

Summary of the Economic Impacts of Baptist Memorial Hospital-Booneville

Baptist Memorial Hospital–Booneville (BMHB), located in Booneville, Mississippi, was founded in 1949 and was the first Hill-Burton Act facility to be built in the nation. The hospital became affiliated with the Baptist system in 1982 and has 114 licensed beds and approximately 264 full-time equivalent employees. In fiscal year 2012 (FY2012), the average daily census was 25, and the hospital recorded 15,044 emergency room visits, 952 surgeries, and 1,437 discharges. The hospital provides critical care/intensive care, 24-hour emergency room services, general surgery, gynecological care, occupational therapy, physical therapy, pediatrics, speech therapy, and general medical and surgical services. BMHB also provides industrial medicine services, laparoscopic surgery services, and a sleep disorders laboratory. The hospital was recognized as a Top Performer on Key Quality Measures by the Joint Commission and was named Hospital of the Year in 2011 by the Mississippi Nurses Association.

The economic impacts described in this report were derived from BMHB’s total net revenues from direct operations during FY2012 using the IMPLAN[®] statistical model.¹ In the course of normal operations, BMHB spends these revenues on a wide variety of goods and services, including medical supplies, wages and benefits, contract labor, repairs and maintenance, food services, and non-medical supplies and services. Subsequently, both BMHB employees and employees and owners of BMHB suppliers spend incomes derived via business or employment with BMHB across all spectrums of the local economy.

Summary

In FY2012, BMHB had total operating revenues of \$21.8 million as a result of providing acute hospital care services to the area’s citizens. As shown in Table 1, this resulted in a total production of goods and services (output) value of \$28.8 million; total salaries, wages, and benefits of \$10.9 million; 278 full- and part-time jobs; and state and local taxes of \$854,059.

Table 1. Total Impacts of Baptist Memorial Hospital-Booneville, FY2012

Output (Value of Goods and Services)	\$28,849,870
Labor Income (Salaries, Wages, and Benefits)	\$10,900,381
Employment (Jobs, Full- and Part-Time)	278
State and Local Taxes	\$ 854,059

¹For more information on IMPLAN[®], see <http://implan.com/V4/Index.php>.

Table 2 presents a list of the top ten industries impacted by Baptist Memorial Hospital-Booneville, ranked by employment. Obviously, the hospital industry is the industry that benefited the most, but other industries also benefited from BMHB’s normal operations in FY2012. This occurred as BMHB, contractors, and employees bought supplies and spent their earnings throughout the local area as a result of the hospital’s normal operations.

Table 2. Top Ten Industries Affected by Baptist Memorial Hospital-Booneville, Ranked by Employment, FY2012

Description	Employment	Labor Income	Output
Private hospitals	207	\$8,760,900	\$22,018,803
Employment services	16	407,261	564,816
Food services and drinking places	8	107,002	373,377
Retail stores - General merchandise	3	69,985	161,969
Nursing and residential care facilities	3	59,409	125,530
Real estate establishments	2	47,735	310,015
Management, scientific, and technical consulting services	2	91,471	174,922
Maintenance and repair construction of nonresidential structures	2	60,237	147,303
Offices of physicians, dentists, and other health practitioners	2	63,980	151,162
Retail stores - Motor vehicle and parts	2	52,300	121,267

Further Explanation

1. Output Impact (Value of Goods and Services Produced)

Result: A total impact on the local area of \$28.8 million in goods and services produced as a result of the provision of \$21.8 million in services as part of the hospital’s normal operations in FY2012.

Table 3. Output Impact of Baptist Memorial Hospital–Booneville, FY2012

Direct Impact	\$21,759,235
Indirect Impact	3,332,631
Induced Impact	3,758,003
Total Impact	\$28,849,870

Note: Numbers may not add due to rounding differences.

- **Direct Output Impact:** The direct output impact of BMHB expenditures is simply the total dollar amount of \$21.8 million spent by BMHB during FY2012. These expenditures include all operating costs, wages, fees, etc., paid by BMHB.

- **Indirect Output Impact:** The indirect output impact of \$3.3 million can be described as subsequent purchases made (or wages paid) by businesses using monies earned by supplying goods or services to BMHB. For example, assume that BMHB purchases \$5,000 worth of supplies from a local office supply company. Part of that \$5,000 would then be spent by the office supply company on rent, and part of it would be spent to pay employee wages. As a result, the money is recirculated into the local economy.
- **Induced Output Impact:** Monies spent by BMHB also result in personal income for a variety of people through both direct and indirect means. That personal income is then spent by the individuals themselves in whatever manner they see fit. The \$3.8 million of output generated from this spending is considered to be an induced output impact.
- **Total Output Impact:** The \$28.8 million total output impact is the sum of the direct, indirect, and induced output impacts.

2. Labor Income Impact (Salaries, Wages, and Benefits)

Result: Total local area labor income of \$10.9 million.

Table 4. Labor Income Impact of Baptist Memorial Hospital-Booneville, FY2012

Direct Impact	\$ 8,657,623
Indirect Impact	1,299,872
Induced Impact	942,886
Total Impact	\$10,900,381

Note: Numbers may not add due to rounding differences.

- **Direct Income Impact:** The statistical model estimates that \$8.7 million of the original \$21.8 million in total direct expenditures was paid directly (as salaries, wages, and benefits) to employees (nurses, case managers, administrators, etc.) of BMHB. Note that actual hospital labor expenditures may differ.
- **Indirect Income Impact:** This represents the additional income of \$1.3 million earned by employees of businesses that provide goods and services to BMHB (for example, wages paid to local food supply service workers).
- **Induced Income Impact:** Direct and indirect income earners will spend some of this additional income for personal consumption. The \$942,886 in income generated from

this spending is considered to be induced income. For example, a BMHB employee pays a mechanic to fix her car, or a food service employee spends some of his wages at a local restaurant. The additional incomes of the mechanic and of the restaurant workers generated by these events are considered to be induced by the original expenditure of BMHB.

- **Total Income Impact:** Total income of \$10.9 million is the sum of the direct, indirect, and induced income impacts

3. Employment Impact

Result: A cumulative effect on 278 jobs.

This effect accounts for both full- and part-time workers and is measured in annual average jobs.

4. Tax Revenue Impact

Result: Total local and state tax revenues of approximately \$854,059.

These are taxes and other government revenues generated by the earnings of businesses supplying BMHB, employee income, and employee expenditures of both hospital suppliers and the hospital as well. As shown in Table 5, state and local taxes and revenues generated include everything from corporate and personal income taxes to property taxes to hunting and fishing licenses purchased.

Table 5. Baptist Memorial Hospital-Booneville Tax Impact, FY2012

	Total
Corporate Profits Tax	\$ 1,570
Dividends	14,891
Indirect Business Tax: Motor Vehicle Licenses	26,398
Indirect Business Tax: Other Taxes	353,985
Indirect Business Tax: Property Tax	196,353
Indirect Business Tax: State and Local Non Taxes	5,056
Indirect Business Tax: Sales Tax	8,943
Indirect Business Tax: Severance Tax	28,298
Personal Tax: Income Tax	24,909
Personal Tax: Motor Vehicle Licenses	24,806
Personal Tax: Non Taxes (Fines, Fees)	113,512
Personal Tax: Other Tax (Fishing, Hunting Licenses)	40,403
Personal Tax: Property Taxes	7,020
Social Insurance Tax: Employee Contribution	3,309
Social Insurance Tax: Employer Contribution	4,606
Total State and Local Taxes	\$854,059