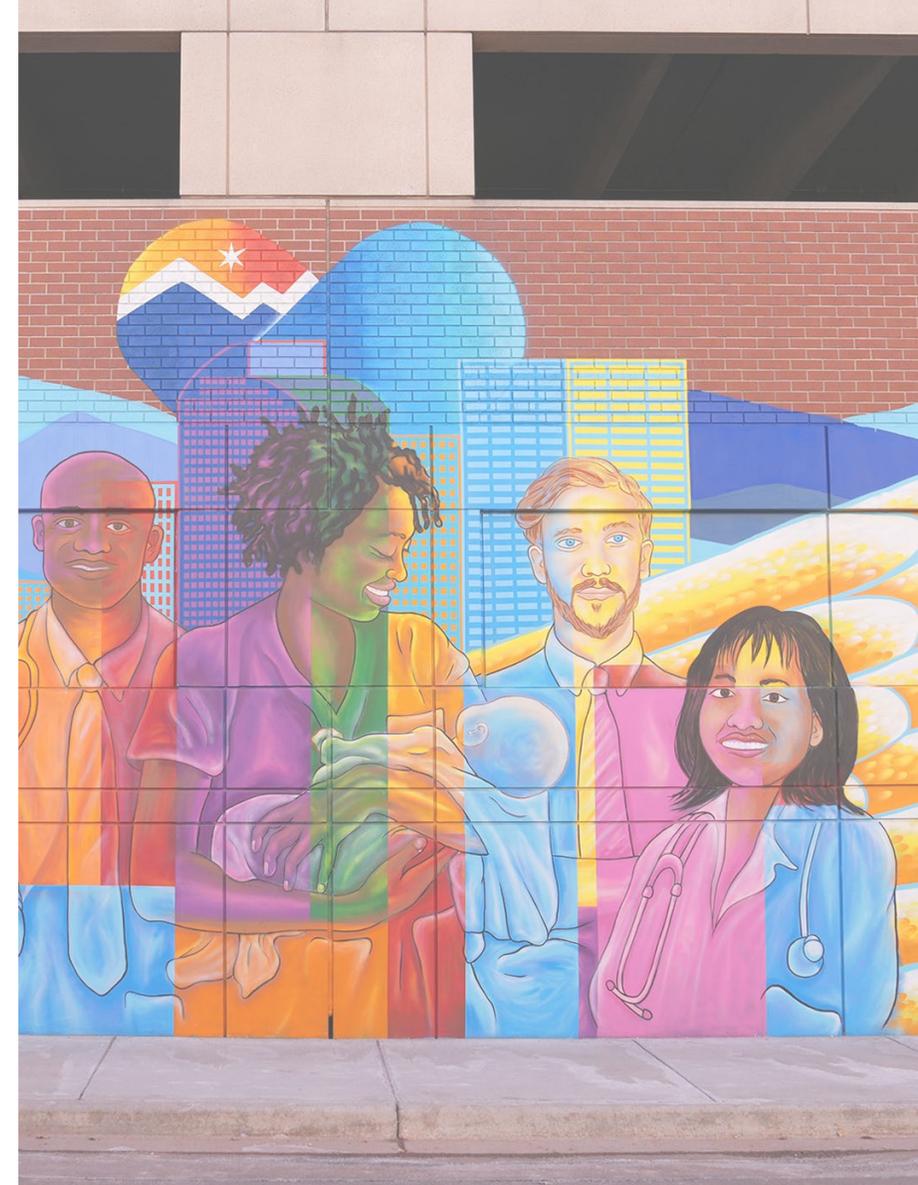
To maintain transparency and consistency, we are applying a cost-based methodology to the 2025 spending report.

This ensures:

- Alignment with state and federal reporting standards
- Consistent year-to-year reporting and clear comparison of spending across service areas
- Better tracking of how 2Q funding impacts care delivery

The **2025 annual report** includes:

- Services accounted for under each category of care
- Cost per encounter
- Total spending within each category

