

2025

Denver Health Sales Tax, 2Q Annual Report

Calendar Year 2025 | Submitted April 2026



**DENVER
HEALTH™**

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FOR LIFE'S JOURNEY



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Honorable Mayor Michael C. Johnston
City and County of Denver
1437 N. Bannock Street, Room 350
Denver, CO 80202

April 30, 2026

Dear Mayor Johnston,

I am pleased to share the Denver Health and Hospital Authority's 2Q Sales Tax Report for calendar year 2025. In accordance with the ordinance, we delivered a spending plan in August 2025 and presented to Denver City Council this past March on how funds were ultimately expended. This written report is the final step in the process as outlined in the ordinance.

There are numerous factors that led to the need for this measure including growth in multiple areas: health care costs nationally, overall population in Denver and the total number of patients seen by Denver Health. These factors have led to an increased financial burden on Denver Health. In fact, in each of the last three years, our health care system has incurred roughly \$140 million in uncompensated care, stressing our ability to deliver accessible, quality health care.

Mayor Johnston, we want to thank you and the Denver City Council for your support in helping us pass the 2Q sales tax. This was an enormous undertaking that involved numerous stakeholders throughout the city. Educating the community about the value and impact Denver Health brings to the community was especially gratifying and is ultimately what led to Denver residents approving the measure. We listened to community input to define five funding priorities: emergency and trauma care; primary medical care; pediatric care; mental health care; and drug and alcohol use treatment.

Included in the report are: the allocations of funds for each of the five priority areas, the methodology we used to distribute funds, and data reflecting the impact of the funding. While the intention of the tax initiative was to support uncompensated care, in 2025, we expanded community health medical and dental services, recruited and retained health care staff and made critical investments in equipment and more integrated offerings such as a state-of-the-art hybrid operating room, IMAP - the first-of-its kind integrated medical and psychiatric unit in the state - and several infrastructure improvements that expanded capacity, efficiency and access to care.

We submit this report which highlights the significant impact this funding has had for Denver Health and our patients. We remain steadfast in our commitment to providing the highest quality, equitable care to all in our community.

Thank you for your partnership.

Sincerely,
Donna Lynne, DrPH



Chief Executive Officer
Denver Health



BACKGROUND & METHODOLOGY

2025 Background

The voter-approved 2Q, also called the Denver Health Sales Tax, represents a critical investment in preserving Denver Health's role as the city's primary safety-net health system. In 2025, approximately \$65 million in 2Q funding was deployed to stabilize essential health care services and maintain access to care for Denver residents. Within a \$1.63 billion healthcare system, 2Q represents approximately 4% of total funding, yet plays a disproportionate role in stabilizing high-demand service lines.

1.2M+

TOTAL PATIENT VISITS 2Q

\$65M

2Q SALES TAX INVESTMENT

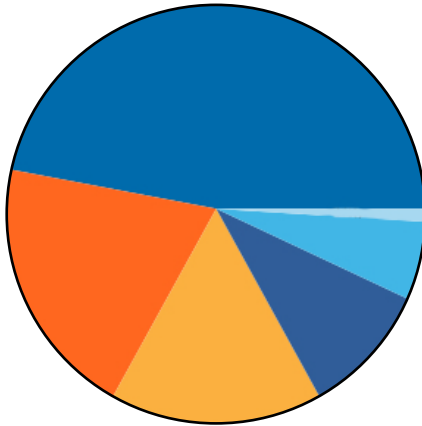
\$140M

UNCOMPENSATED CARE

\$1.63B

SYSTEM BUDGET

2025 PAYER MIX



- 47% Medicaid
- 20% Medicare
- 16% commercial
- 10% Self-Pay
- 6% Self-Funded/Elevate
- 1% Other (correctional care)

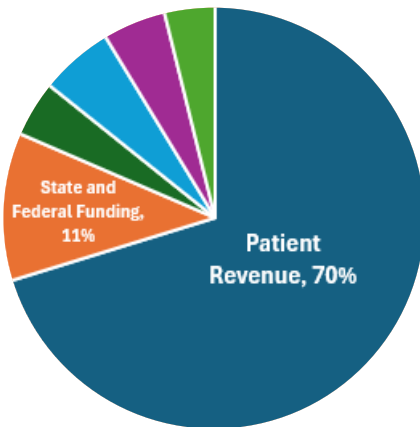
* Self-pay includes charity care and bad debt

