

# How Economic Impact Supports Health Care

44<sup>th</sup> Annual Arizona Rural Health Conference  
Tuesday, July 25, 2017, 10:30 am

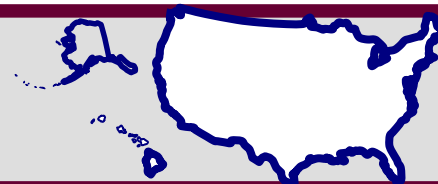
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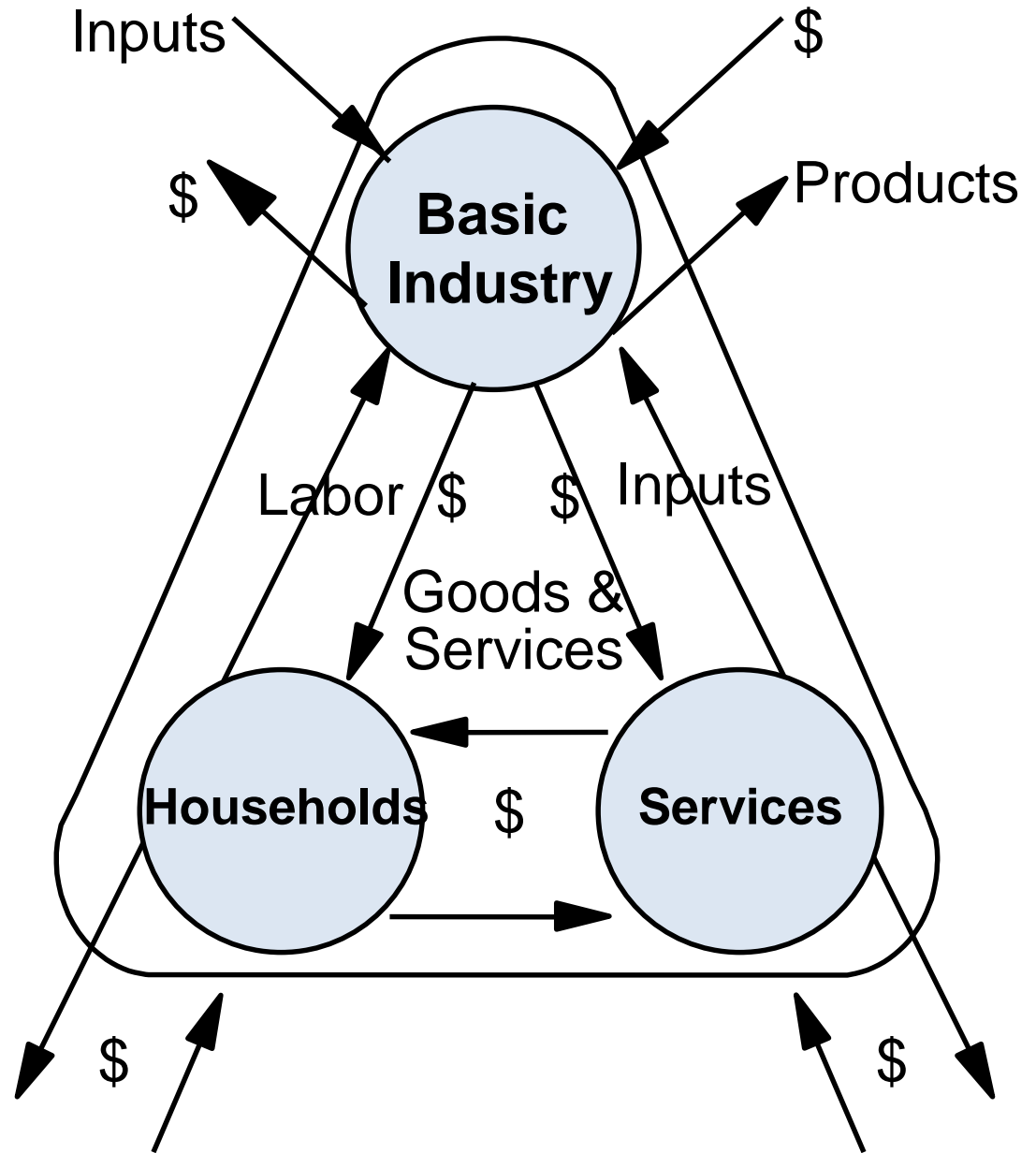
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# Overview of Community Economic System



# Multipliers can be calculated for:

- Zip Code (s)
- County
- Multiple Counties (regions)
- State
- Multiple States
- United States (national)



# CASE STUDY: Economic Impact of a Local Hospital on a County Economy

## Local Hospital has DIRECT IMPACT:

- 67 Employees
- \$3,450,000 in Labor Income (Wages, Salaries, & Benefits)
- Construction of \$10,000,000 during the current year



# CASE STUDY: Economic Impact of a Local Hospital on a County Economy

EMPLOYMENT IMPACT				
	Direct		Secondary	Total
	Impact	Multiplier	Impact	Impact
<b>Hospital Operations</b>	67	1.36	24	91
<b>Hospital Construction</b>	<u>63</u>	1.33	<u>21</u>	<u>84</u>
<b>Total Combined</b>	130		45	175



