



Photos: Providence Health & Services

THE ECONOMIC IMPACT OF PROVIDENCE HEALTH & SERVICES SOUTHERN CALIFORNIA

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This report was commissioned by Providence Health & Services Southern California.

The LAEDC Economic and Policy Analysis Group offers objective economic and policy research for public agencies and private firms. The group focuses on economic impact studies, regional industry analyses, economic forecasts and issue studies, particularly in water, transportation, infrastructure and environmental policy.

Every reasonable effort has been made to ensure that the data contained herein reflect the most accurate and timely information possible and they are believed to be reliable.

The report is provided solely for informational purposes and is not to be construed as providing advice, recommendations, endorsements, representations or warranties of any kind whatsoever.

Executive Summary

Economic Activity of Providence Health & Services Southern California

Providence Health & Services Southern California (PHSSC) owns and operates a network of five well-renowned, general acute care hospitals across Los Angeles County, including Little Company of Mary Medical Center San Pedro, Little Company of Mary Medical Center Torrance, Holy Cross Medical Center in Mission Hills, Saint Joseph Medical Center in Burbank and Tarzana Medical Center.

According to data for 2010 from the California Office of Statewide Health Planning and Development (OSHPD), the five Providence hospitals reported 1,548 available beds, with an average occupancy rate of 73 percent. The hospitals in aggregate provided nearly 410,900 inpatient days, with general acute care accounting for 75 percent. Almost 713,000 outpatient visits were made to the Providence hospitals, of which one-third were emergency department visits.

These data do not capture the additional activity related to the operations of the new patient care wing at Providence Holy Cross Medical Center, which was completed in 2011 and added 138 new inpatient beds.

Hospital Operations

The total economic impact of the five Providence hospitals extends beyond the activity generated within the health care sector itself. Wages paid to staff and payments made for purchases of goods and services circulate throughout the economy generating additional indirect and induced activity.

It is estimated that in 2010 the Providence hospitals generated \$3.1 billion in total economic output in the six-county Southern California region and supported 21,250 full- and part-time jobs with total labor income (including benefits) of \$1.3 billion. This economic activity is estimated to have generated \$154 million in state and local taxes.

The total economic impact is spread across the region. More than 92 percent of the total employment impact occurs in Los Angeles County, with the remaining 8 percent distributed throughout the other five counties of the Southern California region (Orange, Riverside, San Bernardino, Santa Barbara and Ventura).

Hospital Construction Spending

The hospital industry continues to invest in construction projects at new and existing facilities, and carry out retrofits motivated by regulatory mandates. In 2010, this spending reached \$86.9 million at the five Providence Health & Services hospitals. The total economic impact was almost \$186 million in economic output in the six-county Southern California region, supporting 1,210 full- and part-time jobs with labor income of more than \$69 million. It is estimated that this spending generated \$7.7 million in state and local taxes through its contribution to activity in the region.

Economic and Fiscal Impact of PHSSC Operations (So-Cal Region, 2010)

Estimated Annual Revenue (\$ millions):	\$ 1,381.5
Total Economic Impact:	
Output (\$ millions)	\$ 3,074.0
Employment (jobs)	21,250.0
Labor income (\$ millions)	\$ 1,330.3
Total Fiscal Impact (\$ millions):	\$ 153.9

Source: Estimates by LAEDC

Economic and Fiscal Impact of PHSSC Construction Spending (So-Cal Region, 2010)

Estimated Construction Spending (\$ millions):	\$ 86.9
Total Economic Impact:	
Output (\$ millions)	\$ 185.7
Employment (jobs)	1,210.0
Labor income (\$ millions)	\$ 69.2
Total Fiscal Impact (\$ millions):	\$ 7.7

Source: Estimates by LAEDC

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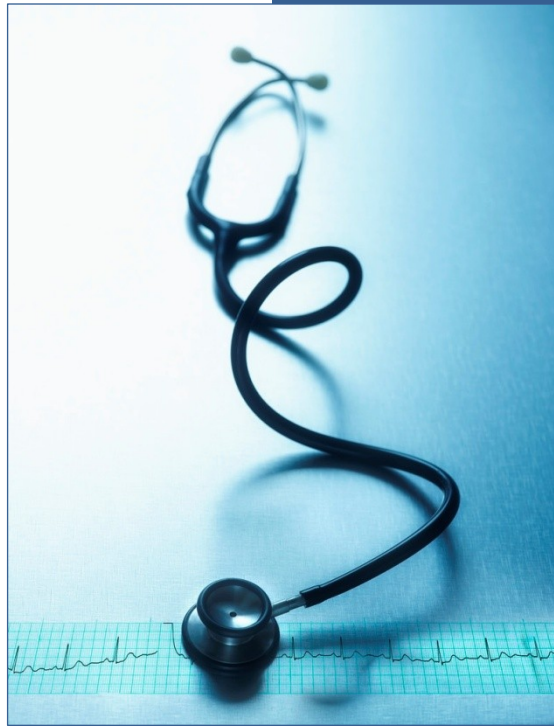
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INTRODUCTION

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1 Providence Health & Services Southern California

Providence Health & Services Southern California (PHSSC) owns and operates a network of five well renowned, general acute care hospitals including: Little Company of Mary Medical Center San Pedro, Little Company of Mary Medical Center Torrance, Holy Cross Medical Center in Mission Hills, Saint Joseph Medical Center in Burbank and Tarzana Medical Center. Together their 1,544 available beds (of the 1,632 licensed beds) provide inpatient and outpatient care, emergency and diagnostic services to communities throughout Los Angeles County.

Providence Little Company of Mary Medical Center San Pedro offers medical services that include acute rehabilitation, sub-acute care, obstetrical emergency, behavioral health, chemical dependency, a sexual assault response team (SART) and senior psychiatric services. It was the first hospital to earn the Gold Seal of Approval from the Joint Commission for Advanced Primary Stroke Centers and is the only acute rehabilitation provider for patients with major neurological and orthopedic conditions in the Los Angeles Harbor and South Bay communities.

