

# Economic Impact

## The Health Care Industry in Georgia

In 2018, the health care and social assistance industry was the third-largest employment sector in Georgia.<sup>9</sup> It is a major economic engine for Georgia and is considered key to the state's efforts to recruit and retain new and expanding businesses. The health care industry:

- Directly contributed \$38 billion, or 6.5 percent, to Georgia's Gross State Product (GSP);<sup>10</sup> and
- Provided 9.2 percent, or 577,000, of the state's jobs.<sup>11</sup>

## Economic Impact of Georgia Hospitals

In 2017, Georgia's hospitals:

- Spent \$23.4 billion to operate;
- Directly provided approximately 150,000 full-time jobs; and
- Paid salaries and wages of \$11.3 billion.<sup>12</sup>

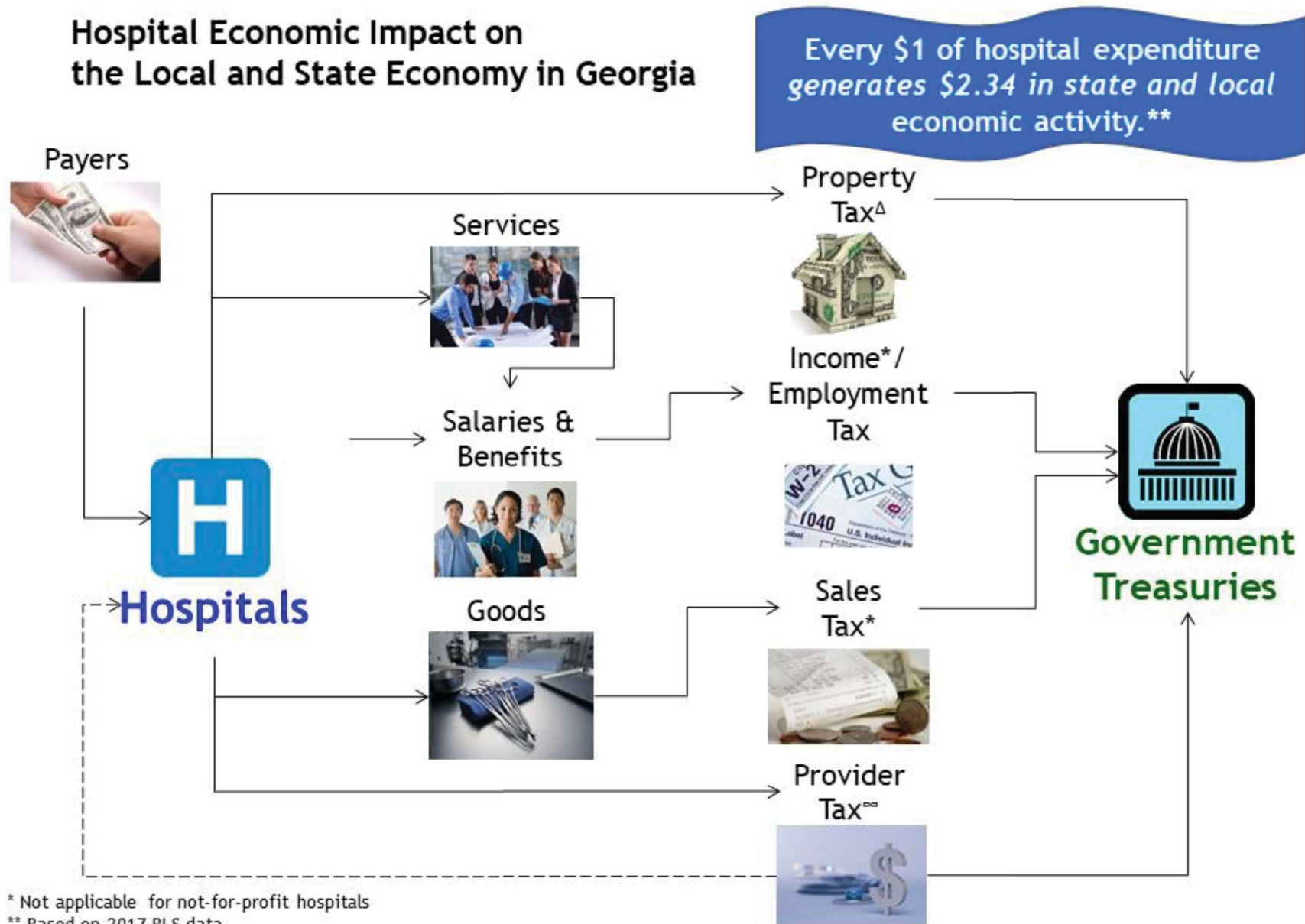
The GHA Annual Economic Impact Report details the economic impact of Georgia's hospitals and quantifies the level of community benefits provided statewide. GHA uses data from the U.S. Department of Commerce's Bureau of Economic Analysis to calculate a multiplier effect, which measures the change in output for a given change in demand. An increase in demand for health care services will elicit increases that support health care as well as its ancillary industries.

Considering the multiplier effect, the industry's \$23.4 billion in expenditures in 2017 generated an estimated \$54.7 billion in state and local economic activity (or \$2.30 for every \$1 of hospital expenditure) and indirectly supported nearly 371,000 full-time jobs. In addition, hospitals often outsource responsibilities for support areas such as dietary, housekeeping, pharmacy and physician coverage. These people are still essential to operations and are employed due to the services provided by the hospital. Since they are not on the hospital payroll, their employment is neither reflected in the total jobs reported, nor accounted for in the multiplier effect.

Since a majority of revenue received by hospitals is spent on wages and salaries as well as goods and services necessary to operate a hospital, these funds are distributed throughout the local community and are subject to various state and local taxes, which in turn support governmental treasuries. *See Figure 1 on page 7 for a diagram of this flow of funds.*

Figure 1

## Hospital Economic Impact on the Local and State Economy in Georgia



\* Not applicable for not-for-profit hospitals

\*\* Based on 2017 BLS data

△ Not-for-profit hospitals pay property taxes on locations where a medical service is not being offered.

∞ Does not apply to state owned/operated facilities, critical access hospitals or free-standing psychiatric facilities