

FEBRUARY 2023



ECONOMIC IMPACT REPORT

CHA CONNECTICUT
HOSPITAL
ASSOCIATION



HOSPITALS ARE ECONOMIC ENGINES IN OUR COMMUNITIES PROVIDING ESSENTIAL SERVICES AND CONTRIBUTING TO STATE AND LOCAL ECONOMIES.

Since early 2020, hospitals and health systems have been at the center of Connecticut’s response to the COVID-19 public health emergency, acting as a vital partner with the state and our communities. Today, as the healthcare environment evolves, one thing remains certain: hospital doors are always open, the lights are always on, and caregivers are always ready to heal.

In 2021, Connecticut hospitals and health systems treated more than 1.4 million patients in our Emergency Departments, welcomed more than 35,000 babies into the world, and provided care for more than 330,000 admitted patients, accounting for more than 1.9 million

days of inpatient care. But our contributions to our communities extend far beyond great care and critical health services. Connecticut hospitals and health systems provide valuable resources in the communities we serve, and help our state’s economy prosper and thrive. Hospitals and health systems generate \$35.2 billion for the state’s economy and drive growth in the health, medical, and research fields, and other areas.

Hospitals and health systems continue to be among the largest employers in the communities we serve, providing high-quality medical and surgical services, with highly expert staff, to all patients regardless of

HOSPITALS AND HEALTH SYSTEMS FY 2021 ECONOMIC IMPACT



HEALTHCARE SPENDING:

\$7.6 Billion spent on goods and services

\$7.5 Billion created in “ripple effect” spending

TOTAL IMPACT of hospital spending:
\$15.1 Billion

JOBS:

110,508 employed
Payroll: **\$9.6 Billion**

118,984 “ripple effect” jobs
Payroll: **\$9.3 Billion**

TOTAL JOBS:
229,492

TOTAL PAYROLL:
\$18.9 Billion



CAPITAL IMPROVEMENTS:

\$607 Million spent on buildings and equipment

\$593 Million additional economic activity generated

TOTAL IMPACT of spending on capital improvements:
\$1.2 Billion

TOTAL ECONOMIC IMPACT: \$35.2 BILLION



their ability to pay. We contribute to the quality of life of Connecticut, with low- and no-cost health education and wellness programming, and participate in groundbreaking research trials that develop new therapies.

Energized by the stark disparities in health and access to care laid bare by COVID-19, hospitals and health systems are redoubling efforts, alongside community partners, to reach out and serve the core needs of individuals and communities — with the goal of sustainably improving equitable economic opportunity, and with it the equity of health and well-being among residents of our state. This tireless commitment to the COVID-19 response confirms the value of strong hospitals in Connecticut’s public health infrastructure and the well-being of communities and reinforces the need for a strong partnership between the state and hospitals.

229,492
jobs can be traced either directly or indirectly to hospitals.



Major Employer

In a time of great challenge, hospitals continued to provide well-paying jobs to more than 110,000 people in 2021, with a total annual payroll of \$9.6 billion. And for every hospital job, another is generated outside the hospital. In total, Connecticut’s hospitals and health systems generated over 229,000 jobs inside and outside hospitals in our state in 2021, for a total payroll of \$18.9 billion.

Sustaining our Communities

The financial impact of Connecticut’s hospitals and health systems is far-reaching. In 2021, hospitals and health systems spent \$607 million on buildings and capital equipment, which created an additional \$593 million in economic activity. This capital spending produced a total of \$1.2 billion in economic activity for the state. Through capital spending, hospitals and health systems advance



A Purchaser of Goods and Services

Hospitals and health systems are also substantial consumers of goods and services required to provide excellent care. In 2021, Connecticut hospitals spent more than \$7.6 billion on medical equipment and supplies, including unbudgeted and unavoidable COVID-19-related expenses, in addition to other operating expenses such as electricity for buildings — a significant contribution to the state’s economy. These expenditures further rippled out into the community, generating estimated additional spending of \$7.5 billion, for a total impact of \$15.1 billion.



development of new healthcare-related businesses and contribute to retail stores, banks, and other establishments frequented by employees, patients and families, as well as vendors and suppliers.

Note: The hospital and 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 each hospital and health system’s FY 2021 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 total number of jobs is based on individuals employed by Connecticut’s hospitals and health systems, as recorded through IRS Form W-3.

THE FUTURE OF CONNECTICUT’S HOSPITALS AND HEALTH SYSTEMS

The past three years have presented an unprecedented public health emergency taxing healthcare teams, testing hospitals’ agility, and worsening the toll of historic systemic racial inequities. Connecticut hospitals and health systems continue to be committed to making sure patients receive equitable care, experience compassionate and empathetic treatment, and have access to care in the most appropriate locations.

In addition, hospitals are at the forefront of supporting innovative

community-based efforts to address the core causes of poor health and health inequities — social influencers like housing and food insecurity, environmental risks, and financial insecurity caused by unemployment and educational needs.

