

*Views and Visions*

*The Economic Value of Hospitals*

July 2004

Across West Virginia, hospitals are caring for the citizens of West Virginia's communities, providing access to vital healthcare services 24 hours a day, seven days a week. This record of service is, and always will be, a hospital's most valuable contribution to the public: access to patient care...when needed...where needed.

Last year, West Virginia hospitals collectively cared for 316,000 inpatients, treated six million outpatients, performed 241,000 surgeries, and delivered 20,000 babies. As the largest single component of our state's healthcare system, employing more than 36,000 compassionate caregivers, hospitals play a special role in serving their communities, regardless of ability to pay. Supported by another 38,000 individuals working across a variety of other areas of healthcare in the state, hospitals remain the hub of the communities' safety net system, providing services that range from primary care to community-based emergency preparedness.

Beyond the reassurances and confidence that hospitals provide daily to families is the less often recognized or quantified contribution to the local economy. As good, reliable "neighbors," hospitals are ready to respond at any moment. Among the top two or three employers in every county throughout West Virginia, hospitals occupy 19 of the state's top 100 private employers, according to latest figures from the state Bureau of Employment Programs. While today, hospitals have a far-reaching role in the economy, it will become even more critical in the future as the "baby boomers" generation enters its senior years. According to the U.S. Census Bureau, almost 16 percent of West Virginia's population is 65 years or older. Thankfully, all West Virginia's families should take comfort in knowing their aging parents can be both near to home and have access to a quality community hospital.

Just one of the areas in the state that embodies the qualities and values of what hospital care is all about in West Virginia is the territory known as *Advantage Valley*, which stretches west from Montgomery, WV to Ironton, Ohio, and down to Ashland, Kentucky. In West Virginia, there are 15 acute care and specialty hospitals within this region, which provide a host of services that are nationally recognized and locally cherished. Encompassing 12 counties in three states, including Ohio and Kentucky, the hospitals of *Advantage Valley* also include two medical facilities in Ashland, Kentucky. (SEE FIGURE 1 FOR COMPLETE LIST)

Collectively, the hospitals of *Advantage Valley* represent approximately \$577 million in payroll and boast an annual average salary of approximately \$39,000, well above, for example, what the average West Virginia worker earned in 2003. Statewide, employment in hospitals represents a payroll of \$1 billion annually. The hospitals of *Advantage Valley* and hospitals statewide for that matter, are often employers of choice, offering jobs on all skill and salary levels in an environment where there is a stable and growing demand for healthcare services.

The strength of healthcare clearly positions it as a major economic engine of the state, with hospitals often serving to support and bolster the economies of their communities. Accessible healthcare is necessary for public confidence and safety just as transportation, education, public utilities, and police protection are vital to a community. In fact, a strong and convenient healthcare system is important to retirees, whose spending and purchasing can be significant sources of income for the local economy, and just as important to young families whose spending and purchasing are a source of future growth and vitality. Aside from these major economic factors, hospitals create a safe and comfortable environment and serve as a stimulus for new businesses – a ripple effect, if you will. They often attract other businesses into their communities including retail, banks, grocery stores, family restaurants, tourism and pharmacies. In fact, every 100 healthcare jobs support as many as 70 additional jobs in other areas of the economy.

The West Virginia University College of Business and Economics released a study that further demonstrates how healthcare has increased in importance as an economic factor in West Virginia. The study looked at the impact that the 3:1 Medicaid match (*Note: the federal government matches state expenditures at a rate of \$3 for every \$1 of state revenue spent for Medicaid*) has on West Virginia's economy. Using fiscal year 2002 data, the study concluded that the \$1.1 billion in federal matching money is responsible for nearly 33,000 total jobs created in the West Virginia economy and over \$1.9 billion in total business volume. This has a significant impact on the state's economy, contributing to about 2.7 percent of the total state's industrial output.

The needs and expectations for hospitals will continue to grow as “baby boomers” age and as families and employers seek high quality healthcare and medical services, up-to-date technology and techniques, competent and compassionate caregivers and safe communities in which to live and work. The healthcare facilities in *Advantage Valley* exemplify these characteristics, and serve as

a key ingredient of the quality of life in the area, keeping their communities healthy and vibrant. The hospitals are major contributors to both the local and state economies and keep families healthy and secure by providing needed healthcare services. The economic effect of these healthcare facilities is significant and keeping them strong is critical if we are to continue to attract businesses and families to West Virginia.

## **Figure 1**

### **Advantage Valley Hospitals in West Virginia**

Cabell Huntington Hospital  
Charleston Area Medical Center  
Eye & Ear Clinic of Charleston, Inc.  
HealthSouth Huntington Rehabilitation Hospital  
Highland Hospital  
Huntington Veterans Administration Medical Center  
Mildred Mitchell-Bateman Hospital  
Montgomery General Hospital  
Putnam General Hospital  
River Park Hospital  
Saint Francis Hospital  
Saint Mary's Medical Center  
Select Specialty Hospital of Charleston, Inc.  
Thomas Memorial Hospital  
West Virginia Rehabilitation Hospital

King's Daughters Medical Center (Kentucky)  
Our Lady of Bellefonte Hospital (Kentucky)