

Carilion's Impact on the Regional Economy

Economic Impact Analysis

April 2015

Healthcare as an Economic “Engine”

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- Importance of hospitals and health systems to their communities extends far beyond healthcare.
 - “Engine” that drives the region’s economy
 - Serve as a stimulus for new businesses
 - Important to retirees and young families
- Healthcare accounts for 17.4% of the Gross Domestic Product (GDP).
 - \$2.9 trillion dollars spent on healthcare in 2013
- Hospitals are the second largest source of private sector jobs.
 - Virginia’s hospitals employed 115,026 people and generated \$35.8 billion dollars in economic activity in 2013
 - Hospitals support 1 of every 9 jobs in the U.S.
- Goods and services hospitals purchase from other businesses create “ripple” economic value for the community.

Carilion's Economic Impact

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- Carilion brings outside dollars into the community via third-party payors, provides jobs, stimulates local purchasing, and helps attract industries and retirees.
- Direct Effect:
 - Jobs/payroll dollars
 - Purchases of goods and services
 - Taxes
- Indirect Effect:
 - Increased purchases of suppliers and vendors
 - Presence of medical and nonmedical business
- Induced Effect:
 - Spending by employees resulting from increased household incomes generating additional local spending by businesses

The Multiplier Effect

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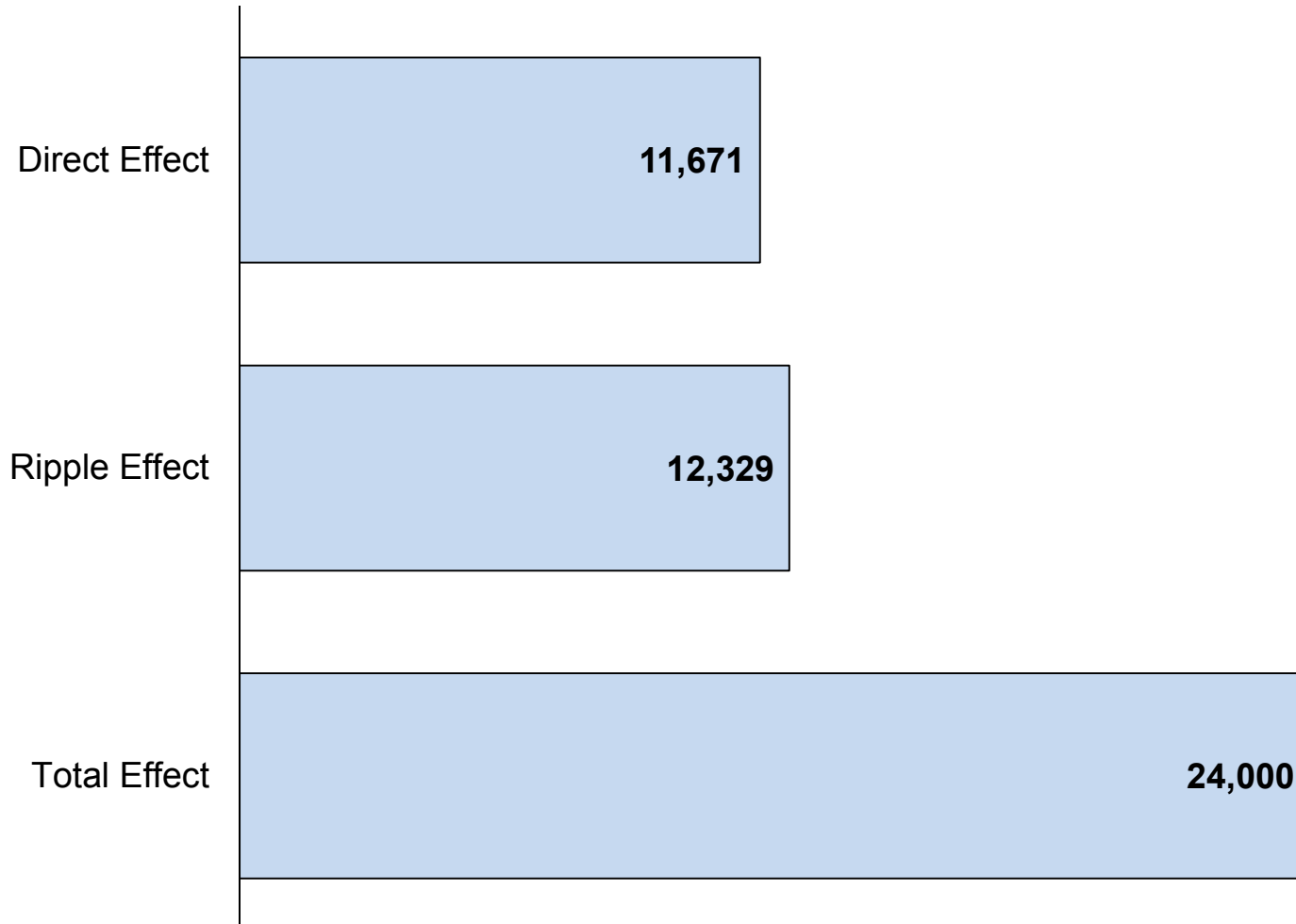
- Reflects the economic effect of employee and organizational spending within the community.
 - Leads to a “ripple effect” causing increased overall spending much larger than the initial spending
- Multiplier Source
 - BEA RIMS-II multipliers applied to American Hospital Association Annual survey data for 2013, released in 2015
 - Virginia specific
 - Employment multiplier = 2.0564
 - Payroll multiplier = 1.7199
 - Expenditures multiplier = 2.1081