KEY FINANCIAL PRESSURES DENVER HEALTH CONTINUES TO FACE:

- More than \$140 million annually in uncompensated care
- Reimbursement rates from Medicaid and Medicare that do not fully cover cost of care
- A flat City Medically Indigent (MI) payment (~\$30 million) since 1997

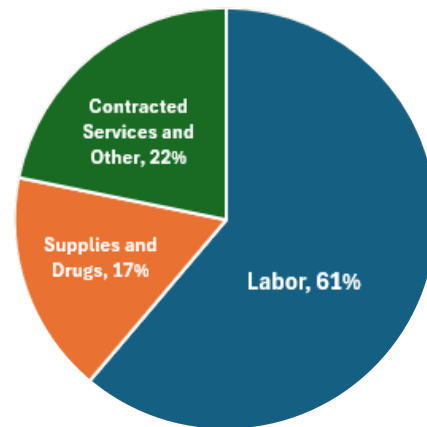
Denver Health Financials - December 2025

Revenue



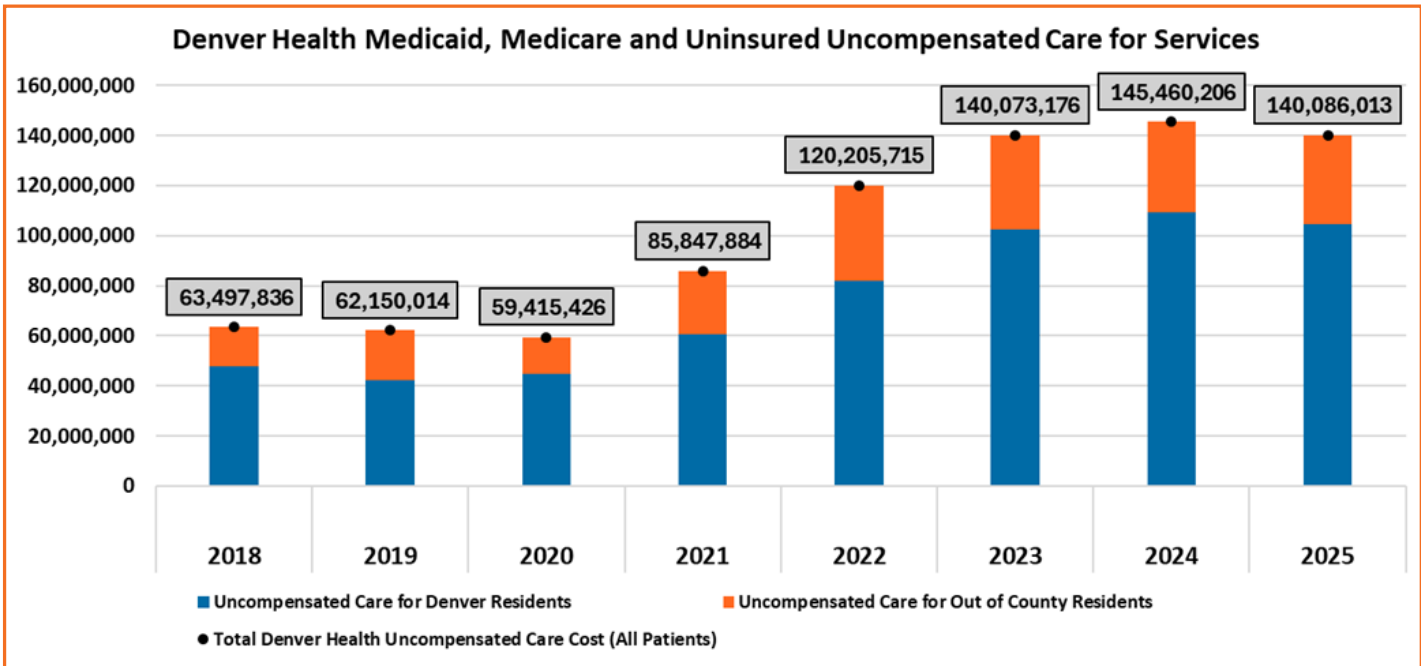
- 70% Patient Revenue
- 11% State and Federal Funding
- 4% City Funding
- 6% Grants
- 5% Other
- 4% Denver Health Sales Tax (2Q)

