



Hospitals and the Louisiana Economy, 2023

Prepared for the Louisiana Hospital Association
by Dr. James A. Richardson, Professor Emeritus,
Louisiana State University



Hospitals and the Louisiana Economy 2023 Executive Summary

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Along with providing vital, life-saving medical services to their communities, Louisiana hospitals, with their 101,906 employees, are significant economic drivers statewide.



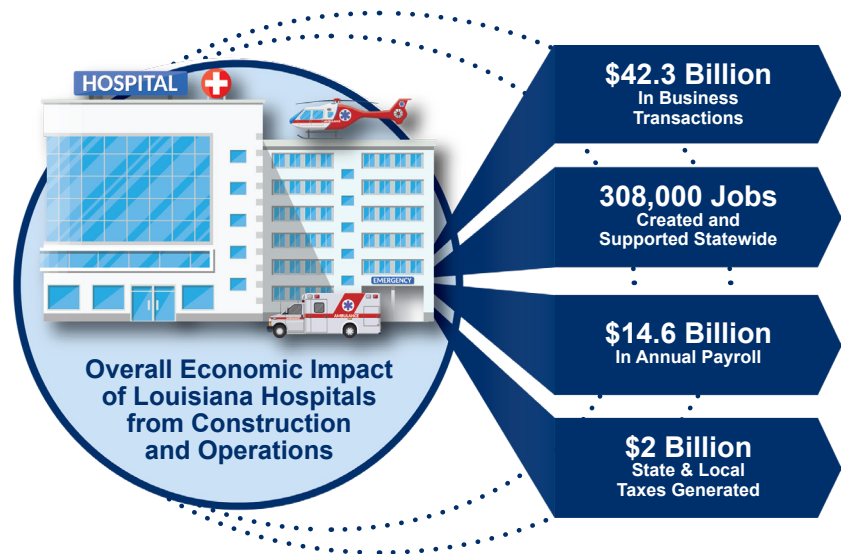
101,906
Hospital Employees
in Louisiana

With An Annual Payroll
Of More Than
\$6.6 Billion

Overall Economic Impact of Hospitals

Construction activity, major equipment purchases, and recurring expenditures, such as salaries, supplies, business services, and other hospital operating costs, produce economic ripples that reach far beyond the hospital to local communities and throughout the state.

Louisiana hospitals **created and supported more than 308,000 jobs, both directly and indirectly**, through daily operations and one-time capital expenditures, leading to **more than \$42.3 billion in business transactions, \$14.6 billion in annual payroll, and \$2 billion in net state and local tax collections.**



Overall Economic Impact of Hospitals By Region (\$ in Millions)

Louisiana Region	Business Transactions	Annual Payroll	Jobs Created and Supported	State and Local Tax Collections
New Orleans	\$9,463	\$3,273	68,944	\$451
Baton Rouge	\$7,033	\$2,435	51,239	\$335
Houma-Thibodaux	\$1,786	\$619	13,014	\$86
Lafayette	\$5,025	\$1,740	36,612	\$241
Lake Charles	\$2,435	\$843	17,750	\$117
Alexandria	\$3,169	\$1,097	23,092	\$151
Shreveport	\$6,635	\$2,296	48,341	\$317
Monroe	\$2,798	\$969	20,382	\$134
Northshore	\$3,964	\$1,372	28,876	\$189
Statewide Total	\$42,308	\$14,642	308,251	\$2,020

Source: Author and RIMS Multipliers (U.S. Bureau of Economic Analysis)

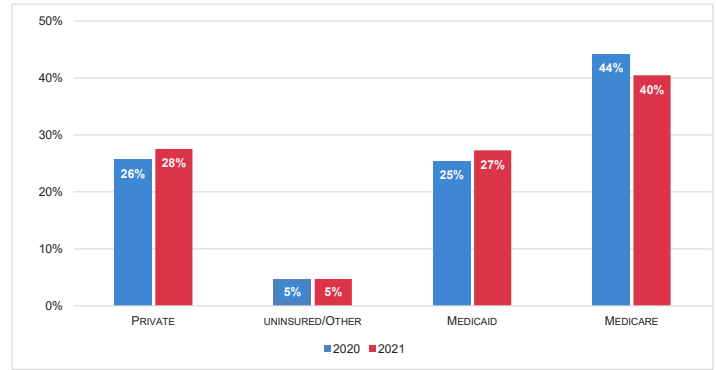
Hospital Revenue Sources and the Medicaid Program

Hospitals receive revenue from private insurance companies; federal insurance programs, such as Medicare; federal and state insurance programs, such as Medicaid; and self-payment by individuals.

In Louisiana, Medicare is by far the largest component of revenue received by hospitals, with 2020 and 2021 Medicare revenue representing 44% and 40% of revenue, respectively.

Private insurance accounted for 26% in 2020 and 28% in 2021. Medicaid accounted for 25% in 2020 and 27% in 2021. Other forms of revenue remained static.

Louisiana Hospital Revenue by Source



Source: Louisiana Health Information Network

Healthcare Employment in the State

Healthcare is the **largest employer** and provider of salaries to Louisiana residents and is a **major contributor to the business community** in terms of the number of establishments.

Healthcare accounts for 16.8% of total state employment.

In 2022, **300,038 people were employed in the healthcare sector** with an annual payroll of more than \$15.3 billion.

Louisiana Industry Employment and Payroll Rankings

Industry	Employment	Annual Payroll (In Billions)
Healthcare (Including Hospitals)	300,038	\$15.3
Wholesale and Retail Trade	285,809	\$12.8
Manufacturing	130,691	\$11.5
Construction	133,006	\$8.5
Leisure and Hospitality	210,287	\$5.1
Oil and Gas/Mining	27,627	\$3.1
Utilities	12,429	\$1.1

Source: Louisiana Workforce Commission, Second Quarter 2022

Healthcare's Regional Influence

Louisiana Region	Total Employment	Healthcare Employment	% of Healthcare to Total Employment
New Orleans	379,351	59,065	19.7%
Baton Rouge	347,769	49,844	16.7%
Houma-Thibodaux	141,165	16,857	5.6%
Lafayette	218,736	40,809	13.6%
Lake Charles	124,842	15,792	5.3%
Alexandria	83,462	19,981	6.7%
Shreveport	211,200	42,188	14.1%
Monroe	102,512	22,997	7.7%
Northshore	175,931	31,715	10.6%

Source: Louisiana Workforce Commission, First Quarter 2022

“Louisiana hospitals not only play a critical role in supporting the health of our residents, but also in fostering a vibrant economy.” - Dr. James A. Richardson, Professor Emeritus, Louisiana State University

Economic Role of Hospitals in Louisiana

**Prepared for the
Louisiana Hospital Association**

**By Dr. James A. Richardson*
Professor Emeritus
Louisiana State University**

January 2023

**Dr. Richardson is solely responsible for the analysis and findings in this report.*

Introduction

Louisiana hospitals provide necessary medical services to the residents of the state. In the process of providing these vital services, the healthcare sector becomes a significant economic agent in local communities and across the state. This report focuses on the integral role hospitals play in commerce and the magnitude of their contributions to the local and state economies, including the nine Louisiana Department of Health (LDH) regions and the six congressional districts within the state.

