



Metropolitan Chicago Healthcare Council

The Value of Caring: The Economic Impact of Chicago's Hospitals on the Metropolitan Chicago Area

Fact Sheet

The Metropolitan Chicago Healthcare Council (MCHC) recently commissioned an economic impact study, *The Value of Caring: The Economic Impact of Chicago's Hospitals on the Metropolitan Chicago Area*, to explore health care sector vitality and economic contributions in Metropolitan Chicago.

Gerald Doeksen, Ph.D., Regents Professor and Economist at Oklahoma State University, is a recognized authority on economic impact analysis and the study author. Doeksen concluded that metropolitan Chicago hospitals help drive the local economy and are key partners in the communities in which they exist.

Profile of Metropolitan Chicago Region Hospitals

- The Metropolitan Chicago region comprises seven counties in northern Illinois: Cook, DuPage, Kane, Kankakee, Lake, McHenry, and Will.
- There are 99 hospitals in the metropolitan Chicago seven-county region. By region: Cook (74), DuPage (9), Kane (4), Kankakee (2), Lake (5), McHenry (3), Will (2).
- Selected statistics:
 - Total Number of Hospital Beds* 24,839
 - Occupancy Rate** 70.8%
 - Births 127,685
 - Total Inpatient Admissions 1,134,635
 - Total Inpatient Surgical Operations 278,887
 - Total Inpatient Days 6,414,896
 - Average Length of Stay*** 5.65 days
 - Total Number of Outpatient Visits 17,930,718
 - Total Emergency Room Visits 3,075,790
 - Total Outpatient Surgical Operations 420,106

* 99 hospitals in Cook, DuPage, Kane, Kankakee, Lake, McHenry and Will Counties.

** Occupancy calculated by dividing average daily census by number of available beds.

*** Average Length of Stay calculated by dividing total inpatient days by total inpatient admissions.

Data source: AHA Annual Survey Database, FY2003. Chicago: Health Forum LLC, an affiliate of the American Hospital Association, 2004

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Health Care Sector Profile; Projected Growth

- While national unemployment levels have reached record highs in previous years and the national economy was in a recession, the health care sector has experienced significant employment gains, ranging from 1.3 to 3.6 percent growth per year.
- Hospitals will continue to be a significant source of employment growth for the Metropolitan Chicago region. Based on the growing and aging population, which are driving an increased demand for health care services, the metropolitan Chicago region will need an additional 22,500 full-time health care workers, 4,500 inpatient beds, and 3,000 physicians by 2020.¹
- Based on these demand and capacity projections, metropolitan Chicago area hospitals alone will generate 3,164 new jobs annually for the region through 2020.

Employment Impact of Metropolitan Chicago Hospitals

- The health care and social service sector in the metropolitan Chicago area, which includes hospitals, is the third-largest source of regional private-sector employment, ranking only slightly behind manufacturing and retail trade.
- Hospitals directly and secondarily account for 402,290 jobs, including 142,347 full-time equivalent jobs, as well as vendors and construction crews that benefit from the presence of a hospital serving their community.
- Average number of full-time equivalent employees per hospital is 1,438.

Impact of Metropolitan Chicago Hospitals on Personal Income and Capital Investments

- Directly and secondarily generate \$23.7 billion in personal income for area residents including operating activities (\$9.0 billion), construction activities (\$1.0 billion), and secondary income in other businesses (\$13.7 billion).
- The average total capital invested by all metropolitan Chicago area hospitals each of the past two years was \$1.8 billion.
- A recent study commissioned by the American Hospital Association and other national health groups found that every dollar invested in health care yields as much as \$3 for society, evidenced largely through declining death and disability rates.²

Wages and Sustainable Employment

- The amount of wages, salaries, and benefits paid by Chicago-area hospitals to their employees totaled \$9.0 billion in 2003.
- Metropolitan Chicago hospitals create high-paying jobs and sustainable employment opportunities. The average wage, including benefits, was \$63,088 – roughly \$20,000 higher than the regional average wage of \$43,021.
- Each dollar of hospital wages and salaries supports \$1.42 in additional wages and salaries in other sectors of the region's economy.

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¹ Health Care Futures, L.P. *The Chicago Regional Health Care Market: Projected Demand for Health Care Services and Impact on Providers*. Itasca, IL: 2003.

² MEDTAP International, Inc. *The Value of Investment in Health Care*. Bethesda, MD: 2004. Available at: http://www.medtap.com/Products/HP_ExecutiveSummary.pdf. Accessed 12/10/04.

Hospital Employment and Income Impact by County

County	Hospital Employment (1)	Hospital Employment Impact (2)	Hospital Income (Wages and Salaries) (1)	Hospital Income Impact (2)
Cook	113,114	282,078	\$7,182,797,702	\$18,533,495,595
DuPage	13,158	49,857	\$807,281,864	\$2,140,713,767
Kane	4,028	17,045	\$246,526,537	\$632,538,886
Kankakee	2,031	4,849	\$115,228,114	\$336,130,511
Lake	4,638	26,717	\$292,379,556	\$832,835,629
McHenry	2,431	8,309	\$157,474,716	\$750,928,517
Will	2,947	13,435	\$178,662,589	\$461,826,773
TOTALS	142,347	402,290	\$8,980,351,078	\$23,688,469,678

(1) From MCHC Hospital Survey, 2004. Survey was conducted in 2004. Includes 2003 data regarding hospital operations and 2002 and 2003 data regarding hospital construction activities.

(2) Calculated from IMPLAN multipliers. Measures the economic impact of hospitals on other sectors of the region's economy. The hospital employment multiplier (2.54) shows that one hospital job in the metropolitan Chicago area supports 1.54 additional jobs in other sectors of the economy. The hospital income multiplier shows that each dollar of hospitals wages and salaries supports \$1.42 in additional wages and salaries in other sectors of the region's economy.

* The metropolitan Chicago area includes the counties of Cook, DuPage, Kane, Kankakee, Lake, McHenry, and Will.