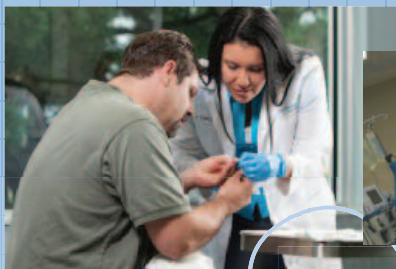


# Serving the Community Well:

The Economic Impact of Wichita's  
Health Care and Related Industries



## 2014



*Prepared for the*



**MSSC**  
MEDICAL SOCIETY of  
SEDGWICK COUNTY

*Physicians who care ... for our patients,  
our community and  
our profession*

*Economic impact of the Health Care and  
Related Industries to the Wichita MSA in 2012:*

**\$2.8 billion in payroll** stimulus to local economy (pg. 4)

**#2 in employment** in Wichita MSA (pg. 2)

**74,729 employees** in Wichita MSA health care and  
related industries (pg. 3)

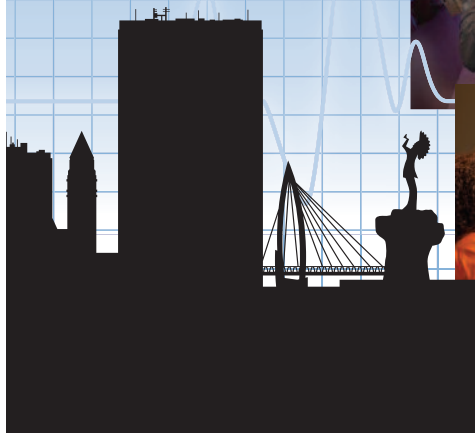
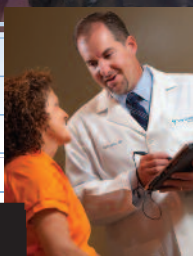
**#3 lowest Health Care Index value** compared to  
Kansas City, Oklahoma City, Omaha and Tulsa (pg. 6)

**\$240 million in tax revenue** generated for city, county and  
state from Health Care and Related industries wages (pg. 5)

**Best health care professional to patient ratio**  
compared to Kansas City, Tulsa and Oklahoma City (pg. 6)

**Nearly \$7 billion in direct revenues** added to local  
economy (pg. 5)

**More than 1 in 6 employees**  
in Wichita MSA worked  
directly in Health Care and  
Related Industries (pg. 3)



*Analysis prepared by:*

Center for Economic Development  
and Business Research  
W. Frank Barton School of Business  
Wichita State University



WICHITA STATE  
UNIVERSITY

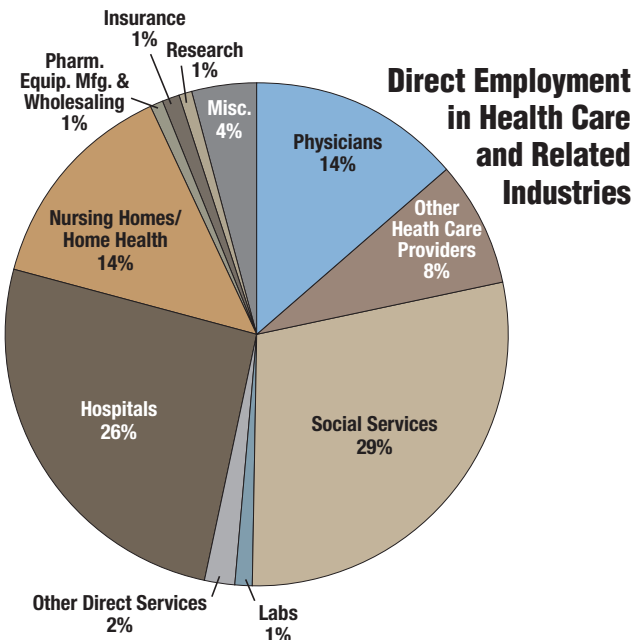
# ECONOMIC IMPACT SUMMARY *(Wichita MSA)*

