

Denver Health

2023 Budget

“To provide high-quality health care to all, regardless of ability to pay”

Budget Considerations

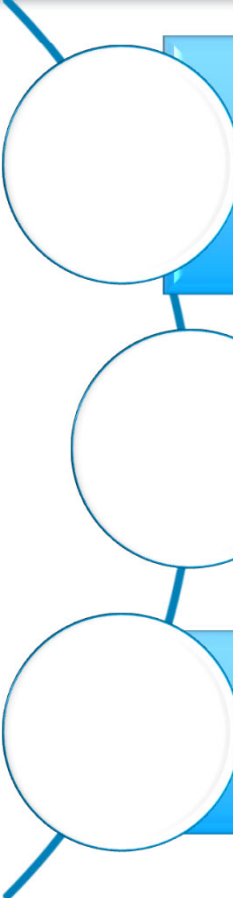
Denver Health's budget is focused around:

1. Covering essential healthcare costs of City and County of Denver underserved population
2. Requesting expansions that align with operational and financial needs of the partnering City program
3. Funding upcoming Salary increases for Merit and Market

Equity Strategy

- Denver Health is the largest Safety Net Hospital in Denver providing essential health and medical services to the most vulnerable
- The prioritization of uncompensated care is based on which Denver Health services provide health care to the greatest number of Denver City and County residents

Denver Health Challenges



High Cost of Care for Underserved Population

- Commercial insurance payors make up 15% of gross revenue for Denver Health compared to the 32% average for Colorado hospitals
- Days cash on hand is at the lowest level of the last 6 years and significantly lower than the average for all Colorado hospitals