Expenses



- 61% Labor
- 17% Supplies and Drugs
- 22% Contracted Services and Other

Data sourced from Epic Clarity/Caboodle reports, Kaufman Hall, Medicare Cost Report, Infor, and internal financial reports; reflects CY2025 activity.

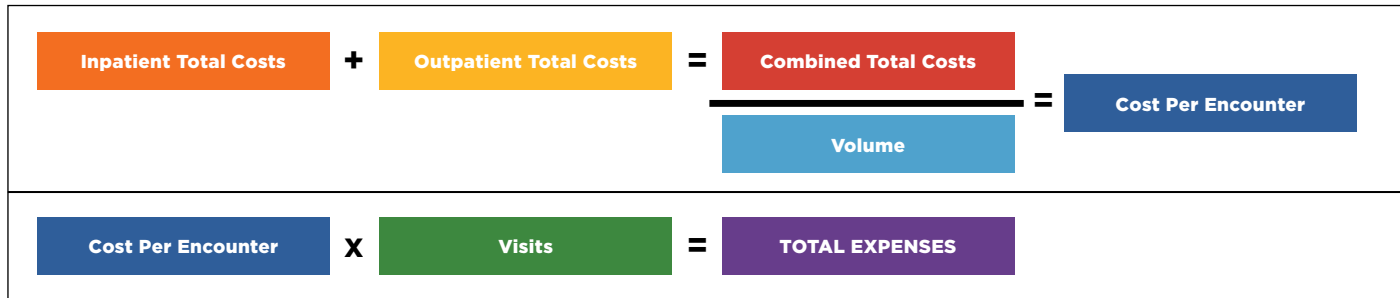


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2025 Reporting Methodology

Denver Health implemented a cost-based methodology aligned with state and federal standards: calculate total cost of care (direct + indirect), determine cost per encounter, apply patient volumes and allocate 2Q funding to service areas based on cost and net uncompensated care. This approach aligns with Medicaid cost-reporting standards and ensures a reproducible, data-driven framework.

CALCULATING 2Q SPEND



2Q Annual Report Total Expense by Category Calculation Summary

Time Period: 2004-2005

EMERGENCY MEDICINE

Category	2024 Volume	2024 Cost per Encounter	2024 Total Expense	-	2025 Volume	2025 Cost per Encounter	2025 Total Expense
Emergency Department	101,534	\$3,112.39	\$316,012,175		102,295	\$3,224.71	\$329,871,683
Pediatric Urgent Care *	21,020	\$269.38	\$5,662,368		20,728	\$277.77	\$5,757,617
			\$321,674,542				\$335,629,299

* - The Pediatric Urgent Care is included in Emergency Medicine because it is adjacent to the Pediatric Emergency Department. The activity from all other urgent care clinics is included within Primary Care.

PRIMARY CARE

Category	2024 Volume	2024 Cost per Encounter	2024 Total Expense	-	2025 Volume	2025 Cost per Encounter	2025 Total Expense
Physical Health	578,284	\$269.38	\$155,778,144		576,410	\$277.77	\$160,109,406
Behavioral Health	43,259	\$235.13	\$10,171,489		38,648	\$239.89	\$9,271,269
Dental Health	106,288	\$319.76	\$33,986,651		111,645	\$322.03	\$35,953,039
Downtown Urgent Care	6,474	\$219.87	\$1,423,464		4,538	\$228.15	\$1,035,353
			\$201,359,747				\$206,369,066

PEDIATRICS

Category	2024 Days	2024 Cost per Day	2024 Total Expense	-	2025 Days	2025 Cost per Day	2025 Total Expense
Inpatient Pediatrics **	9,277	\$3,703.37	\$34,356,642		10,496	\$3,770.54	\$39,575,777
			\$34,356,642				\$39,575,777

** - The Pediatrics category only includes activity for the inpatient pediatrics, pediatric intensive care and neonatal intensive care units. Since outpatient pediatrics is embedded within our primary care clinics, outpatient pediatric activity is included within Primary Care.