1) RIMS-II is an Input-Output Modeling System developed by the Bureau of Economic Analysis used to estimate total economic impact of a project on a region.

Carilion Clinic impacts the regional economy by...

...Supporting 24,000 Total Jobs.

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1) Direct Effect = Number of Carilion employees as of October 1, 2014.

...Having a Footprint Throughout Virginia.

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Employees by Primary Market

Market	Count of Employees
Roanoke	8,989
New River	1,653
Franklin	380
Lexington	249
Tazewell	142
Other	258
Total	11,671

...Employing More People than Any Other Company in the Roanoke-Alleghany Region.

Top 10 Largest Non-Government Employers in the Region

Ranking	Employer
1	Carilion Clinic
2	Kroger Mid-Atlantic
3	HCA Virginia Health System
4	Walmart
5	Wells Fargo Bank
6	Mead Westvaco
7	Allstate Insurance
8	Yokohama Tire Corporation
9	Advance Auto Parts
10	General Electric Company

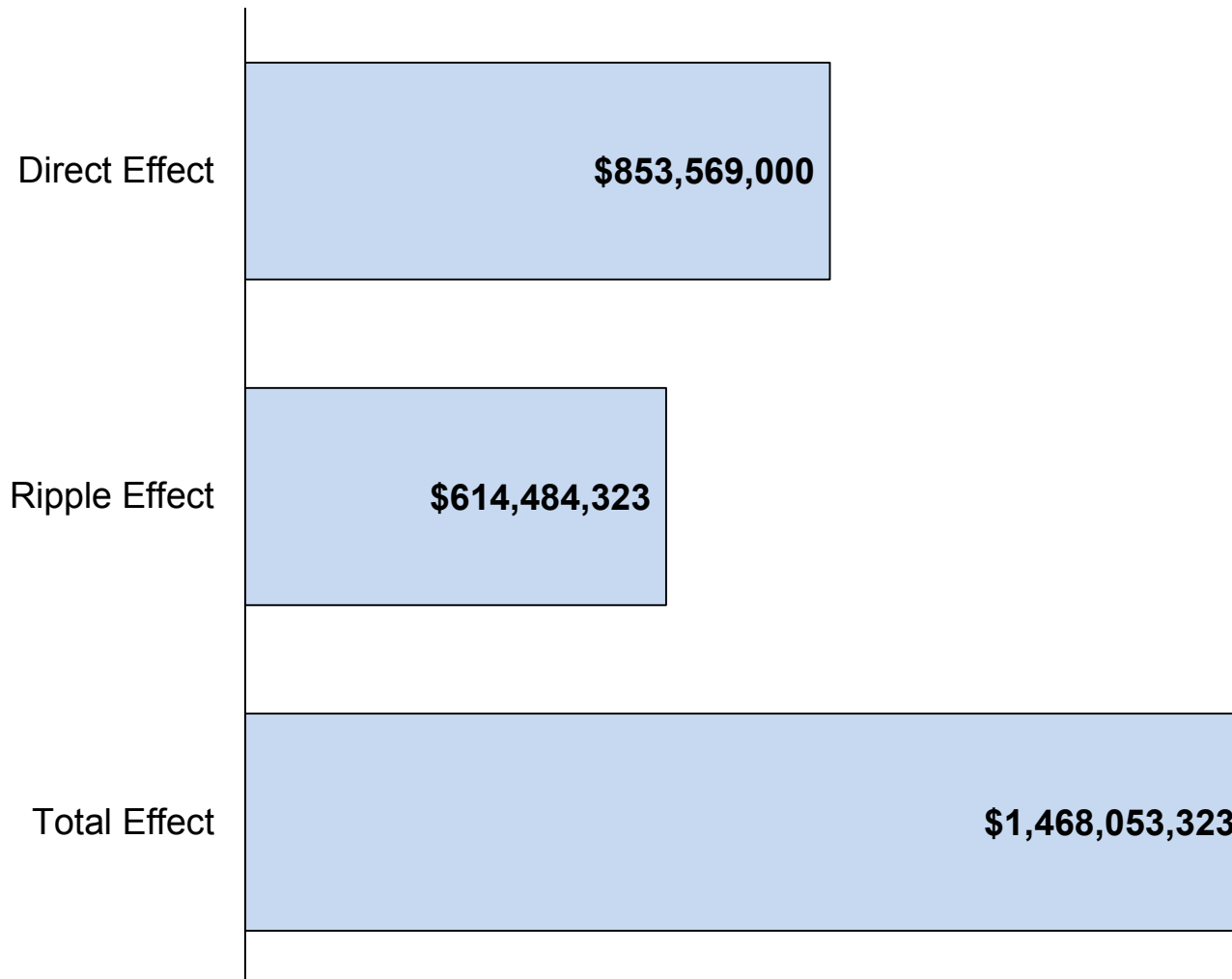
...Being One of the 8 Largest Employers in the New River Valley.

Top 10 Largest Employers in the Region

Ranking	Employer
1	Virginia Polytechnic Institute and State University
2	Volvo Group North America
3	Radford University
4	Montgomery County Schools
5	Moog Inc.
6	Wal Mart
7	HCA Virginia Health System
8	Carilion New River Valley Medical Center
9	Pulaski County Schools
10	Echosphere Corporation

...Having a \$1.5B Effect on Total Labor Income Through Employee Spending.

