The Economic Impact of
All Children’s Hospital

May 2015
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Executive Summary

All Children’s Hospital (ACH), located in St. Petersburg, is one of Florida’s leading providers of health services to children and their families. The mission of All Children’s Hospital is to provide leadership in the delivery of pediatric health services through treatment, education, research and advocacy. As part of this mission, All Children’s provides state-of-the-art patient care, conducts clinical and translational research, and educates pediatricians-in-training and other pediatric health care providers. ACH is also a leading advocate for children’s health and other policy initiatives benefiting children.

ACH has a long history of service to its community. After almost 90 years as an independent and highly innovative institution, in 2011 ACH became part of Johns Hopkins Medicine (JHM), one of the world’s leading health care systems and a world-renowned center for medical research and education.

Both as a major regional enterprise and through its mission of health care, research and education, ACH is a major contributor to the vitality of the region’s economy. This report assesses ACH’s economic impact in Pinellas County, West Central Florida and statewide.

Caring for Florida’s children

- ACH operates a 259-bed inpatient hospital on its main campus in St. Petersburg. Notable facilities and services include:
  - A 97-bed neonatal intensive care unit (one of the largest units of its kind in the southeastern U.S.) that meets American Academy of Pediatrics Level IV designation
  - 50 other intensive care beds
  - A pediatric emergency center
  - An obstetrical unit and well-baby nursery operated by Bayfront Health in cooperation with ACH

- ACH also provides a wide range of outpatient diagnostic services and visits with pediatric subspecialty physicians on its main campus, as well as child development and rehabilitation services.

- ACH delivers care closer to home by providing similar child development and rehabilitation services through its regional network of ten Outpatient Care Centers throughout West Central Florida.
• During fiscal year 2014, ACH treated and discharged a total of 7,629 inpatients, and reported a total of 418,569 outpatient visits. Residents of West Central Florida accounted for 93 percent of all inpatients treated at ACH, and 96 percent of all outpatients.

• ACH also provides a variety of medical services and other health-related programs that focus more specifically on the needs of low-income children and families in Pinellas County, including:
  » Comprehensive services for high-risk, low-income expectant mothers
  » Exercise and weight management programs
  » Mental health and substance abuse services
  » Free or subsidized health care

• The value of community benefits provided by ACH in fiscal year 2014 totaled $27.9 million.

All Children’s Hospital as an enterprise

• In the spring of 2014, ACH directly employed 3,080 people, with wages and salaries totaling $223.3 million in fiscal year 2014.

• Of all those employed by ACH, 2,851 worked at the hospital’s main campus in St. Petersburg or at other locations in Pinellas County. ACH is one of Pinellas County’s leading private employers.

• In addition, 229 were employed at ACH Outpatient Care Centers located elsewhere in West Central Florida.

• Between 2008 and 2014, the number of people employed by ACH rose by 34 percent – an increase of 790 jobs.

• Between 2005 and 2010, ACH invested $405 million in the construction of a new hospital complex on its main campus.

  » During this period, ACH’s investment directly and indirectly supported an average of 1,083 full-time equivalent (FTE) jobs each year in West Central Florida.

Taking into account those employed directly by ACH, jobs with local suppliers and contractors supported by ACH’s purchases of goods and services, and the indirect (or “multiplier”) effects of the Hospital’s spending on payroll, purchasing and construction, we estimate that in Pinellas County, ACH in fiscal year 2014 directly and indirectly accounted for:

• 4,301 FTE jobs in Pinellas County, with nearly $272.2 million in earnings
• $434.2 million in county-wide economic output

In West Central Florida (including Pinellas County), ACH spending in fiscal year 2014 directly and indirectly accounted for:

• 5,302 FTE jobs in the region, with $329.5 million in earnings
• $574.2 million in region-wide economic output

Statewide (including West Central Florida), ACH spending in fiscal year 2014 directly and indirectly accounted for:

• 5,688 FTE jobs in Florida, with nearly $350.4 million in earnings
• $619.7 million in statewide economic output
Research and education

- The 58,000 square-foot Children’s Research Institute, located on a site adjacent to ACH’s main campus in St. Petersburg in collaboration with the University of South Florida, is a focal point for much of ACH’s research, and houses the All Children’s Hospital Johns Hopkins Medicine Clinical and Translational Research Organization.

- ACH's integration into John Hopkins Medicine opens up new opportunities for the growth of the Hospital’s research enterprise.
  
