

Economic Impacts of Physicians' Offices in New Jersey

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Organization

I. Study Description

II. Profile of Physicians' Offices Industry

- ▶ Demographics
- ▶ Economy – size and trends

III. Estimating Economic Impacts

IV. Data and Results

V. Questions/Discussion

Contribution of Physicians' Offices to the New Jersey Economy

- ▶ **What's measured by the analysis?**
 - ▶ Economic and fiscal impacts of business expenditures made by physicians' practices in NJ



Benefits of Physicians' Offices to the New Jersey Economy

- ▶ **What's not measured?**
 - ▶ Economic Value of healthcare outcomes
 - ▶ Reduced morbidity and premature mortality
 - ▶ Decrease in pain and suffering
 - ▶ Quality of life improvements
 - ▶ Increased worker productivity (fewer lost workdays)
 - ▶ Reduced future healthcare costs of those effectively treated



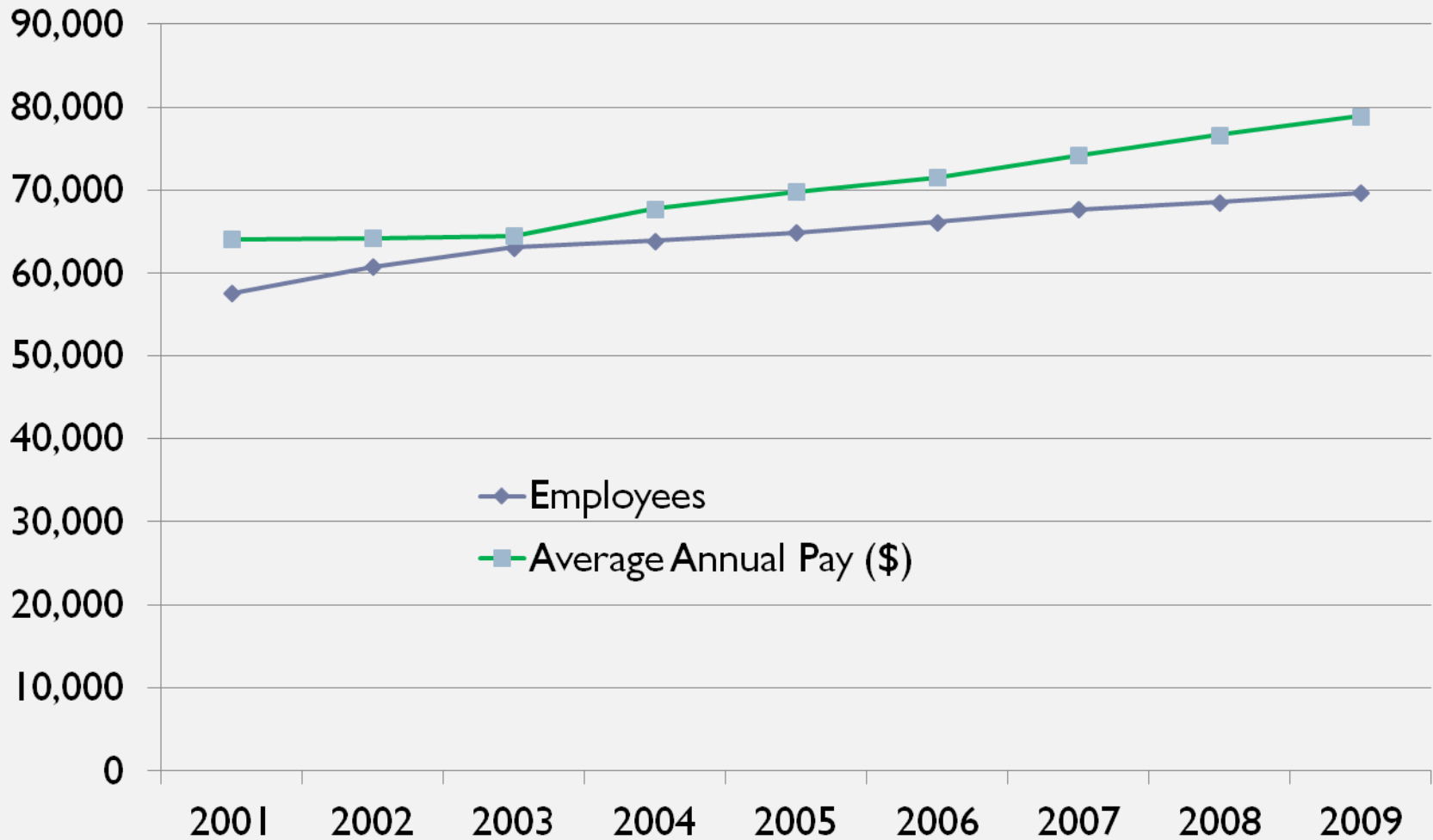
Industry Profile – New Jersey

- ▶ **33,727 physicians in 2008 (MD or DO)**
- ▶ **20,681 office-based (61.3%)**
 - ▶ 70% male
 - ▶ 8.6% general practice
 - ▶ 43.7% medical specialties
 - ▶ 21.8% surgical specialties
 - ▶ 26% other specialties

