

ECONOMIC IMPACT OF HEALTH CARE IN SOUTH CENTRAL KANSAS

Jon Rosell

Executive Director

Medical Society of Sedgwick County

Purposes of the Presentation

- Provide an overview of the scope of health care within the South Central Kansas region
- Discuss the economic impact of health care within the Wichita MSA
- Discuss current/future initiatives designed to build on the present health care foundation
- Discuss the impact of KanCare expansion within Kansas

Health Care Spend in the US

	Total Expenditures	%GDP
1970	\$74.9B	7%
2010	\$2.6T	17.4%
2015	\$3.24T	18%
2020 projected		18.5%

The Importance of the Health Care Sector on the Kansas Economy, Kansas Hospital Association, 2015

Economic impact of the Health Care and Related Industries to the Wichita MSA in 2012

- **\$2.8 billion in payroll** stimulus to local economy
- **#2 in employment** in Wichita MSA
- **74,729 employees** in Wichita MSA health care and related industries
- **\$240 million in tax revenue** generated for city, county and state from Health Care and Related industries wages
- **Best health care professional to patient ratio** compared to KC, Tulsa & OKC
- **Nearly \$7 billion in direct revenues** added to local economy
- **More than 1 in 6 employees** in Wichita MSA worked directly in Health Care Related Industries

Physicians in the MSA (MD's & DO's)

Butler County	37
Harvey County	64
Sedgwick County	1,020
Sumner County	12
Total Practicing Physicians in MSA	1,133

Hospitals & ASCs in MSA

Butler County	2
Harvey County	2
Sedgwick County	35
Sumner County	2
Total Hospitals & ASCs in MSA	41

Economic Impact Summary

	HealthCare Industry	Related Industries	Health Care & Related Industries
Direct Employment (2012)	42,130	3,038	45,168
Indirect & Induced Employment (2010)	27,351	2,210	29,561
Total Employment (2012)	69,481	5,248	74,729
Direct Wages (2012 Average)	\$40,231	\$49,228	\$40,836
% Change in Direct Wages (2009-2012)	4%	14%	4%
Direct Payroll (2010 in millions)	\$1,695	\$150	\$1,844
Indirect & Induced Payroll (2012 in millions)	\$866	\$101	\$967
Total Payroll (2010 in millions)	\$2,561	\$250	\$2,811

Economic Impact Summary (Cont.)

Annual Revenue (2012 in millions)	Total: \$6,996
--	-----------------------

	Direct	Indirect/Induced	Total
Contribution to Gross Metropolitan Product (2012 in millions)	\$2,773	\$266	\$3,039

	Wichita	Sedgwick County	Kansas	Total
Tax Impact (2012 in millions)	\$32	\$25	\$183	\$240

Health Care Industry High Ranking

Health Care Industry ranked #2, out of 19 private industries, in total metropolitan employment in 2012, with 42,130 employees.

Industry	Employment	% of Total
1. Manufacturing	46,186	18.6%
2. Health Care and Social Assistance	42,130	17.0%
3. Retail Trade	31,526	12.7%
4. Accommodation & Food Services	24,997	10.1%
5. Construction	14,061	5.7%

Wichita MSA 2010

Health Care Industry High Ranking

Health Care Industry ranked #1, out of 19 private industries, in total employment level change from 2009-2012.

Industry	Level Change	% Change
1. Health Care and Social Assistance	1,396	3.4%
2. Management of Co. & Enterprises	883	25.4%
3. Mining	426	33.8%
4. Accommodation & Food Services	184	0.7%
5. Finance and Insurance	57	0.6%

Wichita MSA 2009-2012

Employment: Health Care & Related Industries

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

Year	Total	Direct	Indirect/Induced
2009	72,865	44,082	28,783
2010	72,325	43,691	28,634
2011	72,506	43,671	28,835
2012	74,729	45,168	29,561

Wage Growth

AVERAGE ANNUAL WAGE:

Health Care and Related Industries (Wichita MSA)

Employees in Health Care and Related Industries earn near average wages. In 2012, the average wage of these employees was \$40,836, or 0.2% lower than the Wichita MSA average for all private industries.

Year	Annual Wages
2009	\$39,223
2010	\$39,787
2011	\$40,710
2012	\$40,836

Wage Growth

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	2009	2012
Wichita	\$38,901	\$40,231
Tulsa	\$39,867	\$43,185
Omaha	\$43,307	\$44,035
Oklahoma City	\$40,116	\$44,571
Kansas City	\$42,391	\$45,932

Health Care Economic Trends

	2010 Study	2012 Study	2014 Study
Payroll	\$2.5 billion	\$2.7 billion	\$2.8 billion
Employment in MSA	#2	#2	#2
# of Employees	72,545	71,618	74,729
Contributions in GMP	\$2.7 billion	\$2.8 billion	\$3.0 billion
Tax Impact (ICT/SC/KS)	\$204 million	\$246 million	\$240 million
Average Wage	\$36,318	\$39,334	\$40,231

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 and Wichita have fewer people per Health Care professional than the three other peer locations.

