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## **Health Care Sector Can Contribute More to Virginia's Economy, New Report Says**

RICHMOND, VA -- The health care sector plays an important role in Virginia's economy. About 11 percent of all jobs in Virginia are in the health care and social assistance sector. And workers in the state's hospitals generate about \$585 million each year in state and local taxes.

But the industry also faces challenges, particularly with the growing cost of uncompensated care. Operating margins for the hospital sector are declining and slated to turn negative in 2022. And rural hospitals, the largest employer in 88 percent of rural counties in the state, are estimated to start losing money as a whole by next year.

New analysis from The Commonwealth Institute, an economic and fiscal research organization in Richmond, shows how the state can take steps to stabilize the health care sector, further tap its potential to boost the state's economy, and also bring health care access to hundreds of thousands of Virginians who can't afford it and are stuck in the coverage gap.

"This report builds on our previous analysis around health care and the opportunity state lawmakers have to not only bring health care access to hard working people who struggle to make ends meet but to also strengthen this critical part of our economy," says institute President Michael Cassidy.

**Among the report's key findings:**

- Employment in the health care sector has grown at a substantially faster rate than all nonfarm employment since 2009.
- Drawing down federal funding to close the coverage gap would support an average of 20,000 good-paying health care jobs each year over the next five years, which in turn would generate \$101 million in state and local revenues annually.
- Hospitals provide over \$1 billion in each year in uncompensated care for patients.
- States that have closed the coverage gap have seen a 30 percent average reduction in uncompensated care costs.
  - In Arkansas, uncompensated care costs dropped by 55 percent.
  - In New Hampshire, it dropped by 35 percent.

“The bottom line is that the health care sector is a cornerstone of Virginia’s economy that creates good-paying, middle class jobs. And there’s more potential there. By taking advantage of opportunities to close the coverage gap Virginia can tap into that potential and also bring much needed health care to those stuck in the coverage gap,” says Cassidy.

The full report, Critical Care, Critical Contributions, is available at [www.thecommonwealthinstitute.org](http://www.thecommonwealthinstitute.org).

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The Commonwealth Institute for Fiscal Analysis provides credible, independent, and accessible information and analyses of fiscal and economic issues with particular attention to the impacts on low- and moderate-income persons. Our products inform fiscal and budget policy debates and contribute to sound decisions that improve the well-being of individuals, communities and Virginia as a whole. Visit [www.thecommonwealthinstitute.org](http://www.thecommonwealthinstitute.org) for more information.