  » Between fiscal year 2009 and fiscal year 2014, research spending at ACH has grown by more than 85 percent, to $4.8 million.

- Clinical trials conducted at ACH allow West Central Florida residents to get access to a wide range of promising new treatments.
  
  » In fiscal year 2014, 246 ACH patients participated in 91 clinical trials. These clinical trials are among the approximately 300 IRB-approved, active studies at ACH.

- ACH also contributes to the development of the region’s health care workforce, through:
  
  » An ACH JHM residency program in pediatrics, launched in 2014
  » Clinical experience, education and training in pediatrics provided to University of South Florida medical students, residents and fellows
  » A one-year residency program for newly graduated nurses
  » Continuing medical education programs for pediatricians and other health care professionals

A growing regional impact

ACH's impact on the economies of Pinellas County, West Central Florida and the state is likely to increase during the next five to ten years.

- From fiscal year 2015 through 2019, ACH expects to invest a total of $140 million in its facilities.

- The recent and continuing growth of ACH’s outpatient network will add to its economic impact in the years ahead.

- As a member of Johns Hopkins Medicine, ACH will continue to grow its research enterprise. ACH is also expanding its educational mission—training new pediatricians, pediatric subspecialists and other pediatric health professionals. Many of those trained at ACH are likely to become permanent residents of the area, contributing both to the region’s economy and to the well-being of its children.

- The strength of its specialty services, its strategic location, and its status as part of Johns Hopkins Medicine will help ACH tap into a growing demand for high-quality health care internationally, and make St. Petersburg a destination for families seeking such care for their children.
All Children’s Hospital (ACH) is one of only three specialty licensed children’s hospitals in Florida, and is ranked by U.S. News and World Report as a best children’s hospital. ACH is a leading provider of essential health services to children and families in West Central Florida and throughout the state, and a major regional enterprise in its own right—a leading and growing employer, a buyer of goods and services from local companies and a sponsor of major construction projects.

This report assesses ACH’s economic impact—both as an enterprise and a provider of health care in Pinellas County, in West Central Florida and statewide. The report was prepared in conjunction with a broader study of the combined economic impact of The Johns Hopkins University and the Johns Hopkins Health System. Both studies were conducted by Appleseed, a New York City-based consulting firm with extensive experience in working with major research universities and academic medical centers.

Part One of the report provides an overview of All Children’s Hospital, and briefly discusses the regional context in which it operates. Part Two assesses ACH’s role as a major employer, and the impact of the Hospital’s spending on payroll, purchasing and construction.

Part Three describes the health services provided by ACH, and their value to the community and the region. Part Four discusses ACH’s growing role in research and in the education of health professionals. Part Five concludes with a brief discussion of several reasons why the impact of All Children’s Hospital is likely to be even greater in the future than it is today.
All Children’s Hospital traces its origins to 1926, when members of American Legion Post 14 and local civic leaders launched a campaign to establish a hospital in St. Petersburg that would serve children afflicted with polio and other crippling diseases. The American Legion Hospital for Crippled Children opened its doors in 1927. To meet a growing demand for its services, the Hospital added a second building in 1936.

After the Second World War, the Hospital for Crippled Children continued to expand and enrich its services. By the early 1960’s, with the threat of polio receding, the Hospital’s leaders saw an opportunity to broaden its role in providing high-quality, specialized care to children with a wide range of health needs. To fulfill this goal, they broke ground on construction of a new facility in 1965.

Two years later All Children’s Hospital opened with a new name taken from the words of the poet Carl Sandburg, “There is only one child in all the world, and that child’s name is All Children.”

In the years that followed, the scope of services provided by ACH continued to expand, including:

- Pediatric cardiology, added in 1969
- A training program for pediatricians, established jointly in 1973 with the University of South Florida College of Medicine
- A neonatal intensive care unit, opened in 1977
- Children’s Health Center, a new outpatient facility located across the street from the Hospital, opened in 1979
- A $20 million expansion program, completed in 1991, that increased the number of inpatient rooms and added new operating suites
• Pediatric Emergency Center, providing 24-hour-a-day access to emergency services, opened in 1995
• New Outpatient Care Centers in Tampa, Sarasota, Ft. Myers, and New Port Richey opened in the 1990s and later were joined by centers in Lakeland, Brandon, Lakewood Ranch, East Lake and Citrus County
• Creation of the 48,000 square-foot Children’s Research Institute, opened in 2000 in collaboration with the USF College of Medicine

In 2005, ACH embarked on the construction of a new hospital and outpatient facility. The new complex, including a ten-story hospital and a seven-story outpatient services center, was completed in 2010.

