

DENVER HEALTH™

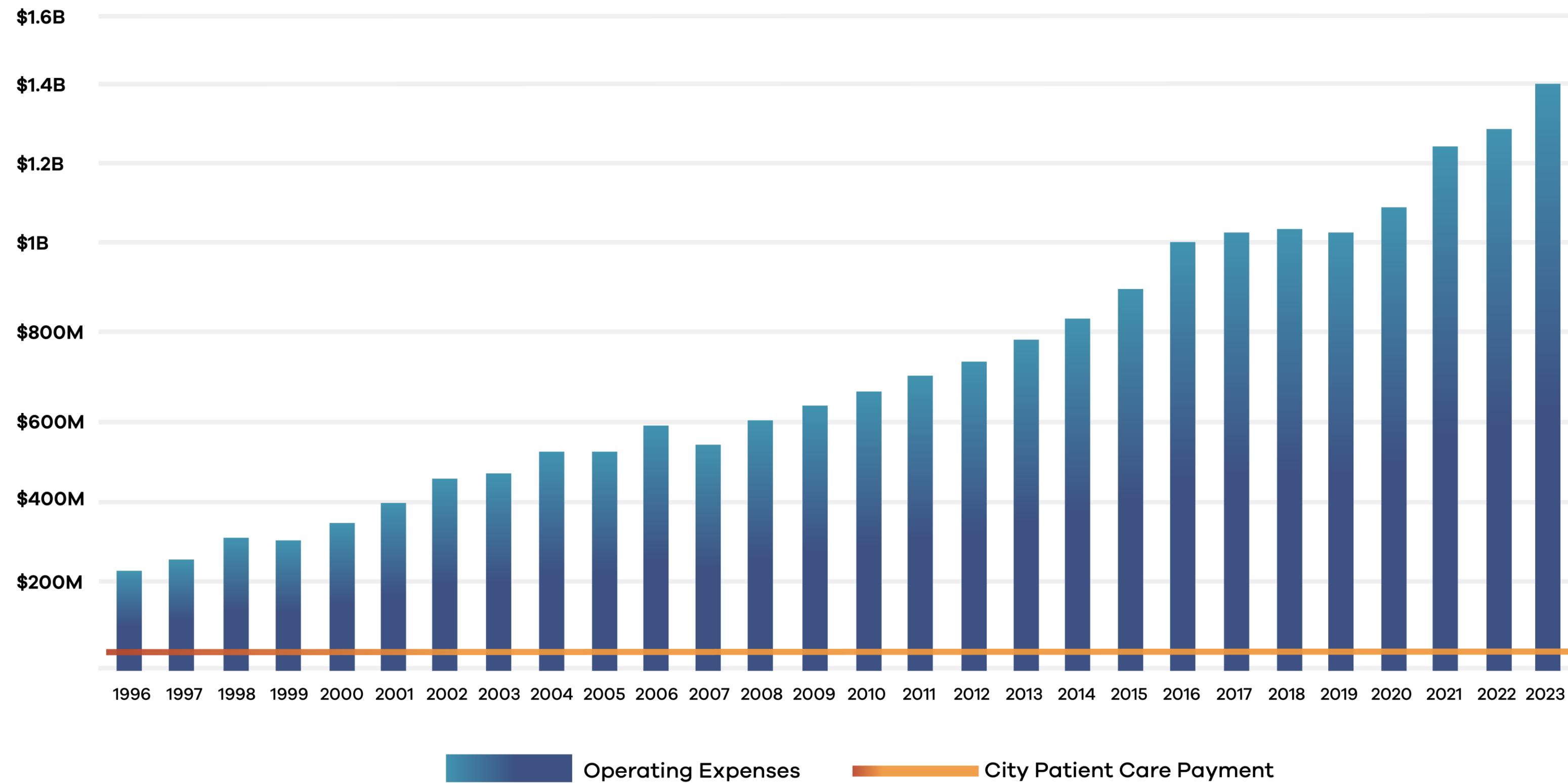
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Denver Health Sustainable Funding

