

## 2 Hospitals in the HASC Region

### Ongoing Operations

#### *Economic Activity*

Data compiled by the State of California Office of Statewide Health Planning and Development (OSHPD) provides insight into the capabilities and activity at reporting hospitals in the six-county area of the Hospital Association of Southern California. Summary data is shown in Exhibit 2-1. This data excludes several hospitals, such as Kaiser Foundation Hospitals, California State hospitals and hospitals focused on long-term care, and therefore underreports the number of beds, patient days, discharges and outpatient visits.

The 175 reporting hospitals of the HASC region reported 39,000 licensed beds and 37,020 available beds with an average occupancy rate of 64 percent. These hospitals provided almost 8.6 million inpatient days, with acute care accounting for more than 78 percent. The average length of stay for patients who stayed at least one night was 5.3 days.

Total discharges numbered almost 1.6 million (although some of these were inter-institutional transfers). There were more than 17.4 million outpatient visits to hospitals in the HASC region, of which almost one third were emergency room visits.

Hospital operations generate substantial revenues, employment and labor income. A summary of the activity of the reporting hospitals for 2010 is shown in Exhibit 2-2.

These hospitals received almost \$31 billion in net patient revenue and \$3 billion in other revenue. Together they spent more than \$18.5 billion in purchases, including services and supplies, much of which is spent within the region. In addition, over \$11.5 billion was paid in wages and salaries, and an additional \$4.6 billion in employee benefits. Moreover, \$800 million was paid to physicians and \$1.0 billion was paid for other professional services.

#### **Exhibit 2-1 Hospitals in the HASC Region (2010)**

Hospitals reporting <sup>1</sup>	175
<b>Beds:</b>	
Licensed	39,160
Available	37,030
<b>Occupancy Rates:</b>	
Licensed Beds	60.1%
Available Beds	63.6%
<b>Patients Days:</b>	
Acute Care	6,696,215
Psychiatric Care	838,427
Chemical Dependency	210,131
Rehabilitation	643,155
Long-term Care	193,395
Total	8,581,323
<b>Average Length of Stay</b>	5.3
<b>Discharges</b>	1,583,381
<b>Outpatient Visits:</b>	
Emergency Room	5,016,898
All Other Outpatients	12,401,864
Total	17,418,762

Source: California Office of Statewide Health Planning and Development  
<sup>1</sup> Excludes Kaiser Foundation hospitals, California State hospitals and hospitals of the Department of Veterans Affairs

#### **Exhibit 2-2 Economic Activity of Hospital Operations (2010)<sup>1</sup>**

	<b>\$ billions</b>
Net Patient Revenue	\$ 30.89
Other Operating Revenue	0.94
Non-Operating Revenue	1.80
<b>Purchases:</b>	
Supplies	4.93
Services	4.13
Leases and rentals	0.52
Other	4.08
Salaries and wages	11.53
Employee benefits	4.57
Physician professional fees	0.80
Other professional fees	0.98

Source: Office of Statewide Health Planning and Development  
<sup>1</sup> Excludes Kaiser Foundation hospitals, California State hospitals and hospitals of the Department of Veterans Affairs

### Economic and Fiscal Contribution

The total economic contribution of the hospital industry extends beyond the activity generated within the sector itself. Wages paid to the staff and payments made for purchases of goods and services circulate throughout the economy generating additional indirect and induced activity.

Using methodology described in the Appendix, we estimate that total industry revenues in 2010 were \$33.6 billion. Note that this is consistent with the reported revenues from OSHPD but that this may underestimate actual industry revenues.

The total economic contribution of the hospital industry in the HASC region in 2010, including direct, indirect and induced activity, is shown in Exhibit 2-3.

**Exhibit 2-3**  
**Economic and Fiscal Contribution of Hospital Industry (HASC Region, 2010)**

<b>Estimated Annual Revenue (\$ billions)</b>	<b>\$ 33.6</b>
<b>Total Economic Contribution:</b>	
Output (\$ billions)	\$ 74.4
Employment (jobs)	507,550
Labor income (\$ billions)	\$ 31.9
<b>Total Fiscal Contribution (\$ billions):</b>	
Income taxes (including profits taxes)	\$ 1.0
Sales taxes	1.0
Property taxes	1.1
Fees and fines	0.4
Social insurance	0.1
Other taxes	0.2
<b>Total *</b>	<b>\$ 3.8</b>

\* May not sum due to rounding  
 Source: Estimates by LAEDC

The hospital industry in the HASC region contributed \$74.4 billion in total economic output and supported 507,550 full- and part-time jobs with total labor income (including benefits) of \$31.9 billion. We estimate that the industry generated \$3.8 billion in state and local taxes through its contribution to economic activity in the region.

### Industry Sector Breakdown

The indirect and induced impacts spill across industries, as shown in Exhibit 2-4.

The largest employment impact of course occurs in the health care and social assistance sector, but many other industry sectors reap employment benefits as a result of the economic activity generated by the hospital industry. Those most affected include retail trade, administrative and waste management, finance and insurance, and real estate and rental services.

