


When health systems' finances get squeezed, so do patients

Health systems bear the financial burden of uncompensated care – charity care, bad debt, and undercompensated care – which leaves them few good options as that burden increases: reduce available services or seek higher reimbursement rates from insurers, who in turn charge higher premiums to businesses and their employees. Uncompensated care acts as a hidden tax on the entire health care economy.

What happens when health system finances become unsustainable?

<p>Hospitals risk closure</p> 	<p>Patients must travel further for care</p> 
<p>Access to care becomes more precarious</p> 	<p>Hospitals offer fewer services</p> 
<p>Higher costs get passed onto patients and employers</p> 	<p>Discharge takes longer, more backlogs</p> 

Arizona's Health Systems: Protecting patients and caregivers

Arizona hospitals and health systems provide world-class, comprehensive care to Arizonans in need across the state. Our top priority is to make sure our physicians, nurses, health care employees and patients have the resources and services they need.

But to best serve our caregivers and patients, we need to protect the viability of the entire health care delivery system. Your neighborhood and community hospitals are a lifeline for friends and family who are in need of emergency care, specialized care, surgeries, maternal care and much more.

Health system finances under stress.

Access to care in jeopardy.

Arizona's health system finances are emerging from the pandemic in a precarious position. Unprecedented increases in costs related to staffing, supplies, medications, and equipment persist—even outpacing inflation—putting a huge strain on the ability to deliver care and keep costs down.

Essential contributors to the Arizona economy

Health Systems are integrated networks that include all segments of the healthcare industry such as hospitals, physicians, emergency care, rehabilitation centers, and other health-related services. These networks increase access points for patients to obtain care in a cost-effective and coordinated manner.

We are essential and indispensable contributors not only to Arizona's health care landscape, but also to its economy, as we create thousands of good-paying jobs, attract patients from all over the world, and contribute to the state's overall quality of life.

An economic engine

Generate **\$29.8 billion** for Arizona's economy



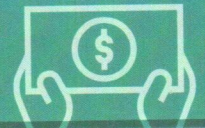
Job creator

Healthcare employees are **10.5%** of the state's workforce



Good paying jobs

Average annual wage of nearly **\$92,000** for hospital workers



Struggling to keep pace with a fast-growing, aging and vulnerable population

Arizona is one of the top-5 fastest-growing states in the country. Maricopa County is the country's fastest-growing county. New residents mean new patients, and they're counting on the state's health systems to keep pace with the facilities, medical professionals, and services to match the growth. Arizona also has a large senior population that is growing and nearly 1/3 of the state's population is needs-based and on Medicaid.

Costs are outpacing inflation, negatively affecting systems' ability to remain economically viable.

Total expenses
+28%
2019–2022

Workforce expenses
+29%
2019–2022

Longer stays, more expensive care – The pandemic exacerbated the chronic conditions of many patients, leading to longer hospital stays and more expensive care and interventions.

Razor-thin margins – From 2019–2022, operating margins plunged from 16.1% to 1.1%, with many individual hospitals experiencing negative operating margins. Near-zero margins leave hospitals and healthcare delivery extremely vulnerable should a recession or public health emergencies occur. Low margins impede the ability to invest in new facilities, staffing, and resources to meet growing patient demand.