

# Connecticut Hospitals:

## Improving Community Health, Strengthening Connecticut's Economy



Income  
\$100  
2014  
\$80

**Each year, Connecticut hospitals treat more than 1.7 million patients in their emergency departments, welcome more than 36,000 babies into the world, and care for more than 380,000 admitted patients, providing nearly 2 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 economic engines for 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. In fact, Connecticut hospitals make a tremendous impact on the financial health of their local communities and the entire state.



**Connecticut hospitals contribute \$20.2 billion annually to the state and local economies:**

**\$11 billion in annual local payroll, \$8.1 billion in goods and services, and \$1.1 billion in capital spending.**

- Our 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, as well as large sums of tax revenue used to fund state and federal programs.

**Connecticut hospitals generate 111,000 jobs in our communities, and more than \$11 billion in annual payroll.**

- Connecticut's hospitals and health systems provide more than 55,000 jobs, with a total annual payroll of \$5.3 billion. Hospitals are often the largest employers in their communities.
- Hospitals offer jobs at all skill and salary levels in a field that continues to grow, which is especially critical during these tumultuous economic times.
- Hospital salaries serve as a vital economic stimulus, creating and supporting jobs throughout the local and state economies. Dollars earned by Connecticut hospital and health system employees reverberate through the community, generating more than \$5.7 billion in economic activity and creating an additional 56,000 jobs in the local economy.

## Connecticut hospitals are purchasers of goods and services, generating approximately \$8 billion annually in local economic activity.

Each year, Connecticut hospitals spend \$3.9 billion on the goods and services they need to provide healthcare—e.g., medical supplies, electricity for buildings, and food for patients. Funds spent to buy goods and services flow from the hospital to businesses, and then ripple throughout the economy. Hospital spending generates an additional \$4.1 billion in local economic activity.

### Connecticut hospitals and health systems spend \$530 million on buildings and equipment. This capital spending creates an additional \$572 million in economic activity each year.

Connecticut hospitals' capital spending results in a total of **\$1.1 billion** in economic activity each year.

#### Connecticut hospitals stimulate further economic growth in our communities.

Hospitals and health systems serve as a magnet for other healthcare business and a stimulus for new businesses such as retail stores, banks, grocery stores, and restaurants.

#### Ensuring the financial health of Connecticut's hospitals is critical.

In addition to their caregiving role, Connecticut hospitals are an important part of state and local economies and economic development strategies. It is critical that Connecticut hospitals be strong and financially stable.



## The Future of Connecticut's Hospitals

Healthcare reform accelerates the transformation already under way at hospitals, as they adapt to a new landscape that requires quality improvements, cost reductions, and increased efficiency in an atmosphere of increasing financial pressures.

The hospital tax, plus underfunding for Medicaid, will cost those with commercial health insurance nearly \$1 billion more for hospital care in 2015 – that's 27% more—or \$459 per person more—than it needs to be. The hospital tax hurts the state economy and increases healthcare costs at a time when people are trying to reduce costs.

Investing in healthcare is a good investment for the state. The current state budget surplus and 70/30 federal match rate offers Connecticut a great opportunity: a \$30 million investment in hospitals in 2015 would provide an additional \$100 million for patient care - to protect jobs, preserve services, and ensure quality care. This investment would generate \$207 million in business activity and nearly 1,650 jobs.



*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 2012 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 Database FY2012.*



## About the Connecticut Hospital Association

Founded in 1919, the Connecticut Hospital Association (CHA) represents hospitals and health-related organizations. CHA's mission is to advance the health of individuals and communities by leading, representing, and serving hospitals and their related healthcare organizations that are accountable to the community and committed to health improvement.



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