In 2011, the Hospital announced its intent to join the Johns Hopkins Health System (JHHS), and ACH became a fully integrated member of JHHS and Johns Hopkins Medicine. Since then, other services have been developed:

• The Johns Hopkins All Children’s Heart Institute was launched in 2013. Its surgeons are members of Johns Hopkins Children’s Heart Surgery, which unites surgeons at The Johns Hopkins Hospital with the surgical team in Florida, for a combined total of more than 1,000 pediatric and congenital heart surgeries and cardiothoracic operations annually.
• The Johns Hopkins All Children’s Cancer & Blood Disorders Institute’s inaugural year was 2014. The program includes the largest pediatric blood and marrow transplant program in Florida with 14 pediatric hematology-oncology specialists on the multidisciplinary team.
• The All Children’s Institute for Brain Protection Sciences was established to focus on pediatric and adolescent neurological research, diagnosis and treatment. The institute will provide care in the areas of concussion, epilepsy, headache and migraine, neurosurgery and traumatic head injury.
ACH today includes a 259-bed inpatient hospital and adjoining outpatient facility in St. Petersburg and ten regional Outpatient Care Centers (as shown in Figure 1). ACH is the only hospital in the Tampa Bay region recognized by U.S. News & World Report as a top-50 children’s hospital for 2014-2015 in any pediatric specialty. Three All Children’s Hospital programs – pediatric cardiology and cardiac surgery, pediatric orthopaedic surgery and pediatric cancer – ranked among the top 50 programs in these specialties.

**FIGURE 1:**
Location of ACH and Outpatient Care Centers
While its services are available to children throughout Florida, from all over the U.S. and around the world, ACH primarily serves children living in a ten-county region on Florida’s west coast. In 2013, more than 5.19 million people lived in this area – an increase of almost 24.5 percent since 2000. Of this total, more than 1.03 million were less than 18 years old – roughly 20 percent of the region’s total population.

In 2013, the region’s median household income was $45,718 – 0.7 percent below the statewide median income of $46,036, but 12.5 percent below the median for the U.S.

**FIGURE 2:**
Median household income, 2013

<table>
<thead>
<tr>
<th>Location</th>
<th>Median Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Central Florida</td>
<td>$45,718</td>
</tr>
<tr>
<td>Florida</td>
<td>$46,036</td>
</tr>
<tr>
<td>U.S.</td>
<td>$52,250</td>
</tr>
</tbody>
</table>

*Source: 2013 American Community Survey (1-Year Estimates), Social Explorer*
In 2013, about 15.9 percent of the region’s residents lived in households with incomes below the federally-defined poverty level\(^1\) — slightly lower than the percentage of all Florida residents with incomes below the poverty level (17.0 percent). However, the percentage of the region’s children living in households with income below the poverty level is significantly higher — about 24.5 percent. Of the more than 1 million children who lived in the ten-county region, more than 247,500 lived in poverty.

West Central Florida was hit hard by the Great Recession. Between 2006 and 2010, private-sector wage-and-salary employment fell by nearly 15 percent — a loss of 265,000 jobs. During the same period, the region’s unemployment rate rose from 3.3 percent to 12.0 percent. Since 2010 the region has gradually been recovering, with the addition of 106,000 private-sector payroll jobs between 2010 and 2013, and a decline in the ten-county unemployment rate to 7.4 percent. Nevertheless, private-sector employment is still well below its pre-recession peak.

During both the recession and the recovery, health care has been one of the region’s strongest sectors, and All Children’s Hospital has been one of the sector’s strongest performers. The next part of the report assesses the impact of ACH as an enterprise.

\(^1\) For a family of four, the federally-defined poverty threshold in 2013 was $23,550.
THE ECONOMIC IMPACT OF ALL CHILDREN'S HOSPITAL
All Children’s Hospital is a major regional enterprise – a major employer of residents of Pinellas County and the surrounding West Central Florida region, a buyer of goods and services from local businesses and a sponsor of construction projects.

