



There to Care

INVESTING IN A HEALTHY ARIZONA

Arizona's Hospitals Helps Grow State's Economy

Overview

Arizona is the nation's fastest growing state, with total population growth expected to increase a dramatic 64.8 percent from 2000-20.¹ This population explosion is increasing demand for healthcare services, spurring hospitals to expand capacity. Currently, the state ranks 47th in the nation for the number of hospital beds per capita, with 2.0 inpatient hospital beds per 1,000 population, compared to the national average of 2.8 inpatient hospital beds per 1,000 population.²

Arizona's hospitals are striving to keep pace with the state's growing population. Hospital growth benefits consumers with expanded access to healthcare services and also fosters economic health in communities throughout Arizona. Consider that Arizona's hospitals:

- employ 73,300 people, nearly 3 percent of all workers in the state;
- foster an abundance of economic activity, including contributing \$11.5 billion to Arizona's gross state product; and
- add an additional 118,800 jobs to the state for a total of 192,100 Arizona jobs and nearly \$8 billion in compensation for these workers.

The Ripple Effect

Hospital expansion creates a ripple effect that stretches far beyond new jobs for healthcare professionals. These economic ripples—called the “multiplier effect” by economists—reveal that Arizona's hospitals generate economic waves that

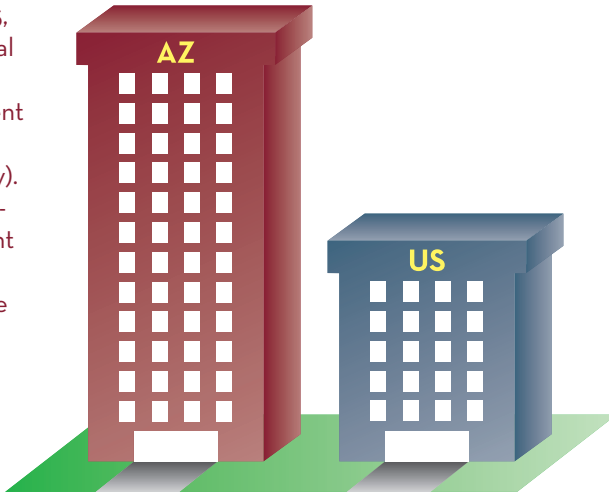
positively impact families, communities and the state. Consider these facts:

- Every dollar paid to a hospital employee results in 97 cents of compensation to workers in other Arizona industries. In addition, each dollar paid by hospitals to their employees results in \$2.75 in economic activity for the state for a total of \$11.5 billion.
- Hospitals are responsible for an additional 81,400 jobs in the state through economic impact that can be indirectly traced to hospital operations.
- Hospital employees and employees of hospital suppliers generate consumer demand across multiple industries, especially government services, retail trade, healthcare, lodging and food.³

Direct Effect
73,300 Arizona Hospital Employees
Ripple Effect
81,400 Additional Jobs Due to the Goods & Services Purchased by Hospital Employees & 37,400 Jobs Generated by Hospital Purchases
Total Effect
192,100 Arizona Jobs Generated by Hospitals, \$7.9 Billion in Compensation to Hospital Employees and Their Suppliers & \$11.5 Billion Contributed by Hospitals to Arizona's Economy (gross state product)



From 1990-2005, Arizona's hospital employment soared 46 percent (average of 2.6 percent annually). Nationwide, hospital employment increased 24 percent (average of 1.4 percent annually) during that same time.



Hospital Construction: Building Health, Building Jobs

To respond to the growing healthcare needs in their communities, Arizona's hospitals will invest \$3.3 billion to construct new facilities and expand existing structures in Arizona from 2007-11. This surge in hospital construction activity will result in nearly 2,900 new inpatient hospital beds, a 20 percent increase in hospitals' current inpatient bed capacity.

Hospital construction doesn't just create more healthcare capacity, it also provides jobs that support families and invigorate the state's economy. From 2007-11, hospital construction in Arizona will:

- put people to work by creating 14,900 Arizona jobs each year;
- boost the economy and bolster family finances through \$2.6 billion in total compensation from 2007-11; and
- enhance the state's economy by infusing \$4.1 billion into Arizona's economy (gross state product).

Year to year from 2007-11, hospital construction in Arizona will support jobs with an average annual total payroll of \$520 million and a yearly contribution of \$822 million to the state's overall economy (gross state product). The construction boom is a win-win, both for Arizona's patients, who will benefit from the nearly 2,900 new hospital beds that will open by 2011, and for Arizona's economy, because the construction means additional jobs.

Prior to this year, Arizona's hospitals have invested nearly \$1.3 billion in new hospital construction and expansion projects since 2000. This building boom has added 1,300 inpatient beds to the state. From 2000-06 construction and expansion of Arizona hospitals:

- created more than 4,440 Arizona jobs each year;
- produced total payroll of \$1.1 billion; and
- infused \$1.7 billion into Arizona's economy (gross state product).

Arizona's Economic Future

Arizona's hospitals are economic catalysts. They provide their communities an ever-growing source of stable, well-paying jobs that stimulate the state's business environment. For example, the average annual compensation of Arizona workers is \$46,200. But Arizona hospital employees earn an average of \$54,400 annually. And high-paying jobs are only one facet.

Looking to the future, Arizona's emerging biosciences industry will be anchored on the health sciences researched in laboratories—including

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MAP KEY

- Average Hospital Employee Compensation
- Average Employee Compensation—All Arizona Industries
- Hospital Employment as % of County Employment

hospital-based facilities—taking tomorrow’s cures from the test tube to the operating room. For example, a Batelle Memorial research study commissioned by the Flinn Foundation found that hospital-based research in Arizona boasts top-tier expertise in cancer, neurology, diabetes and infectious diseases. Arizona hospitals are helping to deliver dramatic improvements in healthcare for Arizona residents, and the potential to enhance the quality of life for all Americans.

Bottom line: where both health and wealth are concerned, hospitals are good for their communities and good for the state.

Contact:

Bridget O’Gara
Arizona Hospital and Healthcare Association
Vice President of Communications
602-445-4300, ext. 4318
bogara@azhha.org

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- 1 U.S. Census Bureau.
- 2 Henry J. Kaiser Family Foundation, *State Health Facts*, 2007
- 3 *The Economic Impact of Arizona’s Hospitals on the State & Its Counties*, 2007. Unless otherwise stated, all statistics used come from this report, which was sponsored by AzHHA and conducted by the L. William Seidman Research Institute, W.P. Carey School of Business at Arizona State University.