

Summary of the Economic Impacts of NEA Baptist Memorial Hospital

NEA Baptist Memorial Hospital (NEAB), located in Jonesboro, Arkansas, was built in 1976 and became affiliated with the Baptist system in 2007. The hospital has 100 licensed beds and approximately 726 full-time equivalent employees. In fiscal year 2012 (FY2012), the hospital reported an average daily census of 67 and had 22,555 emergency room visits, 743 births, 6,761 surgeries, and 6,301 discharges. NEA Baptist provides a comprehensive set of services, including emergency department, labor and delivery, an intensive care unit, surgery (inpatient and outpatient), cardiology, cardiopulmonary, and dialysis. Special services provided by the facility include dermatology, family practice, oncology, pediatrics, plastic surgery, podiatry, radiology, and vascular surgery. In 2010, the NEA Baptist Health System broke ground on a 500,000-square-foot hospital and clinic. NEA Baptist is the only area hospital to win HealthGrades' Outstanding Patient Experience award in 2011 and 2012.

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

Summary

In FY2012, NEAB had total operating revenues of \$84.9 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 over \$135.5 million; total salaries, wages, and benefits of \$54.5 million; 1,279 full- and part-time jobs; and state and local taxes of \$4.8 million.

Table 1. Total Impacts of NEA Baptist Memorial Hospital, FY2012

Output (Value of Goods and Services)	\$135,513,002
Labor Income (Salaries, Wages, and Benefits)	\$ 54,458,850
Employment (Jobs, Full- and Part-Time)	1,279
State and Local Taxes	\$ 4,783,911

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

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

Description	Employment	Labor Income	Output
Private hospitals	765	\$38,586,867	\$87,543,735
Employment services	84	1,477,141	2,315,712
Real estate establishments	61	620,775	,849,627
Food services and drinking places	49	902,093	2,595,026
Medical and diagnostic labs and outpatient and other ambulatory care services	29	1,260,595	3,010,096
Offices of physicians, dentists, and other health practitioners	17	1,364,685	2,145,845
Services to buildings and dwellings	15	361,495	818,946
Wholesale trade businesses	13	791,193	2,087,338
Retail stores - General merchandise	12	288,362	676,894
Civic, social, professional, and similar organizations	10	203,867	344,396

Further Explanation

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

Result: A total impact on the local area of \$135.5 million in goods and services produced as a result of the provision of \$84.9 million in services as part of the hospital's normal operations in FY2012.

Table 3. Output Impact of NEA Baptist Memorial Hospital, FY2012

Direct Impact	\$ 84,862,700
Indirect Impact	23,192,499
Induced Impact	27,457,804
Total Impact	\$135,513,002

Note: Numbers may not add due to rounding differences.

- **Direct Output Impact:** The direct output impact of NEAB expenditures is simply the total dollar amount of \$84.9 million spent by NEAB during FY2012. These expenditures include all operating costs, wages, fees, etc., paid by NEAB.
- **Indirect Output Impact:** The indirect output impact of \$23.2 million can be described as subsequent purchases made (or wages paid) by businesses using monies

earned by supplying goods or services to NEAB. For example, assume that NEAB 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 NEAB 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 \$27.5 million of output generated from this spending is considered to be an induced output impact.
- **Total Output Impact:** The \$135.5 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 \$54.5 million.

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

Direct Impact	\$37,405,141
Indirect Impact	7,887,005
Induced Impact	9,166,703
Total Impact	\$54,458,850

Note: Numbers may not add due to rounding differences.

- **Direct Income Impact:** The statistical model estimates that \$37.4 million of the original \$84.9 million in total direct expenditures was paid directly (as salaries, wages, and benefits) to employees (nurses, case managers, administrators, etc.) of NEAB. Note that actual hospital labor expenditures may differ.
- **Indirect Income Impact:** This represents the additional income of \$7.9 million earned by employees of businesses that provided goods and services to NEAB (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 \$9.2 million in income generated from this spending is considered to be induced income. For example, a NEAB 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 NEAB.

- **Total Income Impact:** Total income of \$54.5 million is the sum of the direct, indirect, and induced income impacts.

3. Employment Impact

Result: A cumulative effect on 1,279 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 \$4.8 million.

These are taxes and other government revenues generated by the earnings of businesses supplying NEAB, 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. NEA Baptist Memorial Hospital Tax Impact, FY2012

	Total
Corporate Profits Tax	\$ 6,130
Dividends	34,584
Indirect Business Tax: Motor Vehicle Licenses	61,308
Indirect Business Tax: Other Taxes	2,318,322
Indirect Business Tax: Property Tax	751,152
Indirect Business Tax: State and Local Non Taxes	30,413
Indirect Business Tax: Sales Tax	11,254
Indirect Business Tax: Severance Tax	111,468
Personal Tax: Income Tax	130,724
Personal Tax: Motor Vehicle Licenses	122,614
Personal Tax: Non Taxes (Fines, Fees)	974,185
Personal Tax: Other Tax (Fishing, Hunting Licenses)	147,597
Personal Tax: Property Taxes	38,812
Social Insurance Tax: Employee Contribution	11,337
Social Insurance Tax: Employer Contribution	34,012
Total State and Local Taxes	\$4,783,911