

# DELAWARE HOSPITAL IMPACT REPORT 2025



*Our Hospitals Move Delaware Forward*

Health Champions | Economic Drivers | Community Leaders





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# LETTER FROM THE CEO

Delaware is special. We are a state of neighbors where we all care for one another, especially in times of need. That's no more clear than at our hospitals and health systems, where frontline health workers work around the clock - 24/7/365 - to keep us all safe and healthy.

As we continue to march through 2025, it's undeniable that Delaware faces challenging times. With looming federal funding cuts and changes to critical programs, hospitals will be needed to step in to bridge the gap and provide needed care and support for our communities. Delaware hospitals and health systems are health champions, economic drivers, and community leaders. The **Delaware Hospital Impact Report** outlines our hospitals' economic and community impact as well as the emerging issues we need to keep at the forefront of our policy discussions.

The Delaware Healthcare Association is proud to advocate on behalf of our members to build on our progress to strengthen Delaware's healthcare workforce, ensure access to quality and affordable care and advance health equity. How do we make that a reality? We need to work together, step up, and advocate to build the best healthcare system in the country.

We hope you enjoy reading through this report and look forward to partnering to make the **First State First in Health**, together.



**BRIAN FRAZEE**  
President & CEO

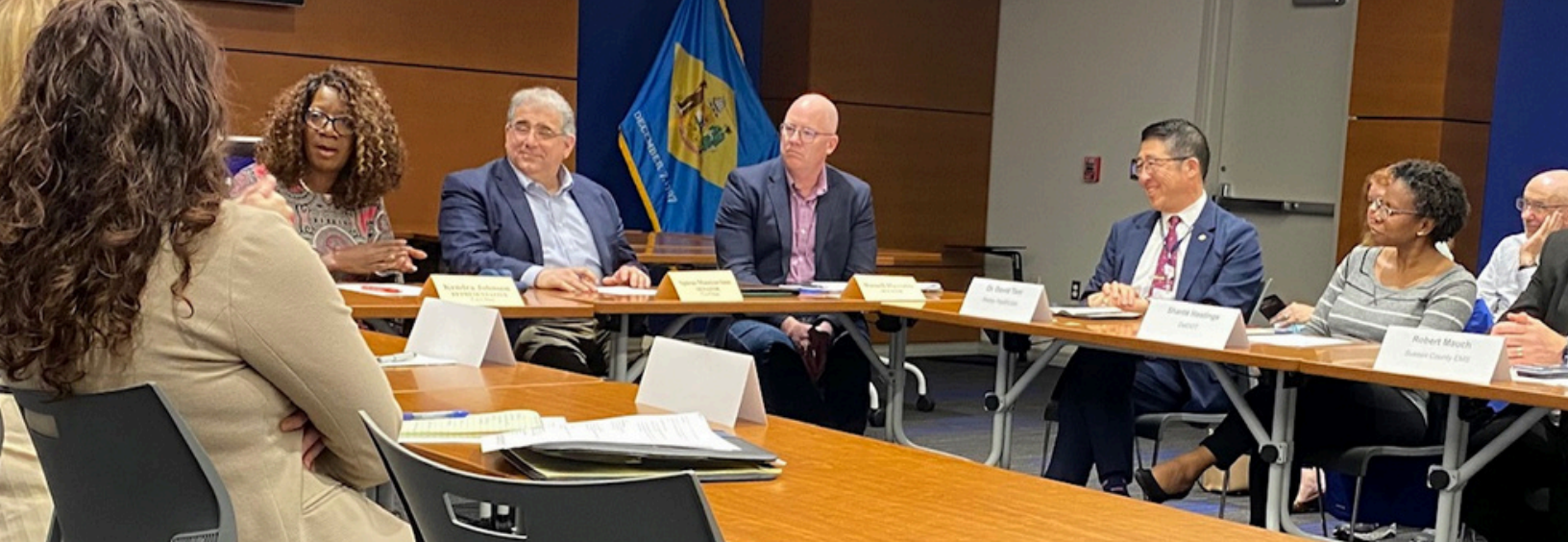
## Advocacy Agenda

Strengthening Delaware's  
Healthcare Workforce

Ensuring Healthcare  
Access, Quality &  
Affordability

Advancing Health Equity

*Brian Frazee*



# WE ARE THE DELAWARE HEALTHCARE ASSOCIATION

## ABOUT US

The Delaware Healthcare Association (DHA) was formed in 1967 and is a statewide trade and membership services organization that represents and serves hospitals, health systems, and related healthcare organizations in their role of providing a continuum of appropriate, cost-effective, quality care to improve the health of the people of Delaware.

