

# CONNECTICUT HOSPITALS

## 2016 Economic Impact Report



# Connecticut Hospitals: Bedrock of the Community

Improving Community Health,  
Strengthening Connecticut's Economy

## Each year, Connecticut hospitals

treat nearly 1.6 million patients in their emergency departments, welcome more than 36,000 babies into the world, and care for nearly 400,000 admitted patients, accounting for nearly two million days of inpatient care.

But hospitals' contributions to their communities extend far beyond great care and critical safety net health services. Connecticut hospitals also serve as the economic lifeblood of their communities and the state, providing enormous benefits that drive growth in the health and medical fields, as well as in many other business and industry sectors. Connecticut hospitals have a tremendous impact on the financial health of their local communities and the entire state.

Connecticut hospitals spend billions of dollars each year on staff salaries and the purchase of medical supplies and food, as well as facility construction. These dollars have a "ripple effect" as they move through the larger economy, generating additional jobs and spending in communities throughout the state.

## A Major Employer

Connecticut's hospitals and health systems provide great jobs to 55,000 people, with a total annual payroll of \$5.4 billion. Connecticut hospitals are often the largest employers in their communities, and hospital salaries serve as a vital economic

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**108,000** jobs can be traced either directly or indirectly to hospitals.

## HOSPITALS' ECONOMIC IMPACT:

- 55,000 employed - payroll of \$5.4 billion
- 53,000 "ripple effect" jobs created - payroll of \$5.5 billion

Total jobs:  
**108,000**

Total payroll:  
**\$10.9 billion**



- \$4.4 billion spent on goods and services
- \$4.4 billion created in "ripple effect" spending

Total impact of hospital spending:  
**\$8.8 billion**



- \$813 million spent on buildings and equipment
- \$823 million additional economic activity generated

Total impact of spending on capital improvements:  
**\$1.6 billion**



Total economic impact =  
**\$21.3 billion**



stimulus, creating and supporting jobs throughout the state. Nearly every job in a Connecticut hospital produces another Connecticut job outside of the hospital.

### A Purchaser of Goods and Services

The \$4.4 billion Connecticut hospitals spend each year on the goods and services they require to provide quality healthcare is another important piece of the state's economic engine. The money hospitals spend on medical supplies, food for patients, and electricity for buildings, among other things, flows from the hospitals to businesses and then ripples out into the wider economy for an additional spending of \$4.4 billion.

### Building the Future of Care

The ripple effect from Connecticut hospitals can also be seen in the development of new businesses. Hospitals function like a magnet, pulling in other businesses around them. These businesses are often healthcare-related or those that will thrive in a busy community, such as retail stores, banks, and restaurants.

Connecticut hospitals and health systems spent \$813 million on buildings and equipment in 2014. This capital spending created an additional \$823 million in economic activity, generating a total of \$1.6 billion in economic activity in Connecticut.



