

# 2008



## **Connecticut Hospitals:**

Major Contributors to the  
Financial Health of Communities

**CHA** CONNECTICUT  
HOSPITAL  
ASSOCIATION

*Connecticut hospitals are the cornerstones of their communities – always there when you need them, 24 hours a day, seven days a week. Accessible hospital care is just as necessary for quality of life as are public schools, safe streets, transportation, public utilities, and police protection. Often less known is the fact that our hospitals make a tremendous contribution to the state's economy and the financial well-being of our local communities.*



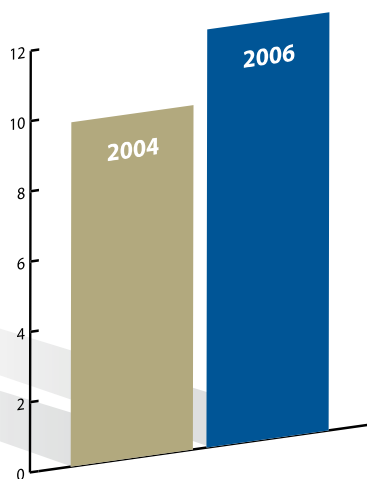
**Connecticut hospitals contributed nearly \$12.2 billion in 2006 to the State and local economies – or close to 6% of the Gross State Product.**

Our hospitals spend **\$6.9 billion** each year on staff salaries, the purchase of medical supplies and food, as well as facility construction. These dollars have a “ripple effect” of an additional **\$5 billion** as they move through the larger economy, generating additional jobs and spending in our communities, as well as large sums of tax revenue used to fund state programs.

**Connecticut hospitals provide 70,000 jobs in our communities generating approximately \$6.5 billion in annual local economy payroll.**

- Connecticut's hospitals and health systems employ more than 48,000 people with a total annual payroll of **\$3.8 billion**. Hospitals are often the largest employer in their communities.
- Hospitals offer jobs at all skill and salary levels in a field that continues to grow.
- Dollars earned by hospital and health system employees are spent on necessities such as groceries, clothing, mortgage payments and rent, and support the creation of another 22,000 jobs throughout Connecticut, generating approximately **\$2.7 billion** in additional local payroll.

24%



During the three year period of 2004 to 2006, there was a 24% increase in hospital contributions to Connecticut's economy— from \$9.8 billion in 2004 to \$12.2 billion in 2006.

**Connecticut hospitals are purchasers of goods and services generating approximately \$2.7 billion annually in local economic activity.**

- Funds spent to buy goods and services flow from the hospital to businesses and then ripple throughout the economy. This spending on goods and services for things like medical supplies, electricity, and food generates **\$4.6 billion** in the economy each year.



- In 2006, Connecticut hospitals and health systems spent **\$622 million** on buildings and equipment. This capital spending generates **\$1.1 billion** in the economy each year.

### **Connecticut hospitals stimulate further growth in our communities.**

Hospitals and health systems serve as a magnet for other healthcare business and a stimulus for new businesses such as retail stores, banks, grocery stores, and restaurants.



### **Ensuring the financial health of Connecticut's hospitals is critical to Connecticut's communities.**

In addition to their caregiving role, hospitals are an important part of state and local economies and economic development strategies. Therefore, it is critical that Connecticut hospitals be financially strong and stable. Today, however, they are in precarious financial condition due to chronic and significant under-reimbursement by the state for the care they provide to the individuals enrolled in Medicaid and SAGA programs.

*To strengthen Connecticut's hospitals and communities, it is imperative that the State Legislature and Rell Administration build upon the actions taken in the 2008-2009 biennium budget and provide full funding for the cost of care provided to Medicaid and SAGA patients.*

NOTE: CHA analysis is based on the regional multipliers from the Regional Input-Output Modeling System (RIMS II), developed by the Bureau of Economic Analysis of the U.S. Department of Commerce. RIMS II provides an accounting of "inputs" purchased and "outputs" sold by an industry in each region. The spending of one industry will have several rounds of ripple influence throughout the local economy—this is known as the multiplier effect. RIMS II regional multipliers measure both the direct and indirect impact on the regional economy from a specific industry.



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