

THE ISSUE

Some policymakers are advocating for reductions in Medicare and Medicaid spending to reduce the federal deficit. Such reductions would not only harm the ability of hospitals to care for patients but also result in lay-offs of hospital workers at a time when the hospital sector is a positive contributor to job formation.

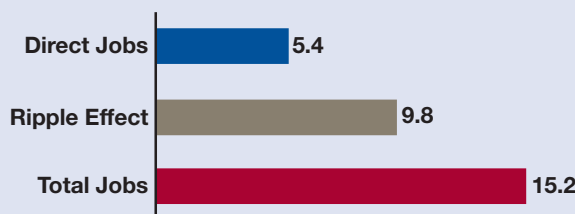
AHA POSITION

Reject job-killing Medicare and Medicaid cuts in funding for hospitals.

WHY?

- The health care sector is an economic mainstay, providing stability and growth even during times of recession. Hospitals are the largest component of the health care sector and in total employ over 5.4 million people – the second largest source of private sector jobs. Health care added 30,000 jobs in the last month alone, 8,000 of which were in hospitals.
- Two out of every three dollars spent on hospital care goes to the wages and salaries of caregivers and other workers. Cutting Medicare and Medicaid payment will not only jeopardize the provision of services, but also the jobs of those who provide them.
- These losses will be felt in communities nationwide. The vast majority of spending on hospital care stays in the community where the hospital is located and is not outsourced to other places, including overseas. Hospitals regularly rank among the top employers in urban and rural communities alike. Regionally, hospitals can account for up to 12 percent of employment, with ripple effects considered.
- The goods and services hospitals and hospital employees purchase from other businesses create additional economic value for the community. With these “ripple effects” included, hospitals support one in ten jobs nationwide.
- The impact of cuts to hospitals will ripple throughout the economy as a whole. Cuts to hospitals will mean fewer workers to buy goods and services from other businesses. This reduced spending will mean more job losses throughout the community – as many as two jobs per hospital job lost.

Impact of Community Hospitals on U.S. Jobs (in millions), 2009



Source: Avalere Health, using BEA RIMS-II (1997/2006) multipliers, released in 2008, applied to 2009 American Hospital Association Annual Survey data.

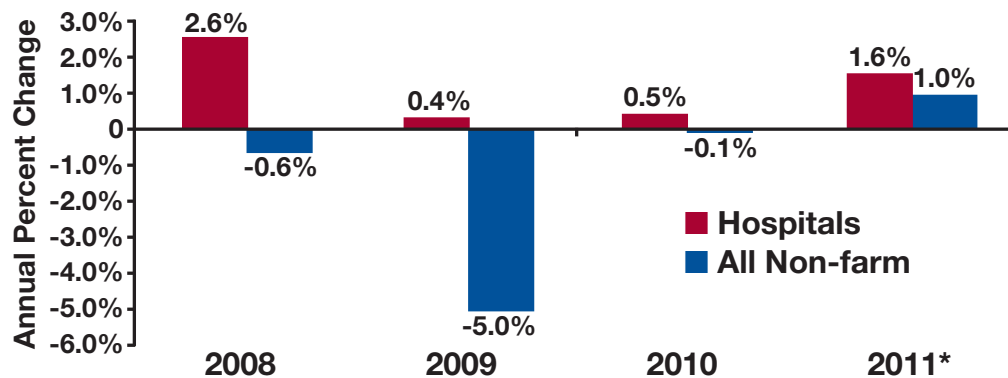
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KEY FACTS

- Hospitals currently employ over 5.4 million workers and with ripple effects included support over 15 million jobs throughout the economy.
- Hospitals have provided steady growth during the most recent downturn, creating over 74,000 jobs over the past year alone.
- Hospitals rank second only to restaurants as the top source of private sector jobs.
- Hospitals are a large established source of employment providing jobs for a wide range of skill levels from highly trained doctors, nurses and therapists to lower-skilled workers in food and environmental services.
- Hospitals provide health care and other benefits, that are often lacking in other service sector jobs.

Annual Percent Change in Employment, Seasonally-adjusted: Hospital vs. All Industries (Total Non-farm), 2008-2011



Source: Department of Labor, Bureau of Labor Statistics. Data released August 2011. Link: <http://www.bls.gov/bls/employment.htm>.

*Preliminary