**Denver City Council
Safety Committee
June 5, 2024**

Operating Expenses are Growing

Operating Expenses vs. City Patient Care Payment



Denver Health is Substantial as a healthcare provider and employer:

For 2023

- Denver Health budget = \$1.4B
- City General Fund = \$1.6B
- DPS budget = \$1.2B

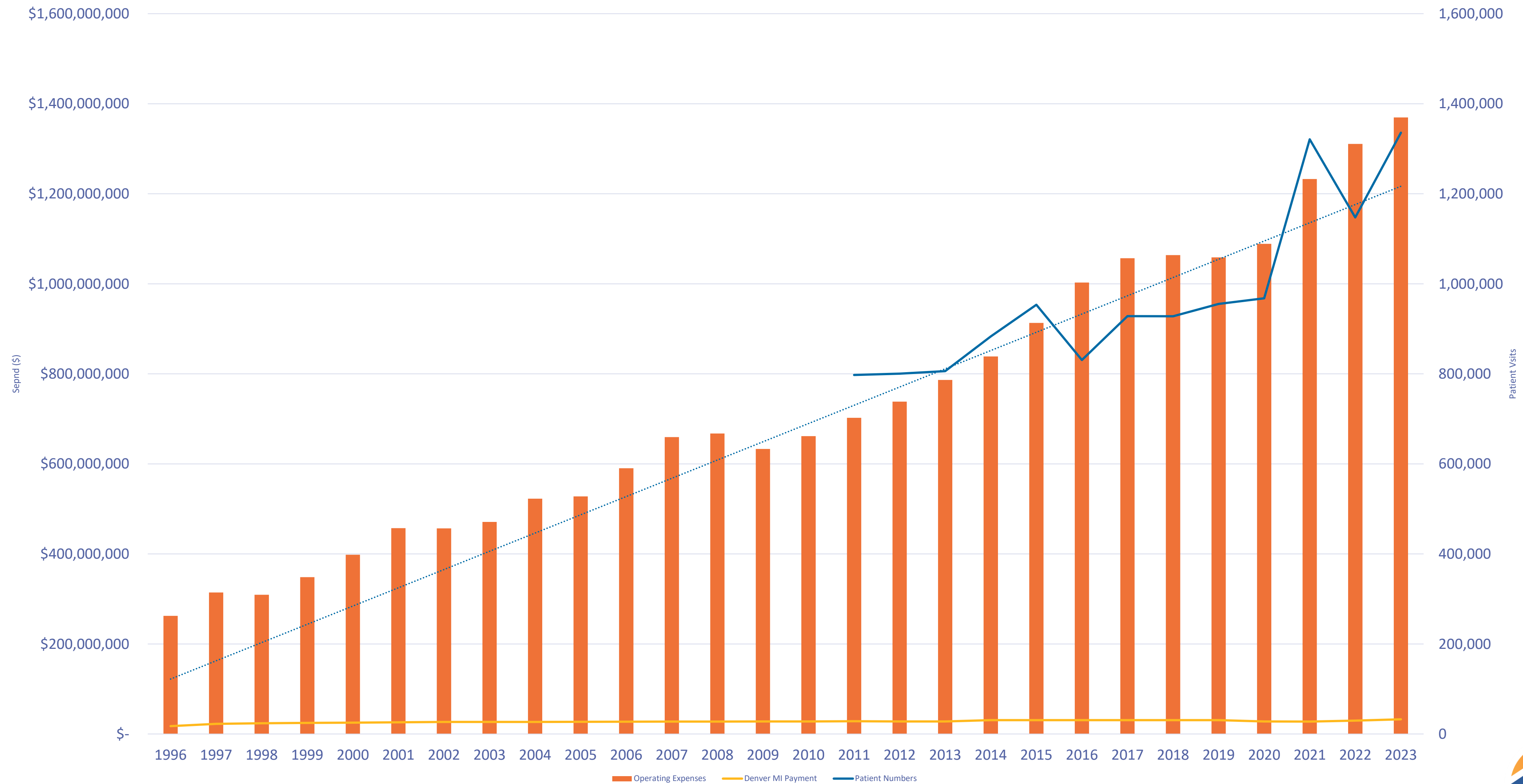
Health care costs continue to escalate:

- Labor
- Supplies
- Pharmaceuticals

Since forming the Authority, Denver Health has grown by ~550%



Operating Expense and Patient Visits



Cost Efficiency of Denver Health

E&Y 2023 report illustrated DHHA costs are lower than its peers

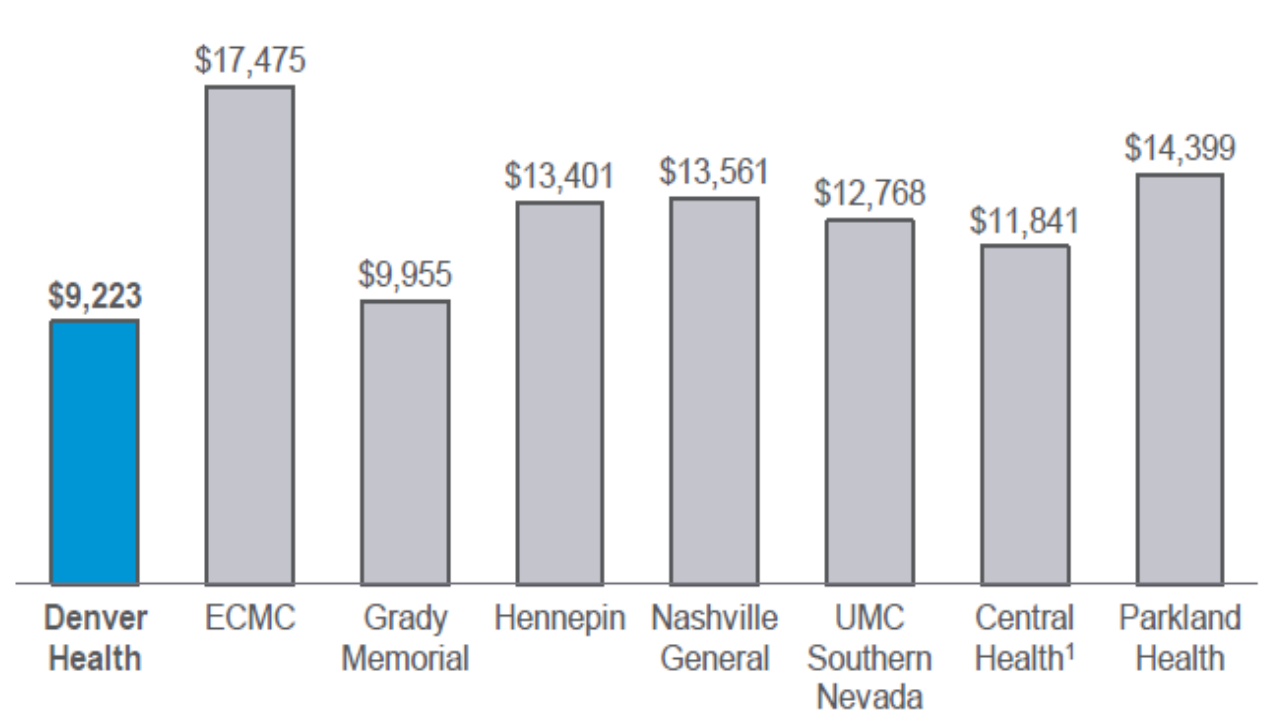
“Despite its financial challenges, DHHA is outperforming most of its peers in terms of overall quality, patient experience, and readmissions”

“DHHA demonstrates strong quality performance for a safety net provider filling a community need; this suggests responsible use of assistance funding and a rationale for continued support”

