



Center for Rural Health

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School of Medicine & Health Sciences

The Economic Importance of Wishek Community Hospital to McIntosh County, North Dakota



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*Connecting resources and knowledge to strengthen
the health of people in rural communities.*

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Introduction

Wishek Community Hospital (WCH) is a 24-bed Critical Access Hospital in rural North Dakota. For over 55 years, WCH has been providing “*quality care with concern and compassion*” to local residents.

Managing a hospital and clinic, as well as three additional clinics in nearby communities, WCH is able to provide a wide range of quality treatment and care for its patients. A few of the health services and programs that WCH offers include outpatient surgery and treatment, 24-hour emergency care, a special care unit, laboratory and radiology, cardiac rehabilitation, occupational and speech therapy, pharmacy, home health, hospice, swing bed, and much more. WCH also connects with a number of visiting specialists to ensure that immediate health care needs of area residents are always met.

WCH has a goal to provide excellent care with a patient focus. This is shown in the words of their mission statement:

To provide quality healthcare service with concern and compassion in a cost-effective manner.

The vision statement of WCH is as follows:

WCHC will distinguish itself as a leader in the provision of quality healthcare services in South Central North Dakota.

Objective

The purpose of this study is to illustrate the economic impact that Wishek Community Hospital has on the economy of McIntosh County. The objective is to show how WCH positively affects its local economy by quantifying its effects on employment levels and labor income. This report will also address the important role that WCH has in offering services to the residents of McIntosh County.

Health Care Overview

In rural America, the local hospital exists to meet the emergent and non-emergent needs of the community. That commitment is to the patients and their families by striving to provide the highest degree of health care for all needs. Rural Americans are guided by hometown values-committed to quality services, continuity of care, assurance of qualified staff, and family involvement.

While the hospital is vital in that it provides medical services to all residents, it typically is also one of the largest employers in the county. Health care facilities are a source of external dollars, because most of their funding comes from sources outside the community such as the federal and state government. For many communities, the hospital is a source of millions of dollars in outside revenue. On the state level, the North Dakota Hospital Association states that, “community hospitals contribute an estimated \$1.8 billion dollars in direct impacts to North Dakota’s economy,” in 2008 alone.

In addition, hospitals are a significant employer, hiring both professional and nonprofessional staff in order to provide the care needed in the community. Those employees, in turn, buy goods and services from local businesses. Over 18,800 people were employed by community hospitals in 2008 as either part-time or full-time employees, according to the North Dakota Hospital Association. North Dakota has 38 rural hospitals: 36 Critical Access Hospitals and two Indian Health Services hospitals. The payroll and benefit dollars that these hospitals expend cycle through the local economy to generate additional dollars of income in other industries. Thus the healthcare system is a vital component of the county’s fiscal well-being, providing not only much needed medical services but also a significant contribution to the county’s economy. A strong case exists for the economic benefits that rural hospitals bring to the cities and counties where they exist.

Approach and Methods

This report will first define the area of study and corresponding statistics. Next, an input-output analysis will be used to show the influence of the health sector on this area and its population. An input-output analysis models the interrelationship among all sectors – industry, households, government, health care, retail, faith, etc. – within an economy. It uses a multiplier effect to estimate the secondary impacts within an entire economy attributable to a change in a single sector. In other words, the multiplier effect refers to the way impacts from a primary source multiply to create secondary impacts throughout the rest of the economy.

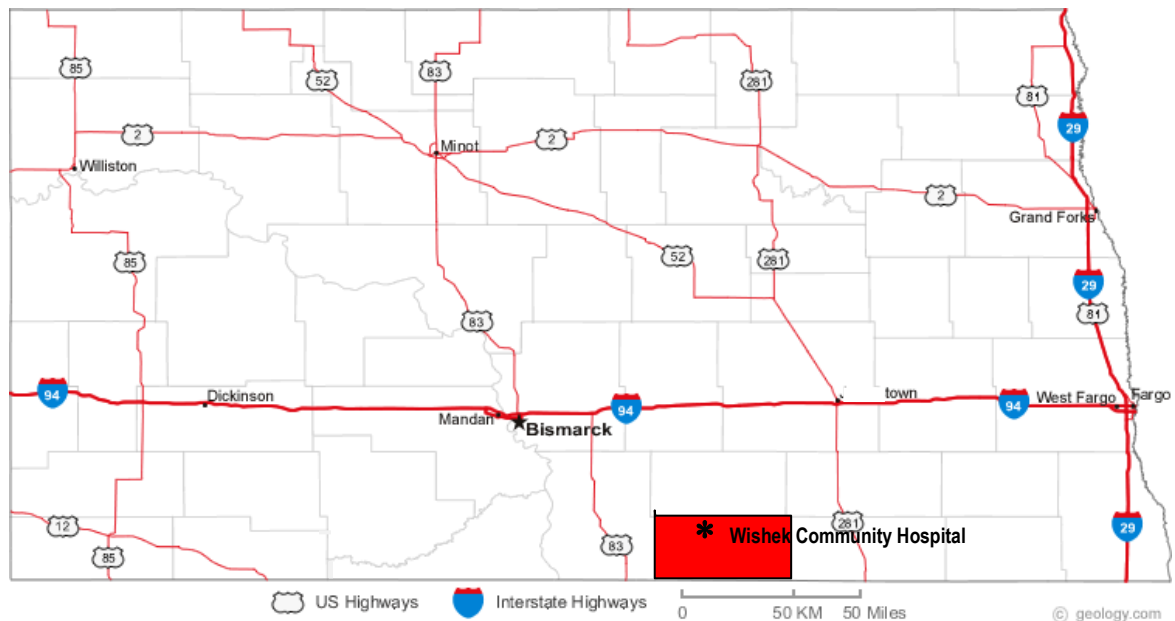
A type-II multiplier will be used in this report to derive secondary effects in two areas of Wishek Community Hospital: employment and labor income. The multipliers for employment and labor income have been calculated using the IMPLAN economic impact modeling software and data from The Minnesota IMPLAN Group, Inc. IMPLAN uses existing economic data in an input-output model. It uses a geographical database for model construction and impact analysis. IMPLAN was used to develop a countywide model of McIntosh County to derive the economic impact of WCH’s services.

