

The Economic Importance of Hospitals and Healthcare in Kentucky



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healthcare financial
management association

by

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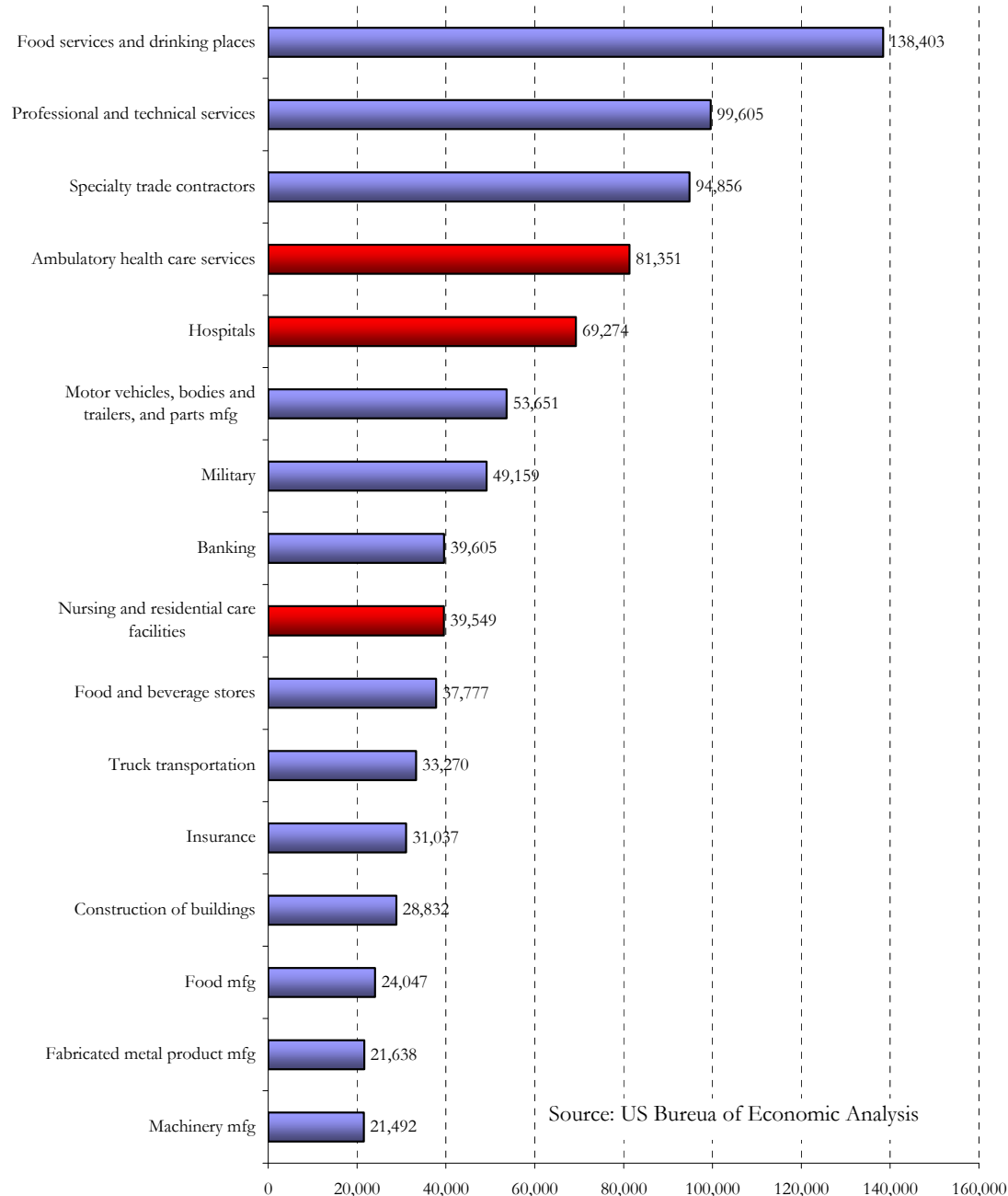
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How big?

