

The Economic Impact of Louisiana's Community Health Centers

Louisiana PCA

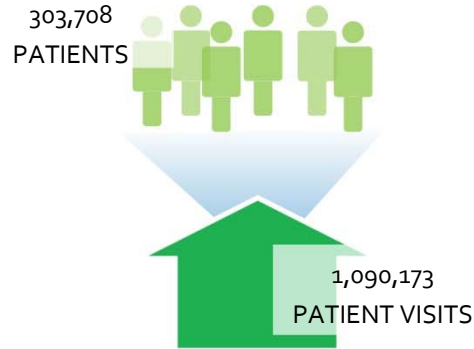
Economic Impact

COMMUNITY IMPACT

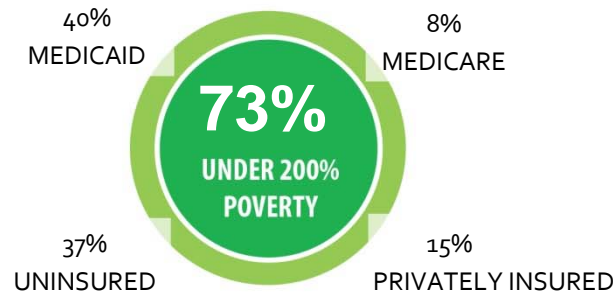
For nearly 50 years, U.S. health centers have delivered comprehensive, high-quality preventive and primary health care to patients regardless of their ability to pay, becoming one of the largest safety net systems in the country.

Louisiana health centers have been no exception. In 2014, 26 Louisiana health centers provided care to many of the most underserved members of their communities through over 100 service delivery sites. In addition to providing quality care, Louisiana health centers generated positive economic impacts, including jobs, tax revenues and savings to the health care system.

Patients Served



Patient Profile

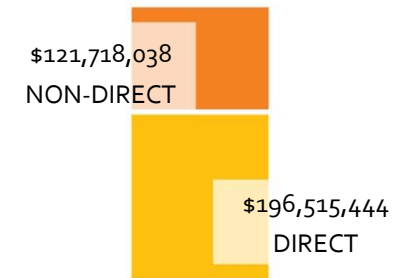


ECONOMIC IMPACT

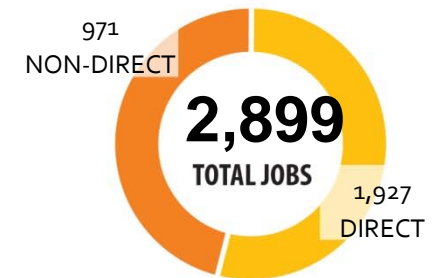
Total Economic Impact

\$318,233,482

ANNUALLY



Employment



Cost Savings

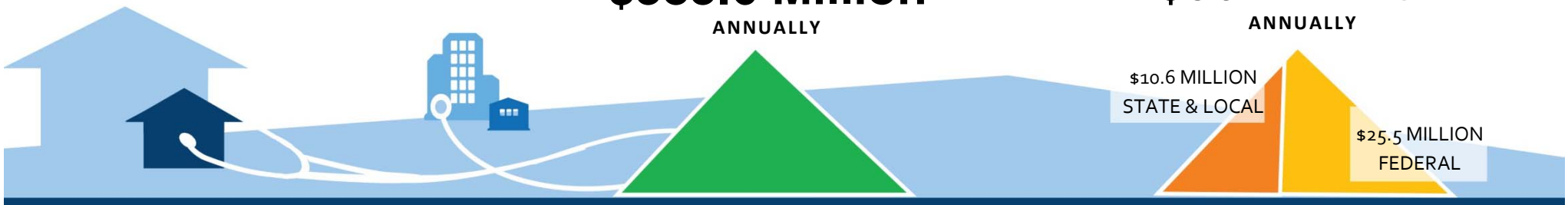
\$383.6 Million

ANNUALLY

Total Tax Revenue

\$36.1 Million

ANNUALLY



COMMUNITY IMPACT

Community health centers provide high quality, cost-effective, patient-centered care to vulnerable populations. Health centers serve 1 in 7 Medicaid beneficiaries, almost 1 in 3 individuals in poverty, and 1 in 5 low-income, uninsured persons. Nationally, two-thirds of health center patients are members of racial or ethnic minorities, which places health centers at the center of the national effort to reduce racial disparities in health care.¹

Recent studies show that, on average, each patient receiving care at a health center saved the health care system 24%, annually.⁴ With 303,708 patients served by community health centers in Louisiana State in 2014, the estimated annual savings is \$383.6 million at \$1,263 saved per patient.⁵

ECONOMIC IMPACT

As health centers expand, their expenditures and corresponding economic impact also grow. In 2014 alone, Louisiana health centers contributed about \$318.2 million dollars. The table to the right summarizes economic impact and employment.