**ACH as an employer**

In the spring of 2014, All Children’s Hospital employed a total of 3,080 people, 78.7 percent of whom worked full-time. Of this total, 2,851 (91.9 percent of all employees) worked at ACH facilities in Pinellas County, including its main campus in St. Petersburg and its East Lake Outpatient Care location. A total of 229 employees worked at ACH outpatient care facilities and other affiliate sites located elsewhere throughout the ten-county West Central Florida region.
With 2,851 employees working in Pinellas County, ACH is one of the County’s largest private employers. In fiscal year 2014, ACH’s payroll totaled $223.3 million.

As shown in Figure 3, employment at ACH grew by 34.5 percent between the spring of 2008 and the spring of 2014 – a total increase of 790 jobs. Like the health care industry as a whole, ACH was one of the region’s bright spots during the recession. ACH continued to add jobs while many other major employers were cutting back.

FIGURE 3:
ACH total employment, spring 2008-spring 2014
Where ACH employees live

As shown in Figure 4, in the spring of 2014, 70.1 percent of ACH employees lived in Pinellas County. An additional 28.3 percent lived in other counties in West Central Florida, and about 1.0 percent lived elsewhere in Florida.

FIGURE 4:
ACH employees by place of residence, spring 2014

- Pinellas County: 2,159 (70%)
- Elsewhere in West Central Florida: 871 (28%)
- Elsewhere in Florida: 21 (1%)
- Other U.S.: 29 (1%)
Diversity and quality of ACH employment

ACH provides employment opportunities across a wide range of skill levels. As Figure 5 shows, physicians, residents, and scientific research staff accounted for 5.7 percent of total employment; nursing staff for 29.9 percent; other patient and clinical care for 29.4 percent; clerical, administrative and other support staff for 27.0 percent; and managers for 8.0 percent.

In 2013, the average annual wage for full-time, year-round employees living in Pinellas County was $52,891, and in Florida, $51,266. In fiscal year 2014, the average salary for full-time, full-year employees at ACH was $79,653 – 50.6 percent greater than the Pinellas County average and 55.4 percent higher than the average for Florida.

ACH provides its employees with a wide range of benefits, including health and dental insurance, a pension plan, retirement savings matching, subsidized on-site daycare and a wellness program.

ACH employees also have the opportunity to take advantage of ACH’s tuition reimbursement program, which offers up to $5,250 in tuition. During 2012-2013, 673 employees took advantage of this program, totaling $1,320,314 in tuition reimbursements.

FIGURE 5:
ACH full- and part-time employment by occupation, spring 2014
The impact of purchasing and construction

In addition to the people it employs directly, ACH helps to create jobs for residents of the region through its purchases of goods and services from local businesses, and through its sponsorship of construction projects.

Purchasing

In fiscal year 2014, All Children’s Hospital spent nearly $192.1 million on purchases of goods and services. As shown in Figure 6, 38.4 percent of this total — nearly $73.7 million — was spent on goods and services provided by Florida companies, including:

- More than $37.6 million spent on goods and services bought from companies located in Pinellas County
- More than $23.1 million spent on goods and services bought from companies located elsewhere in West Central Florida
- More than $12.9 million spent on goods and services bought from companies located elsewhere in Florida

Using the IMPLAN input-output modeling system — an economic modeling tool commonly used in economic impact analyses — we estimate that in fiscal year 2014, ACH’s spending on purchases of goods and services directly supported 183 full-time-equivalent (FTE) jobs in Pinellas County; 135 FTE jobs elsewhere in West Central Florida; and 80 FTE jobs elsewhere in Florida.

Leading categories of goods and services purchased from companies located in Florida include employee health insurance, other insurance, professional services, building maintenance, utilities, office supplies and laboratory supplies.

FIGURE 6:
ACH purchasing by location of vendor, FY 2014 (in $ millions)
Construction

In addition to its spending on the purchase of goods and services, in fiscal year 2014, ACH spent nearly $1.7 million in facility construction and renovation – 52.3 percent of which was paid to vendors located in Pinellas County; and 47.7 percent of which was paid to contractors located elsewhere in West Central Florida.

While construction spending in fiscal year 2014 was relatively modest, it needs to be viewed against the background of a major investment in new facilities on its main campus that occurred just a few years earlier. The impact of spending on construction of these facilities is discussed on page 28.

Indirect and induced effects

The jobs and economic activity supported by ACH’s spending on payroll, purchasing and construction are not limited to the direct impacts cited above. Some of the money that the Hospital pays to its local suppliers is used to buy goods and services from other local companies.

