



IOWA HOSPITAL  
ASSOCIATION

# **Economic Impact of the Health Sector**

Hospitals • Nursing Homes  
Doctors & Other Health Professionals  
Pharmacies • Other Medical Services

# Iowa Hospital Association Economic Impact of the Health Care Sector

## Main Objective

Derive the direct economic impact and total economic impact of the five health sectors and the total health sector for the state of Iowa and each county.

## Direct Economic Activities

Employment and income (sum of payroll and employee benefits expense) are the important direct economic activities created from the health sector. The health sector is divided into the following five components:

- Hospitals
- Offices of Physicians, Dentists, & Other Health Practitioners
- Nursing Home & Residential Care
- Other Medical and Health Services (includes home health care, county health departments, hospice, durable medical equipment suppliers, other ambulatory health care services, dental laboratories, ect.)
- Pharmacies (Includes all pharmacy personnel)

## Income and Employment Multipliers

The health sector and the employees in the health sector purchase a large amount of goods and services from local businesses. These impacts are referred to as secondary impacts or benefits to the economy. In economics, this measure is called the multiplier effect. In the report provided, two multipliers are utilized. The “employment multiplier” is the ratio between direct employment and the direct, indirect, and induced employment. For example, an employment multiplier of 2.0 indicates that if one job is created by an industry, one additional job is created in other sectors due to business (indirect) and household (induced) spending. The “income multiplier” is the ratio between direct income and the direct, indirect, and induced income. For example, an income multiplier of 1.54 indicates that for each dollar created in that sector, 0.54 additional dollars are created throughout the area due to business (indirect) and household (induced) spending.

## Data Notes

The economic impact results presented in this table including multipliers were obtained from the IMPLAN software, which can analyze county level data using an economic input-output model. It was developed by the U.S. Forest Service and is a model that allows for development of county multipliers. However, to break this information down to a hospital specific level, certain information required for running the model (e.g., total employment, payroll and benefits of employees, retail sales and pharmacy information) had to be manually entered into the system. This data was collected from the AHA Annual Survey, the Iowa Department of Revenue and Finance, the U.S. Census Bureau and the Bureau of Economic Analysis.



**2011 Economic Impact of the Health Sector  
on Employment, Income, Retail Sales, and Sales Tax in**

**State of Iowa**

(1) Health Sector Components	(3) Employment		(4) Impact	(6) Payroll & Proprietor Income			(8) Retail Sales	(9) 6% Sales Tax
	(2) Nos.	(3) Multiplier		(5) Income	(6) Multiplier	(7) Impact		
<b>Hospitals</b> <i>State of Iowa</i>	70,484	1.95408	137,731	\$3,796,193,993	1.59822	\$6,067,153,798	\$1,813,079,515	\$108,784,771
<b>HOSPITALS SUBTOTAL</b>	<b>70,484</b>	<b>1.95408</b>	<b>137,731</b>	<b>\$3,796,193,993</b>	<b>1.59822</b>	<b>\$6,067,153,798</b>	<b>\$1,813,079,515</b>	<b>\$108,784,771</b>
<b>Physicians, Dentists, &amp; Other Health Practitioners</b>	<b>42,228</b>	<b>1.89412</b>	<b>79,985</b>	<b>\$3,163,204,163</b>	<b>1.40966</b>	<b>\$4,459,051,887</b>	<b>\$1,332,521,954</b>	<b>\$79,951,317</b>
<b>Nursing &amp; Residential Care</b>	<b>53,349</b>	<b>1.35844</b>	<b>72,472</b>	<b>\$1,490,812,107</b>	<b>1.43213</b>	<b>\$2,135,038,599</b>	<b>\$638,024,826</b>	<b>\$38,281,490</b>
<b>Pharmacies</b>	<b>7,603</b>	<b>1.30400</b>	<b>9,914</b>	<b>\$213,987,000</b>	<b>1.31861</b>	<b>\$282,165,052</b>	<b>\$84,320,868</b>	<b>\$5,059,252</b>
<b>Other Medical &amp; Health Services</b>								
Other ambulatory health care services	9,689	1.81297	17,566	\$463,525,490	1.59490	\$739,276,202	\$220,921,800	\$13,255,308
Dental laboratories	616	1.42611	879	\$23,279,577	1.40268	\$32,653,869	\$9,758,128	\$585,488
Home health care services	8,212	1.36949	11,246	\$273,606,606	1.36998	\$374,836,425	\$112,014,343	\$6,720,861
<b>OTHER MED/HLTH SVCS SUBTOTAL</b>	<b>18,517</b>	<b>1.60345</b>	<b>29,691</b>	<b>\$760,411,673</b>	<b>1.50809</b>	<b>\$1,146,766,496</b>	<b>\$342,694,271</b>	<b>\$20,561,657</b>
<b>TOTALS</b>	<b><u>192,181</u></b>		<b><u>329,793</u></b>	<b><u>\$9,424,608,936</u></b>		<b><u>\$14,090,175,832</u></b>	<b><u>\$4,210,641,434</u></b>	<b><u>\$252,638,487</u></b>



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