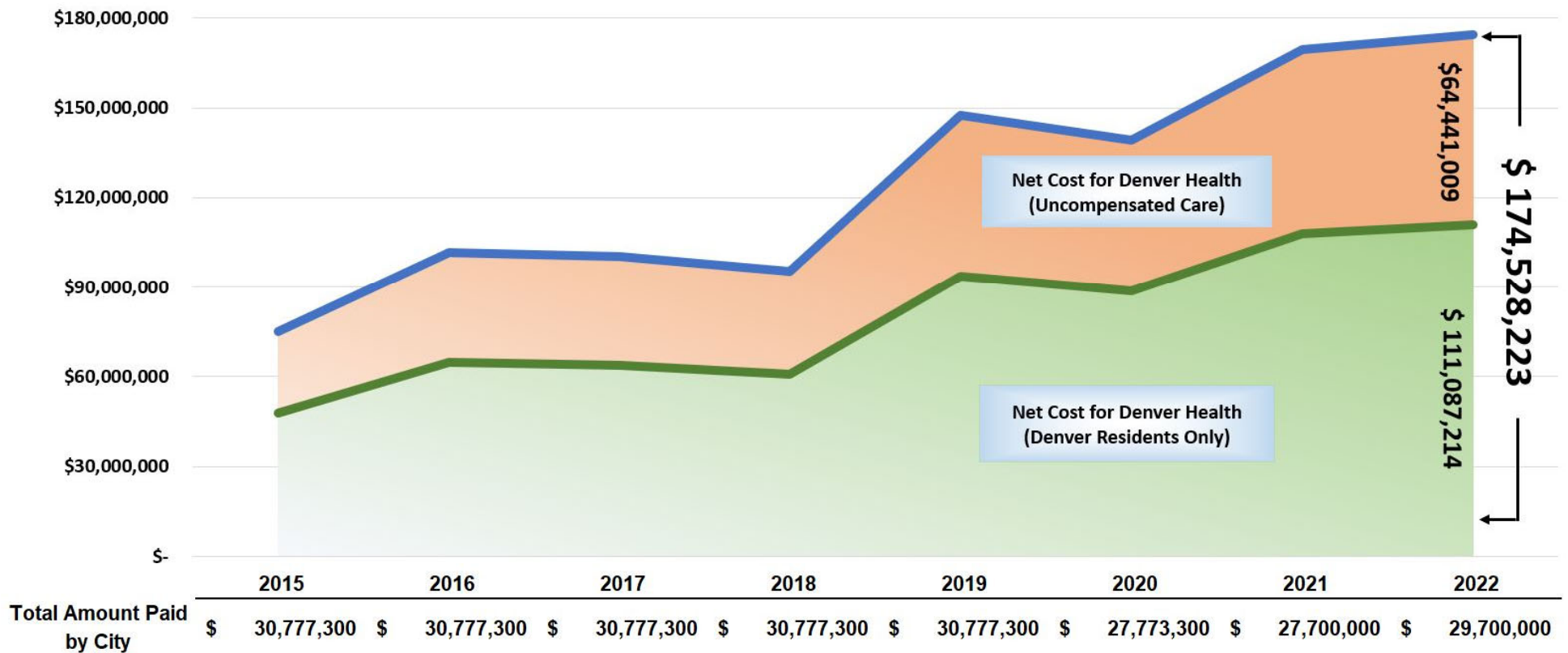
Cost of Doing Business

Inflation and supply chain issues with vendors Denver Health has discounts with has led to buying off-contract

Labor Market Challenges

Recruiting and retention of clinical staff continues to be difficult, causing increased traveler and agency usage (at higher market rates) and increased overtime

Denver Health Net Cost for Services - Uncompensated Care



August 2022 YTD Financial Metrics

Operating Loss with Int Exp/CARES/FEMA

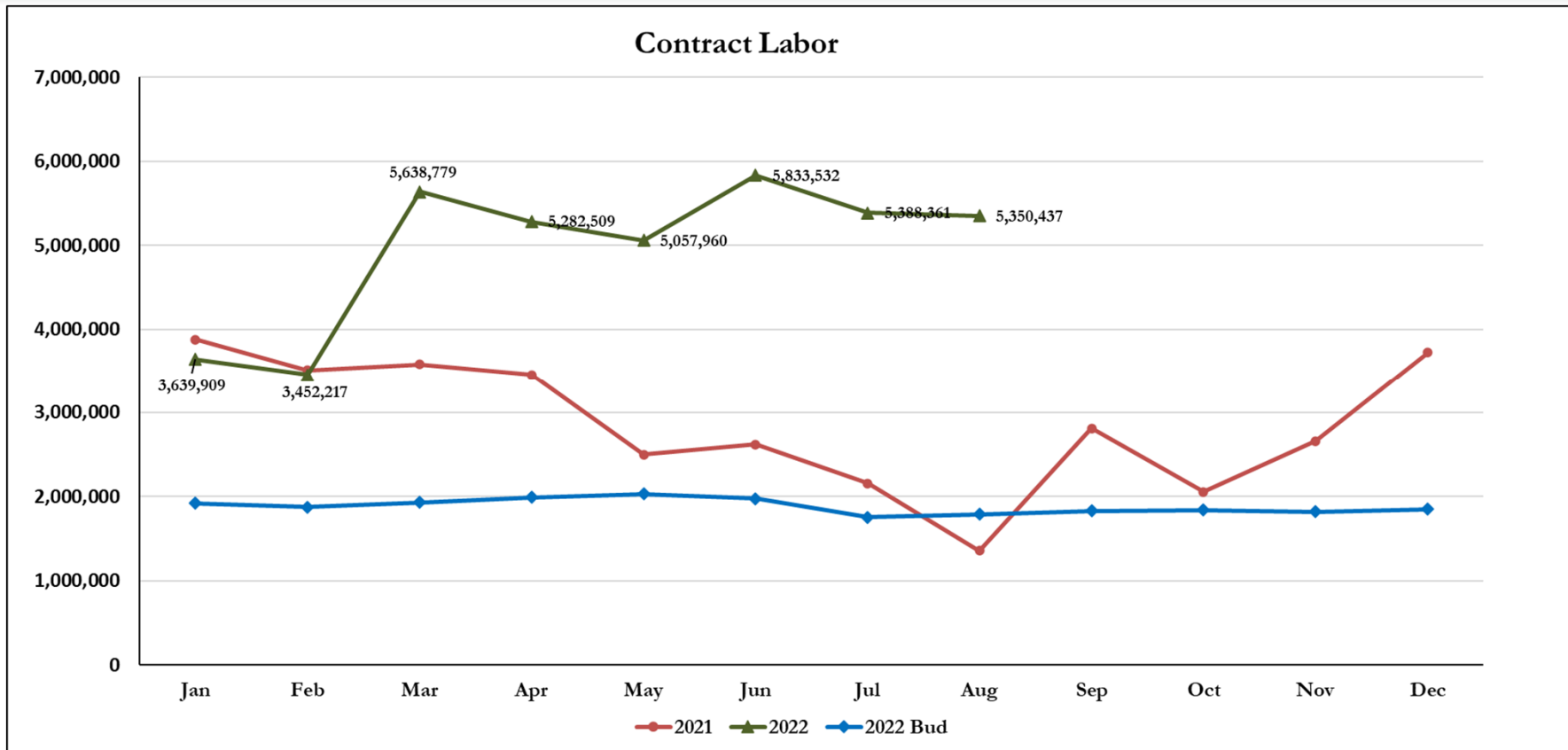
YTD 2022 Actual	YTD 2022 Budget	YTD 2021 Actual
\$(36,843,930)	\$(295,556)	\$(4,277,736)

