

# ECONOMIC IMPACT REPORT





**HOSPITALS ARE ECONOMIC ENGINES IN OUR COMMUNITIES PROVIDING ESSENTIAL SERVICES AND CONTRIBUTING TO STATE AND LOCAL ECONOMIES.**

Since early 2020, hospitals and health systems have been at the center of Connecticut’s response to the COVID-19 public health emergency, acting as a vital partner with the state and our communities. Today, as the healthcare environment evolves, one thing remains certain: hospital doors are always open, the lights are always on, and caregivers are always ready to heal. In 2022, Connecticut hospitals and health systems treated nearly 1.5 million patients in Emergency Departments, welcomed more than 35,000 babies into the world, and provided care for more than 336,000 admitted patients, accounting for more than 1.9 million days of inpatient care. But our contributions to our communities extend far beyond great care and critical health services.

Connecticut hospitals and health systems provide valuable resources in the communities we serve, and help our state’s economy prosper and thrive. Hospitals and health systems generate \$38.7 billion for the state’s economy and drive growth in the health, medical, and research fields, and other areas. Hospitals and health systems continue to be among the largest employers in communities served, providing high-quality medical and surgical services, with highly expert staff, to all patients regardless of their ability to pay. Hospitals and health systems contribute to the quality of life in Connecticut, with low- and no-cost health education and wellness programming, and participate in groundbreaking research trials that develop new therapies.

**HOSPITALS AND HEALTH SYSTEMS  
 FY 2022 ECONOMIC IMPACT**



**JOBS:**  
**119,421** employed  
 Payroll: **\$10.3 BILLION**

**125,464** “ripple effect” jobs  
 Payroll: **\$10.2 BILLION**

**TOTAL JOBS:**  
**244,885**

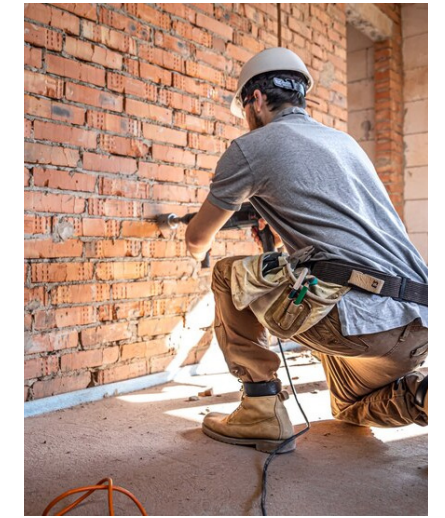
**TOTAL PAYROLL:**  
**\$20.5 BILLION**

**HEALTHCARE SPENDING:**

**\$8.5 BILLION** spent on goods and services

**\$8.3 BILLION** created in “ripple effect” spending

**TOTAL IMPACT of hospital spending:**  
**\$16.8 BILLION**



**CAPITAL IMPROVEMENTS:**

**\$707 MILLION** spent on buildings and equipment

**\$695 MILLION** additional economic activity generated

**TOTAL IMPACT of spending on capital improvements:**  
**\$1.4 BILLION**

**TOTAL ECONOMIC IMPACT: \$38.7 BILLION**

Spurred by the stark disparities in health and access to care laid bare by COVID-19, hospitals and health systems are increasing efforts, alongside community partners, to reach out and serve the core needs of individuals and communities — with the goal of promoting equitable economic opportunity, and with it the equity of health and well-being among residents of our state. This tireless commitment to the COVID-19 response confirms the value of strong hospitals in Connecticut’s public health infrastructure and the well-being of communities, and reinforces the need for a strong partnership between the state and hospitals.

**244,885 jobs can be traced either directly or indirectly to Connecticut hospitals and health systems.**

NOTE: The hospital and health system economic analysis is based on statewide multipliers from the Regional Input-Output Modeling System (RIMS II), developed by the Bureau of Economic Analysis of the U.S. Department of Commerce. It uses data from each hospital and health system’s FY 2022 audited financial statements. RIMS II provides an accounting of “inputs” purchased and “outputs” sold by an industry in the state. The spending of one industry will have ripple influence throughout a state’s economy – this is known as the multiplier effect. RIMS II regional multipliers measure both the direct and indirect impact on the state economy from a specific industry. The total number of jobs is based on individuals employed by Connecticut’s hospitals and health systems, as recorded through IRS Form W-3.



### Major Employer

In a time of great challenge, hospitals continued to provide well-paying jobs to more than 119,000 people in 2022, with a total annual payroll of \$10.3 billion. And for every hospital job, another is generated outside the hospital. In total, Connecticut’s hospitals and health systems generated nearly 245,000 jobs inside and outside hospitals in our state in 2022, for a total payroll of \$20.5 billion.



