

Summary of the Economic Impacts of Baptist Memorial Hospital-DeSoto

Baptist Memorial Hospital-DeSoto (BMHD) is located in Southaven, Mississippi, and was built in 1988, with a 447,000-square-foot tower added in 2006. The hospital was the first in DeSoto County to offer open-heart surgery, radiation therapy, and an open MRI. The hospital contains 339 licensed beds and has approximately 1,966 full-time equivalent employees. In fiscal year 2012 (FY2012), the hospital recorded 60,663 emergency room visits, 1,941 births, 5,381 surgeries, 15,801 discharges, and had an average daily census of 214.

The DeSoto County hospital provides a full set of services, including cardiopulmonary, labor and delivery, general surgical, nuclear medicine, physical and occupational therapy, and skilled nursing care. Additional special services also include an occupational medicine program, a radiation oncology center, a PET scanner, a sleep disorder center, as well as a women's pavilion. The hospital was named a Top Performer on Key Quality Measures by the Joint Commission and was ranked number one in heart services in Mississippi in 2012 by HealthGrades.

The economic impacts described in this report were derived from BMHD's total net revenues from direct operations during FY2012 using the IMPLAN[®] statistical model.¹ In the course of normal operations, BMHD 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 BMHD employees and employees and owners of BMHD suppliers spend incomes derived via business or employment with BMHD across all spectrums of the local economy.

Summary

In FY2012, BMHD had total operating revenues of \$273.3 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 more than \$504.2 million; total salaries, wages, and benefits of \$219.4 million; 3,903 full- and part-time jobs; and state and local taxes of \$17.0 million.

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

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

Output (Value of Goods and Services)	\$504,208,590
Labor Income (Salaries, Wages, and Benefits)	\$219,373,935
Employment (Jobs, Full- and Part-Time)	3,903
State and Local Taxes	\$ 16,957,231

Table 2 presents a list of the top ten industries impacted by Baptist Memorial Hospital-DeSoto, ranked by employment. Obviously, the hospital industry is the industry that benefited the most, but other industries also benefited from BMHD's normal operations in FY2012. This occurred as BMHD, 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-DeSoto, Ranked by Employment, FY2012

Description	Employment	Labor Income	Output
Private hospitals	2,105	\$142,177,865	\$282,565,398
Real estate establishments	250	4,734,217	37,921,001
Employment services	175	4,888,365	6,802,108
Food services and drinking places	154	3,462,342	8,972,088
Medical and diagnostic labs and outpatient and other ambulatory care services	68	3,921,417	8,728,700
Wholesale trade businesses	61	4,295,937	10,405,672
Offices of physicians, dentists, and other health practitioners	57	4,893,508	7,614,303
Services to buildings and dwellings	50	1,585,346	3,182,519
Securities, commodity contracts, investments, and related activities	43	4,355,763	9,134,758
Retail stores - General merchandise	41	1,070,501	2,424,113

Further Explanation

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

Result: A total impact on the local area of \$504.2 million in goods and services produced as a result of the provision of \$273.3 million in services as part of the hospital's normal operations in FY2012.

Table 3. Output Impact of Baptist Memorial Hospital-DeSoto, FY2012

Direct Impact	\$273,331,764
Indirect Impact	100,700,050
Induced Impact	130,176,776
Total Impact	\$504,208,590

Note: Numbers may not add due to rounding differences.

- **Direct Output Impact:** The direct output impact of BMHD expenditures is simply the total dollar amount of \$273.3 million spent by BMHD during FY2012. These expenditures include all operating costs, wages, fees, etc., paid by BMHD.
- **Indirect Output Impact:** The indirect output impact of \$100.7 million can be described as subsequent purchases made (or wages paid) by businesses using monies earned by supplying goods or services to BMHD. For example, assume that BMHD 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 BMHD 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 \$130.2 million of output generated from this spending is considered to be an induced output impact.
- **Total Output Impact:** The \$504.2 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 almost \$219.4 million.

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

Direct Impact	\$137,531,795
Indirect Impact	35,554,459
Induced Impact	46,287,680
Total Impact	\$219,373,935

Note: Numbers may not add due to rounding differences.

- **Direct Income Impact:** The statistical model estimates that \$137.5 million of the original \$273.3 million in total direct expenditures was paid directly (as salaries, wages, and benefits) to employees (nurses, case managers, administrators, etc.) of BMHD. Note that actual hospital labor expenditures may differ.

- **Indirect Income Impact:** This represents the additional income of \$35.6 million earned by employees of businesses that provide goods and services to BMHD (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 \$46.3 million in income generated from this spending is considered to be induced income. For example, a BMHD 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 BMHD.
- **Total Income Impact:** Total income of \$219.4 million is the sum of the direct, indirect, and induced income impacts.

3. Employment Impact

Result: A cumulative effect on 3,903 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 \$17.0 million.

These are taxes and other government revenues generated by the earnings of businesses supplying BMHD, 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-DeSoto Tax Impact, FY2012

	Total
Corporate Profits Tax	\$ 26,022
Dividends	79,092
Indirect Business Tax: Motor Vehicle Licenses	140,208
Indirect Business Tax: Other Taxes	8,680,727
Indirect Business Tax: Property Tax	3,900,467
Indirect Business Tax: State and Local Non Taxes	133,520
Indirect Business Tax: Sales Tax	36,832
Indirect Business Tax: Severance Tax	1,090,661
Personal Tax: Income Tax	503,231
Personal Tax: Motor Vehicle Licenses	672,832
Personal Tax: Non Taxes (Fines, Fees)	686,807
Personal Tax: Other Tax (Fishing, Hunting Licenses)	610,494
Personal Tax: Property Taxes	212,063
Social Insurance Tax: Employee Contribution	69,767
Social Insurance Tax: Employer Contribution	114,508
Total State and Local Taxes	\$16,957,231