Jobs, top industries in Kentucky, 2005

**Doctors' offices, hospitals,
nursing homes = 190,000 jobs;
8.4% of all jobs in state.
Compare to coal mining (18,600)
hotels (17,000)
auto mfg (54,000).**



Wages and Salaries, top industries in Kentucky, 2005

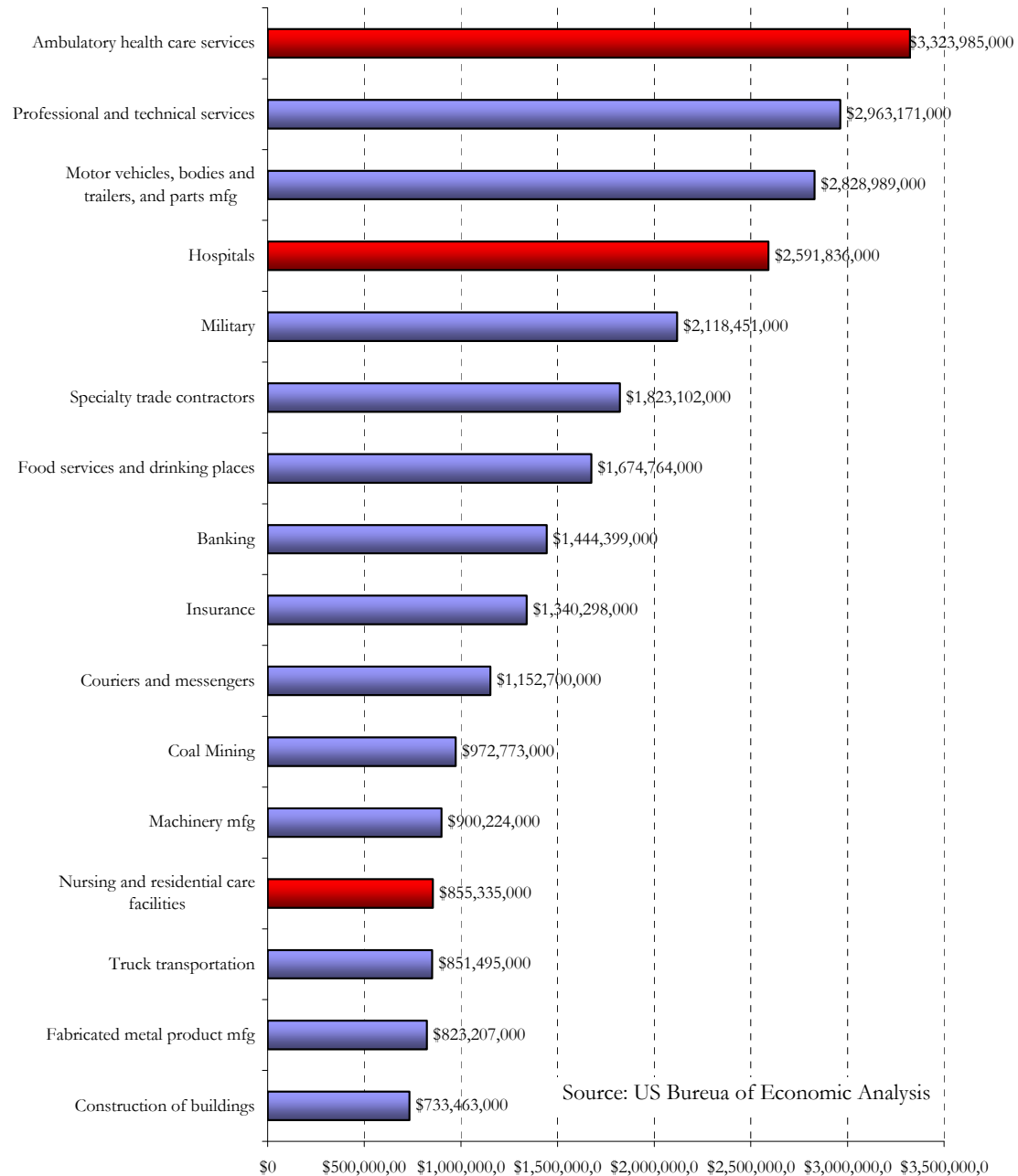
**Doctors' offices, hospitals,
nursing homes = \$6.8 billion
payroll;**