# CASE STUDY: Economic Impact of a Local Hospital on a County Economy

LABOR INCOME IMPACT				
	Direct		Secondary	Total
	Impact	Multiplier	Impact	Impact
<b>Hospital Operations</b>	\$3,450,000	1.18	\$621,000	\$4,071,000
<b>Hospital Construction</b>	<u>\$3,175,924</u>	1.22	<u>\$698,703</u>	<u>\$3,874,627</u>
<b>Total Combined</b>	\$6,625,924		\$1,319,703	\$7,945,627



# CASE STUDY: Economic Impact of a Local Hospital

<b>STATE AND LOCAL AND FEDERAL TAX IMPACTS</b>		
	Subcategory	Total
<b>Category</b>	Tax Impacts	Tax Impacts
<b>STATE AND LOCAL TAX IMPACTS</b>		
<b>State Income Tax</b>	\$76,080	
<b>State, County &amp; City Sales Tax</b>	\$97,631	
<b>Property Tax</b>	\$122,366	
<b>Other State &amp; Local Taxes</b>	<u>\$281,837</u>	
<b>Total State &amp; Local Tax Impacts</b>		\$577,914
<b>FEDERAL TAX IMPACTS</b>		
<b>Personal Income Taxes</b>	\$606,319	
<b>Other Federal Taxes</b>	<u>\$1,297,080</u>	
<b>Total Federal Tax Impacts</b>		\$1,903,399

# CASE STUDY: Economic Impact of a State Policy

State Medicaid Program Funding - Article from **The Oklahoman** on Oklahoma Medicaid program:

- **Loss of \$69M in state funds**
- **Loss of \$98M in federal funds**
- **Total loss of \$167M in state Medicaid funding**

Could result in:

- ✓ 8% Medicaid provider rate cut
- ✓ May cause State to lose providers
- ✓ May cause loss of access to care for Medicaid recipients





# CASE STUDY: Economic Impact of a Loss in State Medicaid Funds

OUTPUT IMPACT				
	Direct		Secondary	Total
	Impact	Multiplier	Impact	Impact
<b>State Medicaid Program</b>	<b>-\$167.0M</b>	1.82	<b>-\$136.9M</b>	<b>-\$303.9M</b>



# CASE STUDY: Economic Impact of a Loss in State Medicaid Funds

EMPLOYMENT IMPACT				
	Direct		Secondary	Total
	Impact	Multiplier	Impact	Impact
<b>State Medicaid Program</b>	<b>-1,484</b>	1.66	<b>-979</b>	<b>-2,463</b>



# CASE STUDY: Economic Impact of a Loss in State Medicaid Funds

LABOR INCOME IMPACT				
	Direct		Secondary	Total
	Impact	Multiplier	Impact	Impact
<b>State Medicaid Program</b>	<b>-\$90.8 M</b>	1.47	<b>-\$42.7M</b>	<b>-\$133.5M</b>



# CASE STUDY: Economic Impact of a Loss in State Medicaid Funds

<b>STATE AND LOCAL AND FEDERAL TAX IMPACTS</b>	
<b>Category</b>	<b>Total Tax Impacts</b>
<b>Total State &amp; Local Tax Impacts</b>	<b>-\$9.8M</b>
<b>Total Federal Tax Impacts</b>	<b>-\$27.0M</b>

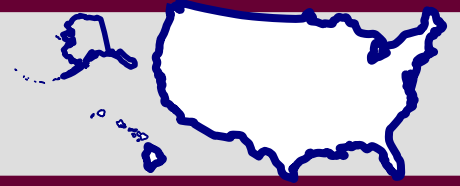


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# Summary of Economic Impact Studies Available

# Economic Impact Studies

- Impact of Health Sector on State Economy
- Impact of Hospitals on a State Economy
- Impact of Medicaid on a State Economy
- Impact of a Medical School on a Community, Regional, and/or State Economy



# Economic Impact Studies

- Impact of Telehealth on a Community, Regional, and/or State Economy
- Impact of Health Sector on Community Economy
- Impact of FQHC on a Community Economy
- Impact of Social Services Agencies on a Community Economy



# Economic Impact Studies

- Impact of Replacement Hospital on a Community Economy
- Impact of a Critical Access Hospital on a Community Economy
- Impact of Rural Primary Care Physician on Community Economy
- Impact of a Physician Shortage on a Community Economy
- Impact of a Specialty Physician on a Community Economy



# Economic Impact Studies

- Impact of a Rural Pharmacy on a Community Economy
- Impact of a Rural General Surgeon on a Community Economy
- Impact of a Health Network on a Regional Economy
- Impact of an Individual Health Network Provider on a County Economy

# Economic Impact Studies

- Impact of a Veterinarian Practice on a Community, Regional, and/or State Economy
- Impact of a Rural Dentist on a Community, Regional, and/or State Economy
- Impact of Nurse Practitioner/Physician Assistant on a Rural Economy
- Impact of a Nursing Home on a Rural Economy (50 Beds, No SNF; 100 Beds, No SNF; and 100 Beds with SNF)

# Economic Impact Studies

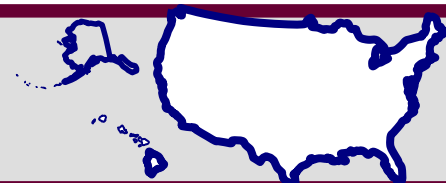
- Impact of Recent Hospital Closures on Rural Communities
- Impact of PPS Hospitals on Local Economies (26-50 Beds and 51-100 Beds)
- Summary Document – Economic Impact of Rural Health Care

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# For more information, contact:

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