

The Economic Impact of Nevada's Community Health Centers



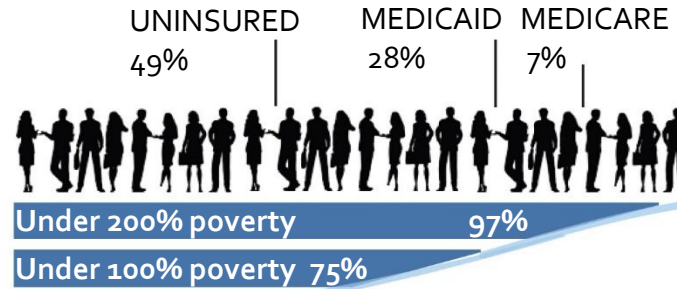
EXHIBIT F-3 Health Care
Document consists of 5 pages.
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Meeting Date 5-07-14



COMMUNITY IMPACT

In 2013, 2 Nevada health centers
from 20 sites **provided**

182,866
PATIENT ENCOUNTERS
to
66,200
PATIENTS



saving the system

\$ 84 MILLION
ANNUAL COST SAVINGS

Nevada community health centers **directly generated**

ECONOMIC IMPACT

524

FULL-TIME JOBS

...and supported an additional

214

JOBS IN OTHER INDUSTRIES

738
TOTAL JOBS

\$41,119,439 Direct

\$ 69,882,623
TOTAL ECONOMIC IMPACT

\$28,763,184 Non-direct

TAX IMPACT

and contributed approximately

\$2.4 MILLION
State & Local Tax Revenue

\$5.4 MILLION
Federal Tax Revenue

\$ 7.8 MILLION
TOTAL TAX IMPACT



COMMUNITY IMPACT

Community health centers provide high quality, cost-effective, patient-centered care to vulnerable populations. CHCs serve 1 in 7 Medicaid beneficiaries, almost 1 in 3 individuals in poverty, and 1 in 5 low-income, uninsured persons. Nationally, two-thirds of health center patients are members of racial or ethnic minorities, which places CHCs at the center of the national effort to reduce racial disparities in health care.¹

Recent studies show that, on average, each patient receiving care at a CHC saved the health care system 24%, annually.³ With 66,200 patients served in Nevada health centers in 2013, this amounts to an estimated annual savings of \$ 84 million at \$1,263 saved per patient.⁴

ECONOMIC IMPACT

As Nevada CHCs continue to expand, their expenditures and corresponding economic impact grow. Nevada health centers have an impact of about \$70 million dollars in this year. The table to the right summarizes the 2013 economic impact of Nevada CHCs.

TAX IMPACT

The tax impacts of Nevada CHCs are divided into state/local governments and Federal government agencies.

The tax impact values show the amount of revenue generated for governments from employee compensation, proprietor income, indirect business taxes, households, and corporations based on the modeled impact.

State/Local: shows state and local government tax types and their value of collection as a result of CHC expenditures.

Federal: shows a breakdown of Federal tax types and their value of collection as a result of CHC expenditures.

Distribution of Population

	CHC Population ²	National Population ²
Under 100% Poverty	75%	15%
Under 200% Poverty	97%	36%
Uninsured	49%	15%
Medicaid	28%	16%
Medicare	7%	16%

Summary of 2013 Total Economic Activity

Stimulated by 2 of Nevada's Community Health Centers' Current Operations

	Economic Impact (incl. Value-Added)	Value-Added (incl. personal income)	Employment (# of FTEs)
Direct	\$ 41,119,439	\$ 24,257,364	524
Indirect	\$ 10,200,709	\$ 6,330,108	75
Induced	\$ 18,562,475	\$ 11,928,522	139
Total	\$ 69,882,623	\$ 42,515,994	738

Direct # of FTEs (employment) based on HRSA 2013 UDS state level data for FQHCs.

Summary of Nevada CHCs' 2011 Tax Impact

	Federal	State/Local
Direct	\$ 3,463,686	\$ 535,966
Indirect	\$ 685,143	\$ 552,921
Induced	\$ 1,281,526	\$ 1,309,964
Total	\$ 5,430,355	\$ 2,398,851
Total Tax Impact	\$ 7,829,206	

NEVADA COMMUNITY HEALTH CENTERS INCLUDED IN THIS ANALYSIS:

- Community Health Alliance
- Nevada Health Centers, Inc.

