

Rural Health Works' Latest Economic Impact Templates: Rural Hospital Closures, PPS Hospitals, and Medicaid Demonstration Project

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Objectives

- I. Present Results of Three Recent Economic Impact Studies:
 - A. Rural Hospital Closings
 - B. Rural PPS Hospitals
 - C. Medicaid Demonstration Project on State
- II. Summary of Available Economic Impact Studies

Impact of Rural Hospital Closures

- 43 rural hospitals closed from
Jan 1 2010 - Oct 1 2014
- 56 rural hospitals closed from
Jan 1 2010 – current
- Estimated 283 rural hospitals at financial risk

Table 1
Profile of Hospital Closings in Selected Sample

	Total	Average	Minimum	Maximum
# Hospitals	16			
# CAH	9			
# States	13			
# With New Services	12			
# Without New Services	4			
<hr style="border-top: 1px dashed black;"/>				
Community Population (2010)		3,135	406	10,292
Bed Size		31	20	59
Average Daily Census		1.8	0.0	6.8
Closest Hospital (mi.)		15	7	24
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Potential Direct Impacts				
Employment		73	19	139
Labor Income		\$4,363,978	\$745,482	\$7,883,605

Table 2
Profile of CAH Closings in Selected Sample

	Total	Average	Minimum	Maximum
# CAH	9			
# States	8			
# with New Services	6			
# without New Services	3			
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Community Population (2010)		2,028	747	5,392
Bed Size		25	20	26
Average Daily Census		2.3	0.0	6.8
Closest Hospital (mi.)		15	7	24
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Potential Direct Impacts				
Employment		81	19	139
Labor Income		\$4,465,840	\$1,921,369	\$7,883,605

