

The Impact of
Alice Hyde Medical Center
on the
Economy *and the* Community

July 2010

INTRODUCTION

Alice Hyde Medical Center is proud to provide care to our community. Our doors are open 24 hours a day, seven days a week, 365 days a year. Every year, we serve thousands of individuals and keep our community healthy, strong, and vibrant. This record of service is, and always will be, our most valuable contribution to the community.

Hospitals strengthen the infrastructures of local communities. Communities rely on their local hospitals and health systems to:

- provide high-quality health care;
- bring life into the world;
- care for the aged;
- ensure public safety when an emergency or disaster strikes;
- educate people about the impact of lifestyles on their health and well-being;
- and
- provide comfort at the end of life.

Alice Hyde Medical Center is the cornerstone of its local economy, increasing commerce through the people it employs, the impact of its spending, and the effect of hospital employees' spending and the taxes they pay.

Alice Hyde Medical Center is critical to the economic viability of our community. Alice Hyde Medical Center is a major source of employment and purchaser of goods and services, as well a provider of health care that enables people to be productive citizens.

Direct and Indirect Impact on Our Community	
Jobs	870
Economic Impact	
Payroll	\$56,226,000
Supply Purchases	\$29,617,000
Capital Spending	\$4,408,000
Total Impact	\$90,251,716
Taxes	
Income Taxes	
State	\$1,674,000
Sales Taxes	
State	\$1,449,000
Local	\$1,409,000
Property Taxes	\$127,716
Total Taxes	\$4,659,716

This report, prepared with assistance from the Healthcare Association of New York State (HANYs), highlights the significant role Alice Hyde Medical Center plays within our local community. It identifies and measures the direct involvement of Alice Hyde Medical Center on the local economy and demonstrates the “ripple” effect of the dollars the health care sector brings into the community and the jobs it helps create. In addition, it illustrates the benefit the hospital provides for a safe, stable, and healthy community.

1. Alice Hyde Medical Center is an Economic Anchor in Our Community

In addition to enhancing the health and well-being of the communities we serve, Alice Hyde Medical Center contributes significantly to the area’s economic health. In 2008, we had an estimated total annual economic impact of \$90,251,000.

Alice Hyde Medical Center is a Major Employer

Alice Hyde Medical Center employs 640 people, with a total payroll of \$36,107,000. Hospital payroll expenditures serve as an important economic stimulus, creating and supporting jobs throughout the local and state economies.

Hospital employees use their wages to purchase goods and services, which creates income and jobs for other businesses. Dollars earned by Alice Hyde Medical Center employees and spent on groceries, clothing, mortgage payments, rent, etc., generate approximately \$56,226,000 in economic activity for the local economy.

Alice Hyde Medical Center Purchasing

Alice Hyde Medical Center spends about \$19,020,000 per year on the goods and services it needs to provide health care—for example, medical supplies, electricity for its buildings, and food for patients. Funds spent to buy goods and services flow from the hospital to vendors and businesses and then ripple throughout the economy.

Dollars spent by Alice Hyde Medical Center generate approximately \$29,617,000 for the local economy.

Alice Hyde Medical Center Capital Spending

In 2008, Alice Hyde Medical Center spent \$2,831,000 on buildings and equipment.

Capital spending by Alice Hyde Medical Center generates approximately \$4,408,000 for the local economy per year.

The Impact of Alice Hyde Medical Center on State and Local Tax Collections

The employees of Alice Hyde Medical Center and the jobs supported indirectly by the facility paid \$1,674,000 in state and local income taxes in 2008.

Furthermore, the employees of Alice Hyde Medical Center and the jobs supported indirectly by the facility paid \$1,409,000 in local sales tax and \$1,449,000 in state sales tax.

The Medical Center paid \$127,716 in property taxes in 2008.

2. Alice Hyde Medical Center Provides Other Important Economic Benefits

Construction: Construction activity at Alice Hyde Medical Center affects the local economy from the convenience store located down the street to the insurance agent providing policies for the contractors and other companies working on the project. Construction projects totaling approximately \$1,281,000 are currently underway at Alice Hyde Medical Center. These projects generate local jobs and revenue and result in improved health care delivery for the community.

Grants: Alice Hyde Medical Center has been awarded a \$500,000 grant for the purpose of energy efficiency upgrades through June 2010. The Medical Center also received a grant for \$188,338 for the purpose of technology upgrades in 2009. Also in 2009, a HEAL 6 grant was obtained by Alice Hyde to expand the Alice Hyde Health Center in the amount of \$325,683 for a total of \$514,021.

Visitors: Alice Hyde Medical Center attracts a variety of visitors, including consultants, locum physicians, professional staff and surveyors of services. College students in a variety of career roles who utilize AHMC as their clinical site to include: nursing, pharmacy, physical therapists, nurse practitioners, physician assistants, who all use a wide variety of community services, such as, hotels, restaurants, entertainment, and shopping.