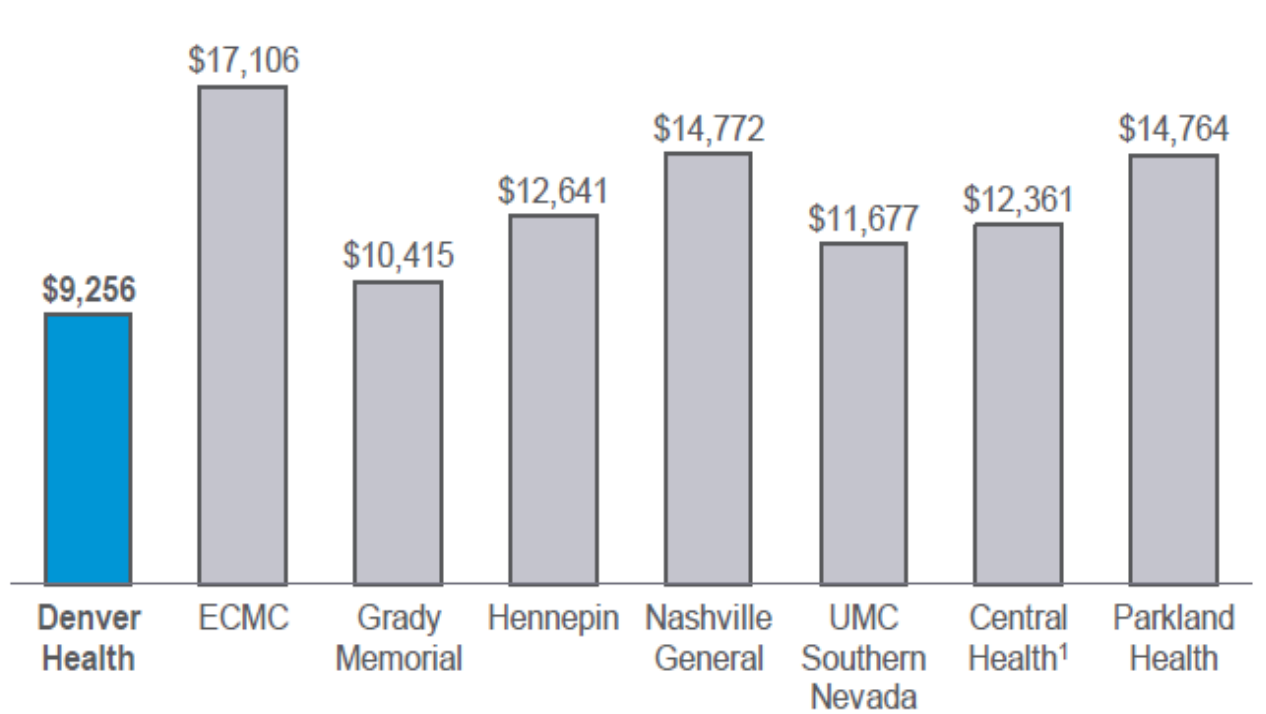
Cost Comparison

DHHA’s costs are lower than its peers, suggesting responsible use of assistance funds; additional analysis could reveal cost efficiency or performance improvement opportunities

Case-Mix Adjusted Cost Per Discharge (2021)



Case-Mix and Wage Adjusted Cost Per Discharge (2021)



Case Mix Index (2021)

Denver Health	ECMC	Grady Memorial	Hennepin	Nashville General	UMC Southern Nevada	Central Health ¹	Parkland Health
1.97	1.81	1.96	1.89	1.85	1.99	2.27	2.04

1. Reflects statistics for Dell Seton Medical Center at the University of Texas (Dell Seton). Central Health outsources healthcare services for the safety net population to Dell Seton through an operating agreement. Source: Definitive Healthcare; data is not 100% complete and statistics are considered directionally accurate.