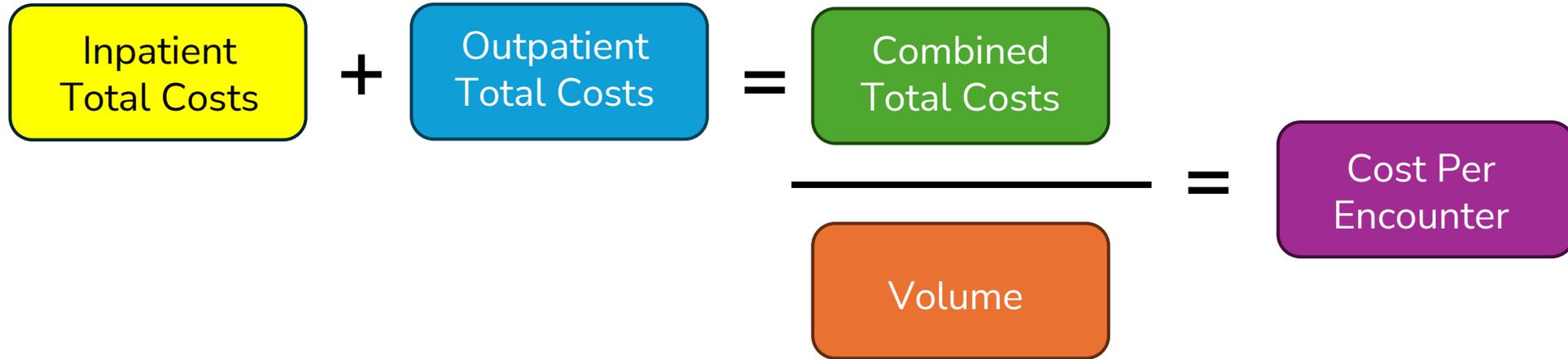


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Calculating 2Q Spend



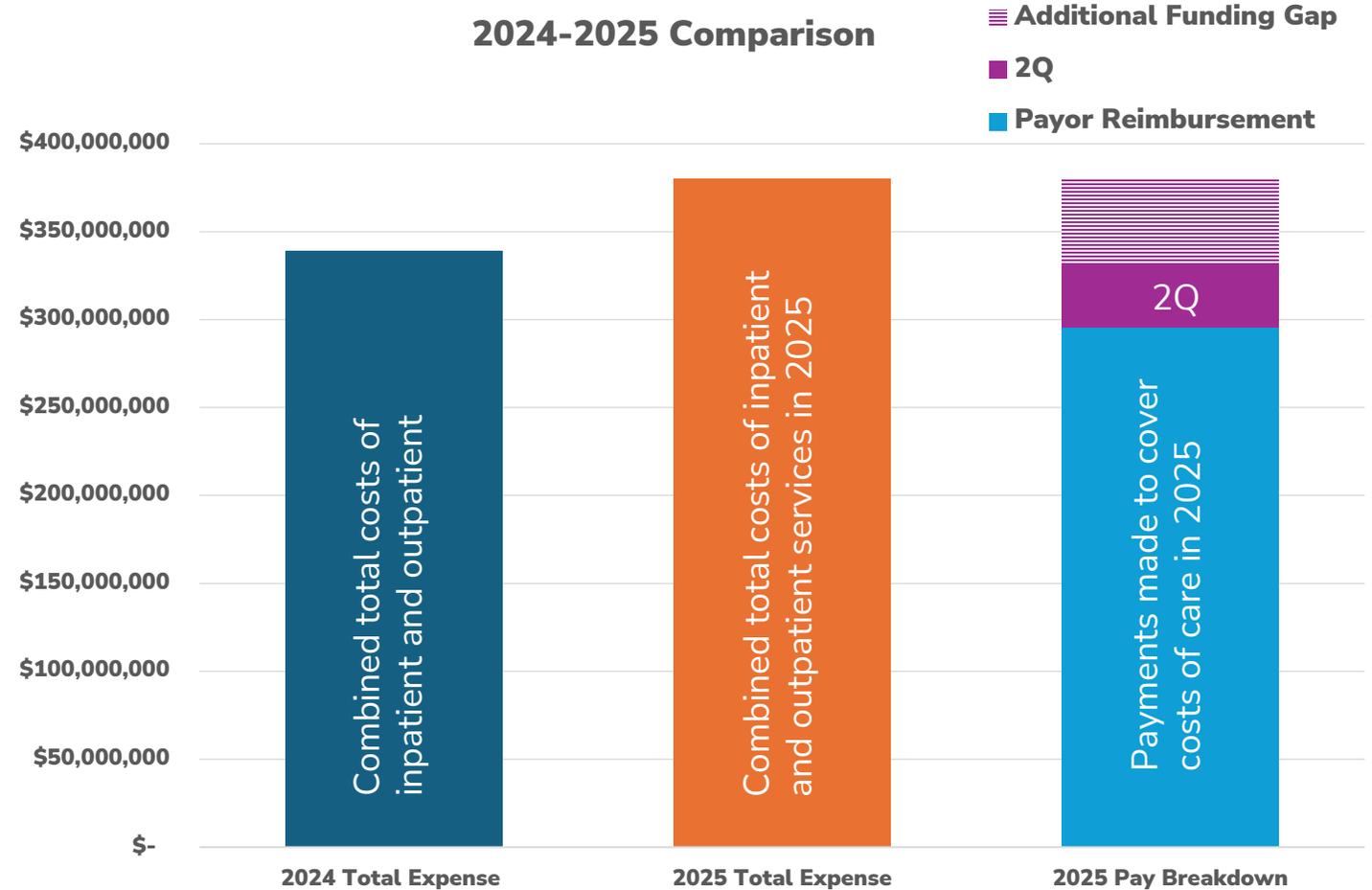
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2Q Category: Example

- Comparing total expenses shows growth in the cost of care year-over-year.
- Payment bar shows how much money is reimbursed through Medicaid, Medicare, commercial insurance, and other payer sources (in blue).
- 2Q funding is added to help cover the additional funding gap (shown in purple).
- The shaded area is the remaining uncompensated care for that service area in 2025.