# \$391 million

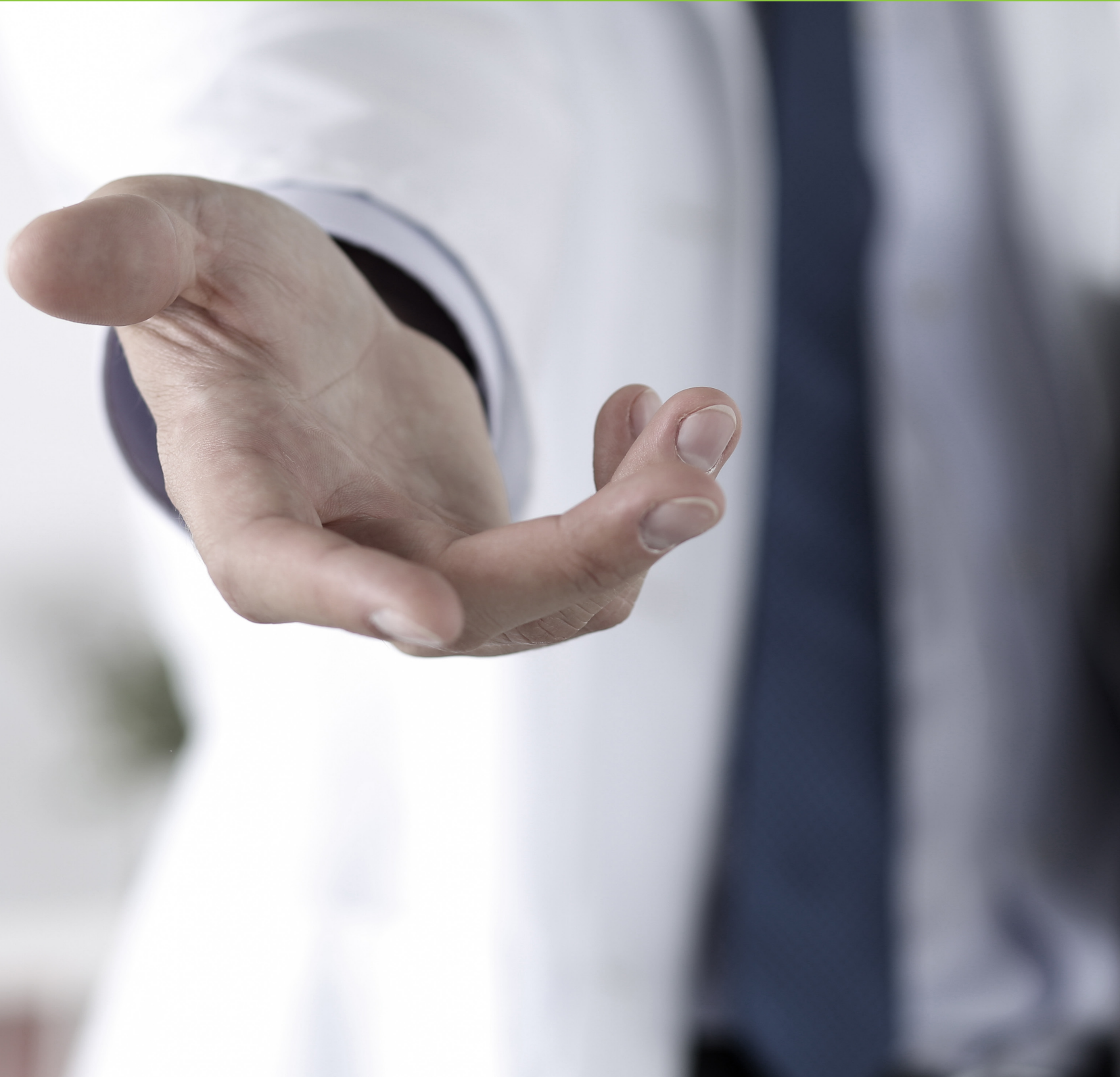
The amount Governor Malloy is taxing hospitals per year, resulting in longer hospital wait times, less access to care, and higher healthcare costs.

