



2024 Economic Impact Analysis

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CONSULTING

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Introduction

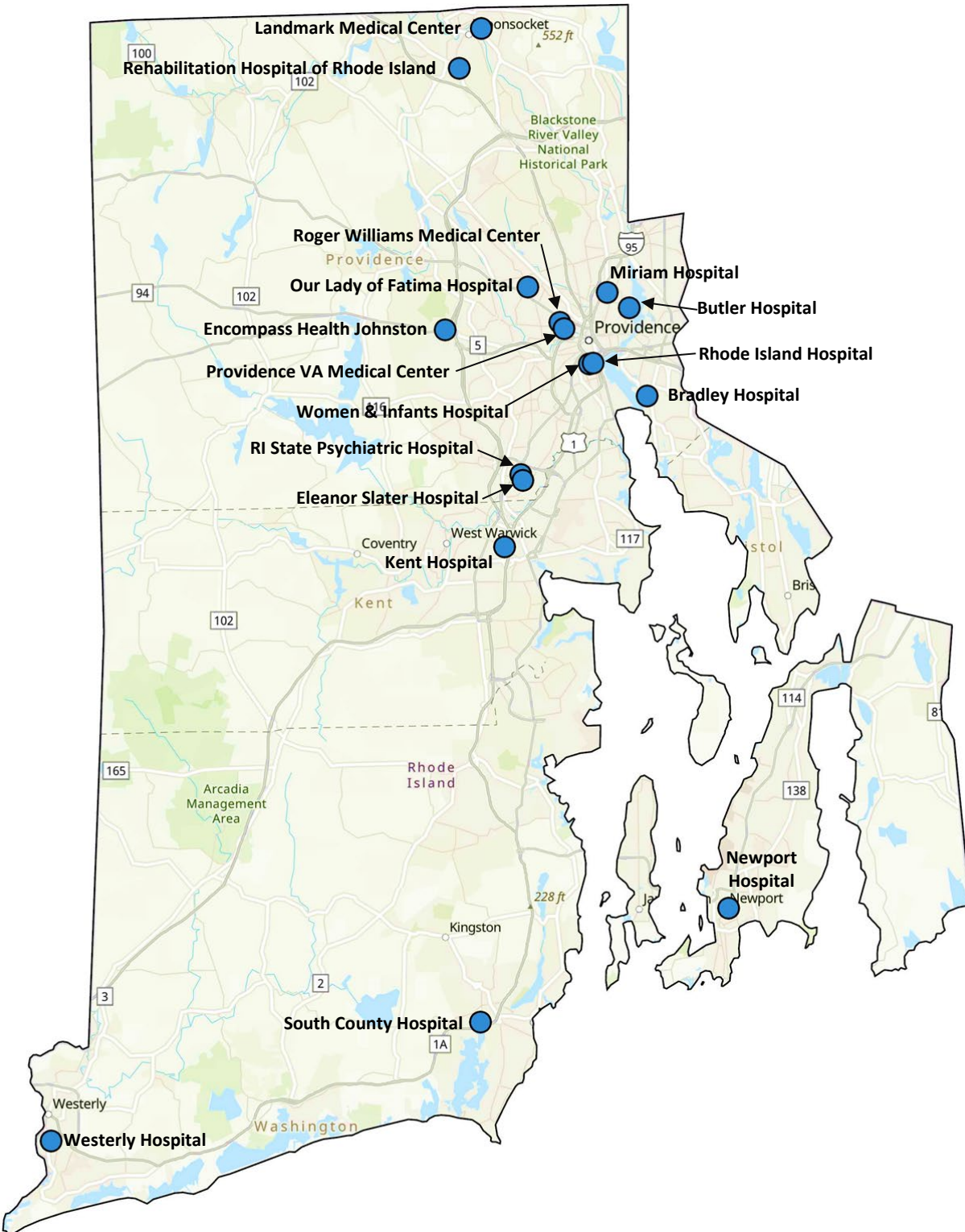
Founded over a half a century ago, the Hospital Association of Rhode Island (“HARI”) is a statewide trade organization that assists member hospitals in effectively meeting the health care needs of Rhode Island through advocacy, representation, education, and member services. HARI’s 17 members include all of the hospitals in Rhode Island.