ACH employees, and the employees of its suppliers, similarly use part of their earnings to buy a wide variety of goods and services – housing, utilities, food, transportation, personal services and other items – from local businesses; and the employees of those businesses do the same.

Using IMPLAN, we can measure these “indirect and induced” (or “multiplier”) effects of ACH spending. We estimate that through these effects, in fiscal year 2014, ACH’s spending on payroll, purchasing and construction indirectly accounted for:

- 1,259 FTE jobs in Pinellas County, with nearly $54.0 million in earnings
- $191.9 million in county-wide economic output

In West Central Florida (including Pinellas County), ACH spending indirectly accounted for:

- 1,889 FTE jobs in West Central Florida, with nearly $83.1 million in earnings
- Nearly $288.5 million in region-wide economic output

At the state level (including West Central Florida), ACH spending indirectly accounted for:

- 2,194 FTE jobs in Florida, with $99.0 million in earnings
- $321.0 million in statewide economic output
Direct, indirect and induced effects of ACH spending

Taking into account the direct number of people employed at ACH and their wages and salaries, the direct impact of ACH’s spending on purchases of goods and services and construction, and the indirect and induced impact of ACH’s spending on payroll, purchasing and construction, we estimate that in fiscal year 2014, ACH spending on operations directly and indirectly accounted for:

- 4,301 FTE jobs in Pinellas County, with nearly $272.2 million in earnings
- $434.2 million in county-wide economic output

In West Central Florida (including Pinellas County), ACH spending directly and indirectly accounted for:

- 5,302 FTE jobs in West Central Florida, with $329.5 million in earnings
- $574.2 million in region-wide economic output

At the state level (including West Central Florida), ACH spending directly and indirectly accounted for:

- 5,688 FTE jobs in Florida, with nearly $350.4 million in earnings
- $619.7 million in statewide economic output

Table 1, Table 2 and Table 3 summarize the direct, indirect and induced economic impact of ACH’s spending on payroll, purchasing and construction in Pinellas County, West Central Florida (including Pinellas County) and Florida (including West Central Florida).

### TABLE 1:

Direct, indirect and induced impacts of ACH spending in Pinellas County, FY 2014 (jobs in FTE, wages and output in $ thousands)

<table>
<thead>
<tr>
<th></th>
<th>Jobs</th>
<th>Wages</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct spending impact</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll</td>
<td>2,851</td>
<td>$203,816.0</td>
<td>$203,816.0</td>
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<tr>
<td>Purchasing/construction</td>
<td>191</td>
<td>$14,381.9</td>
<td>$38,498.8</td>
</tr>
<tr>
<td><strong>Subtotal, direct impact</strong></td>
<td>3,042</td>
<td>$218,197.8</td>
<td>$242,314.8</td>
</tr>
<tr>
<td><strong>Indirect and induced impact</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee spending</td>
<td>1,077</td>
<td>$45,822.4</td>
<td>$169,554.0</td>
</tr>
<tr>
<td>Contractor and vendor spending</td>
<td>182</td>
<td>$8,147.8</td>
<td>$22,361.9</td>
</tr>
<tr>
<td><strong>Subtotal, indirect/induced impact</strong></td>
<td>1,259</td>
<td>$53,970.2</td>
<td>$191,915.9</td>
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<tr>
<td><strong>Total Impact</strong></td>
<td>4,301</td>
<td>$272,168.0</td>
<td>$434,230.7</td>
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</tbody>
</table>
TABLE 2:
Direct, indirect and induced impacts of ACH spending in West Central Florida, FY 2014 (jobs in FTE, wages and output in $ thousands)

<table>
<thead>
<tr>
<th></th>
<th>Jobs</th>
<th>Wages</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct spending impact</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll</td>
<td>3,080</td>
<td>$223,324.1</td>
<td>$223,324.1</td>
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<tr>
<td>Purchasing/construction</td>
<td>333</td>
<td>$23,157.2</td>
<td>$62,442.3</td>
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<tr>
<td><strong>Subtotal, direct impact</strong></td>
<td>3,413</td>
<td>$246,481.3</td>
<td>$285,766.4</td>
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<tr>
<td><strong>Indirect and induced impact</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Employee spending</td>
<td>1,577</td>
<td>$68,969.9</td>
<td>$249,932.1</td>
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<tr>
<td>Contractor and vendor spending</td>
<td>311</td>
<td>$14,095.7</td>
<td>$38,547.0</td>
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<tr>
<td><strong>Subtotal, indirect/induced impact</strong></td>
<td>1,889</td>
<td>$83,065.6</td>
<td>$288,479.0</td>
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<tr>
<td><strong>Total Impact</strong></td>
<td>5,302</td>
<td>$329,546.9</td>
<td>$574,245.5</td>
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</table>

