

ECONOMIC CONTRIBUTION OF HOSPITALS

OFTEN OVERLOOKED

In 2006, America's hospitals treated 118 million people in their emergency departments, provided care for 600 million outpatients, performed 27 million surgeries, and delivered 4 million babies. Every year, hospitals provide vital health care services like these to millions of people in thousands of communities. However, the importance of hospitals to their communities extends far beyond health care.

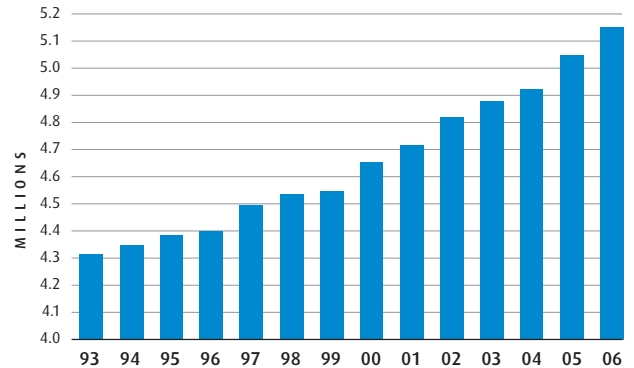
Hospital care is the largest component of the health care sector, which itself is a growing segment of the U.S. economy. In 2006, this sector represented about 16 percent of Gross Domestic Product (GDP)—a measure of economic output—or approximately \$2.1 trillion. Hospitals accounted for \$648 billion of that total. The health care sector is an economic mainstay, providing stability and even growth during times of recession. Hospitals:

- Employ over 5 million people.
- Are the second largest source of private sector jobs.
- Spend about \$286 billion on goods and services from other businesses.

The goods and services hospitals purchase from other businesses create additional economic

Hospitals employ more than 5 million people...

Number of Full-time and Part-time Hospital Employees
1993-2006



Source: Avalere Health analysis of AHA Annual Survey data, 1993-2006, for community hospitals.

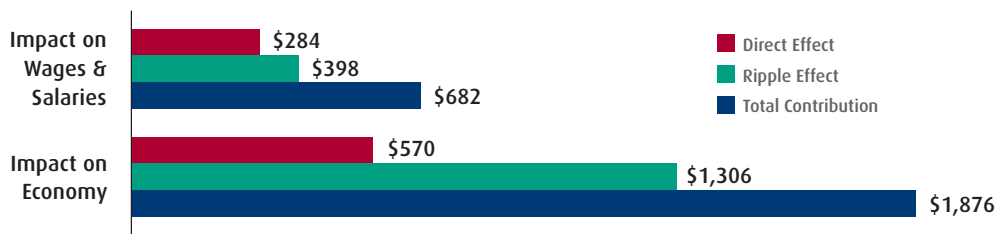
value for the community. With these “ripple effects” included, each hospital job supports about two more jobs and every dollar spent by a hospital supports roughly \$2.30 of additional business activity. Overall hospitals:

- Support nearly one of 10 jobs in the U.S.
- Support nearly \$1.9 trillion in economic activity.

Read more in *Beyond Health Care: The Economic Contribution of Hospitals* at www.aha.org under “Research and Trends.”

... and create nearly two trillion dollars of economic activity.

Impact of Community Hospitals on U.S. Economy (in \$ billions)
2006



Source: Avalere Health, using BEA RIMS-II (1997/2005) multipliers applied to 2006 American Hospital Association Annual Survey data.

Impact of Community Hospitals on U.S. Economy; All States, DC and Total U.S., 2006