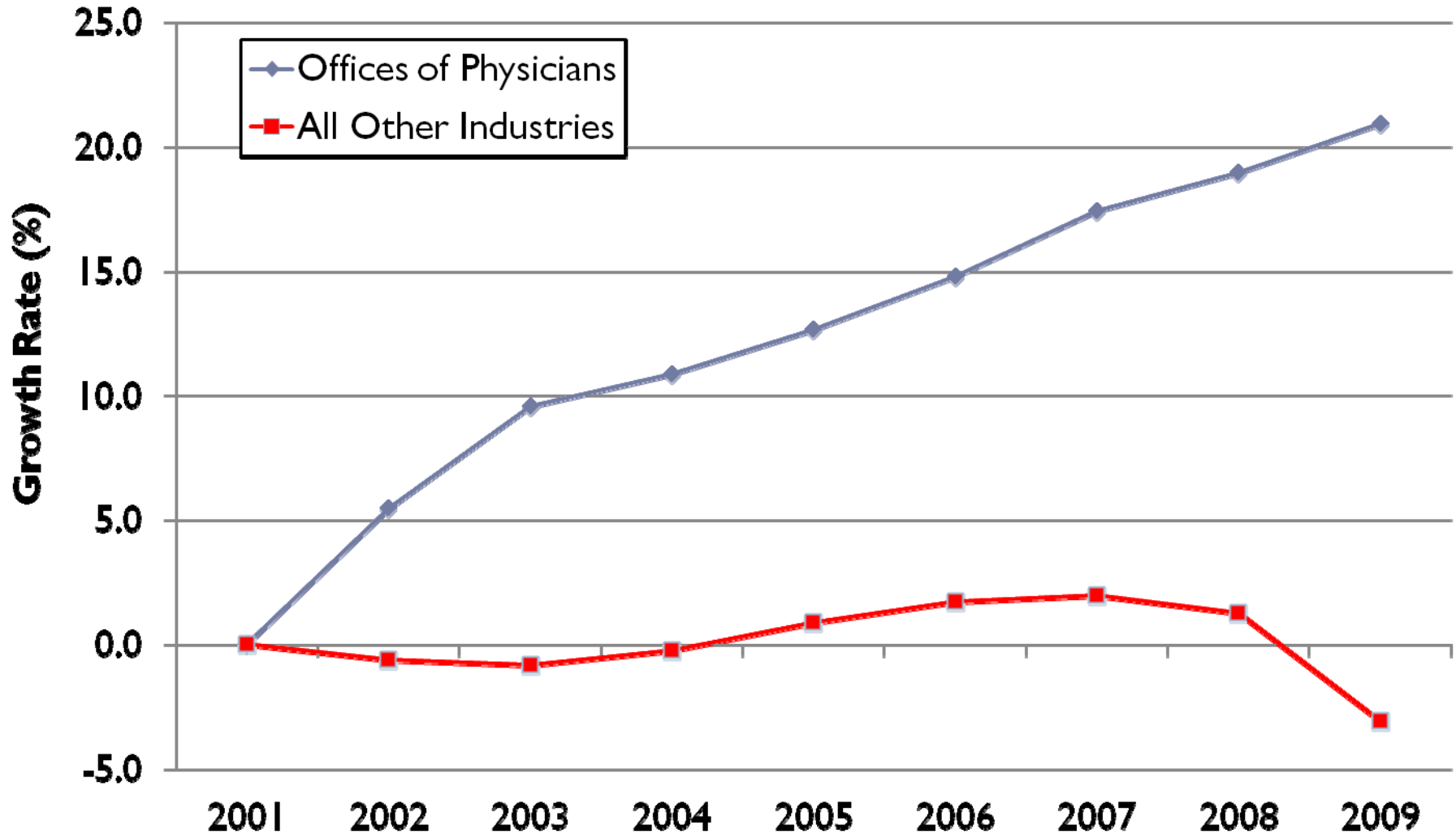
Industry Size in New Jersey, 2009

Employment	70,000 jobs
Establishments	9,000 businesses
Payroll	\$5.5 billion
Revenues	\$12.7 billion

Growth of Physicians' Practices 2001 - 2009



Employment Growth Rate in New Jersey, Cumulative 2001-2009



Source: U.S. Bureau of Labor Statistics.