Providence Little Company of Mary Medical Center Torrance offers medical services that include da Vinci robotic surgery for gynecologic, urologic and cardiac procedures, and a heart center offering 24-hour coronary angioplasty and open heart surgery. Designated as a Level III Neonatal Intensive Care Unit, the hospital offers fetal diagnostic testing and genetic counseling, along with other women's and children's services. It has earned the Gold Seal of Approval from the Joint Commission for Advanced Primary Stroke Centers and serves as a paramedic base station for the City of Torrance and part of the Palos Verdes Peninsula.

Providence Holy Cross Medical Center in the City of Mission Hills offers medical services that include trauma and emergency services, a cancer center, a heart center, a state-of-the-art imaging center, vascular, orthopedics, neurosciences,



Photo: Health Care Design Magazine

rehabilitation services, surgery, digestive disorders and women's and children's services. It is one of only two hospitals in the San Fernando Valley approved and accredited as a Level II Trauma Center. It was designated as one of L.A. County's first DHS approved ST-Elevation Myocardial Infarction (STEMI) Receiving Centers for patients with severe heart attacks. Holy Cross just completed construction of a new, four-story, LEED Silver certified, 132,000 square-foot wing, housing an additional 138 beds for patient care, which also houses the first neonatal intensive care unit (NICU) serving the northeast San Fernando and Santa Clarita Valleys.

Providence Saint Joseph Medical Center in the City of Burbank offers medical services that include bariatrics, diabetes care, emergency care, gastrointestinal services, cardiology and vascular, imaging, neurosciences, nutritional counseling, oncology, orthopedics, rehabilitation, surgery and women's health services. The hospital was also designated as one of L.A. County's first DHS approved STEMI Receiving Center for patients with severe heart attacks and has earned several awards in their treatment of strokes including, the Joint Commission for Advanced Primary Stroke Centers, the American Stroke Association and the Providence Health and Services President's Award of Excellence.

Providence Tarzana Medical Center offers medical services that include diabetes care, gastrointestinal services, cardiology, imaging, oncology, orthopedics, ostomy services, pediatrics, rehabilitation, surgery, transfusion-free surgery, vascular care, senior, women’s and children’s services and wound center services. It has one of the largest neonatal intensive care units in the San Fernando Valley, with a surgery certification from California Children’s Services (CSS), and it receives pediatric and neonatal patients with surgical needs from other hospitals in the area. It has the only certified carotid stenting program in the area.

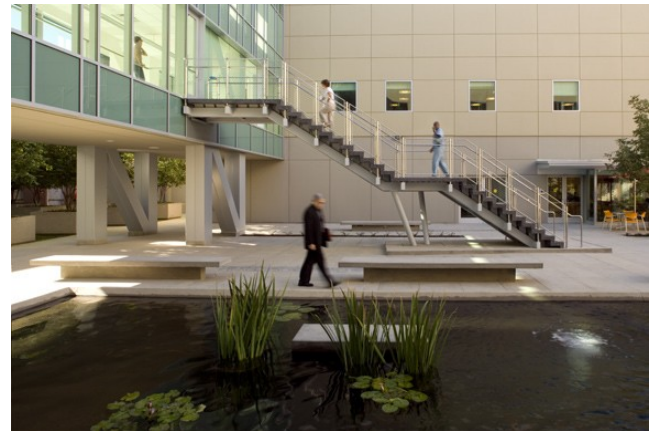


Photo: Smith Group Architects

Providence hospitals together contribute more to the Los Angeles region than health care services. They provided over \$91 million in community benefits to patients and their families in the community, numbering nearly 140,000 individuals. Classes on illnesses and conditions, as well as support groups, are available for patients and their family and friends, and subsidies are available for financial assistance for patients, medical education and research programs for staff, and wellness and prevention programs. They operate Providence High School, a Blue Ribbon college-preparatory campus. Providence Health & Services also contributes community-building donations for local neighborhoods and the surrounding communities of their hospitals, including numerous outreach programs and clinics. ❖



Photo: Providence Health & Services

Hospital Accreditations and Certifications

Given the myriad compliance requirements (CCR, Titles 22 and 24, Federal Regulations Title 42, etc.) many hospitals obtain certifications or accreditations from organizations that cross-walk the federal, state and local requirements. An accreditation applies to an entire health care organization, such as a whole hospital, while certification is earned according to each program or services within a health care organization.

Providence hospitals are all accredited by the Joint Commission (formerly, the Joint Commission on Accreditation of Health Care Organizations), an

independent non-profit organization which accredits and certifies health care organizations and programs across the U.S. All state specific legislation and regulation pertaining to hospitals for their accreditation and certification criteria are monitored by the Joint Commission. California, through its Department of Public Health, contracts with the Joint Commission in their quality of care oversight for licensing (as stated in the California Health and Safety Code § 1282).

In addition to the Joint Commission accreditation, individual Providence hospitals obtain additional accreditations and certifications for their specialty care units. For facility specific examples, please refer to the individual Providence Health and Services hospital reports. ❖

2 The Health Care Sector

Southern California Region

The health care sector is composed of several inter-related and supporting industries, including ambulatory health care services, hospitals, and nursing and residential care facilities. The sector as a whole has been growing over the past decade and is likely to be a driver of economic activity going forward as our population grows, as it ages, and as medical advances extend our productive lives.

Hospitals, health care centers, doctors’ offices and laboratories provide access to a variety of vital health care services, employing thousands of workers, and generating significant revenues and tax dollars.

There were nearly 40,000 private and public establishments and almost 667,500 payroll employees in the health care sector, representing 9.8 percent of all payroll employment in the Southern California region. Offices of health care practitioners is the largest industry by number of establishments, but the hospital industry employs more workers, providing 238,176 jobs.

