

Examining the Impacts of Hospitals on the Colorado Economy Executive Summary

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Executive Summary

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Each day, tens of thousands of Coloradans engage the state's broad network of healthcare providers for help with improving their individual and family well-being. Hospitals are an important part of this network, providing a variety of accessible acute care services across the state. Colorado is home to 108 hospitals and health systems in 45 counties. In 2009, Colorado's hospitals and health systems¹ provided healthcare services for more than 8.9 million patient visits.

Colorado's hospitals contributed \$18.8 billion to the state economy in 2010

While hospitals' most important impact is the healthcare services they provide, it is important to recognize that hospitals are also a dynamic part of the Colorado economy. In 2010, hospitals directly accounted for \$9.8 billion of Gross State Product, a measure of total economic output statewide. This is equivalent to about two percent of Colorado's total economic output.

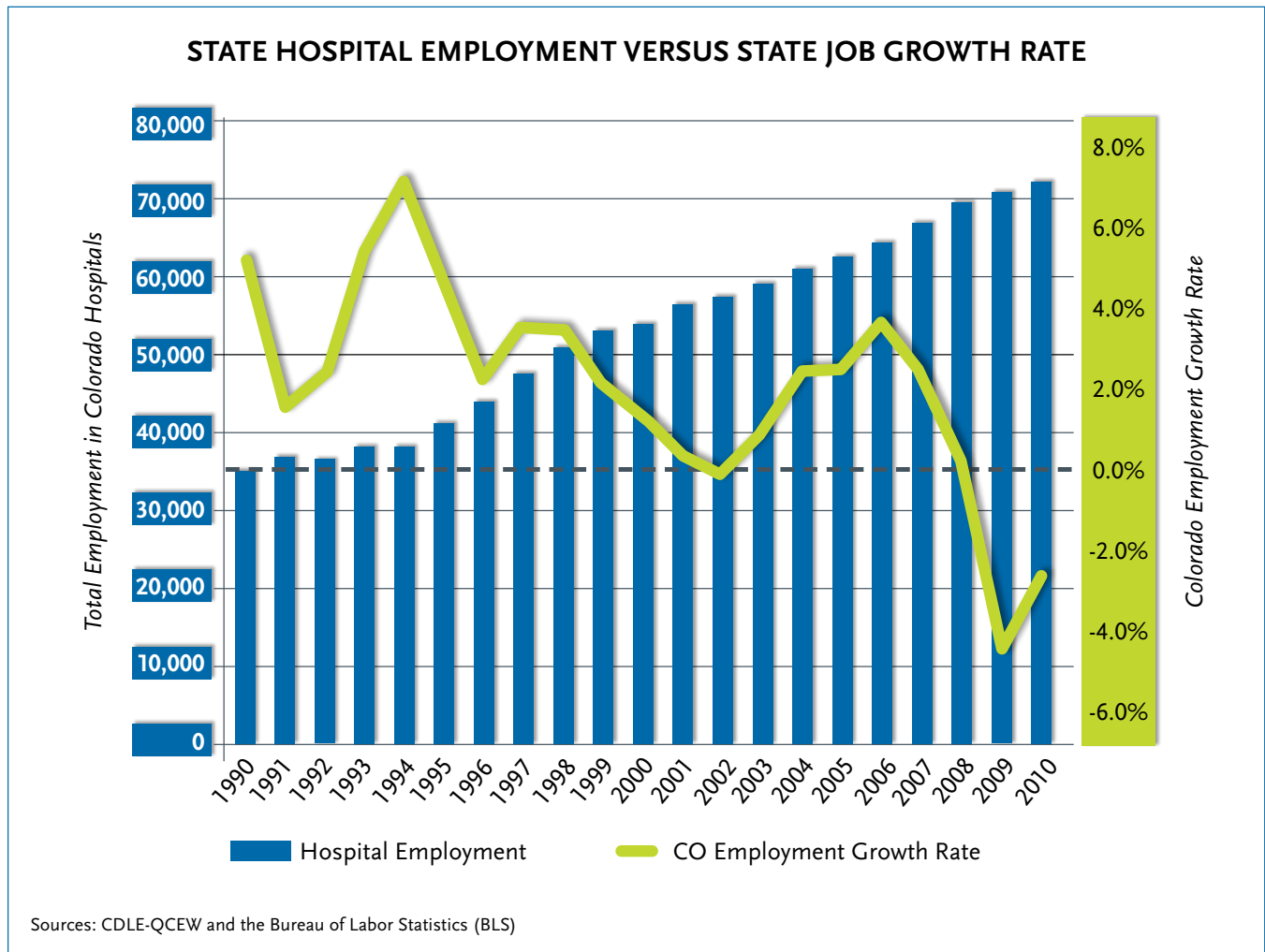
The contributions of hospitals to the Colorado economy extend far beyond the facilities, however. Hospitals create thousands of spin-off jobs through their own purchases and those made by their employees with their own incomes. Taking into account these additional indirect impacts, hospitals contributed a total of \$18.8 billion to Colorado's economy, representing about 4.2 percent of the state's total economic output.