### Hospitals Can Be Part of the Solution

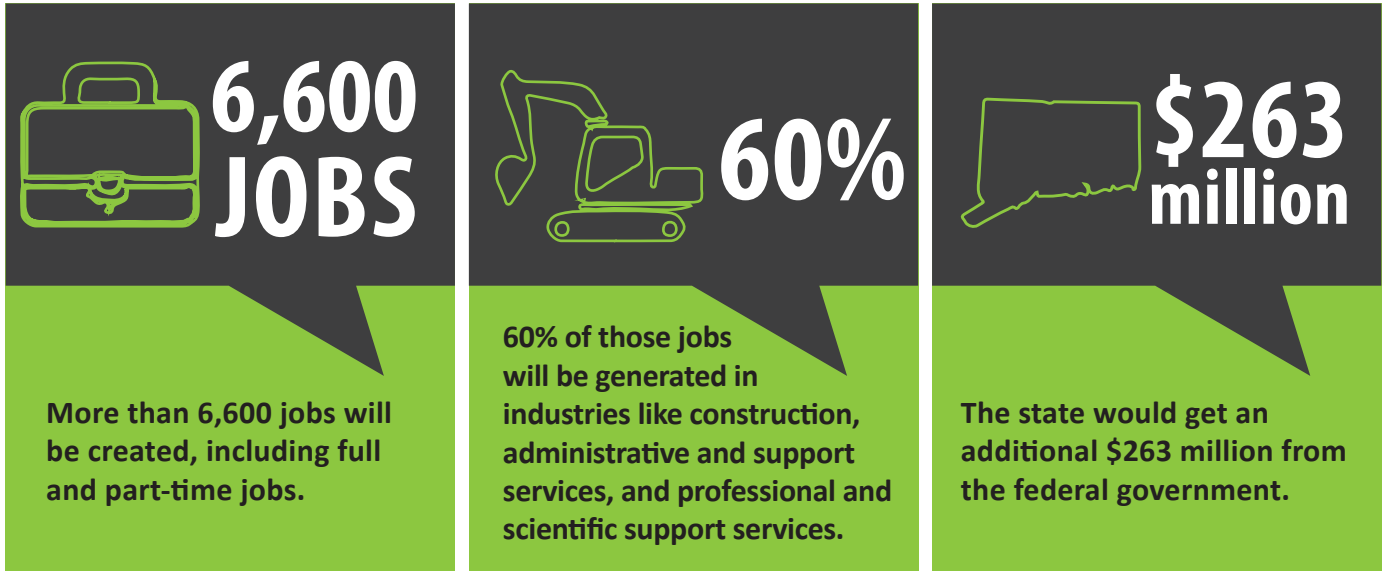
Governor Malloy is taxing hospitals \$391 million per year, draining hospitals' ability to contribute to the economy. The hospital tax was originally enacted to bring in federal money but, over time, the state began keeping more and more of the hospitals' money, foregoing the federal match. Currently, the state is leaving \$263 million federal dollars on the table each year. That's money that could be used to help people in Connecticut, and it's going to other states instead. It makes no sense when Connecticut has a revenue problem. Instead of keeping the hospital tax money, if the state returned those tax dollars to hospitals, as originally promised, it would enable hospitals to multiply their economic contributions and improve the state's economy.

**Hospital spending generates \$4.4 billion in local economic activity, for a total economic impact of \$8.8 billion.**

Hospitals can be part of the solution to the state's budget problem. By investing in hospitals, **6,600** jobs would be created, and the state would see a surplus of close to **\$35 million** every year. This would happen in year ONE.



In December 2015, The Connecticut Center for Economic Analysis (CCEA) at the University of Connecticut released an economic analysis showing that hospitals can be part of the solution to the state's budget troubles. By returning back to hospitals the taxes that they must pay to the state, as originally intended, the state can generate jobs, spur growth in our economy, and bring in close to **\$35 million every year**. Specifically, the state would see:



The new jobs will lead to increased sales, income, and other related tax revenue that would generate a surplus to the state of close to **\$35 million annually** over and above its share of the investment.

This is an investment that would pay for itself in the very first year, and dramatically increase the state's overall job creation. And because Connecticut hospitals are anchored in the state, it is an investment with assured short-term payoff and long-term durability.

**Investing in our state's hospitals is a win for our state's economy, patients, communities, and healthcare system.**

NOTE: This analysis is based on the statewide multipliers from the Regional Input-Output Modeling System (RIMS II), developed by the Bureau of Economic Analysis of the U.S. Department of Commerce. It uses data from the 2014 Medicare cost report. RIMS II provides an accounting of "inputs" purchased and "outputs" sold by an industry in the state. The spending of one industry will have several rounds of ripple influence throughout the state economy—this is known as the multiplier effect. RIMS II regional multipliers measure both the direct and indirect impact on the state economy from a specific industry. The number of jobs is based on full-time equivalents. Hospital services data from ChimeData FY2014.

### About the Connecticut Hospital Association

The Connecticut Hospital Association has been dedicated to serving Connecticut's hospitals since 1919. Through state and federal advocacy, CHA represents the interests of Connecticut's hospitals on key healthcare issues in the areas of quality and patient safety, access and coverage, workforce, community health, health equity, and hospital reimbursement.

### For more information, please contact:



**Jim Iacobellis**, Senior Vice President, Government Relations and Regulatory Affairs  
(203) 294-7310 | [iacobellis@chime.org](mailto:iacobellis@chime.org)



**Karen Buckley**, Vice President, Advocacy  
(203) 294-7259 | [buckley@chime.org](mailto:buckley@chime.org)



**Brian Cournoyer**, Director, Government Relations  
(203) 294-7295 | [cournoyer@chime.org](mailto:cournoyer@chime.org)