Data sourced from Epic Clarity/Caboodle reports, Kaufman Hall, Medicare Cost Report, Infor, and internal financial reports; reflects CY2025 activity.

MENTAL HEALTH

Category	2024 Units	2024 Cost per Unit	2024 Total Expense	-	2025 Units	2025 Cost per Unit	2025 Total Expense
Inpatient Mental Health	21,283	\$961.31	\$20,459,582		19,830	\$989.70	\$19,625,467
Outpatient Mental Health	30,725	\$84.12	\$2,584,532		33,291	\$86.35	\$2,874,719
Psychiatric Emergency Department	48,347	\$3,361.04	\$162,497,750		49,761	\$3,259.96	\$162,217,988
			\$185,541,864				\$184,718,174

Note: The units for inpatient mental health are days, whereas the units for outpatient mental health and the psychiatric emergency department are encounters.

ALCOHOL AND SUBSTANCE USE

Category	2024 Units	2024 Cost per Unit	2024 Total Expense	-	2025 Units	2025 Cost per Unit	2025 Total Expense
Inpatient Substance Use	22,341	\$922.05	\$20,599,475		30,499	\$888.47	\$27,097,318
Outpatient Substance Use	28,070	\$84.12	\$2,361,198		27,191	\$86.35	\$2,347,976
			\$22,960,672				\$29,445,294

Note: The units for inpatient substance use are days, whereas the units for outpatient substance use are encounters.