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Denver Health

2025 2Q Spending Report and Impact

April 1, 2026



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2025 Allocation by Care Category

Sales Tax Projection from City for Year 2025: **\$65 Million**

Total Allocation Numbers by Category:

- **Emergency Medicine:** \$33.4 million
- **Primary Care:** \$14.9 million
- **Pediatrics:** \$2 million
- **Mental Health:** \$12.8 million
- **Alcohol and Substance Use:** \$1.9 million



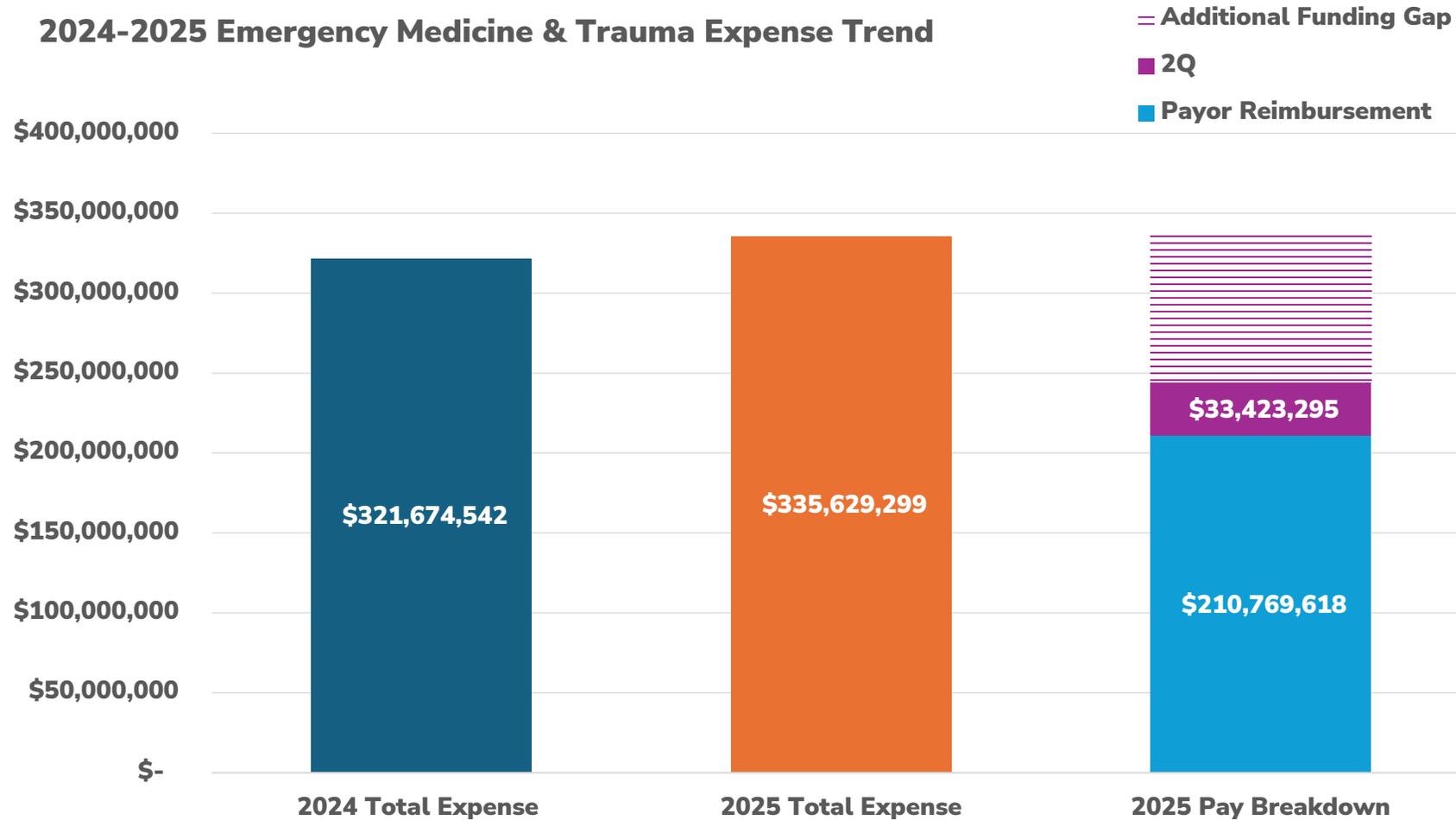
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2Q Category: Emergency Medicine

2024-2025 Emergency Medicine & Trauma Expense Trend



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2025 Accomplishments

Emergency Medicine and Trauma

2025 2Q Spend: \$33.4 million
Visits 2025: 123,023

Hybrid Operating Room (OR):

- Advanced surgical suite enabling simultaneous imaging and intervention

Neurotrauma ICU & Stroke Center Development:

- Establishing a dedicated neurotrauma ICU for the sickest TBI patients

Trauma Fellowship Program:

- Denver Health's first trauma fellowship will strengthen training, professional development, and talent retention

Workforce Investments for Paramedics

- Improved Hiring Potential: Pay adjustments led to a 3x increase in applicants, improving recruitment and retention

