



Hawai'i Primary Care Association

345 Queen St., Suite 601, Honolulu, HI 96813 ■ 808/536-8442 ■ www.hawaiipca.net

Community Health Centers as Economic Engines

In 2006, the economic impact of Hawai'i's community health centers included \$168 million in activity and 1,768 jobs supported. They directly controlled \$84 million dollars and employed 1,043 people. Community health centers also form the state's largest health care network, serving 100,000 residents statewide.

Community health centers (CHCs) are well known in their role as much-needed health care providers but not so widely recognized as economic engines for the low-income communities they serve, typically geographic areas most in need of such help. Forty years ago when community health centers were first established by the federal government their authorization was through the Office of Economic Opportunity. While they are now programs under the Department of Health & Human Services, their origins remind us of how closely linked are health and economic factors.

Skills and Jobs. Community health centers are community-owned economic assets. The majority of their board members are clients of CHC services and, through service to the CHC, develop skills to plan for and meet community health needs. The centers are important employers – sometimes the largest – in their communities and offer entry-level jobs and career paths to people who often would otherwise have few job options. CHCs prize community, language, and cultural competencies among staff, attributes that may be undervalued by other employers. Besides on-the-job training, community health centers pay for formal employment-enhancing education, including certificate and degree programs and those that earn continuing education credits. CHCs are prime training sites for health care trainees such as dental and medical assistants, social workers, nurses, medical students and residents, psychologists, dentists, and students of business administration.

Livable Communities. CHCs contribute to the livability of their communities. Because they offer an array of accessible personal health care, even people with chronic conditions can be comfortable in moving to or remaining in a community with a CHC. The selection of services at CHCs is surprisingly comprehensive and may include WIC nutrition, exercise classes, substance abuse counseling, perinatal care, prescription drugs, mental health services, and dental care. Of course the availability of skilled and unskilled jobs –without a long commute - is a major attraction.

Economic Multipliers. Although they operate on thin margins, CHCs are stable and resilient nonprofit businesses that develop and reinvest financial resources in their communities. From a macroeconomic perspective, dollars spent by CHCs have a greater impact when viewed in the context of the additional output and jobs they stimulate in other industries. Economists describe and measure aggregate economic impact of investments in an economy by computing and applying area and industry-specific “multipliers.” Multiplier effects vary depending on the industry and the

geographic area in which funds are expended, and are calculated and reported by the U.S. Department of Commerce through the Regional Input-Output Modeling System (RIMS II). The factors used here are from the Hawai'i DBEDT study for 2002.

Economic multipliers for health care activity are high in comparison to other industries, making dollars spent by CHCs among the most productive in supporting the local economy. The following charts show direct and expanded activities of CHCs by island for 2006:

	Users of Service	Direct Output (costs)	Direct Employment (FTEs)	Expanded Output	Expanded Jobs (FTEs) Supported
Island of Hawai'i	21,908	\$11.0 million	124.0	\$21.8 million	230.2
Maui	9,192	\$7.7 million	87.0	\$15.3 million	161.8
Moloka'i	1,632	\$1.6 million	14.0	\$3.2 million	33.9
Kaua'i	6,048	\$6.5 million	81.4	\$12.9 million	136.3
O'ahu	59,756	\$57.5 million	737.3	\$114.4 million	1,205.6
TOTAL	98,536	\$84.3 million	1,043.6	\$167.7 million	1,767.7
Total Rural	72,431	\$60.8 million	700.4	\$121.0 million	1,275.6
Total Urban	26,105	\$23.5 million	343.3	\$46.7 million	492.1

The RIMS II Expanded Output Factor is 1.99; the Expanded Jobs Factor is cost/1,000,000 x 20.98.

The following chart shows financial resources CHCs garnered in 2006:

	Federal Funds	State & Local Funds	Public & Private Insurance Pmts.	Foundations & Fundraising
Island of Hawai'i	\$1.9 million	\$1.5 million	\$7.4 million	\$0.9 million
Maui	\$1.7 million	\$2.1 million	\$3.4 million	\$0.4 million
Moloka'i	\$.7 million	\$0.1 million	\$0.5 million	\$0.1 million
Kaua'i	\$4.1 million	\$0.3 million	\$1.1 million	\$0.1 million
O'ahu	\$7.1 million	\$7.9 million	\$34.8 million	\$4.8 million
TOTAL	\$15.5 million	\$11.8 million	\$47.2 million	\$6.4 million
Total Rural	\$12.3 million	\$7.0 million	\$36.5 million	\$3.2 million
Total Urban	\$3.1 million	\$4.8 million	\$10.8 million	\$3.1 million

Community health centers in Hawai'i have grown to meet expanding needs over the past five years and have brought economic benefits with their expansion. Compare the direct and expanded output and jobs for 2000 and 2006:

	Direct Output (Costs)		Direct Employment		Expanded Output		Expanded Jobs	
	2000	2006	2000	2006	2000	2006	2000	2006
Island of Hawai'i	\$5.4 mil.	\$11.0 mil.	74.0	124.0	\$10.5 mil.	\$21.8 mil.	129.8	230.2
Maui	\$4.6 mil.	\$7.7 mil.	57.2	87.0	\$9.0 mil.	\$15.3 mil.	110.6	161.8
Moloka'i	-	\$1.6 mil.	-	14.0	-	\$3.2 mil.	-	33.9
Kaua'i	-	\$6.5 mil.	-	81.4	-	\$12.9 mil.	-	136.3
O'ahu	\$33.6 mil.	\$57.5 mil.	514.6	737.3	\$65.0 mil.	\$114.3 mil.	802.0	1,205.6
TOTAL	\$43.7 mil.	\$84.3 mil.	645.8	1,043.6	\$84.5 mil.	\$167.7 mil.	1,042.4	1,767.7
Total Rural	\$30.4 mil.	\$60.8 mil.	435.4	700.4	\$58.8 mil.	\$121.0 mil.	725.2	1,275.6
Total Urban	\$13.3 mil.	\$23.5 mil.	210.4	343.3	\$25.7 mil.	\$46.7 mil.	317.2	492.1

Health centers included in this study are Bay Clinic, Hāmākua Health Center, Community Clinic of Maui, Hāna Community Health Center, Moloka'i Community Health Center, Ho'ola Lāhui Hawai'i/Kaua'i Community Health Center, Kalihi-Pālana Health Center, Kōkua Kalihi Valley, Ko'olauloa Community Health and Wellness Center, Wai'anae Coast Comprehensive Health Center, Waikīkī Health Center, Waimānalo Health Center, and West Hawai'i Community Health Center.