State Name	Number of Hospital Jobs (FT and PT)	Multiplier for Employment*	Effect of Hospital Jobs on Total Jobs in State Economy	Percent of Total (Non-farm) Employment Supported by Hospital Employment	Hospital Payroll and Benefits (\$ millions)	Multiplier for Earnings*	Effect of Hospital Payroll and Benefits on Total Labor Income (\$ millions)	Hospital Expenditures** (\$ millions)	Multiplier for Output*	Effect of Hospital Expenditures on Total Output in State Economy (\$ millions)
Alabama	83,823	1.9673	164,905	8.32%	\$3,716	1.7256	\$6,412	\$7,895	2.1553	\$17,016
Alaska	10,972	1.8833	20,664	6.56%	\$752	1.5404	\$1,158	\$1,440	1.8578	\$2,674
Arizona	77,772	2.0659	160,669	6.08%	\$4,390	1.7575	\$7,715	\$9,498	2.1687	\$20,598
Arkansas	48,496	1.9083	92,545	7.71%	\$2,183	1.6570	\$3,617	\$4,571	2.0430	\$9,339
California	470,001	2.2396	1,052,614	6.98%	\$29,524	1.9783	\$58,407	\$57,500	2.5385	\$145,964
Colorado	62,374	2.2153	138,177	6.06%	\$3,702	1.9505	\$7,221	\$7,914	2.4787	\$19,617
Connecticut	63,860	1.8816	120,159	7.15%	\$3,927	1.7173	\$6,745	\$7,117	2.1326	\$15,178
Delaware	18,315	1.8634	34,128	7.82%	\$1,049	1.6184	\$1,698	\$1,894	1.9732	\$3,737
District of Columbia	25,590	1.5373	39,340	5.72%	\$1,607	1.3705	\$2,202	\$3,048	1.3911	\$4,239
Florida	266,870	2.0257	540,599	6.75%	\$14,762	1.8039	\$26,629	\$31,322	2.2321	\$69,913
Georgia	136,728	2.1334	291,696	7.14%	\$7,015	1.9374	\$13,590	\$14,325	2.4788	\$35,508
Hawaii	16,973	2.0943	35,547	5.76%	\$1,062	1.7063	\$1,811	\$2,003	2.0856	\$4,177
Idaho	21,626	2.0268	43,832	6.85%	\$1,056	1.6801	\$1,774	\$2,254	2.0409	\$4,600
Illinois	237,782	2.1803	518,436	8.74%	\$12,498	2.0037	\$25,043	\$24,244	2.6046	\$63,147
Indiana	124,713	2.0080	250,424	8.42%	\$6,396	1.7551	\$11,226	\$13,262	2.2268	\$29,533
Iowa	68,791	1.9108	131,446	8.75%	\$3,057	1.6650	\$5,090	\$5,983	2.0554	\$12,297
Kansas	49,275	1.9324	95,219	7.03%	\$2,408	1.6914	\$4,073	\$4,847	2.1363	\$10,356
Kentucky	78,692	1.9542	153,780	8.33%	\$3,834	1.7150	\$6,576	\$8,594	2.1431	\$18,418
Louisiana	82,640	2.0044	165,644	8.92%	\$3,812	1.7314	\$6,600	\$7,692	2.1075	\$16,212
Maine	32,779	2.0346	66,692	10.85%	\$1,627	1.6824	\$2,737	\$3,171	2.0564	\$6,520
Maryland	88,333	2.0238	178,768	6.91%	\$4,841	1.7899	\$8,666	\$10,120	2.2321	\$22,588
Massachusetts	157,105	2.0248	318,106	9.81%	\$9,150	1.8252	\$16,700	\$18,516	2.2851	\$42,311
Michigan	200,723	2.0031	402,068	9.26%	\$10,920	1.7785	\$19,421	\$21,187	2.2095	\$46,813
Minnesota	107,704	2.1564	232,253	8.41%	\$5,982	1.8575	\$11,112	\$11,335	2.3496	\$26,632
Mississippi	54,986	1.8829	103,533	9.06%	\$2,630	1.6302	\$4,287	\$5,238	2.0105	\$10,531
Missouri	127,691	2.0651	263,695	9.51%	\$6,170	1.8165	\$11,208	\$13,886	2.2909	\$31,812
Montana	20,140	1.9512	39,297	9.06%	\$969	1.6224	\$1,573	\$1,892	1.9664	\$3,720
Nebraska	40,989	1.9455	79,744	8.42%	\$1,975	1.7060	\$3,369	\$4,182	2.1064	\$8,809
