

The Economic Impacts of Colorado's Healthcare Industry

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The share of Colorado hospitals operating below sustainable margins doubled in 2021 as costs piled up from labor, supplies, inflation, and insurance.

Colorado's healthcare industry creates roughly one in ten of the jobs in the state and generates more than \$1 billion in state income taxes.

Bottom line: Healthcare costs will continue to rise in Colorado in the next decade as the population ages and the share of publicly insured individuals grows. Leaders should critically examine the data to ensure Colorado's healthcare market is not so unnecessarily distorted by price control measures that it shifts costs onto consumers.

Healthcare is an economic pillar

- Over 311,000 jobs and \$45.16 billion in final industry sales in Colorado.
- \$147.53 billion and 744,000 jobs indirectly.
- Colorado collected a total of \$10.5 billion in individual income tax in FY 2022. Based on an average payment of \$3,181 per filer, CSI estimates that the healthcare sector directly contributed almost \$1 billion to the total income tax collection.
- Healthcare is a major source of employment for rural Colorado as one of the top three industries. One rural physician creates about 26 additional jobs equaling nearly \$1.4 million in income from the hospital and the clinic.

Healthcare is facing threats

- 72% of Colorado hospitals report operating below sustainable margins.
- The share of Colorado's population covered by public insurance, which does not fully reimburse providers, has risen 69% from 2008 to 2022.
- Public insurance produced an estimated \$2.8 billion shortfall to providers in 2021.
- HB21-1232, which would have imposed top-down government price mandates for health care services in Colorado without actually lowering the cost of delivering those services, would have cut an estimated \$830 million to \$1 billion by 2024.
- Single payer insurance could deepen this disruption.