



The Economic Impact of New Jersey's Community Health Centers



NEW JERSEY COMMUNITY HEALTH CENTERS FACTS, 2009

- 20 Federally Qualified Health Centers (FQHCs) operating 104 sites across the state.
- They served 422,000 patients, 75% of whom had incomes at or below the federal poverty level (FPL) and 94% of whom had incomes at or below 200% of FPL.
- As part of a national effort to serve 40 million people by 2015, New Jersey health centers are working to expand access to care to additional New Jersey residents statewide.

In addition to providing quality, affordable, comprehensive primary and preventive health care to New Jersey's most vulnerable populations, New Jersey CHCs are powerful "economic engines" whose business operations significantly impact their communities' economy.

NEW JERSEY COMMUNITY HEALTH CENTERS

- are often among the **largest employers** in their community.
- provide **direct employment** for people in the community, including critical entry-level jobs, training, and career building.
- **purchase goods and services** directly from local businesses, thereby supporting additional jobs in other sectors and stimulating the local economy through an infusion of spending.
- further **stimulate the local economy through the indirect expenditures** of related sectors and the induced expenditures of new household income.
- **engage in capital development projects**, often acting as catalyst for significant economic revitalization and boosting tax revenue within their local communities by attracting investment and other businesses.

In 2009, New Jersey Community Health Centers

- injected **\$247 million of operating expenditures** directly into the local economies, and stimulated additional indirect and induced economic activity of **\$219 million**.
- had an **overall economic impact of \$466 million**.
- directly **generated 2,570 full-time jobs**.
- supported an **additional 1,332 jobs in other industries**.

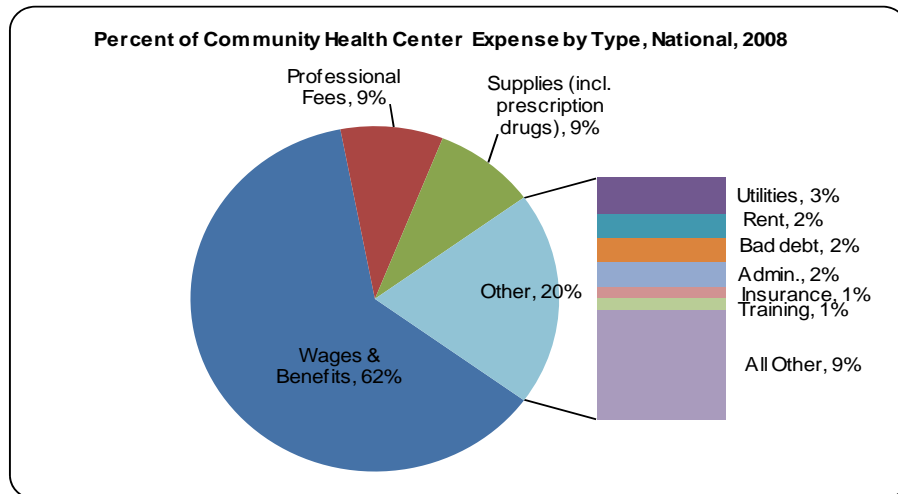
To invest in New Jersey Community Health Centers is to invest in the economic development of their communities, counties, and the state of New Jersey.



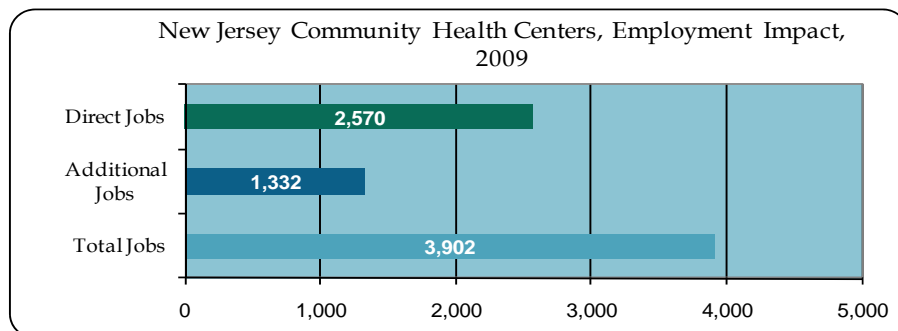
ECONOMIC IMPACT AND VALUE OF COMMUNITY HEALTH CENTERS

Not only do Community Health Centers improve the physical well-being of their communities, thereby contributing to a healthier local workforce, they also make a significant contribution to the economic viability and growth of their communities, often in some of the most economically challenged areas of the state.

Community Health Centers purchase goods and services from local businesses...



...provide direct, as well as additional indirect and induced jobs...



...and support related industries.

Top 10 Industries Affected	Total Economic Impact (in millions) New Jersey, 2009
Community Health Centers	\$254.1
Imputed rental activity for owner-occupied dwellings	\$17.2
Real estate establishments	\$16.6
Wholesale trade businesses	\$11.3
Insurance carriers	\$9.6
Pharmaceutical preparation manufacturing	\$9.4
Telecommunications	\$7.4
Food Service	\$6.8
Private Hospitals	\$6.2
Monetary Authorities	\$5.8

Total Economic Impact includes Direct, Indirect, and Induced Impact.

