

Economic Impact of Rural Health Care

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The public is well aware of the medical contributions that rural health providers deliver to rural residents but the economic contributions that rural health care provides to the local community are equally important. It is crucial that rural residents have access to quality health care. It is crucial to generate and retain health care services and health care jobs in rural areas. This is even more crucial since rural areas typically have higher unemployment than urban areas. National and rural health care impacts are presented in this briefing:

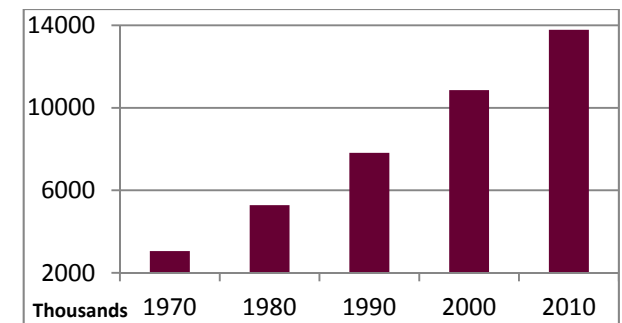
National Health Impact

- Employment in the health sector increased over 351 percent from 3,052 in 1970 to 13,777 in 2010.^{7, 8}
- In general, health care jobs are higher paying jobs with benefits when compared to other industries.
- Per capita annual health expenditures increased from \$356 in 1970 to \$8,402 in 2010.¹⁶
- Health care expenditures as a percent of gross domestic product increased from 7.2% in 1970 to 13.8% in 2000 to 17.9% in 2010.¹⁶

Rural Health Impact

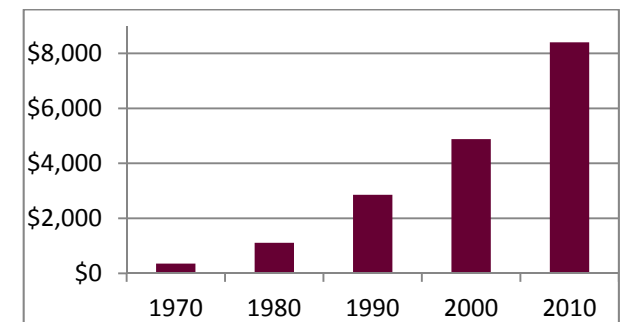
- Quality rural health services in rural communities are needed to attract business and industry.^{1, 2, 3}
- Quality rural health services in rural communities are needed to attract and/or retain retirees.^{4, 5, 6}
- On average, fourteen percent of total employment in rural communities is attributed to the health sector.⁹

Health Care Sector Employment, 1970-2010



SOURCE: National Health Expenditures 1960-2010, U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services [www.cms.gov, September 2012]

Per Capita Health Expenditures, 1970-2010



SOURCE: National Health Expenditures 1960-2010, U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services [www.cms.gov, September 2012].

Rural Hospital and Rural Hospital Construction Impact

- A rural hospital is one of the largest employers in a rural economy, typically one of the top two employers.¹⁰
- Community members appreciate the role that the hospital plays in providing a first line of defense in a medical emergency.¹¹
- Board members appreciate that they are working to assure access to primary care at the local level.¹¹
- A typical critical access hospital has a medical service area population of 14,600 and employs 141 employees and generates \$6.8 million in payroll annually.¹⁷
- The total economic impact of a typical critical access hospital is 195 employees and \$8.4 million in payroll.¹⁷
- The construction of a new critical access hospital creates an economic boost to a rural economy as it creates construction jobs and payroll, as well as secondary jobs and payroll during the years of construction.¹⁷
- A typical critical access hospital has annual construction investment of \$4.2 million, generating 41 jobs and \$1.5 million in payroll during the annual construction. Total impact of the \$4.2 million in construction is 53 jobs and \$1.9 million in payroll.¹⁷
- The combined total impact of a typical critical access hospital's operations and construction activities is 248 jobs and \$10.3 million in payroll.¹⁷
- A typical critical access hospital has retail sales impact of \$2.5 million.¹⁷
- Once a hospital closes in a rural community, the local economy experiences a severe decline.¹²
- When a rural hospital closes, over time, physicians, pharmacies and other health providers will also leave the community.¹³
- Hospitals in one state were responsible for over 8% of employment and wages, salaries and benefits.

Impact of a Typical Critical Access Hospital

	<i>Employment</i>	<i>Payroll</i>
<i>Operations</i>		
Direct Impact	<u>141</u>	<u>\$6.8 million</u>
Total Impact	<u>195</u>	<u>\$8.4 million</u>
<i>Construction</i>		
Total Impact	<u>53</u>	<u>\$1.9 million</u>
<i>COMBINED IMPACT</i>	<u>248</u>	<u>\$10.3 million</u>
<i>Combined Retail Sales Impact</i>		
		<u>\$2.5 million</u>

Rural Primary Care Physician Impact ¹⁴

- One primary care physician in a rural community creates 23 jobs annually.
- One primary care physician in a rural community generates \$1.0 million in wages, salaries and benefits annually.
- One primary care physician in a rural community generates approximately \$1.8 million in annual total revenue.

Rural General Surgeon Impact ¹⁵

- One general surgeon in a rural community creates 26 jobs annually.
- One general surgeon in a rural community generates \$1.4 million in wages, salaries, and benefits annually.
- One general surgeon in a rural community generates \$2.7 million in total revenues in the local economy.

Rural Pharmacy Impact ¹⁸

- A typical rural pharmacy is independently-owned by the local pharmacist.
- A rural pharmacist has an average income of \$107,635.
- A rural pharmacy has 10 employees and generates \$0.3 million in annual payroll.
- The total impact of a rural pharmacy is 12 employees and \$0.4 million in annual payroll.

The economic contribution of rural health care can be measured for any particular health care service or activity. Other areas that impacts have been measured include community health centers, mental health services, telehealth, etc. The specific economic impact of your facility or health care agency can be measured by multipliers specific to your geographic area. Be sure to call for more information or see the website: www.ruralhealthworks.org.

Impact of a Rural Primary Care Physician Clinic

Employment	<u>23 jobs</u>
Wages, Salaries & Benefits (Annual Payroll)	<u>\$1.0 million</u>
Total Revenues	<u>\$1.8 million</u>

Impact of a Rural General Surgeon

Employment	<u>26 jobs</u>
Wages, Salaries & Benefits (Annual Payroll)	<u>\$1.4 million</u>
Total Revenues	<u>\$2.7 million</u>

Impact of a Rural Pharmacy

Employment Impact	<u>12</u>
Wages, Salaries & Benefits (Annual Payroll)	<u>\$0.4 million</u>

For additional information on the economic contribution of rural health care, contact the National Center for Rural Health Works at 405-744-6083 or email: gad@okstate.edu or cheryl@okstate.edu.

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