

Kentucky Hospitals' Economic Importance to Their Communities



KENTUCKY
HOSPITAL
ASSOCIATION

Muhlenberg Community Hospital



The Economic Importance of Our Hospital

estimates of annual activity, 2009 or latest available data

Muhlenberg Community Hospital

City: Greenville Medicare ID 180004 Congressional District: 1
 County: Muhlenberg Area Development District: Pennyrite

Hospital Activity

Licensed Beds:	90
Acute Admissions:	2,277
Total inpatient days:	9,675
Cost of Care for Indigents below poverty:	\$365,003
Employees:	403
Wages and salaries:	\$14,521,511
Hospital's share of all wages and salaries in County:	4.2%
Capital Investments:	\$463,148

Estimated Taxes Paid

City government occupational taxes:	\$0
County government occupational taxes:	\$0
Public school occupational taxes:	\$0
Kentucky income and sales taxes linked to employee wages and salaries:	\$1,219,807
Kentucky hospital provider tax	\$714,441
Total state and local taxes:	\$1,934,248

Estimated hospital purchases from local companies

TOTAL HOSPITAL LOCAL PURCHASES	\$3,958,126
Real estate buying and selling, leasing, managing, and r	\$770,472
Medical and diagnostic labs and outpatient and other a	\$638,463
Sum of commodities not shown	\$564,633
Electricity, and distribution services	\$446,310
Wholesale trade distribution services	\$222,393
Employment services	\$173,645
US Postal delivery services	\$145,513
Commercial and industrial machinery and equipment re	\$129,471
Restaurant, bar, and drinking place services	\$106,106
Telecommunications	\$103,309
Services to buildings and dwellings	\$95,884
Advertising and related services	\$76,768
Accounting, tax preparation, bookkeeping, and payroll	\$64,751
Processed poultry meat products	\$62,096
Automotive repair and maintenance services, except car	\$57,809
Private hospital services	\$55,885
Truck transportation services	\$52,583
Water, sewage treatment, and other utility services	\$51,554
Securities, commodity contracts, investments, and relat	\$51,110
Management of companies and enterprises	\$45,148
Legal services	\$44,222

Estimated local spending by hospital employees

TOTAL EMPLOYEE LOCAL PURCHASES	\$5,273,557
Imputed rental services of owner-occupied dwellings	\$1,226,558
Sum of commodities not shown	\$949,972
Private hospital services	\$686,605
Offices of physicians, dentists, and other health practiti	\$383,980
Restaurant, bar, and drinking place services	\$352,149
Wholesale trade distribution services	\$195,612
Electricity, and distribution services	\$162,554
Retail Services - General merchandise	\$142,144
Medical and diagnostic labs and outpatient and other a	\$122,010
Nursing and residential care services	\$121,113
Retail Services - Motor vehicle and parts	\$116,083
Retail Services - Food and beverage	\$101,033
Real estate buying and selling, leasing, managing, and r	\$98,253
Monetary authorities and depository credit intermediati	\$96,754
Retail Services - Building material and garden supply	\$83,973
Education from private junior colleges, colleges, univer	\$79,428
Retail Services - Nonstore, direct and electronic sales	\$79,031
Automotive repair and maintenance services, except car	\$72,021
Retail Services - Gasoline stations	\$69,952
Telecommunications	\$67,308
Retail Services - Health and personal care	\$67,022

Estimated regional economic impact of a 10% change in hospital's net patient revenue

Change in hospital wages and salaries	\$1,452,151	Change in regionwide wages and salaries	\$1,740,477
Change in regionwide sales of businesses	\$4,314,971	Change in state and local tax revenues	\$217,356

Prepared by Kentucky Hospital Association using a model developed by Paul Coomes, Ph.D., Professor of Economics and Barry Kornstein, Senior Research Analyst, University of Louisville

About the Data: Hospital data in this report are derived from Medicare Cost Reports, State Utilization Reports, and Disproportionate Share Reports. All other data are derived from IMPLAN.