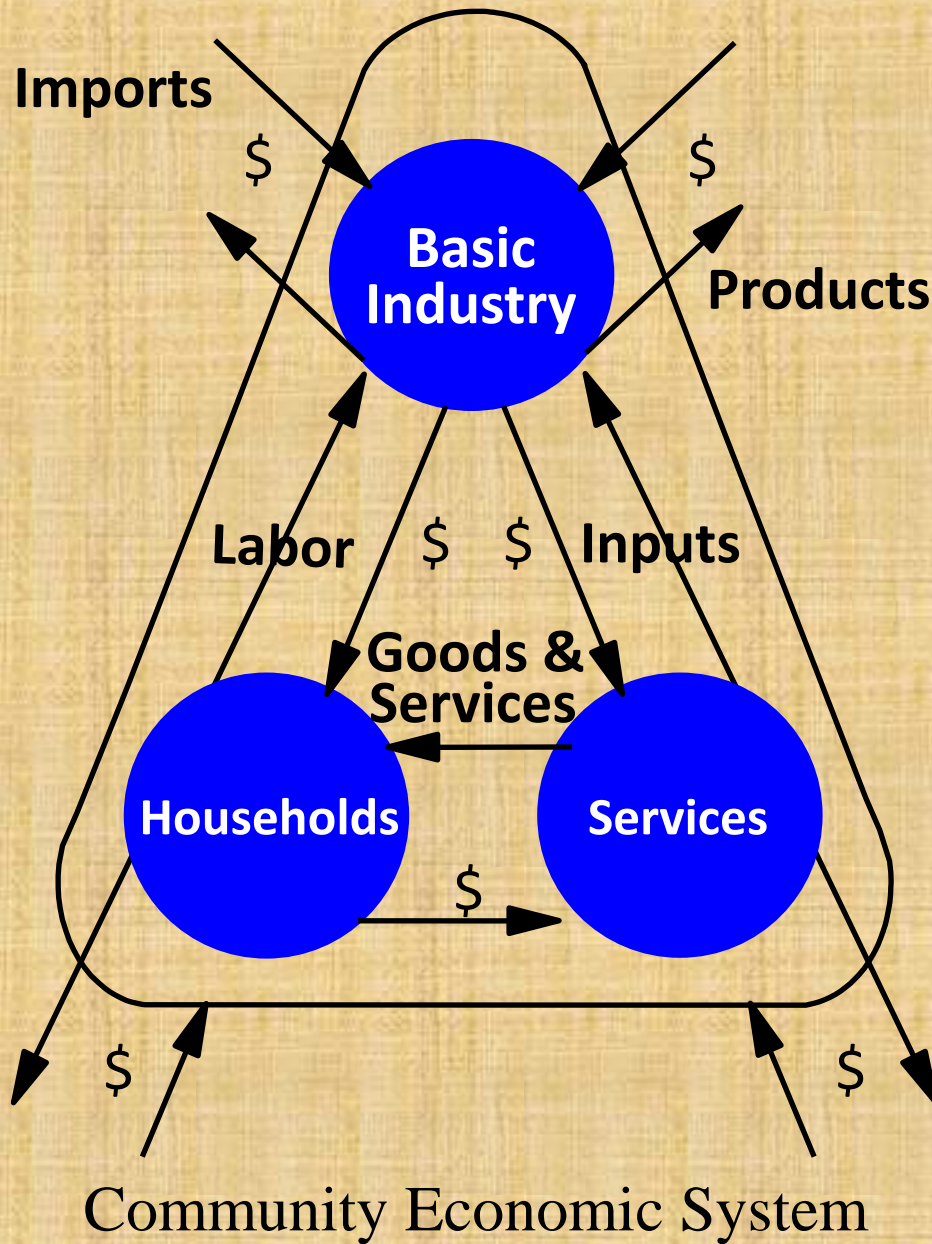


Table 3

Total Potential Impact on Employment and Income of a Rural Hospital Closing

	Direct Employment	Employment Multiplier	Total Impact
Average	73	1.35	99
Minimum	19	1.35	26
Maximum	139	1.35	188

	Direct Labor Income	Labor Income Multiplier	Total Impact
Average	\$4,363,978	1.21	\$5,280,413
Minimum	\$745,482	1.21	\$902,033
Maximum	\$7,883,605	1.21	\$9,539,162

Case Study

Closing of Bamberg Memorial Hospital in South Carolina

102 employees

\$3.0 million payroll

Created Urgent Care

Table 4

Net Direct and Total Net Impacts of the Closing of Bamberg County Memorial Hospital in Bamberg County, South Carolina

	Direct Impact	Multiplier	Total Impact
Employment			
Hospital	102		
Urgent Care	<u>10</u>		
Net Impact	92	1.35	124
Labor Income			
Hospital	\$3,043,269		
Urgent Care	<u>\$320,920</u>		
Net Impact	\$2,722,349	1.21	\$3,294,042

Impact of PPS Hospitals

- 26 – 50 bed
- 51 – 100 bed

Table 5
PPS Hospital Sample Data, 26-50 Bed

	Number	Average	Minimum	Maximum
Sample Data				
# Hospitals	221			
# in Sample	82			
Percent of Total	37.1%			
# Beds		39	26	50
# States	12			
Population Data for Sample				
Community (2000)		6,555	1,274	18,637
Community (2010)		6,707	1,356	19,949
% Change 2000 to 2010		2.3%		
County (2000)		25,732	3,496	125,761
County (2010)		26,987	3,233	136,885
% Change 2000 to 2010		4.9%		

Table 6
Economic Impact PPS Hospital, 26-50 Bed

	Average	Minimum	Maximum
Multipliers			
Employment	1.40	1.20	1.73
Labor Income	1.21	1.13	1.49
Employment and Labor Income			
Employment	185	43	523
Labor Income	\$11,840,772	\$1,788,813	\$48,488,880
Average Impacts			
Employment	259		
Labor Income	\$14,327,334		

Table 7
PPS Hospital Sample Data, 51-100 Bed

	Number	Average	Minimum	Maximum
Sample Data				
# Hospitals	131			
# in Sample	49			
Percent of Total	37.4%			
# Beds		72	52	95
# States	7			
Population Data for Sample				
Community (2000)		8,063	1,244	15,991
Community (2010)		8,588	1,487	17,938
% Change 2000 to 2010		6.5%		
County (2000)		32,019	3,904	73,143
County (2010)		34,665	3,958	107,431
% Change 2000 to 2010		8.3%		

Table 8
Economic Impact PPS Hospital, 51-100 Bed

	Average	Minimum	Maximum
Multipliers			
Employment	1.44	1.44	1.66
Labor Income	1.25	1.16	1.47
Employment and Labor Income			
Employment	287	84	908
Labor Income	\$19,892,213	\$5,094,875	\$64,583,499
Average Impacts			
Employment	413		
Labor Income	\$24,898,054		

Table 9
Economic Impact Critical Access Hospital

	Average	Minimum	Maximum
Multipliers			
Employment	1.38		
Labor Income	1.24		
Employment and Labor Income			
Employment	141	30	333
Labor Income	\$6,772,635	\$1,237,063	\$19,434,591
Average Impacts			
Employment	195		
Labor Income	\$8,398,067		

Economic Impact of Insure Oklahoma Expansion Project

Table 10

Estimated Federal and Oklahoma Funds (\$ million) from Proposed Insure Oklahoma Expansion, 2016-2019

	2016	2017	2018	2019
Total Federal New Medicaid Funds	\$1,013.6	\$1,060.4	\$1,112.3	\$1,166.8
Total Oklahoma New Medicaid Funds	\$10.4	\$60.6	\$74.7	\$90.2
Total Federal & State New Medicaid Funds	\$1,024.0	\$1,121.0	\$1,187.0	\$1,257.0
Less: Removed Programs/Other Savings	\$57.7	\$61.1	\$64.9	\$68.7
NET FEDERAL & STATE NEW MEDICAID FUNDS	\$966.3	\$1,059.9	\$1,122.1	\$1,188.3

