

# ***The Economic Contribution of Hospitals***

***February 2005***



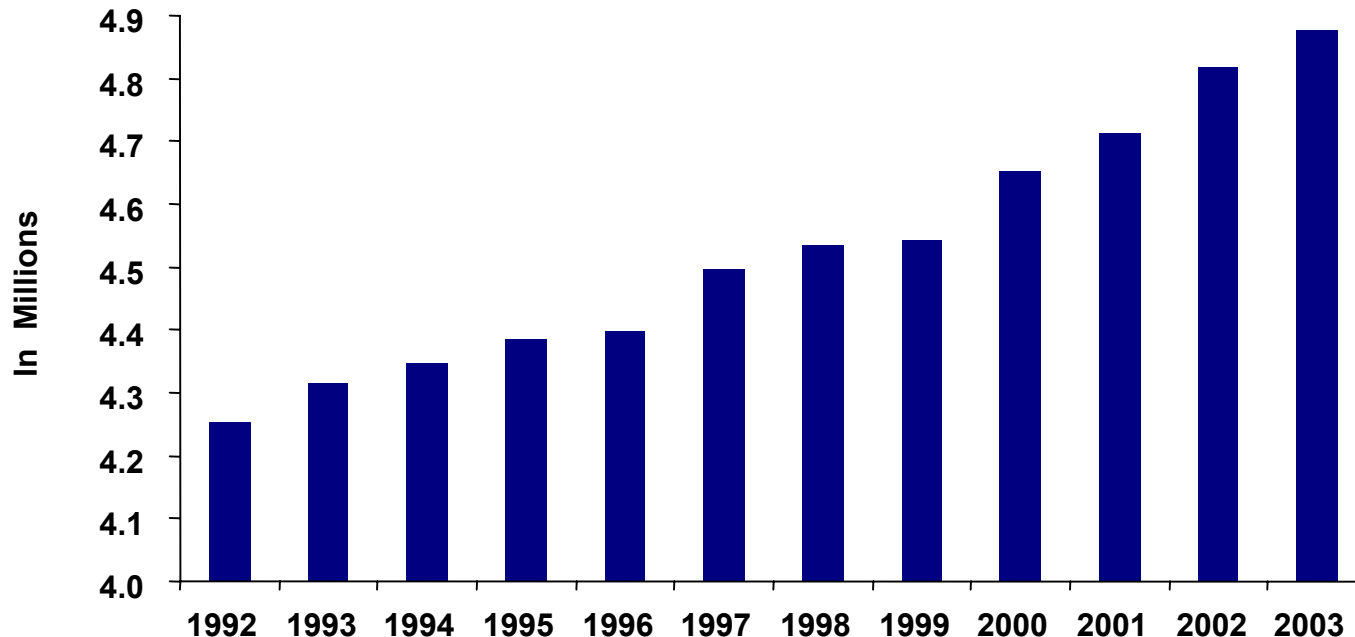
# The role hospitals play in providing health care is widely understood...

- **In 2003:**
  - Hospitals cared for 35 million admitted patients
  - Hospitals treated 563 million ambulatory patients
  - Provided emergency care to 111 million patients
  - Performed 28 million surgeries
  - Delivered 4 million babies

