



## Pueblo Hospitals Face Big Health Care Challenges

By Daniel Spivey, Bell Public Interest Fellow  
and Robin Baker, Ph.D., Bell Senior Policy Analyst

The Pueblo area faces great challenges to providing comprehensive and quality health care to residents.

Most patients in the area served are dependent on public health insurance programs or have no health insurance at all. Low reimbursement rates for Medicaid combined with the cost of providing charity care for the uninsured put an increasing financial burden on area hospitals.

This forces hospitals and health care providers to shift costs to make up for uncompensated care, resulting in higher premiums for everybody.

Pueblo and the Arkansas Valley are adversely impacted by this cycle because the area is home to a large percentage of uninsured and Medicaid patients. Pueblo also has a higher rate of poverty and lower household median income than the rest of state. And more families face language barriers — 14 percent of families primarily speak Spanish at home.

### More residents are poor, old or uninsured

- More than 15 percent of residents live in poverty, compared to 9.5 percent statewide.<sup>1</sup>
- Pueblo County's median income is \$32,775, compared to the state's \$47,203.
- 15 percent of residents are 65 or older, compared to 9.7 percent for the state.
- Medicaid enrollment in Pueblo County is more than 50 percent higher than the state average.<sup>2</sup>
- 19 percent are uninsured,<sup>3</sup> compared to the state average of 17 percent.

### Increased emergency room visits drive costs up

One indicator of growing numbers of uninsured people, and a major driver of increased uncompensated care costs for hospitals, are emergency room visits. Without insurance, people often wait until their health situation is severe and then use the most expensive type of health care: a trip to the emergency room.

In the Pueblo area, emergency visits to Parkview Medical Center increased 34 percent between 2000 and 2003. Emergency visits decreased by 1 percent at St. Mary-Corwin Medical Center.

### State budget cuts to public mental health services also drive costs up

State funding for mental health services has been reduced by 30 percent since 2002. During this time, statewide emergency visits for mental health and substance abuse increased by 83 percent. Many of these patients rely on the publicly funded system. As cuts occur, people find it more difficult to obtain timely treatment. That results in more emergency visits and more unpaid or partially paid bills for hospitals.<sup>4</sup>



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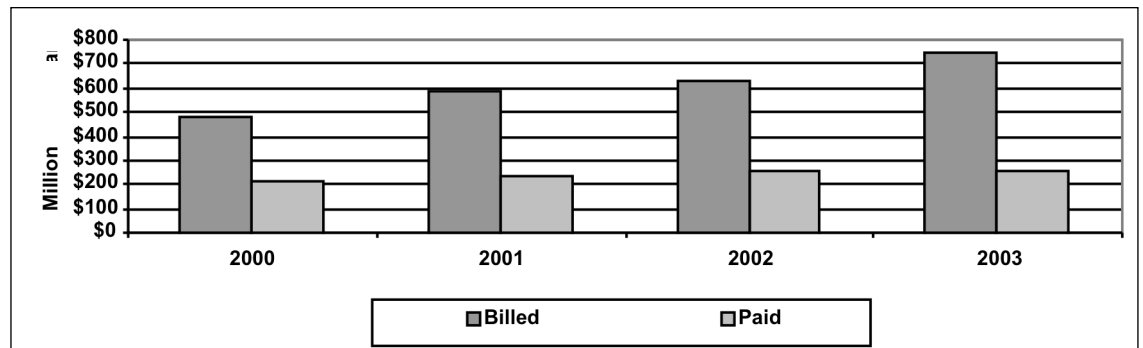
## Pueblo Hospitals are absorbing more uncompensated care costs

Uncompensated care is bad debt, charity and below-cost reimbursement from Medicaid and Medicare. According to the Colorado Hospital Association (CHA), in 2003 Parkview and St. Mary-Corwin medical centers' combined uncompensated care costs topped \$357 million, up from \$168 million in 2000.

Parkview Medical Center's share was \$202 million in 2003 compared to \$102 million in 2000. St. Mary-Corwin Medical Center's share was \$155 million in 2003, compared to \$66 million in 2000.

Another way to examine the growing uncompensated care gap is to look at the difference between the amount billed and the amount received.

Figure 1: Comparison of costs for service and payments received for Pueblo medical centers



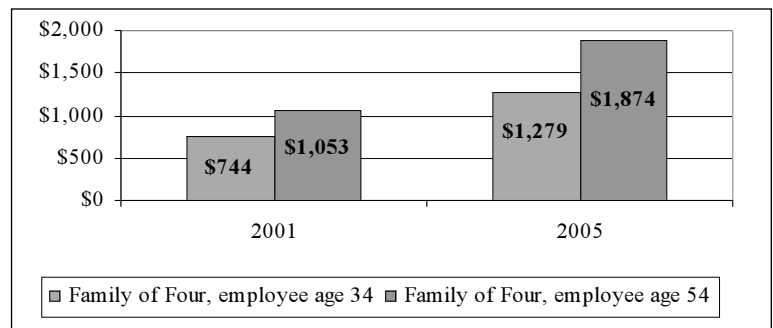
Source: DATABANK, Colorado Hospital Association. Dollars not adjusted for inflation

## Unpaid hospital bills hurt small business

Small business health insurance premiums have nearly doubled since 2001. In response, more employers shift the costs of health premiums onto workers in the form of fewer health coverage options, higher deductibles and higher co-pays.

Because of rising health premium costs and stagnant wages, many workers opt out of employer-sponsored plans altogether. These workers often make too much to qualify for Medicaid and instead join the growing number of uninsured workers in Colorado.

Figure 2: Average monthly total premium cost for small businesses in Pueblo, managed care standard plans



Source: Colorado Department of Regulatory Agencies

## Health care is critical to the economy of Pueblo

Parkview Medical Center is the largest private sector employer in Pueblo. St. Mary-Corwin Medical Center and Colorado Mental Health Institute are also two of the top 10 largest employers in Pueblo.

In fiscal year 2003, Parkview and St. Mary-Corwin medical centers had a combined payroll of more than \$131 million and 2,547 full-time employees.<sup>5</sup> All three medical facilities employ more than 3,700 people.

### Endnotes:

- <sup>1</sup> U.S. Census Bureau, Small Area Income and Poverty Estimates, 2002.
- <sup>2</sup> U.S. Census Bureau, Small Area Health Insurance Estimates by County, 2004.
- <sup>3</sup> Health Care Policy and Financing FY 2005-06 Budget Request Document (2005).
- <sup>4</sup> Mental Health Associates of Colorado. *Impact of State Budget Cuts on Mental Health and Substance Abuse Care in Colorado*. 2005.
- <sup>5</sup> DATABANK, Colorado Hospital Association, 2005 search of 2003 data.