

ECONOMIC IMPACT REPORT

FEBRUARY 2021

CARING IN CONNECTICUT IN THE TIME OF COVID



In no other year in memory have hospitals so fully demonstrated their value to their communities and state as in 2020.

In the face of the threat of COVID-19 in early 2020, hospitals stood up and reconfigured, restocked, retrained and refocused on the most profound viral contagion we have experienced in a century. Amidst surging illness, hospitals had three main priorities: to provide critical, life-saving care to their

230,315

JOBS CAN BE TRACED
EITHER DIRECTLY OR
INDIRECTLY TO HOSPITALS.

patients, protect their workforce, and help public health authorities to slow the rate of infections through widespread testing, public health education, and ultimately administering vaccine.

Hospitals and their staffs adapted and responded through months

of heartbreaking loss of life, supply challenges, and the emerging reality that some segments of our society bore a heavier burden of disease – those with less access to regular healthcare, lack of effective chronic disease management, and unstable basic social structures that influence wellness at its root. Those unfairly burdened were primarily people of color, indigenous people, and the elderly. What emerged are new resources that are here to stay: telehealth services, expanding the reach of many medical services often into the homes of the patients; and a redoubling, purposeful effort to reach the underserved, not just with medical care, but also with opportunities to stabilize their circumstances, and fundamentally improve the wellness of their families.

Hospitals continue to bear an enormous professional, ethical, and financial burden as the need for care of COVID-19 patients persists, and the hopeful availability of vaccines creates additional responsibilities for hospitals in 2021. All the while, hospitals continue caring for all patients with medical needs, including those with heart disease and cancer – the only two illnesses that killed more Americans in 2020 than COVID-19.

We continue to be among the largest employers in the communities we serve, providing high quality medical and surgical services, with highly expert staff, to all patients regardless of their ability to pay. We contribute to the quality of life of Connecticut, with low- and no-cost health education and wellness programming, and participate in groundbreaking research trials that bring new therapies to market.

HOSPITALS AND HEALTH SYSTEMS ECONOMIC IMPACT:

- 109,268 employed - payroll of \$8.1 billion
- 121,047 “ripple effect” jobs created - payroll of \$7.9 billion

Total jobs:
230,315
Total payroll:
\$16 billion



- \$6.3 billion spent on goods and services
- \$6.2 billion created in “ripple effect” spending

Total impact of hospital spending:
\$12.5 billion

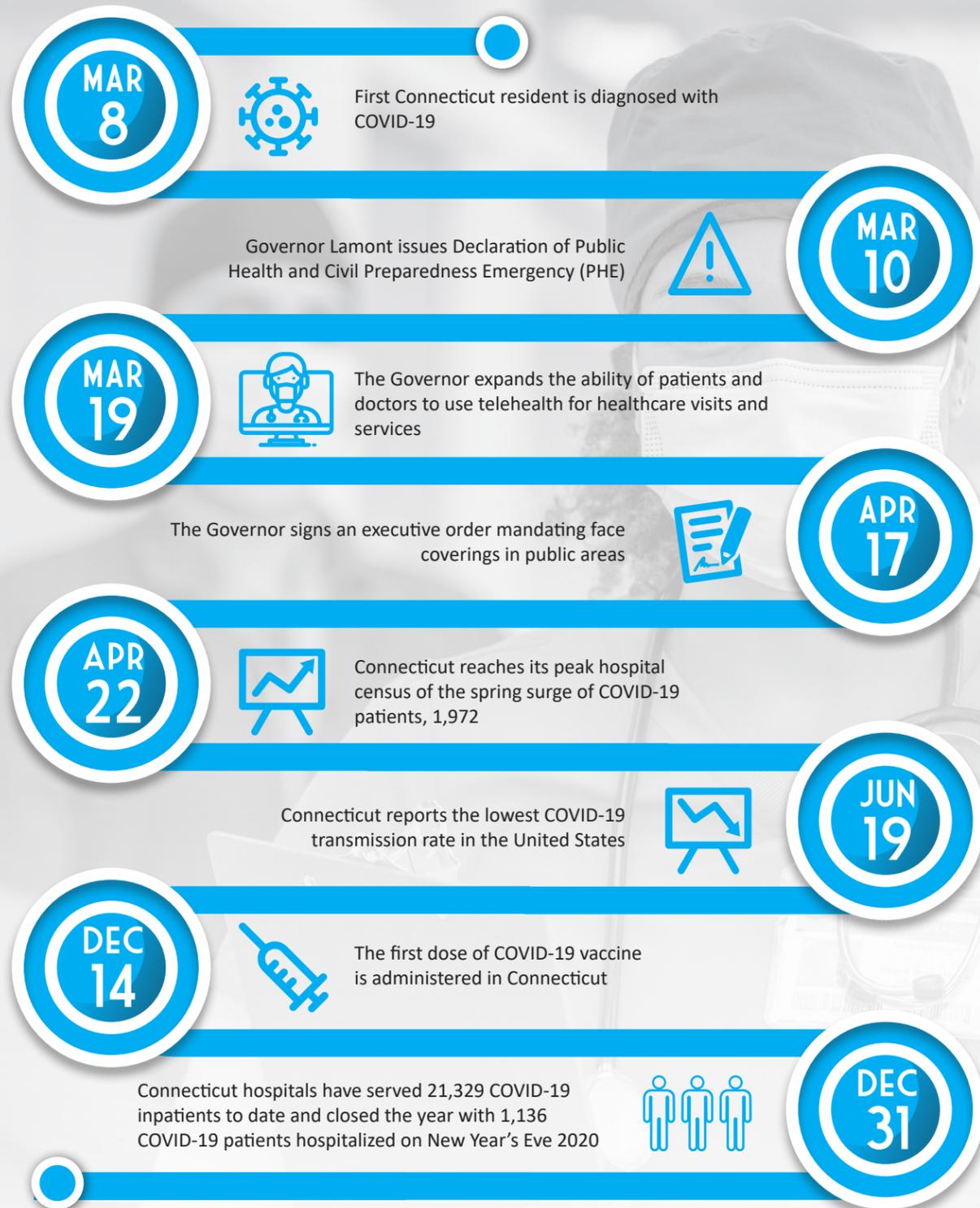
- \$682 million spent on buildings and equipment
- \$663 million additional economic activity generated