The economic significance of hospitals in Louisiana is highlighted through the following considerations:

1. Lack of medical care and facilities can deter economic development. Economic development may start without an adequate healthcare system, but it will not continue to flourish unless an acceptable healthcare system exists, including the presence of hospitals.
2. In addition to shaping the long-term economic and social development of a community, hospitals hire highly-skilled personnel to deliver medical services, develop commercial relationships with other businesses, and conduct research. Hospitals, by their nature, are labor intensive and geographically diverse, making employment in hospitals more substantial compared to other businesses and public enterprises.
3. Hospitals serve as anchors in the development of medical districts, fostering the growth of clinical specialties and teaching programs, and necessitating the need for additional healthcare services and facilities. Often medical districts gain an overall reputation for excellence that attracts patients from beyond the primary service area. Healthcare becomes more than just a service industry; it becomes one of the economic drivers of a local economy.
4. The Medicaid program is a significant contributor to the Louisiana economy, because of the funding relationship between the state and the federal government. In 2021, for every 26 cents Louisiana contributed to the Medicaid program, the federal government contributed 74 cents. This is known as the federal medical assistance percentage (FMAP) rate, which is re-computed on an annual basis and can change given circumstances in the state or nationally. In state fiscal year 2020-21, a \$3.2 billion commitment by the state to the Medicaid program generated \$11.6 billion in federal funds in Louisiana's Medicaid program.¹
5. Hospitals provide direct support to the state Medicaid program via inter-governmental transfers, certified public expenditures, lease payments, and the hospital assessment.
6. Between daily operations and one-time capital expenditures, Louisiana hospitals create and support more than 308,000 jobs with an annual payroll of more than \$14.6 billion and more than \$2 billion in net state and local tax receipts.

¹ Louisiana Medicaid Annual Report

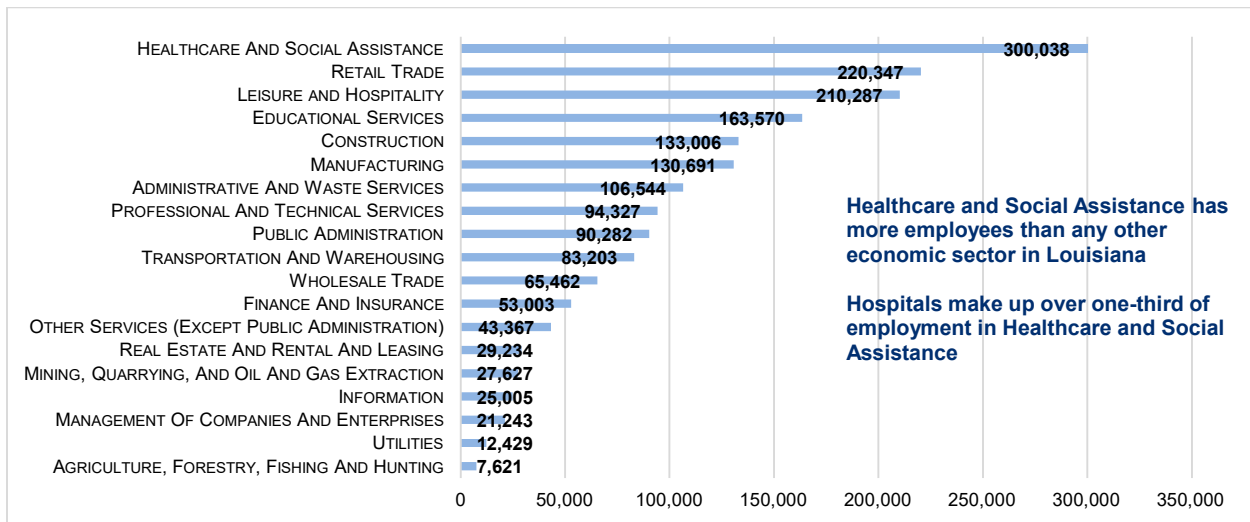
Healthcare Employment in the State²

In the most recent annual data available from the Louisiana Workforce Commission (LWC), 300,038 people were employed in the healthcare sector with an annual payroll of almost \$15.3 billion, equating to an average annual wage of approximately \$51,000 per person. Likely attributable to the COVID pandemic, employment in the healthcare industry declined 2% during the past two years, as did several other industries in Louisiana. Healthcare employment as a share of the total workforce in Louisiana is at 17%. Between 2018 and 2021:

- Healthcare employment declined from 305,667 to 300,038 individuals;
- Annual payroll increased from \$13.7 billion to almost \$15.3 billion; and
- Average annual wage increased from \$45,000 to \$51,000 per person.

Figure 1 illustrates the number of employees by business sector revealing the large impact the healthcare sector, including hospitals, has on the state’s economy, followed by retail trade and leisure and hospitality. Seven business sectors have more than 100,000 employees including: healthcare, retail trade, leisure and hospitality, educational services, construction, manufacturing, and administrative and waste services. If hospitals were isolated, this industry would also employ more than 100,000 people.

Figure 1. Louisiana Employment by Industry, 2022

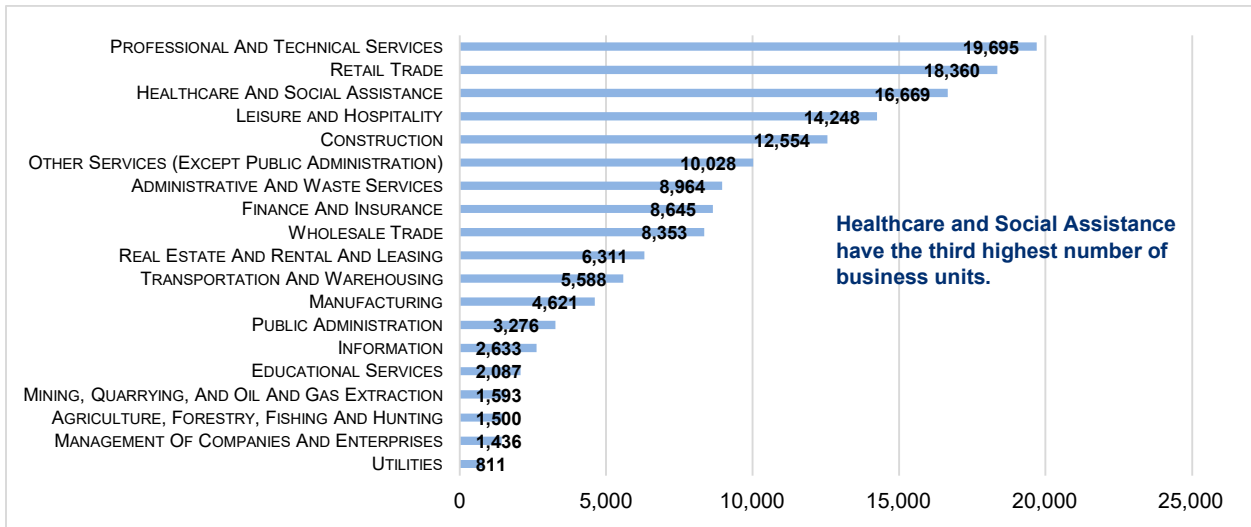


Source: Louisiana Workforce Commission, Second Quarter 2022

Establishments and annual payroll for 2022 are illustrated on the next page in Figures 2 and 3. Healthcare is a major contributor to the business community in terms of establishments and is the largest employer and provider of wages and salaries to Louisianians.

