

5-Minute Briefing . . .

*A periodic issues briefing on healthcare's hottest topics
from the New Jersey Hospital Association*

OCTOBER 2010

Hospitals' Economic Contributions

New Jersey's unemployment rate hovers around 10 percent but hospital jobs are holding steady, with hospitals employing nearly 145,000 individuals in full- and part-time positions in 2009, according to a new report from the New Jersey Hospital Association.

All told, New Jersey's 73 acute care hospitals provided 116,000 full-time jobs last year and 145,000 total jobs when including part-time positions. Those numbers are unchanged from 2008, despite a steep climb in the state's unemployment rate.

According to the U.S. Bureau of Labor Statistics, New Jersey's unemployment rate was 10.1 percent in July, the most recent data available. By comparison, New Jersey's unemployment rate stood at 9.9 percent in July 2009 and 5.8 percent in July 2008.

The numbers illustrate the importance of the state's hospitals to New Jersey's well-being – a role that extends far beyond healthcare services alone, said NJHA President and CEO Betsy Ryan.

"In these uncertain times, New Jersey's hospitals bring stability to thousands of New Jersey families – not only by delivering healthcare services 24/7, but also through jobs and employee health benefits," said Ryan. "They are key contributors to our state economy and to individual communities as well."

NJHA's 2010 *Economic Impact Report* is based on 2009 hospital cost reports filed with the State of New Jersey. The report shows that New Jersey's acute care hospitals delivered:

- \$18.6 billion in total expenditures that help fuel the New Jersey economy. That number represents an increase of about \$600 million over 2008.
- Total employee wages of about \$7.6 billion, an increase compared with \$7.4 billion in 2008.
- \$2.3 billion in services purchased from other businesses. That figure, which remains steady with 2008, includes \$1.1 billion in contracted labor, \$787 million in pharmaceuticals, \$124 million in dietary, laundry and house-keeping supplies, \$18 million in building supplies and \$308 million in utilities.
- \$419 million in state income taxes paid by hospital employees, an increase of about \$8 million.

NJHA's report tallies statistics on a statewide basis, on a county basis and for individual hospitals. The full report is available on the NJHA Web site at http://www.njha.com/healthco/Pdf/2010_Economic_Impact_Report_Bookmarked.pdf.

Beyond economic contributions, the report examines the latest data on hospitals' role as safety net providers for New Jerseyans without health insurance. This year's report shows that the state's hospitals provided healthcare services to uninsured patients on 2.8 million occasions in 2009, at a cost of about \$1.4 billion.

"Hospitals are not recession-proof. They face the same economic pressures as other employers, and we have seen scattered job losses at hospitals across the state," said Sean Hopkins, NJHA's senior vice president of health economics. "However, this new report reaffirms that hospitals remain a stalwart of jobs and economic activity for our state."

MICRO-UPDATE

- *In a shaky economy, N.J. hospitals are a dependable source of jobs and other economic benefits.*
- *N.J. hospitals provided 145,000 jobs and \$18.6 billion in total expenditures last year.*
- *Hospitals also contributed \$7.6 billion in employee wages, which resulted in \$419 million in state income taxes.*

NJHA is an education and information resource for New Jersey's elected leaders. For more information on this briefing or other healthcare issues, contact NJHA's Randy Minniear at 609-275-4119 or Jessica Cohen at 609-275-4192.