**10.5% of all wages and salaries in
state.**

**Compare to coal mining (\$973
million)**

trucking (\$851 million)

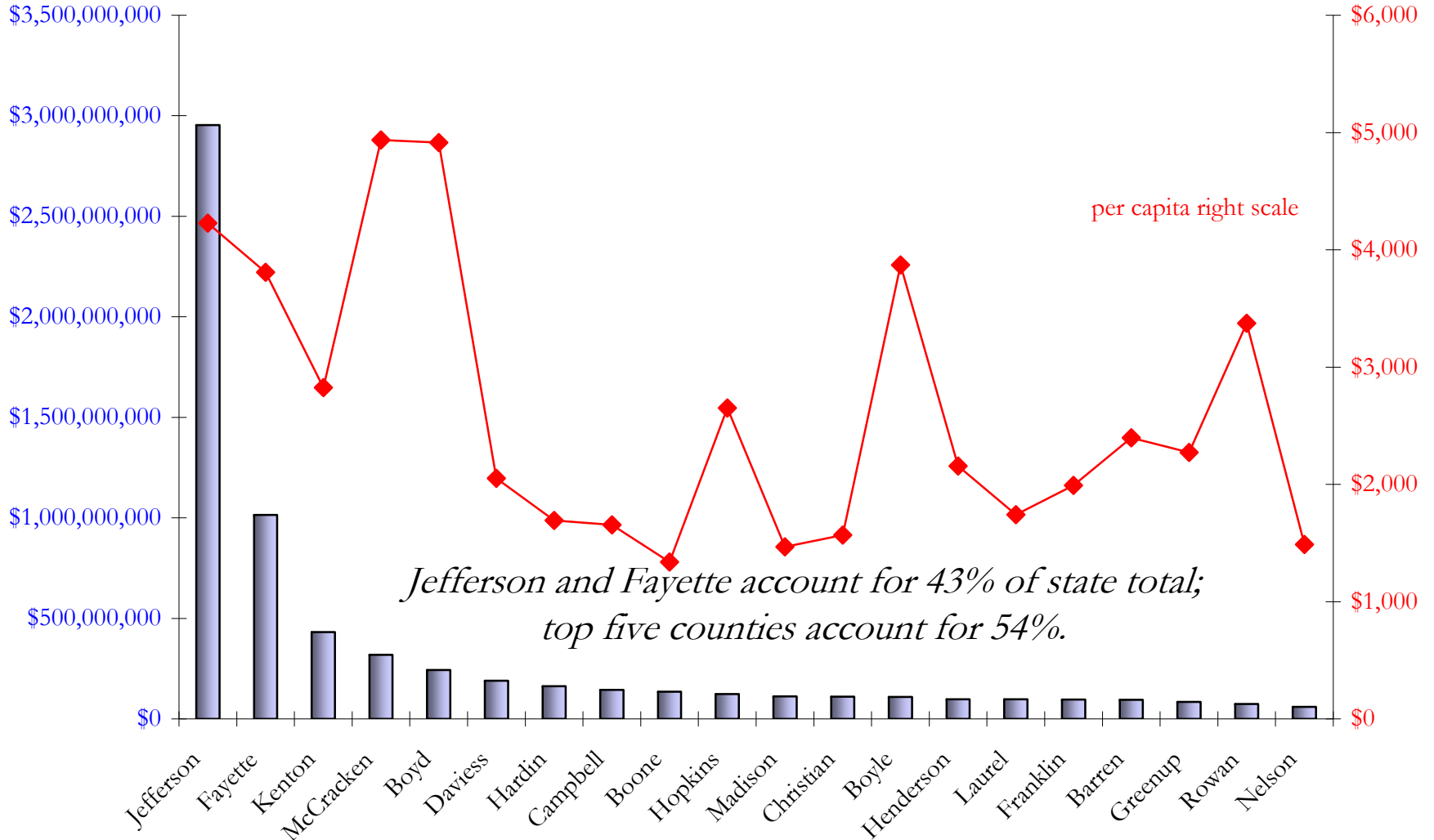
auto mfg (\$2.8 billion).



Where?

