

HOSPITALS for a Healthy Economy

Connecticut 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. They contributed \$21.3 billion to the state and local economies in 2014.

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 hospitals and their related entities employ more than 85,000 people. They are often the largest employers in their communities, and hospital salaries serve as a vital economic stimulus, creating and supporting jobs throughout the state. Nearly every job in a Connecticut hospital produces another Connecticut job outside of the hospital.

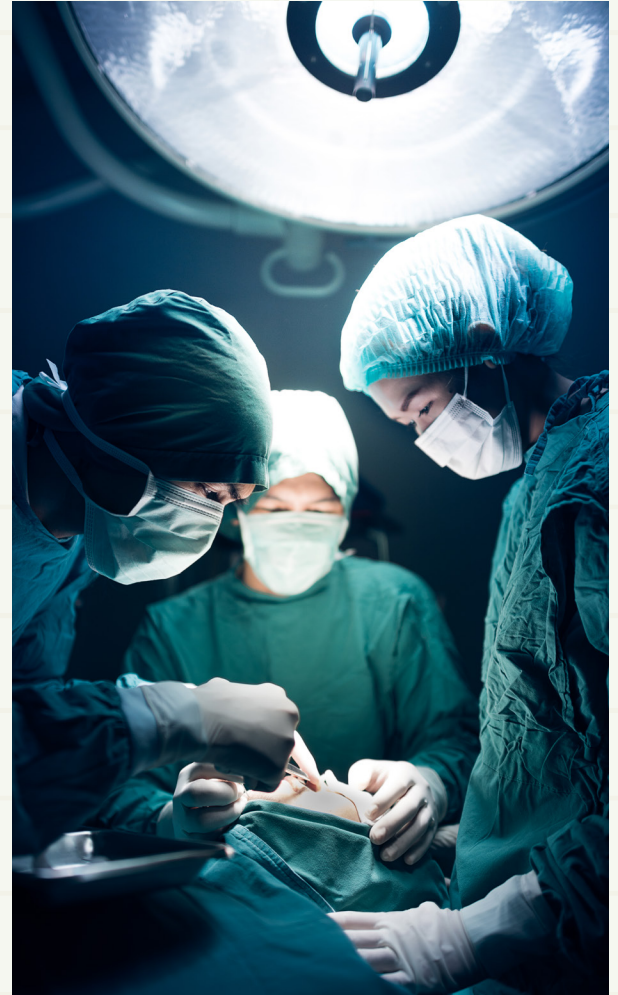
A Purchaser of Goods and Services

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 Healthcare

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.



Payroll:

\$10.9 billion

Hospital spending:

\$8.8 billion

Capital improvements:

\$1.6 billion

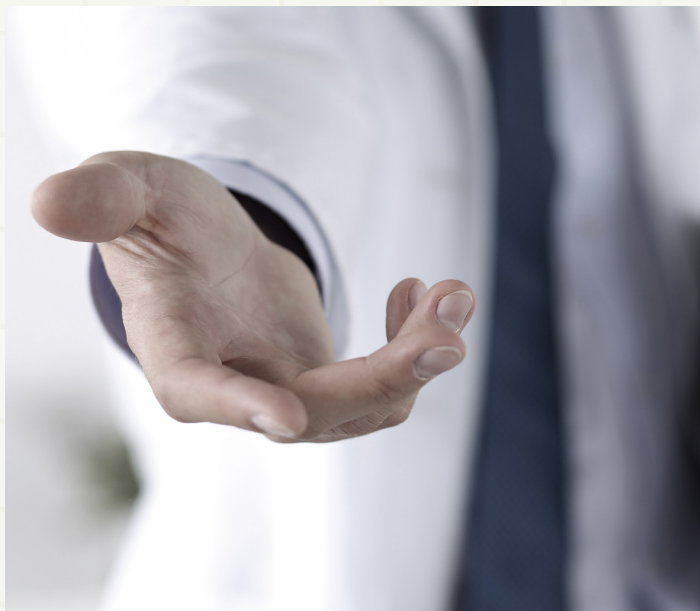
Total economic impact =

\$21.3 billion

The Hospital Tax Hurts Connecticut's Economy

Governor Malloy is taxing hospitals \$556 million per year. In SFY 2017, approximately \$118 million is expected to be returned in the form of supplemental payments. That's a net negative impact to hospitals of \$438 million every year. The consequences of the hospital tax include longer hospital wait times, less access to care, and higher healthcare costs for everyone. This also drains 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 \$294 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.



How Legislators Can Help

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

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 at least \$35 million every year.

This is an investment that would more than 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.



**6,600
JOBS**

More than 6,600 jobs will be created, including full and part-time jobs.



60%

60% of those jobs will be generated in industries like construction, administrative and support services, and professional and scientific support services.



**\$263
million**

The state would get an additional \$263 million from the federal government.

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.

For additional information, please contact CHA Government Relations at (203) 294-7310.