



The **Economic Impact** *of*
Margaretville Memorial Hospital
on the
Community

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INTRODUCTION

Margaretville Memorial Hospital is proud to provide care to our community. Our doors are open 24 hours a day, seven days a week, 365 days a year. Each year, we serve thousands of individuals and keep our community healthy, strong, and vibrant in the face of significant economic challenges and unforeseen emergencies. While this record of service is and will always be our most valuable contribution to the community, our impact includes many facets that extend beyond direct patient care.

Hospitals are integral to strengthening and supporting social and family infrastructures of local communities that rely on local health care systems to:

- Deliver high-quality health care to the communities they serve regardless of ability to pay;
- Allocate scarce health care resources strategically when an emergency or disaster strikes;
- Care for the aged and provide comfort at the end of life;
- Proactively educate the community about the impact of lifestyle choices on their health and well-being; and
- Enable communities to be stronger and more productive.

Direct and Indirect Impact on Our Community	
ICR Year	2010
Jobs	370
Economic Impact	
Payroll	\$16,883,000
Supply Purchases	\$10,567,000
Capital Spending	\$3,022,000
Total Impact	\$30,472,000
Taxes	
Income Taxes	
Federal	\$1,594,000
State and Local	\$535,000
Sales Taxes	
State	\$357,000
Local	\$410,000
Total Taxes	\$2,896,000

This report, prepared with assistance from the Healthcare Association of New York State (HANYs), highlights the significant economic role Margaretville Memorial Hospital plays within our local community. It identifies and measures our direct impact on the local economy, and demonstrates the “ripple” effect of the dollars the health care sector brings into the community and the jobs we help create. In addition, it illustrates the benefit our hospital provides to help ensure a safe, stable, and healthy community. The methodology used to calculate these ripple effects is detailed in the Technical Addendum to this report.

BEYOND THE SCOPE OF HEALTH CARE

Margaretville Memorial Hospital is a critical component to the economic viability of our community. From the people we employ to the direct and indirect effects of spending, our value as an economic engine for the local community is undeniable. In addition, substantial indirect spending takes place further “downstream” in the economy, thereby providing a sizeable contribution to federal, state, and local tax revenue.

Economic Engine: In 2010, Margaretville Memorial Hospital contributed significantly to the area’s economic health, providing an estimated total annual economic impact of \$30,472,000.

Major Employer: Margaretville Memorial Hospital payroll expenditures serve as an important economic stimulus, creating and supporting jobs throughout the local and state economies. In 2010, we employed 200 people, with a total payroll of \$9,264,000. Dollars earned by our employees are spent on groceries, clothing, mortgage payments, rent, etc., which generate approximately \$16,883,000 in economic activity for the local economy.

Impact of Our Purchasing: Margaretville Memorial Hospital spends about \$5,798,000 per year on goods and services necessary to provide health care. Dollars we spend generate approximately \$10,567,000 for the local economy. Our spending flows to vendors and other businesses who, in turn, buy goods and services, thereby providing a ripple effect throughout the economy.

Capital Spending: In 2010, Margaretville Memorial Hospital spent \$1,658,000 on buildings and equipment. Our capital spending generated approximately \$3,022,000 for the local economy per year.

Federal, State and Local Tax Contributions: Margaretville Memorial Hospital employees and the jobs supported indirectly by the facility paid \$1,594,000 in federal income tax, and \$535,000 in state and local income taxes in 2010. Furthermore, the employees of Margaretville Memorial Hospital and the jobs supported indirectly by our facility paid \$410,000 in local sales tax and \$357,000 in New York State sales tax.

CONCLUSION

Hospitals are critical to New York's quality of life and to keeping communities healthy and vibrant. Margaretville Memorial Hospital is a major contributor to both the local and state economies, and keeps families healthy and secure by providing needed health care services.

The data contained in this report provide strong evidence of the significant economic benefit of our hospital on the local and state economies. To continue to attract jobs and maintain families in New York State, it is critical that the state have high-quality health care providers and services.

We urge our legislators, members of Congress, and community leaders to recognize that New York State hospitals are instrumental in supporting the state and local economy, and that steps need to be taken to continue to invest in our state's health care system.