**Exhibit 2-4**  
**Economic Contribution by Industry Sector (HASC Region, 2010)**

Sector	Employment	Output (\$ millions)
Agriculture	664	\$ 89
Mining	485	122
Utilities	666	568
Construction	2,472	351
Manufacturing	8,619	4,349
Wholesale trade	7,379	1,280
Retail trade	34,114	2,564
Transportation and warehousing	7,684	948
Information	4,804	1,928
Finance and insurance	25,590	5,283
Real estate and rental	30,487	8,897
Professional, scientific and technical services	18,538	2,505
Management of companies	4,693	840
Administrative and waste management	35,103	1,903
Educational services	7,090	511
Health care and social assistance	260,748	37,781
Arts, entertainment and recreation	6,612	469
Accommodation and food services	24,639	1,520
Other services	22,297	1,590
All others	4,870	908
<b>Total *</b>	<b>507,550</b>	<b>\$ 74,405</b>

\* May not sum due to rounding  
 Source: Estimates by LAEDC

Virtually all industry sectors are impacted by the total economic contribution of the hospital industry. A description of the industry sectors is provided in the Appendix.

### *Occupational Analysis*

Of the jobs supported by the industry, almost one third is in healthcare practitioner and healthcare support occupations, with average annual wages of \$81,636 and \$29,441 respectively.

The occupational distribution of the total jobs is shown in Exhibit 2-5.

#### **Exhibit 2-5**

#### **Occupational Distribution of Total Employment Impact (HASC Region, 2010)**

<b>Occupational Description</b>	<b>Employment</b>	<b>Average Annual Wage</b>
Management	22,156	\$ 119,480
Business & financial operations	20,472	72,582
Computer & mathematical science	8,051	80,807
Architecture & engineering	2,412	87,504
Life, physical, & social science	3,056	70,189
Community & social services	9,457	51,316
Legal	2,629	124,318
Education, training, & library	6,947	59,897
Arts, design, entmt, sports, & media	4,463	70,263
Healthcare practitioners & tech	129,625	81,636
Healthcare support	37,268	29,441
Protective service	6,177	51,520
Food preparation & serving related	32,916	21,866
Building & grounds cleaning & maint	24,402	27,062
Personal care & service	12,027	26,201
Sales & related	36,370	38,593
Office & administrative support	94,012	36,963
Farming, fishing, & forestry	621	21,723
Construction & extraction	4,637	50,234
Installation, maintenance, & repair	16,109	47,004
Production	13,758	31,962
Transportation & material moving	19,979	32,731
<b>All</b>	<b>507,550</b>	<b>\$ 49,330</b>

\* May not sum due to rounding

Source: Estimates by LAEDC

While the industry has an impact on all industry sectors, the economic activity it supports throughout the region provides employment for a wide variety of occupations. The education and work experience requirements of each occupation are provided in the Appendix. ❖

## Hospital Construction Spending

### *Economic and Fiscal Impact*

In addition to ongoing, regular and recurring operations, the hospital industry continues to invest in construction projects at existing and new facilities, and carry out retrofits motivated by regulatory mandates. This investment generates significant economic activity.

Our estimates for construction spending in 2010 were obtained from OSHPD using the change in percentage of completion of active projects during the year.

The total economic impact of construction spending by the hospital industry in the HASC region in 2010, including direct, indirect and induced activity, is shown in Exhibit 2-6.

**Exhibit 2-6  
Economic and Fiscal Impact of Hospital Industry Construction Spending (HASC Region, 2010)**

<b>Estimated Construction Spending (\$ millions)</b>	<b>\$ 1,114.0</b>
<b>Total Economic Impact:</b>	
Output (\$ millions)	\$ 2,380.9
Employment (jobs)	15,470
Labor income (\$ millions)	\$ 907.5
<b>Total Fiscal Impact (\$ millions):</b>	
Income taxes (including profits taxes)	\$ 30.4
Sales taxes	24.6
Property taxes	27.2
Fees and fines	10.8
Social insurance	3.4
Other taxes	4.8
<b>Total *</b>	<b>\$ 101.2</b>

\* May not sum due to rounding  
Source: Estimates by LAEDC

Construction spending by the hospital industry in the HASC region in 2010 generated \$2.4 billion in total economic output and supported 15,470 full- and part-time jobs with total labor income (including benefits) of \$907.5 million. We estimate that this spending generated \$101 million in state and local taxes through its contribution to economic activity in the region.

### *Industry Sector Breakdown*

The indirect and induced impacts spill across industries, as shown in Exhibit 2-7. Most of these impacts will of course occur in the construction sector, but other sectors affected include retail trade, professional, scientific and technical services, and health care and social assistance.

**Exhibit 2-7  
Impact of Construction Spending by Industry Sector (HASC Region, 2010)**

<b>Sector</b>	<b>Employment</b>	<b>Output (\$ millions)</b>
Agriculture	20	\$ 3
Mining	28	7
Utilities	17	15
Construction	7,182	1,124
Manufacturing	774	249
Wholesale trade	309	54
Retail trade	1,009	76
Transportation and warehousing	281	37
Information	148	62
Finance and insurance	706	150
Real estate and rental	414	176
Professional, scientific and technical services	1,056	145
Management of companies	67	12
Administrative and waste management	604	37
Educational services	203	14
Health care and social assistance	1,002	99
Arts, entertainment and recreation	201	14
Accommodation and food services	709	44
Other services	647	47
All others	98	19
<b>Total *</b>	<b>15,470</b>	<b>\$ 2,381</b>

\* May not sum due to rounding  
Source: Estimates by LAEDC

As seen with the economic impact of ongoing operations, almost all industry sectors are impacted by the total economic activity generated by the construction spending of the hospital industry. A description of the industry sectors is provided in the Appendix. ❖