Other Investments (Outside Labor Budget)

- Ambulance Remounts: \$1.54 million (six units)
- Paramedic Medical Equipment: \$300,000
- Emergency Department Equipment: \$308,000



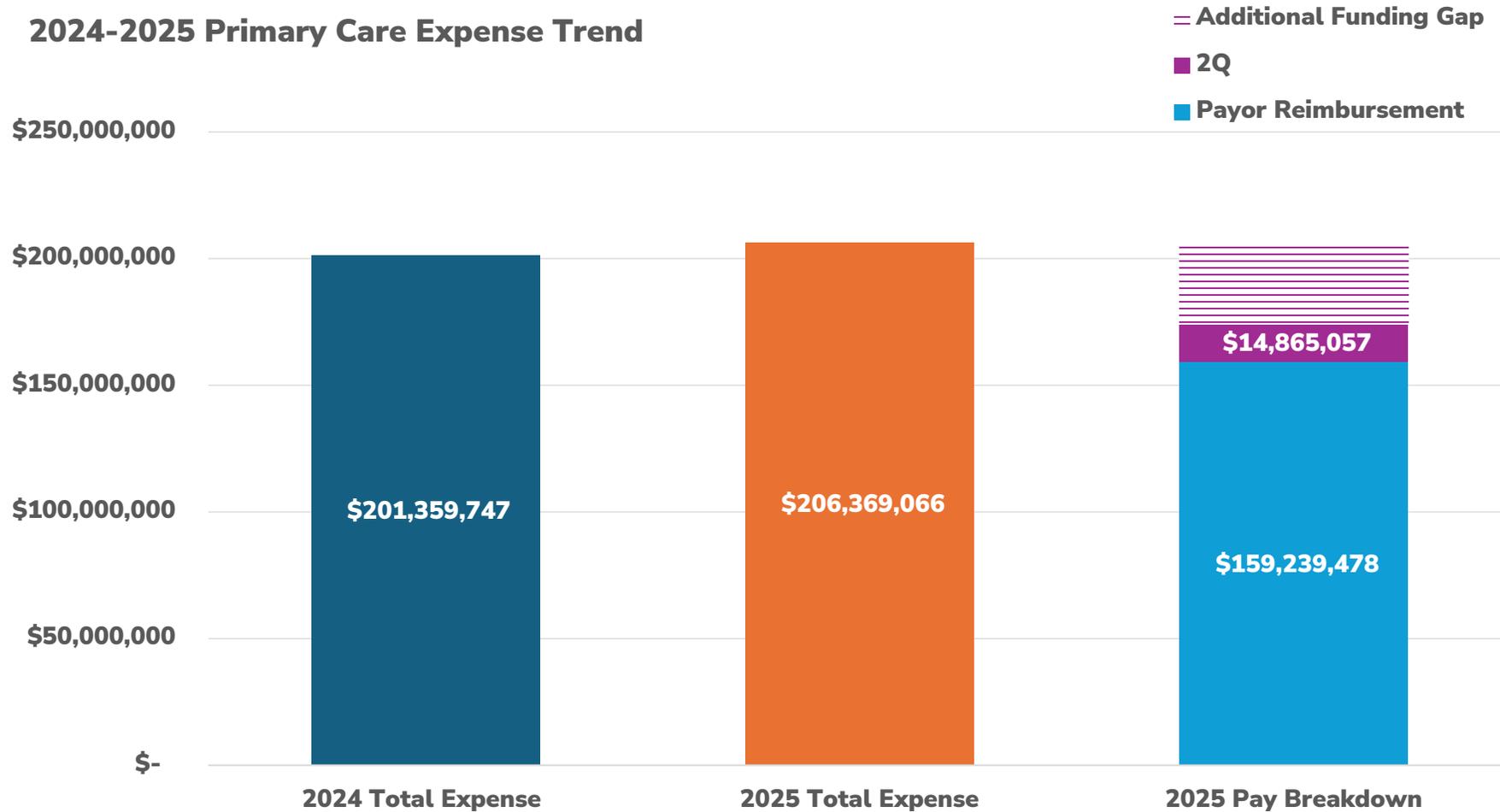
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2Q Category: Primary Care

2024-2025 Primary Care Expense Trend



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2025 Accomplishments

Primary Care

2025 2Q Spend: \$14.9 million
2025 Visits: 733,266

Access Expansion & Service Integration

- Medical-Dental Integration

Expanded Dental Hours:

- OMC Dental & OMFS Clinics increased hours from 50 to 65 hours/week

Lowry Clinic Extended Hours:

- Added Saturday clinic and pharmacy

Community Outreach

- Warren Village Partnership:
 - On-site medical and behavioral health services at new Alameda campus



