



Community Health Needs Assessment
National Center for Rural Health Works

**The Economic Impact
of Ocean Beach Hospital and Medical Clinics
on the Medical Service Area
in Pacific County, Washington**

Prepared for:

Ocean Beach Hospital and Medical Clinics

Prepared by:

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The Economic Impact of Ocean Beach Hospital and Medical Clinics

In Pacific County, Ocean Beach Hospital and Medical Clinics provide vital health care services 24 hours a day, seven days a week, 365 days a year. Ocean Beach Hospital and Medical Clinics occupy an important role among medical institutions in Pacific County and generate significant health care services and contributions to the local residents. But the role Ocean Beach Hospital and Medical Clinics play as a major contributor to the economy is often overlooked. Ocean Beach Hospital and Medical Clinics employ a large number of people with a large payroll. The purpose of this study is to specifically measure the economic impact that Ocean Beach Hospital and Medical Clinics have on the medical service area in Pacific County, Washington.

The economic impact of Ocean Beach Hospital and Medical Clinics for 2011 is presented in the table below. The top portion of the table presents the employment impact of Ocean Beach Hospital and Medical Clinics resulting from annual operating activities. In 2011, Ocean Beach Hospital and Medical Clinics have 182 full- and part-time employees. As these employees and the medical center spend money locally, additional jobs are generated in other businesses in Pacific County. These are called secondary jobs and are measured with employment multipliers for Pacific County. The hospital employment multiplier is 1.40 which means that for each job established in the medical center, another 0.40 jobs are generated in other businesses in Pacific County. *In 2011, secondary jobs generated annually from operating activities of Ocean Beach Hospital and Medical Clinics are 73 jobs and the total employment impact is 255 jobs.*

**Economic Impact of Ocean Beach Hospital and Medical Clinics
on Pacific County, Washington, 2011**

<u>Employment Impact</u>				
	Number Employed	Employment Multiplier	Secondary Impact	Total Impact
Ocean Beach Hospital and Medical Clinics	182	1.40	73	255

<u>Income Impact</u>				
	Direct Income	Income Multiplier	Secondary Impact	Total Impact
Ocean Beach Hospital and Medical Clinics	\$14,314,468	1.19	\$2,719,749	\$17,034,217

<u>Local Sales Tax Impact</u>				
	Local Retail Sales Impact	1.3% Local Retail Sales Tax Collection Impact		
Ocean Beach Hospital and Medical Clinics	\$2,555,133	\$33,217		

Source: Local data for operations employment and income, 2011; Current IMPLAN multipliers, Minnesota IMPLAN Group, Inc.; Local retail sales tax capture ratio based on ratio of retail sales for Pacific County and total personal income for Pacific County, Retail sales tax collections and total retail sales tax base from "Tax Statistics 2010," Washington State Department of Revenue, published September 2010 (http://dor.wa.gov/Content/AboutUs/StatisticsAndReports/2010/Tax_Statistics_2010/default.aspx [August 2011]) and Personal income from U. S. Department of Commerce, Regional Economic Information System, Bureau of Economic Analysis (www.bea.gov [August 2011]).

The income impact of Ocean Beach Hospital and Medical Clinics for 2011 are presented in the center portion of the table above. Income (wages, salaries, and benefits) paid to the employees of Ocean Beach Hospital and Medical Clinics are \$14.3 million in 2011. With the hospital income multiplier of 1.19, the secondary income impact is \$2.7 million and the total income impact is \$17.0 million. *The total income impact from Ocean Beach Hospital and*

Medical Clinics on the medical service area in Pacific County in 2011 from operating activities are estimated to be \$17.0 million.

The total income impact of Ocean Beach Hospital and Medical Clinics of \$17.0 million includes retail sales that result in retail sales tax collections in Pacific County. The current local retail sales tax capture ratio is 15.0 percent, based on the ratio of retail sales to personal income for Pacific County. Based on this ratio, ***the retail sales resulting from the medical center impact are \$2.6 million; these \$2.6 million in local retail sales are retail sales resulting from the hospital spending, the hospital employees' spending, and the secondary employees' spending. The \$2.6 million in retail sales impact will generate local sales tax collection impact of \$33,217 from the 1.3 percent local sales tax.***

Annual operating activities, including employment impact, income impact, and local retail sales and sales tax collection impacts, occur each and every year that Ocean Beach Hospital and Medical Clinics are in operation and will have long-term impacts on the local economy.

Ocean Beach Hospital and Medical Clinics currently have no construction costs from capital improvement projects. However, when major capital improvement projects are planned, the construction costs can be utilized to estimate the number of construction workers and their wages, salaries, and benefits and/or proprietor income. These capital improvement projects result in secondary impacts as the construction firms and their employees spend money locally. The employment and income impacts of the construction activities can be estimated for each year of construction. Construction impacts only occur during the year of construction and will vary each year by the amount of construction activities.

In summary, Ocean Beach Hospital and Medical Clinics not only have an impact on the health and welfare of residents in Pacific County, they also have an impact on the local economy. Hospital systems such as Ocean Beach Hospital and Medical Clinics contribute greatly to the economic development in the geographic areas in which they are located. This occurs because:

- Businesses and industries locate in areas with high quality medical facilities and educational systems;
- Retirees locate in areas with accessible and comprehensive health care services and law enforcement services;
- The health sector is a growing sector and will continue to generate more jobs, and;
- The health sector generally pays above-average salaries and wages.

These points, along with the amount of economic activity generated by Ocean Beach Hospital and Medical Clinics, demonstrate that local leaders must continue to support Ocean Beach Hospital and Medical Clinics to ensure development of economic growth and opportunities in Pacific County in the State of Washington.