

Summary of the Economic Impacts of Baptist Memorial Hospital-Collierville

Baptist Memorial Hospital-Collierville (BMHC) was built in 1999, contains 81 licensed beds, and has approximately 305 full-time equivalent employees. In fiscal year 2012 (FY2012), the hospital recorded 17,751 emergency room visits, 2,819 surgeries, 2,451 discharges, and had an average daily census of 27. The Collierville hospital provides a variety of services including 24-hour emergency room service, inpatient/outpatient surgery and rehabilitation services, MRI, and a sleep disorder center. The facility also provides several special services such as an outdoor walking trail, a wellness center, and a women’s center.

The economic impacts described in this report were derived from BMHC’s total net revenues from direct operations during FY2012 using the IMPLAN[®] statistical model.¹ In the course of normal operations, BMHC spends these revenues on a wide variety of goods and services, including medical supplies, wages and benefits, contract labor, repairs and maintenance, food services, and non-medical supplies and services. Subsequently, both BMHC employees and employees and owners of BMHC suppliers spend incomes derived via business or employment with BMHC across all spectrums of the local economy.

Summary

In FY2012, BMHC had total operating revenues of \$50.7 million as a result of providing acute hospital care services to the area’s citizens. As shown in Table 1, this resulted in a total production of goods and services (output) value of nearly \$93.6 million; total salaries, wages, and benefits of \$40.7 million; 724 full- and part-time jobs; and state and local taxes of \$3.1 million.

Table 1. Total Impacts of Baptist Memorial Hospital-Collierville, FY2012

Output (Value of Goods and Services)	\$93,599,732
Labor Income (Salaries, Wages, and Benefits)	\$40,723,903
Employment (Jobs, Full- and Part-Time)	724
State and Local Taxes	\$ 3,147,888

¹For more information on IMPLAN[®], see <http://implan.com/V4/Index.php>.

Table 2 presents a list of the top ten industries impacted by Baptist Memorial Hospital-Collierville, ranked by employment. Obviously, the hospital industry is the industry that benefited the most, but other industries also benefited from BMHC's normal operations in FY2012. This occurred as BMHC, contractors, and employees bought supplies and spent their earnings throughout the local area as a result of the hospital's normal operations.

Table 2. Top Ten Industries Affected by Baptist Memorial Hospital-Collierville, Ranked by Employment, FY2012

Description	Employment	Labor Income	Output
Private hospitals	391	\$26,393,462	\$52,454,572
Real estate establishments	46	878,845	7,039,538
Employment services	33	907,461	1,262,722
Food services and drinking places	29	642,739	1,665,551
Medical and diagnostic labs and outpatient and other ambulatory care services	13	727,960	1,620,369
Wholesale trade businesses	11	797,485	1,931,677
Offices of physicians, dentists, and other health practitioners	11	908,416	1,413,496
Services to buildings and dwellings	9	294,299	590,793
Securities, commodity contracts, investments, and related activities	8	808,590	1,695,748
Retail stores - General merchandise	8	198,724	450,005

Further Explanation

1. Output Impact (Value of Goods and Services Produced)

Result: A total impact on the local area of \$93.6 million in goods and services produced as a result of the provision of \$50.7 million in services as part of the hospital's normal operations in FY2012.

Table 3. Output Impact of Baptist Memorial Hospital-Collierville, FY2012

Direct Impact	\$50,740,468
Indirect Impact	18,693,648
Induced Impact	24,165,616
Total Impact	\$93,599,732

Note: Numbers may not add due to rounding differences.

- **Direct Output Impact:** The direct output impact of BMHC expenditures is simply the total dollar amount of \$50.7 million spent by BMHC during FY2012. These expenditures include all operating costs, wages, fees, etc., paid by BMHC.

- **Indirect Output Impact:** The indirect output impact of \$18.7 million can be described as subsequent purchases made (or wages paid) by businesses using monies earned by supplying goods or services to BMHC. For example, assume that BMHC purchases \$5,000 worth of supplies from a local office supply company. Part of that \$5,000 would then be spent by the office supply company on rent, and part of it would be spent to pay employee wages. As a result, the money is recirculated into the local economy.
- **Induced Output Impact:** Monies spent by BMHC also result in personal income for a variety of people through both direct and indirect means. That personal income is then spent by the individuals themselves in whatever manner they see fit. The \$24.2 million of output generated from this spending is considered to be an induced output impact.
- **Total Output Impact:** The \$93.6 million total output impact is the sum of the direct, indirect, and induced output impacts.

2. Labor Income Impact (Salaries, Wages, and Benefits)

Result: Total local area labor income of over \$40.7 million.

Table 4. Labor Income Impact of Baptist Memorial Hospital-Collierville, FY2012

Direct Impact	\$25,530,980
Indirect Impact	6,600,220
Induced Impact	8,592,703
Total Impact	\$40,723,903

Note: Numbers may not add due to rounding differences.

- **Direct Income Impact:** The statistical model estimates that \$25.5 million of the original \$50.7 million in total direct expenditures was paid directly (as salaries, wages, and benefits) to employees (nurses, case managers, administrators, etc.) of BMHC. Note that actual hospital labor expenditures may differ.
- **Indirect Income Impact:** This represents the additional income of \$6.6 million earned by employees of businesses that provide goods and services to BMHC (for example, wages paid to local food supply service workers).
- **Induced Income Impact:** Direct and indirect income earners will spend some of this additional income for personal consumption. The \$8.6 million in income generated

from this spending is considered to be induced income. For example, a BMHC employee pays a mechanic to fix her car, or a food service employee spends some of his wages at a local restaurant. The additional incomes of the mechanic and of the restaurant workers generated by these events are considered to be induced by the original expenditure of BMHC.

- **Total Income Impact:** Total income of \$40.7 million is the sum of the direct, indirect, and induced income impacts.

3. Employment Impact

Result: A cumulative effect on 724 jobs.

This effect accounts for both full- and part-time workers and is measured in annual average jobs.

4. Tax Revenue Impact

Result: Total local and state tax revenues of \$3.1 million.

These are taxes and other government revenues generated by the earnings of businesses supplying BMHC, employee income, and employee expenditures of both hospital suppliers and the hospital as well. As shown in Table 5, state and local taxes and revenues generated include everything from corporate and personal income taxes to property taxes to hunting and fishing licenses purchased.

Table 5. Baptist Memorial Hospital-Collierville Tax Impact, FY2012

	Total
Corporate Profits Tax	\$ 4,831
Dividends	14,682
Indirect Business Tax: Motor Vehicle Licenses	26,028
Indirect Business Tax: Other Taxes	1,611,464
Indirect Business Tax: Property Tax	724,071
Indirect Business Tax: State and Local Non Taxes	24,786
Indirect Business Tax: Sales Tax	6,837
Indirect Business Tax: Severance Tax	202,467
Personal Tax: Income Tax	93,418
Personal Tax: Motor Vehicle Licenses	124,903
Personal Tax: Non Taxes (Fines, Fees)	127,497
Personal Tax: Other Tax (Fishing, Hunting Licenses)	113,330
Personal Tax: Property Taxes	39,367
Social Insurance Tax: Employee Contribution	12,951
Social Insurance Tax: Employer Contribution	21,257
Total State and Local Taxes	\$3,147,888