

A Healthy Impact:

The economic pulse of
Health Care and Related Industries
on the Wichita Regional Economy



2016

Prepared for the



MSSC
MEDICAL SOCIETY of
SEDGWICK COUNTY

*Physicians who care ... for our patients,
our community and
our profession*

Economic Impact of the Health Care and Related Industries to the Wichita MSA in 2014:

\$2.9 billion in payroll stimulus to local economy (pg. 4)

#2 in employment in Wichita MSA (pg. 2)

75,618 employees in Wichita MSA health care and related industries (pg. 3)

#3 lowest cost of routine doctor's exams compared to Kansas City, Oklahoma City, Omaha and Tulsa (pg. 6)

\$253 million in tax revenue generated for city, county and state from Health Care and Related industries wages (pg. 5)

1 in 5 employees in the Wichita MSA worked directly in Health Care and Related Industries (pg. 3)



Economic Impact of a Physician

\$570,996 per year added to local economy

The direct and indirect result of one physician and support staff earnings on the economy over the course of a year.

\$28.5 million over a career added to local economy

The result of one physician and support staff earnings, direct and indirect, on the economy over their career.

Economic Impact of the University of Kansas Medical Center Wichita Campus

\$395 million per year added to Kansas economy

Economic activity each year attributed to graduates from the University of Kansas Medical Center Wichita Campus as a result of physicians' wages and support staff wages. Of the 1,945 Wichita graduates from 1975 to 2015, 691 currently practice in the state of Kansas.



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WICHITA STATE
UNIVERSITY

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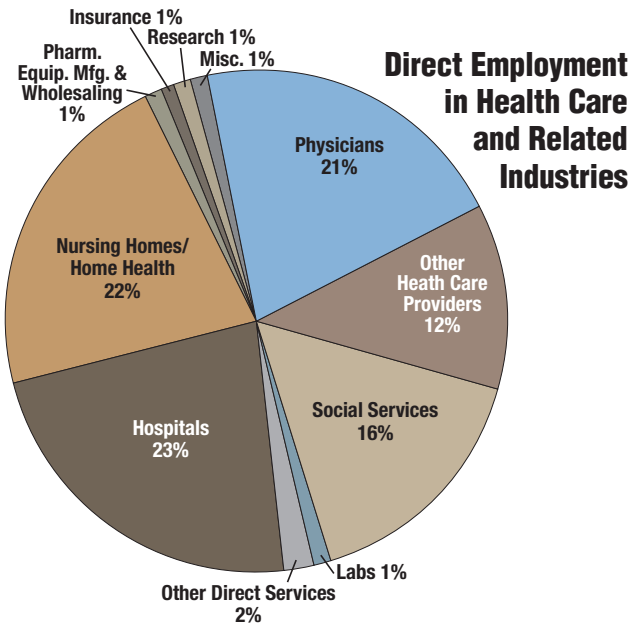
ECONOMIC IMPACT SUMMARY *(Wichita MSA)*

	Health Care Industry	Related Industries	Health Care & Related Industries
Direct Employment (2014)	41,509	2,994	44,503
Indirect & Induced Employment (2014)	28,920	2,196	31,115
Total Employment (2014)	70,429	5,190	75,618
Direct Wages (2014)	\$40,791	\$55,062	\$41,751
% Change in Direct Wages (20011-14)	1%	21%	3%
Direct Payroll (2014) (in millions)	\$1,693	\$165	\$1,858
Indirect & Induced Payroll (2014) (in millions)	\$891	\$119	\$1,010
Total Payroll (2014) (in millions)	\$2,585	\$283	\$2,868

	Total
Annual Health Care Revenue (2014) (in millions) <i>(Excludes Health Related Industries, data no longer collected by Census)</i>	\$3,768

	Direct	Indirect/ Induced	Total
Contribution to Gross Metropolitan Product (2014) (in millions)	\$2,614	\$133	\$2,747

	Wichita	Sedgwick County	Kansas	Total
Tax Impact (2014) (in millions)	\$27.8	\$25.3	\$200.3	\$253.4



HEALTH CARE INDUSTRY HIGH RANKING

Top Employment Industries (Wichita MSA 2014)

Health Care Industry ranked #2, out of 19 private industries, in total metropolitan employment in 2014, with 41,509 employees.

Industry	Employment	% of Total
1 Manufacturing	52,248	20.02%
2 Health Care & Social Assistance	41,509	15.90%
3 Retail Trade	33,288	12.75%
4 Accommodation & Food Services	25,427	9.74%
5 Construction	15,110	5.79%

Top Industries by Employment Growth (Wichita MSA 2011-2014)

Health Care Industry ranked #7, out of 19 private industries, in total employment level change from 2011-2014.