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Kentucky Hospitals' Economic Importance to Their Communities



In every community, the local hospital is vitally important, not only for the health care services they provide, but for their contribution to the economy. Because hospitals operate 24 hours a day, 7 days a week, 365 days a year, they employ thousands of workers. Over the last year, overall employment by Kentucky hospitals has risen in response to greater community needs for inpatient and outpatient services. The jobs and payroll generated by Kentucky's hospitals supply tax revenue to state and local governments, and support other Kentucky businesses through the purchase of goods and services. Hospitals also continually make investments in their physical plants to enhance quality of care for their patients. These capital projects are a source of a significant number of construction jobs for the local community. Local hospitals are also important assets to their community's future economic development because the presence of a hospital is a key factor in attracting new businesses.

In 2009, Muhlenberg Community Hospital spent nearly \$18.5 million on employee wages and salaries and purchases of supplies and services. These dollars have a "ripple effect" as they move through the larger economy, supporting other businesses and jobs in the community as well as generating tax revenue used to fund state programs.

Jobs and Payroll

- ***Muhlenberg Community Hospital provides more than 403 jobs in the community, generating approximately \$14.5 million in annual local payroll.***
- ***Hospitals rank 5th highest among other industries in Kentucky in terms of jobs, but 4th highest in wages and salaries.***
- ***In many communities, the local hospital is the largest private employer.***
- ***Because hospital workers are highly trained, the average hospital employee wage is twelve percent higher than the average wage of all other private employers in the state.***
- ***Because of the sheer number of jobs and their high pay, hospitals remain one of the largest paychecks in Kentucky. Among industries defined at the comparable level of detail, only ambulatory health care services had greater total employee compensation.***
- ***The \$14.5 million in wages and salaries Muhlenberg Community Hospital pays their employees comprises nearly 4 percent of all wages and salaries in the county.***
- ***In 2009, Muhlenberg Community Hospital spent \$463,000 on capital projects, which created additional local construction jobs.***

Tax Payment

Muhlenberg Community Hospital is responsible for approximately \$1.9 million in state and local tax revenue through the taxes they pay directly and tax revenue generated from their employees.

- Muhlenberg Community Hospital paid approximately \$714,000 in provider taxes to the state to help support the Kentucky Medicaid program. When matched with federal funds, their provider tax supports \$2.4 million in state Medicaid spending.
- Kentucky receives \$1.2 million in income and sales taxes linked to the wages and salaries of Muhlenberg Community Hospital employees.



In 2009, Muhlenberg Community Hospital

- Cared for 2,277 people on an inpatient basis
- Welcomed 249 babies into the world
- Treated 19,171 people in its emergency department
- Had more than 55,247 outpatient visits

Local Spending by Hospitals and Their Employees

Funds spent by hospitals and their employees to buy goods and services flow to local businesses and then ripple throughout the economy. **Muhlenberg Community Hospital is responsible for generating approximately \$9.2 million in local economic activity from the purchases they make and those made by their employees.**

- Muhlenberg Community Hospital purchases many goods and services and generates nearly \$4 million annually in purchases from local companies.
- The employees of Muhlenberg Community Hospital spend an estimated \$5.3 million in local purchases.



Indigent Care

Kentucky's hospitals are the safety net for their communities. All patients presenting at a hospital are treated, regardless of whether they have insurance or they can afford to pay.

- In 2009, the net unreimbursed cost to Muhlenberg Community Hospital just for treating uninsured persons whose income was below the federal poverty level topped \$365,000*, and these patients are not billed. This amount does not include additional charity care provided by the hospital to uninsured people with higher income, uncollectible bad debt, or the full cost of caring for Medicare and Medicaid patients that payments from these two government programs do not cover.

**Calculated at state average cost coverage*



Impact of Reimbursement Reductions

In addition to their caring role, Muhlenberg Community Hospital is an important part of the state and local economies and economic development strategies. Therefore, it is important that they be financially strong and stable. Their financial strength is intimately tied to payments from Medicare and Medicaid because approximately 63 percent of their patients are covered by one of these programs. **Reductions in reimbursement from these government programs not only adversely impact hospitals and their employees, but state and local government and the broader economy.**

A 10 percent change in Muhlenberg Community Hospital net patient revenue (the amount the hospital actually collects) resulting from payment cuts in Medicare, Medicaid or other programs, would:

- Reduce hospital employee wages and salaries by about \$1.5 million and result in some combination of lost jobs and reduced pay per job in the broader community.
- Reduce state and local government tax revenue by nearly \$217,000.
- The ripple effect to other businesses would be a loss of \$4.3 million in regional sales and a reduction of nearly \$1.7 million in regional wages and salaries.



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