THE ECONOMIC IMPACT OF CINCINNATI AREA HOSPITALS ON GREATER CINCINNATI

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Executive Summary

The Greater Cincinnati Health Council represents 33 hospitals in the Cincinnati Tri-state region whose employment and business interactions create economic benefits across households and industries in the Greater Cincinnati community. [1] This report estimates the economic impact of 32 hospitals on Greater Cincinnati's employment, household earnings, and business sales for the most recently completed fiscal year as of November 2002. [2]

Economic Impact

- The total economic impact of Greater Cincinnati hospitals and their related health care facilities is $7.55 billion. This includes a household earnings impact of $3.18 billion. The total impact on employment in Greater Cincinnati is 93,518 jobs.

- Together, these economic activities generated $216 million annually in state and local tax revenues.

- The economic impact associated with hospital patients who do not reside in the Greater Cincinnati region is $363 million. Approximately 6 percent of area hospitals' patients come from outside the region.

- The total economic impact of local construction is $371 million. Of this, approximately 31 percent ($113 million) is in the form of wages to local households. In addition, a total of 3,789 jobs are directly and indirectly generated as a result of the construction activity of local health institutions.

Expenditures and Employment

- In 2001/02, Health Council member institutions' expenditures totaled more than $3.5 billion. Wages and benefits were the largest component of expenditures, totaling $1.94 billion.

- When all personnel expenditures are considered (contracted professional and temporary services, along with wages and benefits), they account for 62 percent of total hospital expenditures.

- The hospitals and their related facilities employed a total of 46,242 people in 2001. Sixty-two percent of these jobs were full-time, and 38 percent were part-time. Total employment has increased by 12 percent in the past five years.

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[1] Greater Cincinnati is defined as the area served by member hospitals in the Greater Cincinnati Health Council, which are: Hamilton, Butler, Warren, Clermont, Brown, Adams, Highland, and Clinton Counties in southwestern Ohio; Boone, Kenton, Campbell, Gallatin, Grant, and Pendleton Counties in northern Kentucky; and Ripley, Dearborn and Ohio Counties in southeastern Indiana.

[2] The economic impact of Health Council members is based on survey data that describes the expenditures of thirty-two hospitals, seven nursing and personal care facilities, and forty other medical and health service facilities affiliated with the thirty-two hospitals.

Growth

- Between 1996 and 2002, the impact of area hospitals has increased by 33 percent on household earnings, and by 36 percent on employment.

Other Findings

- Health Council members have experienced a dramatic shift in their workforce: the number of full-time employees has decreased by six percent since 1996, while the number of part-time employees has increased by 95 percent.

- Cincinnati area hospitals report a total of 2,751 unfilled positions, 61 percent of which are full-time.

- Over a two-year period, the hospitals and their related facilities have invested nearly $90 million in information technology to improve quality and efficiency.

- Insurance and drug costs have affected hospitals as well as individual consumers. Pharmaceutical expenditures accounted for 5.8 percent of hospital expenditures, while professional liability insurance expenditures now exceed one percent of hospital expenditures.

For additional information contact the Economics Center for Education & Research, email Econeduc@uc.edu.
Please reference report: 2003-EI-1007 ES Cincinnati Area Hospitals