**...but fewer are aware of the important role of hospitals in the U.S. economy.**

# Nationwide, hospitals employ nearly 5 million people.

## Number of Full Time and Part Time Hospital Employees 1992 - 2003

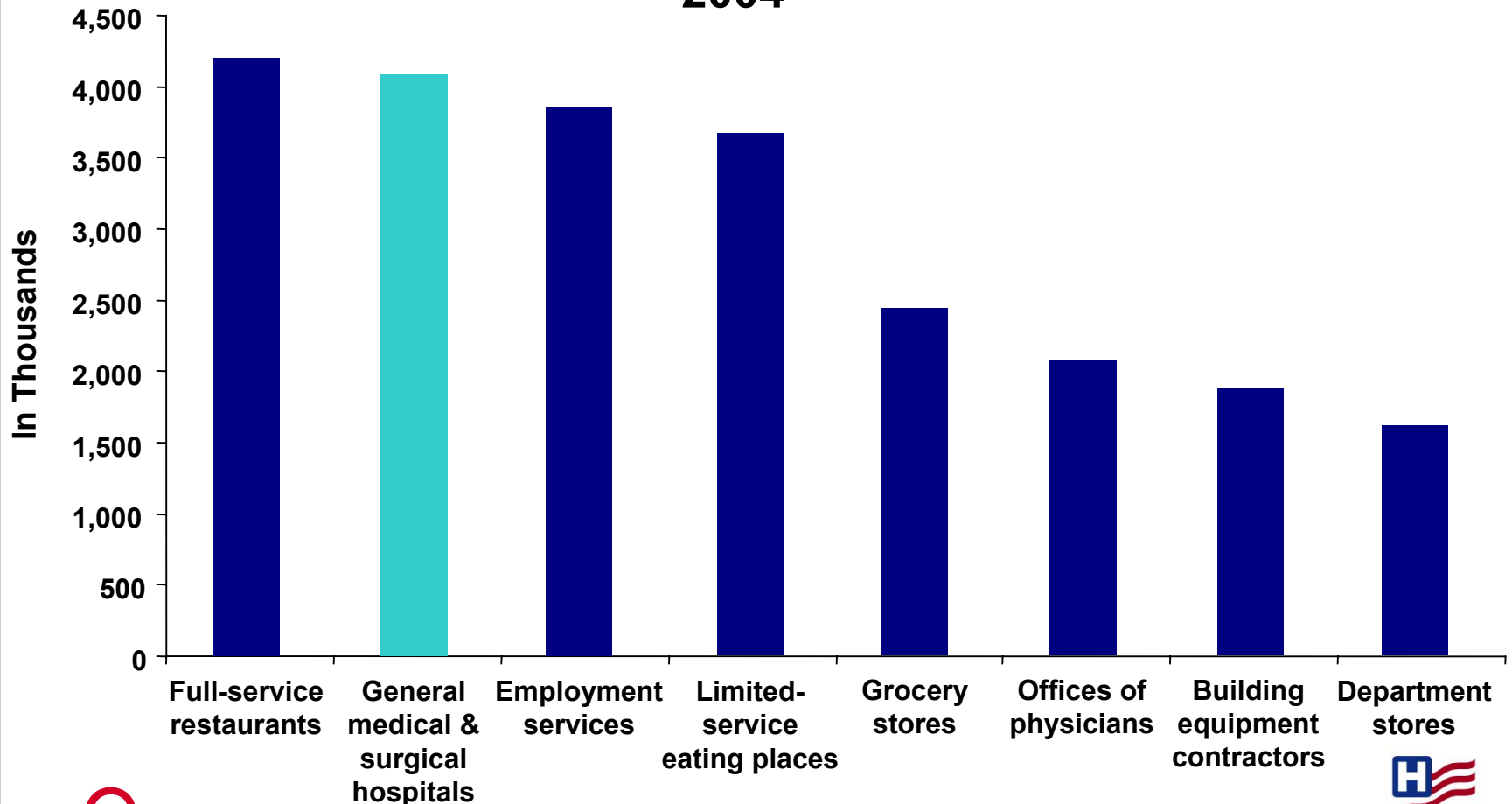


Source: AHA Hospital Statistics, 1992 – 2002, The Lewin Group analysis of 2003 AHA Annual Survey Data



# Hospitals rank second as a source of private sector jobs.

## Hospital Employment vs. Employment in Other Private Industries (in thousands) 2004\*



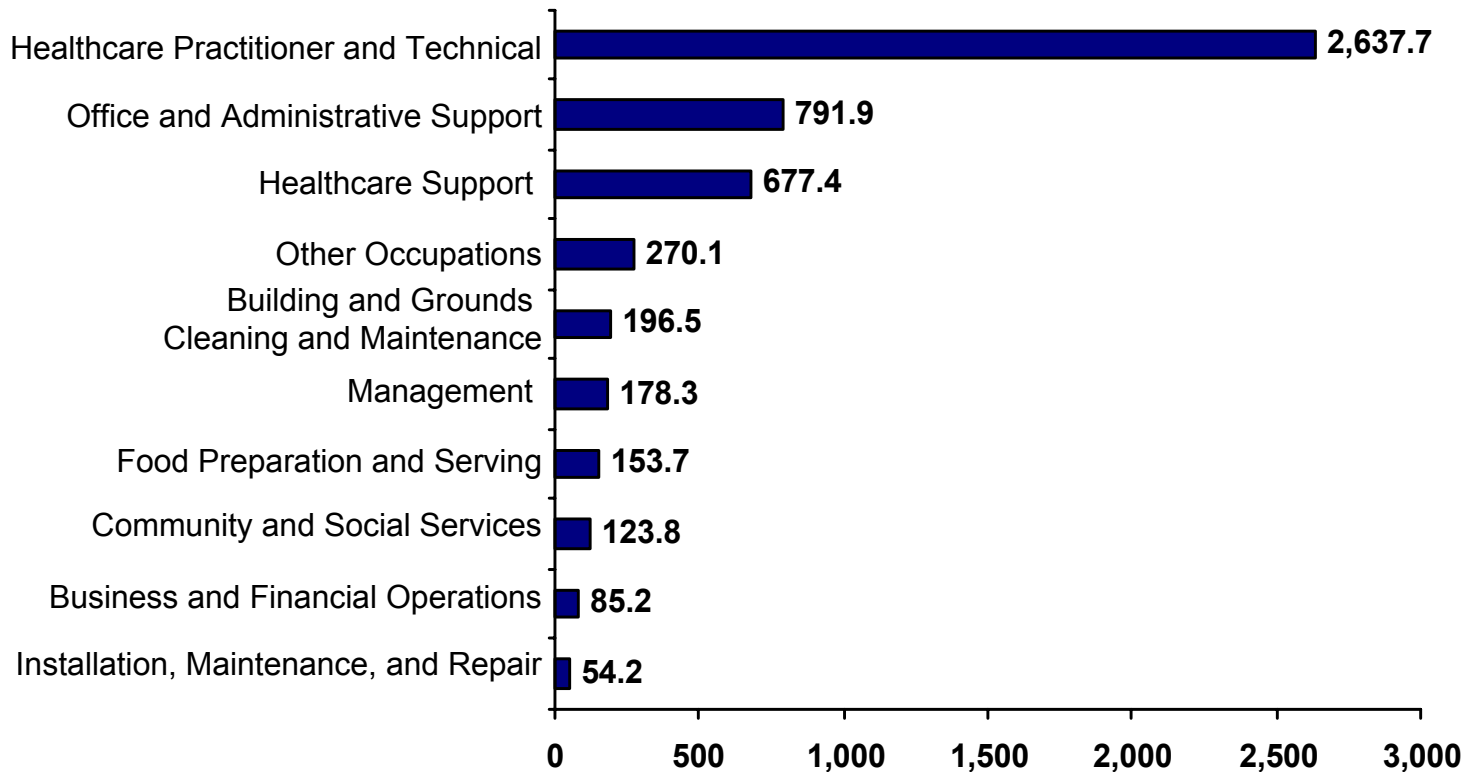
\*Data is as of October 2004

Source: Department of Labor, Bureau of Labor Statistics, Current Employment Statistics Survey.  
Excludes government employees.