	Health Care Industry	Related Industries	Health Care & Related Industries
Direct Employment (2012)	42,130	3,038	<b>45,168</b>
Indirect & Induced Employment (2010)	27,351	2,210	<b>29,561</b>
Total Employment (2012)	69,481	5,248	<b>74,729</b>
Direct Wages (2012 Average)	\$40,231	\$49,228	<b>\$40,836</b>
% Change in Direct Wages (2009-2012)	4%	14%	<b>4%</b>
Direct Payroll (2010) (in millions)	\$1,695	\$150	<b>\$1,844</b>
Indirect & Induced Payroll (2012) (in millions)	\$866	\$101	<b>\$967</b>
Total Payroll (2010) (in millions)	\$2,561	\$250	<b>\$2,811</b>

	Total
Annual Revenue (2012) (in millions)	<b>\$6,996</b>

	Direct	Indirect/Induced	Total
Contribution to Gross Metropolitan Product (2012) (in millions)	\$2,773	\$266	<b>\$3,039</b>

	Wichita	Sedgwick County	Kansas	Total
Tax Impact (2012) (in millions)	\$32	\$25	\$183	<b>\$240</b>



# HEALTH CARE INDUSTRY HIGH RANKING

## Top 5 Employment Industries (Wichita MSA 2010)

Health Care Industry ranked #2, out of 19 private industries, in total metropolitan employment in 2012, with 42,130 employees.

Industry	Employment	% of Total
<b>1</b> Manufacturing	46,186	18.6%
<b>2</b> <b>Health Care &amp; Social Assistance</b>	<b>42,130</b>	<b>17.0%</b>
<b>3</b> Retail Trade	31,526	12.7%
<b>4</b> Accommodation & Food Services	24,997	10.1%
<b>5</b> Construction	14,061	5.7%

## Top 5 Industries by Employment Level Growth (Wichita MSA 2009-2012)

Health Care Industry ranked #1, out of 19 private industries, in total employment level change from 2009-2012.

Industry	Level Change	% Change
<b>1</b> <b>Health Care &amp; Social Assistance</b>	<b>1,396</b>	<b>3.4%</b>
<b>2</b> Management of Co. & Enterprises	883	25.4%
<b>3</b> Mining	426	33.8%
<b>4</b> Accommodation & Food Services	184	0.7%
<b>5</b> Finance and Insurance	57	0.6%

## Top 5 Industries by Wage (Wichita MSA 2012)

The average wage in the Wichita MSA in 2012 was \$40,923. The Health Care Industry's average wage of \$40,231 was 1.7% lower than the Wichita MSA's average wage, ranking Health Care #11, out of 19 total private industries in the MSA.

Industry	Average Wage
<b>1</b> Management of Companies & Enterprises	\$123,818
<b>2</b> Utilities	\$80,058
<b>3</b> Mining	\$61,274
<b>4</b> Wholesale Trade	\$60,867
<b>5</b> Manufacturing	\$57,567
<b>11</b> <b>Health Care &amp; Social Assistance</b>	<b>\$40,231</b>

## Top 5 Industries by Wage Growth (Wichita MSA 2009-2012)

From 2009-2012 the Health Care Industry increased its average wage by 3.4%, ranking it #17 compared to 18 other private industries in the Wichita MSA.

Industry	Average Wage Growth
<b>1</b> Forestry, Fishing, Hunting, & Ag. Support	60.3%
<b>2</b> Transportation & Warehousing	14.9%
<b>3</b> Real Estate & Rentals & Leasing	14.9%
<b>4</b> Admin., Support, Waste Mgt., & Remediation	13.3%
<b>5</b> Other Services (Except Public Administration)	13.1%
<b>17</b> <b>Health Care &amp; Social Assistance</b>	<b>3.4%</b>

# 18% OF THE WICHITA MSA WORKFORCE

## EMPLOYMENT: Health Care & Related Industries (Wichita MSA)

Health Care and Related Industries employed one-sixth of Wichita MSA employees.