HARI engaged Silverlode Consulting to estimate the economic and fiscal impact of the hospitals and related health care activities such as physician practices, outpatient clinics, etc. on the State of Rhode Island. These analyses estimate the impacts of the operations and construction activities of hospitals in Rhode Island in calendar year 2024 and the average annual impacts associated with construction investments anticipated to be made by HARI members in calendar years 2025 through 2030. HARI’s members provided the recent and future construction data necessary to prepare these analyses.

IMPLAN, one of the most widely used and accepted methodologies for estimating regional economic impacts, was used to complete the analyses.


Hospitals in Rhode Island

In 2024, the newly constructed Encompass Health Rehabilitation Hospital of Johnston opened, bringing the number of hospitals in the state to 17. The hospital locations are depicted in the map below.




2024 Hospital Impacts in the State of Rhode Island

State of Rhode Island Overview



35,000
Hospital employees work in Rhode Island



\$98.9 million
Hospital construction spending in Rhode Island in 2024

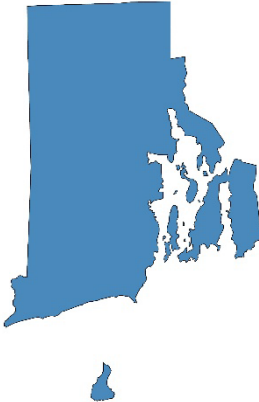
In 2024, hospitals in Rhode Island directly and indirectly supported \$11.70 billion of economic activity (economic output) in the State of Rhode Island through their ongoing operations, which included \$98.9 million in construction investments.


Hospitals in Rhode Island directly supported an estimated 35,717 jobs in Rhode Island in 2024. These direct jobs sustained an additional 27,337 indirect and induced jobs, resulting in a total of 63,054 Rhode Island jobs supported by the hospitals.

An estimated \$4.99 billion of annual labor income, including benefits, was associated with the total jobs. These jobs and associated earnings sustained 41,965 Rhode Island households.


The operating and construction activities of hospitals in Rhode Island resulted in the generation of \$779.3 million of state and local taxes and \$1.12 billion of federal taxes in 2024.

Total Hospital Impacts







\$11.70 billion
economic output




63,054
jobs




\$4.99 billion
labor income



41,965
households supported



\$779.3 million
state and local taxes



\$1.12 billion
federal taxes

3

2024 Hospital Impacts in the State of Rhode Island

Total Impacts	Direct	Indirect	Total
Economic Output	\$ 6,767,643,000	\$ 4,928,297,000	\$11,695,940,000
Jobs	35,717	27,337	63,054
Labor Income	\$ 3,246,626,000	\$ 1,742,300,000	\$ 4,988,926,000
Households Supported	23,770	18,195	41,965
State and Local Taxes	\$ 494,780,000	\$ 284,515,000	\$ 779,295,000
Federal Taxes	\$ 708,718,000	\$ 409,651,000	\$ 1,118,369,000

Permanent Impacts	Direct	Indirect	Total
Economic Output	\$ 6,668,755,000	\$ 4,873,038,000	\$11,541,793,000
Jobs	35,000	27,057	62,057
Labor Income	\$ 3,191,859,000	\$ 1,724,280,000	\$ 4,916,139,000
Households Supported	23,293	18,008	41,301
State and Local Taxes	\$ 492,768,000	\$ 280,358,000	\$ 773,126,000
Federal Taxes	\$ 697,622,000	\$ 405,246,000	\$ 1,102,868,000

Construction Impacts	Direct	Indirect	Total
Economic Output	\$ 98,888,000	\$ 55,259,000	\$ 154,147,000
Jobs	717	280	997
Labor Income	\$ 54,767,000	\$ 18,020,000	\$ 72,787,000
Households Supported	477	187	664
State and Local Taxes	\$ 2,012,000	\$ 4,157,000	\$ 6,169,000
Federal Taxes	\$ 11,096,000	\$ 4,405,000	\$ 15,501,000

Projected Hospital Construction Impacts in the State of Rhode Island (2025 – 2030)

Total Construction Spending



\$491.0 million

Total projected construction spending by hospitals in Rhode Island between 2025 and 2030.

