



December 2009

NEWSLETTER

IT'S THE END OF ANOTHER YEAR; 'TIS HARD TO BELIEVE!

And 'tis the Holiday Season again!! Be sure to enjoy it with your family and friends.

The National Center for Rural Health Works (**National Center**) has completed another year's work plan and is looking forward to new activities in 2010. **The National Center** has two regional training sessions scheduled for your convenience in 2010; examples of the National Center's tools will be presented at the workshops. The new tools have been added to the National Center website. Be sure to call for assistance in initiating a program in your state or learning about any tool in detail. Any ideas or suggestions about new tools or activities that may enhance rural health in your state are welcome. Be sure to read the section on the proposed projects for this coming year and give us your input!

2010 REGIONAL TRAINING SESSIONS

The National Center is planning two regional training sessions in 2010. The first training session is scheduled for Wednesday, May 5, 2010, in Nashville, Tennessee. The Tennessee Hospital Association is hosting the workshop. The workshop flyer and registration form will be available in early January 2010. Watch for the flyer and join us in Tennessee in the spring!

The second training session is scheduled for Wednesday, July 7, 2010, in Reno, Nevada. Hosts include the Nevada Office of Rural Health at the University of Nevada School of Medicine and the Department of Applied Economics at the University of Nevada. The workshop flyer and registration form will also be sent in January 2010. Watch for the flyer and join us in Nevada in the summer!

The National Center invites any interested parties to register and attend these regional workshops. The workshops teach professionals how to conduct economic impact studies, as well as learn about the community health engagement process and health feasibility (budget) studies. The National Center also has a website with additional information on the workshop topic areas:

www.ruralhealthworks.org

These are the **ONLY** planned regional training workshops in 2010. Workshops can be requested to be presented on-site in a particular state; however, the state will incur some costs for the workshop.

In 2011, two additional regional workshops are planned, again based on demand and location. Anyone interested in hosting a workshop in 2011 should either call or email Gerald Doeksen or Cheryl St. Clair. A host state provides a meeting room and has the workshop available locally to

their participants with only a small registration fee per participant. Please share this information with anyone you think might be interested in hosting or attending a workshop. Pennsylvania has indicated interest in hosting a workshop in 2011.

2009 NEW PRODUCTS COMPLETED - NOW AVAILABLE

The Economic Impact of Hawai'i Critical Access Hospital on a Community, County, and State

The National Center completed this new economic impact application during 2009. This study applies the multipliers at the different levels of economic activity; the local economy, the county economy, and the state economy. Each Hawai'i critical access hospital (CAH) has an impact on their local economy; then several CAHs in the same county have an impact on the county; and all nine CAHs in Hawai'i have an impact on the state. This study was prepared to not only illustrate the impact of the CAHs on the state but to show the difference in the multipliers at the different levels.

Economic Impact of Employment and Income of Hale Ho'ola Hamakua Critical Access Hospital on Local Community

Hospital	Direct	Multiplier	Secondary	Total
Employment				
Hale Ho'ola Hamakua	100	1.29	29	129
Income				
Hale Ho'ola Hamakua	\$6,407,893	1.16	\$1,025,263	\$7,433,156

Economic Impact of Employment and Income of the Three Critical Access Hospitals in Hawai'i County on Hawai'i County, Hawai'i

	Direct	Multiplier	Secondary	Total
Employment				
Three CAHs in Hawai'i Co.	220	1.70	154	374
Income				
Three CAHs I Hawai'i Co.	\$16,332,715	1.42	\$6,859,740	\$23,192,455

Economic Impact of Employment and Income of all Nine Critical Access Hospitals in Hawai'i

	Direct	Multiplier	Secondary	Total
Employment				
All Nine CAHs in Hawai'i	1,032	1.88	908	1,940
Income				
All Nine CAHs in Hawai'i	\$63,673,087	1.51	\$32,473,274	\$96,146,361

The medical contributions of critical access hospitals are well recognized in rural and remote communities and counties. Their economic contributions are often not acknowledged. The object of this report is to document the economic contribution of a critical access hospital on a

community economy, three critical access hospitals on a county economy, and all critical access hospitals on a state economy. Three important conclusions result from this study: (1) these impacts illustrate the economic contributions that critical access hospitals make to the community, county, or state; (2) economic impacts differ as the economic activity of a defined area changes; and (3) hospital leadership can utilize these reported economic contributions in advocating health care policy at the community, county, and state levels.

For more information on this study, please contact Gerald Doeksen or Cheryl F. St. Clair.