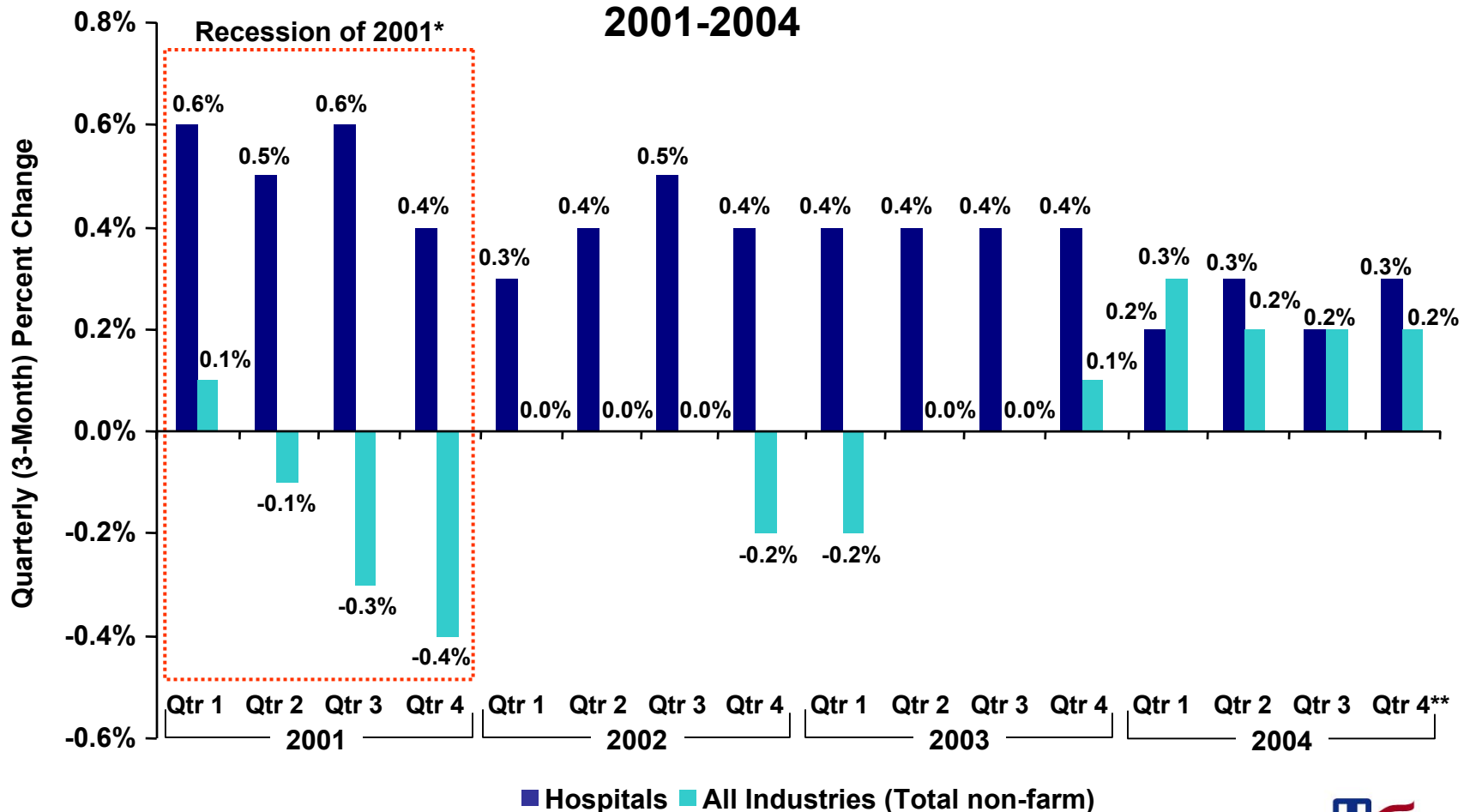
# Hospitals support jobs across a range of skill levels.

## Hospital Employment by Occupation Type (in thousands) 2003



# Hospitals offer a consistent source of job growth even during recessions.

**Percent Change in Quarterly Employment:  
Hospitals vs. All Industries\***



\*Does not include farm employment

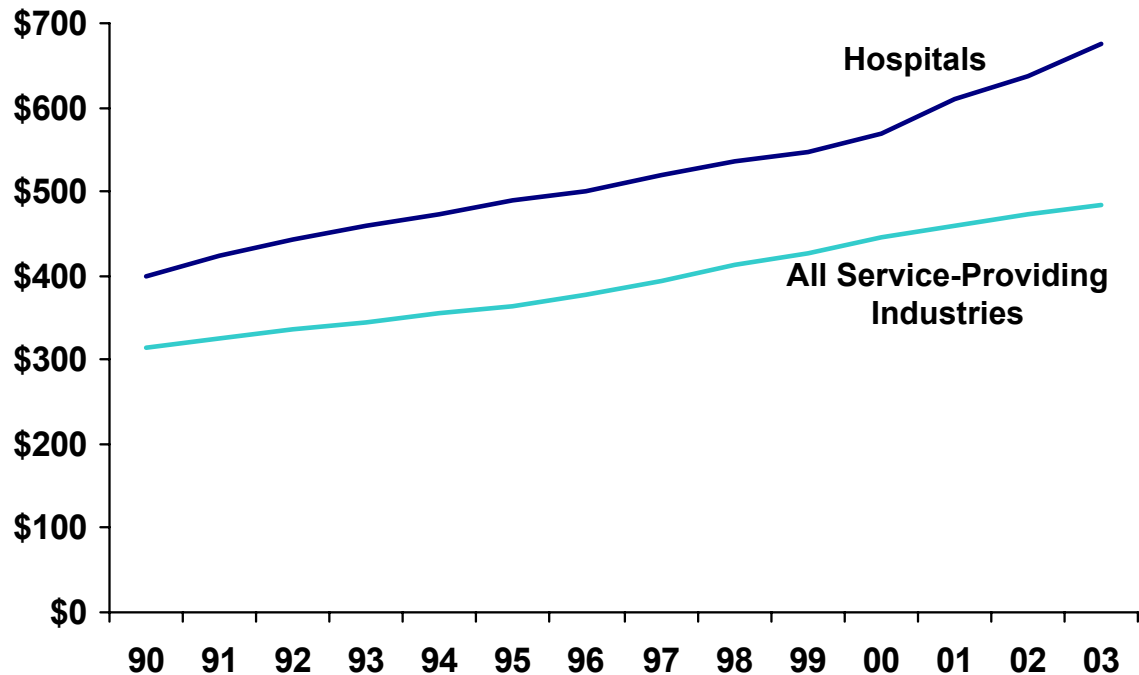
\*\* Note: Qtr 4 data is preliminary.