From 2025 through 2030, hospitals in Rhode Island hospitals are anticipated to invest an average of \$93.9 million per year to construct and improve hospital facilities. These construction investments will directly and indirectly support \$151.4 million of economic activity (economic output) and an estimated 973 total jobs in Rhode Island each year.

An estimated \$71.1 million of annual labor income, including benefits, will be associated with the total jobs. These jobs and associated earnings will sustain 648 Rhode Island

households each year. The construction activity will generate \$6.1 million in state and local taxes and \$15.2 million in federal taxes per year.

Average Annual Hospital Construction Impacts



\$151.4 million

economic output



973

jobs



\$71.1 million

labor income



648

households supported



\$6.1 million

state and local taxes



\$15.2 million

federal taxes

Average Annual Construction Impacts in the State of Rhode Island (2025 – 2030)

Construction Impacts	Direct	Indirect	Total
Economic Output	\$ 93,929,000	\$ 57,485,000	\$ 151,414,000
Jobs	681	292	973
Labor Income	\$ 52,021,000	\$ 19,115,000	\$ 71,136,000
Households Supported	453	195	648
State and Local Taxes	\$ 1,912,000	\$ 4,216,000	\$ 6,128,000
Federal Taxes	\$ 10,540,000	\$ 4,636,000	\$ 15,176,000

Study Methodology

Data and Analysis

Direct, permanent jobs were estimated using publicly available sources and reflect the employment of the hospitals in Rhode Island, as well as the other health care operations such as physician practices, outpatient clinics, etc. that are associated with the health systems that operate Rhode Island's hospitals.

HARI members provided the projections of 2025-2030 construction spending necessary to develop the forward-looking economic impact estimates. Most, but not all, of the member hospitals provided construction projections. The annual average of this future construction spending was used to develop the economic impact estimates.

All results are presented in 2024 dollars.

IMPLAN

IMPLAN (Impact analysis for PLANning), one of the most well-respected and widely used methodologies for assessing regional economic impacts, was used for this study. IMPLAN is a general input-output model initially developed by the U.S. Forest Service in the 1970s and is used by more than 1,000 universities, government agencies, and consultants to estimate the economic and fiscal impacts of investments and/or changes in one or more industries.

Data underlying the IMPLAN model is updated annually using thousands of data points from over 90 sources. The main sources for this data include:

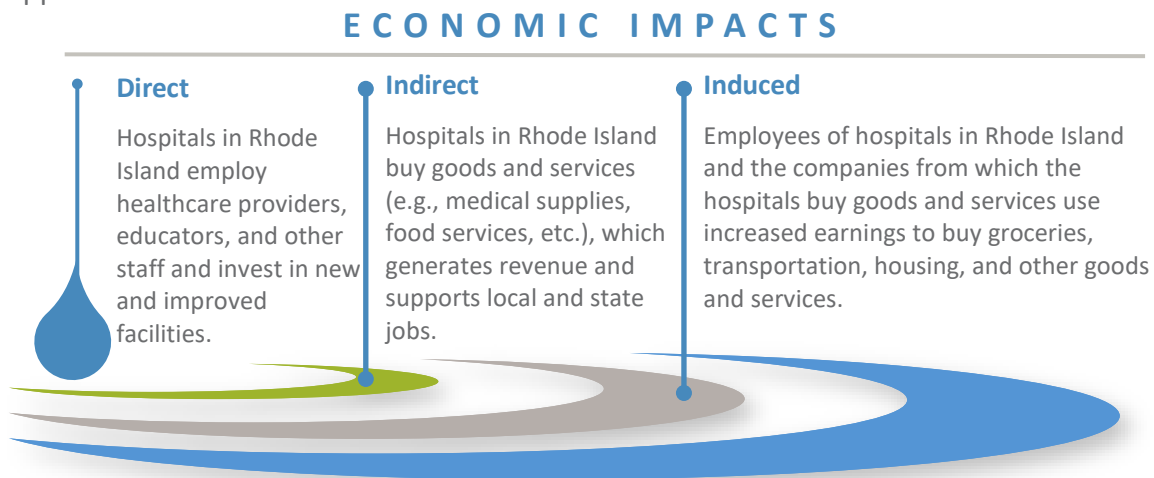
- U.S. Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages (QCEW)
- U.S. Bureau of Economic Analysis (BEA) Regional Economic Accounts (REA)
- U.S. Census Bureau County Business Patterns (CBP)
- U.S. Bureau of Economic Analysis National Income and Product Accounts (NIPA)

