

The Workplace

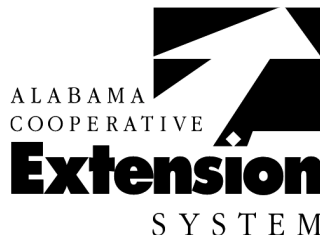
Highlights

Reduction in health care services limits a community's ability:

- *To retain and expand the number of local jobs.*
- *To attract and retain new or existing business and industry to the area.*
- *To attract and retain retirees.*

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Declining Rural Health Care Systems May Eliminate Jobs in Some Communities

Changes in the Medicare payment policy created by the Balanced Budget Act (BBA) of 1997 may hurt more than just small rural health care. When the BBA reduced the availability of Medicare-supported outpatient payments, home health services, and skilled nursing care, the likelihood of 100 or fewer bed hospitals being able to remain profitable diminished. When hospitals can't make money, they are likely to close. When hospitals close, the individuals employed by the facility lose their jobs.



Families may lose more than their local hospital.

While hospital closures and other health care facilities reductions initially impact the elderly and the fragile, the potential for other devastating effects on the small, rural community is tremendous. For example, a hospital with 65 employees would actually provide an employment base for around 350 people, generating over \$7 million in income, spending about \$2.3 million annually and paying over \$60 thousand in sales taxes-not counting property taxes, vehicle taxes, etc.

People tend to associate a decrease in the amount and ultimately the quality of health care with having to travel farther to see a doctor. Sadly, the cutbacks due to financial stresses created by the reduction in Medicare payments in health care systems in rural areas are just part of a bigger, more complex issue.

First, *reduction in health care services represents a reduction in jobs*. The health care system provides a substantial number of jobs in rural communities, often accounting for 10 to 15 percent of the total employment. The hospital is often the second largest employer in a rural community. When rural hospitals close or the health care services are reduced or cut out completely, the direct employees lose their jobs. When jobs are eliminated, money spent in the local economy and the corresponding tax dollars are also eliminated. If these people who are unemployed do not find other jobs, the community risks losing them entirely.

Second, when a rural community

lacks quality health care, its ability to attract and retain retirees is severely

limited. Many rural towns have the climate and activities desired by retirees who often have substantial net worth. Retirees' net worth translates into purchasing power which can contribute significantly to the

***“A community’s ability to assure the availability of quality health care at a reasonable price is extremely important.*”**

economy. In addition to helping fuel the economy, the business of attracting, retaining and caring for retirees creates a need to provide other types of services for this segment of the population, thereby creating more jobs and further boosting the economy.

Third, *a community’s ability to attract new or to retain existing business and industry to the area becomes limited*. When business and industry make a location decision, a community’s ability to assure the availability of quality health care at a reasonable price is extremely important. When faced with a choice between two comparable sites, companies often choose the site with low cost health care. Seventeen percent will use health care services as a tiebreaker.

With the reduced availability of medical care, the likelihood of families moving away will increase. Meanwhile, the likelihood of new business bringing more families will decrease. As the tax base decreases, either services will decrease or taxes will increase both of which make it extremely difficult for a community to grow.

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