## MISSION

Our mission is to provide policy and advocacy leadership in creating an excellent environment to support our members in helping every Delawarean to be as healthy as they can be.

## ABOUT OUR MEMBERS

Delaware is home to six non-profit health systems providing 24/7/365 acute care through eight community hospitals across the First State, including one pediatric hospital. There are also behavioral health hospitals, inpatient rehabilitation hospitals, and a critical illness recovery hospital that provide needed specialized care for a variety of populations. See a list of DHA members at [deha.org](http://deha.org).

## ABOUT THE DATA

The data in this report represents data collected by DHA in hospital surveys as well as American Hospital Association (AHA) reports and analyses. The AHA is the national voice and advocate for the nation's hospitals and health systems.

# ECONOMIC DRIVERS

Delaware hospitals are an economic pillar in the state. They are the largest private sector employer, providing over 28,000 direct jobs and supporting over 51,000 direct and indirect jobs. That's more than 10% of Delaware's total employment. Delaware hospitals generate \$9 billion in state economic activity measured as the effect of hospital expenditures on total state economic output.



## HEALTH AND FINANCIAL CHALLENGES

Delaware's growing and aging population (**6<sup>th</sup> oldest and 8<sup>th</sup> fastest growing**) and higher rates of chronic disease and health conditions impact care delivery and cost. It costs more to care for these groups than younger, healthier populations. Delaware's hospitals are growing their workforce, services, and facilities to accommodate this current and future need.

Investing in accessible high-quality care also contributes to hospital operating expenses. Since the COVID-19 pandemic, the costs of labor, drug expenses, and supplies have increased significantly, driving up expenses for hospitals.

DHA data shows that Delaware hospital operating expenses increased 21% from FY20 to FY22. At the same time, reimbursement from health insurance companies and government payers has not kept pace with the rising cost of care. For example, Medicare's reimbursement for hospital inpatient care grew only 5.2% during the same time. Increasing expenses and inadequate reimbursement have contributed to financial challenges and negatively impact hospital operating margins. In FY22, 50% of Delaware hospitals operated at a loss. In 2023, the average statewide operating margin was -2.55%. Despite these financial challenges, Delaware hospitals continue to show up for our communities.

# COMMUNITY IMPACT



## BY THE NUMBERS

 **3 MILLION**  
Outpatient Visits

 **400,000**  
Emergency  
Department Visits

 **90,000**  
Inpatient Admissions

 **10,000**  
Delivered Babies

## WHOLE HEALTH

Each year, Delaware hospitals and health systems care for patients through more than 3 million outpatient visits, over 400,000 emergency departments visits, 90,000 inpatient admissions, and in delivering more than 10,000 babies. Our members are also creative in reaching populations across the state. Delaware hospitals provide nearly \$1 billion in community benefit spending per year that includes the unpaid cost of patient care like charity care and programs to increase access to care in the community. Examples include free health screenings, mobile health units, school-based health centers, free vaccine clinics and more.

**80%**

Social Drivers  
(Determinants) of Health

**20%**

Medical Care

While **Delaware is #1 in the nation for hospital quality**, we know positive health outcomes will not happen unless patients have the right foods to eat, safe housing, transportation access and more. Medical care only impacts about 20% of a population's overall health outcomes. The other 80% is attributed to environmental and socioeconomic factors, collectively known as the Social Drivers (or Determinants) of Health.

For example, the Healthy Village Equity Center at **Saint Francis Hospital** helps address factors like food insecurity while meeting people where they are to drive health outcomes. Additionally, **TidalHealth** has partnered with Love INC of Mid-Delmarva to increase access to food and health screenings in Sussex County. **Beebe Healthcare's** Community Harm Reduction Outreach team travels to the far corners of Delaware's rural communities to address needs of increased substance use disorder and co-occurring disorders.

# COMMUNITY IMPACT

Another meaningful way hospitals invest in improving the health of our state while also reducing healthcare costs is through value-based care. For instance, **Nemours** recently launched a first-of-its kind global payment model for children's health that emphasizes addressing the medical and non-medical drivers of children's health. These upstream investments help address long-term healthcare costs by keeping Delawareans as healthy as possible.