These data do not include the self-employed or freelance workers, which would add an estimated 69,000 workers, many of whom are health care practitioners or work in home health care services.

Payroll employment in this sector has been growing over the past twenty years. In 1990, employment in the Southern California region in the health care industry was 474,141, growing to 667,494 in 2010. Growth has accelerated in the past decade, averaging approximately 2.3 percent on an annual basis since 2000, compared to 1.1 percent per year in the prior decade.

In the six-county region as a whole, total payroll employment has not shown such a steady increase over the period, and indeed experienced a dramatic decline during the recession.

Exhibit 2-1
Health Care Services in Southern California (2010)

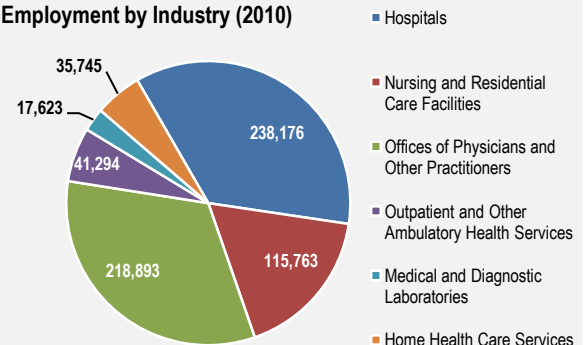
	# of Establishments
Hospitals:	
General Medical and Surgical Hospitals ¹	211
Other Hospitals ²	313
Nursing and Residential Care Facilities	3,278
Offices of Health Care Practitioners	32,140
Outpatient Care Centers	1,553
Medical and Diagnostic Laboratories	912
Home Health Care Services	1,350
TOTAL Establishments	39,822
% of all Establishments in Region	6.05%

Source: CA EDD

¹ Includes federal, state and county general medical and surgical hospitals such as VA hospitals

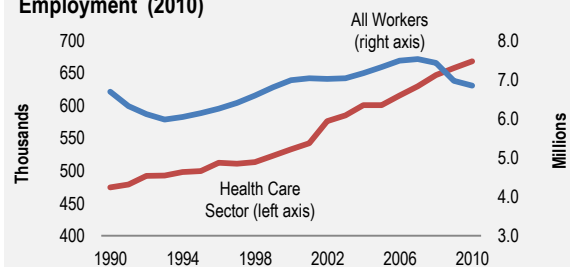
² Includes psychiatric and substance abuse hospitals and specialty hospitals

Exhibit 2-2
Employment by Industry (2010)



Source: CA EDD

Exhibit 2-3
Employment (2010)



Source: CA EDD

Wages

Wages in the health care sector vary by industry, as shown in Exhibit 2-4. Average wages were highest in hospitals in 2010, reaching \$63,199, and lowest in nursing and residential care facilities where workers earned an average of \$29,097.

Overall, the average annual wage in the health care industry in the Southern California region in 2010 was \$53,355.

The purchasing power of earnings in the health care sector has been improving recently, but this has not always been the case. In the 1990s, for example, real wages deteriorated, reaching a low in 1997. However, real wages have shown improvement since 2000 and in particular during the last two years. This is in contrast to the average real wages for all workers in Los Angeles County, which grew through 2000 but which have remained flat since.

Output

The economic census of 2007 reports revenues by industry. The health care sector as a whole is estimated to have had total revenues of more than \$48 billion in 2007 in the six-county region. Additional revenues earned by the self-employed are estimated to have been \$2.2 billion. ❖

In 2010, the health care sector employed almost 667,500 people in the six-county Southern California region, with an average annual wage of \$53,335.

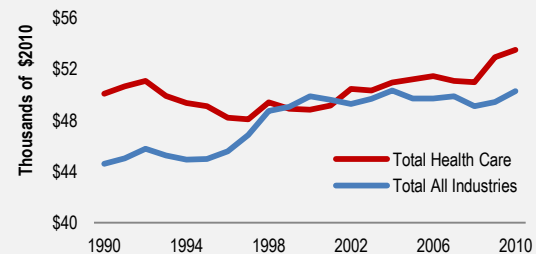
In 2007 (the most recent year for which data are available), total revenues exceeded \$48 billion.

Exhibit 2-4
Average Annual Wages by Industry (2010)

Hospitals	\$63,199
Physicians and Other Practitioners	\$59,304
Medical and Diagnostic Labs	\$56,940
Outpatient and Other Ambulatory Care	\$50,141
Home Health Care Services	\$30,830
Nursing and Residential Care Facilities	\$29,097
All Health Care Services	\$53,355

Source: CA EDD

Exhibit 2-5
Average Annual Wages



Source: CA EDD

Exhibit 2-6
Health Care Services Output (2007)

	Estimated Revenues (\$ billions)
Hospitals	\$ 20.5
Offices of Health Care Practitioners	14.2
Nursing and Residential Care Facilities	4.0
Outpatient and Other Ambulatory Health Care	2.6
Medical and Diagnostic Laboratories	1.2
Home Health Care Services	1.3
TOTAL Revenues	\$ 48.1

Source: BLS

Los Angeles County

Across Los Angeles County, hospitals, health care centers, doctors' offices and laboratories provide access to a variety of vital health care services, employing thousands of workers, and generating significant revenues and tax dollars.

The health care sector is composed of several inter-related and supporting industries, including ambulatory health care services, hospitals, and nursing and residential care facilities. The sector as a whole has been growing over the past decade and is likely to be a driver of economic activity going forward as our population grows, as it ages, and as medical advances extend our productive lives.

There were more than 22,400 private and public establishments and almost 390,000 payroll employees in the health care sector, representing 10.1 percent of all payroll employment in Los Angeles County. Offices of health care practitioners is the largest industry by number of establishments, but the hospital industry employs more workers, providing 146,340 jobs.

