

# BEYOND HEALTH CARE

## The Economic Contribution of Hospitals

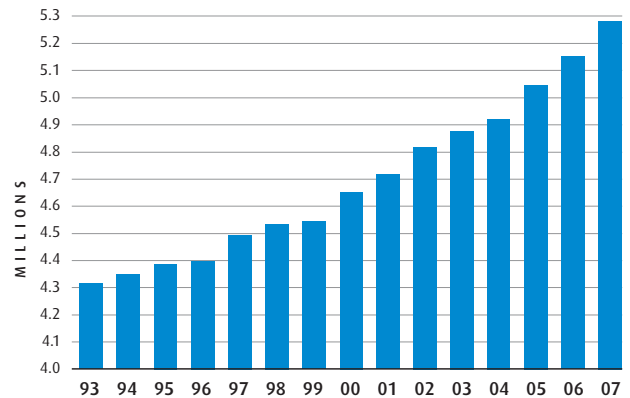
In 2007, America's hospitals treated 121 million people in their emergency departments, provided care for 603 million outpatients, performed 27 million surgeries, and delivered 4 million babies. Every year, hospitals provide vital health care services like these to millions of people in thousands of 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 2007, this sector represented 16.2 percent of Gross Domestic Product (GDP)—a measure of economic output—or approximately \$2.2 trillion. Hospitals accounted for \$697 billion of that total. The health care sector is an economic mainstay, providing stability and even growth during times of recession. In 2007, hospitals:

- Employed nearly 5.3 million people.
- Were the second largest source of private sector jobs.
- Spent about \$304 billion on goods and services from other businesses.

### Hospitals employ more than 5 million people...

Number of Full-time and Part-time Hospital Employees 1993-2007



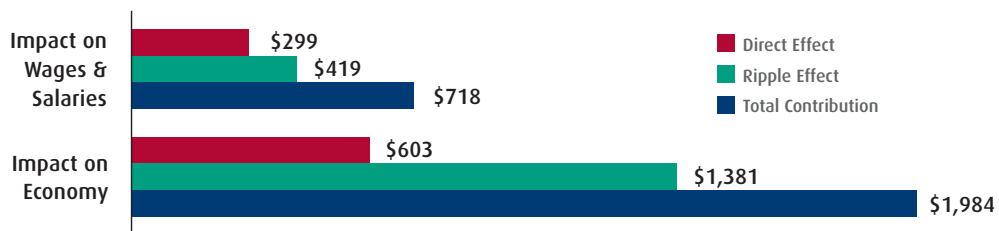
Source: Avalere Health analysis of AHA Annual Survey data, 1993-2007, for community hospitals.

The goods and services hospitals purchase from other businesses create additional economic 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 9 jobs in the U.S.
- Support nearly \$2 trillion in economic activity.

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

Impact of Community Hospitals on U.S. Economy (in \$ billions) 2007



Source: Avalere Health, using BEA RIMS-II (1997/2006) multipliers applied to 2007 American Hospital Association Annual Survey data.

