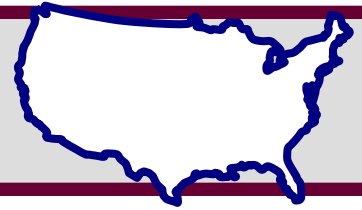


R

H W

# National Center for Rural Health Works



March 2006

## NEWSLETTER

### National Center for Rural Health Works (RHW)

#### 2005-2006 Work Plan

After consulting with the managing committee and national advisory committee, the 2005-2006 work plan was decided. Three new impact studies were selected and a fourth suggested:

1. **Impact of a Physician on a Community's Economy.** Past studies have measured the impact of the physician's office employment and payroll on a rural community. These studies have not shown the impact that the physician has on the local hospital; i.e. how many admissions the physician generates and what is the dollar value of these admissions. This study will show the impact of the direct physician admissions on a rural hospital and will become a template for utilization in any state RHW program.
2. **Impact of Medicaid on a State's Taxes.** Past studies have measured the impact that a State Medicaid program has on the State's employment and payroll. These studies have not measured the impact of a State's Medicaid program on the State's income and sales taxes. This study will estimate the effect of a State Medicaid program on the State's income and sales taxes and will provide another tool for RHW.
3. **Estimate the "Loss" of Primary Care Medical Dollars from a Rural Community.** Many rural areas are not getting their share of primary care medical dollars. The objective of this study is to develop a methodology to estimate the primary care dollars that are leaving a community. Keeping these primary care dollars in the community should be an economic development option for the rural community. This study should prove to be a valuable tool for determining accessible and affordable primary care health services in a rural community through availability of the template to State RHW programs.
4. **Impact of Pharmacy on a Rural Community.** With the new pharmacy programs introduced by the Federal government, rural pharmacies may be impacted and this could result in a loss of pharmacy services and, ultimately, a loss to the economic well-being of the rural community. If time permits, a study illustrating the economic impact of a pharmacy on a rural community will be prepared as a template for Rural Health Works.

The objective of all the new studies is to develop the methodology such that others employing Rural Health Works tools in other states can repeat these studies in their states. Please feel free to share any questions or ideas relative to any of the above four study areas with the Rural Health Works team.

## FREE STATE MEDICAID STUDY AVAILABLE

RHW is looking for a state to participate in a State Medicaid impact study. The State would need to provide the data on their Medicaid program. RHW would develop the study and show the economic impact of the State's Medicaid program on jobs and income, as well as total health expenditures. Additionally, the amount of State income taxes and sales taxes resulting from the State Medicaid program will be calculated to further illustrate the impact of the federal and State Medicaid expenditures on the State's economy. Any State interested in participating in a study is encouraged to contact Dr. Gerald Doeksen.

## UPDATE ON RHW WEBSITE

**The website now has a new look!!** During the past few months, several changes have been made to the website -- the basic format has been revised. However, the location is still the same "www.ruralhealthworks.org". The changes have been made to improve navigation and allow for expanded information while maintaining a simple, "user friendly" approach. In addition to the new look, revisions are being made to several of the current sections and future plans include adding new sections. The new website includes updated contact information for committee members and partners and provides opportunities to download copies of completed studies, newsletters, training materials, and brochures. Another change is a special "Current Issues" section to view news items and announcements such as new studies, upcoming workshops, state activities, etc. A counter has been added to monitor traffic.

Web management is dynamic and the website will continue to be updated as new information becomes available. You are encouraged to visit often and offer suggestions or additions to Fred Eilrich.

## TWO REGIONAL RHW WORKSHOPS PLANNED

The National Center for Rural Health Works is planning two workshops based on demand and location; one is planned in the West in July and one in the East in September. **Any state interested in hosting a workshop is encouraged to contact Dr. Gerald Doeksen.** The host state provides a meeting room and has the workshop available locally to more participants; **no out-of-pocket cost is incurred by hosting a workshop. Anyone interested in MORE information on the workshops, OR attending OR hosting either of these workshops** is requested to either call or send an email to Dr. Doeksen or Ms. St. Clair. Please feel free to share this information with anyone you think might be interested in a workshop.

## NEW RHW STUDIES COMPLETED

Recently, the Oklahoma Rural Health Works program applied the economic impact model to social services for two communities in Oklahoma. These resulted in two studies: (1) The Economic Impact of the Social Services Coordinating Council Agencies on the Economy of Cleveland County, Oklahoma, and (2) The Economic Impact of the Oklahoma League for the Blind on the Economy of Oklahoma City, Oklahoma.