These data do not include the self-employed or freelance workers, which would add an estimated 41,000 workers, many of whom are health care practitioners or work in home health care services.

Payroll employment in this sector has been growing over the past twenty years. In 1990, employment in Los Angeles County in the health care industry was 306,582, growing to 389,661 in 2010. Growth has accelerated in the past decade, averaging approximately 1.9 percent on an annual basis since 2000, compared to 0.4 percent per year in the prior decade.

In the county as a whole, total payroll employment has not shown such a steady increase over the period, and indeed experienced a dramatic decline during the recession.

Exhibit 2-7
Health Care Services in Los Angeles County (2010)

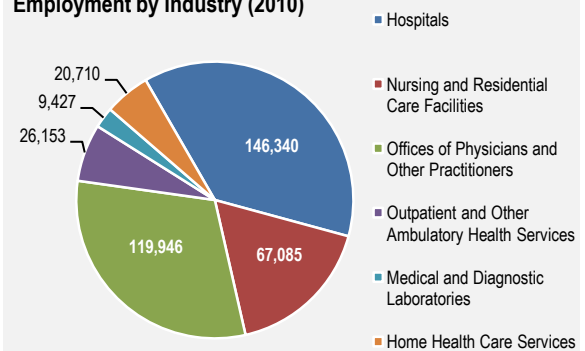
	# of Establishments
Hospitals:	
General Medical and Surgical Hospitals ¹	121
Other Hospitals ²	181
Nursing and Residential Care Facilities	1,719
Offices of Health Care Practitioners	18,219
Outpatient Care Centers	885
Medical and Diagnostic Laboratories	484
Home Health Care Services	826
TOTAL Establishments	22,441
% of all LAC Establishments	5.3%

Source: CA EDD

¹ Includes federal, state and county general medical and surgical hospitals such as VA hospitals

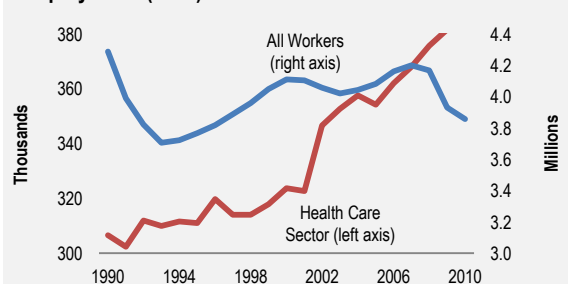
² Includes psychiatric and substance abuse hospitals and specialty hospitals

Exhibit 2-8
Employment by Industry (2010)



Source: CA EDD

Exhibit 2-9
Employment (2010)



Source: CA EDD

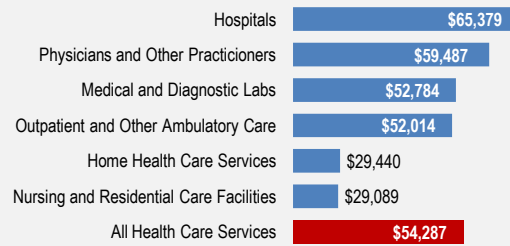
Wages

Wages of health care workers vary by industry, as shown in Exhibit 2-10. Average wages are highest in hospitals, reaching \$65,379 annually, and lowest in nursing and residential care facilities where workers earned an average of \$29,089 in 2010.

Overall, the average annual wage in the health care industry in Los Angeles County in 2010 was \$54,287.

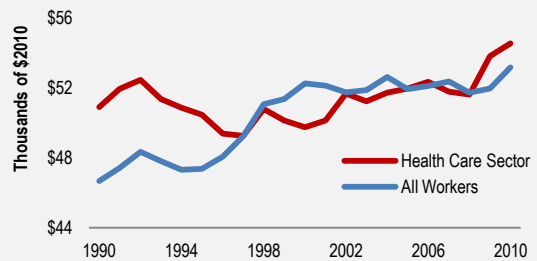
The purchasing power of earnings in the health care sector has been improving recently, but this has not always been the case. In the 1990s, for example, real wages deteriorated, reaching a low in 1997. However, real wages have shown improvement since 2000 and in particular during the last two years. This is in contrast to the average real wage for all workers in Los Angeles County, which grew through 2000 and remained relatively flat until just this last year. ❖

Exhibit 2-10
Average Annual Wages by Industry (2010)



Source: CA EDD

Exhibit 2-11
Average Annual Wages

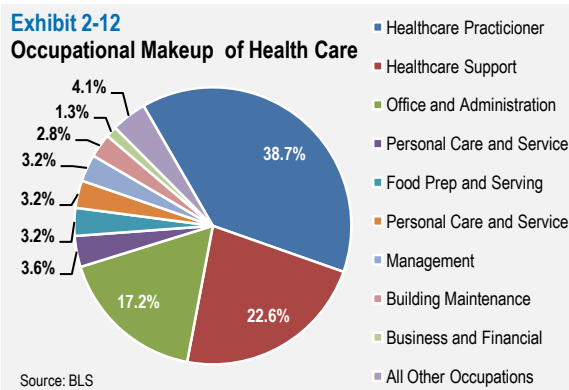


Source: CA EDD

Health Care Occupations



There are many occupations in the healthcare sector, as shown in Exhibit 2-12. Almost 40 percent of employees are healthcare practitioners such as physicians and nurses. An additional 22.6 percent are in healthcare support occupations. Other occupations include managers, administrative workers, food preparation workers, teachers and maintenance personnel.



