

2025

ECONOMIC IMPACT REPORT



**BY THE
NUMBERS**
page 3



**THE
FUTURE**
page 5



**KEY
ISSUES**
page 6



CONNECTICUT HOSPITALS ARE ECONOMIC ENGINES THAT PROVIDE ESSENTIAL RESOURCES AND PROMOTE THRIVING COMMUNITIES.

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 fiscal year (FY) 2023, Connecticut hospitals and health systems treated 1.5 million patients in emergency departments, welcomed more than 35,500 babies into the world, and cared for more than 345,000 admitted patients, accounting for nearly 2 million days of inpatient care (ChimeData FY 2023).

Their community contributions extend far beyond providing around-the-clock, world-class care. Hospitals and health systems are fundamental to the state's economic vitality. They are substantial consumers of goods and services required to deliver excellent care.

They fuel growth and advancements in health, medical, research, and other fields. They are foundational to Connecticut's public health infrastructure. And collectively, they are the **largest employer in Connecticut**.

Facing stark disparities in health and access to care, hospitals and health systems continue to maximize efforts, alongside partners, to fortify communities. Through their economic contributions, they are cultivating equitable opportunity, and with it, equitable health and well-being.

This report details the substantial financial impact of hospitals and health systems throughout the state.



Figure 5
The range of COGATM care process completion in England and Wales, 2011-2012

Care process	2011	2012
Blood pressure	~85%	~90%
Serum creatinine	~75%	~80%
BMI	~60%	~65%
Cholesterol	~70%	~75%
Foot surveillance	~50%	~55%
Smoking	~40%	~45%
Urine albumin*	~30%	~35%

ECONOMIC IMPACT BY THE NUMBERS



HEALTHCARE SPENDING

\$9.1 billion

Spent on goods and services

\$9 billion

Created in "ripple effect" spending

TOTAL IMPACT

Of hospital and health system spending:

\$18.1 billion



JOBS

120,817

Employed with a payroll of:

\$10.7 billion

139,060

"Ripple effect" jobs with a payroll of:

\$10.6 billion

TOTAL JOBS:

259,877

TOTAL PAYROLL:

\$21.3 billion



CAPITAL IMPROVEMENTS

\$862 million

Spent on buildings and equipment

\$850 million

Additional economic activity generated

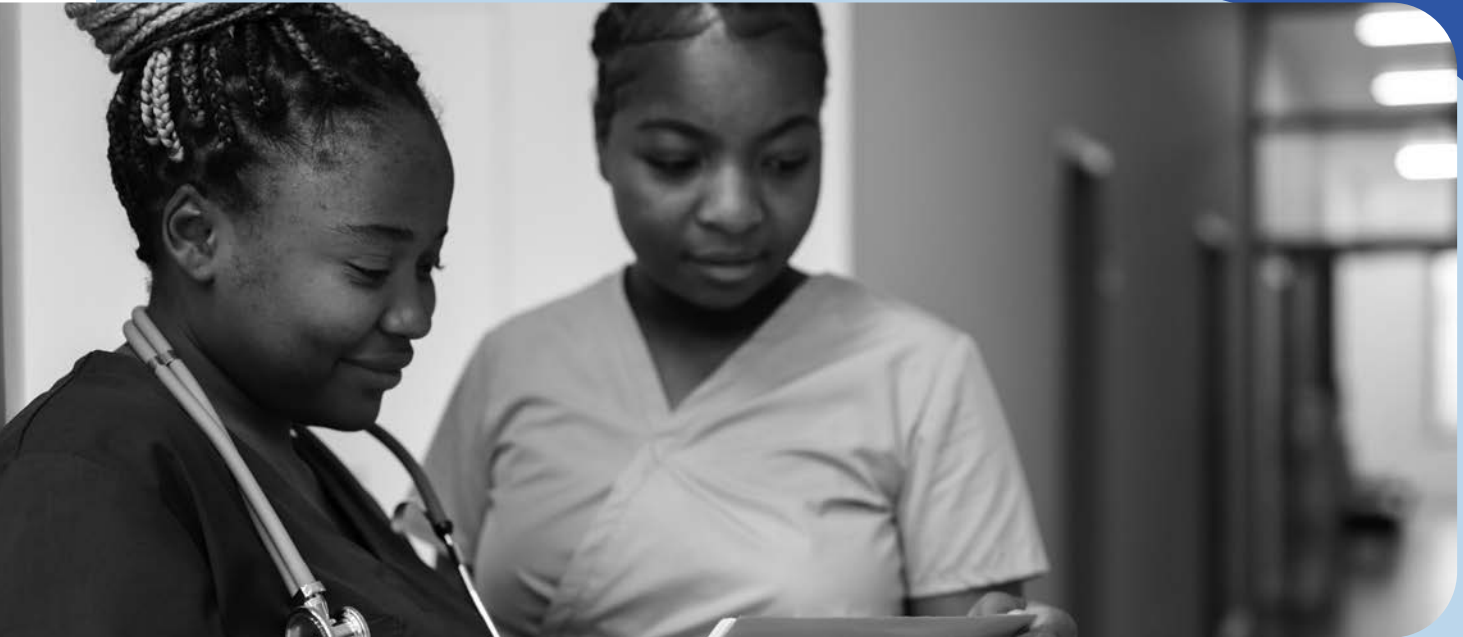
TOTAL IMPACT

Of spending on capital improvements:

\$1.7 billion

TOTAL ECONOMIC IMPACT: **\$41.1 billion**

Note: The hospital and health system economic analysis is based on 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 2023 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 ripple influence throughout a state's 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.



MAJOR EMPLOYER

Connecticut hospitals and health systems provided well-paying jobs to more than 120,000 people, with a total annual payroll of \$10.7 billion. And for every hospital job, another is generated outside the hospital. In total, hospitals and health systems created nearly 260,000 jobs, for a total payroll of \$21.3 billion.



PURCHASER OF GOODS AND SERVICES

Connecticut hospitals and health systems spent more than \$9.1 billion on medical equipment and supplies and other operating expenses, such as electricity. These expenditures further rippled out into the community, stimulating estimated additional economic activity of \$9 billion, for a total impact of \$18.1 billion.



BUILDING STRONGER COMMUNITIES

Connecticut hospitals and health systems spent \$862 million on buildings and equipment, which produced an additional \$850 million in economic activity for a total impact of \$1.7 billion. These capital investments spark new healthcare-related ventures, boost business for suppliers and vendors, and support local retail stores, banks, and other establishments frequented by employees, patients, and families.

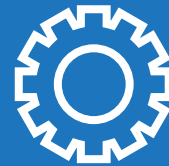
**Numbers based on FY 2023 data*

THE FUTURE OF CONNECTICUT'S HOSPITALS AND HEALTH SYSTEMS

Over the last few years, hospitals and health systems have been confronted with unprecedented public health challenges, record-breaking inflation, and a critical workforce shortage — all factors straining healthcare teams and testing hospitals' agility. They remain committed to ensuring patients receive equitable care, experience compassionate treatment, and have access to high-quality care in convenient locations. They are at the forefront of innovative community-based efforts to address the root causes of poor health and health inequities — social drivers of health like housing and food insecurity, environmental risks, and financial insecurity caused by unemployment and educational needs. But to continue delivering exceptional, affordable care, Connecticut hospitals and health systems rely on support and collaboration from the government. Their financial health is closely tied to that of the communities, families, and individuals they serve. Even in the face of financial hardship, hospitals will continue to help forge the path to better healthcare and better health in 2025 and in the years and generations to come.



FAST FACTS



259,877 jobs

Traced either directly or indirectly to Connecticut hospitals and health systems



\$3.5 billion in community investments

Includes subsidized health services, research programs, health professions education, donations, and more

KEY ISSUES

Workforce Development, Recruitment, and Retention

Like most of the nation, Connecticut is experiencing a critical healthcare workforce shortage. We must take action to both retain the talent we have and grow the workforce for the future. Workforce shortages, precipitated by pandemic-related demands and an aging workforce, are felt across the entire continuum of care. The breadth of need requires collaboration across sectors, industries, and government. Hospitals are implementing ways to keep their employees healthy and resilient — supporting team dialogue around challenges and stress, offering education and career development opportunities, focusing on appreciation, and advancing ongoing efforts to maintain safe environments for staff, visitors, and patients alike. Hospitals have invested substantial resources to support patient care and the workforce as labor costs continue to rise, exacerbating financial pressures throughout healthcare. State and federal support can enhance hospital initiatives that bolster recruitment and retention and help manage these growing labor-related expenses.

