

# 2017: ECONOMIC IMPACT REPORT

Connecticut Hospital Association





# CONNECTICUT HOSPITAL HEALTH SYSTEMS:

## *Bedrock of the Community*

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 hospital health systems 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. They have a tremendous impact on the financial health of their local communities and the entire state.

Connecticut hospital health systems 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.

*continued on page 4*



### HOSPITAL HEALTH SYSTEMS' ECONOMIC IMPACT:



- 100,000 employed - payroll of \$7.2 billion
- 99,000 "ripple effect" jobs created - payroll of \$7.5 billion

**Total jobs:**

**199,000**

**Total payroll:**

**\$14.7 billion**



- \$4.9 billion spent on goods and services
- \$5.0 billion created in "ripple effect" spending

**Total impact of hospital spending:**

**\$9.9 billion**



- \$806 million spent on buildings and equipment
- \$832 million additional economic activity generated

**Total impact of spending on capital improvements:**

**\$1.6 billion**

**Total economic impact =  
\$26.2 billion**



# CONNECTICUT HOSPITAL HEALTH SYSTEMS:

## A MAJOR EMPLOYER

Connecticut's hospital health systems provide great jobs to 100,000 people, with a total annual payroll of \$7.2 billion. In fact, Connecticut hospitals are often the largest employers in their communities, and salaries are a vital economic stimulus, creating and supporting jobs throughout the state. Nearly every hospital health system job creates another one outside the hospital health system, for a total payroll of \$14.7 billion.

# 199,000

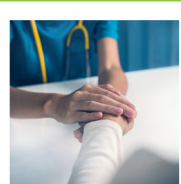
Connecticut jobs generated by hospital health systems

## A PURCHASER OF GOODS AND SERVICES

The \$4.9 billion Connecticut hospital health systems 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 spent on medical supplies, food for patients, and electricity for buildings, among other things, flows from the hospital health systems to businesses and then ripples out into the wider economy for an additional spending of \$5.0 billion.

## BUILDING A HEALTHIER CONNECTICUT

The economic ripple effect from Connecticut hospital health systems 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 hospital health systems spent \$806 million on buildings and equipment in 2015. This capital spending created an additional \$832 million in economic activity, generating a total of \$1.6 billion in economic activity in Connecticut.



## The Future of Connecticut's Hospital Health Systems

Connecticut hospitals pay a \$556 million tax\* to the state each year – a tax that has increased costs for patients, caused the loss of thousands of healthcare jobs, extended wait times, and reduced access to care for those who need it most. Now a new budget proposal out of Hartford would raise that tax and remove hospitals' property tax exemptions, allowing municipalities to tax them as well.

Taxing hospitals weakens the

state's healthcare safety net. The state must stop taxing hospitals for the care they provide to patients.

Our local hospital health systems are the cornerstones of our communities, providing tens of thousands of jobs and serving as a literal lifeline to the people we serve. They need healthcare policies that are smart, sustainable and improve quality and access to care, not more taxes that are just bad policy.

*\*The \$556 tax figure is current law and does not include increases proposed in the 2018-2019 state budget.*

**\$650**

Because of the hospital tax, patients with private insurance end up paying more than \$650 more for the care they receive every year.

Note: The hospital health system economic 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 hospital health system FY 2015 audited financial statements. 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 individuals employed by the hospital health systems, as recorded through IRS Form W-3.



## 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)



**Carl J. Schiessl**, Director, Regulatory Advocacy  
(203) 294-7341 | [schiessl@chime.org](mailto:schiessl@chime.org)