Year	Total	Direct	Indirect/Induced
2009	<b>72,865</b>	44,082	28,783
2010	<b>72,325</b>	43,691	28,634
2011	<b>72,506</b>	43,671	28,835
2012	<b>74,729</b>	45,168	29,561

## EMPLOYMENT: Health Care Industry (Wichita MSA)

Health Care Industry employment is comprised of ambulatory Health Care services, hospitals, nursing and residential care facilities and social assistance. In 2012, there were 42,130 direct employees in the Health Care Industry – a 3.4% increase compared to 2009. The total economic impact of the Health Care Industry in 2012 was 69,481 employees, representing a 3.7% increase compared to 2009.

Year	Total	Direct	Indirect/Induced
2009	<b>66,973</b>	40,734	26,239
2010	<b>66,054</b>	40,161	25,893
2011	<b>67,038</b>	40,529	26,509
2012	<b>69,481</b>	42,130	27,351

## EMPLOYMENT: Related Industries (Wichita MSA)

Related Industries are intertwined with the Health Care service sector to the extent that one could not exist without the other. For example, if there were no doctors in a given area, there would be no need to have a medical supplier. Related Industries include: pharmaceutical and medicine manufacturing, medical equipment and supply manufacturing, wholesale trade, retail trade, medical insurance sales and grantmaking and giving services.

The direct economic impact on employment of Related Industries in 2012 was 3,038 jobs, a 9.3% decrease compared to 2009. The total economic impact of Related Industries on employment in 2012 was 5,248 jobs, representing a 10.9% decrease compared to 2009.

Year	Total	Direct	Indirect/Induced
2009	<b>5,892</b>	3,348	2,544
2010	<b>6,271</b>	3,530	2,741
2011	<b>5,468</b>	3,142	2,326
2012	<b>5,248</b>	3,038	2,210

*Portions of the cost associated with this economic impact study have been generously underwritten by KaMMCO, a Kansas mutual professional liability company serving Kansas physicians and hospitals.*

# WAGE GROWTH

## AVERAGE ANNUAL WAGE:

### Health Care and Related Industries (Wichita MSA)

Employees in Health Care and Related Industries earn near average wages. In 2012, the average wage of these employees was \$40,836, or 0.2% lower than the Wichita MSA average for all private industries.

Year	Annual Wages
2009	\$39,223
2010	\$39,787
2011	\$40,710
2012	\$40,836

## ANNUAL PAYROLL: Health Care and Related Industries

(Wichita MSA, in millions of dollars)

Between 2009 and 2012, total payroll for the industry increased 2.2% annually or 6.7% over the three-year span.

The average direct payroll for Health Care and Related Industries in 2012 was \$1.8 billion (includes salaries, wages, reported tips, commissions, bonuses, vacation allowances, sick-leave pay, employee contributions to qualified pension plans and the value of taxable fringe benefits).

Year	Total	Direct	Indirect/Induced
2009	<b>\$2,634</b>	\$1,729	\$905
2010	<b>\$2,652</b>	\$1,738	\$914
2011	<b>\$2,711</b>	\$1,778	\$933
2012	<b>\$2,811</b>	\$1,844	\$967

Over the four years of annual payroll graphed above, the average ratio of direct payroll to indirect/induced payroll was 1:0.52. In other words, for every \$1 of payroll paid in Health Care and Related Industries, an additional \$0.52 worth of payroll was created in other industries.

## AVERAGE ANNUAL WAGE:

### In Comparison to Peer Communities

The average wage of Wichita MSA Health Care industry employees falls below the average of four peer communities. This is due in part to the different cost of health care in each community.

Community	2009	2012
<b>Wichita</b>	\$38,901	\$40,231
Tulsa	\$39,867	\$43,185
Omaha	\$43,307	\$44,035
Oklahoma City	\$40,116	\$44,571
Kansas City	\$42,931	\$45,932

# HEALTHY IMPACT ON LOCAL ECONOMY

## ANNUAL REVENUE: Health Care and Related Industries

(in millions of dollars)

This study used 2007 Economic Census data to consider the impact of Health Care and Related Industries on revenues in the Wichita MSA. Results estimated that the Health Care Industry contributed 62.1% of total revenues and Related Industries contributed 37.9% of revenue.

Year	Revenue
2009	\$6,340.7
2010	\$6,474.0
2011	\$6,839.5
2012	\$6,996.4

## GROSS METROPOLITAN PRODUCT:

### Health Care Industry (in millions of dollars)

This study shows the annual economic impact to GMP (value of all final goods and services produced) in the Wichita MSA contributed by the Health Care Industry during the year.