3. Alice Hyde Medical Center Cares for Our Community

Alice Hyde Medical Center provides vital health care services to our community. In 2008, we had:

- 3,165 inpatient visits,
- 107,399 outpatient visits and procedures,
- 278 baby deliveries,
- 13,193 emergency department visits, and
- 26,789 nursing home resident days

CONCLUSION

Hospitals are critical to New York's quality of life and to keeping communities healthy and vibrant. Alice Hyde Medical Center is a major contributor to both the local and state economies and to keeping families healthy and secure by providing needed health care services.

The data contained in this report provide strong evidence that the economic benefit of our hospital on the local and state economies is significant. To continue to attract jobs to 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 our hospital is instrumental to supporting the state and local economy and that steps must be taken to continue to invest in our state's health care system.



Healthcare Association
of New York State

Technical Addendum for 2010 Hospital Economic and Community Benefit Report

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" effects 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 includes 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), used the direct effect multipliers for employment to ascertain job creation, and the direct effect multiplier for earnings 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).

Table 1

RIMS II Multipliers* - Hospitals			
ECONOMIC AREA	Final Demand Multipliers	Direct Effect Multipliers	
	Output	Earnings	Employment
New York State	2.0532	1.6656	1.8552
Albany-Schenectady-Troy Economic Area	1.8795	1.6034	1.7944
Buffalo-Niagara Falls Region	2.0569	1.7205	1.9421
Clinton, Essex, and Franklin Counties	1.5572	1.3733	1.5304
Dutchess County Primary Metropolitan Statistical Area	1.5371	1.3983	1.6137
Nassau-Suffolk Primary Metropolitan Statistical Area	2.0257	1.7223	1.9374
New York City Region	1.6859	1.4179	1.5616
Orange County	1.6647	1.4653	1.6282
Rochester Region	1.8298	1.5677	1.7640
Sullivan and Ulster Counties	1.6202	1.4176	1.6060
Syracuse Region	1.8559	1.5808	1.7814
White Plains Region	1.8733	1.5522	1.7136

*Note: RIMS II Multipliers are based on 2007 Regional data year.

Table 2
Economic Areas Used in the Report

Economic Region	County	Economic Region	County
Albany-Schenectady-Troy Economic Area	Albany	Rochester Region	Chemung
	Columbia		Genesee
	Fulton		Livingston
	Greene		Monroe
	Hamilton		Ontario
	Montgomery		Orleans
	Rensselaer		Seneca
	Saratoga		Steuben
	Schenectady		Wayne
	Schoharie		Wyoming
	Warren		Yates
Buffalo-Niagara Falls Region	Allegany	Syracuse Region	Broome
	Cattaraugus		Cayuga
	Chautauqua		Chenango
	Erie		Cortland
	Niagara		Delaware
Clinton, Essex, and Franklin Counties	Clinton		Herkimer
	Essex		Jefferson
	Franklin		Lewis
Dutchess County Primary Metropolitan Statistical Area (PMSA)	Dutchess		Madison
			Oneida
Sullivan and Ulster Counties	Sullivan Ulster		Onondaga
		Oswego	
Nassau-Suffolk PMSA	Nassau Suffolk	Otsego	
		St. Lawrence	
New York City Region	Bronx Kings New York Queens Richmond	Schuyler	
		Tioga	
		Tompkins	
		White Plains Region	Putnam Rockland Westchester
Orange County	Orange	New York State	All Counties

Hospital Data

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

Since 2009 ICR data were not available from the New York State Department of Health at the time this report was generated, HANYS used 2008 data and asked hospitals to update their data. HANYS sent available ICR data to hospitals for verification. Some hospitals submitted changes and those changes were incorporated into the supporting database.

Estimates on State and Local Taxes

Personal income and sales taxes are estimated based on information from the New York State Department of Taxation and Finance. The local income tax contribution is estimated for New York City hospitals and those in the City of Yonkers. This tax is levied on both residents and non-resident workers and due to the limitation of the multipliers, cannot be accurately assessed using this methodology.

For the first time, we are including the impact attributable to the metropolitan commuter transportation mobility (MTA) tax. This is a new tax, effective March 1, 2009, imposed on certain employers and self-employed individuals who have a business in the metropolitan commuter transportation district. This district includes the counties of New York, Bronx, Kings, Queens, Richmond, Rockland, Nassau, Suffolk, Orange, Putnam, Dutchess, and Westchester.

Dividing the tax collections by the reported adjusted gross income (from income tax returns) derives tax contribution ratios. These ratios are then applied to the earnings from our multiplier study to estimate tax contributions.