The Economic Impact of Health Care Collaborative of Rural Missouri

CAPITAL LINK

Health Care Collaborative of Rural Missouri

Economic Impact

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COMMUNITY IMPACT

In 2014, Health Care Collaborative of Rural Missouri

8,231
VISITS
to
2,747
PATIENTS

UNINSURED 19% | PRIVATELY INSURED 39% | MEDICAID 22% | MEDICARE 20%

Under 200% poverty 95%

Under 100% poverty 59%

saving the system

$3 MILLION
ANNUAL COST SAVINGS

ECONOMIC IMPACT

Health Care Collaborative of Rural Missouri **directly**

25 FULL-TIME JOBS

…and **supported an additional**

14 JOBS IN OTHER INDUSTRIES

39
TOTAL JOBS

$2,801,957 Direct

$4,849,863
TOTAL ECONOMIC IMPACT

$2,047,906 Non-Direct

TAX IMPACT

and **contributed approximately**

$0.2 MILLION
State & Local Tax Revenue

$0.4 MILLION
Federal Tax Revenue

$0.5 MILLION
TOTAL TAX IMPACT

Health Care Collaborative of Rural Missouri

Economic Impact

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COMMUNITY IMPACT

Community health centers provide high quality, cost-effective, patient-centered care to vulnerable populations. Health centers serve 1 in 7 Medicaid beneficiaries, almost 1 in 3 individuals in poverty, and 1 in 5 low-income, uninsured persons. Nationally, two-thirds of health center patients are members of racial or ethnic minorities, which places health centers at the center of the national effort to reduce racial disparities in health care.[1]

Recent studies show that, on average, each patient receiving care at a health center saved the health care system 24%, annually.[4] With 2,747 patients served by Health Care Collaborative of Rural Missouri in 2014, the estimated annual savings is $3.5 million at $1,263 saved per patient.[5]

Distribution of Population

	CHC Population	National Population [2, 3]
Under 100% Poverty	59%	20%
Under 200% Poverty	95%	40%
Uninsured	19%	15.4%
Medicaid	22%	16%
Medicare	20%	16%
Privately Insured	39%	55%

ECONOMIC IMPACT

As health centers expand, their expenditures and corresponding economic impact also grow. In 2014 alone, Health Care Collaborative of Rural Missouri contributed about $4.8 million dollars. The table to the right summarizes economic impact and employment.

Summary of 2014 Total Economic Activity

Stimulated by Current Operations of Health Care Collaborative of Rural Missouri

	Economic Impact	Employment (# of FTEs*)
Direct	$ 2,801,957	25
Indirect	$ 795,033	5
Induced	$ 1,252,873	9
Total	**$ 4,849,863**	**39**

Direct # of FTEs (employment) based on HRSA 2014 UDS state level data for FQHCs.

TAX IMPACT

The tax impacts of Health Care Collaborative of Rural Missouri are divided into state/local governments and Federal government agencies.

Tax revenue is generated through employee compensation, proprietor income, indirect business taxes, households, and corporations based on the modeled impact.

Summary of 2014 Tax Impact

	Federal	State/Local
Direct	$229,549	$45,727
Indirect	$52,851	$39,427
Induced	$87,519	$77,923
Total	**$369,919**	**$163,077**
Total Tax Impact	**$532,996**	

*Full-time Equivalent (FTE) of 1.0 means that the person is equivalent to a full-time worker. In an organization that has a 40 hour work week, a person who works 20 hours per week (i.e. 50 percent time) is reported as "0.5 FTE." FTE is also based on the number of months the employee works. An employee who works full time for four months out of the year would be reported as "0.33 FTE" (4 months/12 months).

