

The Economic Impact of Third Street Community Clinic



Third Street Community Clinic

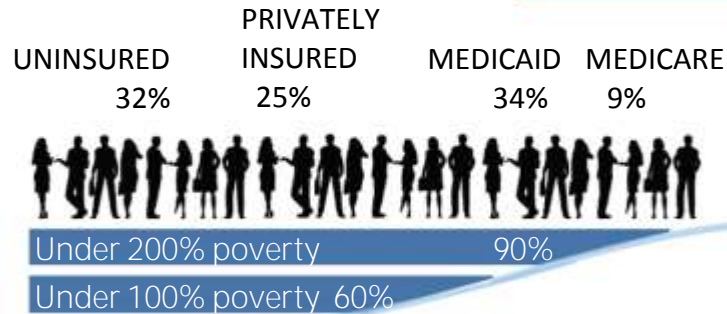
Economic Impact



COMMUNITY IMPACT

In 2013, Third Street Community Clinic provided

65,192
VISITS
to
14,345
PATIENTS



saving the system

\$18 MILLION
ANNUAL COST SAVINGS

Third Street Community Clinic directly generated

ECONOMIC IMPACT

87

FULL-TIME JOBS

...and supported an additional

37

JOBS IN OTHER INDUSTRIES



\$8,679,655 Direct

\$12,647,194
TOTAL ECONOMIC IMPACT

\$3,967,539 Non-Direct

TAX IMPACT

and contributed approximately

\$0.5 MILLION
State & Local Tax Revenue



\$1.1 MILLION
Federal Tax Revenue

\$1.6 MILLION
TOTAL TAX IMPACT



COMMUNITY IMPACT

Community health centers provide high quality, cost-effective, patient-centered care to vulnerable populations. Health centers 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 health centers 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 health center saved the health care system 24%, annually.⁴ With 14,345 patients served by Third Street Community Clinic in 2013, the estimated annual savings is \$18.1 million at \$1,263 saved per patient.⁵

ECONOMIC IMPACT

As health centers expand, their expenditures and corresponding economic impact also grow. In 2013 alone, Third Street Community Clinic contributed about \$12.6 million dollars. The table to the right summarizes economic impact and employment.

TAX IMPACT

The tax impacts of Third Street Community Clinic are divided into state/local governments and Federal government agencies.

Tax revenue is generated through employee compensation, proprietor income, indirect business taxes, households, and corporations based on the modeled impact.

Distribution of Population

	CHC Population	National Population ^{2,3}
Under 100% Poverty	60%	20%
Under 200% Poverty	90%	40%
Uninsured	32%	15%
Medicaid	34%	16%
Medicare	9%	16%
Privately Insured	25%	55%

Summary of 2013 Total Economic Activity

Stimulated by Current Operations of Third Street Community Clinic

	Economic Impact	Employment (# of FTEs*)
Direct	\$ 8,679,655	87
Indirect	\$ 1,164,643	12
Induced	\$ 2,802,896	25
Total	\$ 12,647,194	125

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

Summary of 2013 Tax Impact

	Federal	State/Local
Direct	\$800,917	\$227,234
Indirect	\$81,068	\$59,360
Induced	\$195,042	\$196,709
Total	\$1,077,027	\$483,303
Total Tax Impact	\$1,560,330	

*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 four months out of the year would be reported as "0.33 FTE" (4 months/12 months).

HOW ECONOMIC IMPACT IS MEASURED

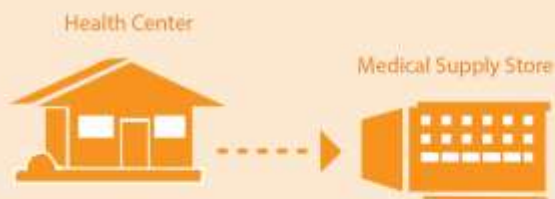
Using IMPLAN, integrated economic modeling software, this analysis applies the “multiplier effect” to capture the direct, indirect, and induced economic effects of health center business operations and capital project plans. IMPLAN generates multipliers by geographic region and by industry combined with a county/state database. It is widely used by economists, state and city planners, universities and others to estimate the impact of projects and expenditures on the local economy. This analysis was conducted using **IMPLAN Version 3, Trade Flows Model**.

WHAT ARE DIRECT, INDIRECT AND INDUCED IMPACTS?

DIRECT

Direct impacts result from **health center expenditures associated with expanded operations, new facilities, and hiring.**

A health center purchases medical devices from a local medical supply store.



This purchase is a **direct** economic impact of the health centers expanded operations.

INDIRECT

Indirect impacts result from **purchases of local goods, services, and labor made by health center suppliers.**

The medical supply store purchases paper from an office supply store to print receipts and hires a local delivery service to transport the medical devices.



These purchases are **indirect** economic impacts of the health centers expanded operations.

INDUCED

Induced impacts result from **purchases of local goods and services at a household level made by employees of the health center and suppliers.**

As local industries grow and household income increases, employees of the health center, medical supply store, office supply store, and delivery service spend their salaries in the community.



These purchases are **induced** economic impacts because they are the result of growth of the entire community.

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. Based on Bureau of Primary Health Care, HRSA, DHHS, 2012 Uniform Data System. U.S.: Kaiser Family Foundation, State Health Facts Online, www.statehealthfacts.org. Based on Census Bureau's March 2012 and 2013 Current Population Survey (CPS: Annual Social and Economic Supplements).
3. Based on Centers for Medicare & Medicaid Services: www.cms.gov. Medicare Enrollment – All Beneficiaries: as of July 2012.
4. 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.
5. 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.

ABOUT CAPITAL LINK

Capital Link is a non-profit organization that has worked with hundreds of health centers and Primary Care Associations for over 15 years to plan capital projects, finance growth and identify ways to improve performance. We provide innovative consulting services and extensive technical assistance with the goal of supporting and expanding community-based health care. For more information, visit us online at www.caplink.org.

SOURCES

This report was created with FY13 Audited Financial Statement and 2013 UDS from Third Street Community Clinic.