### Sustaining our Communities

The financial impact of Connecticut’s hospitals and health systems is far reaching. In 2022, hospitals and health systems spent \$707 million on buildings and capital equipment, which created an additional \$695 million in economic activity. This capital investment produced a total of \$1.4 billion in economic activity for the state. Through capital investments, hospitals and health systems advance the development of new healthcare-related businesses and contribute to retail stores, banks, and other establishments frequented by employees, patients and families, as well as vendors and suppliers.

### A Purchaser of Goods and Services

Hospitals and health systems are also substantial consumers of goods and services required to provide excellent care. In 2022, Connecticut hospitals spent more than \$8.5 billion on medical equipment and supplies, including unbudgeted and unavoidable COVID-19-related expenses, and other operating expenses such as electricity for buildings — a significant contribution to the state’s economy. These expenditures further rippled out into the community, generating estimated additional economic activity of \$8.3 billion, for a total impact of \$16.8 billion.



## THE FUTURE OF CONNECTICUT'S HOSPITALS AND HEALTH SYSTEMS

Over the last few years, hospitals have faced unprecedented public health challenges, record-breaking inflation, and a critical workforce shortage – all factors that are taxing healthcare teams and testing hospitals' agility. Connecticut hospitals and health systems remain committed to making sure patients receive equitable care, experience compassionate and empathetic treatment, and have access to high-quality care in convenient, accessible locations. In addition, hospitals are at the forefront of

## KEY ISSUES

### Workforce Development, Recruitment, and Retention

Like most of the nation, Connecticut is experiencing a critical healthcare workforce shortage. We must take action to both retain the talent we have, and grow it for the future. Workforce shortages, which come in the wake of pandemic-related demands and as the workforce ages to retirement, are felt across the entire continuum of care. The breadth of need requires collaboration across sectors, industries, and state partnership. Hospitals are creating new ways to keep their employees healthy and resilient, encouraging personal time off, supporting team dialogue around challenges and stress, investing in education and career advancement, focusing on appreciation, and advancing ongoing efforts to maintain safe environments for staff, visitors, and patients alike. To support patient care and the workforce, hospitals have invested significant financial resources to growing labor costs, which has added to considerable financial strain in the industry. To continue to support these growing labor-related costs, hospitals will require financial assistance from the state and federal governments.

### Financial Challenges

Connecticut hospitals continue to face significant economic headwinds that threaten their financial health and

supporting innovative community-based efforts to address the root causes of poor health and health inequities – social influencers like housing and food insecurity, environmental risks, and financial insecurity caused by unemployment and educational needs. To continue delivering exceptional, accessible care, Connecticut hospitals and health systems require support and collaboration from government and many other sectors. The financial health of Connecticut's hospitals and health systems is closely tied to that of the communities, families, and individuals hospitals serve. As an integral part of those communities, hospitals will continue to help forge the path to better healthcare and better health in 2024 and in the years and generations to come.

sustainability. The Office of Health Strategy (OHS) reports hospital expenses, climbing by \$3.3 billion since before the pandemic, and revenues are not keeping pace, leading to a negative statewide hospital operating margin of -1.3% in fiscal year 2022. The rising costs of drugs, contract labor, and salaries and wages for medical personnel are driving the growth in expenses. At the same time hospitals are facing significant workforce shortages, caring for patients with more severe health needs than they saw before the pandemic, and spending more on uncompensated care fueled by insufficient Medicaid and Medicare reimbursements. According to OHS, Medicare reimbursements in the state averaged only 74 cents on the dollar, and Medicaid reimbursed only 62 cents on the dollar in FY 2022. Hospitals also face significant challenges when commercial insurers and Medicare Advantage payers delay, withhold, or deny payment for necessary services or impose needless and costly administrative requirements. Policy proposals that would reduce payments to hospitals or impose greater regulatory burdens will only worsen these challenges and make it more difficult to reduce costs and increase access.

### Regulatory Environment Impeding Care

Hospitals are continuously evolving how they deliver healthcare in order to meet patient demand for timely services in optimal settings. They are partnering with others to improve health equity in all our communities, and growing to meet the evolving demands of the people living in the communities they

serve. Connecticut's process for regulating service delivery changes – called the Certificate of Need (CON) process – has not kept pace with the transformation in healthcare. Delays and excessive administrative burden and bureaucracy in the current CON process create barriers to healthcare access and affordability and hamper jobs development and economic growth. Hospitals will pursue changes in the process to improve the system, put patients first, and achieve our shared goal to improve access to high-quality healthcare and grow the state's economy.