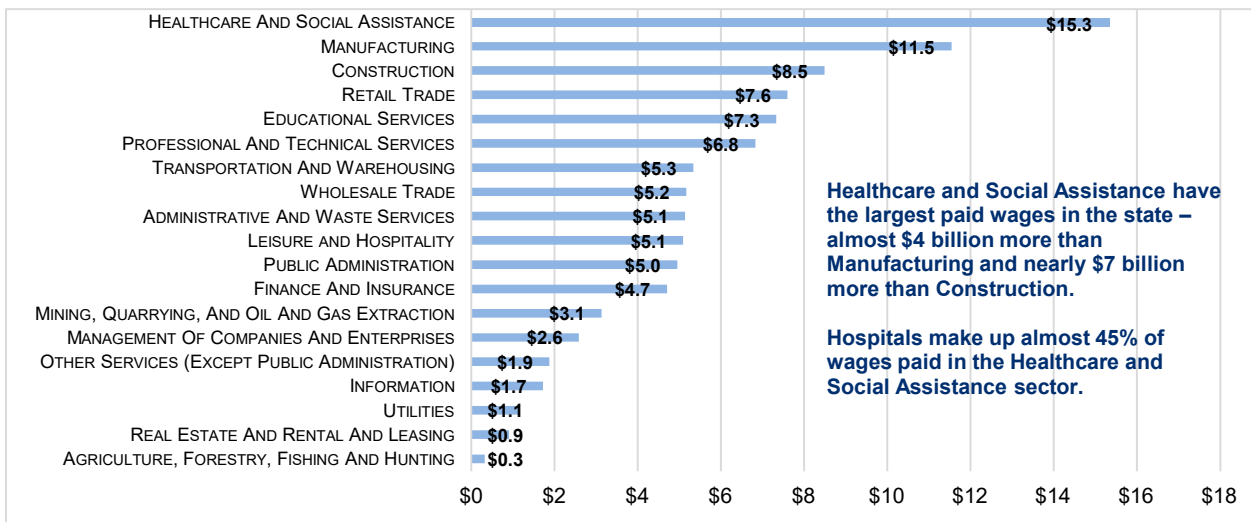
² From the Louisiana Workforce Commission, Second Quarter 2022.

Figure 2. Louisiana Businesses by Industry, 2022



Source: Louisiana Workforce Commission, Second Quarter 2022

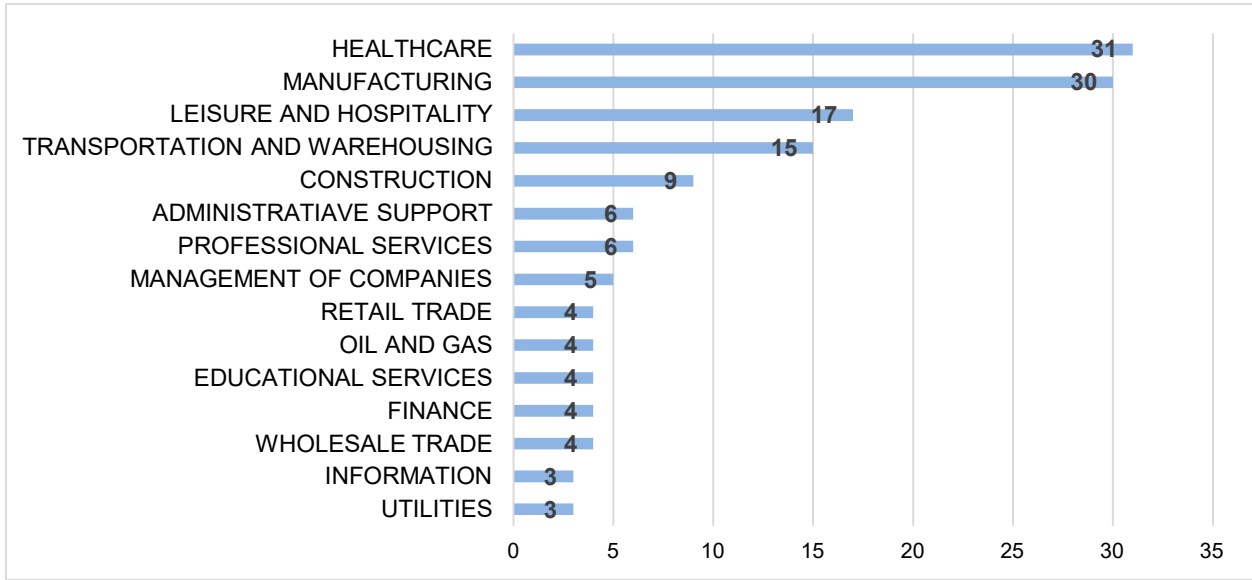
Figure 3. Louisiana Annual Wages by Sector, 2022 (in billions)



Source: Louisiana Workforce Commission, Second Quarter 2022

Among private business establishments in Louisiana, the healthcare sector has more than 60 establishments with 500 or more employees, and most of these are hospitals. Figure 4 illustrates the number of establishments with 500 to 999 employees. Thirty-one establishments in the healthcare sector have between 500 and 999 employees.

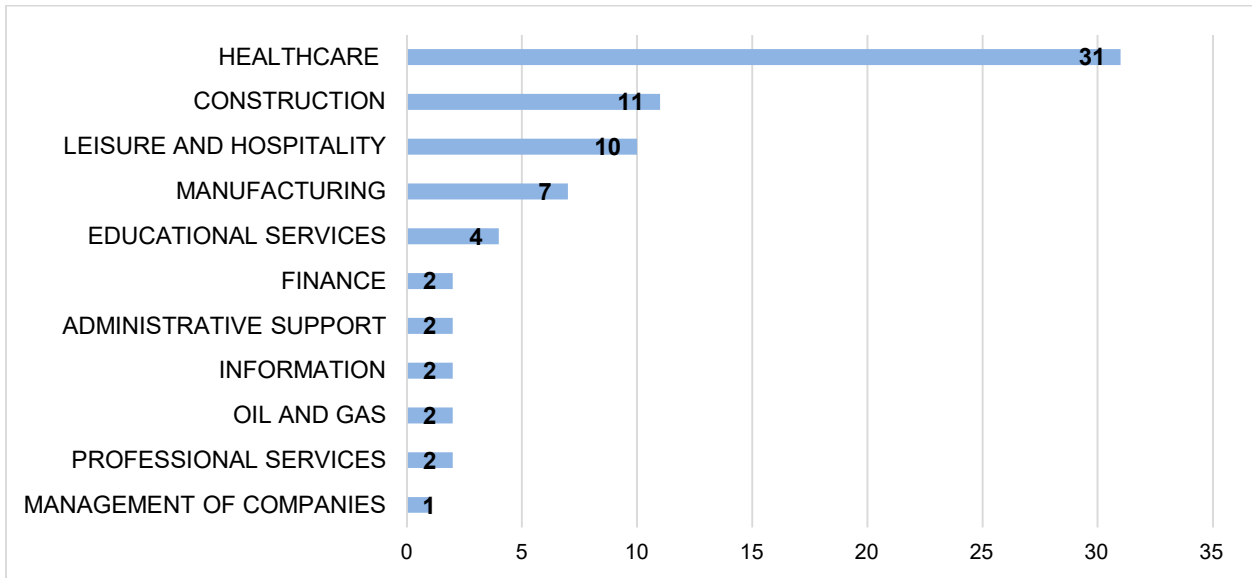
Figure 4. Louisiana Establishments with 500 to 999 Employees by Industry



Source: Louisiana Workforce Commission, Second Quarter 2022

The number of establishments by industry with more than 1,000 employees is illustrated in Figure 5. Thirty-one establishments in the healthcare sector have more than 1,000 employees, the majority are hospitals.

