

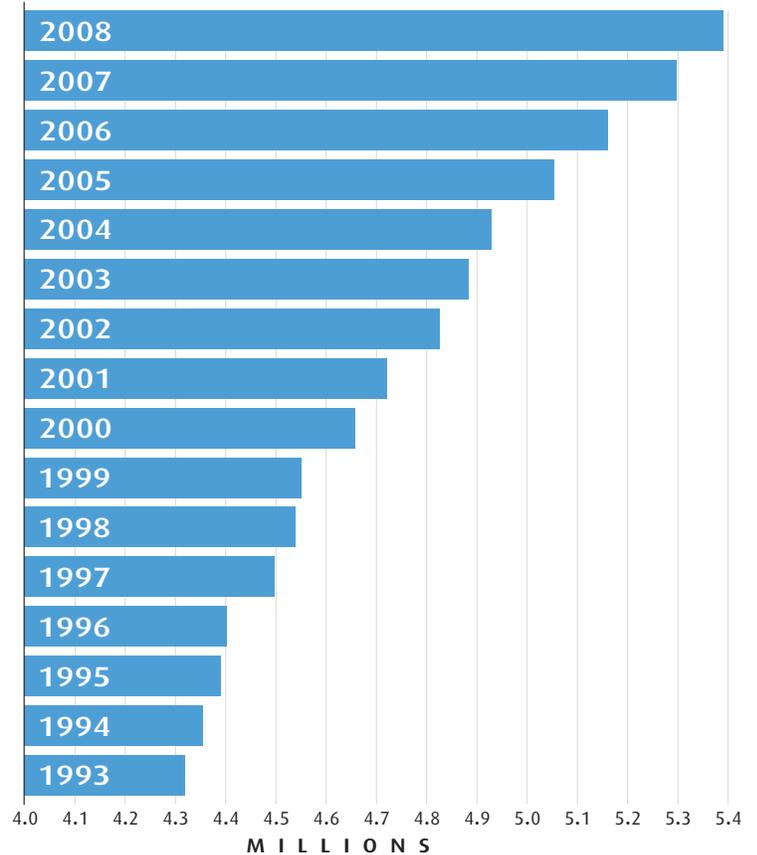
# THE ECONOMIC CONTRIBUTION OF HOSPITALS

In 2008, America's hospitals treated 123 million people in their emergency departments, provided care for 624 million outpatients, performed 27 million surgeries, and delivered 4 million babies. Every year, hospitals provide vital health care services like these to millions of people in thousands of communities. However, the importance of hospitals to their communities extends far beyond health care. Hospital care is the largest component of the health care sector, which itself is a growing segment of the U.S. economy. In 2008, this sector represented 16.2 percent of Gross Domestic Product (GDP)—a measure of economic output—or approximately \$2.3 trillion. Hospitals accounted for \$718 billion of that total. The health care sector is an economic mainstay, providing stability and even growth during times of recession. In 2008, hospitals:

- Employed over 5.3 million people.
- Were the second largest source of private sector jobs.
- Spent about \$320 billion on goods and services from other businesses.

Hospitals employ more than 5 million people...

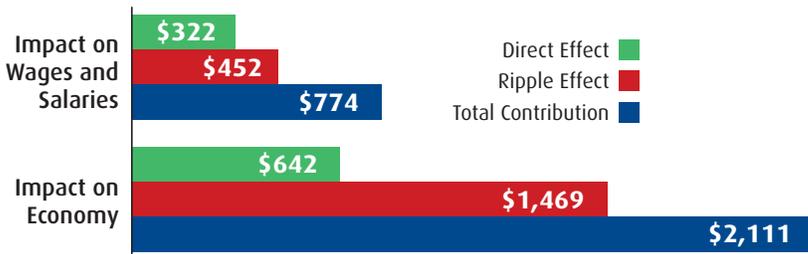
NUMBER OF FULL-TIME HOSPITAL EMPLOYEES  
1993-2008



Source: Avalere Health analysis of American Hospital Association Annual Survey data, 2008, for community hospitals.

...and create over 2 trillion dollars of economic activity.

IMPACT OF COMMUNITY HOSPITALS ON U.S. ECONOMY (IN \$ BILLIONS), 2008



Source: Avalere Health, using BEA RIMS-II (1997/2006) multipliers, released in 2008, applied to 2008 American Hospital Association Annual Survey data.

The goods and services hospitals purchase from other businesses create additional economic value for the community. With these "ripple effects" included, each hospital job supports about two more jobs and every dollar spent by a hospital supports roughly \$2.30 of additional business activity. Overall, hospitals:

- Support nearly one of 9 jobs in the U.S.
- Support over \$2 trillion in economic activity.