ABOUT NEVADA PRIMARY CARE ASSOCIATION

Nevada Primary Care Association (formerly Great Basin Primary Care Association) (NVPCA) is the federally designated Primary Care Association for the State of Nevada. We are a non-profit membership organization that was founded in 1995. We serve Section 330 funded and prospective federally qualified health centers, tribal health centers, other primary care clinics, and safety-net providers throughout the State of Nevada. These organizations are located in the Reno-Sparks-Carson City and Las Vegas metropolitan centers, as well as the frontier and rural Nevada counties that make up 87 percent of the State land mass. Our goal is to provide our membership with current and accurate information necessary to service Nevada's underserved and low-income residents. Through training, technical assistance and advocacy, NVPCA promotes health care access, practice transformation and financial stability for community health centers and safety net providers. (www.nvpca.org)

ABOUT CAPITAL LINK

Capital Link is a non-profit organization that has worked with hundreds of health centers and Primary Care Associations over the past 15 years to plan capital projects, finance growth and identify ways to improve performance. We provide innovative advisory services and extensive technical assistance with the goal of supporting and expanding community-based health care.

Established in the late 1990s as a joint effort of the National Association of Community Health Centers (NACHC), several state-based Primary Care Associations (PCAs), and the Bureau of Primary Health Care, Capital Link grew out of the community health center family and continues to support it through our activities. For more information visit www.caplink.org.

ECONOMIC IMPACT DEFINITION OF TERMS

This analysis applies the “multiplier effect,” using an integrated economic modeling and planning tool called IMPLAN (Impact analysis for PLANning) to capture the direct, indirect, and induced economic effects of an organization’s business operations. IMPLAN was developed by the U.S. Department of Agriculture and the Minnesota IMPLAN Group (MIG) and employs multipliers, specific to each county and each industrial sector, to determine total output, employment, and earnings. This analysis was conducted using **Implan Version 3, Trade Flows Model**.

Output Multiplier: measures the increase in total output generated in a defined regional economy for each dollar spent by a given industry.

Value-added (Earnings) Multiplier: measures the earnings (purchasing power) that an industry generates, through payroll and the multiplier effect, for households employed by all industries within a defined area.

Employment Multiplier: measures the number of jobs generated across all industries by the activity within a given industry. The multiplier produces an estimate of the total number of jobs that a local economy can support in all industries due to the dollars being injected by the organization.

IMPLAN’s output, earnings, and employment figures are aggregated based on:

- **Direct effects:** represents the response for a given industry (in this case Total Operating Expenditures of health centers).
- **Indirect effects:** represents the response by all local industries caused by “the iteration of industries purchasing.”
- **Induced effects:** represents the response by all local industries to the expenditures of household income generated by direct and indirect effects.

Full-Time Equivalent: FTE of 1.0 means that the person is equivalent to a full-time worker. In an organization that has a 40 hour work week, a person who works 20 hours per week (i.e. 50 percent time) is reported as “0.5 FTE. FTE is also based on the number of months the employee works. An employee who works full time for 4 months out of the year would be reported as “0.33 FTE” (4 months/12 months).

REFERENCES

1. NACHC, *A Sketch of Community Health Centers*, 2013. Includes patients of federally-funded health centers, non federally-funded health centers, and expected patient growth for 2013.
2. *Health Center Fact Sheet 2012*, based on Bureau of Primary Health Care 2012 Uniform Data System (UDS); National Association of Community Health Centers, Research and Data 2012.
3. Richard et al. *Cost Savings Associated with the Use of Community Health Centers*. Journal of Ambulatory Care Management, Vol. 35, No. 1, pp. 50–59, January/March 2012.
4. Ku et al. *Strengthening Primary Care to Bend the Cost Curve: The Expansion of Community Health Centers Through Health Reform*. Geiger Gibson/RCHN. Community Health Foundation Research Collaborative. Policy Research Brief No. 19. June 30, 2010.