

2015

Economic Impact Analysis of
Hospitals in Kern County



Prepared by: Dr. Abbas P. Grammy



2015 Economic Impact Analysis of Hospitals in Kern County

Acknowledgement

The Hospital Council of Northern and Central California has commissioned an economic and fiscal impact analysis of hospitals operating in Kern County. In doing so, we collected and analyzed financial data from the *State of California Office of Statewide Health Planning and Development* (OSHPD) depository for Kern County and analysis was conducted by:

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Message from Hospital Council

The Hospital Council of Northern and Central California is pleased to provide the latest report, the *2015 Economic Impact Analysis of Hospitals in Kern County*. This report provides an overview of the significant economic and fiscal impact made by ten major hospitals on the region.

The health care industry sector is a large contributor of job growth for the Kern County communities, providing high paying jobs and investing in capital improvements. Additionally, it is a critical factor in regional economic development and a strong element for attracting companies looking to expand or relocate.

Hospitals in Kern County are vital to the quality of life and economy of communities throughout the region. Hospital investments and contributions ensure that there is an adequate supply of health professionals to serve California's patient population. They also make lasting, positive impacts on local communities and regional economies.

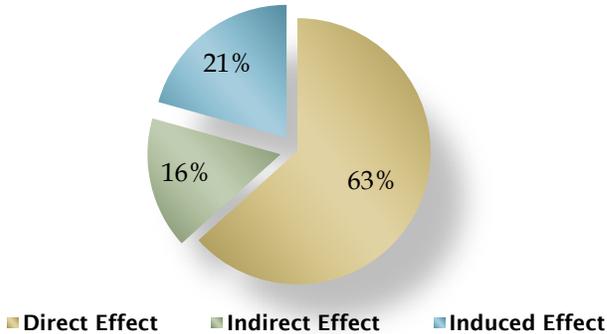
Across the state, many programs that are solely supported by local hospitals make tremendous impacts on the lives of individuals, families and communities. These programs include clinical training for nurses and allied health professionals, as well as contributions of time and resources dedicated to the thousands of interns and high school students that spend time in hospitals each year gaining valuable work experience and career exposure.

The *2015 Economic Impact Analysis of Hospitals in Kern County* illustrates why the region's hospitals are important to our communities and the region as a whole, and why it is necessary to invest in and protect our regional health care safety-net.

Executive Summary

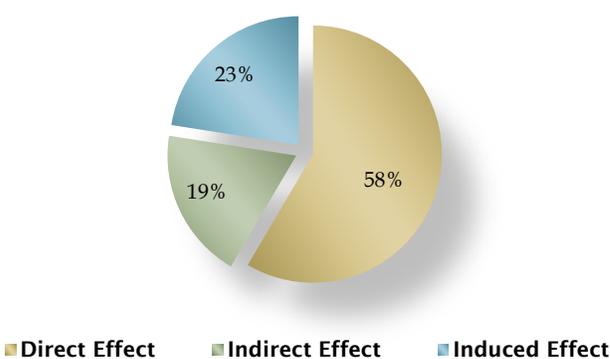
This report is an economic and fiscal impact analysis of hospitals operating in Kern County. This impact analysis is conducted for 10 major hospitals as well as each hospital. Financial and construction data are collected from *State of California Office of Statewide Health Planning and Development (OSHPD)* for the most recent year, 2013. The impact analysis applies OSHPD data to Kern County Input-Output (I-O) Multipliers within the IMPLAN software to calculate direct, indirect, and induced effects of hospital expenditures and construction outlays. The impact results indicate that hospitals make significant contributions to the local economy as outlined below.

Spending Output Impact



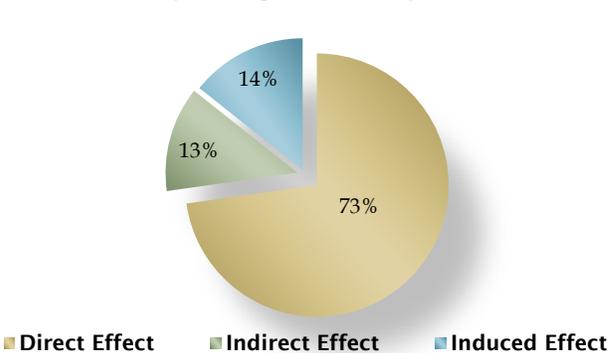
Hospital spending totals \$5.0 billion. This direct spending multiplies to a total output impact of \$7.9 billion. The additional \$2.9 billion of this impact include \$1.3 billion of indirect output and \$1.6 billion of induced output.

Spending Employment Impact



Hospital spending supports 32,296 jobs. This direct employment effect grows to 55,235 when 10,497 indirect jobs and 12,445 induced jobs are added.

