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The Impact Of Hospitals In Northeast Ohio On The Economy Of The Region

prepared for

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THE IMPACT OF HOSPITALS IN NORTHEAST OHIO

ON THE ECONOMY OF THE REGION

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Executive Summary

The Center for Health Affairs (CHA) represents 35 hospitals in Northeast Ohio whose employment and business interactions create economic benefits across households and industries in the Greater Cleveland area. [1] This report estimates the economic impact of 35 hospitals on Greater Cleveland's employment, household earnings, and business sales for the most recently completed fiscal year as of December 2002. [2]

Economic Impact

- The total economic impact of Cleveland area hospitals and their related health care facilities is $11.58 billion. This includes a household earnings impact of $3.28 billion. The total impact on employment in the Cleveland area is 109,107 jobs.

- Together, these economic activities generate nearly $254 million annually in state and local tax revenues.

- The economic impact associated with hospital patients who do not reside in the Greater Cleveland area is estimated at $2.16 billion. Patients from outside the region account for approximately 14 percent of area hospitals' patient days and 22 percent of inpatient billings.

- The total economic impact of local construction is $699 million.

Expenditures and Employment

- In 2002, CHA member institutions' expenditures totaled more than $5.45 billion.

- When all personnel expenditures are considered (contracted professional and temporary services, along with wages and benefits), they account for 55 percent of total hospital expenditures. Wages and benefits were the largest component of expenditures, totaling $2.86 billion.

- The hospitals and their related facilities employed a total of 51,542 people in 2002, of which 76 percent were full-time, and 24 percent were part-time jobs.

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[1] The Greater Cleveland area is defined as the six counties in Northeast Ohio that are served by CHA-member hospitals. They are the five counties that make up the Cleveland Metropolitan Area: Cuyahoga, Lorain, Geauga, Medina, and Lake Counties, plus neighboring Ashtabula County. Together, these counties constitute the Greater Cleveland area, also referred to in this study as Northeast Ohio or the Cleveland area.

[2] The economic impact of CHA members is based on survey data that describes the expenditures of 35 hospitals, two nursing and personal care facilities, and 26 other medical and health service facilities affiliated with the 35 hospitals.

Other Findings

- Over a two-year period, the hospitals and their related facilities have invested over $135 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 amounted to 5.0 percent of hospital expenditures.

For additional information contact the Economics Center for Education & Research, email Econeduc@uc.edu.
Please reference report: 2004-HC-1014 ES Cleveland Hospitals Report