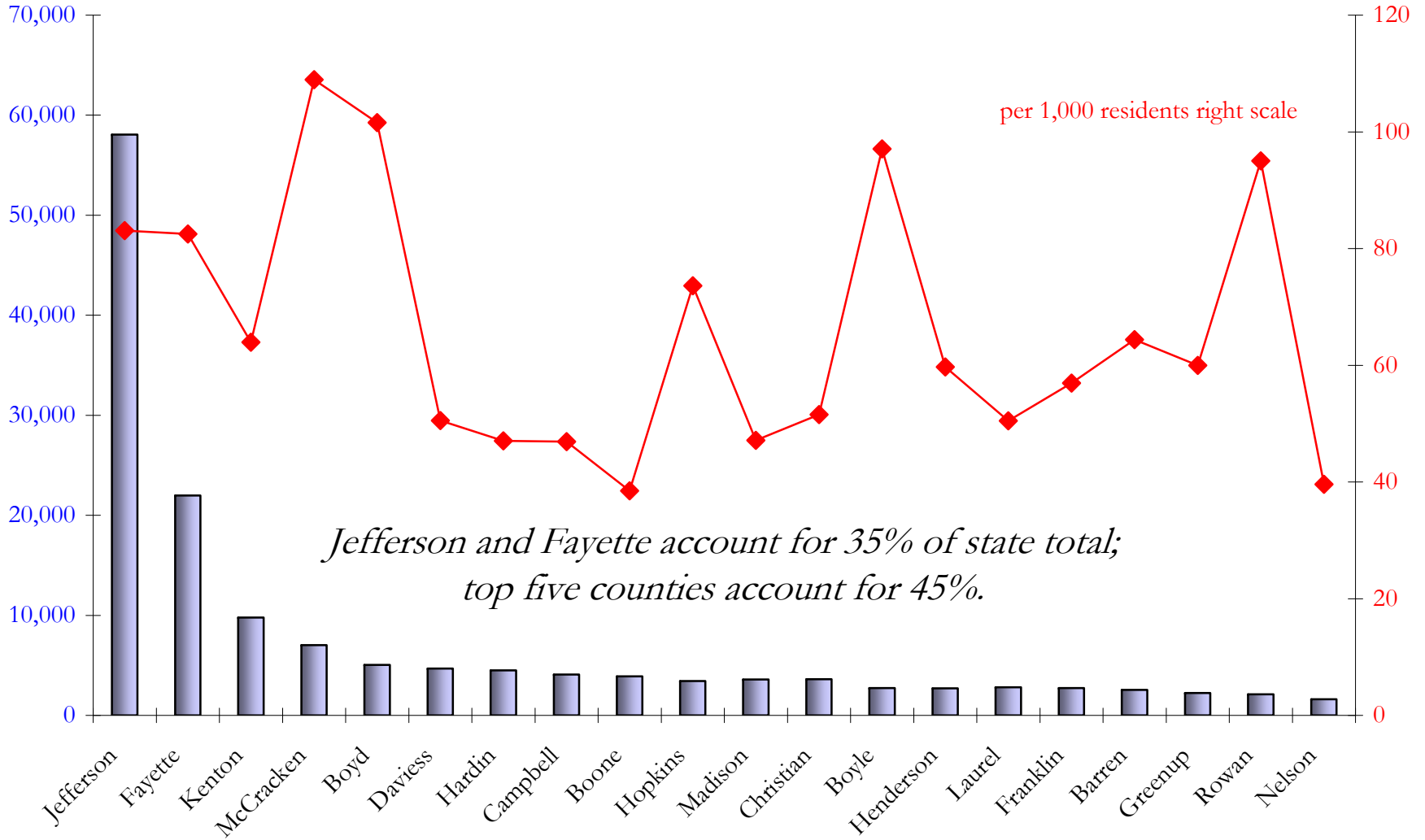
Health Care Wages and Salaries, by County, 2004