Source: Department of Labor, Bureau of Labor Statistics; Recession period defined by National Bureau of Economic Research



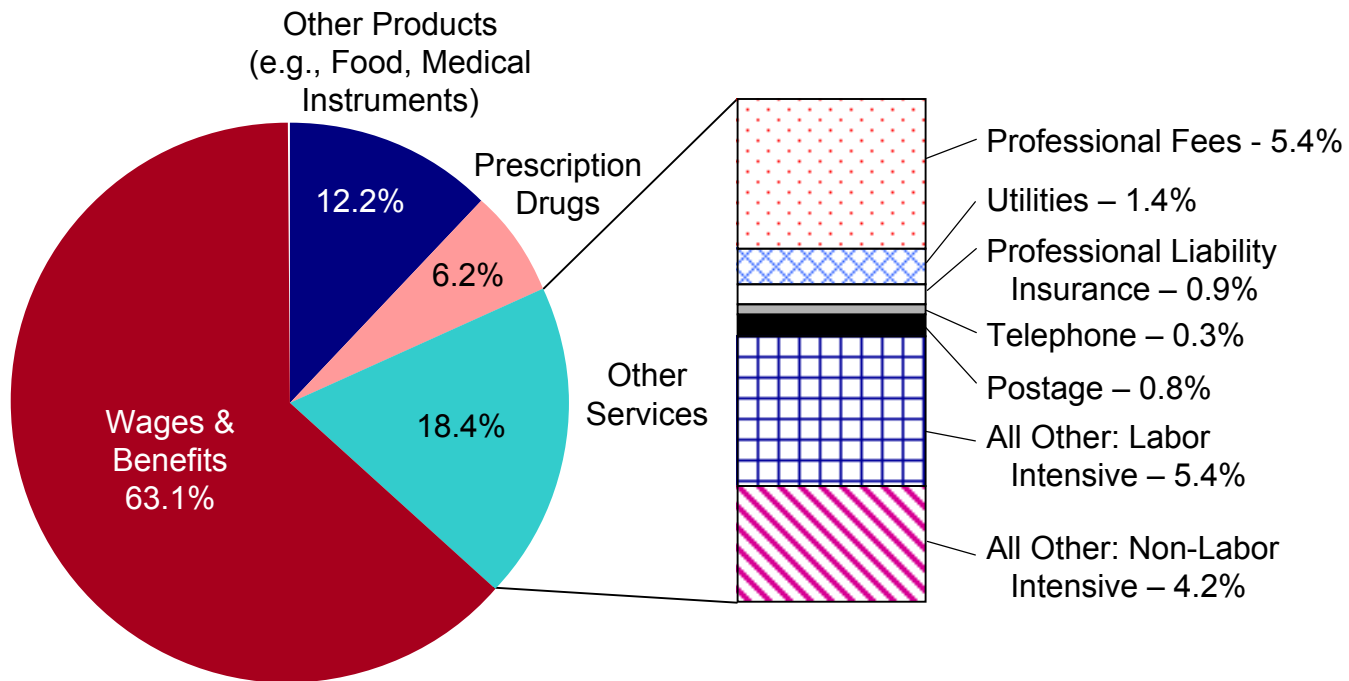
# Hospital jobs provide weekly earnings higher than other service sector jobs.