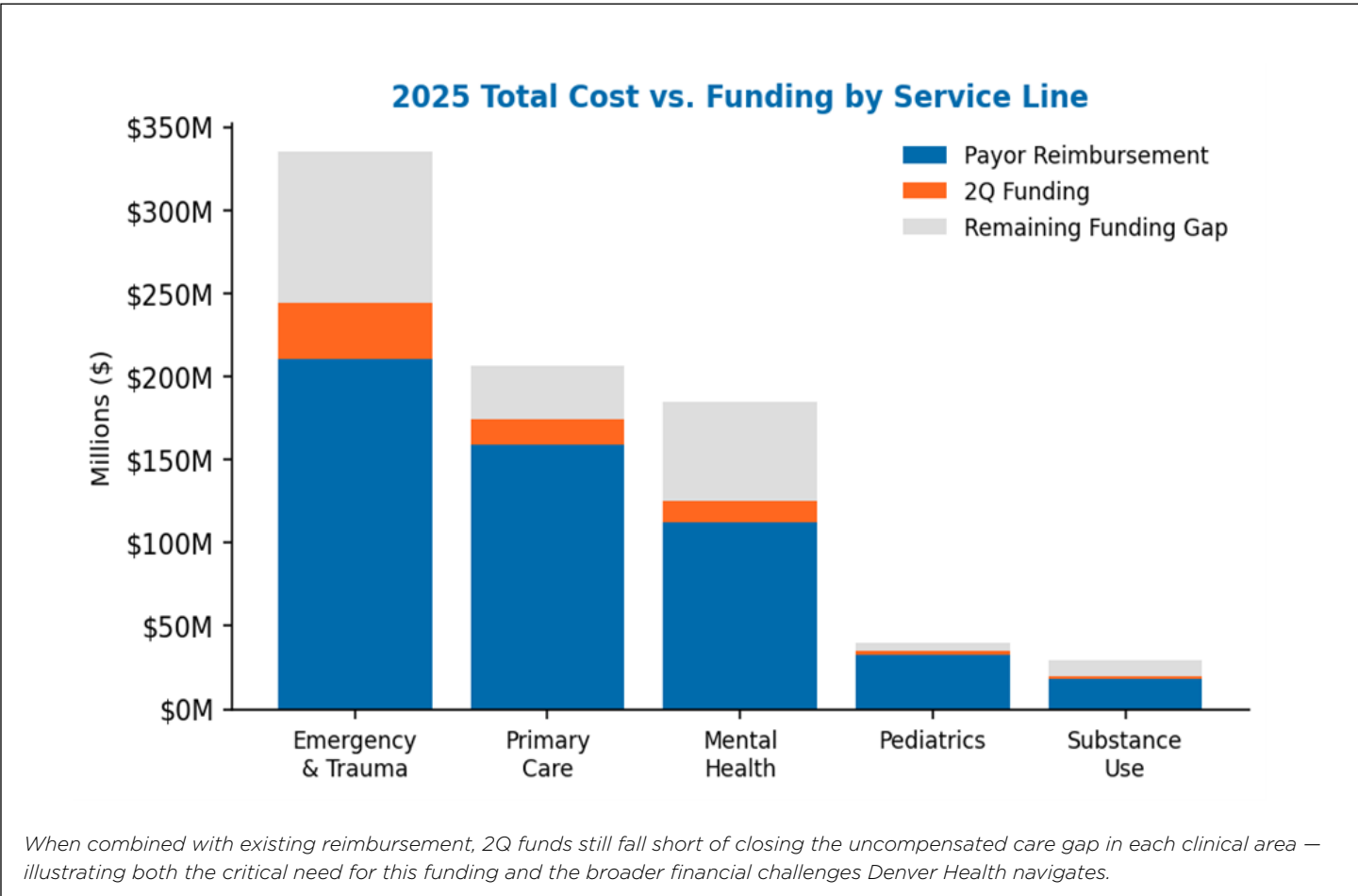


Data sourced from Epic Clarity/Caboodle reports, Kaufman Hall, Medicare Cost Report, Infor, and internal financial reports; reflects CY2025 activity.

2025 ALLOCATION OVERVIEW

In 2025, the City of Denver projected \$65 million in 2Q sales tax revenue. Denver Health allocated these funds across five voter-approved service lines based on cost of care and net uncompensated care per service area.

2025 2Q ALLOCATION BY SERVICE AREA	
SERVICE AREA	2025 ALLOCATION
Emergency & Trauma Care	\$33.4 million
Primary Care	\$14.9 million
Mental Health Care	\$12.8 million
Pediatric Care	\$2.0 million
Alcohol & Substance Use	\$1.9 million
TOTAL	\$65 million



Data sourced from Epic Clarity/Caboodle reports, Kaufman Hall, Medicare Cost Report, Infor, and internal financial reports; reflects CY2025 activity.



EMERGENCY & TRAUMA CARE

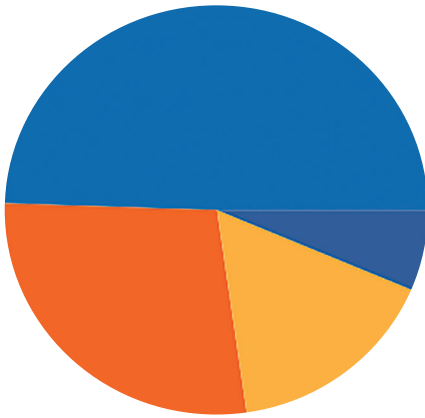
2Q Investment: **\$33.4 million**

Emergency and Trauma Care provides 24/7 life-saving services; Emergency department care, trauma response and pre-hospital services through the Denver Health Paramedic Division — regardless of a patient's ability to pay.

KEY INVESTMENTS

- Hybrid Operating Room
- Neurotrauma ICU & Stroke Center
- Trauma Fellowship Program
- Paramedic workforce expansion (3x applicants)
- Ambulance remounts — 6 units

2025 PAYER MIX



48% Medicaid (incl. DH Medicaid Choice)

27% Self-Pay / Financial Assistance

16% Commercial (incl. DHMP Elevate)

6% Medicare (incl. DFAP)

DEMOGRAPHICS

Age

- 20-29 (25%),
- 30-39 (20%),
- 40-49 (15%),
- 0-19 (15%)
- 49 and older 25%

Race/Ethnicity

- Hispanic 31%
- White 24%
- Black 17%
- Other 28%

IMPACT

- Sustained access for 200,000+ visits annually
- Reduced ED pressure through urgent care expansion
- Improved throughput and patient experience
- Strengthened regional trauma capacity

200,000+

TOTAL VISITS

83,570

ED VISITS

101,343

URGENT CARE VISITS

95,000

PATIENTS SERVED

LABOR INVESTMENT

39.17

MD

129.2

RN

26.76

ADVANCED
PRACTICE PROVIDER

10.09

CLERK

39.7

EMT

Data sourced from Epic Clarity/Caboodle reports, Kaufman Hall, Medicare Cost Report, Infor, and internal financial reports; reflects CY2025 activity.