The Bureau of Labor Statistics lists 51 separate occupations in the healthcare practitioner occupational group, and an additional 14 occupations in the healthcare support occupational group. Exhibits 2-13 and 2-14 list the largest individual occupations by employment in both of these occupational groups in the six-county Southern California region in 2010, along with the average annual wage paid for employees in these occupations in California. ❖

Exhibit 2-13 Practitioner and Technical Services Occupations (2010)

Occupation	Employment in So-Cal	Annual average wage in CA
Registered Nurses	136,920	\$ 88,714
Licensed Practical and Vocational Nurses	38,480	51,200
Pharmacy Technicians	16,850	37,805
All Other Physicians and Surgeons	13,580	194,356
Pharmacists	13,560	120,488
Medical Records/ Information Techs	10,530	40,076
Radiologic Technologists/Technicians	9,270	66,972
Medical and Clinical Lab Technicians	8,960	42,887
Physical Therapists	8,880	85,801
EMTs and Paramedics	8,420	36,650
Dental Hygienists	8,250	91,492
Dentists, General	7,720	148,832
Respiratory Therapists	7,680	68,933
All Other Health Technologists	6,870	47,053
Medical and Clinical Lab Technologists	6,380	76,686
Psychiatric Technicians	5,230	53,387
Surgical Technologists	5,210	49,514
Veterinary Technologists/Technicians	5,110	35,798
Physician Assistants	4,870	94,980
Speech-Language Pathologists	4,840	83,068
Family and General Practitioners	4,750	170,389
Occupational Therapists	4,380	85,510
All Other Health /Tech Workers	3,810	73,397
Opticians, Dispensing	3,700	37,800
Internists, General	3,100	188,186
Diagnostic Medical Sonographers	3,080	78,349
Dietitians and Nutritionists	2,850	65,944
Pediatricians, General	2,770	168,035
All others	27,780	n/a
All	383,830	\$ 86,990

Source: BLS

Exhibit 2-14 Healthcare Support Occupations (2010)

Occupation	Employment in So-Cal	Annual average wage in CA
Nursing Aides, Orderlies, and Attendants	61,020	\$ 28,297
Medical Assistants	49,070	31,678
Home Health Aides	31,820	23,154
Dental Assistants	25,320	35,764
All Other Healthcare Support Workers	14,990	36,401
Pharmacy Aides	5,100	25,349
Massage Therapists	4,490	39,440
Physical Therapist Aides	3,710	27,738
Medical Equipment Preparers	3,670	31,062
Physical Therapist Assistants	3,040	58,533
Medical Transcriptionists	2,940	42,979
Veterinary Assistants	2,940	26,719
All others	4,520	n/a
All	212,630	\$ 30,600

Source: BLS

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ECONOMIC ANALYSIS

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3 Ongoing Operations of Providence Health & Services Southern California

Economic Activity

Data compiled by the State of California Office of Statewide Health Planning and Development (OSHPD) provide insight into the capabilities and activity at reporting hospitals. Summary data for the five hospitals of Providence Health & Services Southern California (PHSSC) are shown in Exhibit 3-1.

Exhibit 3-1
Providence Health & Services Southern California (2010)

Beds:	
Licensed	1,636
Available	1,548
Occupancy Rates:	
Licensed Beds	69.0%
Available Beds	72.9%
Patients Days:	
General Acute Care	308,347
Psychiatric Care	7,058
Chemical Dependency	4,016
Rehabilitation	12,629
Long-term Care	78,845
Total	410,895
Discharges:	71,804
Outpatient Visits:	
Emergency Room	235,842
All Other Outpatients	477,043
Total	712,885

Source: California Office of Statewide Health Planning and Development

The five hospitals together reported 1,636 licensed beds and 1,548 available beds with an average occupancy rate of 69.0 percent and 72.9 percent, respectively. These hospitals provided nearly 411,000 inpatient days of which 308,347 were for general acute care.

Total discharges numbered more than 71,800. There were 712,885 outpatient visits, one-third of which were emergency department visits.

These data do not capture the additional activity related to the operations of the new patient care wing of Providence Holy Cross Medical Center, which was completed in 2011 and added 138 new inpatient beds.

Hospital operations generate substantial revenues, employment and labor income. A summary of the activity of the five hospitals is shown below.

Exhibit 3-2
Economic Activity of Hospital Operations (2010)

	\$ millions
Net Patient Revenue	\$ 1,347.8
Other Operating Revenue	20.8
Non-Operating Revenue	12.9
Purchases:	
Supplies	\$ 205.8
Services	193.8
Leases and rentals	11.1
Other	168.2
Salaries and wages	\$ 522.1
Employee benefits	153.9
Physician professional fees	19.1
Other professional fees	31.1

Source: California Office of Statewide Health Planning and Development

The five hospitals received \$1.35 billion in net patient revenue and \$34 million in other revenue. They spent \$579 million in purchases, including services and supplies, much of which was spent within the Los Angeles region.

In addition to this spending, more than \$522 million was paid in wages and salaries and \$154 million in employee benefits. Moreover, \$50 million was paid for other professional services.



Economic and Fiscal Impact

Los Angeles County

The total economic impact of the hospitals of Providence Health & Services Southern California extends beyond the activity generated within the institutions. Wages paid to the staff and payments made for purchases of goods and services circulate throughout the economy generating additional indirect and induced activity.

Using the income statement reported by OSHPD, total hospital revenues in Los Angeles County in 2010 were \$1.38 billion.

The total economic impact of PHSSC in Los Angeles County in 2010, including direct, indirect and induced activity, is shown in Exhibit 3-3.

Exhibit 3-3
Economic and Fiscal Impact of PHSSC
(Los Angeles County, 2010)

Estimated Annual Revenue (\$ millions):	\$ 1,381.5
Total Economic Impact:	
Output (\$ millions)	\$ 2,802.9
Employment (jobs)	19,590.0
Labor income (\$ millions)	\$ 1,244.1
Total Fiscal Impact (\$ millions):	
Income taxes (including profits taxes)	\$ 38.8
Sales taxes	34.6
Property taxes	38.4
Fees and fines	14.2
Social insurance	5.3
Other taxes	6.8
Total *	\$ 138.1

* May not sum due to rounding
Source: Estimates by LAEDC

The five hospitals of Providence Health & Services Southern California together generated more than \$2.8 billion in total economic output in Los Angeles County and supported 19,590 full- and part-time jobs with total labor income (including benefits) of more than \$1.24 billion.