**Average Weekly Earnings, Hospitals<sup>(1)</sup> vs.  
All Service-Providing Industries  
1990 - 2003**



# Along with jobs, hospital dollars support purchases from other businesses.

## Percent of Hospital Expenditures\* by Type 3Q04



*\*Does not include capital.*

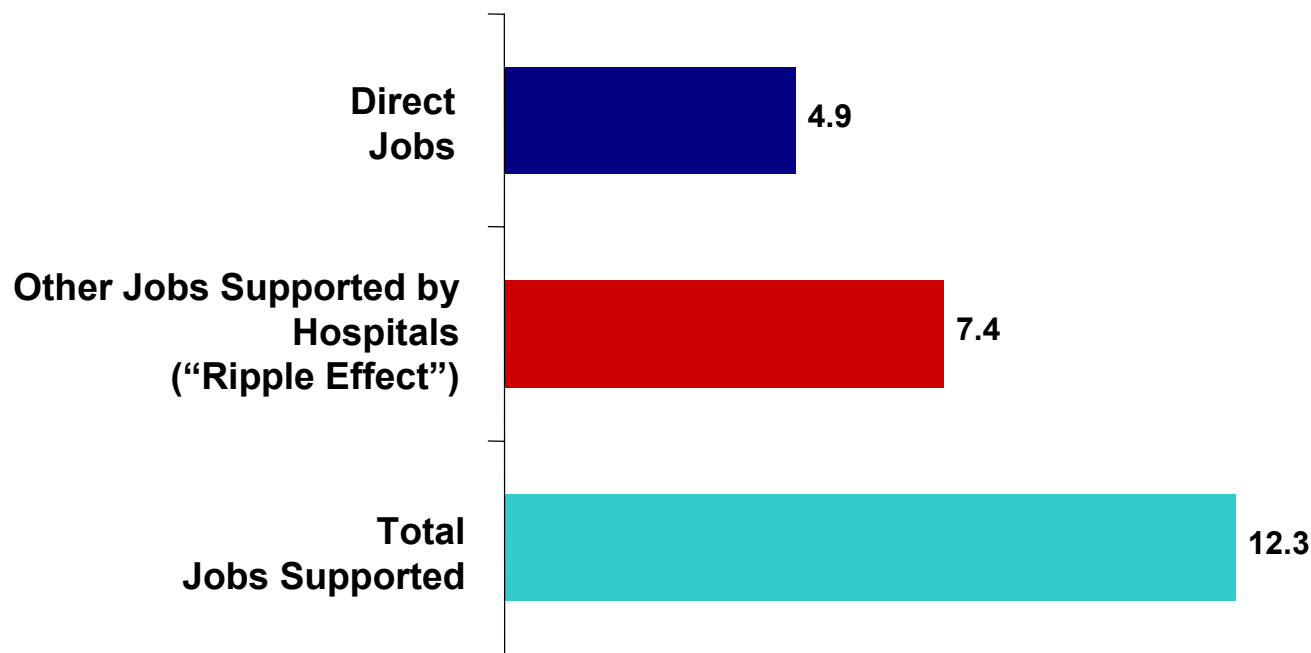


# Hospital jobs and purchases also support other sectors of the economy.

- **The direct effects of hospitals—hospital jobs and purchases—are only part of the story.**
- **Hospital activities create “ripple effects” throughout the economy.**
  - **Hospitals purchase goods and services—drugs, information technology, food, linens, “bricks and mortar”—from other businesses.**
  - **Hospital employees spend their paychecks on the goods and services—groceries, cars, appliances, clothing—produced by other businesses.**
  - **Wages and salaries paid by hospitals are subject to federal, state, and local taxes.**

# With “ripple effects” included, hospitals support more than 12 million jobs.

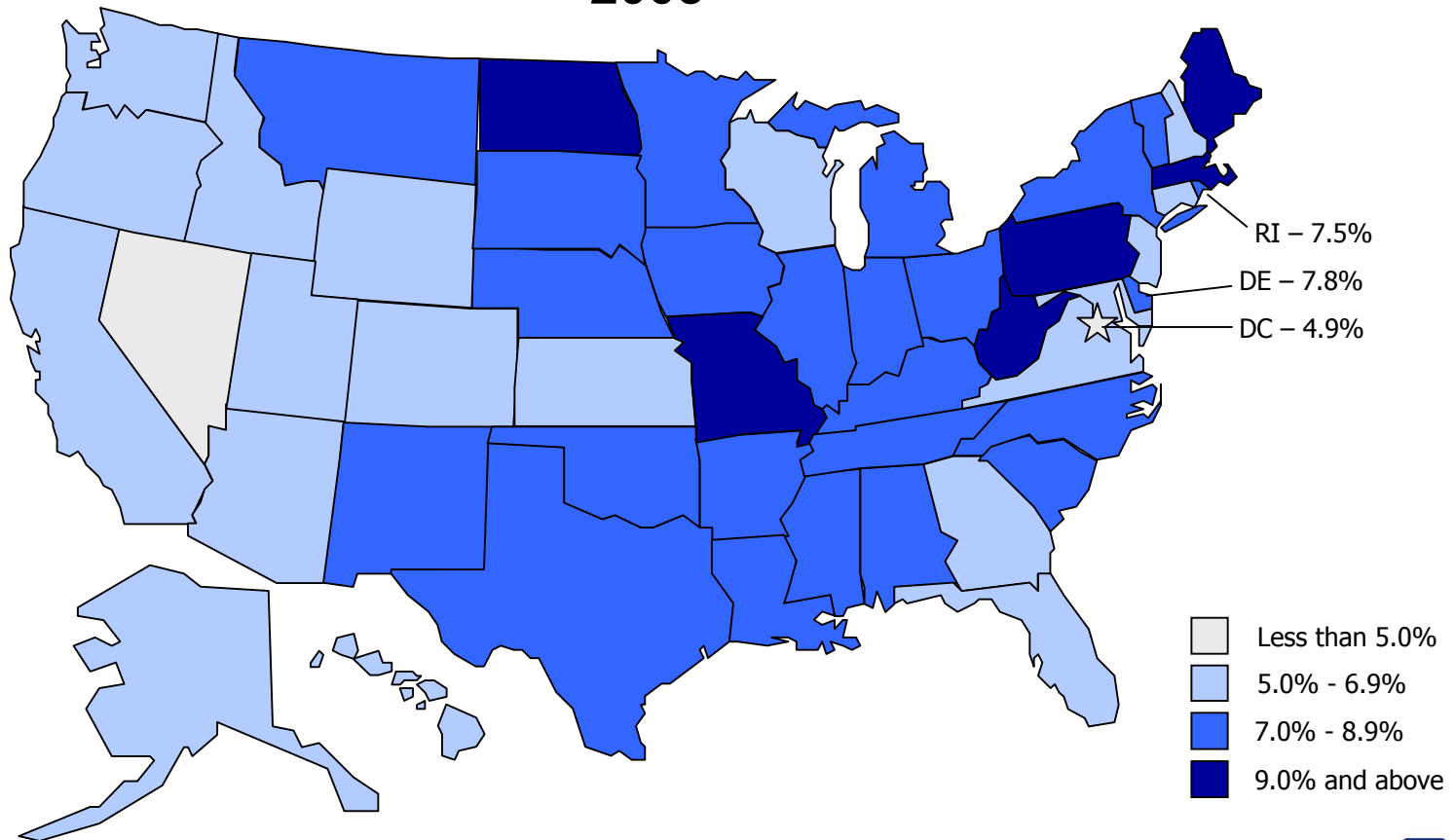
## Total Impact of Community Hospitals on U.S. Jobs (in millions) 2003