## **(1) The Economic Impact of the Social Services Coordinating Council Agencies on the Economy of Cleveland County, OK.**

The overall objective of this study was to measure the economic impact of the Social Services Coordinating Council's member social service agencies on the economy of Cleveland County, Oklahoma. The Social Services Coordinating Council in Cleveland County, with thirty-one (31) agencies participating in the study, provided local data including full-time and part-time employment, payroll including benefits, and total agency expenditures for the reporting social service agencies in Cleveland County that are a part of the Council. The service area was all of Cleveland County with the U. S. Census estimated population of 222,074 in 2004 and the Census population of 174,253 in 1990, showing an increase of 27.4% in 14 years.

According to the Bureau of Economic Analysis, health care and social services represented 9.5% of the total private employment and 7.2% of total county employment and was ranked as the fifth largest employment sector. The three largest categories of transfer payments in 2003 were: 1) retirement and disability insurance benefit payments of \$290,693,000 which were 42.6% of the total, 2) medical payments of \$213,905,000 which were 31.4% of the total, and 3) income maintenance benefit payments of \$56,029,000 which represented 8.2% of total transfer payments.

Employment, payroll, and output are the important direct economic activities created in Cleveland County from the social services. The total employment for the Social Services Coordinating Council agencies combined was 2,009, the total income, \$66,543,641, and the total dollar expenditures, \$95,469,446.

Social service agencies serve a large number of elderly and lower income individuals and determine eligibility for Medicare and Medicaid transfer dollars and old-age, survivors and disability income transfer dollars. These program areas channeled a total of \$548,309,000 of state and federal dollars into Cleveland County in 2003. These programs comprised over 80.0% of all transfer dollars and this illustrates how extremely important social service agencies are to the local economy.

Applying the IMPLAN multipliers for Cleveland County, the total employment impact of the Social Services Coordinating Council agencies was estimated at 4,619 employees with a total secondary impact of 2,610 employees. The total income impact was estimated at \$163,898,583 with the secondary impact of \$97,354,942. The secondary impact from the total dollar expenditures (output) was \$145,248,232 and the total output impact was \$240,717,678 from the Social Services Coordinating Council agencies.

Income also has an impact on retail sales. The local retail sales capture ratio for Cleveland County was 27.4%. If the county ratio between retail sales and income continues as in the past several years, then direct and secondary retail sales generated by the health sector and its employees equaled \$44,908,211. A one-cent sales tax collection was estimated to generate \$449,082 in the Cleveland County service area as a result of the total income impact.

In summary, the economic impact of the Social Services Coordinating Council agencies upon the economy of the Cleveland County service area is tremendous. These agencies employ a large number of residents and generate a substantial payroll. The secondary employment and income impacts are extremely large. The total output of these agencies represents a significant total

expenditure in the Cleveland County economy. It should be noted that the income component (payroll and benefits) is included in the output numbers.

If these agencies should increase or decrease in size, the health and welfare of the community and the community residents, as well as the economic health of the community, are greatly affected. For the attraction of industrial firms, businesses, and retirees, it is crucial that the area have quality health services. These social service agencies are closely linked and often completely overlap with health services. The health services sector is crucial to the overall health and welfare of the community residents and the community social service agencies are an integral part of this health and welfare system. Often overlooked is the fact that prosperous health and social services contribute to the economic health of the community.

## **(2) The Economic Impact of the Oklahoma League for the Blind on the Economy of Oklahoma City, Oklahoma**

A study of the economic impact of the Oklahoma League for the Blind (OLB) shows that OLB has a large impact on Oklahoma City, Oklahoma. The study “The Economic Impact of the Oklahoma League for the Blind on Oklahoma City, Oklahoma” was requested by OLB and conducted by Cheryl F. St. Clair and Gerald A. Doeksen from the National Center for Rural Health Works, Oklahoma Cooperative Extension Service at Oklahoma State University.

The Oklahoma League for the Blind is a multi-functional, non-profit organization. The organization’s role includes providing employment, advocating for services and benefits, and providing rehabilitation services, children’s services, and community outreach programs for the blind and vision impaired. Ultimately, the organization envisions facilitating independence and improving the quality of life for Oklahomans who are blind or vision impaired.

OLB employs a number of people and provides incomes for Oklahomans that have difficulty finding and retaining employment because they are blind or vision impaired. The data utilized does not include service contracts from McConnell Air Force Base. The overall objective of this study is to measure the economic impact of OLB on the economy of Oklahoma City.

The Oklahoma League for the Blind contributes directly to the economy of Oklahoma City through the creation of jobs, payroll, and industry output. The OLB contributes much more than these direct impacts. Secondary impacts were calculated through the use of an economic model that derives employment, income, and output multipliers. The secondary impacts are the jobs, payroll, and output generated in other businesses in Oklahoma City as a result of the activities of the OLB.