Figure 5. Louisiana Establishments with 1,000 or More Employees by Industry



Source: Louisiana Workforce Commission, Second Quarter 2022

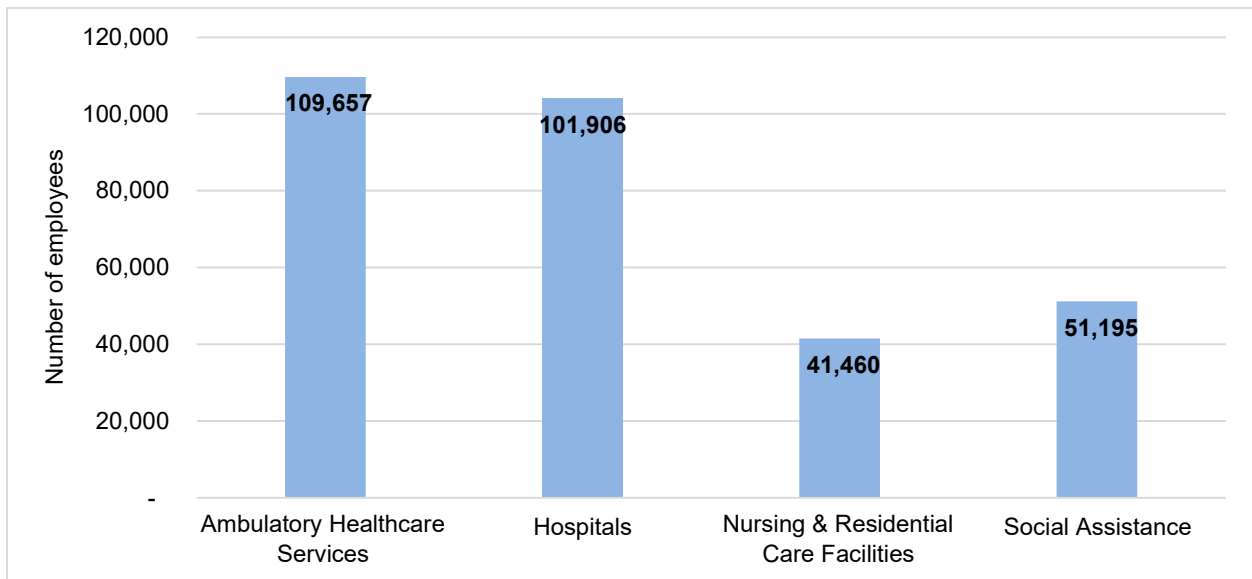
Nationally, healthcare employment represented 20% of the increase in U.S. employment from 2011 to 2021 and is projected to represent 30% of the increase in employment from 2021 to

2031³. Based on the above average growth, the healthcare sector of the economy continues to serve as an economic hub for many communities.

Healthcare employment by facility type is illustrated in Figure 6 based on information from LWC, averaged between 2019 and 2022. The average represents employment pre-pandemic, pandemic, and post-pandemic and is more reflective of the overall study period given the COVID-19 public health emergency.

- Ambulatory care, which includes physician offices and other facilities not defined as hospitals, has more than 100,000 employees or about 35% of total healthcare employment;
- Hospitals make up 34% of healthcare employment with 101,906 employees;
- Nursing and residential care facilities make up 14%; and
- Social assistance makes up about 17% of healthcare employment.

Figure 6. Healthcare Employment in Louisiana by Facility Type



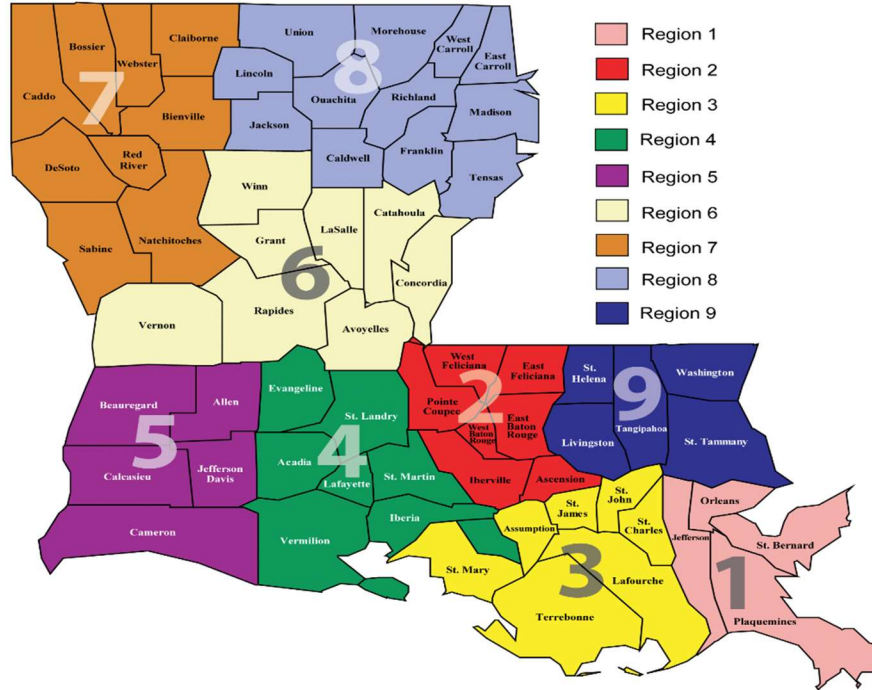
Source: Louisiana Workforce Commission, Second Quarter 2022

³ U.S. Bureau of Labor Statistics

Healthcare Employment by Region

Healthcare employment is further divided into each of the nine regions (Map 1 below).

Map 1. LDH Regions



Healthcare employment in each health region is noted in Table 1.

Table 1. Comparison of Population and Employment by Region

Region	Population	Total Employment	% of Statewide Total	Healthcare Employment	% of Statewide Total
1-New Orleans	19.1%	379,351	21.3%	59,065	19.7%
2-Baton Rouge	14.7%	347,769	19.5%	49,844	16.7%
3-Houma-Thibodaux	8.4%	141,165	7.9%	16,857	5.6%
4-Lafayette	12.9%	218,736	12.3%	40,809	13.6%
5-Lake Charles	6.6%	124,842	7.0%	15,792	5.3%
6-Alexandria	6.4%	83,462	4.7%	19,981	6.7%
7-Shreveport	11.3%	211,200	11.8%	42,188	14.1%
8-Monroe	7.5%	102,512	5.7%	22,997	7.7%
9-Northshore	13.1%	175,931	9.8%	31,715	10.6%

Source: Louisiana Workforce Commission by Region, First Quarter 2022

Healthcare employees make up almost 17% of total state employment. Hospital personnel make up more than one-third of that percentage.

