

Economic Significance Of Central Nevada Hospitals

Not only do hospitals provide vital services to the region they operate in, they also provide a large significant share of regional employment. These employees, in turn, purchase goods and services from local merchants and service providers and pay taxes. Hospitals also buy goods and services from other regional businesses. This series of regional economic impact reports quantifies the economic significance of the hospital sector in the region from both the direct effects of employment and the indirect effects of purchases from local businesses and employee spending.

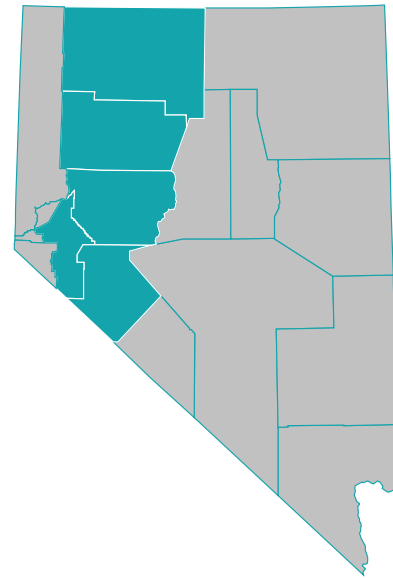
Table 1. Hospitals in Central Nevada

| Hospital | Licensed Beds |
|---|---------------|
| Humboldt General Hospital, Winnemucca, Humboldt County | 52 |
| Mt. Grant General Hospital, Hawthorne, Mineral County | 35 |
| Pershing General Hospital, Lovelock, Pershing County | 47 |
| Banner Churchill Community Hospital | 40 |
| South Lyon Medical Center | 63 |
| Total | 237 |

Source: (Packham & Griswold, 2009)

- The central Nevada region consists of Humboldt, Pershing, Churchill, Lyon and Mineral counties. This region had 237 licensed beds in 5 hospitals serving a population of 112,597 (2007).
- In 2007, hospitals directly provided an estimated 1,038 jobs in Central Nevada or about 2.3% of total employment. Nationally, the hospital sector directly accounted for about 3.2% of employment. An additional 555 jobs in Central Nevada are supported by hospitals indirectly through hospital purchases of goods and services from local businesses and employee spending. Counting direct and indirect employment, Central Nevada hospital economic activities generated 1,593 jobs.ⁱ
- Hospitals in Central Nevada were estimated to have directly paid \$56.02 million in wages, salaries, benefits and payroll taxes (labor income). This was an estimated 2.9% of total regional labor income. An additional \$17 million in labor income was generated through indirect and induced effects for

a total of \$73 million in labor income generated by the hospital sector.



- Per capita hospital expenditure was about \$1,046 in Central Nevada in 2007. This compares to \$2,100 per capita nationwide or to \$1,380 per capita in Nevada.
- Economic activity related to the hospital sector generated an estimated \$5.32 million in tax revenues.
- According to the Department of Employment, Training and Rehabilitation, local Central Nevada governments employed 413 people in the hospital sector in 2007 with a wage bill of \$16.88 million. In addition, the federal government employed 20 people in the hospital sector with a wage bill of \$1.28 million.
- In Central Nevada, about 50% of billed hospital charges were to Medicare, 9% to Medicaid and 6% to other public payers (Packham & Griswold, 2009 and author's calculations). Medicare is paid by the Federal government. In Nevada, the Federal Medicaid Assistance Percentage for 2007 was 53.93% which means the state of Nevada paid about 46% of Medicaid expenditures (Department of Health and Human Services, Office of the Secretary, 2005).

Table 2 shows estimated economic linkages of the hospital sector with the rest of the Central Nevada economy. The sector with the largest impact in terms of labor income is health and social services while the largest employment impact is in the real estate and rental sector. The health sector has highest impacts on other service sectors and much lower impacts in the agriculture, mining, construction and manufacturing sectors.

Table 2. Hospital Activity Impacts by Industry Sector

| Regional Hospital Impacts | Indirect and Induced Employment | Indirect and Induced Labor Income | Indirect and Induced Value Added |
|---|---------------------------------|-----------------------------------|----------------------------------|
| Ag, Forestry, Fish & Hunting | 2 | 35,855 | 172,949 |
| Mining | 0 | 25,792 | 43,000 |
| Utilities | 4 | 546,425 | 1,912,892 |
| Construction | 6 | 327,270 | 396,878 |
| Manufacturing | 12 | 677,542 | 1,065,341 |
| Wholesale Trade | 21 | 1,036,661 | 1,748,671 |
| Retail trade | 61 | 2,044,580 | 3,319,391 |
| Transportation & Warehousing | 17 | 685,795 | 899,526 |
| Information | 5 | 174,940 | 417,259 |
| Finance & insurance | 14 | 653,114 | 750,147 |
| Real estate & rental | 129 | 1,739,613 | 12,221,596 |
| Professional, scientific & tech services | 43 | 1,603,054 | 1,906,603 |
| Management of companies | 8 | 581,835 | 722,209 |
| Administrative & waste services | 39 | 1,126,931 | 1,236,895 |
| Educational services | 5 | 95,680 | 112,083 |
| Health & social services | 65 | 2,780,908 | 3,232,606 |
| Arts, entertainment & recreation | 11 | 227,373 | 320,693 |
| Accommodation & food services | 55 | 951,689 | 1,298,960 |
| Other services | 41 | 764,022 | 1,062,895 |
| Government & non NAICs | 15 | 993,806 | 1,120,538 |
| Total Indirect and Induced Impacts | 555 | 17,072,885 | 33,961,132 |

Table 3. Total Impacts of the Hospital Sector in Central Nevada

| Type of Impact | Direct | Indirect | Induced | Total | Multiplier |
|---------------------|------------|------------|------------|------------|------------|
| Jobs | 1,038 | 264 | 292 | 1,593 | 1.53 |
| Labor Income | 56,022,420 | 7,745,449 | 9,327,438 | 73,095,307 | 1.30 |
| Value Added | 59,477,024 | 15,860,379 | 18,100,750 | 93,438,153 | 1.57 |

Table 4. State and Local Tax Impacts

| Revenue Impacts for Clark Co. and State of Nevada | |
|--|---------------------|
| Property Taxes | \$ 1,075,524 |
| Sales Taxes | \$ 2,323,394 |
| Other Business Taxes | \$ 540,445 |
| Non-tax payment (fines, fees, donations) | \$ 505,641 |
| Other | \$ 131,577 |
| Dividends on investment, social insurance and retirement payments | \$ 743,574 |
| Total | \$ 5,320,155 |

¹ Unless otherwise noted, all estimates are made using IMPLAN data modified with Bureau of Labor Statistics data on public sector employment in the hospital sector.

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