As New Jersey Community Health Centers continue to grow, their expenditures and corresponding **economic impact, estimated at nearly a half billion dollars in 2009 alone**, also continues to grow. Both the previous and current administrations, in recognition of the importance of Community Health Centers as a critical component of the health care system, have made significant investments in supporting their operational and capital needs. The following table summarizes the 2009 economic impact of New Jersey Community Health Centers.

Summary of 2009 Total Economic Activity Stimulated by 20 of New Jersey's Community Health Centers' Operations			
	Economic Impact (incl. Value -Added)	Value-Added (incl. personal income)	Employment (# of FTEs) ¹
Direct	\$ 247,254,920	\$ 171,045,422	2,570
Indirect	\$ 78,974,693	\$ 45,826,126	430
Induced	\$ 140,182,364	\$ 83,771,637	902
Total	\$ 466,411,977	\$ 300,643,185	3,902

VALUE AND BENEFITS OF COMMUNITY HEALTH CENTERS

Several studies have documented the significant role of community health centers as an essential part of the primary health care safety net. They provide critically needed services to the uninsured and underinsured, to the elderly, homeless, farm workers, public housing and other special populations².

New Jersey CHCs provide care to many of the state's most vulnerable residents ³		
	CHC Population	State Population
Under 100% Poverty	75%	14%
Under 200% Poverty	94%	30%
Uninsured	41%	15%
Medicaid	45%	10%
Medicare	4%	12%

According to a report by the National Association of Community Health Centers (NACHC) "...over \$18 billion a year is wasted on avoidable visits to hospital emergency rooms (ERs). About one-third of all visits to hospital ERs each year are non-urgent or treatable in primary care settings. These visits could have been redirected to a Community Health Center, where care is much more affordable." **The 2006 report lists the estimated annual wasted expenditures on avoidable ER visits in the state of New Jersey at \$438 million.**⁴

Recent analyses of the effects of the new health reform law and related service expansion on health care costs showed that for patients receiving their care at Community Health Centers, there were annual savings of \$1,262 per person in 2009. Projected to 2015, this translates to \$1,520 in annual savings per person, for a total of between \$23 billion and \$39 billion, depending on the level of growth in the number of patients served at Community Health Centers. **About 18 % of the savings would be to the benefit of state Medicaid programs,** while about 28 % would be saved at the federal level for Medicaid.⁵

LIST OF NEW JERSEY COMMUNITY HEALTH CENTERS

- AtlantiCare Health Services
- CAMcare Health Corporation
- CHEMED (Center for Health Education, Medicine and Dentistry)
- Complete Care Health Network
- Eric B. Chandler Health Center
- Henry J. Austin Health Center
- Horizon Health Center
- Jewish Renaissance Medical Center
- Metropolitan Family Health Network
- Monmouth Family Health Center
- Neighborhood Health Center
- Newark Community Health Centers
- Newark Homeless Health Care
- North Hudson Community Action Corporation
- Ocean Health Initiatives
- Paterson Community Health Center
- Project H.O.P.E.
- Southern Jersey Family Medical Centers
- Visiting Nurse Association of Central Jersey
- Zufall Health Center

ECONOMIC IMPACT DEFINITION OF TERMS

This analysis applies the “multiplier effect”, using an integrated economic modeling and planning tool called IMPLAN (IMpact analysis for PLANning), to capture the direct, indirect, and induced economic effects of an organization’s business operations. IMPLAN was developed by the US Department of Agriculture and the Minnesota IMPLAN Group (MIG) and employs multipliers, specific to each county and each industrial sector, to determine total output, employment, and earnings. This analysis was conducted using Implan Version 3, Trade Flows Model with 2008 multipliers. Financial information for health centers included in this analysis is based on IRS Form 990 data as available online for FY09 or FY08.

Output Multiplier: measures the increase in total output generated in a defined regional economy for each dollar spent by a given industry.

Value-added (Earnings) Multiplier: measures the earnings (purchasing power) that an industry generates, through payroll and the multiplier effect, for households employed by all industries within a defined area.

Employment Multiplier: measures the number of jobs generated across all industries by the activity within a given industry. The multiplier produces an estimate of the total number of new jobs that a local economy can support in all industries due to the dollars being injected into the community by the organization.

IMPLAN’s output, earnings, and employment figures are aggregated based on:

- **Direct effects:** represents the response for a given industry (in this case Total Operating Expenditures of health centers).
- **Indirect effects:** represents the response by all local industries caused by “the iteration of industries purchasing.”
- **Induced effects:** represents the response by all local industries to the expenditures of new household income generated by the direct and indirect effects.

REFERENCES

1. 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 4 months out of the year would be reported as “0.33 FTE” (4 months/12 months). Direct # of FTEs (Employment) based on HRSA 2009 UDS state level data, with the exception of AtlantiCare Health Services, whose FTEs were estimated based on total operating expenses of \$41.7 million, salaries and related expenses of \$25.6 million (FY08 Form 990) and median salary per FTE for the entire data set.
2. For more information on the federal health center program, go to <http://www.bphc.hrsa.gov/about/>
3. New Jersey Health Center Fact Sheet 2009, based on Bureau of Primary Health Care 2009 Uniform Data System (UDS);National Association of Community Health Centers (NACHC), 2010.
4. Access to Community Health and Wasted Expenditures on Avoidable Emergency Room Visits, NACHC, 2006.
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