Economic Impacts of the Industry

2 types of effects:

- ▶ **Direct Effects**

- ▶ **Output (i.e., revenues), employment, compensation (incomes) and taxes directly generated by the industry**



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Economic Impacts of the Industry

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▶ **Direct Effects**

- ▶ **Output (i.e., revenues), employment, compensation (incomes) and taxes directly generated by the industry**

▶ **Indirect Effects**

- ▶ **“Ripple” or “multiplier” effects of the initial operating and capital expenditures (on equipment, supplies and compensation) as these are spent and re-spent throughout the economy**



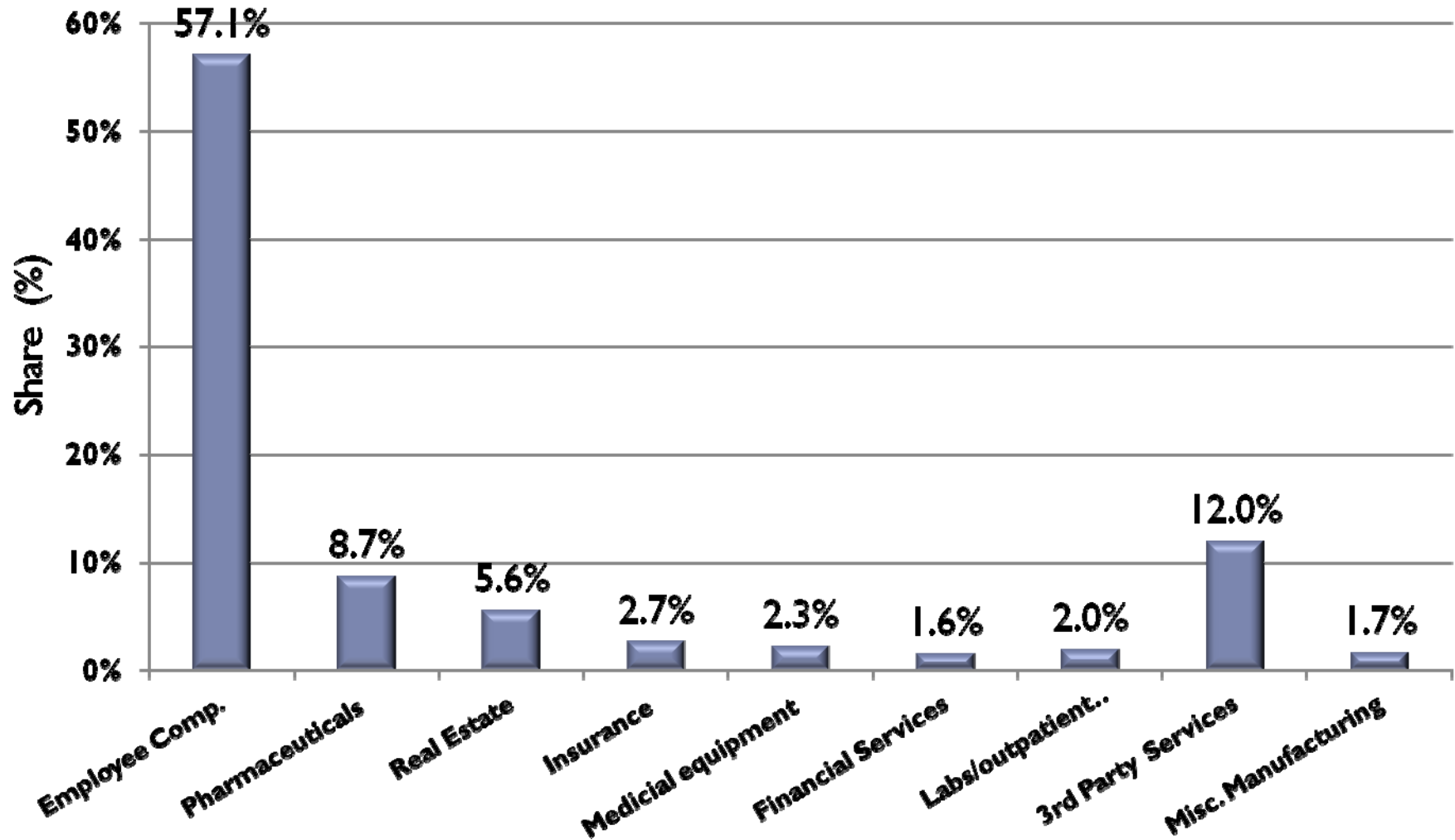
Indirect Effects

▶ R/ECON™ Input-Output Model

- ▶ Rutgers' Center for Urban Policy Research
- ▶ 517 individual sectors of NJ economy
- ▶ Measures impact of investments and expenditures on:
 - ▶ **Employment**
 - ▶ **Income**
 - ▶ **Gross Domestic Product**
 - ▶ **Federal, State and local taxes**



Distribution of Direct Expenditures



Source: U.S. Bureau of Economic Analysis, MSNJ consultations, Rutgers calculations.