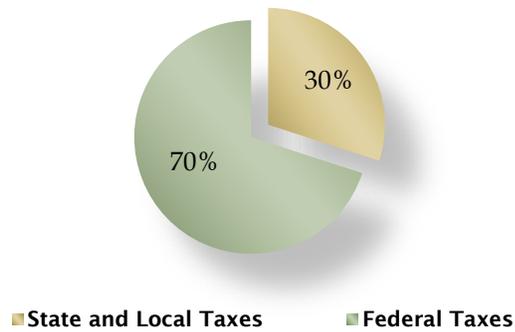
Spending Income Impact



Hospital spending generates \$2.4 billion in labor income. This direct income effect expands to \$3.3 billion when \$430 million of indirect income and \$480 million of induced income are added.

Hospital spending produces \$1.1 billion in tax revenue, including \$327 million for state and local governments and \$759 million for the federal government.

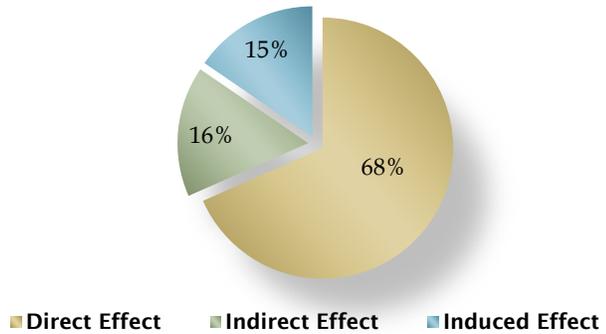
Spending Tax Impact



Hospital spending creates jobs and incomes in a wide-range of industries namely hospitals, employment services, real estate, full- and limited-services restaurants, insurance carriers, offices of physicians, individual and family services, wholesale trade, and other ambulatory healthcare services.

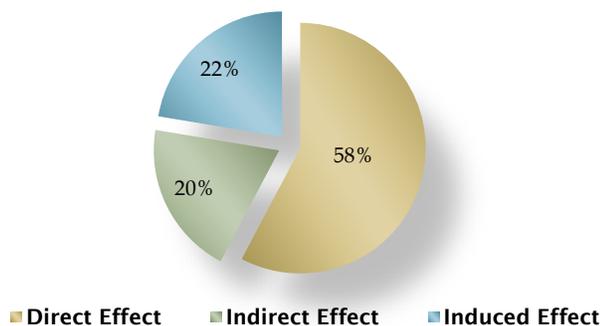
Hospital construction outlays total \$73.4 million. This direct expenditure multiplies to a total output impact of \$107.3 million. The additional \$33.9 million include \$17.3 million of indirect output and \$16.6 million of induced output.

Construction Output Impact



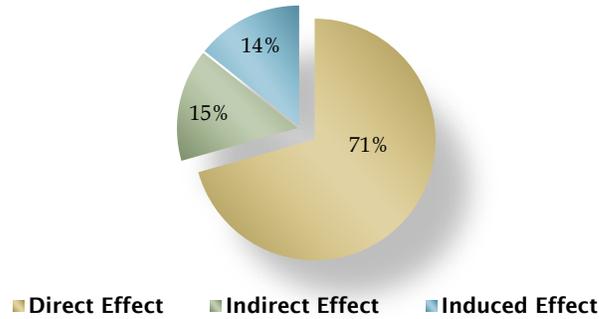
Hospital construction outlays pay for 325 jobs. This direct employment effect grows to 563 when 112 indirect jobs and 126 induced jobs are added.

Construction Employment Impact



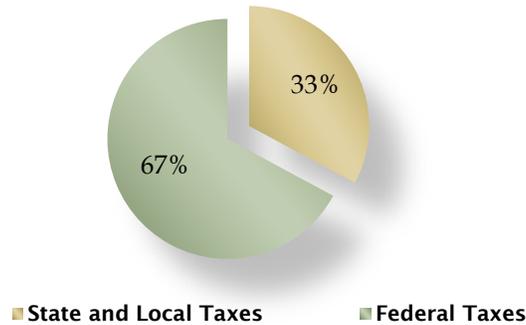
Hospital construction outlays generate \$25.3 million in labor income. This direct income effect expands to \$35.8 billion when \$5.4 million of indirect income and \$5.1 million of induced income are added.

Construction Income Impact



Hospital construction outlays produce \$11.9 million in tax revenue. State and local governments collect \$3.9 million and the federal government takes \$8.0 million.

Construction Tax Impact



Hospital construction outlays create jobs in a wide-range of industries namely construction of new healthcare structures, wholesale trade, real estate, employment services, architectural, engineering, and related services, truck transportation, full- and limited-service restaurants, hospitals, and offices of physicians.

Four hospitals account for 88 percent of output and employment impacts of hospital spending. They are San Joaquin Community Hospital/Adventist Health, Bakersfield Memorial Hospital, Mercy Hospitals of Bakersfield, and Kern Medical Center. These hospitals spend \$4.4 billion and employ 28,366 workers.

Four hospitals account for 93 percent of output and employment effect of hospital construction. They are San Joaquin Community Hospital/Adventist Health, Kern Medical Center, Bakersfield Memorial Hospital, and Tehachapi Valley Healthcare District. These hospitals invest \$68.4 million employ 302 workers.