



## San Luis Valley Faces Significant Health Care Challenges

By Robin Baker, Ph.D.

The San Luis Valley faces some of the greatest health care challenges in the state. Health care providers serve an area that encompasses about 8,000 square miles. The majority of people served, residents, migrants and seasonal farm workers, rely on public health insurance or have no health insurance coverage at all.<sup>1</sup>

Recruiting and keeping doctors, dentists, pharmacists and nurses is an ongoing challenge. San Luis Valley hospitals and clinics must compete with urban areas offering higher salaries and attractive amenities. Doctors and health care workers must also be skilled in dealing with non-English speakers as one quarter of the general population and 76 percent of the migrant and farm worker population do not speak English.<sup>2</sup>

### Many residents are poor

Compared to the state, San Luis Valley residents are older and poorer. The region's median income is \$35,438, compared to the state's \$54,843. About 14 percent live in poverty compared to 7 percent statewide. Valley-Wide Health Systems reports that in 2004, more than 40 percent of their patients lived at or below the federal poverty level.

### Workers lack health insurance coverage

More than 24 percent of San Luis Valley residents don't have health insurance. The state average is 17 percent.<sup>3</sup> A 2004 Colorado Health Resources and Services Administration report found that most San Luis Valley residents who lack health insurance worked for small businesses.<sup>4</sup>

### More residents rely on Medicaid, Medicare

Nearly 20 percent of San Luis Valley residents are Medicaid clients, compared to the state average of 9 percent.<sup>5</sup> Of all patients seen at the San Luis Valley Regional Medical Center (SLVRMC) in 2005, Medicaid or Medicare covered 57 percent.

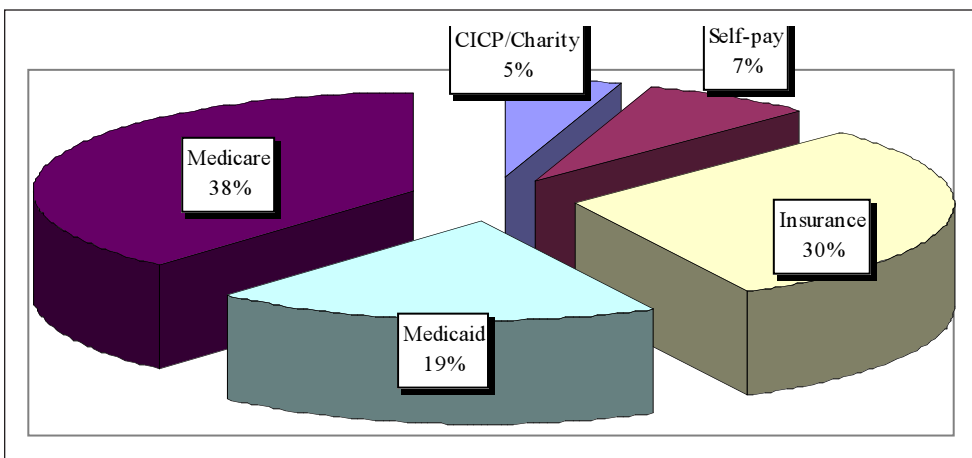


Figure 1: San Luis Valley Regional Medical Center patient payment mix, 2005

Source: San Luis Valley Regional Medical Center 2005



## Private health insurance costs more

Even if people have private insurance, the premium costs tend to be higher in rural areas. For example, it costs the average 54-year-old Denver-metro employee \$1,858 annually for family health insurance coverage. The bill for a similar employee living outside the metro area runs \$2,008. These costs have almost doubled since 2001. On average, rural families pay a greater portion of their annual incomes for health care and insurance.

## San Luis Valley hospitals and clinics must absorb more costs

Hospitals and clinics in the valley are absorbing more costs because more of their patients lack health insurance, and reimbursements under Medicaid and Medicare do not fully cover the costs of care. San Luis Valley Regional Medical Center treats people even if they are unable to pay. In 2004, \$9.5 million, or 54 percent, of the medical center’s charges had to be written off as bad debt. These uncompensated costs grew more than 60 percent between 2003 and 2005.

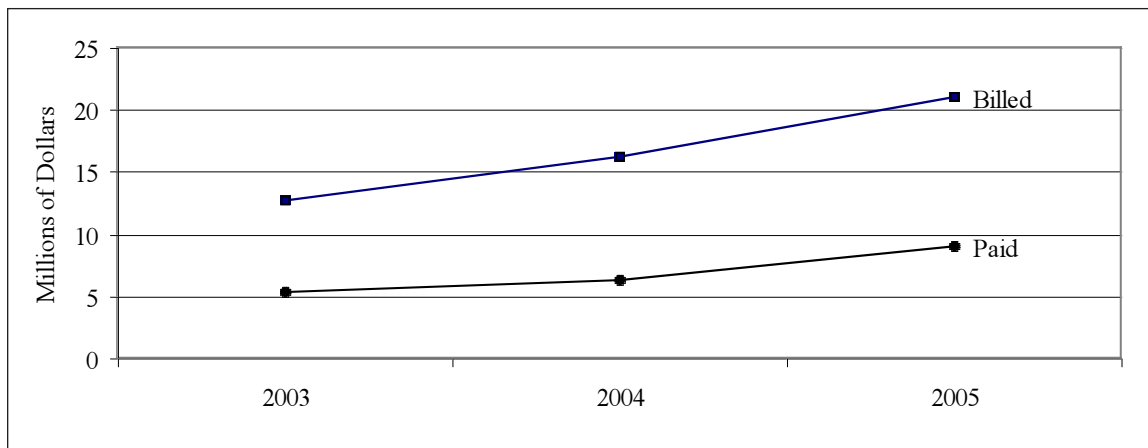


Figure 2. San Luis Valley Regional Medical Center uncompensated care costs, 2003 to 2005

Source: San Luis Valley Regional Medical Center 2005

Uninsured patients and below-cost reimbursements from Medicaid and Medicare make it difficult for hospitals and clinics to remain solvent.

- Public health programs such as Medicaid pay only about 72 percent of total hospital costs.<sup>6</sup>
- People without health insurance use emergency rooms, the most expensive form of health care, for their primary care. San Luis Valley Regional Medical Center’s emergency room visits increased 22 percent since 2001.
- More uninsured means more charity and bad debt for hospitals. By the end of June 2005, the medical center’s charity services were up more than 40 percent.

## Health care is critical to the region’s economy

San Luis Valley Regional Medical Center is the largest hospital in the area. It runs on a \$40 million budget, with more than 450 employees and a payroll of \$23 million. Over the past few years, it has invested more than \$3.5 million in improved technology and services.<sup>7</sup>

### Footnotes

- <sup>1</sup> Valley-Wide Health Systems, Inc. (2005), personal correspondence, K. Martin
- <sup>2</sup> Valley-Wide Health Systems, Inc., Uniform Data Set 2004.
- <sup>3</sup> U.S. Census Bureau Experimental Small Area Health Insurance Estimates by County (2004).
- <sup>4</sup> State of Colorado Third Interim Report to the Secretary – HRSA State Planning Grant (2004). Available at: <http://statecoverage.net/pdf/co2004.pdf>.
- <sup>5</sup> Health Care and Policy Financing FY 2005-06 Budget Request Document (2004).
- <sup>6 & 7</sup> San Luis Valley Regional Medical Center (2005), personal correspondence, R. Johnson