¹ For this analysis, we identified hospitals using the North American Industrial Classification System (NAICS) code, a numerical system that classifies businesses and organizations by their primary economic activity. NAICS is a basic framework for categorizing business entities and is a common basis for regional economic analysis. For more information, visit www.census.gov/naics.

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Colorado's hospitals added more than 4,900 jobs between 2007 and 2010

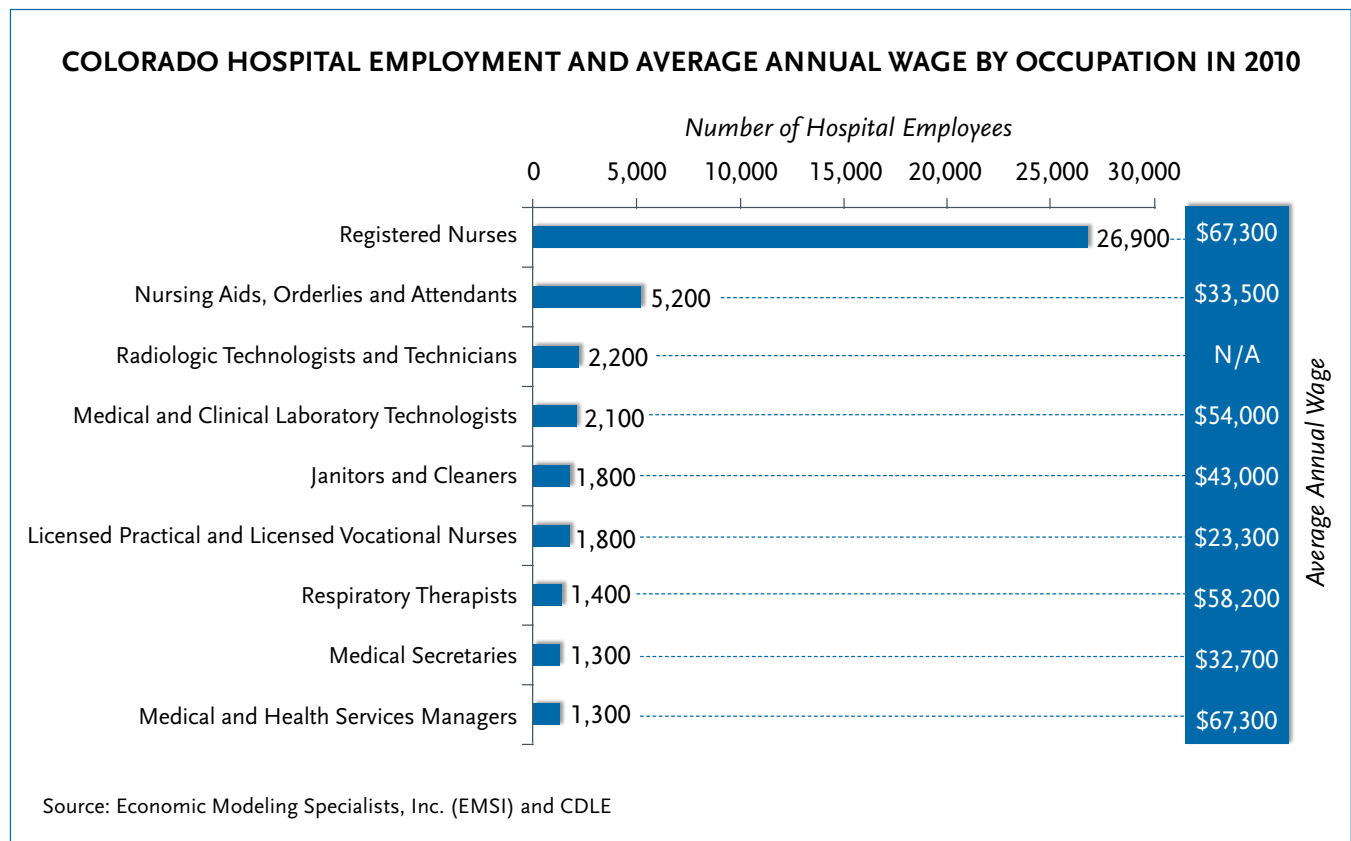
Colorado's hospitals have played an important role in mitigating the substantial job losses resulting from the recent recession. From the period 2007-2010, hospitals in the state added more than 4,900 jobs, while the overall state economy lost more than 123,000 jobs and suffered annual job growth rate declines of about two percent on average.