Year	Total	Direct	Indirect/ Induced
2009	\$2,754	\$2,513	\$241
2010	\$2,812	\$2,566	\$246
2011	\$2,971	\$2,711	\$260
2012	\$3,039	\$2,773	\$266

## TAX IMPACT: Health Care and Related Industries

(in millions of dollars)

This study calculated wages and employment to highlight the tax impact felt by the Wichita MSA.<sup>1</sup>

Year	Total	Sedgwick		Kansas
		Wichita	County	
2009	\$224.5	\$31.1	\$24.1	\$169.3
2010	\$226.2	\$31.0	\$24.0	\$171.2
2011	\$231.4	\$31.3	\$24.1	\$176.0
2012	\$239.9	\$32.3	\$24.9	\$182.7

<sup>1</sup>The study did not account for tax revenues generated through construction, visitors or sales of the Health Care and Related Industries sector, or corporate taxes.

# HEALTH CARE ECONOMIC TRENDS

	2010 Study	2012 Study	2014 Study
Payroll	\$2.5 billion	\$2.7 billion	\$2.8 billion
Employment in MSA	#2	#2	#2
# of Employees	72,545	71,618	74,729
Contributions in GMP	\$2.7 billion	\$2.8 billion	\$3.0 billion
Tax Impact (ICT/SC/KS)	\$204 million	\$246 million	\$240 million
Average Wage	\$36,318	\$39,334	\$40,231

# BEST VALUE IN LOCAL HEALTH CARE

## COST OF HEALTH CARE: In Comparison to Peer Communities

The Wichita MSA Health Care Index ranks #3 lowest among the peer communities shown below, while Wichita's cost of a routine doctor's exam ranks #2 lowest.

MSA	Health Care Index (C2ER)	Aver. Cost of Routine Doctor's Exam
Oklahoma City	95.1	\$84.50
Tulsa	96.3	\$107.00
<b>Wichita</b>	<b>97.1</b>	<b>\$96.70</b>
Kansas City	99.8	\$98.13
Omaha	102.0	\$131.80

Source: C2ER, The Council for Community and Economic Research, Cost of Living Index, Third Quarter 2014, published November 2014.

## POPULATION PER HEALTH CARE PROFESSIONAL: In Comparison to Peer Communities

The Wichita MSA is often compared to Omaha, Kansas City, Oklahoma City and Tulsa. When comparing the local Health Care Industry to other areas, Wichita fares well. The chart below illustrates that Omaha and Wichita have fewer people per Health Care professional than the three other peer locations.

Omaha	2009	15.7
	2012	15.0
<b>Wichita</b>	2009	15.0
	2012	15.1
Kansas City	2009	17.0
	2012	15.5
Tulsa	2009	16.6
	2012	16.3
Oklahoma City	2009	16.7
	2012	17.0

### Direct Employment in Health Care and Related Industries by Category

The Health Care Industry, as defined by NAICS codes, includes Health Care service industries and social service industries. *Health Care service and social service industries include:* physicians, mental health practitioners, registered nurses, employees of hospitals and medical clinics, nursing home care and other family-related services.

*Related Industries are additional industries, not included in the Health Care sector, that directly involve the Health Care industry.* Related industries include: pharmaceutical sales, medical equipment manufacturing, wholesale medical supplies and biological research. In order to assess the total impact of the Health Care industry on the Wichita MSA, these additional industries were also included in this analysis.

### Indirect Employment

Induced and indirect employment are those jobs supported by direct jobs. The induced and indirect effects are those captured by a multiplier. Total employment is the sum of direct employment and induced and indirect employment. The same is true for wages. In other words, a multiplier of 1.3 would imply that for every one dollar of new wages a company within a given industry pays, there is an additional 30 cents paid elsewhere in the community. This makes a total wage increase in the community of \$1.30.

### Wichita Metropolitan Statistical Area

The Wichita MSA is comprised of Butler, Harvey, Sedgwick and Sumner counties.

**Technical Notes Available Online:** <http://www.healthcare.cedbr.org>