

(March 24, 2008)

### **Study Shows Health Care Impact**

Osborne County, Kan. - A good local health care system may itself be part of the prescription for maintaining a healthy rural economy.

That was the bottom line from a study of the economic impact and economic potential of Osborne County's health care system produced by researchers at K-State Research and Extension.

The study is part of a state-wide initiative called the Kansas Rural Health Works program sponsored by the Kansas Rural Health Options Project. As part of the program, a county-level analysis of the economic impacts and potential of the local health care sector on the economies of each of the state's 97 most rural counties has been generated.

According to the report, the health care sector accounted for an estimated 12.4 percent of Osborne County's total employment, or about 332 jobs, in 2006, the most recent year for which information was available. Further, the study's authors calculated economic multipliers for seven health care sectors and estimated that health care directly and indirectly accounted for 405 jobs throughout the county economy. They go on to estimate that these same sectors accounted for more than \$10,491,460 in total county income and about \$3,775,370 in county retail sales.

Kiley Floyd, Administrator of Osborne County Memorial Hospital, who released copies of the report, said she was somewhat surprised by the overall scale of the existing activity in the county. "I think we tend to take our local health services for granted, just a little," she said. "We don't realize how important health care is to the county's economic wellbeing."

That is exactly the point the reports are trying to get across, according to Dr. John Leatherman, agricultural economist at K-State's Office of Local Government and co-author of the report. He points out that access to affordable quality local health care services is essential to attracting and retaining local businesses and retirees.

Further, health care has been among the fastest growing economic sectors for the past 30 years. Given demographic trends, prospects for continued growth are good, and rural communities will want to be in a position to capture some of that growth, he said.

"Research has shown time and again that local health care and education are two enormously important factors for economic development," Leatherman said, "and both can be positively or negatively influenced by local action or inaction." He said the local health care system has sometimes been the "tie-breaker" in industry location decisions and that retirees view quality local health care as a "must have" local service.

Given the rapidly changing economics of health care systems, rural communities need to become more proactive in building and maintaining a sustainable mix and level of services or risk losing local access and control, according to Dr. Chris Tilden, Senior Director of Health Policy and Data for the Office of Local and Rural Health at the Kansas Department of Health and Environment, and one of the co-sponsors of the project.

“The Rural Health Works program is intended to highlight the need for local organization and initiative to maintain rural health care systems,” he said. He likened the need for broad community involvement focused on local health care to trying to maintain the local school district or Main Street businesses. “Inattention and inactivity can place a rural community at risk. Maintaining local access to quality health care services in rural places requires organization, planning and community support,” Tilden said.

“We hope this can serve as a wakeup call,” said Chad Austin, Senior Director of Health Policy and Data for the Kansas Hospital Association and another partner in the project. He said rural health care systems have been evolving for a number of years in response to changing technology and economics. The challenges to maintaining access to quality local services is especially great for rural communities.

Austin cited smaller markets, thinner profit margins, older demographics and lower incomes in rural areas, the cyclic nature of the agricultural economy, and differences between urban and rural Medicare payment rates as among the challenges rural communities face. “Increasing awareness of the link between the vitality of the local health care system and the local economy is the first step,” he said.

The Kansas Rural Health Works program also provides selected communities local strategic planning assistance, market analysis, and feasibility studies.

Copies of the full report have been distributed and are available free of charge at a Kansas Rural Health Works Web site at: [www.oznet.ksu.edu/krhw](http://www.oznet.ksu.edu/krhw). Printed copies are available at cost plus shipping. Additional information about the program is available by contacting the Office of Local Government at K-State Research and Extension, 785-532-2643 or e-mailing [olg@agecon.ksu.edu](mailto:olg@agecon.ksu.edu).