

## Summary of the Economic Impacts of Baptist Memorial Hospital-Memphis

Baptist Memorial Hospital-Memphis (BMHM) was built in 1979 and has 706 licensed beds and approximately 2,900 full-time employees. In fiscal year 2012 (FY2012), the hospital recorded 58,333 emergency room visits, 12,283 surgeries, 25,997 discharges, and an average daily census of 496. BMHM is a comprehensive healthcare facility that provides a full range of services, including cardiac care, general surgical services, heart and lung transplant services, medical and surgical intensive and acute care, nuclear medicine, open-heart surgery services, pediatric acute care, PET scanning, and stem cell transplant services. The facility provides all emergency services except trauma and has a pediatric emergency department with 24-hour pediatrician coverage. The hospital was the first in the Mid-South to perform coronary artery bypass surgery, the first in Memphis to have a freestanding radiation oncology center, and the first in the U.S. to perform the radial brachytherapy procedure.

Baptist Memorial Hospital-Memphis was named a Top Performer on Key Quality Measures by the Joint Commission, and in 2012, for the 17<sup>th</sup> time, the hospital won a Consumer Choice award thanks to a majority of Memphis-area residents naming the facility their hospital of choice in a national survey. In 2011, BMH-Memphis earned HealthGrades' Distinguished Hospital for Clinical Excellence Award™ and in 2010 won their Excellence in Women's Care award.

The economic impacts described in this report were derived from BMH-Memphis' total net revenues from direct operations during FY2012 using the IMPLAN<sup>®</sup> statistical model.<sup>1</sup> In the course of normal operations, BMHM 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 BMHM employees and employees and owners of BMHM suppliers spend incomes derived via business or employment with BMHM across all spectrums of the local economy.

### Summary

In FY2012, BMHM had total operating revenues of more than \$524.3 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 \$967.2 million; total

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

salaries, wages, and benefits of \$428.0 million; 7,365 full- and part-time jobs; and state and local taxes of \$33.1 million.

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

Output (Value of Goods and Services)	\$967,242,230
Labor Income (Salaries, Wages, and Benefits)	\$427,985,962
Employment (Jobs, Full- and Part-Time)	7,365
State and Local Taxes	\$ 33,082,589

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

Description	Employment	Labor Income	Output
Private hospitals	3,917	\$277,380,857	\$542,055,792
Real estate establishments	479	9,236,185	72,745,277
Employment services	336	9,536,919	13,048,738
Food services and drinking places	295	6,754,831	17,211,492
Medical and diagnostic labs and outpatient and other ambulatory care services	129	7,650,461	16,744,591
Wholesale trade businesses	118	8,381,127	19,961,591
Offices of physicians, dentists, and other health practitioners	109	9,546,954	14,606,804
Services to buildings and dwellings	95	3,092,920	6,105,146
Securities, commodity contracts, investments, and related activities	83	8,497,844	17,523,549
Retail stores - General merchandise	78	2,088,486	4,650,266

## Further Explanation

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

Result: A total impact on the local area of over \$967.2 million in goods and services produced as a result of the provision of \$524.3 million in services as part of the hospital's normal operations in FY2012.

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

Direct Impact	\$524,342,565
Indirect Impact	193,176,679
Induced Impact	249,722,986
<b>Total Impact</b>	<b>\$967,242,230</b>

Note: Numbers may not add due to rounding differences.

- **Direct Output Impact:** The direct output impact of BMHM expenditures is simply the total dollar amount of \$524.3 million spent by BMHM during FY2012. These expenditures include all operating costs, wages, fees, etc., paid by BMHM.
- **Indirect Output Impact:** The indirect output impact of \$193.2 million can be described as subsequent purchases made (or wages paid) by businesses using monies earned by supplying goods or services to BMH-Memphis. For example, assume that BMH-Memphis 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 BMHM 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 \$249.7 million of output generated from this spending is considered to be an induced output impact.
- **Total Output Impact:** The \$967.2 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 \$428.0 million.

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

Direct Impact	\$268,316,643
Indirect Impact	69,364,710
Induced Impact	90,304,608
<b>Total Impact</b>	<b>\$427,985,962</b>

Note: Numbers may not add due to rounding differences.

- **Direct Income Impact:** The statistical model estimates that \$268.3 million of the original \$524.3 million in total direct expenditures was paid directly (as salaries, wages, and benefits) to employees (nurses, case managers, administrators, etc.) of BMH-Memphis. Note that actual hospital labor expenditures may differ.
- **Indirect Income Impact:** This represents the additional income of \$69.4 million earned by employees of businesses that provide goods and services to BMHM (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 \$90.3 million in income generated from this spending is considered to be induced income. For example, a BMH-Memphis 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 BMHM.
- **Total Income Impact:** Total income of \$428.0 million is the sum of the direct, indirect, and induced income impacts.

### 3. Employment Impact

Result: A cumulative effect on 7,365 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 \$33.1 million.

These are taxes and other government revenues generated by the earnings of businesses supplying BMH-Memphis, 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-Memphis Tax Impact, FY2012**

	<b>Total</b>
Corporate Profits Tax	\$ 50,767
Dividends	154,304
Indirect Business Tax: Motor Vehicle Licenses	273,539
Indirect Business Tax: Other Taxes	16,935,602
Indirect Business Tax: Property Tax	7,609,587
Indirect Business Tax: State and Local Non Taxes	260,490
Indirect Business Tax: Sales Tax	71,857
Indirect Business Tax: Severance Tax	2,127,818
Personal Tax: Income Tax	981,775
Personal Tax: Motor Vehicle Licenses	1,312,658
Personal Tax: Non Taxes (Fines, Fees)	1,339,920
Personal Tax: Other Tax (Fishing, Hunting Licenses)	1,191,038
Personal Tax: Property Taxes	413,722
Social Insurance Tax: Employee Contribution	136,112
Social Insurance Tax: Employer Contribution	223,399
<b>Total State and Local Taxes</b>	<b>\$33,082,589</b>