Indirect Effects via I-O Model

- ▶ Captures interrelationships of sales and purchases among sectors of the economy
- ▶ Measures effect of changes in expenditures in one industry on economic activity in all other industries
- ▶ Measures extent to which locally produced goods and services meets NJ physicians' expenditure needs and how much spending flows out of region

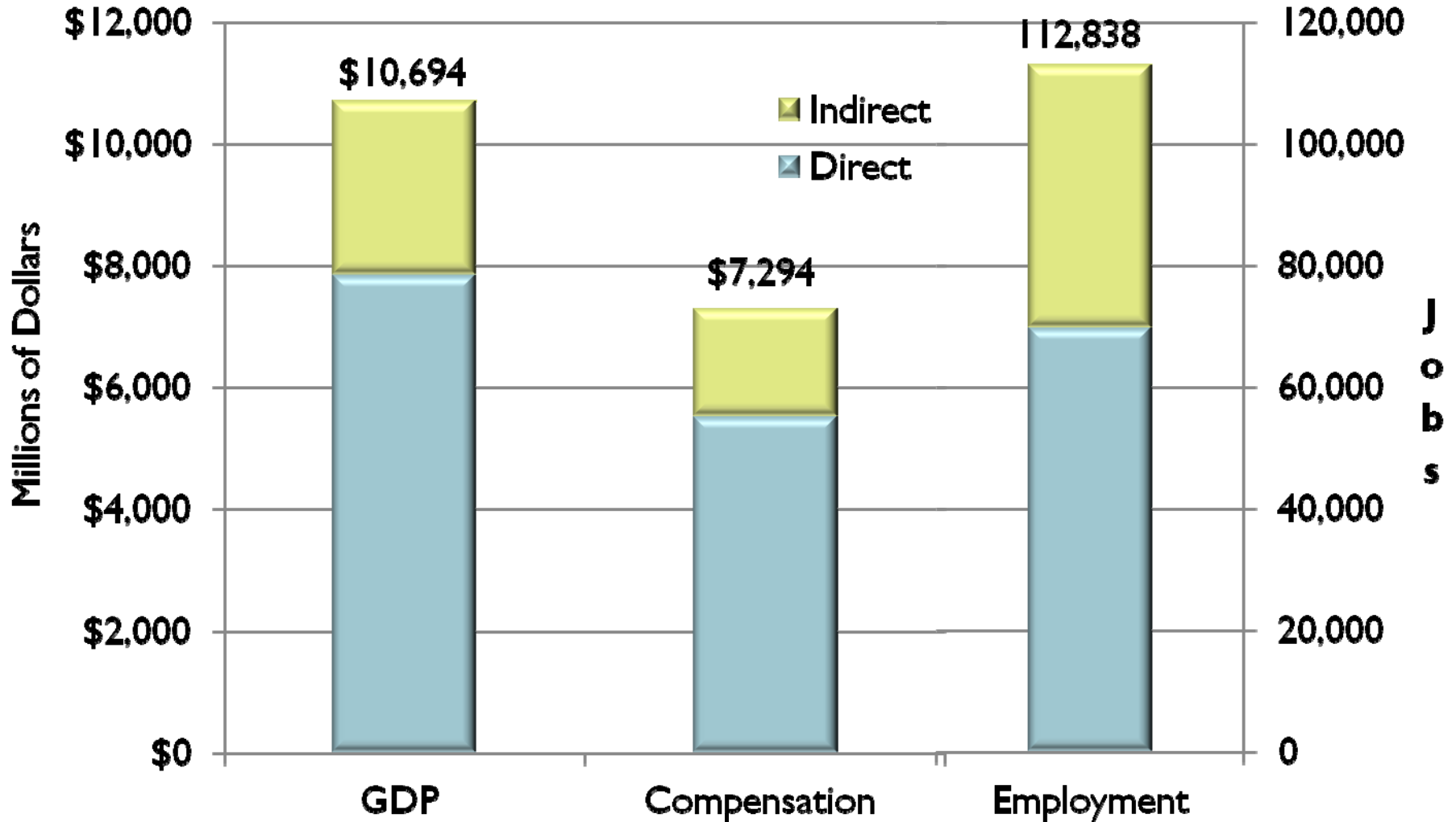


Total Economic Impact of Physicians' Offices