Industry	Level Change	% Change
1 Manufacturing	4,915	10.38%
3 Retail Trade	2,816	9.24%
2 Management of Co. & Enterprises	2,181	57.20%
4 Accommodation & Food Services	1,514	6.33%
5 Transportation and Warehousing	1,360	15.23%
7 Health Care & Social Assistance	980	2.42%

Top Industries by Wage (Wichita MSA 2014)

The average wage in the Wichita MSA in 2014 was \$43,617. The Health Care Industry's average wage of \$40,791 was 6.5% lower than the Wichita MSA's average wage.

Industry	Average Wage
1 Management of Companies & Enterprises	\$113,896
2 Utilities	\$72,681
3 Mining	\$65,092
4 Manufacturing	\$63,882
5 Wholesale Trade	\$61,428
11 Health Care & Social Assistance	\$40,791

Top Industries by Wage Growth

(Wichita MSA 2011-2014)

From 2011-2014 the Health Care Industry increased its average wage by 1.11%, ranking it #16 compared to 19 other private industries in the Wichita MSA.

Industry	Average Wage Growth
1 Arts, Entertainment and Recreation	19.69%
2 Real Estate & Rentals & Leasing	17.12%
3 Accommodation and Food Services	15.72%
4 Professional, Scientific and Technical Services	14.36%
5 Education Services	12.67%
16 Health Care & Social Assistance	1.11%

17% OF THE WICHITA MSA WORKFORCE

EMPLOYMENT: Health Care & Related Industries (Wichita MSA)

Health Care and Related Industries employed nearly one-fifth of Wichita MSA employees.

Year	Total	Direct	Indirect/Induced
2011	72,542	43,671	28,871
2012	74,754	45,168	29,586
2013	74,116	43,698	30,419
2014	75,618	44,503	31,115

EMPLOYMENT: Health Care Industry (Wichita MSA)

Health Care Industry employment is comprised of ambulatory Health Care services, hospitals, nursing and residential care facilities and social assistance. In 2014, there were 41,509 direct employees in the Health Care Industry – a 2% increase compared to 2013. The total economic impact of the Health Care Industry in 2014 was 70,429 employees, representing a 2.1% increase compared to 2013.

Year	Total	Direct	Indirect/Induced
2011	67,038	40,529	26,509
2012	69,481	42,130	27,351
2013	68,995	40,711	28,284
2014	70,429	41,509	28,920

EMPLOYMENT: Related Industries (Wichita MSA)

Related Industries are intertwined with the Health Care service sector to the extent that one could not exist without the other. For example, if there were no doctors in a given area, there would be no need to have a medical supplier. Related Industries include: pharmaceutical and medicine manufacturing, medical equipment and supply manufacturing, wholesale trade, retail trade, medical insurance sales and grantmaking and giving services.

The direct economic impact on employment of Related Industries in 2014 was 2,994 jobs, a slight increase compared to 2013. The total economic impact of Related Industries on employment in 2014 was 5,190 jobs, also representing an increase compared to 2013.

Year	Total	Direct	Indirect/Induced
2011	5,504	3,142	2,362
2012	5,273	3,038	2,235
2013	5,121	2,987	2,135
2014	5,190	2,994	2,196

WAGE GROWTH

AVERAGE ANNUAL WAGE:

Health Care and Related Industries (Wichita MSA)

Employees in Health Care and Related Industries earn near average wages. In 2014 the average wage of these employees was \$41,751 or 4.2% lower than the Wichita MSA average for all private industries.

Year	Annual Wages
2011	\$40,710
2012	\$40,836
2013	\$40,718
2014	\$41,751

ANNUAL PAYROLL: Health Care and Related Industries

(Wichita MSA, in millions of dollars)

Between 2013 and 2014, total payroll for Health Care and Related Industries increased 4.5%.

The average direct payroll for Health Care and Related Industries in 2014 was \$1.86 billion (includes salaries, wages, reported tips, commissions, bonuses, vacation allowances, sick-leave pay, employee contributions to qualified pension plans and the value of taxable fringe benefits).

Year	Total	Direct	Indirect/Induced
2011	\$2,711	\$1,778	\$933
2012	\$2,811	\$1,844	\$967
2013	\$2,745	\$1,779	\$966
2014	\$2,868	\$1,858	\$1,010

Over the four years of annual payroll graphed above, the average ratio of direct payroll to indirect/induced payroll was 1:0.53. In other words, for every \$1 of payroll paid in Health Care and Related Industries, an additional \$0.53 worth of payroll was created in other industries

AVERAGE ANNUAL WAGE:

In Comparison to Peer Communities

The average wage of Wichita MSA Health Care industry employees falls below the average of four peer communities. This is due in part to the different cost of health care in each community.

