

## Summary of the Economic Impacts of Baptist Memorial Restorative Care Hospital

Baptist Memorial Restorative Care Hospital (BRCH) is a 30-bed, long-term, acute-care hospital located within Baptist Memorial Hospital-Memphis. The hospital employs approximately 97 full-time equivalent workers and is designed specifically for patients who require continued acute care over an extended period of time. Most patients admitted stay for at least four weeks, and the hospital provides a multidisciplinary approach for weaning patients from the ventilator and the wound care program. The hospital is accredited with Full Standards Compliance by the Joint Commission on Accreditation and is approved as a Teaching Hospital Cancer Program by the American College of Surgeons Commission on Cancer Approvals Program.

The economic impacts described in this report were derived from BRCH's total net revenues from direct operations during fiscal year 2012 (FY2012) using the IMPLAN<sup>®</sup> statistical model.<sup>1</sup> In the course of normal operations, BRCH 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 BRCH employees and employees and owners of BRCH suppliers spend incomes derived via business or employment with BRCH across all spectrums of the local economy.

### Summary

In FY2012, BRCH had total operating revenues of almost \$13.0 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 nearly \$24.0 million; total salaries, wages, and benefits of \$10.4 million; 185 full- and part-time jobs; and state and local taxes of \$804,102.

**Table 1. Total Impacts of Baptist Memorial Restorative Care Hospital, FY2012**

Output (Value of Goods and Services)	\$23,909,314
Labor Income (Salaries, Wages, and Benefits)	\$10,402,600
Employment (Jobs, Full- and Part-Time)	185
State and Local Taxes	\$ 804,102

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

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

Description	Employment	Labor Income	Output
Private hospitals	100	\$6,742,002	\$13,399,107
Real estate establishments	12	224,494	1,798,195
Employment services	8	231,804	322,552
Food services and drinking places	7	164,182	425,452
Medical and diagnostic labs and outpatient and other ambulatory care services	3	185,952	413,910
Wholesale trade businesses	3	203,711	493,432
Offices of physicians, dentists, and other health practitioners	3	232,048	361,066
Services to buildings and dwellings	2	75,176	150,913
Securities, commodity contracts, investments, and related activities	2	206,548	433,166
Retail stores - General merchandise	2	50,763	114,950

### Further Explanation

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

Result: A total impact on the local area of over \$23.9 million in goods and services produced as a result of the provision of \$13.0 million in services as part of the hospital's normal operations in FY2012.

**Table 3. Output Impact of Baptist Memorial Restorative Care Hospital, FY2012**

Direct Impact	\$12,961,253
Indirect Impact	4,775,145
Induced Impact	6,172,916
<b>Total Impact</b>	<b>\$23,909,314</b>

Note: Numbers may not add due to rounding differences.

- **Direct Output Impact:** The direct output impact of BRCH expenditures is simply the total dollar amount of \$13.0 million spent by BRCH during FY2012. These expenditures include all operating costs, wages, fees, etc., paid by BRCH.

- **Indirect Output Impact:** The indirect output impact of \$4.8 million can be described as subsequent purchases made (or wages paid) by businesses using monies earned by supplying goods or services to BRCH. For example, assume that BRCH 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 BRCH 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 \$6.2 million of output generated from this spending is considered to be an induced output impact.
- **Total Output Impact:** The \$23.9 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 over \$10.4 million.

**Table 4. Labor Income Impact of Baptist Memorial Restorative Care Hospital, FY2012**

Direct Impact	\$ 6,521,688
Indirect Impact	1,685,974
Induced Impact	2,194,938
<b>Total Impact</b>	<b>\$10,402,600</b>

Note: Numbers may not add due to rounding differences.

- **Direct Income Impact:** The statistical model estimates that \$6.5 million of the original \$13.0 million in total direct expenditures was paid directly (as salaries, wages, and benefits) to employees (nurses, case managers, administrators, etc.) of BRCH. Note that actual hospital labor expenditures may differ.
- **Indirect Income Impact:** This represents the additional income of \$1.7 million earned by employees of businesses that provide goods and services to BRCH (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 \$2.2 million in income generated

from this spending is considered to be induced income. For example, a BRCH 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 BRCH.

- **Total Income Impact:** Total income of \$10.4 million is the sum of the direct, indirect, and induced income impacts.

### 3. Employment Impact

Result: A cumulative effect on 185 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 \$804,102.

These are taxes and other government revenues generated by the earnings of businesses supplying BRCH, 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 Restorative Care Hospital Tax Impact, FY2012**

	<b>Total</b>
Corporate Profits Tax	\$ 1,234
Dividends	3,751
Indirect Business Tax: Motor Vehicle Licenses	6,649
Indirect Business Tax: Other Taxes	411,636
Indirect Business Tax: Property Tax	184,958
Indirect Business Tax: State and Local Non Taxes	6,331
Indirect Business Tax: Sales Tax	1,747
Indirect Business Tax: Severance Tax	51,719
Personal Tax: Income Tax	23,863
Personal Tax: Motor Vehicle Licenses	31,905
Personal Tax: Non Taxes (Fines, Fees)	32,568
Personal Tax: Other Tax (Fishing, Hunting Licenses)	28,949
Personal Tax: Property Taxes	10,056
Social Insurance Tax: Employee Contribution	3,308
Social Insurance Tax: Employer Contribution	5,430
<b>Total State and Local Taxes</b>	<b>\$804,102</b>