The Economic Impact of a General Surgeon on a Rural Community

The National Center completed this new economic impact application during 2009. This study illustrates the impact of a general surgeon on a rural community, in terms of the surgeon's office, as well as the surgeon's activity at the local hospital.

Direct Employment and Income in General Surgeon's Office	
Employment	4
Wages, Salaries and Benefits (Income)	\$517,231
Revenues	\$653,544
Surgical Procedures, Revenues, Employment and Income Generated by General Surgeon at the Local Hospital	
No. of Inpatient Procedures	97
No. of Outpatient Procedures	574
Inpatient Revenue	\$350,900
Outpatient Revenue	\$928,322
Laboratory Revenue	<u>\$60,842</u>
TOTAL Revenue	\$1,340,064
Employment	14.5
Wage, Salary and Benefits	\$675,131

These are the direct activities of a general surgeon, the direct employment, direct income (wages, salaries and benefits) and the direct revenues. These direct activities have a tremendous impact on the local hospital and local economy. However, the direct activities do not tell the entire story; secondary impacts are generated in other businesses and industries from the expenditures of the general surgeon's office, the local hospital, and the employees of both. These secondary impacts are illustrated below.

**Economic Impact of Revenues, Employment and Income
of a General Surgeon on a Local Community**

Hospital	Direct	Multiplier	Secondary	Total
Revenue Impact				
Surgeon Office	\$653,544	1.33	\$215,670	\$869,214
Local Hospital	<u>\$1,340,064</u>	1.33	<u>\$442,221</u>	<u>\$1,782,285</u>
Total	\$1,993,608		\$657,891	\$2,651,499
Income				
Surgeon Office	\$517,231	1.18	\$93,102	\$610,333
Local Hospital	<u>\$675,131</u>	1.21	<u>\$141,778</u>	<u>\$816,909</u>
Total	\$1,192,362		\$234,880	\$1,427,242
Employment				
Surgeon Office	4.0	1.30	1.2	5.2
Local Hospital	<u>14.5</u>	1.37	<u>5.4</u>	<u>19.9</u>
Total	18.5		6.6	25.1

These impacts are important to local hospitals in showing the actual impact of a general surgeon as an individual employer and as a revenue source to the hospital. General surgeons are a major source of revenue for local hospitals and can make the difference in the bottom line.

For more information on this study, please contact Gerald Doeksen or Cheryl F. St. Clair.

IMPLAN CHANGES WITH VERSION 3 SOFTWARE & 2008 DATA

Minnesota IMPLAN Group, Inc. (IMPLAN) has updated the software from Version 2 to Version 3. The IMPLAN software Version 2 can still be utilized with this year's 2008 data and it may be supported with next year's data (2009) but IMPLAN has not indicated this for sure. To continue to use the Version 2 software, you will still need to go to the IMPLAN website and download the 2008 structural matrices at the following link:

http://implan.com/v3/index.php?option=com_docman&task=cat_view&gid=60&Itemid=138

When you order the 2008 IMPLAN data and you want to use it with IMPLAN software Version 2, you will need to request that IMPLAN send you the data file for use with Version 2.

To utilize the new IMPLAN software Version 3, you will have to download it from the disk received from your IMPLAN order and you will need to re-learn how to run the software. The new licensing has also changed and each user must purchase a separate license. Each licensee will receive a black external memory box with their order and it can only be utilized on two different computers. The data come loaded in the box, as well as the software.

The suggestion has been made that we need a workshop of current IMPLAN users to learn the new software. If anyone is interested in this training, please be sure to contact Cheryl St. Clair **as soon as possible**. If there is enough interest, a workshop will be scheduled in early 2010.

SELECTED STATE PROJECTS

The Impact of Hospitals and the Health Sector on the Nevada Economy 2009 Edition

The Impact of Hospitals and the Health Sector on the Nevada Economy 2009 Edition documents the economic contribution of hospitals and other medical providers to the state's economy. The chartbook provides estimates of the direct and indirect impact of hospital and health sector activity and operations on payroll and employment in Nevada. Impacts are estimated at the county, regional, and state level in Nevada utilizing employment and payroll data for the year 2007. Copies of this document are available on the website of the National Center for Rural Health Works.

Any other states that have projects that they would like to feature in the Newsletter, please contact Cheryl St. Clair. The newsletter will be sent again in mid-January.