PRIMARY CARE

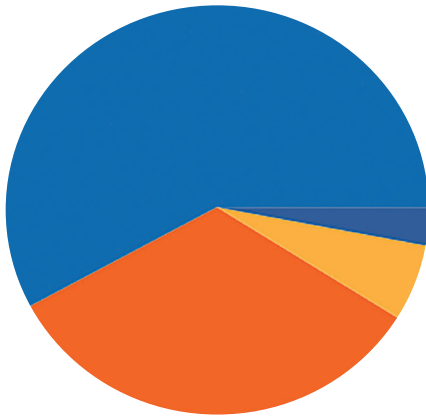
2Q Investment: \$14.9 million

Primary Care provides comprehensive, preventive and chronic disease management services across community clinics. With more than 166,000 patients and 777,000 visits in 2025, it is Denver Health's highest-volume service line.

KEY INVESTMENTS

- Medical-Dental Integration across clinics
- Expanded dental hours (50 to 65 hrs/week)
- Weekend clinic and pharmacy access
- Community partnerships (Warren Village)
- Integrated Behavioral Health (IBH)

2025 PAYER MIX



58% Medicaid

33% Self-Pay / Financial Assistance

6% Commercial

3% Medicare

DEMOGRAPHICS

Age

- 0-9 (20%)
- 10-19 (22%)
- 20-49 (36%)
- 50-64 (14%)
- 65-79 (7%)
- 80+ (1%)

Race/Ethnicity

- Hispanic 33%
- White 23%
- Black 22%
- Other 22%

IMPACT

- Delivered 770,000+ visits
- Reduced emergency department utilization
- Expanded preventive and chronic care access
- Strengthened community-based care
- Expanded evening and weekend hours

200,000+

TOTAL PATIENTS

777,000

TOTAL VISITS

45%

REDUCTION IN PATIENT GRIEVANCES

95%

REDUCTION IN NEW-PATIENT WAIT LIST

LABOR INVESTMENT

139.18

MD

130.5

RN

112.63

ADVANCED PRACTICE PROVIDER

176.19

SUPPORT STAFF

Data sourced from Epic Clarity/Caboodle reports, Kaufman Hall, Medicare Cost Report, Infor, and internal financial reports; reflects CY2025 activity.



MENTAL HEALTH CARE

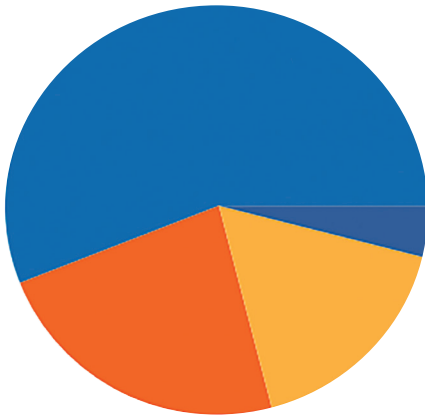
2Q Investment: \$12.8 million

Mental Health Care provides inpatient and outpatient behavioral health services — including crisis care, psychiatric treatment and integrated care — under a no-turn-away policy. The service line serves a high proportion of unhoused and underinsured patients.