Financial Challenges

Connecticut hospitals continue to face significant economic headwinds that threaten their financial health and sustainability. The mounting costs of drugs, medical supplies, and labor are straining hospitals. And, critically, Connecticut hospitals are spending more to provide care than they are receiving in payments. From 2022 to 2023, operating expenses grew by \$1 billion, outpacing neighboring regions. At the same time hospitals are navigating workforce shortages and caring for patients with more severe health needs than they saw before the pandemic, they are spending more on uncompensated care attributed to insufficient Medicaid and Medicare reimbursements. Medicare reimbursements in the state averaged only 74 cents on the dollar and Medicaid reimbursed even less — only 62 cents on the dollar — in FY 2022, according to the Connecticut Office of Health Strategy (OHS). Hospitals are also grappling with commercial insurers and Medicare Advantage payers delaying, withholding, or denying payment for necessary services or imposing needless and costly administrative requirements. Policy proposals that would cut payments to hospitals or impose greater regulatory burdens will only worsen these challenges and hinder efforts to make healthcare more affordable and accessible.

Regulatory Environment Impeding Care

Hospitals are constantly evolving to meet patient demand for timely services in optimal settings. Connecticut's process for regulating healthcare delivery changes — called the Certificate of Need (CON) process — has not kept pace with the transformation in healthcare. Excessive administrative burden, decision delays, and bureaucratic procedures in the current CON process create barriers to healthcare access and affordability and hamper jobs development and economic growth. Hospitals are advocating for system reforms that put patients first, improve access to high-quality healthcare, and bolster the state's economy.

Hospital Settlement

Historically, federal and state governments have treated hospitals as tax exempt entities, recognizing the vital role they play in strengthening the health and well-being of the communities they serve. While most hospitals in Connecticut are not-for-profit and exempt from corporate, sales and use, and property taxes, they are one of the state's largest providers of tax revenue. In 2019, Governor Ned Lamont and Connecticut hospitals announced a historic settlement of a longstanding dispute over the hospital tax. The settlement covers seven years, through 2026, gradually reducing the tax burden on hospitals, while preserving revenue gains for the state. In accordance with the settlement, hospitals received the fourth year of tax burden reduction in 2023, while providing more than \$570 million in revenue gain for the state.

Community Health and Equity

Hospitals are partnering with communities to drive regional transformative change in community health, care delivery, and health equity. Poor nutrition, air quality, and living conditions as well as issues such as diaper insecurity and economic instability contribute to chronic disease and increased need for medical care. Connecticut has among the nation's greatest disparities in wealth, particularly in economically marginalized communities, which are often disproportionately communities of color. These wealth disparities contribute to longstanding health inequities that became starkly visible during the pandemic. Hospitals have renewed their commitment to identifying solutions that promote prosperity in all communities. To further these efforts, Connecticut hospitals through CHA are advocating for critical Medicaid reforms, including the implementation of a new framework focused on strengthening collaboration between hospitals and their communities to address root cause drivers of health.

Behavioral Health

Augmenting the availability of behavioral health services, both in the hospital and community, must be prioritized. The pandemic exposed and aggravated deficiencies in Connecticut's behavioral health system. Rising numbers of people experiencing mental health and substance use issues due to isolation, delays in care, and fear, compounded by chronic staffing shortages, have stressed the state's healthcare system even further. The crisis is evident in hospital emergency departments (EDs), which are often the only option for people who cannot access care in more appropriate settings. The state can take important steps to enhance access to timely acute and preventive care, such as establishing Medicaid rate structures for initiatives like children's behavioral health urgent care centers, making emergency mobile psychiatric services available statewide during high-demand times, expanding community-based and school-based services to all areas of the state, and instituting Medicaid reimbursement for care coordination initiatives, including but not limited to collaborative care model (COCM) services and community care teams (CCTs).

Affordability and Price Transparency

Connecticut hospitals and health systems are dedicated to making healthcare affordable and accessible to everyone. Hospitals have been active participants in the implementation of the Healthcare Cost Growth Benchmark. If properly utilized, it can be a tool in measuring and controlling spending across the healthcare delivery system. However, its implementation must be based on sound and accurate data and examine the entire healthcare spending landscape, including chronic underpayment by the state Medicaid program. Hospitals strive to offer clear and meaningful pricing information to help patients make informed decisions — meeting and exceeding federal pricing transparency requirements — and work directly with patients to avoid unanticipated costs. Connecticut also leads the nation in financial assistance programs and protections against medical debt. Local hospitals actively advise patients on their policies, including by ensuring they know help is available for underinsured individuals facing astronomical deductibles. They also connect uninsured patients to coverage and advocate for policies to prevent medical debt in the first place.



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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