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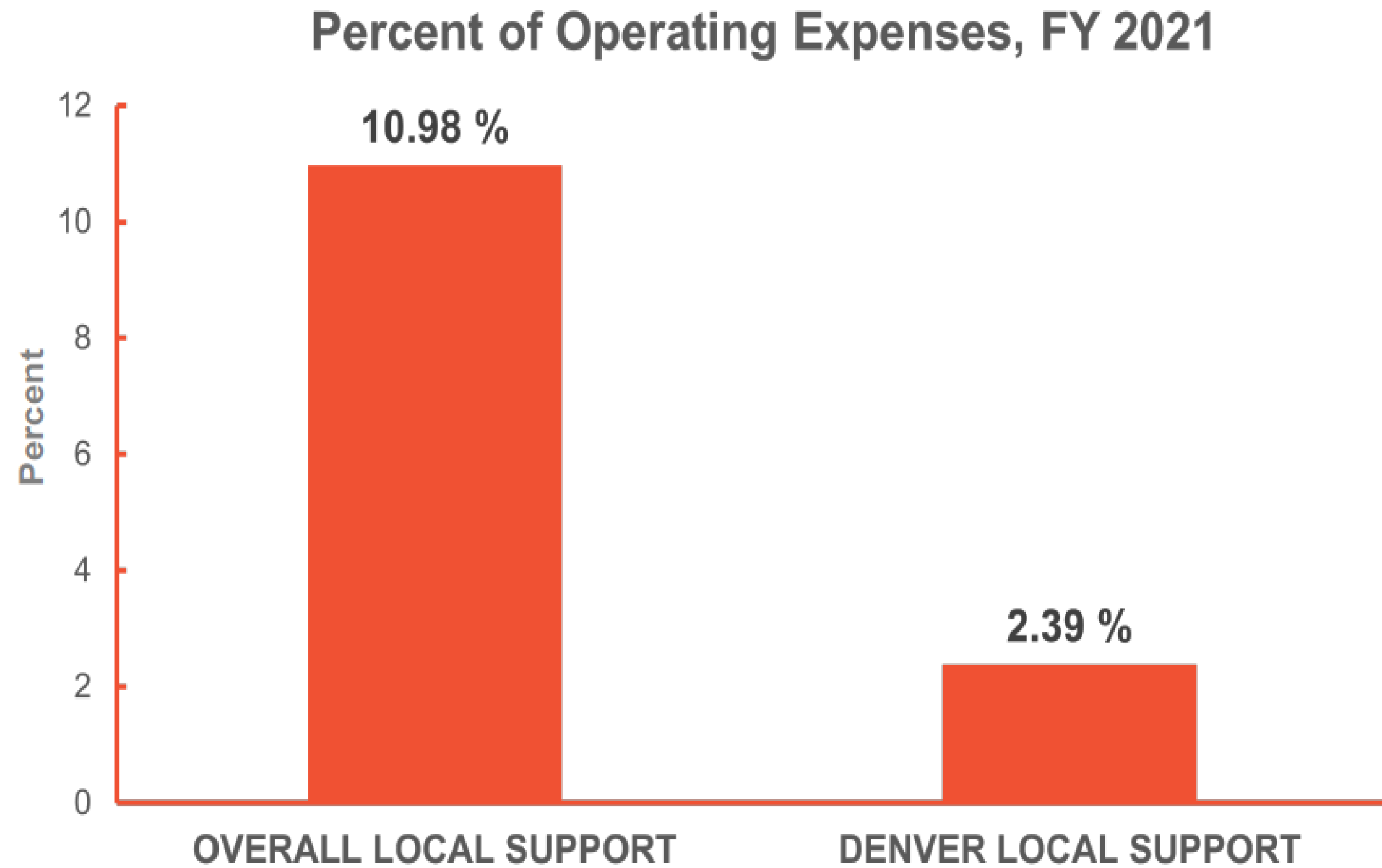