Omaha	2009	15.7
	2012	15.0
Wichita	2009	15.0
	2012	15.1
Kansas City	2009	17.0
	2012	15.5
Tulsa	2009	16.6
	2012	16.3
Oklahoma City	2009	16.7
	2012	17.0



BREG

Blueprint for Regional Economic Growth

South Central Kansas

- **Health Care Cluster**

co-chairs: Dr. Darrell Youngman

CMO – Via Christi Hospitals

Jon Rosell

MSSC



BREG

Blueprint for Regional Economic Growth

South Central Kansas

- ACTION PLANS – Health Care Cluster
 - 1. Workforce, workforce, workforce....
 - Nursing skills alignment
 - 2. Data Collaborative
 - Shared health data
 - Population health efforts
 - Future innovation



BREG

Blueprint for Regional Economic Growth

South Central Kansas

- 3. Innovation / R&D Consortia

- 4. Quality Improvement / Cost Reduction
 - Strong rural inclusion
 - Providers/purchasers/consumers

KanCare Expansion

- > Health care is in the midst of rapid, extensive change
- > KanCare (Medicaid) Expansion represents just one of many complicated components to health care reform
- > Challenging issue that will test our ability to resolve critical differences within Kansas

The Facts on Expansion

- Expansion is voluntary. The U.S. Supreme Court ruled the federal government cannot force states to expand Medicaid. A state may elect to expand coverage and then later decide to discontinue.
- The federal government will pay 100% of the cost of the newly eligible Medicaid population for the first three years (2014-2016). This percentage will be reduced until it reaches 90% in 2020, and it will remain at that level.

Kansas Medicaid = KanCare

- KanCare is a managed care solution to slow the growth of Medicaid costs in Kansas by controlling costs and improving health outcomes.
- KanCare Vision: To serve Kansans in need with a transformed, fiscally sustainable Medicaid program that provides high-quality, holistic care and promotes personal responsibility.
- Created by our current administration, expansion of KanCare will continue to provide the right care, in the right setting and at the right time.

Path to Personal Responsibility

No Insurance

- No accountability or responsibility
- Endless access to ER
- No management of chronic conditions
- Cost of care shifted

KanCare

- “Skin in the Game”
Component to create more responsible consumers
- Access to primary care and management of chronic conditions
- Co-pays and premiums to help cover cost

Private Insurance

- Responsible for selecting and purchasing private health care services
- Able to access right care at the right time
- Cost of care borne by the beneficiary

Who Are They?

- Approximately 150,000 Kansans would become eligible for coverage if KanCare is expanded.
- The income at 138 percent of the Federal Poverty Level for a family of three is \$27,310 a year or \$2,276 a month.
- The majority of Kansans who would be eligible under KanCare expansion work as dishwashers, housekeepers, health care support workers, janitors, nursing assistants, landscapers, bus drivers, child care workers, medical assistants, retail sales people and fast food workers in Kansas communities.
- 78,000 Kansans fall into the coverage gap – they don't qualify under the current KanCare program and are too poor to qualify for subsidies in the Health Insurance Marketplace.

Money on the Table?

The Kansas Department of Health and Environment estimates that if KanCare is expanded in 2016, expansion would bring \$2.1 billion in federal dollars to Kansas over the next three years (2016-2018) to care for the most vulnerable Kansans.



Impact KanCare Expansion has on Kansas' Hospitals

Hospital Type	# of Hospitals	Avg. 2016 Impact per Hospital, per Year	Avg. Annual 10-year Impact per Hospital, per Year
Critical Access Hospital (CAH)	84	\$255,469	\$370,255
Rural, Non-CAH	16	\$913,418	\$1,323,828
Urban	28	\$6,255,445	\$9,256,302

The proportion of KanCare expansion funding closely resembles the state's population and service areas.

KHA reports KanCare Pays For Itself

KanCare expansion could result in a net cost savings for the state of Kansas of \$35.7 million from 2016-2020.

Year	Increased State Medicaid Costs	New State Revenues	Offsetting State Health Savings	Net State Savings
2016	\$10.30	\$5.20	\$34.10	\$29.00
2017	\$68.40	\$12.80	\$54.80	(\$0.80)
2018	\$72.90	\$15.90	\$58.80	\$1.80
2019	\$77.60	\$17.10	\$63.10	\$2.60
2020	\$82.70	\$18.10	\$67.80	\$3.20
Total	\$311.90	\$69.10	\$278.50	\$35.70

In Millions of Dollars

Source: *Economic and Employment Effects of Expanding KanCare in Kansas*, authored by researchers at Regional Economic Models, Inc. and George Washington University, Nov. 2014.

Invest in a Kansas Solution: KanCare Expansion

- Kansas hospitals believe Kansas should thoughtfully develop a unique, Kansas-based solution that takes advantage of the federal funds to build upon and improve our current KanCare program.
- KanCare Expansion will add needed dollars that will assist in growing the economy, creating jobs and supporting the state's budget through increased revenues and cost savings.