Source: US Bureau of Economic Analysis



Health Care Jobs, by County, 2004

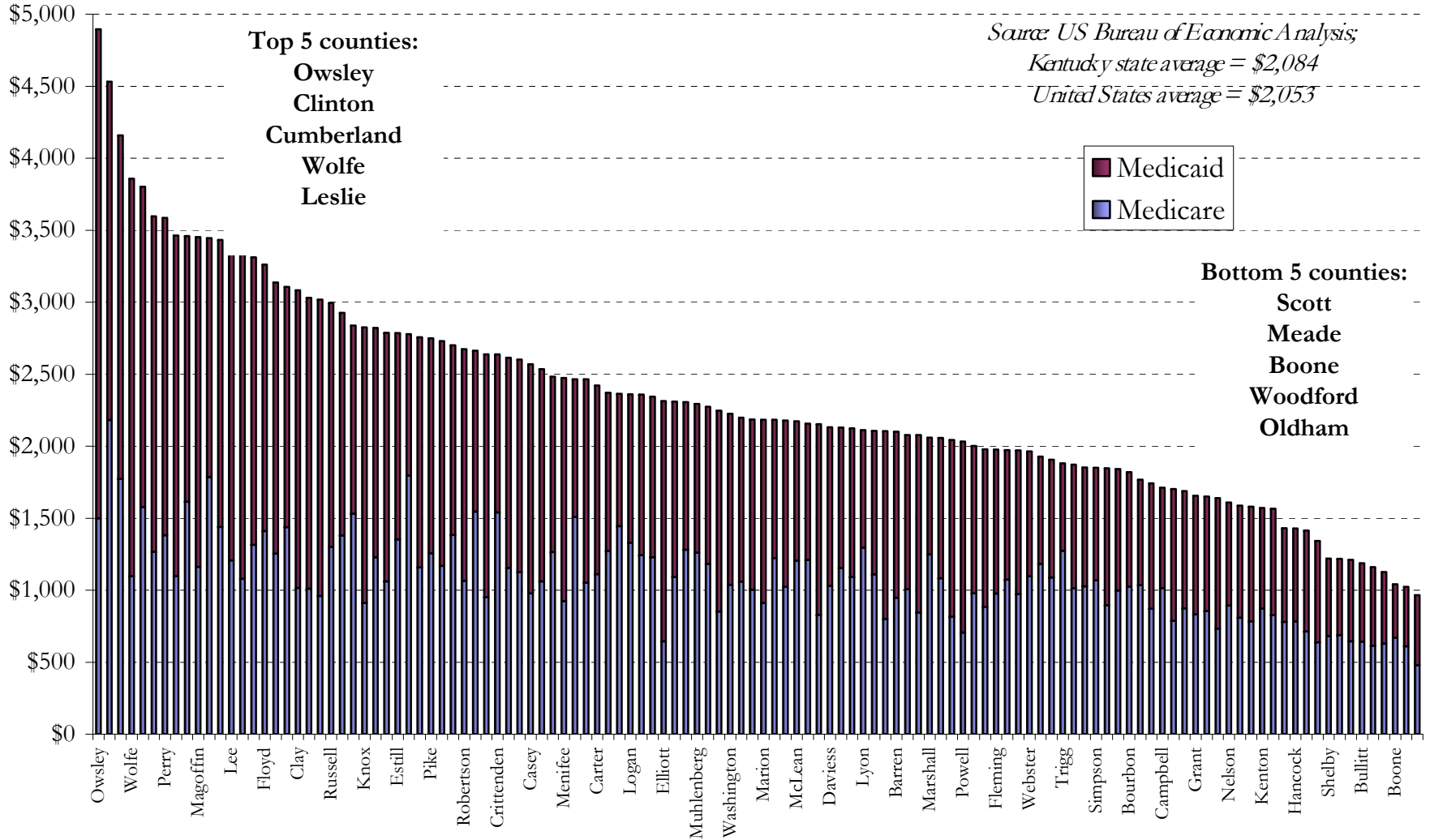
Source: US Bureau of Economic Analysis



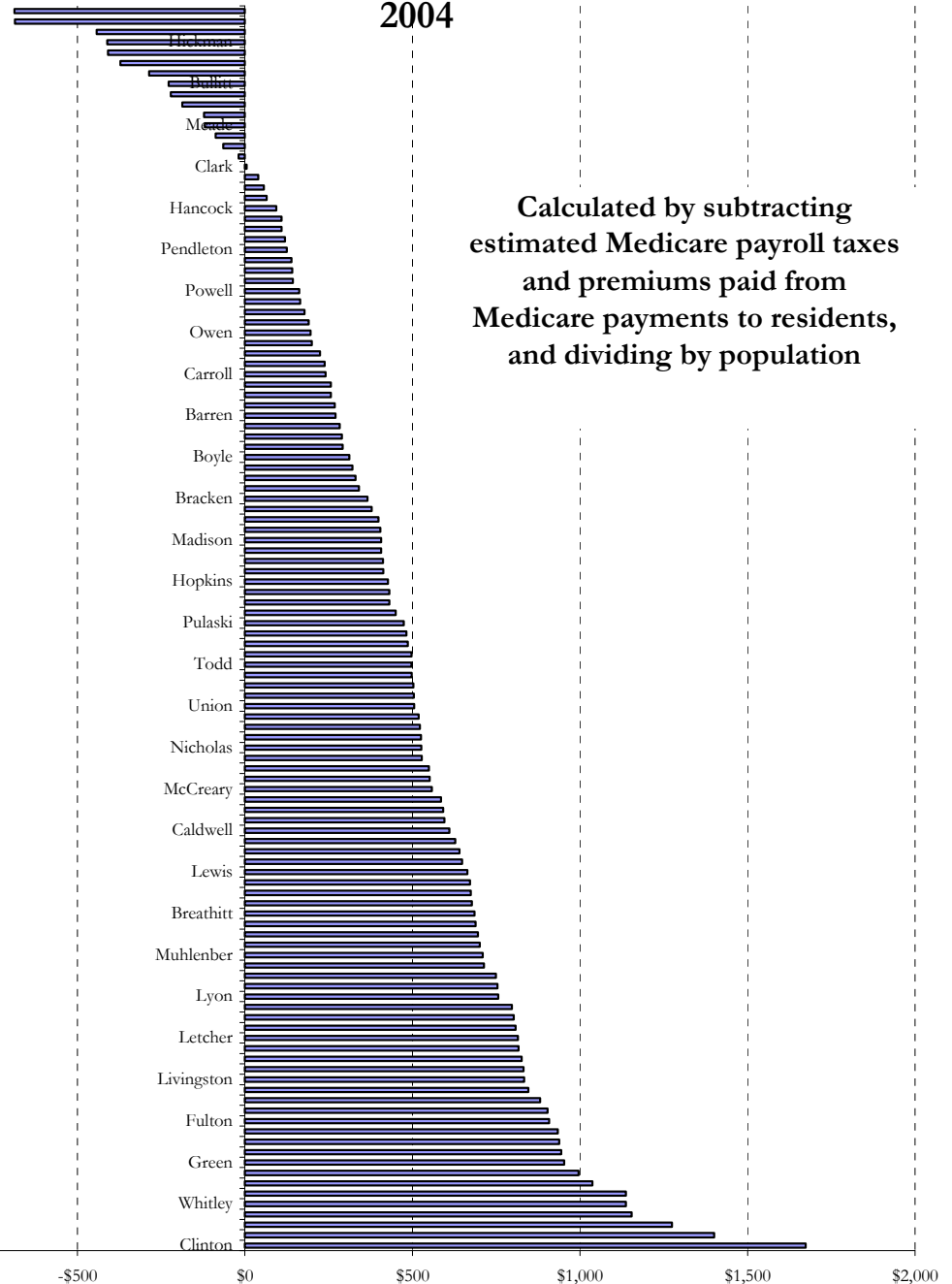
Public Financing

Medicare and Medicaid Payments per Capita, 2004

120 Kentucky Counties



Net Gain per capita from Medicare Financing, 2004

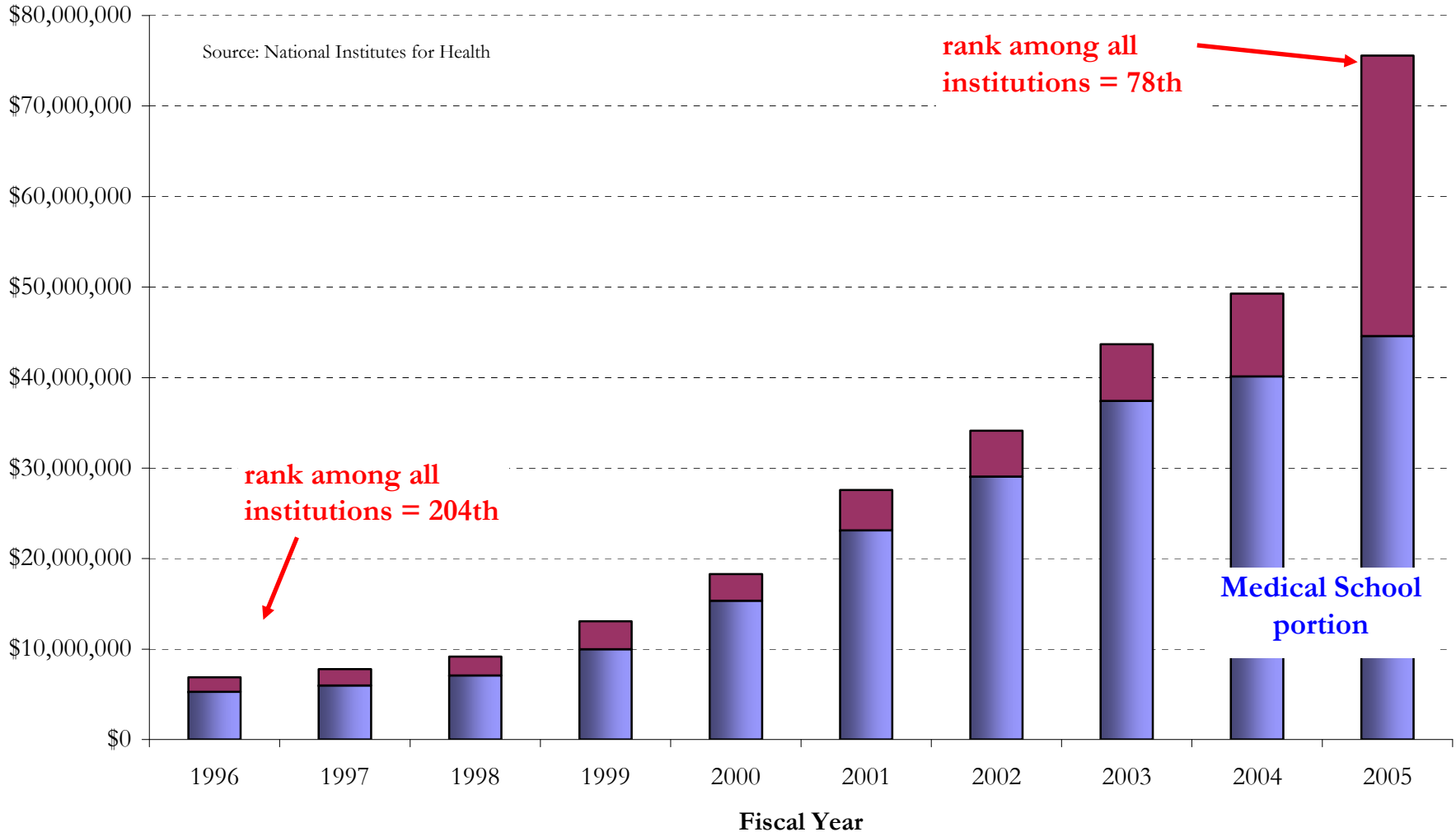


**Crude estimate of redistribution:
payroll taxes (2.9%) fund most of
