THE ECONOMIC IMPACT OF PENNSYLVANIA HOSPITALS

Hospitals’ Contributions to State’s Economy Increase $6 Billion to $121 Billion
Hospital Community Supports 589,028 Jobs Directly and Indirectly

As the state’s leaders chart a course for a stronger, healthier commonwealth, they can count on the hospital community to continue playing a key role.

Hospitals and health systems continue to be a valuable asset to Pennsylvania’s strengthening economy. The goals of workforce development, attracting investments in research, leveraging academic assets, and strengthening our world-class health care system align with the hospital and health system community’s vision for the future.

Pennsylvania hospitals continue to be top economic contributors and major employers.

Hospitals’ contributions to the state’s economy increased by $6 billion—from $115 billion during 2015 to $121 billion during 2016.

Pennsylvania hospitals supported 589,028 total jobs, directly and indirectly.

- Hospitals provide family-sustaining jobs
- About 60 percent of the money spent on hospital care goes to staff wages and benefits
- Health care spending stays in the local economy and it has a high multiplier effect
- Every dollar directly spent by hospitals results in an additional $1.23 spent in other parts of the economy through spin-off investments, resource utilization, and purchasing power

Hospitals have long supported the development of the state’s workforce, leading initiatives that include career mentoring, college scholarships, career ladders, and school-based and higher education partnerships.

Why do hospitals play a major role in the economy?

Hospitals are integrated in their communities—providing relationship-based services. They are meeting a need that will always exist—health care. The growing aging population and increase in chronic diseases create constant demand for new services; and the growth of population health and wellness holds great promise as a way to meet broader health needs more effectively.

Partnerships with other health care providers will generate new models of care and different types of economic investments.

Hospitals’ missions have deep community roots. They view good health as part of a larger quality of life picture that involves safety, nourishment, shelter, and personal dignity. Their commitment to community extends to addressing hunger and housing needs, fighting domestic violence, and advocating for behavioral health patients—services often provided far from their campuses. In meeting these challenges, they are moving individuals toward a better future, and the possibility of economic independence.
The Economic Impact

During 2016, Pennsylvania’s hospitals supported 589,028 jobs across the state (about one out of every ten jobs).

During 2016, hospitals directly employed more than 269,000 individuals, with a payroll of $16.6 billion and a direct economic impact of $54.2 billion.

In 52 of the 67 Pennsylvania counties, hospitals are among the top five employers.

The business and household spending of hospitals and their employees creates a ripple effect that supports an additional 319,487 jobs and $14.7 billion in salaries and wages.

Overall, more than 589,000 Pennsylvanians depend on hospitals for their jobs through direct employment and the ripple effect, with a total economic impact of nearly $121 billion.

The Challenge

In order for hospitals to make the health care delivery transitions that are necessary, including re-tooling their workforce, investing in technology, and restructuring service lines, they must have financial stability. Nearly half (47%) of hospital revenues comes from government sources. Predictable, adequate hospital payments are crucial.

- State lawmakers must protect hospital funding and refrain from budget cuts to fill the state’s budget deficit
- Congress must stop making arbitrary cuts in already inadequate hospital funding to pay for other programs

To map out and implement the strategies needed to meet health care needs in the future, hospitals must make plans. This includes the movement to more outpatient care, a focus on population health and wellness, and improved coordination among all health care settings.

Fiscal stability and predictability enables hospitals to continue providing critical economic contributions and job creation and retention, resources that Pennsylvania communities need to thrive and grow.