Community	2011	2014	% Change
Wichita	\$40,345	\$40,791	1.1%
Tulsa	\$41,768	\$42,788	2.4%
Oklahoma City	\$42,053	\$44,948	6.9%
Omaha	\$42,289	\$45,970	8.7%
Kansas City	\$43,819	\$46,744	6.7%

HEALTHY IMPACT ON LOCAL ECONOMY

ANNUAL REVENUE: Health Care *(in millions of dollars)*

The 2012 Economic Census shows Health Care revenues were \$4.1 million. It is estimated revenues have decreased approximately 8.4% since that time.

Year	Revenue
2012	\$4,111
2013	\$3,686
2014	\$3,768

GROSS METROPOLITAN PRODUCT: Health Care Industry *(in millions of dollars)*

This study shows the annual economic impact to GMP (value of all final goods and services produced) in the Wichita MSA contributed by the Health Care Industry during the year.

Year	Total	Direct	Indirect/ Induced
2011	\$2,971	\$2,711	\$260
2012	\$3,039	\$2,773	\$266
2013	\$2,802	\$2,557	\$245
2014	\$2,747	\$2,614	\$133

TAX IMPACT: Health Care and Related Industries *(in millions of dollars)*

This study calculated wages and employment to highlight the tax impact felt by the Wichita MSA.¹

Year	Total	Wichita	Sedgwick County	Kansas
2011	\$231.40	31.30	24.10	\$176.00
2012	\$239.90	32.30	24.90	\$182.70
2013	\$242.80	27.05	24.68	\$191.06
2014	\$253.36	27.75	25.30	\$200.32

¹The study did not account for tax revenues generated through construction, visitors or sales of the Health Care and Related Industries sector, or corporate taxes.

HEALTH CARE ECONOMIC TRENDS

	2012 Study	2014 Study	2016 Study
Payroll	\$2.7 billion	\$2.8 billion	\$2.9 billion
Employment in MSA	#2	#2	#2
# of Employees	71,618	74,754	75,618
Contributions in GMP ²	\$2.8 billion	\$3.0 billion	\$2.7 billion
Tax Impact (ICT/SC/KS)	\$246 million	\$240 million	\$253 million
Average Wage	\$39,334	\$40,231	\$40,791

²Gross Metropolitan Product

BEST VALUE IN LOCAL HEALTH CARE

2015 COST OF HEALTH CARE: In Comparison to Peer Communities

The Wichita MSA Health Care Index ranks #3 lowest among the peer communities shown below in the cost of a routine doctor's exam.

MSA	Health Care Index (C2ER)	Aver. Cost of Routine Doctor's Exam
Oklahoma City	95.1	\$79.26
Kansas City	95.4	\$93.36
Wichita	96.9	\$103.67
Tulsa	94.6	\$107.33
Omaha	100.6	\$135.11

Source: C2ER, The Council for Community and Economic Research, Cost of Living Index, 2015 Annual Report.

POPULATION PER HEALTH CARE PROFESSIONAL: In Comparison to Peer Communities

The Wichita MSA is often compared to Omaha, Kansas City, Oklahoma City and Tulsa. When comparing the local Health Care Industry to other areas, Wichita fares well. The chart below illustrates that Omaha, Kansas City and Wichita have fewer people per Health Care professional than the two other peer locations.

Omaha	2011	15.2
	2014	15.2
Kansas City	2011	15.9
	2014	15.3
Wichita	2011	15.6
	2014	15.5
Tulsa	2011	15.9
	2014	16.2
Oklahoma City	2011	16.9
	2014	16.9

Direct Employment in Health Care and Related Industries by Category: The Health Care Industry, as defined by NAICS codes, includes Health Care service industries and social service industries. *Health Care service and social service industries include:* physicians, mental health practitioners, registered nurses, employees of hospitals and medical clinics, nursing home care and other family-related services.

Related Industries are additional industries, not included in the Health Care sector, that directly involve the Health Care industry. Related industries include: pharmaceutical sales, medical equipment manufacturing, wholesale medical supplies and biological research. In order to assess the total impact of the Health Care industry on the Wichita MSA, these additional industries were also included in this analysis.

Indirect Employment: Induced and indirect employment are those jobs supported by direct jobs. The induced and indirect effects are those captured by a multiplier. Total employment is the sum of direct employment and induced and indirect employment. The same is true for wages. In other words, a multiplier of 1.3 would imply that for every one dollar of new wages a company within a given industry pays, there is an additional 30 cents paid elsewhere in the community. This makes a total wage increase in the community of \$1.30.

Revenue Data: Revenue is estimated from the 2012 Economic Census. Unlike earlier reports, this total does not include revenue from related industries because the Census Bureau no longer collects that information. In earlier reports, related industries contributed an additional \$2.5 billion to nearly \$3 billion in revenue to the Wichita MSA.

Wichita Metropolitan Statistical Area: The Wichita MSA is comprised of Butler, Harvey, Kingman, Sedgwick and Sumner counties.

Technical Notes Available Online: <http://www.healthcare.cedbr.org>