## Impact of Community Hospitals on U.S. Economy; All States, DC and Total U.S., 2007

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	84,372	2.0128	169,824	8.46%	\$3,935	1.7382	\$6,840	\$7,995	2.1741	\$17,382
Alaska	10,373	1.8931	19,637	6.18%	\$754	1.5342	\$1,157	\$1,513	1.8427	\$2,788
Arizona	81,851	2.1321	174,515	6.55%	\$4,812	1.7511	\$8,426	\$10,066	2.1596	\$21,739
Arkansas	48,358	1.9434	93,979	7.81%	\$2,271	1.6528	\$3,754	\$4,733	2.0373	\$9,643
California	488,413	2.2751	1,111,188	7.33%	\$29,662	1.9677	\$58,366	\$59,590	2.5265	\$150,554
Colorado	64,565	2.2728	146,743	6.30%	\$4,019	1.9439	\$7,813	\$8,610	2.4720	\$21,284
Connecticut	64,512	1.9089	123,147	7.25%	\$4,040	1.7029	\$6,880	\$7,351	2.1058	\$15,480
Delaware	18,192	1.9083	34,716	7.95%	\$1,119	1.6208	\$1,814	\$2,086	1.9746	\$4,119
District of Columbia	25,453	1.5648	39,829	5.73%	\$1,729	1.3668	\$2,363	\$3,268	1.3866	\$4,531
Florida	274,075	2.0425	559,798	6.96%	\$15,482	1.7860	\$27,651	\$33,100	2.2052	\$72,992
Georgia	142,804	2.1991	314,040	7.57%	\$7,460	1.9466	\$14,522	\$15,247	2.4931	\$38,012
Hawaii	17,231	2.1522	37,085	5.95%	\$1,099	1.6993	\$1,868	\$2,118	2.0783	\$4,402
Idaho	23,081	2.0753	47,900	7.31%	\$1,143	1.6781	\$1,918	\$2,426	2.0419	\$4,954
Illinois	238,827	2.2421	535,474	8.95%	\$13,321	2.0074	\$26,741	\$27,543	2.6107	\$71,907
Indiana	121,943	2.0684	252,227	8.44%	\$6,511	1.7652	\$11,493	\$13,585	2.2423	\$30,462
Iowa	69,362	1.9678	136,491	9.00%	\$3,185	1.6683	\$5,314	\$6,273	2.0566	\$12,901
Kansas	50,930	1.9810	100,892	7.32%	\$2,535	1.6851	\$4,272	\$4,789	2.1205	\$10,155
Kentucky	79,408	2.0151	160,015	8.56%	\$4,084	1.7246	\$7,043	\$8,892	2.1535	\$19,149
Louisiana	83,035	1.9761	164,085	8.54%	\$4,060	1.6890	\$6,857	\$8,179	2.0450	\$16,726
Maine	34,068	2.0994	71,522	11.58%	\$1,745	1.6934	\$2,955	\$3,367	2.0724	\$6,978
Maryland	88,988	2.0835	185,406	7.10%	\$5,215	1.7969	\$9,371	\$10,882	2.2440	\$24,419
Massachusetts	170,921	2.0772	355,037	10.83%	\$9,860	1.8276	\$18,020	\$20,146	2.2898	\$46,130
Michigan	202,310	2.0864	422,100	9.90%	\$11,498	1.7892	\$20,572	\$22,483	2.2250	\$50,025
Minnesota	109,745	2.2509	247,025	8.92%	\$6,370	1.8750	\$11,944	\$12,054	2.3801	\$28,690
Mississippi	57,797	1.9358	111,883	9.71%	\$2,908	1.6342	\$4,752	\$5,538	2.0111	\$11,137
Missouri	128,399	2.1314	273,670	9.79%	\$6,510	1.8270	\$11,894	\$14,782	2.3078	\$34,114
Montana	21,189	2.0277	42,965	9.70%	\$1,030	1.6295	\$1,678	\$2,023	1.9804	\$4,006
Nebraska	41,535	2.0012	83,120	8.63%	\$2,098	1.7151	\$3,598	\$4,373	2.1184	\$9,264
Nevada	24,104	1.9473	46,938	3.63%	\$1,755	1.6078	\$2,822	\$3,672	1.9425	\$7,133
New Hampshire	29,170	2.0164	58,818	9.06%	\$1,770	1.7655	\$3,125	\$3,320	2.1038	\$6,985
New Jersey	145,810	2.1713	316,597	7.77%	\$8,816	1.8966	\$16,720	\$16,115	2.4450	\$39,401
New Mexico	23,920	2.0834	49,835	5.91%	\$1,561	1.6371	\$2,556	\$2,905	1.9595	\$5,692
New York	410,448	1.8941	777,430	8.90%	\$27,886	1.6807	\$46,868	\$49,651	2.1262	\$105,568
North Carolina	160,251	2.1746	348,482	8.41%	\$8,674	1.8509	\$16,055	\$17,497	2.3573	\$41,246
North Dakota	19,702	1.8906	37,249	10.41%	\$948	1.5824	\$1,500	\$1,741	1.8921	\$3,294
Ohio	255,472	2.1845	558,079	10.29%	\$13,913	1.8463	\$25,688	\$28,050	2.3406	\$65,654
Oklahoma	55,856	2.0911	116,800	7.46%	\$2,728	1.7621	\$4,807	\$6,082	2.1927	\$13,336
Oregon	55,836	2.2135	123,593	7.14%	\$3,511	1.7507	\$6,147	\$6,847	2.1740	\$14,885
Pennsylvania	280,451	2.1859	613,038	10.58%	\$14,380	1.9220	\$27,638	\$30,846	2.4662	\$76,072
Rhode Island	21,269	1.9944	42,419	8.60%	\$1,443	1.6867	\$2,434	\$2,526	2.0518	\$5,183
South Carolina	70,611	2.1289	150,324	7.71%	\$3,667	1.7830	\$6,538	\$8,461	2.2809	\$19,299
South Dakota	20,689	1.8942	39,189	9.64%	\$977	1.5882	\$1,552	\$1,972	1.9210	\$3,788
Tennessee	135,462	2.1825	295,646	10.57%	\$6,734	1.8680	\$12,579	\$13,950	2.4045	\$33,543
Texas	322,603	2.3308	751,923	7.26%	\$17,986	1.9591	\$35,236	\$37,777	2.5537	\$96,471
Utah	39,172	2.2587	88,478	7.07%	\$1,871	1.9017	\$3,558	\$4,145	2.4405	\$10,116
Vermont	12,997	2.0105	26,130	8.49%	\$875	1.5910	\$1,392	\$1,480	1.8782	\$3,780
Virginia	107,870	1.9699	212,493	5.65%	\$6,129	1.7659	\$10,823	\$13,420	2.2555	\$30,269
Washington	94,091	2.2047	207,442	7.08%	\$6,183	1.8049	\$11,160	\$11,832	2.2829	\$27,011
West Virginia	42,024	1.9048	80,047	10.58%	\$2,036	1.5673	\$3,191	\$4,193	1.8522	\$7,766
Wisconsin	108,969	2.0666	225,195	7.81%	\$5,971	1.7664	\$10,547	\$12,720	2.2070	\$28,073
Wyoming	8,989	1.7451	15,687	5.44%	\$465	1.4443	\$672	\$908	1.6980	\$1,542
<b>Total U.S.</b>	<b>5,287,503</b>	<b>2.8048</b>	<b>14,830,388</b>	<b>10.80%</b>	<b>\$298,734</b>	<b>2.4031</b>	<b>\$717,888</b>	<b>\$603,122</b>	<b>3.2896</b>	<b>\$1,984,030</b>

**SOURCE:** Avalere Health, using BEA RIMS-II (1997/2006) multipliers for hospital NAICS Code 622, released 2008, applied to American Hospital Association Annual Survey data for 2007. 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 2007 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 2.8 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.

