

Economic Significance Of Northeastern Nevada Hospitals

Not only do hospitals provide vital services to the region they operate in, they also provide a 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 Northeastern Nevada

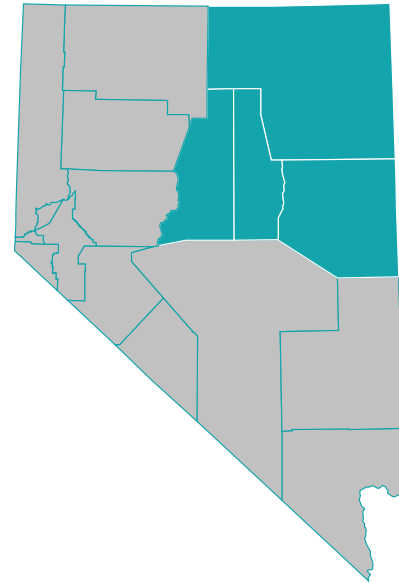
Hospital	Licensed Beds
Battle Mountain General Hospital, Battle Mountain, Lander County	25
William Bee Ririe Hospital, Ely, White Pine County	25
Northeastern Nevada Regional Hospital	75
Total	125

Source: (Packham & Griswold, 2009)

- The Northeastern Region consists of Elko, White Pine, Lander and Eureka counties. The region had three hospitals with 125 licensed beds serving a population of 67,229.
- In 2007, hospitals directly provided an estimated 688 jobs in Northeastern Nevada or about 1.8% of total employment. Nationally, the hospital sector directly accounted for about 3.2% of employment. An additional 262 jobs in Northeastern Nevada are supported by hospitals indirectly through hospital purchases of goods and services from local businesses and employee spending. Counting direct and indirect employment, Northeastern Nevada hospital economic activities generated 950 jobs.ⁱ
- Hospitals in Northeastern Nevada were estimated to have directly paid \$33.75 million in wages and salaries, proprietor's income, benefits and payroll taxes. This was an estimated 1.7% of regional labor income. An additional \$9.62 million in labor income was generated through indirect and induced effects

for a total of \$43.37 million in labor income generated by the hospital sector.

- Per capita hospital expenditure was about \$1,100 in Northeastern Nevada in 2007. This compares to \$2,100 per capita nationwide.



- The economic activity of the hospital sector generated an estimated \$2.6 million in tax revenues.
- According to the Department of Employment, Training and Rehabilitation, local Northeastern Nevada governments employed 280 people in the hospital sector in 2007 with a total wage bill of \$15.7 million. The federal government employed an additional 35 people in the hospital sector with a wage bill of about \$2.1 million.
- In Northeastern Nevada, about 43% of billed hospital charges were to Medicare, 6% to Medicaid and 1% 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 Northeastern Nevada economy. The sectors with the largest impact in terms of employment are the retail trade and accommodation and food services sectors. The health and social services sector had the largest impact in terms of labor income. 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	0	3,777	16,375
Mining	0	28,091	45,601
Utilities	1	130,505	444,721
Construction	3	200,268	249,629
Manufacturing	2	58,793	79,581
Wholesale Trade	10	714,933	1,211,505
Retail trade	45	1,253,265	2,033,701
Transportation & Warehousing	7	390,929	528,907
Information	5	192,346	470,742
Finance & insurance	6	293,572	347,170
Real estate & rental	18	423,869	4,197,152
Professional, scientific & tech services	21	968,317	1,095,029
Management of companies	2	112,297	139,388
Administrative & waste services	19	603,397	646,078
Educational services	2	49,281	59,814
Health & social services	41	1,787,488	2,090,787
Arts, entertainment & recreation	6	137,481	194,789
Accommodation & food services	45	1,152,858	1,703,654
Other services	21	566,357	792,940
Government & non NAICs	8	548,443	609,848
Total Indirect and Induced Impacts	262	9,616,267	16,957,411

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

Type of Impact	Direct	Indirect	Induced	Total	Multiplier
Jobs	688	103	159	950	1.38
Labor Income	33,750,688	4,142,572	5,473,696	43,366,956	1.28
Value Added	35,833,140	6,879,936	10,077,478	52,790,554	1.47

Table 4. State and Local Tax Impacts

Revenue Impacts for Clark Co. and State of Nevada	
Property Taxes	\$ 516,176
Sales Taxes	\$ 1,108,076
Other Business Taxes	\$ 257,750
Non-tax payment (fines, fees, donations)	\$ 287,566
Other	\$ 73,649
Dividends on investment, social insurance and retirement payments	\$ 352,318
Total	\$ 2,595,535

ⁱ 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.

References

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