Medicare, benefits are
entitlement**

**So, it's a transfer from young
workers to retirees; 15 net donor
counties, 95 recipient counties**

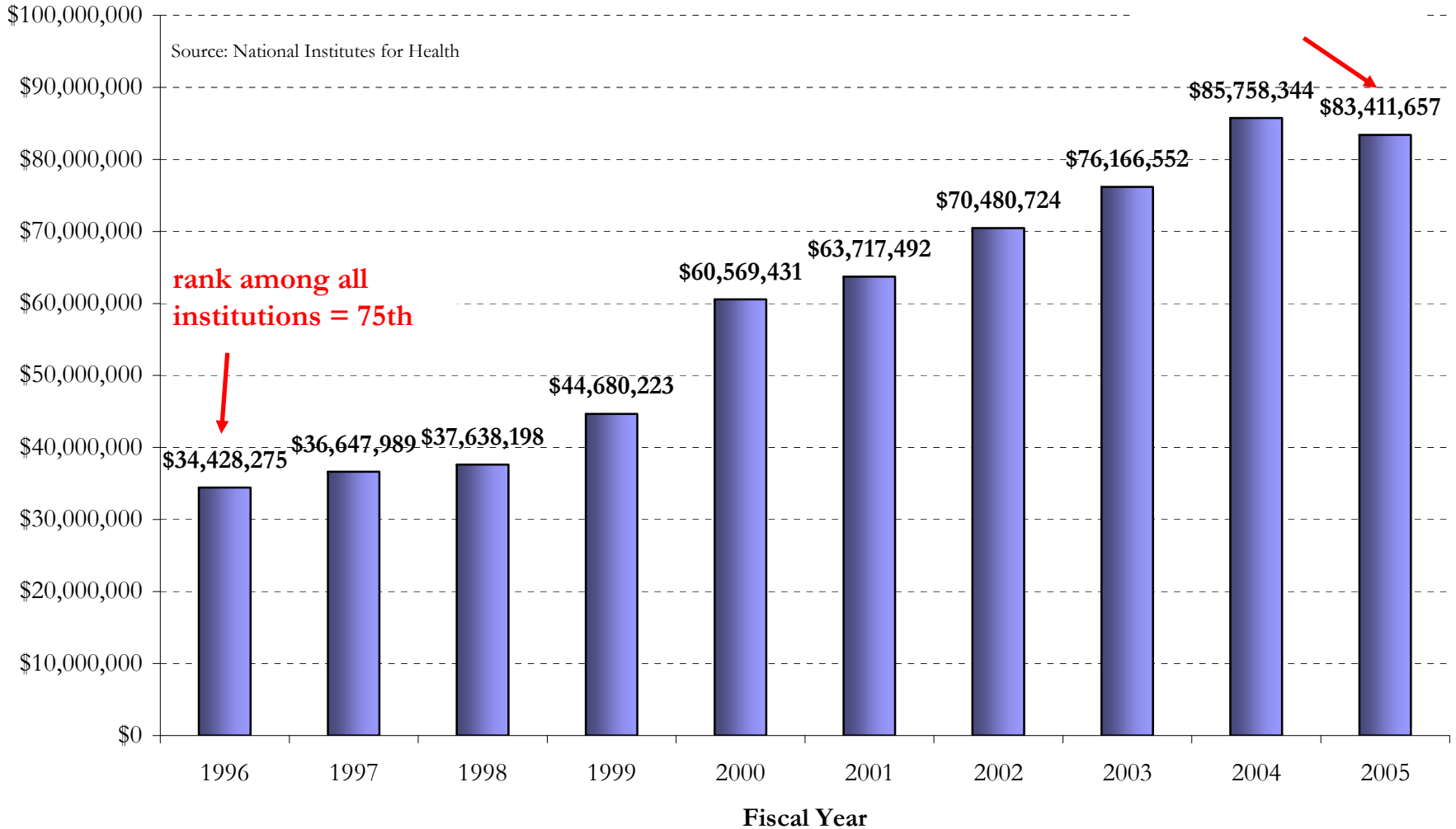
Research dollars

Awards from National Institutes of Health to the University of Louisville



Awards from National Institutes of Health to University of Kentucky

rank among all
institutions = 69th



Economic Impact Studies, Multipliers: Loaves and Fishes

- Hospitals are more like auto repair shops than factories – nearly all customers are local
- But unlike most retail operations, a majority of the payment comes from outside state (Medicare, federal subsidies to Medicaid), so county may be net winner on cash flow basis
- Changes in reimbursement rates have predictable ripple effects
- More populated areas have larger multipliers

100 new hospital jobs
results in 197 in total jobs
by firms in market.

Sample Economic Multipliers for Hospitals

\$1 million in new hospital
revenues results in
\$2,132,000 in total
revenues to firms in market.

	Final- demand Output	Direct- effect Earnings	Direct- effect Employment
Louisville MSA	2.132	1.744	1.965
Nelson County	1.464	1.301	1.428

for research reports, see

<http://monitor.louisville.edu>

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