KEY INVESTMENTS

- IMAP Unit (12 beds)
- Intensive Outpatient Program competency restoration
- Improved intake-to-treatment timelines
- Expanded continuum of care
- No-turn-away policy, ensures access

2025 PAYER MIX



- 56%** Self-Pay
- 23%** Medicaid
- 17%** Commercial
- 4%** Medicare

DEMOGRAPHICS

Age

- <18 (28%)
- 18-24 (10%)
- 25-34 (21%)
- 35-44 (17%)
- 45-54 (11%)
- 55-64 (8%)
- 65+ (5%)

Race/Ethnicity

- Hispanic 36%
- White 31%
- Black 12%
- Other 21%

IMPACT

- Reduced emergency department utilization
- Expanded preventive and chronic care access
- Strengthened community-based care
- Expanded evening and weekend hours

20,947

PATIENTS SERVED

116,264

TOTAL VISITS

46%

REDUCTION IN ADULT
MH WAIT TIME

24%

HIGH-NEED UNHOUSED,
POPULATION SERVED

LABOR INVESTMENT

27.55
MD

95.36
RN

32.25
ADVANCED
PRACTICE PROVIDER

72.31
SUPPORT STAFF

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PEDIATRIC CARE

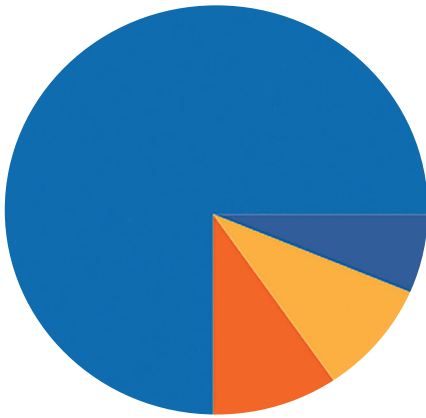
2Q Investment: \$2.0 million

Pediatric Care delivers specialized medical, behavioral and preventive services for children and adolescents — spanning the NICU, PICU and Mom/Baby units, plus community-based pediatric specialty services.

KEY INVESTMENTS

- Specialty NP capacity doubled
- Behavioral health integration
- NICU expansion
- Surgery wait times decreased 77%
- Neurology wait times decreased 28%

2025 PAYER MIX



75% Medicaid

10% Medicare

9% Commercial

6% Self-Pay

DEMOGRAPHICS

Age

- <5 (59%),
- 5-10 (15%)
- 10-15 (12%)
- 15-20 (14%)

Race/Ethnicity

- Hispanic 59%
- White 18%
- Black 14%
- Other 9%

IMPACT

- Improved pediatric specialty access
- Expanded neonatal critical care
- Strengthened care across hospital and community
- Improved outcomes for vulnerable youth

6,409

NEONATAL ICU

4,087

PEDIATRIC ICU

15,799

MOM/BABY/NEW BORN VISITS

77%

DECREASE IN SURGERY WAIT TIME

LABOR INVESTMENT

16
MD

131
RN

7
ADVANCED PRACTICE PROVIDER

25+
SUPPORT STAFF

Data sourced from Epic Clarity/Caboodle reports, Kaufman Hall, Medicare Cost Report, Infor, and internal financial reports; reflects CY2025 activity.

ALCOHOL & SUBSTANCE USE TREATMENT

2Q Investment: **\$1.9 million**

Alcohol and Substance Use Treatment provides comprehensive addiction treatment — detoxification, recovery support and integrated behavioral healthcare — under a walk-in model with zero patients turned away.

KEY INVESTMENTS

- Case Management Team — 10 FTEs added
- Integrated care: housing, employment, mental health
- Expanded walk-in intake services
- No-turn-away policy — zero patients denied

12,581

PATIENTS SERVED

114,659

TOTAL VISITS

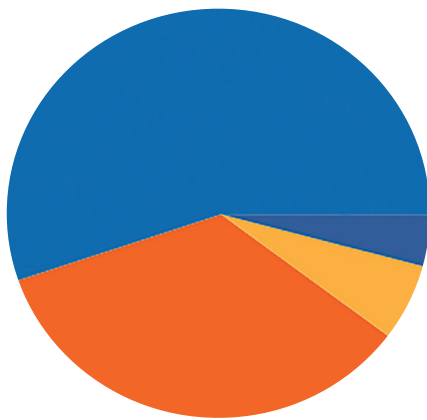
24%

UNHOUSED PATIENTS

10^{NEW}

CASE MANAGEMENT
FTE'S

2025 PAYER MIX



55% Self-Pay

35% Medicaid

6% Commercial

4% Medicare

DEMOGRAPHICS

Age

- <18 (5%)
- 18-24 (8%)
- 25-34 (20%)
- 35-44 (31%)
- 45-54 (18%)
- 53-64 (12%)
- 65+ (6%)

