

## Summary of the Economic Impacts of Baptist Memorial Hospital-Tipton County

Baptist Memorial Hospital-Tipton (BMHT), located in Covington, Tennessee, was founded in 1963 and became affiliated with the Baptist system in 1981. The hospital has approximately 210 full-time equivalent employees and 100 licensed beds. In fiscal year 2012 (FY2012), the hospital recorded 21,693 emergency room visits, 448 births, 1,171 surgeries, and 1,434 discharges. The hospital's average daily census for FY2012 was 12.

The Tipton County hospital provides a full range of services including coronary intensive care, geriatric acute care, neonatal acute care, obstetrical care, and pediatric care. It also provides the community with emergency services, including emergency room and trauma treatment, and ancillary services such as a blood bank, labor and delivery room service, nuclear medicine, rehabilitation therapy, etc.

The economic impacts described in this report were derived from BMHT's total net revenues from direct operations during FY2012 using the IMPLAN<sup>®</sup> statistical model.<sup>1</sup> In the course of normal operations, BMHT 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 BMHT employees and employees and owners of BMHT suppliers spend incomes derived via business or employment with BMHT across all spectrums of the local economy.

### Summary

In FY2012, BMHT had total operating revenues of \$78.2 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 \$144.3 million; total salaries, wages, and benefits of \$62.8 million; 1,117 full- and part-time jobs; and state and local taxes of \$4.9 million.

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

Output (Value of Goods and Services)	\$144,284,978
Labor Income (Salaries, Wages, and Benefits)	\$ 62,776,327
Employment (Jobs, Full- and Part-Time)	1,117
State and Local Taxes	\$ 4,852,503

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

Table 2 presents a list of the top ten industries impacted by Baptist Memorial Hospital-Tipton, ranked by employment. Obviously, the hospital industry is the industry that benefited the most, but other industries also benefited from BMHT's normal operations in FY2012. This occurred as BMHT, 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-Tipton, Ranked by Employment, FY2012**

Description	Employment	Labor Income	Output
Private hospitals	602	\$40,685,801	\$80,859,278
Real estate establishments	72	1,354,749	10,851,522
Employment services	50	1,398,861	1,946,500
Food services and drinking places	44	990,788	2,567,464
Medical and diagnostic labs and outpatient and other ambulatory care services	19	1,122,158	2,497,816
Wholesale trade businesses	18	1,229,331	2,977,701
Offices of physicians, dentists, and other health practitioners	16	1,400,333	2,178,919
Services to buildings and dwellings	14	453,665	910,714
Securities, commodity contracts, investments, and related activities	12	1,246,451	2,614,014
Retail stores - General merchandise	12	306,336	693,687

### Further Explanation

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

Result: A total impact on the local area of \$144.3 million in goods and services produced as a result of the provision of \$78.2 million in services as part of the hospital's normal operations in FY2012.

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

Direct Impact	\$ 78,216,969
Indirect Impact	28,816,456
Induced Impact	37,251,553
<b>Total Impact</b>	<b>\$144,284,978</b>

Note: Numbers may not add due to rounding differences.

- **Direct Output Impact:** The direct output impact of BMHT expenditures is simply the total dollar amount of \$78.2 million spent by BMHT during FY2012. These expenditures include all operating costs, wages, fees, etc., paid by BMHT.
- **Indirect Output Impact:** The indirect output impact of \$28.8 million can be described as subsequent purchases made (or wages paid) by businesses using monies earned by supplying goods or services to BMHT. For example, assume that BMHT 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 BMHT 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 \$37.3 million of output generated from this spending is considered to be an induced output impact.
- **Total Output Impact:** The \$144.3 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 almost \$62.8 million.

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

Direct Impact	\$39,356,275
Indirect Impact	10,174,310
Induced Impact	13,245,742
<b>Total Impact</b>	<b>\$62,776,327</b>

Note: Numbers may not add due to rounding differences.

- **Direct Income Impact:** The statistical model estimates that \$39.4 million of the original \$78.2 million in total direct expenditures was paid directly (as salaries, wages, and benefits) to employees (nurses, case managers, administrators, etc.) of BMHT. Note that actual hospital labor expenditures may differ.

- **Indirect Income Impact:** This represents the additional income of \$10.2 million earned by employees of businesses that provide goods and services to BMHT (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 \$13.2 million in income generated from this spending is considered to be induced income. For example, a BMHT 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 BMHT.
- **Total Income Impact:** Total income of \$62.8 million is the sum of the direct, indirect, and induced income impacts.

### **3. Employment Impact**

Result: A cumulative effect on 1,117 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 \$4.9 million.

These are taxes and other government revenues generated by the earnings of businesses supplying BMHT, 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-Tipton Tax Impact, FY2012**

	<b>Total</b>
Corporate Profits Tax	\$ 7,446
Dividends	22,633
Indirect Business Tax: Motor Vehicle Licenses	40,122
Indirect Business Tax: Other Taxes	2,484,088
Indirect Business Tax: Property Tax	1,116,163
Indirect Business Tax: State and Local Non Taxes	38,208
Indirect Business Tax: Sales Tax	10,540
Indirect Business Tax: Severance Tax	312,105
Personal Tax: Income Tax	144,005
Personal Tax: Motor Vehicle Licenses	192,539
Personal Tax: Non Taxes (Fines, Fees)	196,537
Personal Tax: Other Tax (Fishing, Hunting Licenses)	174,700
Personal Tax: Property Taxes	60,684
Social Insurance Tax: Employee Contribution	19,965
Social Insurance Tax: Employer Contribution	32,768
<b>Total State and Local Taxes</b>	<b>\$4,852,503</b>