

2011



Connecticut Hospitals:

Improving Community Health,
Strengthening Connecticut's Economy



Connecticut hospitals are the cornerstones of their communities—always there when you need them 24 hours a day, seven days a week. Accessible, high quality hospital care is just as necessary for quality of life as are public schools, safe streets, transportation, public utilities, and police protection. Often less known are the many economic benefits that Connecticut hospitals provide to the state. In fact, Connecticut hospitals make a tremendous impact on the financial health of their local communities as well as the entire state.



Connecticut hospitals contribute nearly \$17.6 billion annually to the state and local economies.

Our hospitals spend millions 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 provide 97,000 jobs in our communities, generating approximately \$9.5 billion in annual local payroll.

- Connecticut’s hospitals and health systems employ more than **52,300** employees, with a total annual payroll of **\$4.6 billion**. Hospitals are often the largest, or one of the largest, employers in their communities.
- Hospitals offer jobs at all skill and salary levels in a field that continues to grow—especially critical during these tumultuous economic times.
- Hospital payroll expenditures serve as an important economic stimulus, creating and supporting jobs throughout the local and state economies. Dollars earned by Connecticut hospital and health system employees and spent on groceries, clothing, mortgage payments, rent, etc. generate approximately **\$4.9 billion** in economic activity and create an additional **44,250 jobs** for the local economy.



Connecticut hospitals are purchasers of goods and services generating approximately \$6.8 billion annually in local economic activity.

- Each year Connecticut hospitals spend **\$3.3 billion** on the goods and services they need to provide healthcare—for example, 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. These dollars generate an additional **\$3.5 billion** for local economies.



Connecticut hospitals' capital spending generates a total of \$1.3 billion in the economy each year.

- Connecticut hospitals and health systems spend **\$628 million** on buildings and equipment. This capital spending generates an additional **\$662 million** in local economies 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.



Unfortunately the proposed state budget includes a hospital tax and a cut to hospital uncompensated care funding that would seriously threaten hospitals' financial position. If the state cuts \$83 million in uncompensated care funds to hospitals, it thereby also loses more than \$41 million in federal matching funds.

By making a cut of this magnitude, Connecticut would lose \$176 million in business activity, 1,417 jobs, and \$63 million in salary and wages—this cut is wrong for hospitals and wrong for Connecticut.

We urge the legislature to vote no on hospital taxes and cuts to hospital funding.

Let's work together to find solutions that make it possible for Connecticut hospitals to remain strong and viable in their role as Connecticut's healthcare safety net.

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 2009 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.



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