*Hospitals support one of every ten jobs nationwide.*

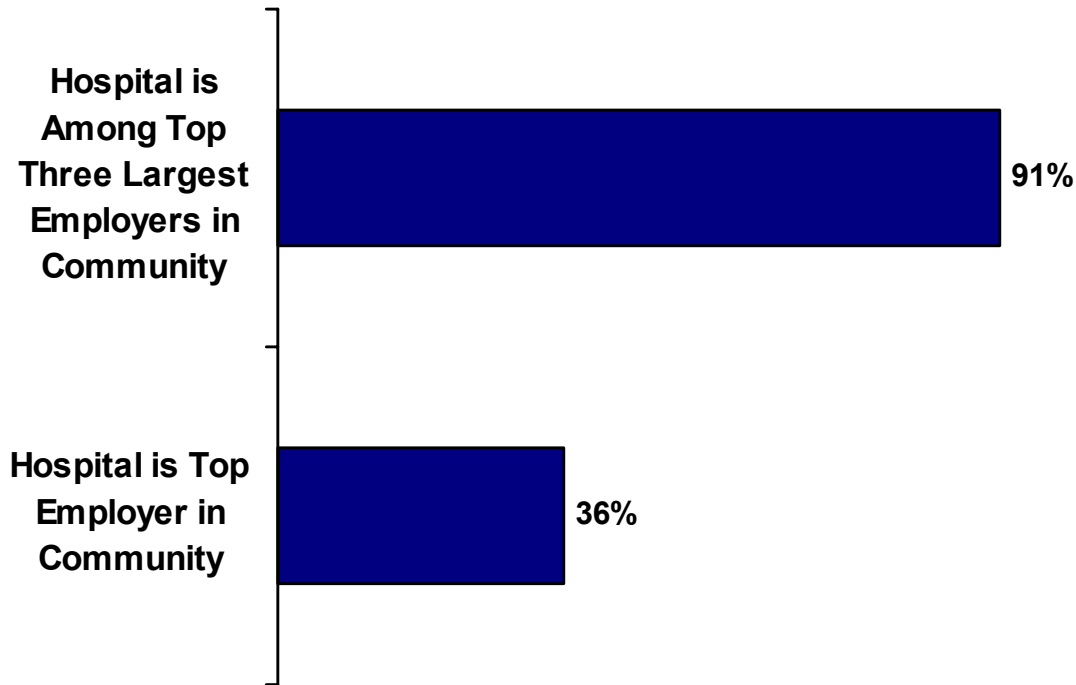
# Hospitals support 4 to 10% of state jobs.

## Percent of Total Non-farm Employment Supported By Hospital Employment By State 2003



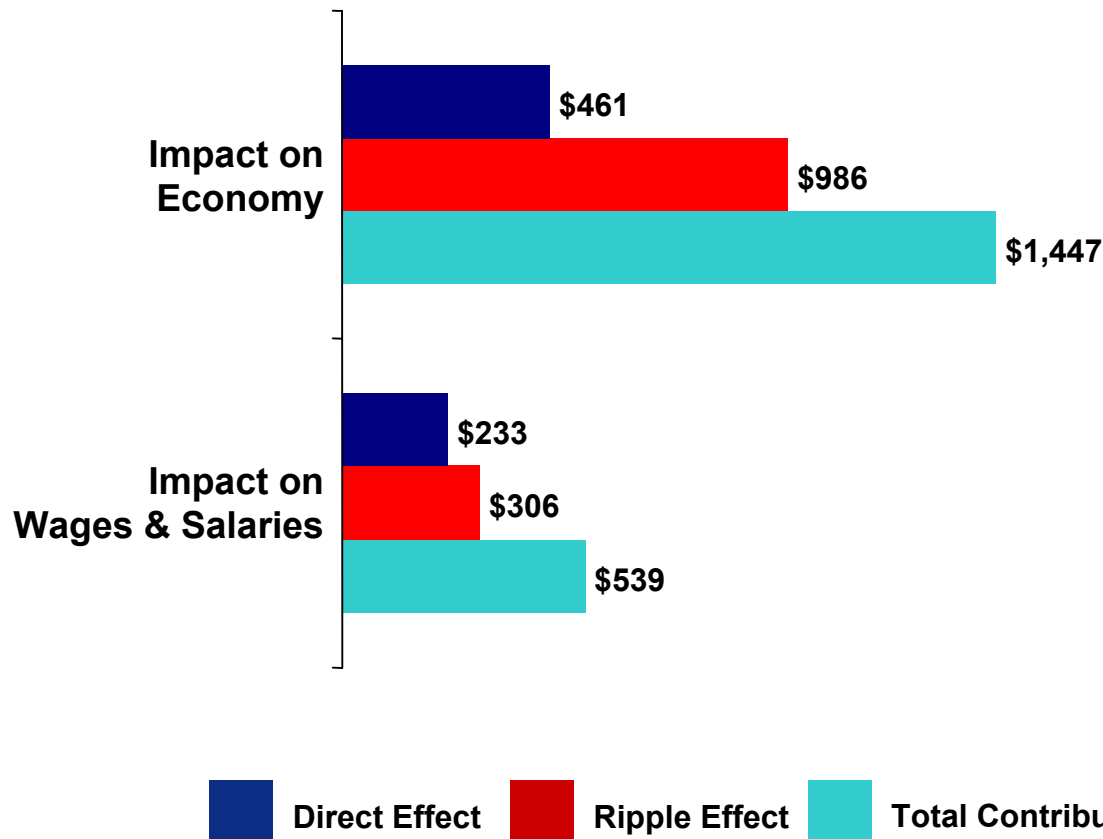
# Rural hospitals are vital to their communities.