Dedicated Funding – Other Safety Nets

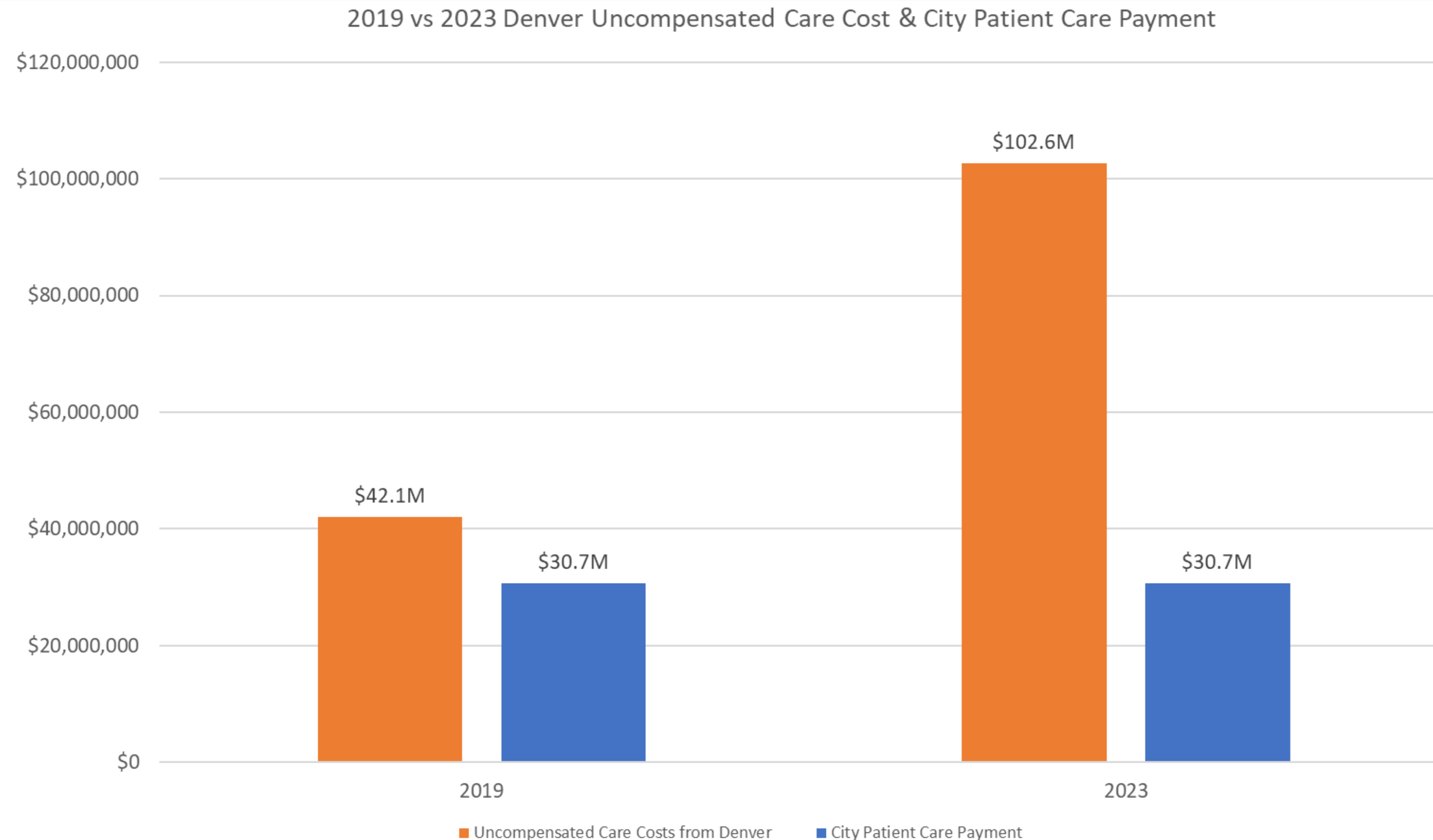
America's Essential Hospitals compared other peer safety nets to Denver Health (2021)

Average Local Support Payment to Essential Hospitals = **\$112M**

Local Support Payment to Denver Health = **\$30.7M**



Uncompensated Care is Growing



Uncompensated Care = individuals without insurance + shortfall in public program reimbursement

While the net cost for uncompensated care has significantly and consistently increased over the years, the patient care payment has remained effectively unchanged.



