

Summary of the Economic Impacts of Baptist Memorial Hospital-Union City

Baptist Memorial Hospital-Union City, Tennessee (BMHUCT), was founded in 1950 and became affiliated with the Baptist system in 1982. The hospital was the first cancer treatment center in the Northwest Tennessee area, was first to provide outpatient rehabilitation services, and offered the community the first hospital-owned wellness center. The Union City hospital contains 173 licensed beds and has approximately 330 full-time equivalent employees. In fiscal year 2012 (FY2012), the hospital recorded 18,490 emergency room visits, 291 births, 2,147 surgeries, and 2,750 discharges. The hospital's average daily census for fiscal year 2012 was 28.

The hospital provides a full range of services, including a blood bank, drug counseling, hospice care, occupational therapy, labor and delivery service, and general surgery services. In addition, it provides several special services such as behavioral health services for adolescents and adults, a cancer center, a hospitalist program, and an outpatient surgery department. The hospital has been recognized by the Joint Commission as a Top Performer on Key Quality Measures and was included in *Modern Healthcare's* list of top 100 "Best Places to Work" in 2010 and 2011.

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

Summary

In FY2012, BMHUCT had total operating revenues of \$37.9 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 nearly \$52.2 million; total salaries, wages, and benefits of \$24.8 million; 401 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 Memorial Hospital-Union City, FY2012

Output (Value of Goods and Services)	\$52,183,087
Labor Income (Salaries, Wages, and Benefits)	\$24,814,909
Employment (Jobs, Full- and Part-Time)	401
State and Local Taxes	\$ 1,461,732

Table 2 presents a list of the top ten industries impacted by Baptist Memorial Hospital-Union City, ranked by employment. Obviously, the hospital industry is the industry that benefited the most, but other industries also benefited from BMHUCT's normal operations in FY2012. This occurred as BMHUCT, 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-Union City, Ranked by Employment, 2012

Description	Employment	Labor Income	Output
Private hospitals	272	\$20,601,321	\$38,831,186
Employment services	17	573,443	763,239
Food services and drinking places	16	248,182	817,849
Retail stores - General merchandise	6	130,726	315,349
Wholesale trade businesses	5	255,213	791,586
Offices of physicians, dentists, and other health practitioners	5	243,702	480,787
Nursing and residential care facilities	5	145,561	279,651
Real estate establishments	5	72,615	750,829
Retail stores - Food and beverage	4	136,102	249,922
Securities, commodity contracts, investments, and related activities	4	43,109	437,221

Further Explanation

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

Result: A total impact on the local area of \$52.2 million in goods and services produced as a result of the provision of \$37.9 million in services as part of the hospital's normal operations in FY2012.

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

Direct Impact	\$37,854,221
Indirect Impact	4,455,991
Induced Impact	9,872,875
Total Impact	\$52,183,087

Note: Numbers may not add due to rounding differences.

- **Direct Output Impact:** The direct output impact of BMHUCT expenditures is simply the total dollar amount of \$37.9 million spent by BMHUCT during FY2012. These expenditures include all operating costs, wages, fees, etc., paid by BMHUCT.
- **Indirect Output Impact:** The indirect output impact of \$4.5 million can be described as subsequent purchases made (or wages paid) by businesses using monies earned by supplying goods or services to BMHUCT. For example, assume that BMHUCT 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 BMHUCT 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 \$9.9 million of output generated from this spending is considered to be an induced output impact.
- **Total Output Impact:** The \$52.2 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 over \$24.8 million.

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

Direct Impact	\$20,083,007
Indirect Impact	\$1,752,784
Induced Impact	\$2,979,119
Total Impact	\$24,814,909

Note: Numbers may not add due to rounding differences.

- **Direct Income Impact:** The statistical model estimates that \$20.1 million of the original \$37.9 million in total direct expenditures was paid directly (as salaries, wages, and benefits) to employees (nurses, case managers, administrators, etc.) of BMHUCT. Note that actual hospital labor expenditures may differ.

- **Indirect Income Impact:** This represents the additional income of \$1.8 million earned by employees of businesses that provide goods and services to BMHUCT (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 \$3.0 million in income generated from this spending is considered to be induced income. For example, a BMHUCT 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 BMHUCT.
- **Total Income Impact:** Total income of \$24.8 million is the sum of the direct, indirect, and induced income impacts.

3. Employment Impact

Result: A cumulative effect on 401 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 BMHUCT, 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-Union City Tax Impact, FY2012

	Total
Corporate Profits Tax	\$ 1,855
Dividends	6,445
Indirect Business Tax: Motor Vehicle Licenses	11,425
Indirect Business Tax: Other Taxes	782,237
Indirect Business Tax: Property Tax	340,846
Indirect Business Tax: State and Local Non Taxes	12,248
Indirect Business Tax: Sales Tax	438
Indirect Business Tax: Severance Tax	106,807
Personal Tax: Income Tax	43,706
Personal Tax: Motor Vehicle Licenses	52,071
Personal Tax: Non Taxes (Fines, Fees)	14,607
Personal Tax: Other Tax (Fishing, Hunting Licenses)	50,899
Personal Tax: Property Taxes	20,933
Social Insurance Tax: Employee Contribution	6,475
Social Insurance Tax: Employer Contribution	10,738
Total State and Local Taxes	\$1,461,732