## Impact of Community Hospitals on U.S. Economy; All States, DC and Total U.S., 2008

State Name	Number of Hospital Jobs (FT and PT)	Multiplier* for Employment	Effect of Hospital Jobs on Total Jobs in State Economy	Percent of Total (Non-farm) Employment Supported by Hospital Employment	Hospital Payroll and Benefits (\$ millions)	Multiplier* for Earnings	Effect of Hospital Payroll and Benefits on Total Labor Income (\$ millions)	Hospital Expenditures (\$ millions)	Multiplier* for Output	Effect of Hospital Expenditures on Total Output in State Economy (\$ millions)
Alabama	82,924	1.9153	158,824	7.97%	\$4,129	1.6722	\$6,905	\$8,173	2.0078	\$16,410
Alaska	11,244	1.7895	20,121	6.25%	\$807	1.4826	\$1,196	\$1,674	1.7328	\$2,901
Arizona	83,840	2.1614	181,212	6.93%	\$5,322	1.7384	\$9,253	\$10,722	2.0828	\$22,332
Arkansas	50,032	1.8107	90,593	7.53%	\$2,401	1.5731	\$3,776	\$4,962	1.8673	\$9,265
California	491,436	2.2124	1,087,253	7.26%	\$34,639	1.9085	\$66,108	\$64,879	2.3629	\$153,302
Colorado	69,292	2.1595	149,636	6.37%	\$4,450	1.8991	\$8,451	\$9,346	2.3312	\$21,786
Connecticut	65,710	1.9041	125,118	7.36%	\$4,419	1.7059	\$7,538	\$8,017	2.0567	\$16,488
Delaware	20,294	1.9527	39,628	9.09%	\$1,206	1.6067	\$1,937	\$2,211	1.9183	\$4,242
District of Columbia	25,710	1.5140	38,925	5.53%	\$1,815	1.3173	\$2,391	\$3,384	1.3451	\$4,552
Florida	274,500	2.0599	565,443	7.31%	\$16,285	1.7775	\$28,946	\$34,653	2.1372	\$74,061
Georgia	141,040	2.1780	307,185	7.49%	\$7,598	1.9011	\$14,445	\$15,535	2.3309	\$36,211
Hawaii	18,262	2.1229	38,768	6.26%	\$1,221	1.6764	\$2,048	\$2,353	2.0035	\$4,715
Idaho	24,064	1.7646	42,463	6.54%	\$1,268	1.5100	\$1,914	\$2,608	1.7597	\$4,589
Illinois	238,705	2.1250	507,248	8.53%	\$13,886	1.9297	\$26,796	\$28,206	2.3965	\$67,597
Indiana	127,002	1.9919	252,975	8.56%	\$7,277	1.7360	\$12,633	\$14,947	2.1140	\$31,598
Iowa	71,229	1.6912	120,462	7.90%	\$3,413	1.5036	\$5,132	\$6,655	1.7688	\$11,771
Kansas	52,432	1.7430	91,389	6.57%	\$2,771	1.5491	\$4,293	\$5,477	1.8460	\$10,110
Kentucky	80,186	1.9762	158,464	8.56%	\$4,256	1.7043	\$7,253	\$9,239	2.0453	\$18,897
Louisiana	86,229	1.8659	160,895	8.30%	\$4,454	1.6193	\$7,212	\$9,035	1.8847	\$17,029
Maine	34,230	2.0724	70,938	11.49%	\$1,891	1.6841	\$3,185	\$3,594	2.0070	\$7,213
Maryland	93,519	1.9948	186,552	7.18%	\$5,598	1.7351	\$9,713	\$11,723	2.0914	\$24,517
Massachusetts	172,940	2.0512	354,735	10.78%	\$10,232	1.8316	\$18,741	\$21,165	2.2304	\$47,207
Michigan	205,249	2.0175	414,090	9.95%	\$12,197	1.7873	\$21,801	\$23,819	2.1522	\$51,263
Minnesota	116,196	2.1343	247,997	8.98%	\$6,857	1.8292	\$12,542	\$12,841	2.2360	\$28,713
Mississippi	58,582	1.8150	106,326	9.27%	\$3,030	1.5470	\$4,687	\$6,143	1.8279	\$11,229
Missouri	133,058	2.0654	274,818	9.85%	\$7,353	1.7935	\$13,187	\$16,809	2.1751	\$36,560
Montana	21,332	1.8048	38,500	8.64%	\$1,106	1.5060	\$1,665	\$2,154	1.7524	\$3,775
Nebraska	42,619	1.6774	71,489	7.41%	\$2,207	1.5112	\$3,336	\$4,660	1.7665	\$8,232
Nevada	25,438	2.0003	50,884	4.03%	\$1,917	1.6122	\$3,091	\$3,945	1.9054	\$7,517