The tax impacts of Louisiana health centers are divided into state/local governments and Federal government agencies.

Tax revenue is generated through employee compensation, proprietor income, indirect business taxes, households, and corporations based on the modeled impact.

Distribution of Population

	LPCA Population	National Population ^{2,3}
Under 100% Poverty	60%	53%
Under 200% Poverty	73%	68%
Uninsured	37%	28%
Medicaid	40%	46%
Medicare	8%	9%
Privately Insured	15%	16%

Summary of 2014 Total Economic Activity

Stimulated by 26 of Louisiana's Community Health Centers' Current Operations

	Economic Impact	Employment (# of FTEs*)
Direct	\$ 196,515,444	1,927
Indirect	\$ 38,260,448	312
Induced	\$ 83,457,590	659
Total	\$ 318,233,482	2,899

Direct # of FTEs (employment) based on HRSA 2014 UDS state level data for FQHCs.

Summary of Louisiana CHCs' 2014 Tax Revenue

	Federal	State/Local
Direct	\$17,097,554	\$3,581,234
Indirect	\$2,672,441	\$1,776,414
Induced	\$5,757,817	\$5,757,817
Total	\$25,527,812	\$10,604,876
Total Tax Impact	\$36,132,688	

*Full-time Equivalent (FTE) of 1.0 means that the person is equivalent to a full-time worker. In an organization that has a 40 hour work week, a person who works 20 hours per week (i.e. 50 percent time) is reported as "0.5 FTE." FTE is also based on the number of months the employee works. An employee who works full time for four months out of the year would be reported as "0.33 FTE" (4 months/12 months).

HOW ECONOMIC IMPACT IS MEASURED

Using IMPLAN, integrated economic modeling software, this analysis applies the “multiplier effect” to capture the direct, indirect, and induced economic effects of health center business operations and capital project plans. IMPLAN generates multipliers by geographic region and by industry combined with a county/state database. It is widely used by economists, state and city planners, universities and others to estimate the impact of projects and expenditures on the local economy. This analysis was conducted using **IMPLAN Version 3, Trade Flows Model**.

WHAT ARE DIRECT, INDIRECT AND INDUCED IMPACTS?

Direct impacts result from **health center expenditures associated with expanded operations, new facilities, and hiring.**

Indirect impacts result from **purchases of local goods and services, and jobs in other industries.**

Induced impacts result from **purchases of local goods and services at a household level made by employees of the health center and suppliers.**

A health center purchases medical devices from a local medical supply store.

The medical supply store purchases paper from an office supply store to print receipts and hires a local delivery service to transport the medical devices.

As local industries grow and household income increases, employees of the health center, medical supply store, office supply store, and delivery service spend their salaries in the community.



26 LOUISIANA COMMUNITY HEALTH CENTERS INCLUDED IN ANALYSIS

REFERENCES

1. NACHC, *A Sketch of Community Health Centers*, 2013. Includes patients of federally-funded health centers, non-federally funded health centers, and expected patient growth for 2013.
2. Based on Bureau of Primary Health Care, HRSA, DHHS, 2012 Uniform Data System. U.S.: Kaiser Family Foundation, State Health Facts Online, www.statehealthfacts.org. Based on Census Bureau's March 2012 and 2013 Current Population Survey (CPS: Annual Social and Economic Supplements).
3. Based on Centers for Medicare & Medicaid Services: www.cms.gov. Medicare Enrollment – All Beneficiaries: as of July 2012.
4. Richard et al. *Cost Savings Associated with the Use of Community Health Centers*. Journal of Ambulatory Care Management, Vol. 35, No. 1, pp. 50–59, January/March 2012.
5. Ku et al. *Strengthening Primary Care to Bend the Cost Curve: The Expansion of Community Health Centers Through Health Reform*. Geiger Gibson/RCHN. Community Health Foundation Research Collaborative. Policy Research Brief No. 19. June 30, 2010.

SOURCES

This report was created with FY14 financial data and 2014 UDS Files in cooperation with Louisiana PCA.

ABOUT CAPITAL LINK

Capital Link is a non-profit organization that has worked with hundreds of health centers and Primary Care Associations for over 15 years to plan capital projects, finance growth and identify ways to improve performance. We provide innovative consulting services and extensive technical assistance with the goal of supporting and expanding community-based health care. For more information, visit us online at www.caplink.org.