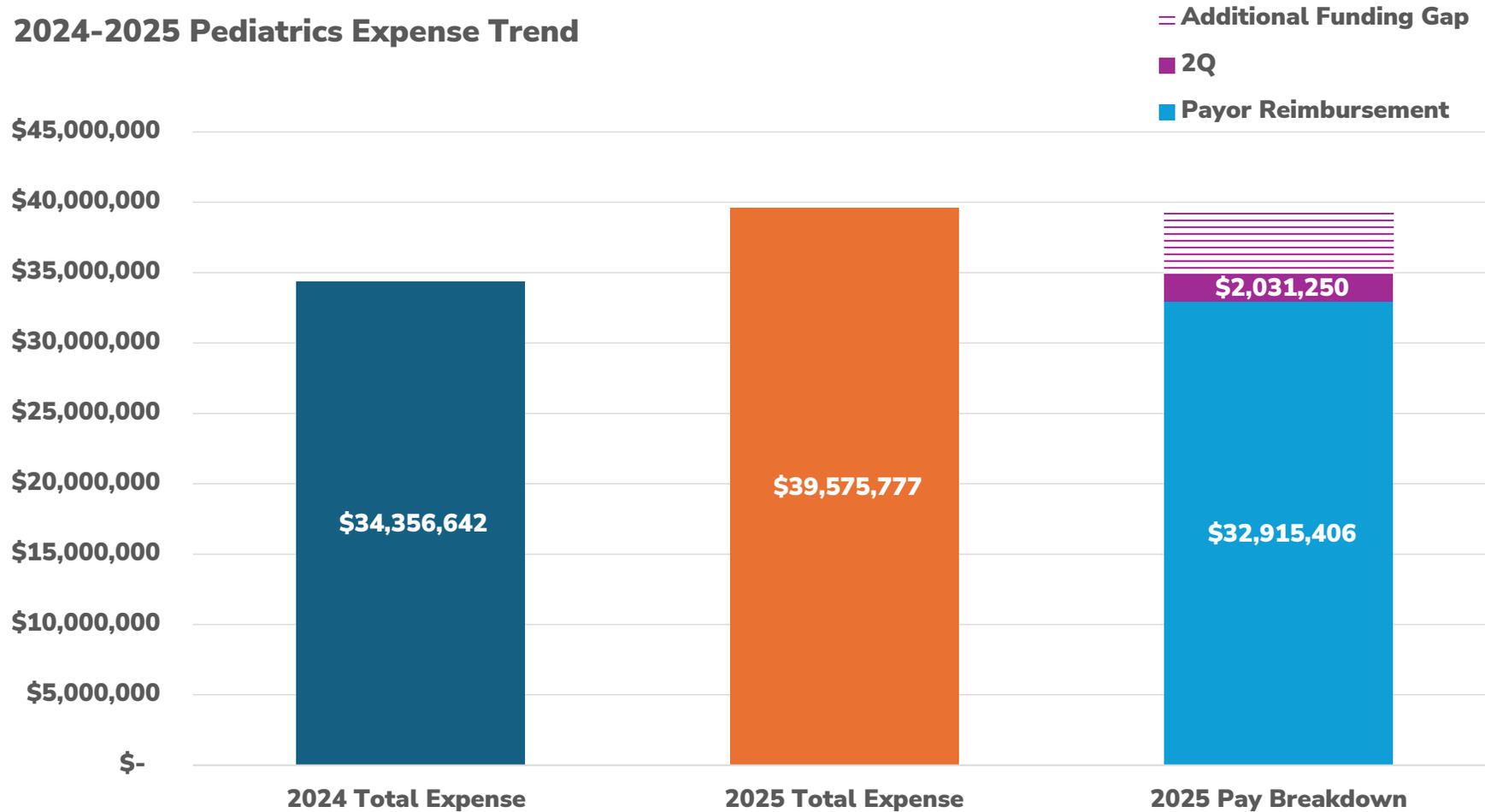
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2Q Category: Pediatrics

2024-2025 Pediatrics Expense Trend



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2025 Accomplishments

Pediatrics

2025 2Q Spend: \$2 million

2025 Visits: 10,496

Specialty Care Expansion

- Integrated Specialty Nurse Practitioner (NP): doubled surgery clinic capacity, increased neurology appointments and reduced referral-to-appointment wait times

School-Based Health Centers (SBHCs)

- Sandoval Campus: one of Denver's largest (2,000+ students)
 - Full clinic coming soon
 - Added in-person behavioral health services

Foster Care Clinic – “Connections for Kids” (CFKC)