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Colorado’s hospitals are an important part of the state’s growing healthcare economy

The economic activity created by Colorado hospitals translates into jobs. Hospitals as employers are appealing from an economic and workforce development perspective because they offer a variety of opportunities to workers, regardless of educational background. Hospital employees range from physicians with graduate degrees and years of training to service and maintenance workers with high school or GED degrees. Because hospital staffs encompass a large variety of educational, skill and experience levels, they provide good opportunities for movement along career paths. The chart below details some of the leading Colorado hospital employee occupations and their average annual wages in 2010.



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Hospitals support more than 133,000 jobs across Colorado

Colorado's hospitals employed about 71,700 people in 2010, with hospital employee compensation (salary plus benefits) averaging \$69,900 annually. Taking into account the spin-off impacts that hospitals have on the state's economy, hospitals indirectly added 61,400 additional jobs with employee compensation totaling \$2.4 billion. Overall, Colorado hospitals are directly and indirectly responsible for 133,100 jobs, averaging just over \$55,700 in annual compensation and generating \$7.4 billion in employee compensation.

	DIRECT	SPIN-OFF	TOTAL
Economic Output	\$9,846,083,000	\$8,963,071,000	\$18,809,154,000
Employee Compensation	\$5,009,880,000	\$2,401,583,000	\$7,411,463,000
Employees	71,700	61,400	133,100

Source: Authors' calculations using CDLE-QCEW data and IMPLAN

Conclusion

Colorado's hospitals are important economic drivers statewide. Despite the recent recession, hospitals continued to add employees, helping to offset substantial job losses that have touched almost every other industry. Many of these jobs pay above-average wages and offer opportunities to workers across a wide spectrum of skill sets and education levels. Additionally, hospitals create thousands of spin-off jobs in other industries, through purchases made by both hospitals themselves and their employees with their own incomes.

Overall, Colorado's hospitals contributed \$18.8 billion to the state's economy in 2010—\$9.8 billion directly, and an additional \$9.0 billion in spin-off impacts. In employment terms, this translates into 71,700 hospitals jobs and an additional 61,400 jobs in other industries. These 133,100 jobs have an average compensation of slightly more than \$55,700 and add more than \$7.4 billion to Colorado payrolls—4.2 percent of Colorado's total economic output.