Total impact of spending on capital improvements:
\$1.3 billion



Total economic impact =
\$29.8 billion

2020 COVID TIMELINE



Major Employer

Connecticut's hospitals and health systems are often the largest employers in their communities. They provide well-paying jobs to more than 109,000 people, with a total annual payroll of \$8.1 billion. And for almost every hospital job, another is generated outside the hospital. In total, Connecticut's hospitals and health systems generate over 230,000 jobs inside and outside hospitals in our state, for a total payroll of \$16 billion.

A Purchaser of Goods and Services

Hospitals and health systems are also substantial consumers of goods and services required to provide excellent care. In Connecticut in 2019, more than \$6.3 billion was spent on medical equipment

and supplies, food, and electricity for buildings—a significant contribution to the state's economy. These expenditures further ripple out in to the community, generating additional spending of \$6.2 billion, for a total impact of \$12.5 billion.

Sustaining our Communities

The financial impact of Connecticut's hospitals and health systems is far-reaching. In 2019, hospitals and health systems spent \$682 million on buildings and equipment, which created an additional \$663 million in economic activity. This capital spending produced \$1.3 billion in the state's economy. Through capital spending, hospitals and health systems advance development of new healthcare-related businesses, as well as retail stores, banks, and other establishments frequented by employees, patients and families as well as vendors and suppliers.



THE FUTURE OF CONNECTICUT'S HOSPITALS AND HEALTH SYSTEMS

2020 has certainly proved that today's hospitals and health systems are evolving to meet the changing needs of patients. In this year, hospitals have been called upon to respond to an unprecedented public health emergency spanning many months, taxing care teams, testing hospitals' agility, and raising the specter of systemic racial inequities that must be addressed. Connecticut hospitals and health

systems are committed to making sure patients receive equitable care, experience compassionate and empathetic treatment, and have access to care in the most appropriate spaces. Doctors and nurses partner with patients and their families, ensuring that patients are satisfied and engaged in their healthcare.

To remain vibrant and strong, Connecticut hospitals and health systems require support and collaboration from government and many other sectors.

Working together, we can craft solutions that ensure the financial health of Connecticut's hospitals and health systems as they strive to provide high-quality, compassionate care when and where it's needed most.

Note: The hospital and health system economic analysis is based on the statewide multipliers from the Regional Input-Output Modeling System (RIMS II), developed by the Bureau of Economic Analysis of the U.S. Department of Commerce. It uses data from the hospital health system FY 2019 audited financial statements. RIMS II provides an accounting of "inputs" purchased and "outputs" sold by an industry in the state. The spending of one industry will have several rounds of ripple influence throughout the state economy – this is known as the multiplier effect. RIMS II regional multipliers measure both the direct and indirect impact on the state economy from a specific industry. The total number of jobs is based on individuals employed by Connecticut's hospitals and health systems, as recorded through IRS Form W-3.

WHAT LEGISLATORS CAN DO IN 2021

Telehealth

Make permanent the critical telehealth advancements in Public Act 20-2 of the July 2020 Special Session.

Health Insurance and Access to Care

Support efforts that improve insurance affordability and avoid unintended consequences that weaken hospitals' ability to meet the needs and expectations of our patients and our communities.

- Support the cost growth benchmark that Governor Lamont created by Executive Order
- Provide increased subsidies to individuals and families to allow greater access to health insurance on the Exchange
- Re-establish a Connecticut reinsurance program to lower premiums
- Reduce the cost of prescription drugs
- Support programs that reduce the burden of avoidable chronic illness and associated health disparities.

Community and Population Health and Health Equity

Focus on immediate investments to help communities in need, including:

- Loan forgiveness for small businesses
- Job creation for the recently unemployed
- Safe and affordable housing, access to transportation
- Food security and nutrition
- New models of care that integrate social, environmental, and clinical strategies

Regulatory Environment

Avoid imposing any additional regulatory burdens on hospitals and healthcare workers, especially unfunded mandates.

Behavioral Health and Substance Use Services

Support the seamless integration of treatment for individuals of all ages experiencing behavioral health disorders.

- Match available resources to evolving needs, establish reimbursement rates that reflect cost of care, and support workforce recruitment and retention
- Implement integrated service delivery models, including high-risk navigators, recovery coaches and support specialists, and intensive case managers
- Support the creation of community-based psychiatric assessment centers



About the Connecticut Hospital Association

The Connecticut Hospital Association has been dedicated to serving Connecticut's hospitals and health systems since 1919. Through state and federal advocacy, CHA represents the interests of Connecticut's hospitals on key healthcare issues in the areas of quality and patient safety, access and coverage, workforce, community health, health equity, and hospital reimbursement.

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