New Hampshire	31,305	1.9474	60,963	9.44%	\$1,911	1.7406	\$3,326	\$3,577	2.0059	\$7,175
New Jersey	137,998	2.1351	294,640	7.28%	\$9,286	1.8758	\$17,418	\$16,787	2.3259	\$39,044
New Mexico	25,399	1.9778	50,234	5.93%	\$1,712	1.5733	\$2,693	\$3,255	1.8291	\$5,954
New York	415,017	1.8552	769,940	8.76%	\$29,607	1.6656	\$49,313	\$51,082	2.0532	\$104,882
North Carolina	166,759	2.1126	352,295	8.52%	\$9,215	1.7939	\$16,530	\$18,430	2.1879	\$40,322
North Dakota	19,460	1.6204	31,533	8.59%	\$1,015	1.4280	\$1,450	\$1,843	1.6398	\$3,022
Ohio	271,163	2.1246	576,113	10.74%	\$15,076	1.8449	\$27,813	\$30,222	2.2453	\$67,857
Oklahoma	55,480	1.9668	109,118	6.85%	\$3,092	1.6704	\$5,164	\$6,715	1.9841	\$13,323
Oregon	58,018	2.1380	124,042	7.22%	\$3,893	1.7366	\$6,761	\$7,438	2.0826	\$15,491
Pennsylvania	286,807	2.0947	600,775	10.36%	\$15,429	1.8911	\$29,177	\$32,876	2.3207	\$76,296
Rhode Island	21,781	1.9436	42,334	8.78%	\$1,506	1.6994	\$2,559	\$2,680	2.0266	\$5,431
South Carolina	74,674	2.0900	156,069	8.10%	\$4,067	1.7386	\$7,070	\$9,180	2.1320	\$19,572
South Dakota	22,555	1.5667	35,337	8.59%	\$1,047	1.4124	\$1,479	\$2,085	1.6353	\$3,409
Tennessee	116,213	2.0766	241,328	8.70%	\$5,847	1.8257	\$10,675	\$12,704	2.2455	\$28,527
Texas	329,892	2.2467	741,168	6.99%	\$19,835	1.9065	\$37,814	\$41,128	2.3750	\$97,680
Utah	41,183	2.2215	91,488	7.30%	\$2,024	1.8642	\$3,774	\$4,595	2.3051	\$10,593
Vermont	13,374	1.8769	25,102	8.17%	\$928	1.5286	\$1,419	\$1,584	1.7553	\$2,780
Virginia	111,927	1.9607	219,455	5.83%	\$6,666	1.7487	\$11,656	\$14,534	2.1569	\$31,348
Washington	100,313	2.1372	214,389	7.25%	\$6,744	1.7640	\$11,896	\$13,077	2.1519	\$28,140
West Virginia	42,707	1.8375	78,474	10.30%	\$2,154	1.5356	\$3,308	\$4,330	1.7631	\$7,635
Wisconsin	111,400	1.9716	219,636	7.63%	\$6,367	1.7246	\$10,980	\$13,708	2.0665	\$28,328
Wyoming	9,183	1.5418	14,158	4.75%	\$512	1.3465	\$689	\$977	1.5294	\$1,494
<b>United States**</b>	<b>5,379,902</b>	<b>2.8048</b>	<b>15,089,549</b>	<b>11.03%</b>	<b>\$321,936</b>	<b>2.4031</b>	<b>\$773,644</b>	<b>\$641,736</b>	<b>3.2896</b>	<b>\$2,111,054</b>

Source: Avalere Health, State data uses BEA RIMS-II (2002/2007) multipliers for hospital NAICS Code 622, released 2010, applied to American Hospital Association Annual Survey data for 2008. Hospital jobs are total part time and full time jobs. Hospital labor income is defined as payroll plus benefits. The percent of total employment supported by direct and indirect hospital employment is based on 2008 BLS data. Expenditures are defined as net patient revenue + other operating revenue.

\* The "multiplier" is the factor by which spending in one sector of the economy affects other sectors. For example, nationally each hospital results in a total of 2.8 jobs in the economy as a whole because hospital employees use their wages to purchase goods and services which creates income and jobs for other businesses.

\*\* Multipliers (2002/2007) released in 2010 and used for state data no longer include national level multipliers. National totals use BEA RIMS-II (1997/2006) multipliers.



**American Hospital Association**