Nevada	21,822	1.9102	41,684	3.25%	\$1,540	1.6205	\$2,496	\$3,080	1.9644	\$6,050
New Hampshire	27,306	1.9646	53,645	8.39%	\$1,633	1.7711	\$2,893	\$3,072	2.1229	\$6,523
New Jersey	141,201	2.1060	297,369	7.30%	\$8,705	1.8925	\$16,474	\$15,837	2.4329	\$38,530
New Mexico	26,878	2.0523	55,162	6.62%	\$1,407	1.6443	\$2,314	\$2,674	1.9675	\$5,262
New York	394,238	1.8775	740,182	8.59%	\$26,469	1.7057	\$45,148	\$47,152	2.1628	\$101,980
North Carolina	157,787	2.1212	334,698	8.32%	\$8,202	1.8418	\$15,106	\$16,751	2.3413	\$39,220
North Dakota	19,673	1.8537	36,468	10.33%	\$891	1.5887	\$1,415	\$1,636	1.9036	\$3,115
Ohio	252,032	2.1076	531,183	9.76%	\$13,464	1.8467	\$24,864	\$26,789	2.3444	\$62,805
Oklahoma	55,081	2.0895	115,092	7.42%	\$2,647	1.7750	\$4,698	\$5,816	2.2163	\$12,889
Oregon	56,629	2.1556	122,069	7.17%	\$3,332	1.7595	\$5,862	\$6,382	2.1885	\$13,968
Pennsylvania	275,396	2.1247	585,134	10.17%	\$13,862	1.9268	\$26,709	\$29,144	2.4728	\$72,068
Rhode Island	20,851	1.9458	40,572	8.22%	\$1,368	1.6873	\$2,309	\$2,419	2.0523	\$4,964
South Carolina	69,364	2.0776	144,111	7.57%	\$3,499	1.7698	\$6,192	\$7,936	2.2559	\$17,903
South Dakota	20,268	1.8479	37,453	9.39%	\$910	1.5841	\$1,441	\$1,838	1.9154	\$3,520
Tennessee	115,507	2.1489	248,213	8.92%	\$5,625	1.8571	\$10,447	\$11,824	2.3916	\$28,278
Texas	316,156	2.2890	723,681	7.20%	\$17,311	1.9720	\$34,138	\$36,937	2.5737	\$95,065
Utah	38,350	2.2220	85,214	7.08%	\$1,720	1.9095	\$3,285	\$3,880	2.4462	\$9,491
Vermont	12,741	1.9283	24,568	7.99%	\$805	1.5950	\$1,284	\$1,383	1.8848	\$2,606
Virginia	105,134	1.9195	201,805	5.42%	\$5,628	1.7630	\$9,922	\$12,620	2.2526	\$28,428
Washington	92,217	2.1432	197,639	6.91%	\$5,667	1.8034	\$10,219	\$10,819	2.2743	\$24,605
West Virginia	40,791	1.8325	74,750	9.89%	\$1,938	1.5628	\$3,029	\$3,946	1.8436	\$7,274
Wisconsin	108,140	2.0058	216,907	7.58%	\$5,591	1.7551	\$9,813	\$11,969	2.1855	\$26,159
Wyoming	8,838	1.7345	15,330	5.54%	\$445	1.4657	\$652	\$839	1.7279	\$1,450
Total U.S.	5,152,143	2.7003	13,912,332	10.24%	\$283,674	2.4050	\$682,235	\$569,672	3.2927	\$1,875,760

SOURCE: Avalere Health, using BEA RIMS-II (1997/2005) multipliers for hospital NAICS Code 622, released 2006, applied to American Hospital Association Annual Survey data for 2006. Hospital jobs are total part time and full time jobs. Hospital labor income is defined as payroll plus benefits. The percent of total employment supported by direct and indirect hospital employment is based on 2005 BLS data.

* The "multiplier" is the factor by which spending in one sector of the economy affects other sectors. For example, nationally each hospital job results in a total of 2.7 jobs in the economy as a whole because hospital employees use their wages to purchase goods and services which creates income and jobs for other businesses.

** Expenditures are defined as net patient revenue + other operating revenue.