It is estimated that this activity generated more than \$138 million in state and local taxes.

The indirect and induced impacts spill across industries, as shown in Exhibit 3-4.

Exhibit 3-4
Economic Impact by Industry Sector
(Los Angeles County, 2010)

Sector	Employment	Output (\$ millions)
Agriculture	4	\$ 0.4
Mining	11	3.3
Utilities	19	16.1
Construction	80	11.0
Manufacturing	218	121.5
Wholesale trade	235	40.0
Retail trade	1,140	86.4
Transportation and warehousing	285	35.5
Information	170	70.3
Finance and insurance	870	185.8
Real estate and rental	1,178	329.2
Professional, scientific and technical services	638	91.7
Management of companies	137	24.8
Administrative and waste management	1,265	65.9
Educational services	282	21.9
Health care and social assistance	10,972	1,535.3
Arts, entertainment and recreation	235	17.3
Accommodation and food services	848	53.2
Other services	815	58.0
All others	185	35.1
Total *	19,590	\$ 2,802.9

* May not sum due to rounding
Source: Estimates by LAEDC

Approximately half of these impacts occur in the health care and social assistance sector, but other sectors affected included administrative and waste management, real estate and rental services, retail trade, finance and insurance, and professional, scientific and technical services.

A description of the industry sectors is provided in the Appendix.

Southern California Region

Given the nature of the region and the interconnectedness of both industry and employee transactions, the economic impact of the five hospitals extends beyond the county borders into neighboring regions. The total economic impact of the five hospitals of PHSSC in the six-county Southern California region in 2010, including direct, indirect and induced activity, is shown in Exhibit 3-5.

Exhibit 3-5
Economic and Fiscal Impact of PHSSC (So-Cal Region, 2010)

Estimated Annual Revenue (\$ millions):	\$ 1,381.5
Total Economic Impact:	
Output (\$ millions)	\$ 3,074.0
Employment (jobs)	21,250.0
Labor income (\$ millions)	\$ 1,330.3
Total Fiscal Impact (\$ millions):	
Income taxes (including profits taxes)	\$ 42.2
Sales taxes	39.3
Property taxes	43.5
Fees and fines	15.5
Social insurance	5.7
Other taxes	7.7
Total *	\$ 153.9

* May not sum due to rounding
Source: Estimates by LAEDC

Together, the hospitals generated \$3.1 billion in total economic output in the six-county Southern California region and supported 21,250 full- and part-time jobs with total labor income (including benefits) of \$1.3 billion.

It is estimated that this activity generated almost \$154 million in state and local taxes in the region.

The indirect and induced impacts spill across industries, as shown in Exhibit 3-6.

Exhibit 3-6
Economic Impact by Industry Sector (So-Cal Region, 2010)

Sector	Employment	Output (\$ millions)
Agriculture	23	\$ 3.2
Mining	19	5.1
Utilities	28	23.6
Construction	104	14.4
Manufacturing	365	189.2
Wholesale trade	316	54.5
Retail trade	1,346	101.8
Transportation and warehousing	333	41.6
Information	195	79.6
Finance and insurance	1,035	220.1
Real estate and rental	1,245	360.9
Professional, scientific and technical services	738	104.3
Management of companies	199	35.6
Administrative and waste management	1,438	76.4
Educational services	315	24.0
Health care and social assistance	11,168	1,554.3
Arts, entertainment and recreation	272	19.8
Accommodation and food services	984	61.4
Other services	923	65.3
All others	203	38.9
Total *	21,250	\$ 3,074.0

* May not sum due to rounding
Source: Estimates by LAEDC

As above, the largest employment impact occurs in the health care and social assistance sector, but many other industry sectors reap employment benefits in the region as a result of the economic activity generated by the hospitals of Providence Health & Services Southern California. ❖

Occupational Analysis

Of the jobs generated by the hospitals of PHSSC, more than one-third are healthcare practitioner and healthcare support occupations, with average annual wages of \$81,636 and \$29,441 respectively.

The occupational distribution of the total jobs in the six-county Southern California region is shown in Exhibit 3-7.



Exhibit 3-7
Occupational Distribution of Total Employment Impact
(So-Cal Region, 2010)

Occupational Description	Employment	Average Annual Wages
Management	923	\$ 119,480
Business and financial operations	841	72,582
Computer and mathematical science	336	80,807
Architecture and engineering	97	87,504
Life, physical and social science	129	70,189
Community and social services	404	51,316
Legal	105	124,318
Education, training and library	304	59,897
Arts, design, entmt, sports and media	182	70,263
Healthcare practitioners and tech	5,574	81,636
Healthcare support	1,594	29,441
Protective service	260	51,520
Food preparation and serving related	1,344	21,866
Building and grounds maintenance	1,020	27,062
Personal care and service	504	26,201
Sales and related	1,465	38,593
Office and administrative support	3,914	36,963
Farming, fishing and forestry	24	21,723
Construction and extraction	191	50,234
Installation, maintenance and repair	663	47,004
Production	548	31,962
Transportation and material moving	828	32,731
All *	21,250	\$ 49,330

* May not sum due to rounding
 Source: Estimates by LAEDC

Because the hospitals impact many industry sectors, the economic activity they support throughout the region provides employment for a wide variety of occupations. ❖

4 Construction Spending of Providence Health & Services Southern California

Economic and Fiscal Impact

In addition to ongoing, regular and recurring operations, the hospitals of PHSSC continue to invest in construction projects at new and existing facilities, and carry out retrofits motivated by regulatory mandates. This investment generates significant economic activity. Together, the hospitals report construction spending in 2010 reached \$86.9 million.

