



THE HOSPITAL & HEALTHSYSTEM
ASSOCIATION OF PENNSYLVANIA

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HOSPITALS PUMP NEARLY \$34 BILLION INTO PENNSYLVANIA'S ECONOMY
Survival of hospitals good for patients, good for communities

HARRISBURG, PA (September 15)—Pennsylvania's hospitals annually contribute more than \$33.9 billion to the state's economy. Regional data and other findings are in The Hospital Sector's Contribution to the Pennsylvania State Economy, released by The Hospital & Healthsystem Association of Pennsylvania (HAP). The report was researched and written by the Penn State Cooperative Extension and the Pennsylvania Office of Rural Health on HAP's behalf.

"Hospitals are vital to the local, regional, and state economies, while improving the quality of community life," said HAP President and CEO Carolyn F. Scanlan. "Hospitals provide jobs, purchase local goods and services, contribute to the tax base, and are an integral part of the economic activity in the communities they call home."

Using data from the Department of Labor and Industry and an economic impact software program known as IMPLAN, the researchers found that:

- Hospitals provide \$17.5 billion in direct total spending.
- Hospitals provide more than \$16.4 billion in "secondary" or "ripple" effects on the economy. Secondary effects include hospital purchases of food and other local services and supplies.

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- The direct employment effect of the hospital sector is more than 259,000 jobs.
- Secondary effects of hospital activity translate into more than 179,000 jobs.
- Using “multipliers” to measure secondary effects, the researchers found that for every job in the hospital industry, an additional 0.69 jobs are supported in the state economy; for every dollar of hospital industry income, an additional 61 cents of wages and benefits are generated in other Pennsylvania industries.

The report also outlines the impact of Pennsylvania’s hospitals on economic growth, and it cites a study showing that growth in biotechnology clusters is driven by the formation of innovation systems—of which proximity to research hospitals is a critical component. This segment of the hospital sector offers great potential for growth, as the state’s ten leading research hospitals are annually awarded more than \$1 billion in National Institutes of Health funding.

Scanlan said that hospitals need the state to restore \$89 million in state funds (for medical education, outpatient disproportionate share, and community access funds) which would be matched by \$101 million in federal funds, and \$48 million in state funds should be restored for drug and alcohol services.

“The mission of our hospitals is to provide patients with the world’s best health care,” Scanlan said. “But in addition to the direct impact on hospitals and patient access to care, the state budget cuts reach deep into whole communities that depend on the services hospitals provide and the economic benefits associated with hospitals.

“Our patients and the communities we serve cannot bear the burden of additional payment cuts that short-change the hospitals they depend on 24 hours a day, seven days a week.

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“The governor and legislators must act now to assure that all of our citizens continue to have access to the world’s best hospital care. Restore the state budget cuts to hospitals now.”

A copy of The Hospital Sector’s Contribution to the Pennsylvania State Economy is available online at www.haponline.org/communications/news/releases or upon request from rbaumgarten@haponline.org.

HAP is a statewide membership services organization that advocates for nearly 250 Pennsylvania acute and specialty care, primary care, subacute care, long-term care, home health, and hospice providers, as well as the patients and communities they serve. Additional information about HAP is available online at www.haponline.org.

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