The direct jobs created by OLB are 67. The secondary employment is estimated at 63 jobs, for a total employment impact of 130. The direct income (payroll) of OLB is \$1,984,864 and the secondary income generated is \$2,064,259, for a total income impact of \$4,049,123. The direct industry output of OLB is approximately \$11,000,000. With a secondary output of \$9,900,000, the total industry impact of OLB is estimated at \$20,900,000.

The impact of OLB on retail sales and sales tax collections is estimated based on the total income impact and the local retail sales capture ratio of 42.4% for Oklahoma County. The total retail sales impact is estimated at \$1,716,828. This results in state sales tax of \$77,257 and

Oklahoma City sales tax of \$66,527, for a total in sales tax impact of \$143,784. This is the sales tax generated from the income impact of the Oklahoma League for the Blind.

The economic impact of the Oklahoma League for the Blind upon the economy of Oklahoma City is tremendous. OLB employs a large number of residents with 70% of the employees being blind or vision impaired. The secondary impact occurring in the community is extremely large. If OLB increases or decreases in size, OLB is greatly affected as well as the economy of Oklahoma City. Often overlooked is the fact that non-profit social service organizations have such large contributions to the economic health of the community economy, as well as being beneficial to their special interest groups.

## STUDIES DEVELOPED THROUGH RHW

The University Center for Economic Development at Reno Nevada recently estimated the feasibility of constructing and operating a kidney dialysis center in rural Nevada. The technical report "*Feasibility Analysis for a Kidney Dialysis Center in Humboldt General Hospital*" adapted methodology developed through the National Center for Rural Health Works. The need for hemodialysis centers continues to increase as more people develop the diseases that lead to kidney failure. For most rural patients, the nearest dialysis center is located several hours away. Treatment requirements are three times a week and a long commute adds significant discomfort and stress to a situation that can be painful and burdensome to both the patients and their caregivers. Hospital directors and other community leaders are frequently considering a kidney dialysis center and the information provided by this type of report is very helpful in the decision process.

The study estimated the demand for alternative scenarios by creating and applying the appropriate coefficients to populations from five different service areas. The costs and revenues were then estimated by looking at four different patient mixes ranging from all Medicare patients to a mix with at least two patients with commercial insurance. The results revealed that a kidney dialysis center would be expensive to operate and most scenarios would result in a loss. Proper capacity management and a patient mix that includes commercial insurance can improve the feasibility. This paper is available on the Rural Health Works website.

## RHW STAFF MEMBERS:

Jerry Coopey, Project Officer  
Email: JCoopey@hrsa.gov  
Health Resources & Services Administration  
Federal Office of Rural Health Policy

Gerald Doeksen      gad@okstate.edu  
Cheryl St. Clair      cheryl@okstate.edu  
Fred Eilrich      eilrich@okstate.edu  
National Center for Rural Health Works  
513 Ag Hall, Stillwater, OK 74078  
Phone: 405-744-6083

## RHW Managing Committee

Gerald A. Doeksen, Oklahoma Cooperative Extension Service, Oklahoma State University  
Val Schott, Oklahoma Center for Rural Health and Office of Rural Health, College of Osteopathic Medicine, Oklahoma State University  
Rick Maurer, Extension, University of Kentucky  
Larry Allen, KY Office of Rural Health, University of Kentucky Center for Rural Health  
Woody Dunn, University of Kentucky Center for Rural Health  
Peggy Lewis, University of Kentucky Center for Rural Health  
Tom Harris, Department of Applied Economics, University of Nevada  
Gerald Ackerman, Nevada Office of Rural Health  
John Packham, Nevada Office of Rural Health  
Caroline Ford, Nevada Office of Rural Health  
Lisa Davis, Pennsylvania Office of Rural Health  
Martin Shields, Agricultural Economics and Rural Sociology, University Park, PA  
Heather Reed, Ohio Office of Rural Health  
Susan W. Isaac, The Institute for Local Government Administration and Rural Development at Ohio University  
Jerry Coopey, Health Resources and Services Administration, Federal Office of Rural Health Policy  
Eli Briggs, National Rural Health Association  
Peter House, School of Medicine, University of Washington  
Amy Hagopian, School of Medicine, University of Washington  
Jonathan C. Sprague, Rocky Coast Consulting, Maine

## RHW National Advisory Council

Terry Hill, Rural Health Resource Center  
Chuck Fluharty, Rural Policy Research Institute, University of Missouri  
Jonathan Sprague, Rocky Coast Consultant  
Eli Briggs, National Rural Health Association  
Caroline Steinberg, American Hospital Association  
Keith Mueller, University of Nebraska  
Stephanie Osborn, National Association of Counties  
Mary Wakefield, Rural Assistance Center, University of North Dakota  
Peter House, University of Washington School of Medicine  
Val Schott, Oklahoma Office of Rural Health, Oklahoma State University  
Ray Stowers, College of Osteopathic Medicine, Lincoln Memorial University, TN  
Carol Miller, Frontier Education Center