Table 2. Employment Across Regions by Major Industry

Regions	Healthcare including Hospitals	Leisure/ Hospitality	Retail Trade	Manufacturing	Oil and Gas	Construction
New Orleans	15.5%	14.5%	11.4%	5.7%	0.6%	5.4%
Baton Rouge	12.6%	8.5%	9.6%	6.3%	0.1%	9.2%
Houma-Thibodaux	15.0%	8.9%	12.9%	8.9%	6.2%	7.0%
Lafayette	17.9%	10.7%	14.0%	8.5%	4.9%	5.3%
Lake Charles	12.6%	12.0%	12.9%	10.3%	0.4%	12.4%
Alexandria	23.9%	8.1%	13.2%	6.6%	0.6%	6.1%
Shreveport	19.9%	11.9%	13.2%	7.3%	2.4%	4.7%
Monroe	22.4%	9.8%	13.2%	7.3%	0.2%	5.1%
Northshore	18.0%	13.5%	15.4%	5.6%	0.5%	6.4%
Statewide Total	16.8%	11.6%	12.3%	7.3%	1.5%	7.2%

Source: Louisiana Workforce Commission by Region, First Quarter 2022

Healthcare leads just about every region in payroll, with hospitals making up about 45% of the wages and salaries for the healthcare industry.

Table 3. Percent Wages by Major Industry by Region

Regions	Healthcare including Hospitals	Leisure/ Hospitality	Retail Trade	Manufacturing	Oil and Gas	Construction
New Orleans	15.5%	8.7%	6.7%	6.6%	2.4%	4.6%
Baton Rouge	12.5%	3.2%	5.9%	14.1%	0.2%	13.6%
Houma-Thibodaux	9.1%	2.6%	5.8%	22.8%	8.7%	7.7%
Lafayette	17.3%	4.2%	10.2%	10.1%	9.2%	6.1%
Lake Charles	9.6%	6.0%	7.8%	21.9%	0.6%	18.8%
Alexandria	24.3%	4.0%	9.5%	9.6%	0.8%	8.4%
Shreveport	23.4%	5.3%	9.2%	9.7%	4.3%	5.0%
Monroe	21.5%	3.8%	9.6%	10.4%	0.3%	5.2%
Northshore	18.8%	5.2%	10.8%	6.7%	2.0%	7.4%
Statewide Total	14.1%	4.8%	6.8%	11.2%	2.9%	7.8%

Source: Louisiana Workforce Commission by Region, First Quarter 2022

Healthcare Employment by Congressional District⁴

The six congressional districts in Louisiana are illustrated in Map 2, and the healthcare workers by district are illustrated in Table 4.

Map 2. Louisiana Congressional Districts



Healthcare employees range from a low of 38,808 in District 2 to a high of 59,015 in District 1. Healthcare employment is most significant in Districts 4 and 5 from an overall employment perspective, with a ratio of healthcare employment to total employment of 23% and 27%, respectively.

Table 4. Hospital Employment by Congressional District

Congressional District	Population	Total Employment	Healthcare Employment	% of Total Employment	Estimated Hospital Employment
District 1 Steve Scalise	816,893	313,159	59,015	18.8%	20,632
District 2 Troy Carter	756,483	292,916	38,808	13.2%	13,423
District 3 Clay Higgins	771,394	292,463	52,760	18.0%	18,376
District 4 Mike Johnson	722,852	207,218	46,941	22.7%	16,328
District 5 Julia Letlow	728,573	202,814	54,351	26.8%	18,957
District 6 Garret Graves	827,852	340,796	46,664	13.7%	16,326
Statewide Total	4,624,047	1,649,366	298,539	18.1%	104,042

Source: My Congressional District, 117th Congress

⁴ Information in this section on Congressional Districts is based on the census.gov (My Congressional District), The American Community Survey and County Business Patterns.

In Louisiana congressional districts 4 and 5, healthcare accounts for more than 20% of total employment; in districts 1 and 3, more than 18% of total employment; and, in districts 2 and 6, more than 13% of total employment.

Economic Impact of Hospitals

The Economic Impact of Hospital Employment

Hospital employment is a significant economic and social factor in assessing the vitality of the state and various communities. Hospital employment represents 34% of healthcare employment in Louisiana but accounts for 43% of wages and salaries associated with the healthcare industry.

In 2022, hospitals in Louisiana employed 101,906 people with an annual payroll of more than \$6.6 billion, which is 6.5% of annual payroll in Louisiana. Numerous hospitals have more than 500 employees, with many having more than 1,000 employees according to County Business Patterns. Hospitals accounted for less than 0.5% of all business establishments in the state, but 6.1% of total employment.

Table 5 provides an overview of hospitals as economic entities compared to other industries in the state.

Table 5. Economic Activity by Selected Industry, 2022

Industry	Establishments	Employment	Workers Per Establishment	Annual Payroll
Oil and Gas/Mining	1,593	27,627	17	\$3,129,119,000
Construction	12,554	133,006	11	\$8,489,908,820
Utilities	811	12,429	15	\$1,136,684,572
Manufacturing	4,621	130,691	28	\$11,540,855,428
Trade (Wholesale and Retail)	26,713	285,809	11	\$12,768,366,356
Leisure and Hospitality	14,248	210,287	15	\$5,090,168,836
Healthcare/Social Assistance	16,131	300,038	19	\$15,342,224,200
*Hospitals		101,906	189	\$6,643,435,564

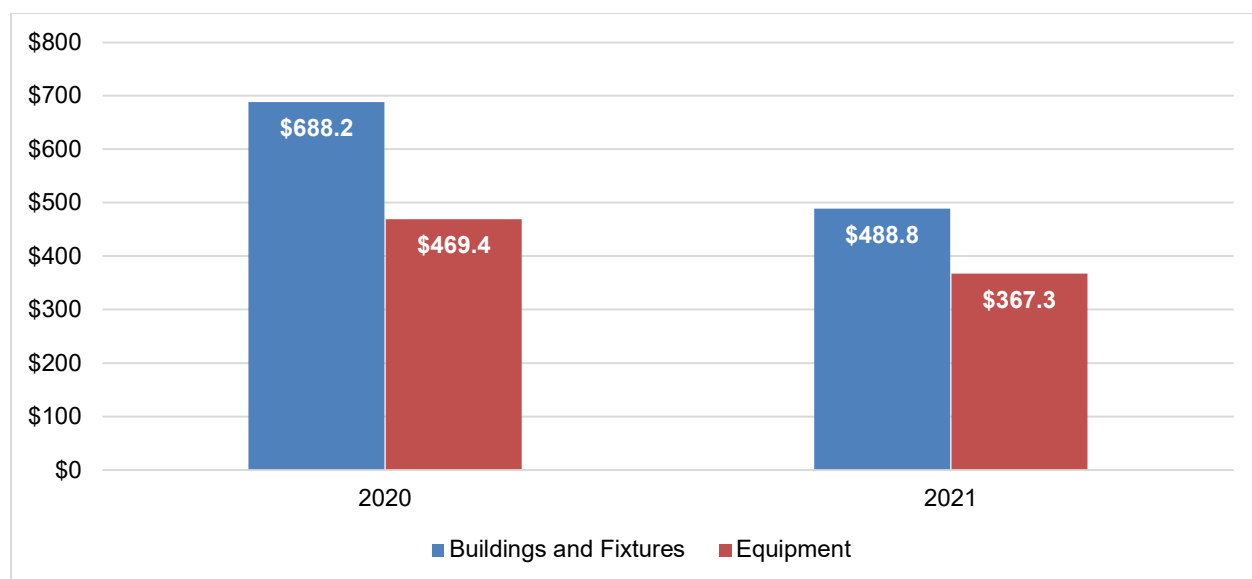
Source: Louisiana Workforce Commission, Second Quarter 2022

There is a significant difference between hospitals and other industries in terms of employment per establishment. Hospitals are labor intensive because of the type and level of services provided on a 24-hour basis. Hospitals are required to have a minimum number of highly-skilled and trained employees at all times to meet patient demand.