Community Input



Task Force Make Up:

- People from all parts of the City (all Council districts represented)
 - Business, civic and health care leaders,
 - People with deep connections to neighborhoods and specific populations
 - Denver Health patients



Objectives:

- Provide fresh perspective and critical thinking about how to ensure sustainability of Denver Health and its delivery of critical services
- Agreement on a set of recommendations for next steps



Denver Health Sustainable Funding Task Force Members

Hon. Kendra Black – Community Leader, and Former Denver Councilmember

Hon. Albus Brooks – Vice President, Milender White, and Former Denver City Council President

Pat Cortez – Independent Consultant

Mariana Del Hierro – Executive Director, Re:Vision

Hubert Farbes – Partner, Garnett Powell Maximon Barlow

Jack Finlaw – President & CEO, University of Colorado Foundation

Emily FitzRandolph – Member, Baker Historic Neighborhood Association

Kourtny Garrett – CEO, Downtown Denver Partnership

Oliver Giminaro – Vice Chair, Board of Directors, Chanda Plan Foundation, and Co-chair, Direct Care Workforce Collaborative

Pam Jiner – Founder, Montbello Walks

Susan Lontine – Executive Director, Immunize Colorado, and Former State Representative for Colorado House District 1

Denise Maes – Regional Administrator, U.S. General Services Administration, Rocky Mountain Region

Carlos Martinez – President and CEO, Latino Community Foundation of Colorado

Lorez Meinhold – Executive Director, Caring for Denver Foundation

Theresa Peña – Community Leader, and Former Denver Public School Board Member, DPS

Jenn Piper – Program Director, Denver Immigrant Rights Program, American Friends Service Committee

Morris W. Price, Jr. – Vice President of Grants & Impact, The Colorado Trust

Alan Salazar – CEO, Denver Water and Chief of Staff, Former Denver Mayor Michael B. Hancock

Bruce Schroffel – Community Leader, and Retired Health Care Executive

Janice Sinden – President & CEO, Denver Center for the Performing Arts

George Sparks – President & CEO, Denver Museum of Nature and Science

Jake Swanton – Vice President of State Affairs, Inseparable

***Maureen Tarrant** – CEO of Presbyterian/St. Luke's Medical Center and Rocky Mountain Children's Hospital

Lisa Thompson – Chief Program Officer, Colorado Coalition for the Homeless

Peter Wall – Director of Government Affairs, Denver Metro Association of Realtors

Lee White – Managing Director, D.A. Davidson

Karen Wick – Principal for Swift Strategies LLC

Stella Yu – Community Leader, and Retired Founder of Arts Street

**Abstained from voting on recommendations.*

Ex Officio Members:

Dominic Moreno – Deputy Chief of Staff, City and County of Denver

Jim Chavez – Executive Director, CCD Foundation and DHHA Board member



Community Recommendations & Updates

- Raise awareness and understanding of the **Unique and Necessary** role of Denver Health in our community
- Pursue **dedicated funding** to fulfill mission
- Execute on long term plan for **capital funding**
- Increase support from **state and federal** government



Raise Awareness

- Conducted broad education campaign through all forms of media.

Secure Dedicated Funding

- Poll and community input on dedicated funding through a tax.

Capital Construction Plan

- Prioritized capital projects and developing plan for funding.

State and Federal

- Received \$6M in 2023 and \$5M in 2024 from state.
- Negotiating at federal level to increase funding for safety nets. Multi-year timeline.



