

Summary of the Economic Impacts of Baptist Rehabilitation-Germantown

Baptist Rehabilitation-Germantown (BRG) has over 300 full-time employees and was built in 1987. The hospital contains 68 licensed beds, including 50 Rehabilitation and 18 Skilled. In fiscal year 2012 (FY2012), the inpatient average daily census was 37, with 1,042 discharges during the year. The hospital provides a variety of in- and outpatient rehabilitation services such as a diabetes education center, a Lymphedema program, a massage therapy program, occupational medicine, pediatric rehabilitation, and sports medicine, among others. The Inpatient Rehabilitation programs provide multidisciplinary rehabilitation services for orthopedic, neurologic, and medical populations, while the Skilled Rehabilitation unit provides services for patients who are ready to be discharged from the hospital but are not ready to return home or begin rehabilitation.

In 2007, the hospital was recognized as the first freestanding CARF-accredited rehabilitation hospital in the Mid-South for adult and adolescent inpatient rehabilitation, adult and adolescent brain injury rehabilitation, and stroke specialty rehabilitation. In 2010, the facility was awarded more accreditations than any other hospital in the Mid-South—nine programs in both inpatient and day treatment.

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

Summary

In FY2012, BRG had total operating revenues of \$24.1 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 \$44.5 million; total salaries, wages, and benefits of \$19.4 million; 334 full- and part-time jobs; and state and local taxes of \$1.5 million.

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

Table 1. Total Impacts of Baptist Rehabilitation-Germantown, FY2012

Output (Value of Goods and Services)	\$44,511,254
Labor Income (Salaries, Wages, and Benefits)	\$19,366,209
Employment (Jobs, Full- and Part-Time)	334
State and Local Taxes	\$ 1,496,974

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

Description	Employment	Labor Income	Output
Private hospitals	175	\$12,551,383	\$24,944,716
Real estate establishments	22	417,934	3,347,645
Employment services	16	431,542	600,486
Food services and drinking places	14	305,654	792,051
Medical and diagnostic labs and outpatient and other ambulatory care services	6	346,181	770,565
Wholesale trade businesses	5	379,243	918,607
Offices of physicians, dentists, and other health practitioners	5	431,996	672,186
Services to buildings and dwellings	4	139,953	280,951
Securities, commodity contracts, investments, and related activities	4	384,524	806,411
Retail stores - General merchandise	4	94,503	213,999

Further Explanation

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

Result: A total impact on the local area of over \$44.5 million in goods and services produced as a result of the provision of \$24.1 million in services as part of the hospital's normal operations in FY2012.

- **Direct Output Impact:** The direct output impact of BRG expenditures is simply the total dollar amount of \$24.1 million spent by BRG during FY2012. These expenditures include all operating costs, wages, fees, etc., paid by Baptist Rehabilitation-Germantown.

Table 3. Output Impact of Baptist Rehabilitation-Germantown, FY2012

Direct Impact	\$24,129,576
Indirect Impact	8,889,744
Induced Impact	11,491,933
Total Impact	\$44,511,254

Note: Numbers may not add due to rounding differences.

- **Indirect Output Impact:** The indirect output impact of \$8.9 million can be described as subsequent purchases made (or wages paid) by businesses using monies earned by supplying goods or services to BRG. For example, assume that BRG 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 BRG 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 \$11.5 million of output generated from this spending is considered to be an induced output impact.
- **Total Output Impact:** The \$44.5 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 \$19.4 million.

Table 4. Labor Income Impact of Baptist Rehabilitation-Germantown, FY2012

Direct Impact	\$12,141,230
Indirect Impact	3,138,728
Induced Impact	4,086,251
Total Impact	\$19,366,209

Note: Numbers may not add due to rounding differences.

- **Direct Income Impact:** The statistical model estimates that \$12.1 million of the original \$24.1 million in total direct expenditures was paid directly (as salaries, wages, and benefits) to employees (nurses, case managers, administrators, etc.) of BRG. Note that actual hospital labor expenditures may differ.
- **Indirect Income Impact:** This represents the additional income of \$3.1 million earned by employees of businesses that provide goods and services to BRG (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 \$4.1 million in income generated from this spending is considered to be induced income. For example, a BRG 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 Baptist Rehabilitation-Germantown.
- **Total Income Impact:** Total income of \$19.4 million is the sum of the direct, indirect, and induced income impacts.

3. Employment Impact

Result: A cumulative effect on 334 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 \$1.5 million.

These are taxes and other government revenues generated by the earnings of businesses supplying Baptist Rehabilitation-Germantown, 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 Rehabilitation-Germantown Tax Impact, FY2012

	Total
Corporate Profits Tax	\$ 2,297
Dividends	6,982
Indirect Business Tax: Motor Vehicle Licenses	12,378
Indirect Business Tax: Other Taxes	766,330
Indirect Business Tax: Property Tax	344,331
Indirect Business Tax: State and Local Non Taxes	11,787
Indirect Business Tax: Sales Tax	3,252
Indirect Business Tax: Severance Tax	96,283
Personal Tax: Income Tax	44,425
Personal Tax: Motor Vehicle Licenses	59,397
Personal Tax: Non Taxes (Fines, Fees)	60,631
Personal Tax: Other Tax (Fishing, Hunting Licenses)	53,894
Personal Tax: Property Taxes	18,721
Social Insurance Tax: Employee Contribution	6,159
Social Insurance Tax: Employer Contribution	10,109
Total State and Local Taxes	\$1,496,974