

# CHESTNUT HEALTH SYSTEMS, INC.

## INVEST FOR A HEALTHY ECONOMY

Chestnut Health Systems, Inc. is a nonprofit, community-directed organization that provides high-quality, affordable primary and preventive care for low income and medically underserved communities in the counties of Madison and McLean. By law, health centers are governed by at least a 51% majority patient board—patients who receive services at the health center—who make decisions about programs, services and expenditures. Charged to serve the medically underserved, community health centers (CHCs) are often located in geographic regions where few other medical services or resources are available. CHCs provide services regardless of a patient’s ability to pay.

Chestnut Health Systems, Inc. generated more than \$3.2 million through the provision of medical care to the community in 2017. This revenue contributed to the community through salaries, additional jobs and the support of industry and services, resulting in an overall economic contribution of \$5.9 million.

In addition, Chestnut Health Systems, Inc. provides employment opportunities for a number of local residents, contributing to a foundation for local economic investment and stability. Labor income in 2017 totaled \$3.5 million through combined direct and indirect employment of 66 full-time equivalent jobs within the local community. Chestnut Health Systems, Inc. directly employed 47 full-time equivalent jobs and consumed goods and services—by employees and the organization—that indirectly generated an estimated 19 additional full-time equivalent jobs.

### CHESTNUT HEALTH SYSTEMS, INC. ECONOMIC IMPACT IN 2017

#### DIRECT ECONOMIC ACTIVITY

• Value of Medical Services .....	\$3,229,831
• Payroll .....	\$2,656,463
• Employment (full-time equivalents) .....	47

#### TOTAL ECONOMIC CONTRIBUTION

• Value of All Goods & Services .....	\$5,936,541
• All Payrolls .....	\$3,495,536
• All Employment (full-time equivalents) .....	66

## OVERVIEW OF ECONOMIC CONTRIBUTION ESTIMATES

The key to quantifying economic contributions is to understand the concept and application of the “multiplier effect.” Within the field of economics, the multiplier effect is used to determine the total consequence of some initial activity in a defined economy. The total effect includes two kinds of impacts in addition to the direct economic activity of the health center itself: those resulting from the supply chain of local businesses that support the health centers’ operations, and those resulting from the local expenditure of income earned by employees of all businesses affected. These two effects combined with the economic activity of the health center itself make the economic contribution to the area larger than simply the health centers alone. The effects are measured in terms of production value, payrolls, and employment.

The IMPLAN® has developed a comprehensive analysis tool for estimating economic effects using input-output models. These models track the flow of goods, services, capital, labor, and government payments by geographic region and by industry at the county level throughout the US. IMPLAN® is used by government agencies, academics, businesses and others to gauge the impact of activities initiated by for-profit and not-for-profit organizations.

### Three Standard Economic Multipliers

1. Output Multiplier: Measures the total production value of goods and services generated throughout a regional economy for each dollar of production by a given industry (e.g., if a \$50 medical visit results in \$100 of total economic activity throughout the local economy, then the multiplier would be 2.0).
2. Earnings Multiplier: Measures the total earnings (labor income) generated throughout a regional economy for each dollar of payroll paid by a given industry (e.g., if \$100 of payroll at a health center results \$150 of total payroll activity throughout the local economy, then the multiplier would be 1.5).
3. Employment Multiplier: Measures the total employment generated throughout a regional economy for each job in a given industry (e.g., if 5 jobs at a health center result in 6 jobs throughout the local economy, then the multiplier would be 1.2).



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