2023 IMPLAN data, the most current data available at the time, was used for this study.

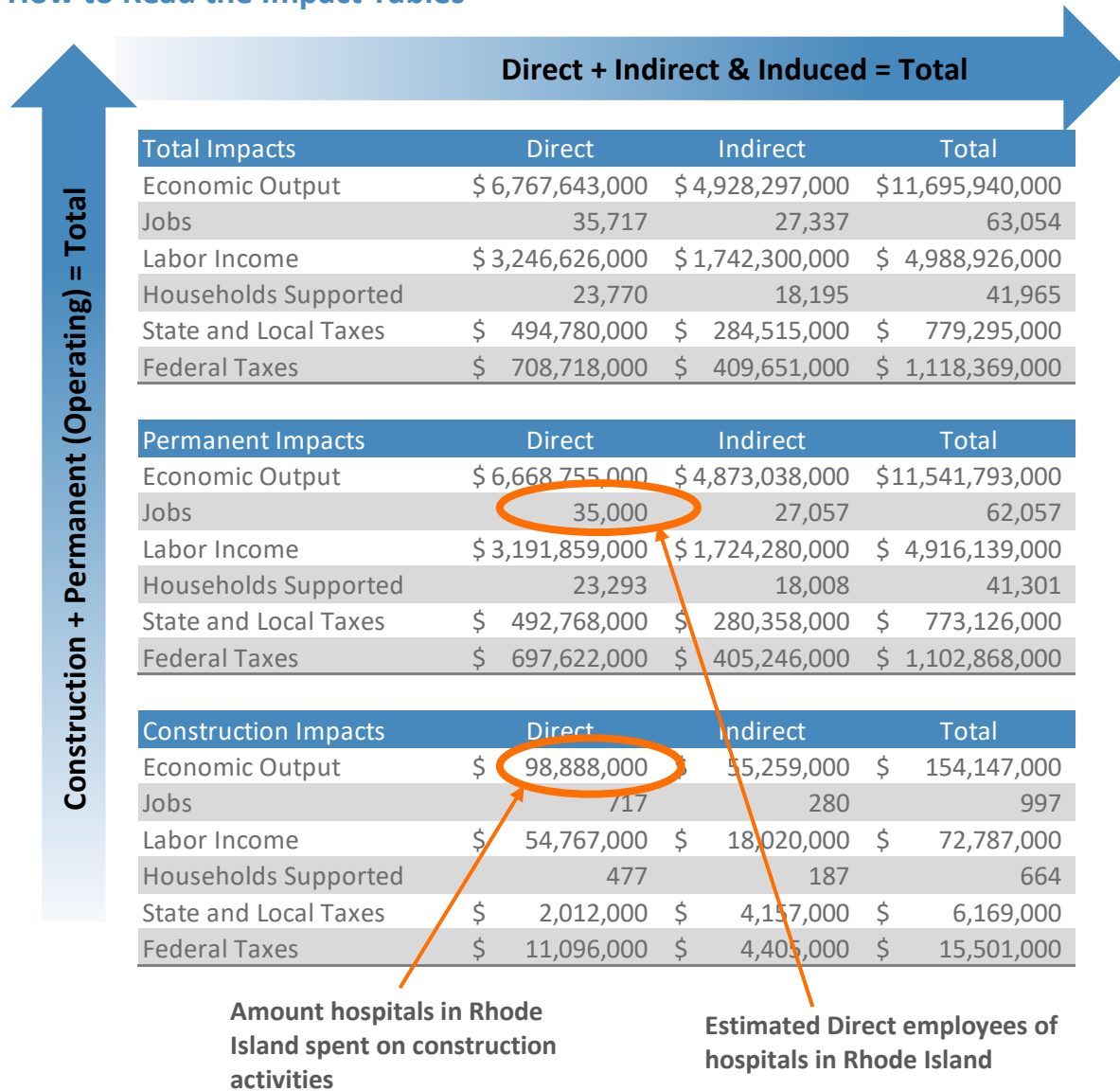
Economic Impact Analysis

Economic impact analysis comprehensively examines how an organization, industry, or event affects a region's economy. All economic activities create "ripples" in the economy, called indirect and induced effects. These ripple effects are quantified using a methodology known as Regional Input-Output Analysis.

Economic and fiscal impacts can be divided into component parts, which are referred to as direct, indirect, and induced. A **Direct** effect describes an initial change in the economy and is the starting point for economic impact analysis. Changes in an economy create "ripples" of economic activity throughout the region being analyzed, with the ripples being described as indirect and induced effects. **Indirect** effects represent changes in the industries that provide goods and services to the economic activity being modeled (e.g., suppliers and service providers). **Induced** effects represent the impact of changes in household spending resulting from the direct and indirect effects. **Total** impact refers to the final cumulative result of all rounds of direct, indirect, and induced activity. The graphic below depicts the ripple effect.



How to Read the Impact Tables



Terminology

	Direct Impacts	Indirect and Induced Impacts
Economic Output	The total value of goods and services produced by the activity being modeled. Output is roughly equivalent to sales or revenue associated with the direct activity.	IMPLAN estimate of the total value of goods and services produced by indirect and induced economic activity. Output approximates sales or revenue associated with this activity.