2010 NEW ACTIVITIES/PROJECTS TO BE DECIDED

The 2010 work plan will be determined from recommendations from the National Center's Managing Committee and the National Center's Advisory Council. A listing of the initial proposed products includes:

1. Ongoing general surgeon; economic impact of general surgery in a rural CAH community and a methodology to illustrate need and revenue impacts in a CAH.
Project Rationale: General surgeons generate a significant amount of revenue to CAHs and the smaller rural hospitals. Also, this is the first specialist that is truly feasible. Many hospitals could benefit from this analysis.
Level of Effort: Medium level; development of a new tool, utilizing both economic impact and feasibility methodologies. Project could require a high level of ongoing activity to develop need for general surgery for a specific rural community based on specific surgical procedures utilizing a national surgical procedure database.
Partners: Hospital associations, medical associations, State Offices of Rural Health (SORHs), state Extension offices.
2. Ongoing specialty physician clinic; a methodology to determine need for specialty physicians and impact of specialty physicians on a CAH.
Project Rationale: Specialty physician clinics can enhance revenues for CAHs and small rural hospitals. The specialty physician clinics may include a general surgeon. This project will also assist CAHs and small rural hospitals in remaining feasible and will enhance revenues and overall services.
Level of Effort: High, requires a tremendous amount of data collection to develop a new tool, utilizing both economic impact and feasibility methodologies.
Partners: Hospitals, hospital associations, SORHs, AHECs, primary care offices and associations, physician recruitment groups.
3. (a) Determining need for primary care practitioners (shortage), (b) illustrating economic impact of the shortage to the rural community, and (c) providing follow-up information for recruitment and retention of primary care practitioners in a rural community. Will utilize feasibility study methodology to determine the shortage of mid-level primary care practitioners and primary care physicians in a rural medical service area and will utilize

economic impact methodology to illustrate the shortage of primary care practitioners economically to the community. Finally, will provide discussion and assistance in recruitment and retention of primary care mid-level practitioners and primary care physicians. Could be utilized in conjunction with community health engagement process.

Project Rationale: The need for primary care practitioners in rural areas is an obvious problem; this project is designed to assist the rural communities by showing the need and illustrating the economic impact of the shortage of primary care practitioners and providing guidance on recruitment and retention.

Level of Effort: Medium, development of a primary care practitioner recruitment tool, with economic impact and feasibility methodologies.

Partners: Cooperative effort with state Extension offices, SORHs, AHECs, primary care offices and associations, hospital associations, and physician recruitment groups.

4. Develop a model to estimate allied health workforce needs. Doeksen, Peton and Berens worked for a year to look at some models and a quasi-plan to look at economic and other impacts on the community; take advantage of some work being developed in Alabama. Doeksen says there is a great need; much larger single project than what we can do on this list. Stay on the list and find additional funding for later. Schott says that state to state have different criteria, also. Peton says no one is really looking at the impact of the allied health workforce.

Project Rationale: Rural areas often have untrained allied health care workers. These workers can be trained by community colleges, come from rural communities and return to rural areas to work. This is economic development.

Level of Effort: High, completely new tool. Not directly related to any of our current tools.

Partners: Community colleges, career technology schools and centers, AHECs, SORHs, local community and economic development planners.

5. Measuring the impact of a Pharmacy College on local, regional, and state economies; similar to medical school impact.

Project Rationale: Pharmacy colleges have an impact on a state economy. The economic impact can be measured similar to the study for the medical school. Only a small number have requested this study.

Level of Effort: High, new tool.

Partners: Pharmacy associations, pharmacy schools, SORHs

6. The importance of a hospitalist in a rural community; determining the need for a hospitalist in a rural medical service area; illustrating the economic impact of a hospitalist to the local hospital and to the local community.

Project Rationale: Hospitals as they try to remain viable or to cover for physicians are employing hospitalists. Illustrating the impact would be beneficial for hospital administrators.

Level of Effort: High, new tool.

Partners: Medical schools, hospital administrators, SORHs.

7. Change in Medicaid spending on state's economy. Implications of Medicaid changes – the economic impacts of cuts in Medicaid.

Project Rationale: With budget cuts occurring in almost all states, the first place cuts often occur are in Medicaid programs. The impact is much greater because of the loss of federal matching funds.

Level of Effort: Medium, addition to current tool.

Partners: State Medicaid offices, State Health departments, SORHs.

8. Any other projects that the RHW Managing Committee or the RHW National Advisory Council propose.

The objective of the new studies is to develop the methodology such that others can duplicate these tools in their states. Again, please share any new ideas relative to any of the suggested projects for the 2010 work plan with Gerald Doeksen or Cheryl St. Clair. The new activities/projects will be determined through conference calls with the National Center's Managing Committee, the National Center's Advisory Council, and the federal Project Officer. After the projects are completed during 2010, the products will be available to all RHW partners.

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