



LOUISIANA HOSPITAL ASSOCIATION

9521 BROOKLINE AVENUE ♦ BATON ROUGE, LOUISIANA 70809-1431
(225) 928-0026 ♦ FAX (225) 923-1004 ♦ www.lhaonline.org

FOR IMMEDIATE RELEASE
September 23, 2014

LOUISIANA HOSPITALS ARE MAJOR ECONOMIC AGENTS

Report Shows the Economic Importance of Hospitals and the Negative Results Related to Medicaid Cuts

Baton Rouge – Louisiana hospitals, while providing vital and necessary medical services in the communities they serve, are major economic agents within the state. They generate more than \$29.9 billion annually in economic activity and directly employ more than 98,000 people, according to a new report, “[Hospitals and the Louisiana Economy, 2014](#),” released today by the Louisiana Hospital Association.

The LHA retained Dr. James A. Richardson, Alumni Professor of Economics at Louisiana State University, to provide an analysis of the economic impact of the hospital industry on the Louisiana economy and metropolitan areas within the state.

According to the report, the healthcare sector in Louisiana employs 285,950 Louisiana residents with a payroll of more than \$10.9 billion. Hospitals provide jobs for 98,224 people with an annual payroll of more than \$4.62 billion, accounting for approximately 35 percent of the total employees and 42.2 percent of the total healthcare sector payroll.

“Over the past few years, the business community and the public have really begun to understand how hospitals are intrinsically linked to the state’s economy,” said Paul Salles, LHA president & CEO. “Our hospitals not only provide vital, life-saving services, but they also strengthen a community by providing well-paid, highly-skilled jobs.”

Dr. Richardson explains in the report that the “economic benefits of the hospital industry expand far beyond the doors of the hospitals and the people directly employed by these facilities.” From 2012 to 2013, Louisiana hospitals averaged about \$870 million in building construction, leading to the creation of more than 14,000 new jobs yearly in sectors other than healthcare.

Medicaid Cuts Negatively Impact Hospitals and the Community

In Louisiana, for every 38 cents the state spends on the Medicaid program, Louisiana receives approximately 62 cents from the federal government. Medicaid-related hospital expenditures create and support over 48,000 jobs, and generate over \$137.5 million of state tax collections and \$117.8 million of local tax collections.

According to Richardson, because of this federal match, the impact of the state reducing its direct expenditures for Medicaid by \$150 million would be a loss of an additional \$245 million of federal dollars for an overall reduction of \$395 million in state funds; a loss of approximately 8,144 jobs statewide; and a reduction in personal earnings of \$329 million. This would lead to a reduction in overall business transactions of \$800 million.

“Year after year, hospitals face state budget cuts that not only negatively impact direct hospital jobs and patient services, but also our state’s overall economy,” said Salles. “This year, voters have an opportunity to help stabilize hospitals and our healthcare system by voting yes for Constitutional Amendment 2 in the Nov. 4 election. This constitutional amendment will allow the state to access additional federal funds for the Medicaid program. We can protect vital healthcare services and jobs in our communities by supporting Amendment 2.”

The [Report Highlights document](#) also includes a series of responses from the 2014 LHA Annual Hospital Survey about the effects of current market conditions on hospitals. Of the hospitals surveyed:

- 80% have seen an increase in emergency room visits for uninsured patients;
- 75% have seen a decrease in patient account collections; and
- 57% have seen a decrease in elective surgeries.

Hospitals have made or are considering the following changes in order to cut costs because of current market conditions:

- 60% reduced patient services, and 33% are considering reducing services;
- 31% eliminated vacant positions, and 35% are considering it;
- 13% have reduced community benefit programs, and another 16% are considering it; and
- 9% halted construction, equipment purchases and other projects, and 20% are considering it.

“Hospitals in Louisiana care for our communities 24/7,” said Scott Wester, Chair of the LHA Board of Trustees and CEO of Our Lady of the Lake Regional Medical Center. “We all take pride in giving back to our communities and making a difference in the lives that we touch. Providing an economic boost to Louisiana is an important and valuable added benefit. Louisiana’s hospitals continue to ensure our state is physically and economically healthy.”

###

Note: The complete “Hospitals and the Louisiana Economy, 2014” report with the Highlights document can be downloaded at <http://c.ymcdn.com/sites/lha.site-ym.com/resource/resmgr/Files/HospitalsandtheLouisianaEcon.pdf>.

About the Louisiana Hospital Association

Established in 1926, the Louisiana Hospital Association is a non-profit organization representing hospitals and healthcare provider groups across the state. The mission of the LHA is to support its members through advocacy, education and services. For more information, visit the LHA website at www.lhaonline.org, or follow us on Facebook at www.facebook.com/LAHospitals or on Twitter [@LAHospitals](https://twitter.com/LAHospitals).

For more information on Constitutional Amendment 2, visit www.VoteYes1and2.org.

CONTACT:

Michelle Clement, APR, Associate Vice President of Communications & Public Relations
Phone: (225) 928-0026 E-mail: mcclement@lhaonline.org