Los Angeles County

The total economic impact in Los Angeles County of construction spending by PHSSC hospitals in 2010, including direct, indirect and induced activity, is shown in Exhibit 4-1.

Exhibit 4-1
Economic and Fiscal Impact of PHSSC Construction Spending (Los Angeles County, 2010)

Estimated Construction Spending (\$ millions):	\$ 86.9
Total Economic Impact:	
Output (\$ millions)	\$ 165.6
Employment (jobs)	1,090.0
Labor income (\$ millions)	\$ 63.1
Total Fiscal Impact (\$ millions):	
Income taxes (including profits taxes)	\$ 2.0
Sales taxes	1.6
Property taxes	1.8
Fees and fines	0.7
Social insurance	0.2
Other taxes	0.3
Total *	\$ 6.6

* May not sum due to rounding
 Source: Estimates by LAEDC

Construction spending by the hospitals in 2010 generated \$165.6 million in total economic output in Los Angeles County and supported 1,090 full- and part-time jobs with total labor income

(including benefits) of more than \$63 million. It is estimated that this spending generated \$6.6 million in state and local taxes.

The indirect and induced impacts spill across industries, as shown in Exhibit 4-2.

Exhibit 4-2
Impact of Construction Spending by Industry Sector (Los Angeles County, 2010)

Sector	Employment	Output (\$ millions)
Agriculture	0	\$ 0.0
Mining	1	0.3
Utilities	1	0.8
Construction	574	87.4
Manufacturing	31	12.1
Wholesale trade	18	3.0
Retail trade	62	4.7
Transportation and warehousing	20	2.6
Information	10	4.2
Finance and insurance	45	9.9
Real estate and rental	28	11.4
Professional, scientific and technical services	70	10.7
Management of companies	3	0.6
Administrative and waste management	38	2.2
Educational services	15	1.1
Health care and social assistance	65	6.5
Arts, entertainment and recreation	13	0.9
Accommodation and food services	44	2.8
Other services	44	3.2
All others	7	1.3
Total *	1,090	\$ 165.6

* May not sum due to rounding
 Source: Estimates by LAEDC

Most of these impacts will occur in the construction sector, but as seen with the economic impact of ongoing operations, many other industry sectors are impacted by the hospitals' construction spending.

Southern California Region

The economic impact of hospital construction spending also extends beyond Los Angeles County into neighboring regions.

The total economic impact in the six-county Southern California region of construction spending by PHSSC hospitals in 2010, including direct, indirect and induced activity, is shown in Exhibit 4-3.

Exhibit 4-3
Economic and Fiscal Impact of PHSSC Construction Spending (So-Cal Region, 2010)

Estimated Construction Spending (\$ millions):	\$ 86.9
Total Economic Impact:	
Output (\$ millions)	\$ 185.7
Employment (jobs)	1,210.0
Labor income (\$ millions)	\$ 69.2
Total Fiscal Impact (\$ millions):	
Income taxes (including profits taxes)	\$ 2.3
Sales taxes	1.9
Property taxes	2.1
Fees and fines	0.8
Social insurance	0.3
Other taxes	0.4
Total *	\$ 7.7

* May not sum due to rounding
 Source: Estimates by LAEDC

Construction spending by the hospitals in 2010 generated \$185.7 million in total economic output in the Southern California region and supported 1,210 full- and part-time jobs with total labor income (including benefits) of almost \$70 million.

It is estimated that this spending generated more than \$7.7 million in state and local taxes through its contribution to economic activity in the region.

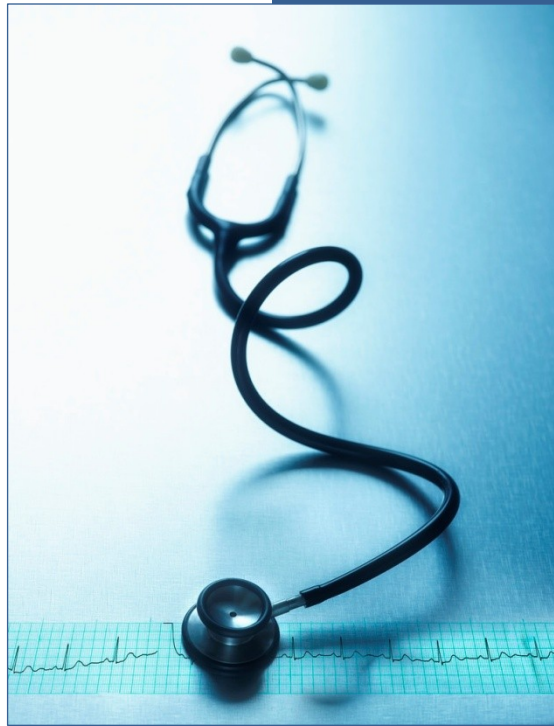
The indirect and induced impacts spill across industries, as shown in Exhibit 4-4.

Exhibit 4-4
Impact of Construction Spending by Industry Sector (So-Cal Region, 2010)

Sector	Employment	Output (\$ 000)
Agriculture	1	\$ 0.2
Mining	2	0.5
Utilities	1	1.2
Construction	576	87.6
Manufacturing	61	20.2
Wholesale trade	25	4.3
Retail trade	73	5.5
Transportation and warehousing	23	3.1
Information	11	4.8
Finance and insurance	53	11.6
Real estate and rental	32	13.2
Professional, scientific and technical services	77	11.5
Management of companies	5	0.9
Administrative and waste management	47	2.7
Educational services	17	1.3
Health care and social assistance	76	7.5
Arts, entertainment and recreation	15	1.1
Accommodation and food services	52	3.3
Other services	50	3.6
All others	8	1.5
Total *	1,210	\$ 185.7

* May not sum due to rounding
 Source: Estimates by LAEDC

A description of the industry sectors is provided in the Appendix. ❖



APPENDIX

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A1 Methodology

The estimated economic impact includes economic output, employment, and labor income, which includes wages, salaries and benefits. The total impact includes *direct, indirect and induced effects*. *Direct* employment is the personnel hired by the hospital in its ongoing operations and construction programs, including doctors, nurses, administrative, management, and so on. *Direct* output is the value of the services provided by the hospital. *Indirect* effects are those that stem from the employment and output motivated by the purchases made by the hospital. For example, indirect jobs are sustained by the vendors of the medical supplies and insurance purchased by the hospital. *Induced* effects are those generated by the household spending of employees whose wages are sustained by both direct and indirect spending.