To remain vibrant and strong, Connecticut hospitals and health systems require support and collaboration from government and many other sectors. The financial health of Connecticut’s hospitals and health systems is closely tied to that of the communities, families, and individuals we serve. As an integral part of those communities, hospitals will continue to help forge the path to better healthcare and better health in 2023.

About the Connecticut Hospital Association

The Connecticut Hospital Association has been dedicated to serving Connecticut’s hospitals and health systems 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.

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CONNECTICUT HOSPITAL ASSOCIATION ADVOCACY PRIORITIES

PUTTING PATIENTS AND COMMUNITIES FIRST

RECOVER FROM THE IMPACT OF COVID-19 AND PREPARE FOR THE FUTURE

SUPPORT AND GROW THE HEALTHCARE WORKFORCE

IMPROVE THE HEALTH OF OUR COMMUNITIES

ENSURE THE VIABILITY OF THE HEALTHCARE SYSTEM



Secure financial support for hospitals to address financial, workforce, and inflationary stresses. Ensure hospitals have the regulatory flexibility to recover from the impact of the COVID-19 pandemic and to meet the current and future health needs of Connecticut residents.



Focus on retaining and growing a skilled, diverse, resilient workforce to meet the patient needs of today and tomorrow.



Partner with others to improve community health, advance health equity, stabilize and strengthen our behavioral health system, promote public health infrastructure, and focus on quality to improve health outcomes.



Expand affordable coverage and access to care, ensure a sustainable payment system, and eliminate inefficient, burdensome payer practices that harm patients and delay care.

KEY ISSUES

Workforce Development, Recruitment and Retention

Hospitals across the country are struggling to retain doctors, nurses, and others on the care team in the wake of pandemic-related demands, and as the workforce ages and retires. Workers are tired after nearly three years of responding to the challenges the pandemic has created. Hospitals are creating new ways to keep their employees healthy and resilient, encouraging personal time off, supporting team dialogue around challenges and stress, and focusing on appreciation. To support patient care and the workforce, hospitals have invested significant financial resources to growing labor costs, which has added to considerable financial strain in the industry. To continue to support these growing labor-related costs, hospitals will require financial assistance from the state and federal governments.

Behavioral Health

The pandemic contributed to a rise in the prevalence of mental health and substance use conditions, which has exacerbated the pre-existing care crisis in Connecticut among those living with behavioral health issues. Since 2021 hospitals have been working together to address the demand for pediatric and adult behavioral health services at hospital emergency departments and for psychiatric inpatient beds. Last year, the General Assembly took important first steps to address this crisis in access for children and adolescents. But the demand for behavioral health services continues to impact patients of all ages. We must build on what was done last year to make additional investments in our system of care, including the State making targeted investments in existing state-operated, hospital-based, and community services to meet current needs and achieve system improvements.

Regulatory Environment

As the healthcare landscape continues to shift, hospitals are making changes, increasing access to services, partnering with others to improve the health and health equity in our communities, and growing to meet the evolving demands of the communities we serve. Connecticut's process for regulating service delivery changes—called the Certificate of Need

(CON) process—has not kept pace with the transformation in healthcare. Hospitals will pursue changes in the process that level the playing field for all healthcare providers and entities, and reduce the regulatory burden on hospitals.

Hospital Settlement

While most hospitals in Connecticut are not-for-profit and tax exempt, they are one of the largest sources of tax revenue for the state of Connecticut. In 2019, Governor Ned Lamont and the hospitals announced a historic settlement of a longstanding dispute around the hospital tax. In accordance with that settlement, hospitals received the third year of tax burden reduction in 2022, while providing more than \$581 million in revenue gain for the state. The settlement covers seven years, through 2026, reduces the tax burden on hospitals, and preserves revenue gains for the state in each year.

Social Influencers of Health

Increasingly, hospitals are joining with community partners to identify and develop solutions for social conditions that are the precursors to poor health, negative healthcare outcomes, and associated health disparities. Poor nutrition, air quality, living conditions, and lack of economic stability and mobility contribute to chronic disease and increased need for medical care. The generational wealth gap, particularly among communities of color, has contributed to health inequities that have become starkly visible during the pandemic, creating a renewed focus on solutions that will afford meaningful opportunities for these communities to prosper.

Costs/Transparency

Connecticut hospitals and health systems are committed to reducing costs and making sure healthcare is affordable and accessible to everyone. Hospitals have been and continue to be supportive of the Healthcare Cost Growth Benchmark—when properly implemented, it can be a tool in measuring and controlling healthcare spending across the healthcare delivery system. Patients need information about their healthcare to make informed choices and to know what to expect. Hospitals strive to offer clear and meaningful pricing information and work directly with patients to avoid unanticipated patient costs. Patients have many resources available to assist in the bill payment process and hospitals encourage patients to discuss the costs of their services with their provider or insurance company.