In addition to the economic multipliers, population data will be used to display the potential growth of demand for health care services in McIntosh County.

Defining the Study Area

McIntosh County, North Dakota makes up the economy for this impact study. The county is located in the south central region of the state, lying along the South Dakota border. It is made up of 975 square land miles and houses approximately 3 people per square mile (U.S. Census Bureau). WCH is located in the county's largest city, Wishek. The city of Wishek is located approximately 100 miles south east of Bismarck, the state's capital city. Wishek had a population of 1,122 in the 2000 census. Figure 1 highlights the location of McIntosh County and WCH.

Figure 1 - McIntosh County, North Dakota



Study Area Statistics

According to 2009 fiscal year records, WHC employed a total of 105 full-time and part-time workers and provided \$2,928,846 in income and benefits to these employees. A breakout of these statistics can be seen below in figure 2. These values are direct impacts that WCH contributed to the McIntosh County economy throughout the year.

Figure 2 - Direct Impact Data

Direct Impact Data	
Direct Economic Impact of Wishek Community Hospital on McIntosh County	
Wishek Community Hospital	Direct Economic
Employment	
Full Time and Part Time Employees	105
Labor Income	
Total wages, salaries and Benefits	\$2,928,846

SOURCE: Local data received from Wishek Community Hospital - FY 2009

In addition to directly providing the county with employment and labor income, WCH also provides services for an aging population. According to 2009 population estimates by the U.S. Census Bureau, McIntosh County has a population of 2,582 people with 36.2% of these residents over the age of 65. This is a significant percent of people who may have increased needs for health care services. The Population Bulletin from The North Dakota State Data Center shows that the median age for McIntosh County is 51 years (2000). This number is a 2.5 year increase over the previous census and a 25.3 year increase since 1950. This data shows us that *the population in McIntosh County has in increasing number of residents most likely to use WCH's services*. If this trend continues, adults requiring care, especially those aged 65 years and older, will increase. WCH can provide these residents a better quality of life, while at the same time retaining financial activity in the local economy. State level data also greatly supports this argument as the U.S. Census Bureau, Interim State Population Projections predict the state population of residents 65 and older to increase 61.3% between 2000 and 2030 (2005).

Results

The economic impact of Wishek Community Hospital is not limited to the direct effect of employment and income it provides for the county. This direct impact also generates a secondary impact. The secondary impact looks at the relationship of the facility and its employees with other sectors in the county; it is the sum of all labor income and jobs that are created outside of the health sector. When the facility, or its employees, does commerce with other businesses in the county, it is demanding services and creating income for employees from those other businesses. For example, a secondary impact from WCH could include an

employee buying groceries at the local grocery store or the hospital purchasing cleaning supplies from a local retail store.

Using the IMPLAN data, as discussed above, employment and labor income multipliers were derived for health care services in McIntosh County. These multipliers were applied to WCH’s direct data. A breakout of the multipliers and their effects can be seen in figure 3.

Figure 3 - Total Economic Impact

Total Economic Impact				
Total Impact of Wishek Community Hospital on the McIntosh County Economy				
Area of Impact	Direct Impact	Multiplier	Secondary Impact	Total Impacts
Employment	105	1.2921	31	<u>136</u>
Labor Income	\$2,928,846	1.2387	\$699,154	<u>\$3,628,000</u>

SOURCE: Direct data received from Wishek Community Hospital - FY 2009
Multipliers from Minnesota IMPLAN Group, Inc - 2007 data

The total economic impact on employment and labor income by WCH is the sum of the direct impact that the facility provides and the secondary impact that the facility creates through demand. The 105 jobs that WCH provides directly, creates another 31 jobs in the county outside of the health sector, making a *total economic impact of 136 jobs*. Likewise, the \$2,928,846 that WCH provides its employees generates another \$699,154 of income in the county, providing *McIntosh County with a total impact of \$3,628,000 in labor income* for the year.

The Fiscal Status of North Dakota Hospitals

Wishek Community Hospital is a vital component of the county’s fiscal well-being. In North Dakota, rural hospitals are an essential resource for their local communities; however, many are unfortunately in difficult financial situations. A recent assessment of the financial performance of 34 Critical Access Hospitals in North Dakota reflects that those hospitals are experiencing a mean operating margin of -3.1% (Blue Cross Blue Shield Reimbursement Workgroup, 2009). For some critical access hospitals in North Dakota this amounts to a loss of more than \$500,000 a year. Compare this -3.1% operating margin to a national study of Critical Access Hospital Financial Indicators that shows the average total margin of Critical Access Hospitals nationally is +3.64% (Flex Monitoring Team, 2009). More importantly, the losses sustained by rural hospitals are not recent in origin and, for several facilities, have existed four or more years.

Conclusion

Wishek Community Hospital greatly affects the McIntosh County economy by generating 136 jobs and over \$3.6 million in labor income both inside and outside the health sector. In addition, the demand for medical services will grow as the senior population of McIntosh County continues to increase. WCH positively impacts McIntosh County as it generates jobs and labor income, improves the quality of life for county residents, and keeps commerce active within the county.

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