Table 11
Direct Economic Impacts from Proposed Insure
Oklahoma Expansion, 2016-2019

	2016	2017	2018	2019
Revenues (\$ mill)	\$966.3	\$1,059.9	\$1,122.1	\$1,188.3
Annual Employment	8,909.3	9,772.3	10,345.8	10,956.1
Increased Employment	8,909.3	863.0	573.5	610.3
Labor Income (\$ mill)	\$517.7	\$567.8	\$601.1	\$636.6

Table 12
Employment Impacts from Proposed Insure
Oklahoma Expansion, 2016-2019

	2016	2017	2018	2019
Direct Employment Impact	8,909.3	863.0	573.5	610.3
Employment Multiplier	1.64	1.64	1.64	1.64
Secondary Employment Impact	5,702.0	552.3	367.0	390.6
Total Employment Impact	14,611.3	1,415.3	940.5	1,000.9

Table 13

Labor Income Impacts (\$ million) from Proposed Insure Oklahoma Expansion, 2016-2019

	2016	2017	2018	2019
Direct Labor Income Impact	\$517.7	\$567.8	\$601.1	\$636.6
Labor Income Multiplier	1.45	1.45	1.45	1.45
Secondary Labor Income Impact	\$232.9	\$255.5	\$270.5	\$286.5
Total Labor Income Impact	\$750.6	\$823.3	\$871.6	\$923.1

Table 14
Federal Tax Impacts (\$ million) from Proposed Insure
Oklahoma Expansion, 2016-2019

	2016	2017	2018	2019
Social Insurance Tax ¹	\$74.5	\$81.7	\$86.5	\$91.6
Tax on Production and Imports ²	\$6.5	\$7.1	\$7.5	\$8.0
Corporate Profits Tax	\$10.4	\$11.4	\$12.1	\$12.8
Households Income Tax	<u>\$42.6</u>	<u>\$46.7</u>	<u>\$49.4</u>	<u>\$52.3</u>
Annual Totals	<u>\$134.0</u>	<u>\$147.0</u>	<u>\$155.6</u>	<u>\$164.8</u>

¹ Social Insurance Tax includes employee, employer, and proprietor income contributions.

² Tax on production and imports includes excise tax, custom duty, and federal non-taxes.

Table 15

State and Local Tax Impacts (\$ million) from Proposed Insure Oklahoma Expansion, 2016-2019

	2016	2017	2018	2019
Social Insurance Tax ¹	\$1.2	\$1.3	\$1.4	\$1.4
Production and Imports Taxes ²				
Sales Tax	\$22.6	\$24.8	\$26.3	\$27.8
Property Tax	\$10.3	\$11.3	\$12.0	\$12.7
Other	\$7.8	\$8.6	\$9.1	\$9.6
Corporate Taxes ³	\$1.3	\$1.4	\$1.5	\$1.6
Personal Taxes - Households ⁴				
Income Tax	\$11.9	\$13.1	\$13.8	\$14.7
Property Tax	\$0.2	\$0.2	\$0.2	\$0.2
Other	<u>\$3.9</u>	<u>\$4.3</u>	<u>\$4.5</u>	<u>\$4.8</u>
Annual Totals	<u><u>\$59.2</u></u>	<u><u>\$64.9</u></u>	<u><u>\$68.7</u></u>	<u><u>\$72.8</u></u>

¹ Social Insurance Tax includes employee and employer contributions.

² Other production and import taxes include motor vehicle license, severance tax, other taxes, and state and local non-taxes.

³ Corporate taxes include dividends and corporate profits tax.

⁴ Other personal taxes (households) include non-taxes (fines and fees), motor vehicle license, and other tax.

Available Economic Impact Studies

- Impact of Health Sector on State Economy
- Impact of Hospitals on a State Economy
- Impact of Medicaid on a State Economy
- Impact of a Medical School on a Community, Regional and/or State Economy
- Impact of Telehealth on a Community, Regional and/or State Economy

Available Economic Impact Studies

- Impact of Health Sector on Community Economy
- Impact of FQHC on a Community Economy
- Impact of Social Services Agencies on a Community Economy
- Impact of Replacement Hospital on a Community Economy
- Impact of Rural Physician on a Community Economy

Available Economic Impact Studies

- Impact of a Individual Health Network Provider on a County Economy
- Impact of a Veterinarian Practice on a Community, Regional and/or State Economy
- Impact of a Dental Practice on a Community, Regional and/or State Economy
- Impact of Nurse Practitioner/Physician Assistant on a Rural Economy
- Impact of a Nursing Home on a Rural Economy

Available Economic Impact Studies

- Impact of a Physician Shortage on a Community Economy
- Impact of a Specialty Physician on a Community Economy
- Impact of a Pharmacy on a Community Economy
- Impact of Rural General Surgeon on a Community Economy
- Impact of a Health Network on a Regional Economy

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