

**The Economic Impact of the Local Health Care System
On the Estill County Economy: An Executive Summary**

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Executive Summary

Health Care represents an important part of rural economies. In an era when rural economies are struggling to keep pace with their urban counterparts, the health care sector (which includes hospitals, nursing homes, medical personnel and other resources) represent a bright spot in the economic landscape. There are four major roles for health care in rural economic development through financial and non-financial linkages: 1) keeping local health care dollars at home 2) attracting external dollars into the community, 3) attracting and retaining new industry and 4) promoting a healthy and productive workforce.

This brief report highlights the economic impact of health care in Estill County. Estill County's health care system is an important component of the local economy. This importance can be measured via the linkages the health care sector shares with other local industries. When there is an increase in health care revenue or employees, these changes feed through the rest of the local economic system. For example, more supplies may be purchased through local vendors or new employees may purchase homes and spend money in local stores. The health care expenditures and health care employees are important pieces of the economic puzzle.

Currently, Estill County's health sector generates \$24,663,922 in revenue in the local economy. This revenue is generated by health care providers purchasing goods and services from other Estill County businesses. In addition, a total of 521.4 jobs are created in the county's economy. Hence, further opportunities for local health care services may

exist in the local economy. If the local health care system expands, there will be a broad range of corresponding economic effects throughout the community.

Economic Impact Results

The results of the economic impact are presented through the: (1) employment and (2) revenue or sales impact on the Estill County economy. The employment and revenue impact analyses are summarized in Tables 1 and 2 below.

The employment effect or impact demonstrates the relationship between health care expenditures and employment creation in the community. For Estill County health care sector, the employment effect, known as the multiplier, is 1.21 shown in Table 1. This is the effect a single job has on the rest of the economy. Therefore, every health care job creates an additional .21 jobs in the local economy. Hence, every one hundred new health care jobs would generate 21 jobs in the community. This employment effect (multiplier) directly creates 432 jobs, indirectly creates 25.5 jobs and health care employee spending creates 64 jobs. In total, a 1.21 employment multiplier creates 521.4 jobs in Estill County. These jobs are directly or indirectly tied to the local health care system finances.

Table 1
Estill County Health Care Sector Impact on County Employment

Direct Impact of Health care Employment	Indirect Impact of Health Care Employment	Induced Impact of Health Care Employment	Employment Multiplier	Total Impact Of Health Care Employment.
432 Jobs	25.5 Jobs	64 Jobs	1.21	521.4 Jobs

Source: 2000 IMPLAN Data Base

The sales or revenue impact represents the amount of local sales generated due to the existence of the Estill County health care system (see Table 2). This revenue represents sales from vendors to the health care providers. The \$20,172,564 dollars in Table 2 represents the direct proceeds from the health care system and is the direct impact effect. Health care vendors are supplied by other vendors, thus creating more employment and income opportunities. Subsequently, the indirect effect is \$1,530,139 dollars and represents the health care vendors' spending within the county. Finally, health care employees purchase goods and services in the local economy and represent the induced impact on the county. The induced impact on Estill County is \$2,961,219 dollars and is associated with health care employees' purchases of goods and services locally. Based on the revenue multiplier, (this is the effect of a single dollar on the economy) of 1.22, the Estill County health care sector has a total, economic impact of \$24,663,922 dollars as shown in Table 2.

Table 2

Estill County Health Care Sector Impact on County Revenue (Sales)

Direct Impact of Health care Sector Output	Indirect Impact of Health Care Sector Output	Induced Impact of Health Care Sector Output	Output (Sales) Multiplier	Total Impact Of Health Care Sector Output (Sales)
\$20,172,564	\$1,530,139	\$2,961,219	1.22	\$24,663,922

Source: 2000 IMPLAN Data Base

This brief report can be useful when focusing on a discussion of the economic development of health care in Estill County. A community can identify the current economic and financial roles of county health care providers. Second, potential opportunities for new medical services can be identified in the community. Further research or market demand analysis can determine the feasibility of providing services locally. Seeking out new opportunities for local services will increase the economic

impact of the county's health care system on the local economy. Telemedicine, health care networking and other activities should be examined to enhance the economic role of the local health care system.