- Expanded to 2 new clinic locations and added staff dedicated to this program



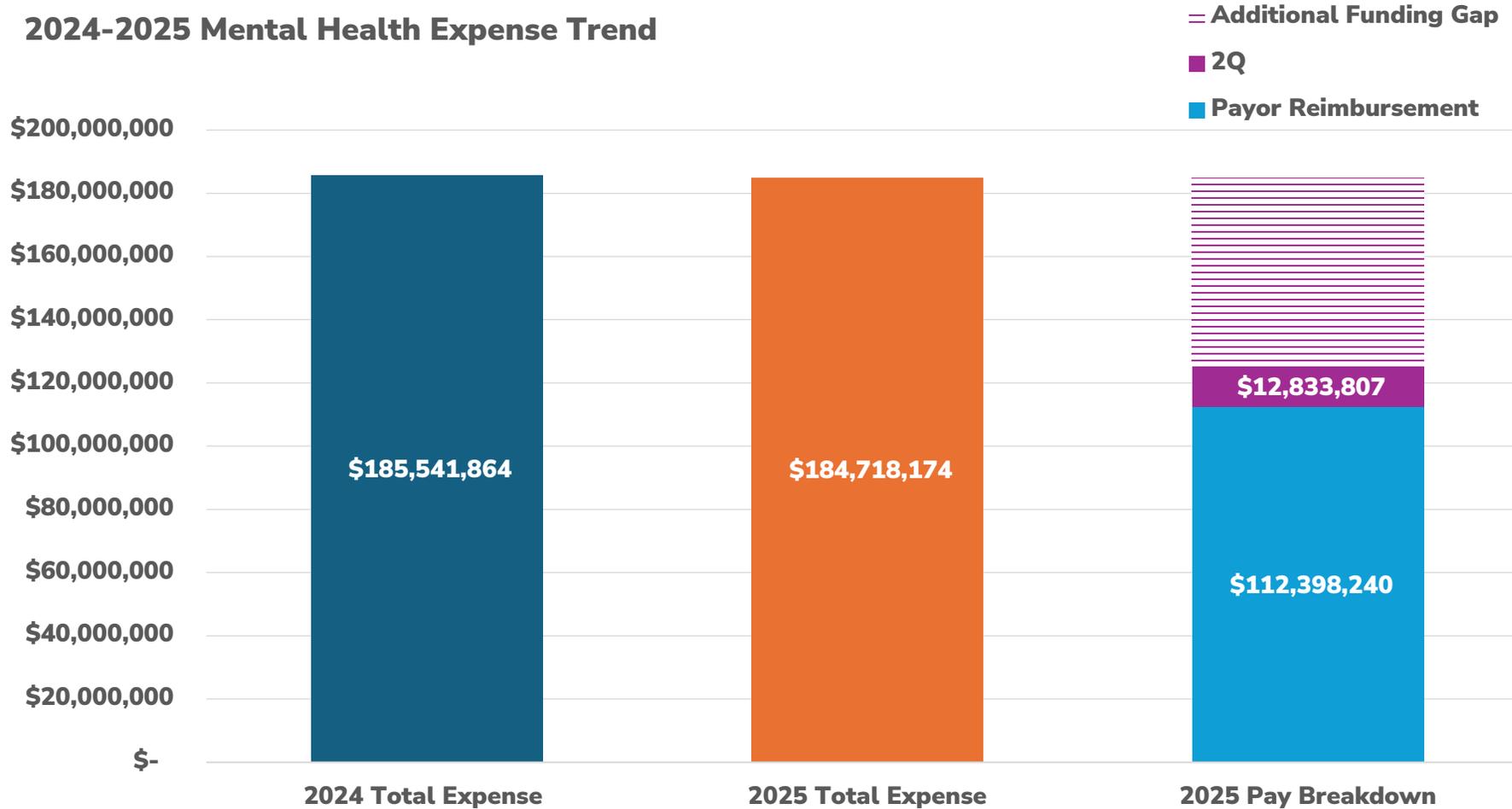
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2Q Category: Mental Health

2024-2025 Mental Health Expense Trend



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2025 Accomplishments

Mental Health

2025 2Q Spend: \$12.8 million
2025 Visits: 102,881

Integrated Medical and Psychiatric (IMAP) Inpatient Unit

- 12-bed specialized unit for patients with co-occurring medical and psychiatric needs
- Bridges the gap between medical and behavioral health care
- Expands inpatient access for high-need, complex patients

Behavioral Health Service Expansion (2025–2026)

- Advancing toward BHA Comprehensive Safety Net Status by adding:
 - Mental Health Intensive Outpatient Program (IOP)
 - Outpatient Competency Restoration (OCR)
 - Mental Health 27–65 Certifications