### Hospital Settlement

Historically, federal and state governments have treated hospitals as tax exempt entities, recognizing the significant impact of the role they play in strengthening the health and well-being of the communities they serve. While most hospitals in Connecticut are not-for-profit and exempt from corporate, sales and use, and property taxes, they are one of the state's largest providers of tax revenue. In 2019, Governor Ned Lamont and the hospitals announced a historic settlement of a longstanding dispute around the hospital tax. The settlement covers seven years, through 2026, gradually reducing the tax burden on hospitals, while preserving revenue gains for the state. In accordance with the settlement, hospitals received the third year of tax burden reduction in 2022, while providing more than \$581 million in revenue gain for the state.

### Community Health Investment

Hospitals are working to partner with their communities to develop opportunities to drive regional transformative change in community health, care delivery, and health equity. Poor nutrition, air quality, living conditions, diaper insecurity, and lack of economic stability and mobility contribute to chronic disease and increased need for medical care. Connecticut has among the nation's greatest disparities in wealth, particularly in economically marginalized communities, which are often disproportionately communities of color. These wealth disparities contribute to longstanding health disparities that became starkly visible during the pandemic. Hospitals have renewed their focus on solutions that will afford meaningful opportunities for these communities to prosper. To further these efforts, Connecticut hospitals are interested in building partnerships with their communities and with the state to reimagine how Medicaid can invest in this work.

### Behavioral Health

The growing demand for mental health and substance use services among people of all ages, coupled with a precipitous drop in the number of people working in behavioral health, has caused an ongoing crisis in timely access to care. Hospitals are working to address this growing demand for services. We must build on legislative efforts to meet current needs and make system improvements, including establishing permanent Medicaid payments for new initiatives such as children's behavioral health urgent crisis centers (BHUCCs), statewide emergency mobile psychiatric services, and community-based and school-based services, implementing permanent Medicaid payments for care coordination such as Collaborative Care Model (CCM) services, supporting the implementation of integrated care models such as Community Care Teams (CCTs), increasing Medicaid rates for partial hospitalization programs (PHP), intensive outpatient services (IOP), and in-home psychiatric care programs, and expanding the BHUCC model and mobile crisis services to cover peak demand times, to meet the needs of child, adolescent, and adult patients.

### Affordability and Price Transparency

Connecticut hospitals and health systems are committed to reducing costs and making sure healthcare is affordable and accessible to everyone. Hospitals have been active participants in the implementation of the Healthcare Cost Growth Benchmark – if properly implemented, it can be a tool in measuring and controlling healthcare spending across the healthcare delivery system. However, its implementation must be based on sound and accurate data and should focus on the entirety of the healthcare spending landscape, including factors such as chronic underpayment by the state Medicaid program. Patients need information about their healthcare to make informed choices and to know what to expect. Hospitals strive to offer clear and meaningful pricing information meeting and exceeding federal pricing transparency requirements and work directly with patients to avoid unanticipated patient costs. Connecticut also leads the nation in financial assistance programs and protections against medical debt. Local hospitals work hard to make sure patients know about their financial assistance policies – including that help is available for underinsured individuals facing astronomical deductibles. They also connect uninsured patients to coverage and advocate for policies to prevent medical debt in the first place.

# CONNECTICUT HOSPITAL ASSOCIATION ADVOCACY PRIORITIES

## PUTTING PATIENTS AND COMMUNITIES FIRST

### ENSURE THE VIABILITY OF THE HEALTHCARE SYSTEM



Pursue initiatives that support patient access, ensure the viability and evolution of the healthcare system, and slow total healthcare spending. Expand affordable coverage and access to care, ensure a sustainable payment system, including fair Medicaid payment, and eliminate inefficient, burdensome payer practices that harm patients and delay care.

### SUPPORT AND GROW THE HEALTHCARE WORKFORCE



Focus on retaining and growing a skilled, diverse, resilient workforce, and support innovative care models to meet the patient needs of today and tomorrow.

### PROVIDE HOSPITALS WITH THE TOOLS TO PREPARE FOR THE FUTURE



Secure financial support for hospitals to address financial, workforce, and inflationary stresses. Ensure hospitals have the regulatory flexibility to meet the current and future health needs of Connecticut residents, with a focus on the Certificate of Need program and making telehealth flexibilities permanent.

### IMPROVE THE HEALTH OF OUR COMMUNITIES



Partner with others to improve community health, advance health equity, stabilize and strengthen our behavioral health system, promote public health infrastructure, and focus on quality to improve health outcomes.

### About the Connecticut Hospital Association

The Connecticut Hospital Association has been dedicated to serving Connecticut's hospitals and health systems since 1919. Through state and federal advocacy, CHA represents the interests of Connecticut's hospitals on key healthcare issues in the areas of quality and patient safety, access and coverage, workforce, community health, health equity, and hospital reimbursement.

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