The Economic Impact of Hospital Capital Expenditures

The economic benefits of the hospital industry are felt far beyond the doors of each hospital and its employees. Construction activity for hospitals creates jobs for persons in the industry and related suppliers, producing economic ripples that are generally associated with any construction job. These economic ripples include purchases from local businesses as part of the project and the workers who are consumers of goods and services in the local economy. The impact of the construction project is obviously for a limited period; however, given the size of the hospital industry, technological advances and aging infrastructure, there will always be some construction projects occurring throughout the state. The economic impacts are estimated and summarized in the following section of this report.

Figure 7. Louisiana Hospital Capital Expenditures (\$ in Millions)



Source: 2020 and 2021 Cost Reports, HCRIS, October 2022

Impact of Hospital Capital Expenditures by Region

The local economic impact of construction spending is more substantial than the economic impact of major equipment purchases, since these purchases are likely made outside of Louisiana. Though equipment purchases undoubtedly enhance the healthcare services offered by the hospital, they do not have a large impact on the local economy. Hence, we will focus on the economic impact of the construction spending by the hospitals.

The construction spending by region is illustrated in Table 6. This impact varies across the state depending on the extent of construction projects occurring within each region. Major construction projects related to hospitals occurred in the New Orleans area in both 2020 and 2021, averaging \$447 million in expenditures.

Table 6. Construction Expenditures by Region, 2020 and 2021

Region	2020	2021
New Orleans	\$444,901,284	\$450,428,573
Baton Rouge	\$156,679,345	\$89,390,161
Houma-Thibodaux	\$46,454,446	\$37,767,648
Lafayette	\$128,329,809	\$65,154,116
Lake Charles	\$51,692,658	\$40,810,468
Alexandria	\$50,813,770	\$28,768,046
Shreveport	\$128,879,155	\$39,913,011
Monroe	\$62,631,723	\$28,960,359
Northshore	\$87,203,382	\$74,897,256
Statewide Total	\$1,157,585,572	\$856,089,638

Source: 2020 and 2021 Cost Reports, HCRIS, October 2022

Table 7 illustrates the economic impact of construction expenditures for 2020 and 2021 combined. Statewide, construction activity at hospitals:

- Created or supported an average of 8,463 jobs each year with an annual income of about \$46,500 per employee;
- Generated payroll of \$393 million; and
- Produced more than \$53.5 million in state and local tax collections.

Employment gains ranged from 3,587 jobs in New Orleans, or 42% of the state gain, to about 302 new jobs in Alexandria.

Table 7. Economic Impact of Construction Spending by Region (\$ in Millions)

Region	Business Transactions	Annual Payroll	Jobs Created and Supported	State and Local Tax Collections
New Orleans	\$491	\$167	3,587	\$22.7
Baton Rouge	\$135	\$46	986	\$6.2
Houma-Thibodaux	\$37	\$13	271	\$1.7
Lafayette	\$97	\$33	708	\$4.5
Lake Charles	\$55	\$19	405	\$2.6
Alexandria	\$41	\$14	302	\$1.9
Shreveport	\$148	\$50	1,080	\$6.8
Monroe	\$58	\$20	423	\$2.7
Northshore	\$96	\$33	700	\$4.4
Statewide Total	\$1,158	\$393	8,463	\$53.5

Source: Author and RIMS Multipliers (U.S. Bureau of Economic Analysis)

Impact of Hospital Capital Expenditures by Congressional District

Table 8. Hospital Capital Spending by Congressional District

Congressional District	2020	2021
District 1, Steve Scalise	\$319,213,701	\$301,228,166
District 2, Troy Carter	\$231,468,020	\$232,151,820
District 3, Clay Higgins	\$168,408,980	\$108,561,962
District 4, Mike Johnson	\$141,288,918	\$48,255,540
District 5, Julia Letlow	\$131,348,800	\$63,741,414
District 6, Garret Graves	\$165,857,153	\$102,150,736
Statewide Total	\$1,157,585,572	\$856,089,638

Source: 2020 and 2021 Cost Reports, HCRIS, October 2022

Table 9 illustrates the economic impact of hospital construction expenditures in 2020 and 2021 on the various congressional districts. Capital spending by hospitals in District 1 created and supported more than 2,300 jobs and in District 2 created and supported more than 2,100 jobs.

Table 9. Economic Impact of Construction Expenditures by District (\$ in Millions)

Congressional District	Business Transactions	Personal Earnings	Jobs Created and Supported	State and Local Tax Collections
District 1, Steve Scalise	\$316	\$107	2,310	\$14.6
District 2, Troy Carter	\$288	\$98	2,107	\$13.3
District 3, Clay Higgins	\$149	\$51	1,087	\$6.9
District 4, Mike Johnson	\$161	\$55	1,175	\$7.4
District 5, Julia Letlow	\$109	\$37	795	\$5.0
District 6, Garret Graves	\$135	\$46	988	\$6.2
Statewide Total	\$1,158	\$394	8,462	\$53.4

Source: Author and RIMS Multipliers (U.S. Bureau of Economic Analysis)

The Economic Impact of Hospital Operations

Based on 2021 Medicare Cost Reports, net revenues earned by Louisiana hospitals were estimated to be \$21.8 billion.⁵ These net revenues represent the amount of dollars to be used by the hospitals in setting recurring expenditures such as salaries and wages, supplies, business services, and other normal operating costs, all necessary to support operations.

Impact of Hospital Operations by Region

Based on total net revenue of \$21.8 billion and the updated economic multipliers, the economic impact associated with hospital operations by region is presented in Table 10. The economic impact on each region varied over the past several years, in part due to major weather-related disasters in Houma-Thibodaux and Lake Charles.

⁵ Definitive Healthcare **HospitalView**

In summary,

- Business activity increased by an estimated \$41.1 billion;
- Annual payroll exceeded \$14.2 billion;
- Jobs created or supported equaled 299,788 statewide; and
- State and local taxes collected were \$1.9 billion.

Table 10. Economic Impact of Hospitals by Region, 2022 (\$ in Millions)

Region	Business Transactions	Annual Payroll	Jobs Created and Supported	State and Local Tax Collections
New Orleans	\$8,972	\$3,106	65,357	\$428
Baton Rouge	\$6,898	\$2,389	50,253	\$329
Houma-Thibodaux	\$1,749	\$606	12,743	\$84
Lafayette	\$4,928	\$1,707	35,904	\$236
Lake Charles	\$2,380	\$824	17,345	\$114
Alexandria	\$3,128	\$1,083	22,790	\$149
Shreveport	\$6,487	\$2,246	47,261	\$310
Monroe	\$2,740	\$949	19,959	\$131
Northshore	\$3,868	\$1,339	28,176	\$185
Statewide Total	\$41,150	\$14,249	299,788	\$1,966

Source: Author and RIMS Multipliers

Jobs created and supported across various industries, including personal and business services; retail and wholesale trade; transportation and utilities; and financial services, are a result of the economic impact of hospital operations. Most of the jobs are in personal and business services since this is the category that the hospital industry is placed. State and local taxes are collected throughout the state with the New Orleans area collecting the most state and local taxes from hospital activity, and Baton Rouge and Shreveport securing similar amounts of state and local tax collections.