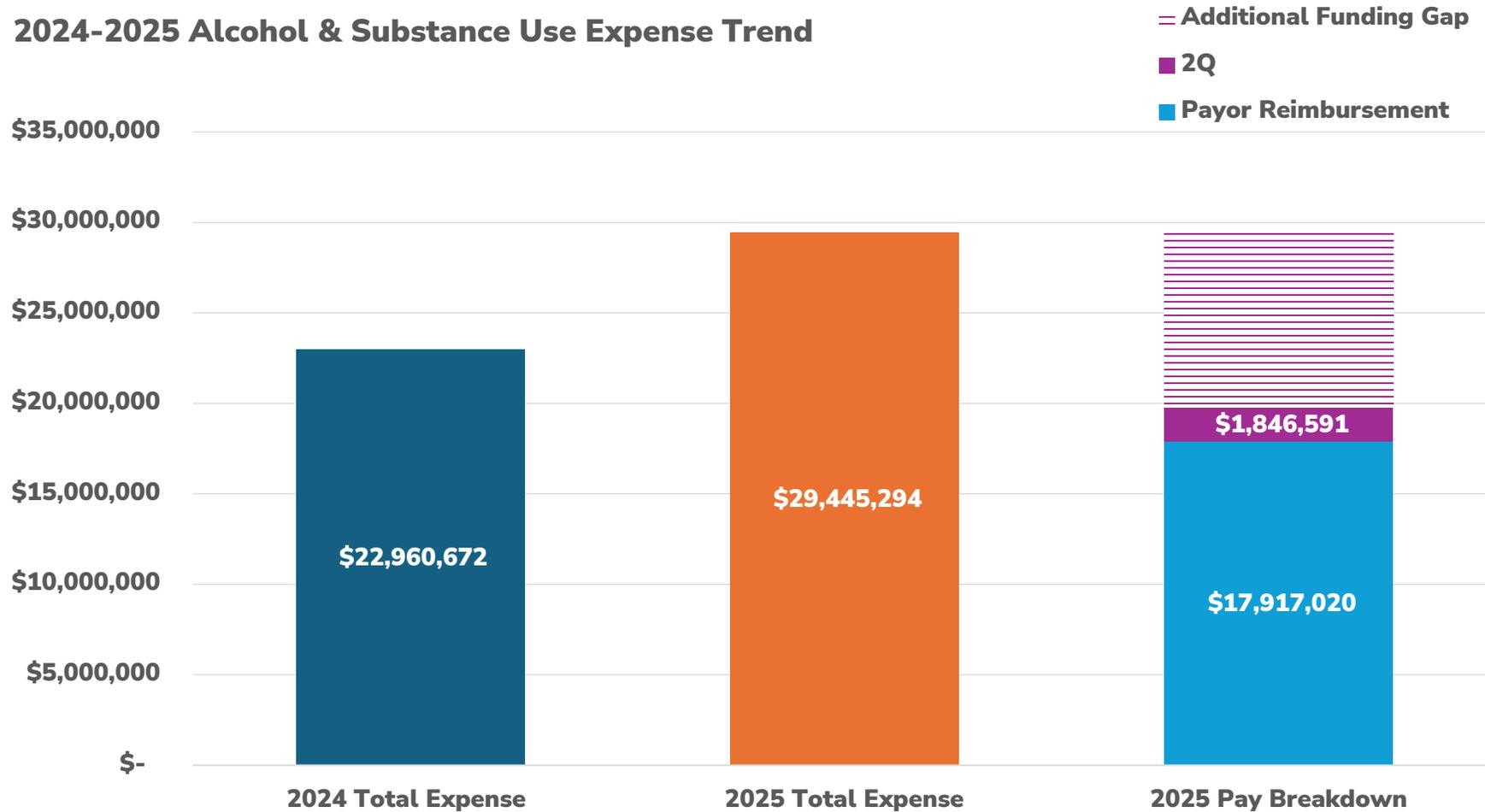
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2Q Category: Alcohol and Substance Use

2024-2025 Alcohol & Substance Use Expense Trend



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2025 Accomplishments

Alcohol and Substance Use

2025 2Q Spend: \$1.8 million

2025 Visits: 57,690

Behavioral Health Case Management Team

- New team of 10 FTEs created to coordinate care and address housing, employment, benefits, and mental health needs for substance use disorder (SUD) patients

Impact

- Expands access to integrated addiction and behavioral health treatment
- Strengthens continuity of care and reduces barriers for high-need patients
- Positions Denver Health as a regional leader in comprehensive recovery services



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Capital Improvements Enabled by 2Q

- Although 2Q funding cannot directly support capital projects, the funding helps stabilize Denver Health's operating revenue.
- This allows Denver Health to reinvest resources into infrastructure improvements that support patient care.
 - Examples may include:
 - Facility improvements
 - Clinical space expansions
 - Medical equipment upgrades
 - Technology and system improvements
- These investments help expand capacity, efficiency, and access to care.



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2025 End of Year Reporting, City Admin Fee

	2025 PROJECTED	2025 ACTUAL
Personnel		
CA2309 Administrator III (salary & fringe) 1.0 FTE for 6 months in 2025	\$ 77,805.00	\$ 71,953.43
CV2310 Fiscal Administrator I (salary & fringe) 0.5 FTE for 6 months in 2025	\$ 37,572.50	\$15,856.19
Portion of Executive Director Time	\$ 25,137.00	\$ 10,944.82
Portion of Division Director Time	\$ 41,974.80	\$0
Subtotal	\$ 182,489.30	\$ 98,754
Services & Supplies		
Office Supplies & Materials	\$ 1,000.00	\$ 135.00
Travel & Training	\$8,000.00	\$300
Official Function Expenses	\$5,000	\$0
Contractor Services	\$50,000	\$29,966.00
Subtotal	\$64,000	\$30,401
CITY ADMIN FEE TOTAL	\$246,489	\$129,155.33

Additional to be paid to DHHA during 2025 reconciliation: \$529,029 (estimate, unaudited)

Questions?



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2026 2Q Spending Plan and Strategic Outlook

April 1, 2026



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2026 Spending Plan

2026 Goals:

- ✓ Expand access to care
- ✓ Increase service capacity in high-demand areas
- ✓ Improve care coordination
- ✓ Maintain financial sustainability

Denver Health remains committed to responsible stewardship of public funding.