**ChristianaCare** has demonstrated the success of value-based care and population health through its Delaware Medicaid Partners Accountable Care Organization (ACO). By emphasizing preventative care, the ACO reduced healthcare spending by \$6.2 million in 2023 while improving care for nearly 30,000 Medicaid beneficiaries.

**Bayhealth** offers annual wellness visits to Medicare patients that have helped uncover a range of patient needs that clinicians and care teams can help to address earlier. One patient at a wellness check was embarrassed to share that he fell the night before and had a serious head injury. He was sent to the ER where they found he had a brain bleed. Another patient was being abused by her spouse and her visit was the first chance to get away from home.



## PRIMARY CARE

Delaware hospitals make significant investments to support primary care across our state, which helps ensure equity, access, and quality as well as drive down health costs. In 2023 alone, Delaware hospitals **lost more than \$70 million** in supporting ambulatory primary care in our state. These costs include recruiting and employing primary care providers and maintaining the critical healthcare services they provide.

**487**

FY 24 Delaware Hospital  
Employed Primary Care  
Providers

# COMMUNITY IMPACT

## WORKFORCE

A robust healthcare workforce is critical to providing the **highest quality accessible care to all**. Delaware hospitals work tirelessly to recruit doctors, nurses and allied health professionals to meet the current and future access needs of our state. According to the American Hospital Association, approximately **60%** of a hospital's total expenses is labor costs.

Delaware health systems' medical education programs, including their physician residency programs, are critical investments into the future of Delaware's healthcare workforce. In 2025, Delaware health system physician residency programs will be bringing over 200 new doctors to begin their training.



Studies show that a majority of physicians stay in the community they are trained. At the same time, we know Delaware has a health workforce crisis. As of FY 23, there were 660 nurse vacancies in Delaware's acute care hospitals. Scholarships and incentives can attract and retain a diverse healthcare workforce to meet our growing needs. Efforts to reduce the burden on healthcare providers, like pre-authorization reform, is also needed to relieve burnout and retain these providers to care for patients in our healthcare system for as long as possible.

Our healthcare workers give their all in the field, so it's critical to support their overall well-being. For example, Bayhealth, provides childcare services at its Kent Campus and is building a new childcare and early learning center at its Sussex Campus for the team.



# EMERGING ISSUES

## MEDICAID

The Medicaid program provides essential health benefits for low-income children, families, seniors, and disabled individuals and serves as a lifeline for more than 250,000 Delawareans – **nearly 1 in 4 people in the First State**. This includes 3 in 8 children and 3 in 5 nursing home residents. A loss of federal funding for Medicaid may mean less Delawareans covered by the program, and uninsured individuals are less likely to seek preventative care and more likely to delay needed care. Individuals without health coverage may use hospital emergency departments to address all their health care needs, often when those needs have become most serious. Hospitals will need to be the stopgap to federal policies that will have a negative impact on our state.

Under the “One Big Beautiful Bill Act, as many as **53,000 Delawareans** will lose their Medicaid coverage, roughly **32,000** will become uninsured, and as much as **\$4 billion** in federal Medicaid funding for Delaware will be cut by 2034, according to the [KEF’s June 4 analysis](#). Additionally, a recent [Commonwealth Fund analysis](#) found that for hospitals in Medicaid expansion states, these cuts could lead to a **19% decline** in operating margins, on average, with safety-net hospitals disproportionately impacted.



## 340B DRUG PRICING PROGRAM

The 340B Drug Pricing Program provides discounted drugs and is critical to helping Delaware’s nonprofit hospitals, community health centers and other safety net providers stretch scarce resources to provide care and support for their patients and communities. 340B savings have helped Delaware hospitals fund charity care, free health screenings, maternity clinics, transportation services to get patients to needed medical appointments, mobile health clinics, vaccination drives, preventive care in high-need areas and more. It is essential to preserve this existing program.

Recent conversations in Washington signal there are forthcoming efforts to reform the 340B program. Policymakers must preserve this vital program to ensure Delaware’s safety-net hospitals can continue to provide the care and community support needed for our most vulnerable populations.



# CONNECT WITH US



**REACH OUT TO THE  
DELAWARE  
HEALTHCARE  
ASSOCIATION**

**302-674-2853  
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