The Southern California region is defined as the six counties of Los Angeles, Orange, Riverside, San Bernardino, Santa Barbara and Ventura.

The number of establishments as shown in Exhibits 2-1 and 2-7 represent the estimated number of individual business units as defined by the U.S. Department of Labor (Bureau of Labor Statistics) and the California Employment Development Department.

Estimates for construction spending in 2010 were obtained from the hospitals.



The economic analysis is conducted using models developed with data and software from MIG, Inc. MIG's IMPLAN system is a robust widely-used set of modeling tools that provide economic resolution from the national level down to the ZIP code level. Using multi-regional analysis, these tools allow the estimation of the contribution of hospital operations in the county where they occur and their consequent spillover impact on neighboring regions.

The estimates for labor income and output are reported in 2010 dollars to correspond with the currency reported in the operations and construction budgets. Labor income includes payments made to wage and salary workers and to the self-employed. Employment estimates are measured on a job-count basis for both wage-and-salary workers and proprietors regardless of the number of hours worked, and are generally reported on an annual basis, i.e., the number of full- and part-time jobs supported in one year. ❖

A2 Description of Industry Sectors

The industry sectors used in this report are established by the North American Industry Classification System (NAICS). NAICS divides the economy into twenty sectors, and groups industries within these sectors according to production criteria. Listed below is a short description of each sector as taken from the sourcebook, *North American Industry Classification System*, published by the U.S. Office of Management and Budget (2007).

Agriculture, Forestry, Fishing and Hunting: Activities of this sector are growing crops, raising animals, harvesting timber, and harvesting fish and other animals from farms, ranches, or the animals' natural habitats.

Mining: Activities of this sector are extracting naturally-occurring mineral solids, such as coal and ore; liquid minerals, such as crude petroleum; and gases, such as natural gas; and beneficiating (e.g., crushing, screening, washing and flotation) and other preparation at the mine site, or as part of mining activity.

Utilities: Activities of this sector are generating, transmitting, and/or distributing electricity, gas, steam, and water and removing sewage through a permanent infrastructure of lines, mains, and pipes.

Construction: Activities of this sector are erecting buildings and other structures (including additions); heavy construction other than buildings; and alterations, reconstruction, installation, and maintenance and repairs.

Manufacturing: Activities of this sector are the mechanical, physical, or chemical transformation of material, substances, or components into new products.

Wholesale Trade: Activities of this sector are selling or arranging for the purchase or sale of goods for resale; capital or durable non-consumer goods;

and raw and intermediate materials and supplies used in production, and providing services incidental to the sale of the merchandise.

Retail Trade: Activities of this sector are retailing merchandise generally in small quantities to the general public and providing services incidental to the sale of the merchandise.

Transportation and Warehousing: Activities of this sector are providing transportation of passengers and cargo, warehousing and storing goods, scenic and sightseeing transportation, and supporting these activities.

Information: Activities of this sector are distributing information and cultural products, providing the means to transmit or distribute these products as data or communications, and processing data.

Finance and Insurance: Activities of this sector involve the creation, liquidation, or change of ownership of financial assets (financial transactions) and/or facilitating financial transactions.

Real Estate and Rental and Leasing: Activities of this sector are renting, leasing, or otherwise allowing the use of tangible or intangible assets (except copyrighted works), and providing related services.

Professional, Scientific, and Technical Services: Activities of this sector are performing professional, scientific, and technical services for the operations of other organizations.

Management of Companies and Enterprises: Activities of this sector are the holding of securities of companies and enterprises, for the purpose of owning controlling interest or influencing their management decision, or administering, overseeing, and managing other establishments of the same company or enterprise and normally undertaking the strategic or organizational

planning and decision-making of the company or enterprise.

Administrative and Support and Waste Management and Remediation Services: Activities of this sector are performing routine support activities for the day-to-day operations of other organizations, such as: office administration, hiring and placing of personnel, document preparation and similar clerical services, solicitation, collection, security and surveillance services, cleaning, and waste disposal services.

Educational Services: Activities of this sector are providing instruction and training in a wide variety of subjects. Educational services are usually delivered by teachers or instructors that explain, tell, demonstrate, supervise, and direct learning. Instruction is imparted in diverse settings, such as educational institutions, the workplace, or the home through correspondence, television, or other means.

Health Care and Social Assistance: Activities of this sector are operating or providing health care and social assistance for individuals.

Arts, Entertainment and Recreation: Activities of this sector are operating facilities or providing services

to meet varied cultural, entertainment, and recreational interests of their patrons, such as: (1) producing, promoting, or participating in live performances, events, or exhibits intended for public viewing; (2) preserving and exhibiting objects and sites of historical, cultural, or educational interest; and (3) operating facilities or providing services that enable patrons to participate in recreational activities or pursue amusement, hobby, and leisure-time interests.

Accommodation and Food Services: Activities of this sector are providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption.

Other Services (except Public Administration): Activities of this sector are providing services not specifically provided for elsewhere in the classification system. Establishments in this sector are primarily engaged in activities, such as equipment and machinery repairing, promoting or administering religious activities, grant-making, advocacy, and providing dry-cleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services. ❖

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