Race/Ethnicity

- Hispanic 34%
- White 36%
- Black 10%
- Other 20%

IMPACT

- 114,000+ visits delivered
- High-need populations served — 24% unhoused
- Reduced barriers to care
- Strengthened recovery pathways
- Improved intake-to-treatment timelines

LABOR INVESTMENT

28.51
MD

79.77
RN

21.65
ADVANCED
PRACTICE PROVIDER

13.38
CASE MANAGEMENT

Data sourced from Epic Clarity/Caboodle reports, Kaufman Hall, Medicare Cost Report, Infor, and internal financial reports; reflects CY2025 activity.



2025 2Q KEY TAKEAWAYS

The first year of 2Q implementation demonstrated the funding's critical role in Denver's healthcare safety net, yielding:

1.2 MILLION

PATIENT VISITS

across five service lines



**EXPANDED COMMUNITY-BASED
PRIMARY CARE
AND DENTAL
CARE ACCESS**



**REDUCED
PEDIATRIC SURGERY
AND NEUROLOGY
WAIT TIMES**

by up to 77%



**CLOSED
A PORTION
OF THE**

\$140+

MILLION

uncompensated care gap

**EXPANDED
PARAMEDIC WORKFORCE
AND AMBULANCE
FLEET CAPACITY**



**REDUCED
ADULT MENTAL HEALTH
WAIT TIMES BY
46%**



Launched

IMAP

Colorado's First

**INTEGRATED
MEDICAL AND
PSYCHIATRIC UNIT**

Data sourced from Epic Clarity/Caboodle reports, Kaufman Hall, Medicare Cost Report, Infor, and internal financial reports; reflects CY2025 activity.

2025 2Q SALES TAX END-OF-YEAR FINANCIAL SUMMARY

2025 Revenue Projection and Collections

As 2025 marked the first year of 2Q implementation, Denver Health developed its initial spending plan based on the voter-approved “not to exceed” Year 1 revenue cap of \$70 million. As year-to-date sales tax collections became clearer, mid-year projections indicated revenues would align more closely with the original 2025 revenue estimate of \$64,489,764. To align spending with updated revenue expectations, Denver Health proportionally reduced each of the five service categories by approximately 7.67%, resulting in a total reduction of \$5.4 million across the spending plan. Under the 2Q ballot measure, if revenues exceed the \$70 million threshold in 2025, Denver Health would need voter approval to retain any excess collections.

In accordance with the ballot measure, the City budgeted up to 1% of projected sales tax revenues for administrative oversight and implementation costs related to the 2Q sales tax. For 2025, this amounted to a projected administrative budget of \$658,184. As of year-end, actual City administrative expenditures totaled \$129,155.33, including personnel, contractor services, and operational expenses. During the 2025 reconciliation process, the City also provided an additional \$529,029 to Denver Health and Hospital Authority (DHHA), due to unspent administrative funds, which was included in the underpayment reconciliation.

Upon completion of the 2025 reconciliation, actual sales tax collections exceeded prior payment estimates, and the City issued an underpayment reconciliation of \$1,844,347.64. These additional funds will be used to offset uncompensated care costs and other emerging financial pressures across the health system.

2025 2Q SPENDING PLAN VS. ADJUSTED SPEND (Proportional Reduction)

Service Category	Original Projected Spend	Reduction (7.67%)	Revised & Final 2025 Spend
Emergency & Trauma Care	\$36.2M	\$2.78M	\$33.42M
Primary Care	\$16.1M	\$1.23M	\$14.87M
Pediatric Care	\$2.2M	\$0.17M	\$2.03M
Mental Health Care	\$13.9M	\$1.07M	\$12.83M
Alcohol & Substance Use Treatment	\$2.0M	\$0.15M	\$1.85M
Total	\$70.4M	\$5.40M	\$65.0M

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