



Western Lake Superior Region (7): Serving a population of 146,208 residents (2006)

Hospitals: Value and economic impact

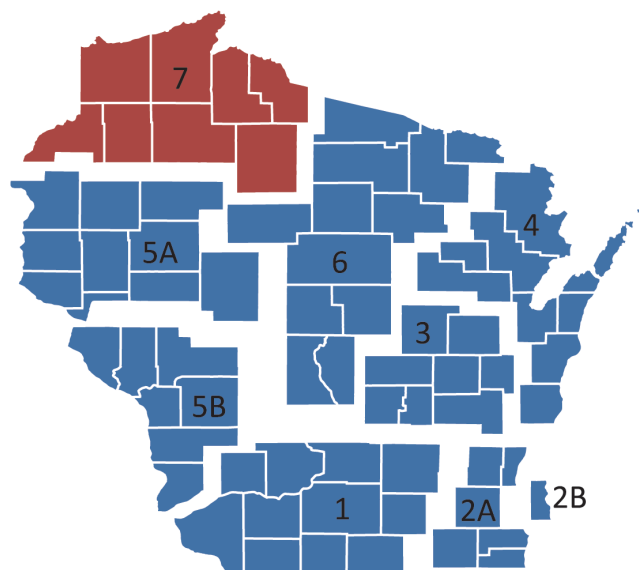
Across the state of Wisconsin, hospitals provide access to vital health care services 24 hours a day, seven days a week, 365 days a year, serving more than 13 million outpatients¹. Hospitals are valued primarily for these healing and wellness services.

Most Wisconsin families take comfort in knowing they are close to quality hospitals. In the Western Lake Superior Region (region 7), six of the eight counties have at least one general medical-surgical (GMS) hospital.

Less often recognized are hospitals' contributions to their local economies, including the number of people they employ, the impact of hospital purchases, and the impact of their employees' spending and tax payments.

The economic contribution of hospitals extends beyond the people they directly employ, the goods and services they purchase and the taxes they pay. Hospitals also support other businesses through so-called "multiplier effects" that are generated in three ways:

- Hospitals purchase goods and services, such as drugs, information technology, food, bed linens and "bricks and mortar" from other businesses in their communities. Those purchases create industry revenues for local businesses and "indirect" jobs and income for their employees.
- Hospitals provide income for employees. Hospital employees purchase goods and services, such as cars, household appliances and groceries. These purchases generate "induced" income and jobs for other businesses in the community.
- Wages and salaries paid by hospitals are subject to federal, state and local taxes (e.g. payroll taxes, sales taxes, income taxes)



Hospitals in the Western Lake Superior Region

Hospital	City	County
Memorial Medical Center	Ashland	Ashland
Burnett Medical Center Inc	Grantsburg	Burnett
Hayward Area Memorial Hospital	Hayward	Sawyer
Flambeau Hospital Inc	Park Falls	Price
Spooner Health System	Spooner	Washburn
St Mary's Hospital of Superior	Superior	Douglas
Indianhead Medical Center Shell Lake Inc	Shell Lake	Washburn

Source: 2007 Wisconsin Hospital Annual and Fiscal Surveys.

How important are hospitals to the Western Lake Superior Region of Wisconsin?

- Hospitals in the Western Lake Superior region provide jobs for 1,448 hospital workers and supported an additional 350 jobs created indirectly through hospital purchases and 395 jobs induced through hospital employee economic activity for a total of 2,193 jobs.
- Hospitals in the Western Lake Superior region account for more than \$207 million in economic activity. The direct effect of hospitals in the region is \$140 million and includes the revenues from the services provided by hospitals. Purchases of hospital inputs and services create another \$33 million in economic activity; for example the purchase of drugs, information technology, food, bed linens, and other "bricks and mortar" from other businesses. This business-to-business activity then generates another \$35 million of induced economic activity; because people in hospital-related businesses spend their earnings.
- Hospitals in the Western Lake Superior region contribute \$99 million to total income in the region.
- Hospitals in the Western Lake Superior region generate state and local tax revenues (Non-K12 Education) amounting to \$8 million.