Impact of Hospital Operations by Congressional District

The economic impact of hospitals spans across the six congressional districts in Louisiana as illustrated in Table 11. All congressional districts have a relatively large number of jobs being created and supported by area hospitals but based on the concentration of facilities, the largest number of employment impact is in Districts 1 and 6.

Table 11. Economic Impact of Hospitals by District, 2022 (\$ in Millions)

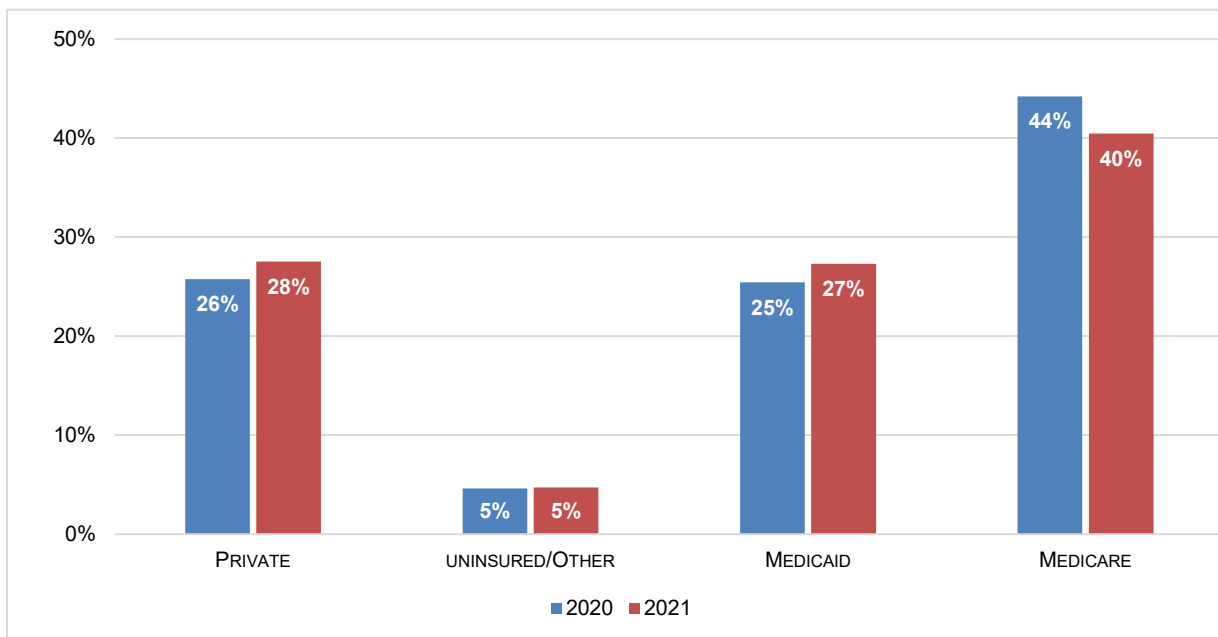
Congressional District	Business Transactions	Annual Payroll	Jobs Created and Supported	State and Local Tax Collections
District 1 Steve Scalise	\$8,990	\$3,113	65,493	\$429
District 2 Troy Carter	\$5,736	\$1,986	41,791	\$274
District 3 Clay Higgins	\$6,736	\$2,332	49,072	\$322
District 4 Mike Johnson	\$6,611	\$2,289	48,164	\$316
District 5 Julia Letlow	\$5,789	\$2,005	42,174	\$277
District 6 Garrett Graves	\$7,288	\$2,524	53,094	\$348
Statewide Total	\$41,150	\$14,249	299,788	\$1,966

Source: Author and RIMS Multipliers

Hospital Revenue Payor Mix

Hospital net revenues come from private insurance, Medicare, Medicaid, and self-payment with the division of these revenues for hospitals being illustrated in Figure 8. In Louisiana, Medicare is by far the largest component of revenues received by hospitals, with 2020 and 2021 Medicare revenues representing 44% and 40% of revenues respectively. Private insurance accounted for 26% in 2020 and 28% in 2021. Medicaid accounted for 25% in 2020 and 27% in 2021. Other forms of revenue remained static.

Figure 8. Louisiana Hospital Revenue by Source



Source: Louisiana Health Information Network

Summary and Conclusions

The healthcare sector in our state, including hospitals and other healthcare facilities, provides a range of healthcare services to the residents of Louisiana. In providing these services, the industry becomes an important economic force within communities and around the state. More than 300,000 individuals, with an estimated payroll of \$15.3 billion, work for more than 16,000 healthcare establishments with more than 60 of these establishments having 500 or more employees. In addition, the healthcare sector accounts for approximately 17% of the state's private payroll. Hospitals alone account for more than 101,000 employees with an annual payroll of more than \$6.6 billion. **Between daily operations and one-time capital expenditures, Louisiana hospitals created and supported more than 308,000 jobs with an annual payroll of more than \$14.6 billion and \$2 billion in net state and local tax receipts.**

Hospitals generate economic activity because of the magnitude of capital expenditures, including payroll and construction activity. In 2020 and 2021, hospitals engaged in construction projects that consisted of new buildings and building improvements that averaged \$588 million in annual capital expenditures. This construction activity led to the creation and support of more than 8,400 jobs within the state, only half of which were directly in the construction industry; about one-third of these jobs were related to services including wholesale and retail trade and the business and personal services sector. Because of this construction activity, the state and local governments collected about \$53.5 million in new taxes—that is, tax dollars that otherwise would not have been available. These jobs and additional tax collections last only as long as the construction activity; however, there will always be construction activity in the hospital industry because there will always be demand for medical services.

Hospitals are continuous enterprises with estimated total operational expenditures of \$21.8 billion per year. This substantial economic input leads to the creation and support of more than 299,000 jobs in the Louisiana economy with an annual payroll of more than \$14.2 billion. These jobs include direct hospital jobs and jobs in other industries, such as retail and financial services necessary to serve hospitals and their employees. The overall economic impact also generates \$1.96 billion in state and local tax collections. These jobs and state and local tax receipts are spread around the state with the following approximate distribution:

- New Orleans: 65,357 jobs and \$428 million in state and local tax receipts;
- Baton Rouge: 50,253 jobs and \$329 million in state and local tax receipts;
- Houma-Thibodaux: 12,743 jobs and \$84 million in state and local tax receipts;
- Lafayette: 35,904 jobs and \$236 million in state and local tax receipts;
- Lake Charles: 17,345 jobs and \$114 million in state and local tax receipts;
- Alexandria: 22,790 jobs and \$149 million in state and local tax receipts;
- Shreveport: 47,261 jobs and \$310 million in state and local tax receipts;
- Monroe: 19,959 jobs and \$131 million in state and local tax receipts; and
- Northshore: 28,176 jobs and \$185 million in state and local tax receipts.

Hospitals serve first and foremost the healthcare needs of the community, and they also provide a significant economic impact for local communities and the state in terms of their capital investment and ongoing business activities as suggested by the number of jobs created and supported. The economic benefits of the hospital industry extend far beyond the doors of the hospitals and the people directly employed by these facilities. Louisiana hospitals not only play a critical role in supporting the health of our residents, but also in fostering a vibrant economy.