Jobs	Jobs directly engaged in the activity being analyzed and supported for one year.	IMPLAN estimate of the number of jobs supported by the purchase of goods and services by the activity being modeled (indirect) as well as by changes in household spending (induced).
Labor Income (Earnings)	Wages and benefits associated with direct jobs.	IMPLAN estimate of the total labor income (wages, benefits, and proprietor income) associated with the indirect and induced economic activity.
Households Supported	Estimate of the number of households supported by the economic activity being analyzed.	Estimate of the number of households supported by indirect and induced economic activity.
State and Local Taxes	IMPLAN estimate of all taxes paid to state and local units of government as a direct result of the economic activity being analyzed.	IMPLAN estimate of all taxes paid to state and local units of government due to indirect and induced economic activity.
Federal Taxes	IMPLAN estimate of all taxes paid to the federal government as a direct result of the economic activity being analyzed.	IMPLAN estimate of all taxes paid to the federal government due to indirect and induced economic activity.

Silverlode Consulting

Silverlode Consulting was founded in 2002 by two leaders of EY's and PwC's consulting practices. As a national leader in economic impact analysis, Silverlode has helped hundreds of organizations, ranging from non-profit arts groups to multi-national corporations, to measure their impacts on their communities and communicate those impacts to their stakeholders.

By meticulously estimating and effectively communicating the jobs, earnings, taxes, and other impacts of projects, the presence of an organization, or an investment in a community, our work has helped clients to gain approvals, secure funding, and positively shift public opinion. More information about our firm and our work in economic impact analysis can be found on our website at www.silverlodeconsulting.com.