Health Care Collaborative of Rural Missouri

Economic Impact

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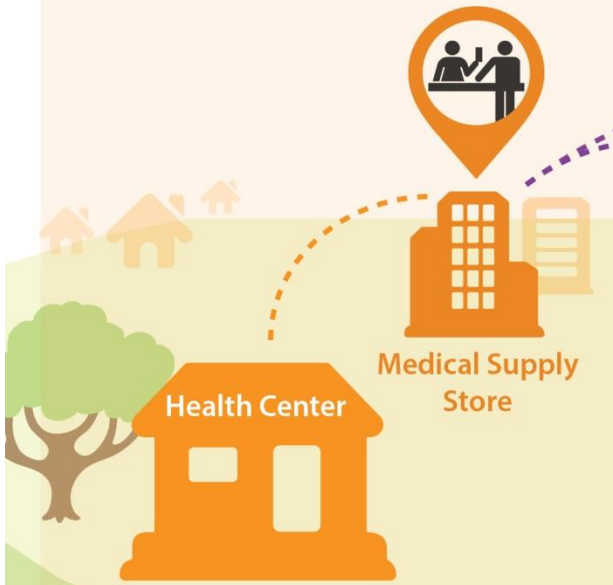
HOW ECONOMIC IMPACT IS MEASURED

Using IMPLAN, integrated economic modeling software, this analysis applies the "multiplier effect" to capture the direct, indirect, and induced economic effects of health center business operations and capital project plans. IMPLAN generates multipliers by geographic region and by industry combined with a county/state database. It is widely used by economists, state and city planners, universities and others to estimate the impact of projects and expenditures on the local economy. This analysis was conducted using **IMPLAN Version 3, Trade Flows Model.**

WHAT ARE DIRECT, INDIRECT AND INDUCED IMPACTS?

Direct impacts result from ***health center expenditures associated with expanded operations, new facilities, and hiring.***

A health center purchases medical devices from a local medical supply store.



This purchase is a ***direct*** economic impact of the health centers expanded operations.

Indirect impacts result from ***purchases of local goods, services, and labor made by health center suppliers.***

The medical supply store purchases paper from an office supply store to print receipts and hires a local delivery service to transport the medical devices.

These purchases are ***indirect*** economic impacts of the health centers expanded operations.

Induced impacts result from ***purchases of local goods and services at a household level made by employees of the health center and suppliers.***

As local industries grow and household income increases, employees of the health center, medical supply store, office supply store, and delivery service spend their salaries in the community.

These purchases are ***induced*** economic impacts because they are the result of growth of the entire community.

REFERENCES

1. NACHC, *A Sketch of Community Health Centers*, 2013. Includes patients of federally-funded health centers, non-federally funded health centers, and expected patient growth for 2013.

2. Based on Bureau of Primary Health Care, HRSA, DHHS, 2012 Uniform Data System. U.S.: Kaiser Family Foundation, State Health Facts Online, www.statehealthfacts.org. Based on Census Bureau's March 2012 and 2013 Current Population Survey (CPS: Annual Social and Economic Supplements).

3. Based on Centers for Medicare & Medicaid Services: www.cms.gov. Medicare Enrollment – All Beneficiaries: as of July 2012.

4. Richard et al. *Cost Savings Associated with the Use of Community Health Centers*. Journal of Ambulatory Care Management, Vol. 35, No. 1, pp. 50–59, January/March 2012.

5. Ku et al. *Strengthening Primary Care to Bend the Cost Curve: The Expansion of Community Health Centers Through Health Reform*. Geiger Gibson/RCHN. Community Health Foundation Research Collaborative. Policy Research Brief No. 19. June 30, 2010.

ABOUT CAPITAL LINK

Capital Link is a non-profit organization that has worked with hundreds of health centers and Primary Care Associations for over 15 years to plan capital projects, finance growth and identify ways to improve performance. We provide innovative consulting services and extensive technical assistance with the goal of supporting and expanding community-based health care. For more information, visit us online at www.caplink.org.

SOURCES

This report was created with the FY14 financial statement and the 2014 UDS report from Health Care Collaborative of Rural Missouriin cooperation with MPCA.