Key financial priorities include:

- Reducing losses related to uncompensated care
- Maintaining operational sustainability
- Continuing to expand care capacity for Denver residents



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2026 Allocation by Care Category

Sales Tax Projection from City for Year 2026: **\$67.7 Million**

Total Budget Numbers by Category:

- **Emergency Medicine:** \$34.8 million
- **Primary Care:** \$15.5 million
- **Pediatrics:** \$2.1 million
- **Mental Health:** \$13.4 million
- **Alcohol and Substance Use:** \$1.9 million



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2Q 2026 Budget by Category

Emergency Medical Services

2026 2Q Budgeted Spend: \$34.8 million

Budgeted Visits 2026: 119,857

Key areas of focus:



- Emergency department visits
- Trauma care capacity
- Expanded staffing and care teams

Primary Care

2026 2Q Budgeted Spend: \$15.5 million

Budgeted Visits 2026: 771,041

Key areas of focus:



- Primary care visits
- Expanded access to community clinics
- Preventive and chronic disease management services

Mental Health

2026 2Q Budgeted Spend: \$13.4 million

Budgeted Visits 2026: 111,869

Key areas of focus:



- Psychiatric emergency services
- Behavioral health encounters
- IMAP and inpatient psychiatric capacity

Pediatrics

2026 2Q Budgeted Spend: \$2.1 million

Budgeted Visits 2026: 10,179

Key areas of focus:



- Pediatric visits
- Pediatric inpatient services
- Preventive and developmental care

Alcohol and Substance Use

2026 2Q Budgeted Spend: \$1.9 million

Budgeted Visits 2026: 65,290

Key areas of focus:



- Detoxification services
- Addiction treatment encounters
- Community-based recovery services



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Potential Challenges in 2026

- Changes in Medicaid enrollment due to H.R.1
- State reductions to Medicaid and hospital funding
- Decline in Emergency Medicaid participation
- Increased reliance on emergency departments
- Higher patient acuity due to delayed care



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2026 Proposed Spending Plan: City Admin DHHA Sales Tax Fund

Personnel	Estimated spend	Notes
CA2309 Administrator III (salary/fringe)	\$155,610	Program management, cross-city coordination, DHHA liaison. Coordination related to all city/DHHA work. Direct management of financial services subcontractor. 1 FTE.
CV2310 Fiscal Administrator I (salary/fringe)	\$75,145	RFP, contract, and fiscal management of subcontractor. 0.5 FTE.
Executive Director	\$25,137	Time spent managing leadership level communications, reviewing deliverables. Portion of time.
Division Director	\$17,290	Leadership support, problem solving and set up of tax fund. Portion of time.
		Personnel Subtotal \$273,182
Services & Supplies		
Office Supplies & Materials	\$2,000	
Equipment	\$5,000	
Travel & Training	\$8,000	
Official Function Expenses	\$5,000	
Contractor Services	\$356,809	Financial consultant to support the city in developing appropriate fiscal tracking and oversight of the tax fund. Spend down of current contract.
		Services & Supplies Subtotal \$376,809
TOTAL \$649,991 (up to 1% of tax projection allowed, 2026 projection is \$67,659,469)		

Thank You!

Questions?

Donna Lynne, DrPH
CEO

Denver Health and Hospital Authority
Donna.Lynne@dhha.org

Justin Helsper, CPA
Interim CFO

Denver Health and Hospital Authority
Justin.Helsper@dhha.org



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Appendix

Improving Transparency and Reporting

Denver Health evaluated multiple ways to report 2Q spending

Cost Reporting Methodology:

- *Cost per encounter* is calculated using standardized Medicaid cost report methodology
- Uses cost-to-charge ratios and cost per diems allowing for validated financial reporting
- Allows us to calculate the true cost per patient encounter across clinical service areas
- Has been reviewed and agreed upon by DDPHE

Why this method works:

- Aligns with information submitted to the State and Federal governments
- Creates consistent cost calculations across services
- Creates a transparent and reliable framework for reporting the use of 2Q funding year after year.

Goal:



Clear



Reproducible



Data-Drive
Reporting



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How Denver Health Tracks the Impact of 2Q Funding

- 2Q represents only about 4% of Denver Health's total budget.
- This methodology helps track the services supported by these funds in a way that is accurate, transparent, and focused on patient care impact.
- Key Considerations
 - Only the services directly supported by 2Q funding requirements are included
 - This ensures reporting remains focused and proportional within Denver Health's \$1.63 billion budget
- How the Method Works
 - Estimate the cost of providing those services
 - Project the number of patients receiving care
 - Apply 2Q funding to support expanded access to care
- Why This Matters
 - This approach demonstrates how a relatively small portion of targeted funding within a large health care system can generate significant impact on patient care and access to care for Denver residents.



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DHHA Sales Tax Fund Annual City Admin 2025 Reporting & 2026 Spending Plan

Elise Matatall, DHHA Sales Tax Administrator with DDPHE
April 1, 2026

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