Key Financial Needs

Priority Operational Needs

- Emergency and Trauma Care
- Primary Medical Care
- Mental Health Care
- Drug and Alcohol Use Recovery
- Pediatric Care

Workforce

- Investment in Denver Health Workforce

Meeting Patient Demand

- Enhance staffing and equipment to increase access



City Council Ask

Denver Health Sustainable Funding

Denver Health Hospital Authority

SHALL CITY AND COUNTY OF DENVER SALES AND USE TAXES BE INCREASED BY \$70 MILLION ANNUALLY, COMMENCING IN JANUARY 1, 2025, AND BY WHATEVER ADDITIONAL AMOUNTS ARE RAISED ANNUALLY THEREAFTER, FROM 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.

AND, IN CONNECTION THEREWITH, SHALL NO MORE THAN TWO PERCENT (2%) OF 17 THE TOTAL ANNUAL REVENUES DERIVED FROM THE INCREASE IN SALES AND USE 18 TAX BE SPENT ON CITY ADMINISTRATIVE COSTS RELATED TO THE 19 ADMINISTRATION OF FUNDS FOR THE ABOVE PURPOSES, AND SHALL THE MONIES 20 DERIVED FROM THE INCREASE IN SALES AND USE TAX NOT BE USED AS THE 21 SOLE BASIS FOR PROPOSING A REDUCTION IN CURRENT REVENUE 22 EXPENDITURES FROM THE GENERAL FUND; AND SHALL THE REVENUE AND 23 EARNINGS ON THIS SALES AND USE TAX BE COLLECTED AND SPENT AS A VOTER²⁴ APPROVED REVENUE CHANGE AND AN EXCEPTION TO THE LIMITS THAT MAY 25 OTHERWISE APPLY UNDER ARTICLE X, SECTION 20 OF THE COLORADO 26 CONSTITUTION OR ANY OTHER LAW





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Thank You

Denver Health Hospital Authority

Sec. 24-73. Permitted Uses of Revenue in the Denver Health and Hospital 2 Authority Tax Fund. 3

- (a) All monies derived from the sales and use taxes in the Denver Health and Hospital 4 Authority Tax Fund must be expended through intergovernmental agreement contract with 5 the Denver Health and Hospital Authority for emergency and trauma care, primary medical 6 care, mental health care, drug and alcohol use recovery, and pediatric care services. 7
- (b) Cap on administrative costs. Monies in the Denver Health and Hospital Authority 8 Tax Fund may be expended to pay the costs incurred by the city associated directly with the 9 administration of the funds; except that, in no event may the amount expended from the funds 10 for city administrative expenses in any year exceed two (2) percent of the amount of revenue 11 received in the fund in that year. 12
- (c) Fund earnings. Any interest earned on the balance of the Fund accrues to the Fund. 13
- (d) Administration of funds. The manager of public health and environment shall 14 manage the Denver Health and Hospital Authority Tax Fund. 15
- (e) Permanency. If the monies in the Fund are not expended at the end of the fiscal 16 year, such monies must remain in the fund to be expended in subsequent fiscal years. 17
- (f) Maintenance of effort. All monies in the Fund must be used in accordance with this 18 section and may not be the sole basis for reducing any proposed general fund appropriation 19 allocated each year to the Department of Public Health and Environment. 20
- (g) Rulemaking. The manager of public health and environment may promulgate any 21 rules necessary for the proper administration of this section. 22
- (h) Reporting. Commencing January 1, 2026, not less than once annually and no later 23 the end of the third month of the city's fiscal year, the DHHA shall provide a report containing 24 the following information to the mayor, the city council, the auditor, and which shall be 25 available to the public: 26
 - (1) Audited financial statements for Denver Health and Hospital Authority, 27 conducted by an independent auditor, including full reports on expenditures for the prior fiscal 28 year and anticipated budgets for the ensuing fiscal year. 29
 - (2) An annual report that sets forth, at a minimum, the uses of revenue received 30 pursuant to this section, including total dollars expended in each category of service as set 31 forth in subsection (a)