A detailed analysis of the impacts for the Western Lake Superior region follows. Individual hospitals interested in calculating their impact on the local economy should use the free software available at <http://www.wha.org/financeAndData/healthyHospitals.aspx>.

¹ Guide to Wisconsin Hospitals, Fiscal year 2006, February 2008, WHA Information Center, http://www.whainfocenter.com/data_resources/2006_guide/Guide2006_narrative.pdf



Healthy Hospitals. Healthy Communities. The Economic Impact of Wisconsin's Hospitals.

Hospital Impacts Region 7 by Industry (positions that exist because of hospital resources and employees)

	Industry Revenue	Indirect & Induced Employment	Labor Income	Total Income
Ag, Forestry, Fish & Hunting	608,708	9	111,846	206,317
Mining	12,666	0	3,199	8,053
Utilities	1,763,391	5	381,985	1,413,034
Construction	1,169,424	10	430,390	459,964
Manufacturing	8,521,129	23	943,369	1,542,398
Wholesale Trade	3,110,492	22	1,176,619	2,096,901
Transportation & Warehousing	3,556,876	47	1,772,275	2,115,105
Retail Trade	6,574,814	117	2,569,305	4,161,335
Information	1,591,684	9	354,601	601,991
Finance & Insurance	3,137,133	24	839,267	1,645,846
Real Estate & Rental	7,687,303	70	1,288,574	5,289,431
Professional- Scientific & Tech Services	4,105,701	44	1,777,148	2,059,316
Management of Companies	486,212	3	192,242	247,746
Administrative & Waste Services	4,320,166	76	1,557,773	2,118,658
Educational Services	960,438	22	446,436	456,016
Health & Social Services	3,752,684	68	2,013,265	2,324,703
HOSPITALS	139,902,000	1,448	56,808,812	62,506,628
Arts, Entertainment & Recreation	639,498	16	216,162	337,072
Accommodation & Food Services	5,135,943	120	1,479,377	2,223,546
Other Services	2,360,677	49	966,320	1,113,294
Government & non NAICs	7,710,140	11	347,205	5,919,926
Total	207,107,077	2,193	75,676,173	98,847,278

	Direct	Indirect	Induced	Total	Multiplier
Industry Revenue	139,902,000	32,625,048	34,580,029	207,107,077	1.480
Jobs	1,448	350	395	2,193	1.515
Labor Income	56,808,812	9,456,414	9,410,947	75,676,173	1.332
Total Income	62,506,628	16,205,647	20,135,003	98,847,278	1.581

Analysis Area	Total Operating Revenue	Total Payroll Expense	Total Expenses	Total Operating Income	Total Nonoperating Income	Total Net Income	Full & Part Time Employees Total
7	139,901,616	56,629,451	130,371,284	9,530,332	178,603	9,708,935	1,448

State & Local (Non-K12 Education) Revenue Impacts for Wisconsin

Property Taxes	2,069,970
Sales Taxes	1,706,714
Income Taxes	2,029,679
Other	2,476,731
Total	8,283,095



Produced in 2008 to increase the awareness of hospitals as a major economic contributor to local economies by the University of Wisconsin-Extension, Cooperative Extension, Center for Community & Economic Development and the Wisconsin Hospital Association.

This feasibility analysis relies on data from private sources, secondary sources, and from public data sets. University of Wisconsin-Extension and the Wisconsin Hospital Association cannot be held responsible for the accuracy of this data or for decisions made resulting from the use of the data in this report. The conclusions and recommendations in this report are made solely by the authors and do not necessarily reflect the opinions of the University of Wisconsin Extension, the Center for Community and Economic Development, or the Wisconsin Hospital Association.

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