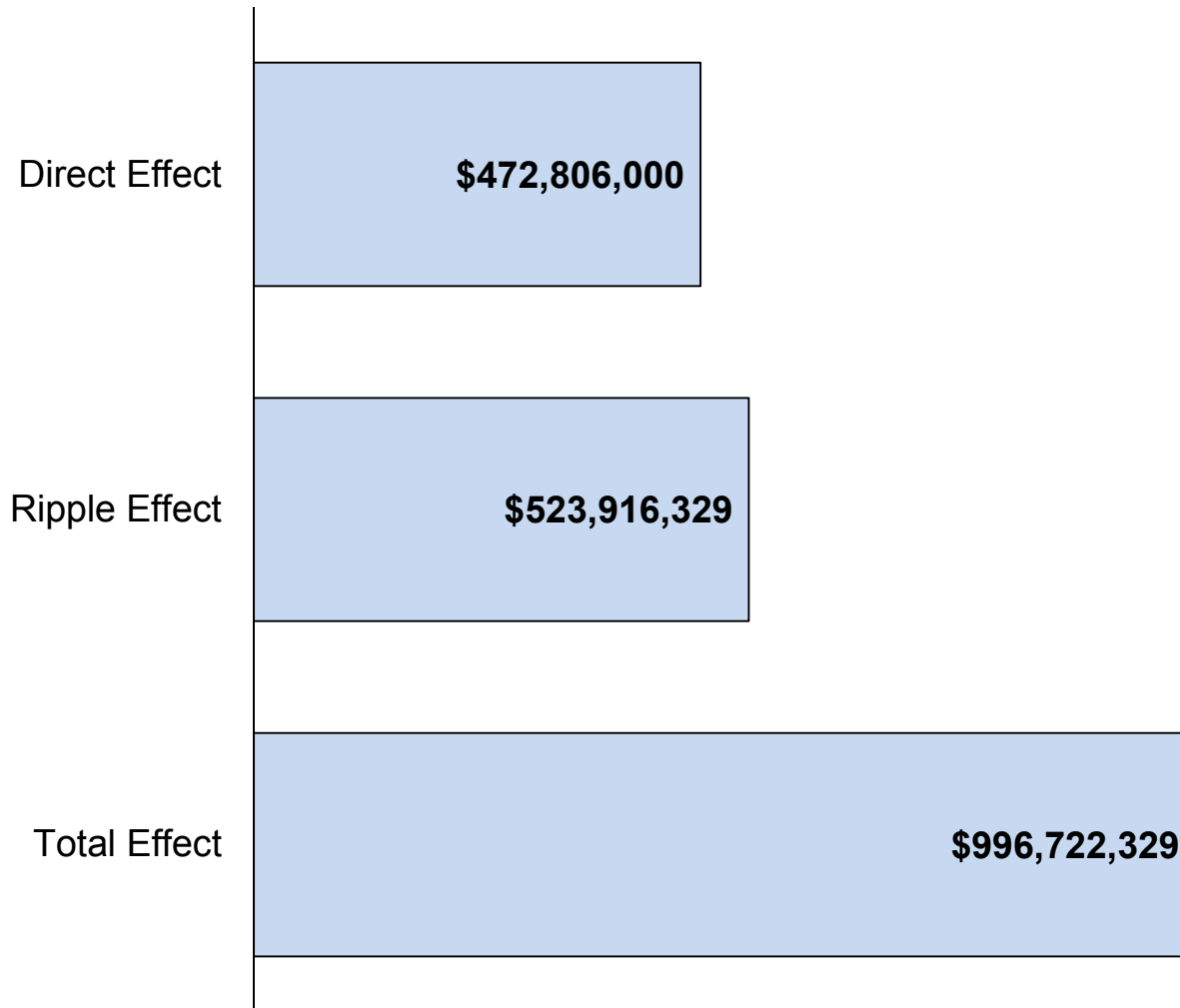
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- 1) Direct Effect = Carilion salaries and benefits.
- 2) Carilion salaries are 45% higher than BLS* averages.

...Supporting Nearly 1B in Economic Activity Through Purchasing Goods and Services.