Healthcare Association
of New York State

Technical Addendum

Hospital Economic and Community Benefit Report

January 2013

The Healthcare Association of New York State (HANY) based its estimates of hospitals' economic benefits to communities on the Regional Input-Output Modeling System II (RIMS II) developed by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA). This model calculates the "ripple" throughout the local economy of any economic sector's spending. This is known as the multiplier effect.

REGIONAL MULTIPLIERS

RIMS II regional multipliers measure both the direct and indirect effects on the regional economy from a specific sector. RIMS II include multipliers for hospital output, earnings, and employment. HANY used all three multipliers to estimate the impact of a hospital on its local economy, job creation, and tax contribution.

BEA produces two types of multipliers: direct-effect multipliers and final demand multipliers. The choice of which multiplier to use depends on the availability of data. In general, the direct effect multipliers reflect the regional relationship between output and earnings while the final demand multipliers reflect the national relationship.

After consultation with BEA, HANY used the final demand multipliers for output (total economic impact). Direct effect multipliers for employment were used to ascertain job creation. Direct effect multipliers for earnings were used to determine tax contribution.

ECONOMIC REGIONS

Multipliers are available by region and by state (see Table 1). The choice of the region depends on the purpose of the study. For example, if the user wants to estimate the economic impact of a specific industry in a specific county, the multiplier for the county should be used. If the sector under study buys goods from adjacent counties and a significant percentage of its employees also live in other counties, the true economic impact of that industry can only be measured by using a larger geographic area. Generally, the impact of inter-regional commerce can only be measured by using a larger area.

In deriving the economic impact of a particular region's hospitals, regional multipliers are applied to hospital data. However, to determine the economic impact for the state as a whole, statewide multipliers are used to capture the impact of inter-regional commerce.

The multipliers used in this study reflect only impacts on counties within New York State and exclude the ripple effect on areas outside the state. Within New York State, HANY used multipliers for each BEA-defined economic area to estimate each hospital's impact on its

economic area. The 14 downstate counties are divided into several sub-areas to reflect their unique geographic and economic conditions (see Table 2).

Hospital Data

To arrive at the impact estimates, HANYS applied BEA multipliers to Institutional Cost Report (ICR) data for hospital total expenditures and jobs. ICR data generally lags the economic report by two years.

Since 2011 ICR data were not available from the New York State Department of Health at the time this report was generated, HANYS sent available 2010 ICR data to hospitals for verification and/or update. Some hospitals submitted changes and those changes were incorporated into the supporting database.

Estimates on Federal, State, and Local Taxes

State/local personal income and sales tax estimates are based on information from the New York State Department of Taxation and Finance. Federal personal income tax estimates are based on information from the Internal Revenue Service (IRS).

RIMS II economic multipliers are, by design, organized into several geographically distinct economic areas, along with one statewide multiplier. As such, the methodology for computing tax contribution ratios involves aggregating tax collection and gross income data and mapping the data to the relevant economic region(s) given the level and design of the analysis.

The tax collections are then divided by the reported adjusted gross income (from income tax returns) for the appropriate economic region to derive the tax contribution ratios. These ratios are then applied to the earnings from our study to estimate the direct and indirect contributions to federal, state, and local tax revenue.

Table 1

RIMS II Multipliers* — Hospitals			
<i>ECONOMIC AREA</i>	Final Demand Multipliers	Direct-Effect Multipliers	
	Output	Earnings	Employment
New York State	2.0617	1.6732	1.9938
Albany-Schenectady-Troy Region	1.8605	1.5873	1.8462
Buffalo-Niagara Falls Region	2.0458	1.7137	2.0280
Clinton, Essex, and Franklin Counties	1.4955	1.3214	1.5164
Dutchess County Primary Metropolitan Statistical Area	1.5420	1.3972	1.6763
Nassau-Suffolk Primary Metropolitan Statistical Area	1.9852	1.6942	2.0291
New York City Region	1.6966	1.4284	1.6806
Orange County	1.6162	1.4318	1.6530
Rochester Region	1.8459	1.5740	1.8588
Sullivan and Ulster Counties	1.5837	1.3877	1.6449
Syracuse Region	1.8224	1.5566	1.8209
White Plains Region	1.8671	1.5486	1.8247

*Note: RIMS II Multipliers are based on 2010 regional data.

Table 2 - Economic Areas Used in the Report