Economic Summary by LDH Region

Region 1: New Orleans

In the New Orleans area:

- There are 59,065 healthcare employees;
- The economic benefit from construction projects alone generated \$491 million in business transactions, created and supported 3,587 jobs with a payroll of more than \$167 million, and led to the collection of \$22.7 million in state and local taxes; and
- The economic benefit from ongoing hospital operations generated \$8.9 billion in business sales, created and supported 65,357 jobs with an annual payroll of \$3.1 billion, and led to the collection of \$428 million in state and local taxes, the most of any region in the state.

Region 2: Baton Rouge

The Baton Rouge Health District includes major hospitals and research facilities providing medical services, education, and scientific research, resulting in economic benefits to the Baton Rouge region and beyond. The close proximity of health services in Baton Rouge has enabled the formation of this district, attracting medical consumers; increasing competition for grants, private-industry contracts, and other funding; and generating new product development. The Baton Rouge region has:

- 49,844 healthcare employees;
- The economic benefit from construction projects alone generated \$135 million in business transactions, created and supported 986 jobs with a payroll of \$46 million, and led to the collection of \$6.2 million in state and local taxes; and
- The economic benefit from ongoing hospital operations generated \$6.9 billion in business sales, created and supported 50,253 jobs with an annual payroll of \$2.4 billion, and led to the collection of \$329 million in state and local taxes.

Region 3: Houma-Thibodaux

The Houma-Thibodaux area has:

- 16,857 healthcare employees;
- The economic benefit from construction projects alone generated \$37 million in business transactions, created and supported 271 jobs with a payroll of \$13 million, and led to the collection of \$1.7 million in state and local taxes; and
- The economic benefit from ongoing hospital operations generated \$1.7 billion in business sales, created and supported 12,743 jobs with an annual payroll of \$606 million, and led to the collection of \$84 million in state and local taxes.

Region 4: Lafayette

The Lafayette region has:

- 40,809 healthcare employees;
- The economic benefit from construction projects alone generated \$97 million in business transactions, created and supported 708 jobs with a payroll of \$33 million, and led to the collection of \$4.5 million in state and local taxes; and
- The economic benefit from ongoing hospital operations generated \$4.9 billion in business sales, created and supported 35,904 jobs with an annual payroll of \$1.7 billion, and led to the collection of \$236 million in state and local taxes.

Region 5: Lake Charles

The Lake Charles area has:

- 15,792 healthcare employees;
- The economic benefit from construction projects alone generated \$55 million in business transactions, created and supported 405 jobs with a payroll of \$19 million, and led to the collection of \$2.6 million in state and local taxes; and
- The economic benefit from ongoing hospital operations generated almost \$2.4 billion in business sales, created and supported 17,345 jobs with an annual payroll of \$824 million, and led to the collection of \$114 million in state and local taxes.

Region 6: Alexandria

The Alexandria region has:

- 19,981 healthcare employees;
- The economic benefit from construction projects alone generated \$41 million in business transactions, created and supported 302 jobs with a payroll of \$14 million, and led to the collection of \$1.9 million in state and local taxes; and
- The economic benefit from ongoing hospital operations generated \$3.1 billion in business sales, created and supported 22,790 jobs with an annual payroll of almost \$1.1 billion, and led to the collection of \$149 million in state and local taxes.

Region 7: Shreveport

The Shreveport region has:

- 42,188 healthcare employees;
- The economic benefit from construction projects alone generated \$148 million in business transactions, created and supported 1,080 jobs with a payroll of \$50 million, and led to the collection of \$6.8 million in state and local taxes; and
- The economic benefit from ongoing hospital operations generated almost \$6.5 billion in business sales, created and supported 47,261 jobs with an annual payroll of \$2.2 billion, and led to the collection of \$310 million in state and local taxes.

Region 8: Monroe

The Monroe area has:

- 22,997 healthcare employees;
- The economic benefit from construction projects alone generated \$58 million in business transactions, created and supported 423 jobs with a payroll of \$20 million, and led to the collection of \$2.7 million in state and local taxes; and
- The economic benefit from ongoing hospital operations generated \$2.7 billion in business sales, created and supported 19,959 jobs with an annual payroll of roughly \$1 billion, and led to the collection of \$131 million in state and local taxes.

Region 9: Northshore

The Northshore region has:

- 31,715 healthcare employees;
- The economic benefit from construction projects alone generated \$96 million in business transactions, created and supported 700 jobs with a payroll of \$33 million, and led to the collections of \$4.4 million in state and local taxes; and
- The economic benefit from ongoing hospital operations generated \$3.9 billion in business sales, created and supported 28,176 jobs with an annual payroll of \$1.3 billion, and led to the collection of \$185 million in state and local taxes.

Summary by Congressional District

District 1, Steve Scalise

In District 1:

- 59,015 individuals work in healthcare, with an estimated 20,632 of those employed by hospitals;
- Through construction projects in 2020 and 2021, approximately 2,310 additional jobs were created and supported with a payroll of \$107 million, and \$14.6 million in new state and local taxes were collected; and
- Ongoing hospital operations created and supported 65,493 jobs with an annual payroll of \$3.1 billion.

District 2, Troy Carter

In District 2:

- 38,808 individuals work in healthcare, with an estimated 13,423 of those employed by hospitals;
- Through construction projects in 2020 and 2021, approximately 2,107 additional jobs were created and supported with a payroll of \$98 million, and \$13.3 million in new state and local taxes were collected; and
- Ongoing hospital operations created and supported 41,791 jobs with an annual payroll of almost \$2 billion.

District 3, Clay Higgins

In District 3:

- 52,760 individuals work in healthcare, with an estimated 18,376 of those employed by hospitals;
- Through construction projects in 2020 and 2021, approximately 1,087 additional jobs were created and supported with a payroll of \$51 million, and \$6.9 million in new state and local taxes were collected; and
- Ongoing hospital operations created and supported 49,072 jobs with an annual payroll of \$2.3 billion.

District 4, Mike Johnson

In District 4:

- 46,941 individuals work in healthcare, with an estimated 16,328 of those employed by hospitals;
- Through construction projects in 2020 and 2021, approximately 1,175 additional jobs were created and supported with a payroll of \$55 million, and more than \$7.4 million in new state and local taxes were collected; and
- Ongoing hospital operations created and supported 48,164 jobs with an annual payroll of \$2.3 billion.

District 5, Julia Letlow

In District 5:

- 54,351 individuals work in healthcare, with an estimated 18,957 of those employed by hospitals;
- Through construction projects in 2020 and 2021, approximately 795 additional jobs were created and supported with a payroll of \$37 million, and \$5 million in new state and local taxes were collected; and
- Ongoing hospital operations created and supported 42,174 jobs with an annual payroll of \$2 billion.

District 6, Garret Graves

In District 6:

- 46,664 individuals work in healthcare, with an estimated 16,326 of those employed by hospitals;
- Through construction projects in 2020 and 2021, approximately 988 additional jobs were created and supported with a payroll of \$46 million, and \$6.2 million in new state and local taxes were collected; and
- Ongoing hospital operations created and supported 53,094 jobs with an annual payroll of \$2.5 billion.