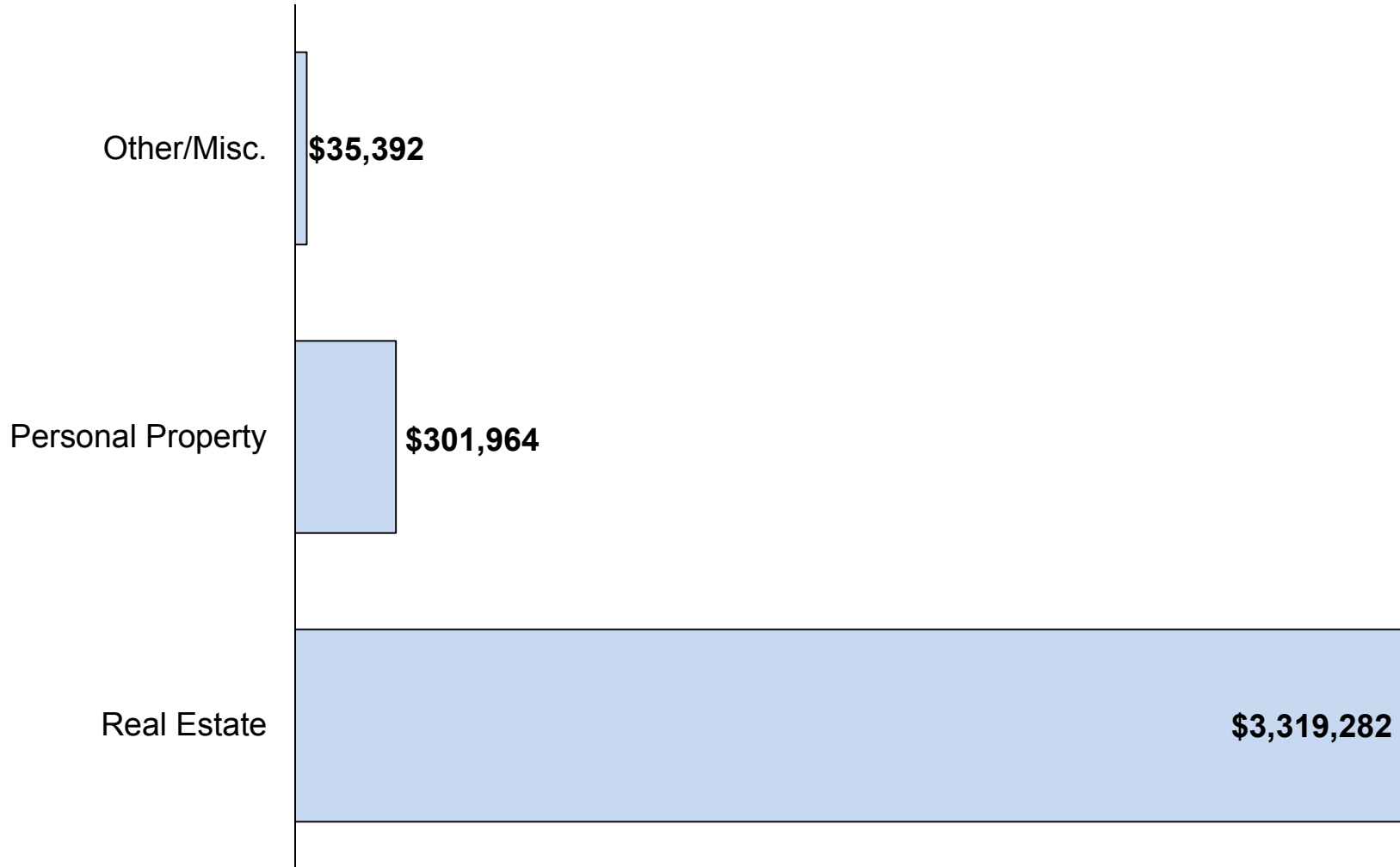
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1) Direct Effect = Carilion corporate spend on supplies and other non-payroll expenses.

...Spending More Than 3.6M in Taxes.

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Summary

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- Carilion directly employs nearly 12,000 employees.
 - Each Carilion job supports an additional 1.06 jobs
 - Carilion is the largest employer in the Roanoke-Alleghany region and the 8th largest in the NRV.
 - Carilion attracts highly qualified clinicians, professionals, researchers, faculty and students providing a menu of high-quality care and services to the region
- Carilion paid 854 million dollars in salaries & benefits in FY14.
 - Each dollar paid to an employee generates an additional 72¢ in the local economy
 - On average, Carilion salaries are 45% higher than BLS* averages
- Carilion supports an additional 12,000 jobs with the 473 million it spent on goods, services and other non-salary expenses in FY14.
 - Each dollar spent by Carilion supports \$1.11 in additional business activity with a total ripple effect of \$1 billion
 - Carilion paid 3.6 million dollars in real estate/property taxes

1) *Bureau of Labor Statistics.



CARILION CLINIC

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