



NEWS

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UW-Extension Study Shows Hospitals Significant Contributors to Wisconsin Economy *"A strong health care network....adds to attractiveness of a community"*

Madison (March 26, 2009) ----- Wisconsin hospitals have a significant impact on the state's economy, generating more than \$22 billion annually in economic activity and employing more than 100,000 people in communities throughout the state. That's according to a new study, "Healthy Hospitals. Healthy Communities. The Economic Impact of Wisconsin Hospitals," released today by the University of Wisconsin-Extension and the Wisconsin Hospital Association. The report, www.uwex.edu/ces examines the economic impact of Wisconsin's 145 hospitals.

According to the study, the health sector is an economic mainstay that provides stability and growth and remains less sensitive to economic downturns than other industries. Equally important is the number of new jobs and the above average wages that hospitals provide, according to one of the authors of the study, Professor Andrew Lewis, community development specialist with the Center for Community and Economic Development at UW-Extension.

"What a lot of people don't realize is that in 2006, hospitals were among the top 10 employers in 44 of our 72 counties in Wisconsin and among the top five employers in 20 counties. Hospitals are an important economic driver in many of our communities," according to Lewis.

WHA President Steve Brenton said hospital contributions to local economies are often overlooked, in terms of the number of people hospitals employ, the impact of hospital purchases, and the impact of employee spending and tax payments.

"As Wisconsin leaders continue to consider the state's economic priorities and look for ways to create more jobs in our state, they should keep in mind the importance of hospitals and health care to the state economy," Brenton said. "This study shows that health care is much more to Wisconsin than hospitals, clinics and doctors. The ripple effect of the health care sector throughout Wisconsin's economy is enormous. Hospitals are not only tied to the health of our communities, but also to the health of our state's economy."

In addition to the workforce that is directly employed by hospitals, the study calculated economic multipliers and estimated that hospitals indirectly account for nearly 90,000 additional jobs in the state because they purchase goods, services and "bricks and mortar" from other businesses in their communities. With the multiplier effects included, hospitals support more than \$22 billion in economic activity according to Steve Deller, community development economist with UW-Extension.

Funds spent by hospitals to buy goods and services flow to other local and regional businesses and industries and then ripple through the state's entire economy. For example, hospitals support more than \$651 million in retail trade revenues each year in Wisconsin. Additionally, it is estimated that the hospital sector generates more than \$923 million in state and local tax revenues, which is largely used to fund state programs.

Impact of Rural hospitals

Hospitals provide jobs for a wide range of skill levels and opportunities for upward mobility within the occupation. In rural communities, attracting and keeping highly-skilled professionals can be a challenge. Hospitals in rural areas are a source of high-tech jobs for young people who otherwise might leave rural communities.

Matthew Kures, GIS specialist at UW-Extension and contributor to the report, observed, "As we look at important industry clusters, we can't overlook the fact that rural hospitals provide an anchor for other health care jobs, such as physicians and pharmacists that, in the absence of the hospital, may not be available. Many of the communities that UW-Extension works with cite their inability to attract and retain college graduates. Hospitals provide employment for these individuals and help stem the so-called 'brain drain.'"

Hospitals Help Spur Economic Development

According to the study, a strong health care network, in which hospitals play a key role, also adds to the attractiveness of a community as a place to live, locate a business or retire. As "baby boomers" age, more Wisconsin families will base their decision on where to retire on the availability of quality health care. Wisconsin consistently is among the top-ranking states in health care quality.

"The Center for Community and Economic Development at UW has long recognized that hospitals and health care services are vital to attracting and retaining businesses and residents," according to Lewis. "Hospitals provide services that contribute to a high quality of life and a productive workforce."

According to Rick Klemme, dean and director of UW's Cooperative Extension, the study provides additional data that regional and state economic development directors will find useful as they develop strategies to bring new business and create more jobs in Wisconsin.

"Extension has a strong track record of helping communities identify appropriate economic development strategies-strategies that add jobs, income and wealth while maintaining or improving Wisconsin's quality of life. In order to arrive at informed strategies, community leaders need good data about their local economies. It is in that tradition that Extension engaged with the Wisconsin Hospital Association in performing an economic impact analysis of Wisconsin hospitals," Klemme said. "The study shows in real numbers that hospitals are strong contributors to Wisconsin's economy."

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