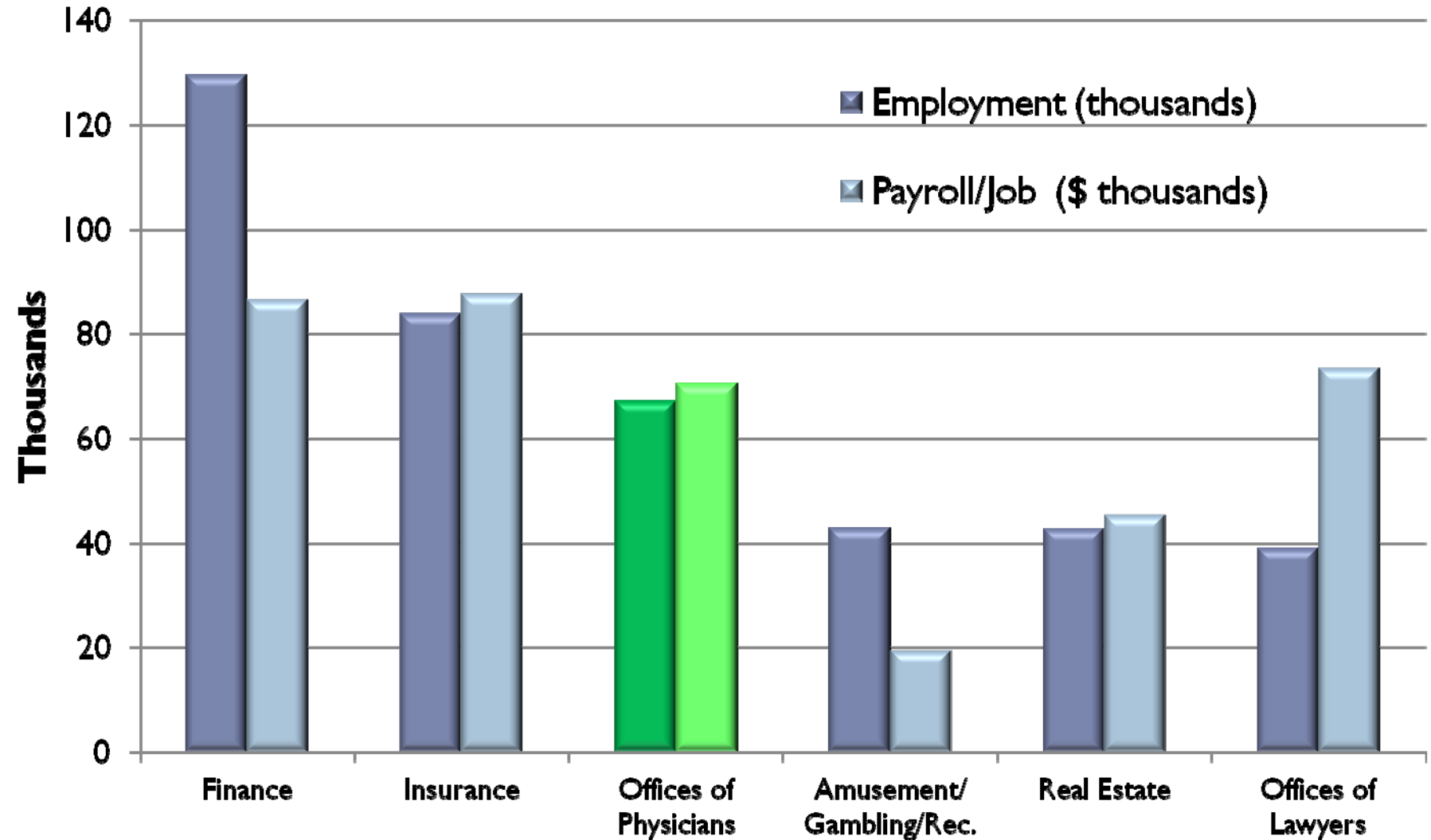
- ▶ 113,000 jobs (direct and indirect)
- ▶ \$7.3 billion in annual income
- ▶ \$10.7 billion in annual GDP for NJ
- ▶ \$334 million in annual state tax revenue
- ▶ \$353 million in annual local tax revenue



Impact of Physicians' Offices



Industry Comparison, 2007



Source: 2007 Economic Census, U.S. Census Bureau. Offices of Physicians is NAICS 62111. The full report contains additional industry comparisons.