## Hospital Ranking Among Employers in Rural Communities 2003



# Hospitals support over \$1.4 trillion dollars of economic activity.

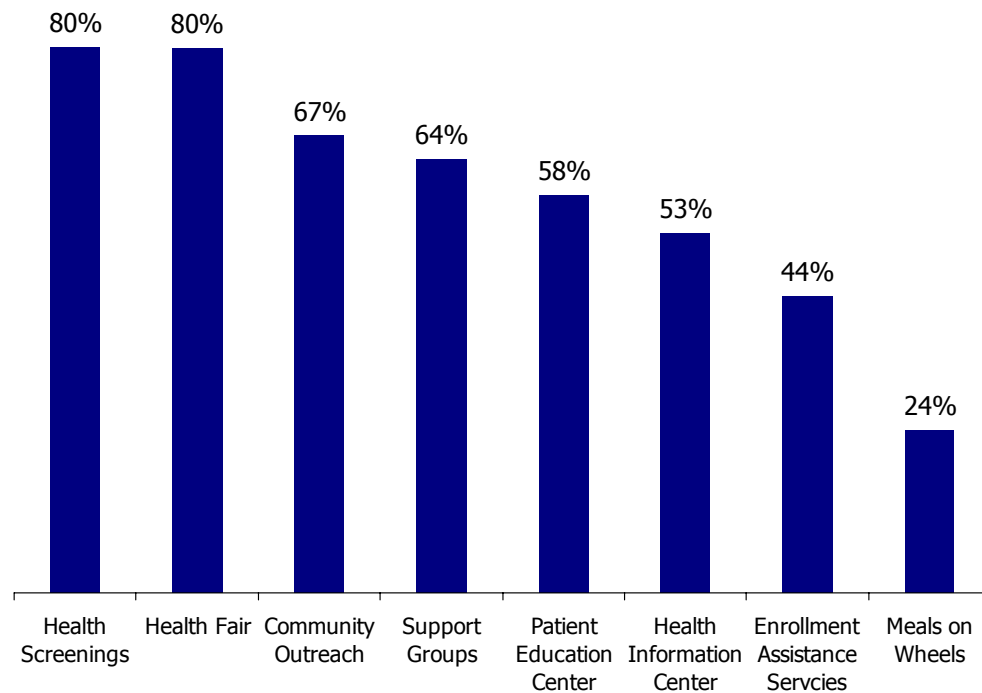
## Total Impact of Community Hospitals on U.S. Economy (in \$ billions) 2003



# Hospitals support their communities in many additional ways.

- **Special programs to meet broader health and social needs**
- **Charity care programs for patients with limited financial means**
- **Medicaid services to other needy patients—not fully reimbursed**

**Percentage of Community Hospitals Offering Selected Community Outreach Services 2003**



Source: Lewin Analysis of AHA Annual Survey data, 2003



# Conclusion

- **Hospitals are major contributors to the U.S. economy.**
- **Hospitals create a steady source of employment even in economic downturns.**
- **Hospital—and hospital employee—purchases of goods and services support other businesses.**
- **With “ripple effects” included:**
  - **Hospitals support one of every ten jobs in the U.S.**
  - **Hospitals support over \$1.4 trillion of economic activity.**
- **Hospitals support their communities in many additional ways.**