Net Income (Loss)

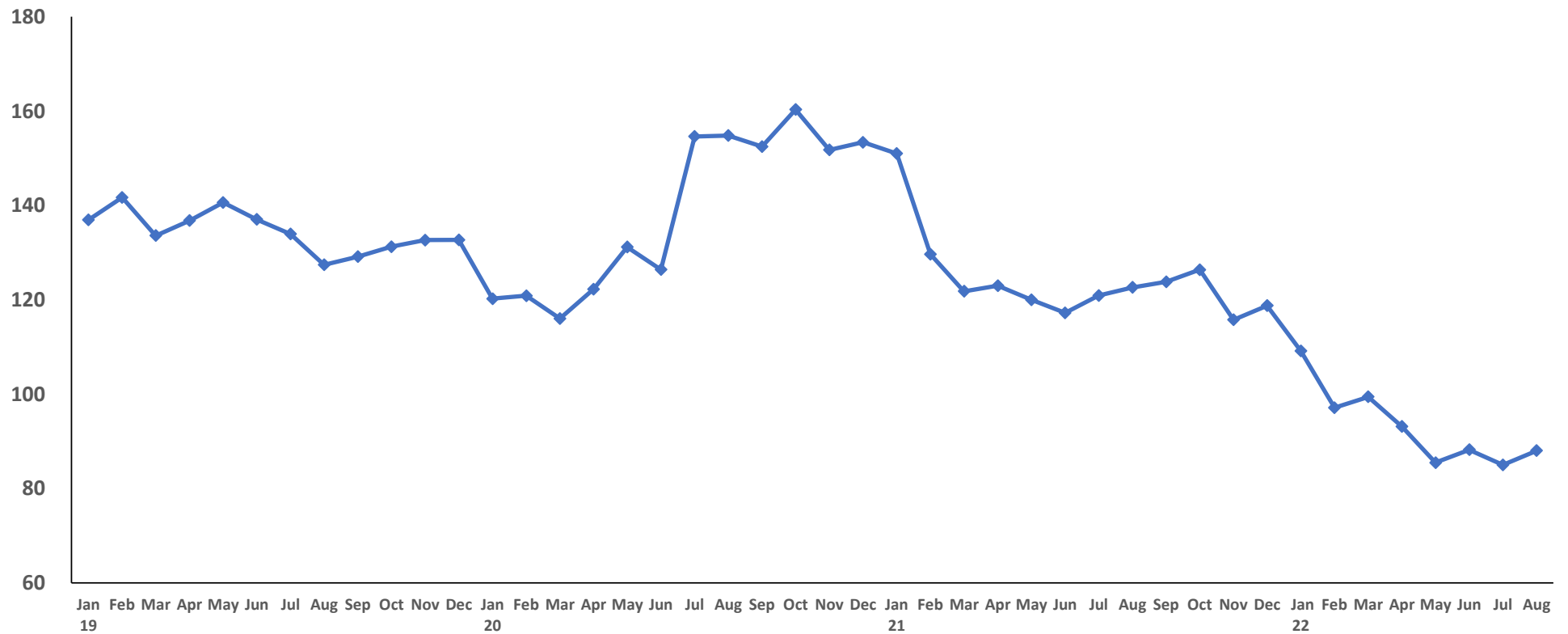
YTD 2022 Actual	YTD 2022 Budget	YTD 2021 Actual
\$(60,834,420)	\$5,291,963	\$4,683,306

NOTE: Operating Income (Loss) and Net Income (Loss) includes grant revenue from CARES/FEMA.

