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THE ECONOMIC IMPACT OF CINCINNATI AREA HOSPITALS ON GREATER CINCINNATI

Prepared for
The Greater Cincinnati Health Council
In Partnership with
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Prepared by the

Economics Center
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Executive Summary

The Greater Cincinnati Health Council is an association of 34 hospitals and other health care providers in the Cincinnati Tri-state region. Besides working towards a common mission of improving the health of the Tri-state community, member hospitals together continue to employ a large number of people. Their business interactions create economic benefits for households and businesses in Greater Cincinnati.¹

This report estimates the economic impact of 31 of these hospitals on Greater Cincinnati's employment, household earnings, and business sales for the most recently completed fiscal year as of 2007.² Their impact has been measured in terms of operating expenditures, and various types of capital expenditures. The findings of this analysis are summarized below:

Economic Impact

- The total economic impact of Greater Cincinnati hospitals and their related health care facilities is \$13.93 billion. This includes a household earnings impact of \$5.57 billion.
- The total impact on employment in Greater Cincinnati is 127,229 jobs.
- Together, these economic activities generated \$322.0 million in state and local tax revenues.
- Of the total economic impact, construction impact accounts for \$1.04 billion. Approximately 32 percent of this (\$329.7 million) is in the form of wages to local households. In addition, a total of 9,220 jobs are directly and indirectly generated as a result of the construction activity of local health institutions.
- The economic impact associated with hospital patients who do not reside in the Greater Cincinnati region is \$742.4 million. Approximately 7 percent of area hospitals' patients come from outside the region.

1 Greater Cincinnati is the Cincinnati-Middletown Metropolitan Statistical Area (MSA) which includes the counties of Hamilton, Butler, Warren, Clermont, and Brown in Ohio; Boone, Kenton, Campbell, Gallatin, Grant, Pendleton, and Bracken in Kentucky; and Franklin, Dearborn, and Ohio in Indiana.

2 The economic impact of Health Council members is based on survey data that describes the expenditures of 31 hospitals, 22 nursing and personal care facilities, and 50 other medical and health service facilities affiliated with the hospitals. The three non-participating member hospitals would add less than 1% to these totals.



Expenditures and Employment

- In fiscal year 2007, Health Council member institutions' expenditures totaled \$6.19 billion.
- Personnel expenditures constituted the largest component of expenditures, totaling \$3.48 billion. All personnel expenditures (including contracted professional and temporary services, along with wages and benefits) accounted for 56 percent of total expenditures.
- The hospitals and their related facilities employed a total of 51,802 people as of June 2007. Sixty-three percent of these jobs were full-time, and 37 percent were part-time.

Growth Since 2002³

- Between 2002 and 2007, the total economic impact of Greater Cincinnati area hospitals has increased by 62 percent with the impact on household earnings increasing by 54 percent.
- Total employment generated by the hospitals increased by 36 percent in the past five years.

Growth of Greater Cincinnati Hospitals' Economic Impact*



³ * All monetary figures except tax receipts are represented in 2007 dollars for purposes of making comparisons.



- The economic impact of hospitals has grown by an average of \$1.06 billion per year in the last five years.
- The economic impact generated by non local patients has almost doubled since 2002 from \$413.4 million to \$742.4 million
- Total state and local tax receipts generated by hospitals have increased by 49 percent since 2002.
- In the past five years, since the last economic impact study in 2002, Cincinnati area hospitals have grown not only in terms of their expenditures but also provided improved facilities to their patients in many ways. They have reported expansions of existing facilities as well as construction of new ones and have also reported participation in various community development activities.

Other Findings

- Over a two-year period (fiscal years 2006 and 2007), the hospitals and their related facilities have invested nearly \$1.32 billion in total capital expenditures. Most of the capital spending has occurred in construction expenditures amounting to \$807.0 million.
- Cincinnati area hospitals report a total of 3,160 unfilled positions (a vacancy rate of 5.7%); 61 percent of these vacant positions are full-time.
- Pharmaceutical expenditures accounted for a lower portion of total expenditures at 3.8 percent as compared to 5.8 percent in 2002.

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