# Impact of Community Hospitals on U.S. Economy, All States and Total U.S., 2003

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 Nonfarm 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	81,379	1.9114	155,548	8.3%	\$3,126	1.6802	\$5,253	\$6,584	2.0889	\$13,752
Alaska	9,256	1.8507	17,130	5.7%	\$526	1.5134	\$796	\$941	1.8103	\$1,704
Arizona	61,823	1.9380	119,813	5.2%	\$3,034	1.7461	\$5,298	\$6,816	2.1508	\$14,661
Arkansas	49,556	1.8293	90,653	7.9%	\$1,957	1.6212	\$3,173	\$4,036	1.9860	\$8,016
California	430,810	2.1380	921,072	6.4%	\$24,580	1.9020	\$46,751	\$47,407	2.4108	\$114,290
Colorado	59,829	2.0101	120,262	5.6%	\$3,059	1.8568	\$5,680	\$6,412	2.3369	\$14,984
Connecticut	58,932	1.7850	105,194	6.4%	\$3,116	1.7073	\$5,320	\$5,558	2.1249	\$11,811
Delaware	17,356	1.8669	32,402	7.8%	\$822	1.5890	\$1,306	\$1,448	1.9317	\$2,798
District of Columbia	22,074	1.4667	32,376	4.9%	\$1,307	1.3590	\$1,776	\$2,385	1.3856	\$3,305
Florida	251,644	1.9789	497,978	6.8%	\$12,319	1.7846	\$21,985	\$25,516	2.2046	\$56,254
Georgia	131,740	1.9943	262,729	6.8%	\$5,839	1.8816	\$10,987	\$11,832	2.3930	\$28,315
Hawaii	16,958	1.9867	33,690	5.9%	\$952	1.6685	\$1,589	\$1,709	2.0329	\$3,475
Idaho	20,018	1.9315	38,665	6.8%	\$850	1.6355	\$1,390	\$1,706	1.9566	\$3,339
Illinois	234,089	2.0112	470,800	8.1%	\$10,650	1.9395	\$20,656	\$20,638	2.5037	\$51,671
Indiana	114,628	1.9300	221,232	7.6%	\$5,133	1.7147	\$8,802	\$10,577	2.1640	\$22,889
Iowa	65,710	1.8213	119,678	8.3%	\$2,558	1.6140	\$4,129	\$4,872	1.9827	\$9,659
Kansas	48,758	1.8268	89,071	6.8%	\$2,031	1.6444	\$3,339	\$3,946	2.0638	\$8,144
Kentucky	75,348	1.8775	141,466	7.9%	\$3,246	1.6590	\$5,384	\$6,900	2.0637	\$14,240
Louisiana	86,868	1.8565	161,270	8.5%	\$3,565	1.6565	\$5,905	\$7,449	2.0000	\$14,898
Maine	28,479	1.9332	55,056	9.1%	\$1,229	1.6433	\$2,020	\$2,362	1.9862	\$4,692
Maryland	84,010	1.9427	163,206	6.6%	\$3,914	1.7535	\$6,864	\$7,737	2.1888	\$16,935
Massachusetts	152,626	1.9286	294,355	9.2%	\$6,993	1.7837	\$12,474	\$14,775	2.2166	\$32,750
Michigan	186,484	1.8953	353,443	8.0%	\$8,628	1.7237	\$14,872	\$16,604	2.1321	\$35,402
Minnesota	102,572	1.9786	202,949	7.7%	\$4,812	1.8151	\$8,734	\$8,865	2.2793	\$20,207
Mississippi	52,902	1.8213	96,350	8.6%	\$2,089	1.5996	\$3,342	\$4,280	1.9610	\$8,393
Missouri	124,867	2.0106	251,058	9.4%	\$5,437	1.7868	\$9,715	\$11,239	2.2603	\$25,404
Montana	18,669	1.8139	33,864	8.5%	\$792	1.5669	\$1,241	\$1,466	1.8664	\$2,737
Nebraska	39,187	1.9070	74,730	8.3%	\$1,581	1.6731	\$2,645	\$3,305	2.0571	\$6,798
Nevada	21,038	1.8186	38,260	3.5%	\$1,228	1.6178	\$1,986	\$2,624	1.9501	\$5,117
New Hampshire	22,947	1.8555	42,578	6.9%	\$1,107	1.7051	\$1,887	\$2,113	2.0311	\$4,292
New Jersey	133,940	1.9320	258,772	6.5%	\$7,485	1.8391	\$13,765	\$13,721	2.3484	\$32,224
New Mexico	31,249	2.0041	62,626	8.1%	\$1,168	1.6369	\$1,912	\$2,012	1.9631	\$3,950
New York	382,229	1.7575	671,767	8.0%	\$22,224	1.6747	\$37,219	\$38,848	2.1093	\$81,942
North Carolina	141,824	2.0244	287,109	7.5%	\$6,624	1.7888	\$11,850	\$12,920	2.2547	\$29,131
North Dakota	19,128	1.7602	33,669	10.1%	\$740	1.5468	\$1,144	\$1,356	1.8364	\$2,490
Ohio	237,629	2.0212	480,296	8.9%	\$10,643	1.8116	\$19,281	\$21,072	2.2897	\$48,248
Oklahoma	54,590	2.0192	110,228	7.6%	\$2,171	1.7402	\$3,777	\$4,632	2.1665	\$10,036
Oregon	51,898	2.0370	105,716	6.8%	\$2,570	1.7162	\$4,411	\$5,052	2.1301	\$10,761
Pennsylvania	259,371	1.9961	517,730	9.2%	\$11,211	1.8559	\$20,806	\$23,116	2.3787	\$54,985
Rhode Island	19,301	1.8677	36,048	7.5%	\$1,070	1.6492	\$1,765	\$1,944	1.9841	\$3,857
South Carolina	68,415	1.9653	134,456	7.4%	\$3,090	1.7127	\$5,292	\$6,542	2.1771	\$14,244
South Dakota	18,718	1.7931	33,563	8.9%	\$750	1.5668	\$1,175	\$1,428	1.8835	\$2,689
Tennessee	101,530	2.1358	216,848	8.1%	\$4,585	1.8066	\$8,283	\$9,586	2.3112	\$22,154
Texas	309,388	2.2784	704,910	7.5%	\$14,999	1.8958	\$28,436	\$31,307	2.4539	\$76,825
Utah	33,453	2.0808	69,609	6.5%	\$1,363	1.8268	\$2,490	\$2,947	2.3063	\$6,796
Vermont	12,201	1.8181	22,183	7.4%	\$649	1.5525	\$1,008	\$1,042	1.8268	\$1,903
Virginia	98,225	1.8831	184,967	5.3%	\$4,566	1.7388	\$7,939	\$9,805	2.2114	\$21,683
Washington	86,383	2.0506	177,137	6.7%	\$4,515	1.7294	\$7,808	\$8,746	2.1614	\$18,904
West Virginia	39,013	1.7669	68,932	9.5%	\$1,700	1.5170	\$2,578	\$3,341	1.7821	\$5,953
Wisconsin	99,954	1.8913	189,043	6.8%	\$4,323	1.7002	\$7,351	\$9,287	2.1109	\$19,605
Wyoming	7,669	1.7078	13,097	5.2%	\$335	1.4466	\$485	\$657	1.6897	\$1,111
<b>U.S.</b>	<b>4,876,665</b>	<b>2.5168</b>	<b>12,273,590</b>	<b>9.5%</b>	<b>\$233,261</b>	<b>2.3098</b>	<b>\$538,787</b>	<b>\$461,468</b>	<b>3.1365</b>	<b>\$1,447,395</b>

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

Source: The Lewin Group using BEA RIMS-II multipliers for hospital NAICS Code 622, released May 2004, applied to American Hospital Association Annual Survey data for 2003. 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 2003 BLS data.