Monthly Contract Labor Expense



Days Cash on Hand Trend





Healthcare Systems Around the Country Facing Similar Financial Headwinds

- Based on industry reports, more than half of hospitals are projected to have negative margins in 2022
- Workforce shortages, supply disruptions, and rising expenses
- Future federal support is unlikely

- Denver Health has put in place a financial improvement plan that focuses on:
 - Revenue enhancement
 - Expense reduction while preserving services to the extent possible

Expenditures	FTE	Duration
\$1,077,300	N/A	Permanent
Estimated 131% increase in Net Cost of serving Denver Residents from 2015-2022 • City Payment decreased 3.5% during the same time period • Net cost to Denver Health, in excess of City Payment, increased 480% • The City of Denver is only projected to pay 27% of the cost of uncompensated care for Denver residents		
Budget Equity Framework Summary		
Citywide -- Denver Health's Patient Care Service section of the OA provides care to uninsured patients across Denver county. This payment will assist people with disabilities, individuals with chronic medical conditions, and historically marginalized populations within the community.		

Expenditures	FTE	Duration
\$1,723,585	N/A	Permanent
*2022 Budget includes funding outside of general fund (per capita grant, 2021 unspent funds, vital records, etc.); \$1.7M represents increase of general fund expenditures (total funding increase is \$292k) Comprehensive support for the four public health clinics (Immunization, Infectious Disease/Aids, STD, Tuberculosis) which includes: • Providing direct patient care; • Administrative and operational costs; and • Epidemiologic/informatics support necessary to maintain and grow clinical operations		
Budget Equity Framework Summary		
The four public health clinical programs provide a full range of testing, treatment, prevention, and education to the residents and visitors of Denver. The clinics are dedicated to caring for individuals and populations that lack access to care elsewhere. They work closely with community partners and other health care providers.		

Expenditures	FTE	Duration
\$1,795,416	3.0	Permanent/One time
This budget expansion includes multiple FTE, Covid testing, and Substance Use Disorder (SUD) expansion to maintain and improve the care for Denver Sheriff patients:		
• Covid-19 testing (previously covered by FEMA)		\$ 1,125,468
• MAT SUD		\$ 425,000
• MA Vaccination		\$ 130,130
• X-Ray Tech		\$ 89,564
• Nurse Program Manager upgrade for Behavioral Health and (MAT)		\$ 25,254
Budget Equity Framework Summary		
This expansion will support Citywide Access to Health Care. This request will assist people with disabilities, individuals with chronic medical conditions, and historically marginalized communities within the Jails.		

Emergency Service Patrol (ESP)

Expenditures	FTE	Duration
\$249,969	N/A	Permanent/One time
A new ESP van which will replace one of the current Denver CARES vans that are old, have high mileage, high maintenance costs and need replacement. 1 new ESP van		
	\$ 249,969 (ARPA funded)	

Budget Equity Framework Summary

This expansion will allow ESP to serve and transport clients with chronic medical conditions and disabilities to a safe location for care.

Expenditures	FTE	Duration
\$150,946	2.0	Permanent
2.0 FTE (Social Worker MSW and OBHS Peer Recovery Coach) to provide direct access to treatment in the inpatient hospital units:		
• 2.0 FTE MSW Social Worker and Peer Recovery Coach \$150,946		

Budget Equity Framework Summary

This expansion is related to Mayor Hancock's 2022 Public Safety Action Plan: Section BEHAVIORAL/MENTAL HEALTH; 3. Expanding the number of providers within the health care system so those needing immediate support have access to treatment. The current staff are not able to get to 2/3 of the inpatient addiction consult referrals.

General Fund Expansion Summary

2022 Budget		\$ 63,605,219
Market and Merit	\$ 1,091,643	
2023 Base Budget (with Market and Merit)		\$ 64,696,862
2023 Expansions Funded		\$ 4,997,216
Patient Care Services	\$ 1,077,300	
Public Health	\$ 1,723,585	
Sheriff	\$ 1,795,416	
Denver CARES ESP	\$ 249,969	
Treatment on Demand (TOD)	\$ 150,946	
Proposed Reductions from 2022 Budget		\$ (737,060)
Medical Direction & QA/QI Services for 911 call takers	\$ (39,445)	
Medical Direction - Manager of Safety	\$ (127,350)	
EMS Training - Denver Fire	\$ (570,265)	
Total Budget		\$ 68,957,018



DENVER
THE MILE HIGH CITY

Questions?