TABLE 3:
Direct, indirect and induced impacts of ACH spending in Florida, FY 2014 (jobs in FTE, wages and output in $ thousands)

<table>
<thead>
<tr>
<th></th>
<th>Jobs</th>
<th>Wages</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct spending impact</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll</td>
<td>3,080</td>
<td>$223,324.1</td>
<td>$223,324.1</td>
</tr>
<tr>
<td>Purchasing/construction</td>
<td>413</td>
<td>$28,038.3</td>
<td>$75,378.7</td>
</tr>
<tr>
<td><strong>Subtotal, direct impact</strong></td>
<td>3,493</td>
<td>$251,362.4</td>
<td>$298,702.8</td>
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<tr>
<td><strong>Indirect and induced impact</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Employee spending</td>
<td>1,793</td>
<td>$80,631.0</td>
<td>$270,974.0</td>
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<tr>
<td>Contractor and vendor spending</td>
<td>402</td>
<td>$18,372.3</td>
<td>$50,052.5</td>
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<tr>
<td><strong>Subtotal, indirect/induced impact</strong></td>
<td>2,194</td>
<td>$99,003.3</td>
<td>$321,026.5</td>
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<tr>
<td><strong>Total Impact</strong></td>
<td>5,688</td>
<td>$350,365.7</td>
<td>$619,729.3</td>
</tr>
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</table>
Contributing to state and local revenues

As Table 4 shows, ACH paid $5.4 million in taxes and fees to the State of Florida in fiscal year 2014. This total included $385,965 in unemployment insurance taxes, $177,492 in energy taxes and fees, and more than $4.8 million in other taxes and fees including license and permit fees and telecom taxes and fees.

As Table 4 also shows, ACH paid nearly $1.5 million in taxes and fees to county and local governments in fiscal year 2014, including $772,785 in water and sewer charges, $630,216 in energy taxes and fees, and $89,286 in other taxes and fees including real property tax on non-exempt property and telecom taxes and fees.

Overall, ACH contributed nearly $6.9 million in state and local government revenues in fiscal year 2014.

<table>
<thead>
<tr>
<th>Type of revenue</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State government revenues</strong></td>
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<tr>
<td>Unemployment insurance taxes</td>
<td>$385,965</td>
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<tr>
<td>License and permit fees</td>
<td>$24,620</td>
</tr>
<tr>
<td>Energy taxes and fees</td>
<td>$177,492</td>
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<tr>
<td>Other taxes and fees</td>
<td>$4,818,455</td>
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<tr>
<td>Subtotal, Florida State revenues</td>
<td>$5,406,532</td>
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<tr>
<td><strong>County/local government revenues</strong></td>
<td></td>
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<tr>
<td>Real property taxes</td>
<td>$58,602</td>
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<tr>
<td>Water/sewer charges</td>
<td>$772,785</td>
</tr>
<tr>
<td>Energy taxes and fees</td>
<td>$630,216</td>
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<tr>
<td>Other taxes and fees</td>
<td>$30,684</td>
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<tr>
<td>Subtotal, County/local revenues</td>
<td>$1,492,286</td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td>$6,898,819</td>
</tr>
</tbody>
</table>
Investing in the region – and in its children’s future

While ACH’s spending on construction has during the past few years been relatively modest – totaling $19.2 million from fiscal year 2011 through fiscal year 2014 – this total needs to be viewed in the context of the work that preceded it. Between 2005 and 2010, ACH invested $405 million in construction of a new inpatient hospital, a new outpatient facility, an energy plant and a parking garage on its main campus in St. Petersburg. We estimate that between 2005 and 2010, this investment directly supported 3,542 person-years of employment in the region (an average of about 590 full-time-equivalent jobs each year for six years) in construction and related industries.

Taking into account indirect and induced effects, we estimate that ACH’s investment directly and indirectly accounted for:

- 6,498 person-years of employment in the region;
- Nearly $303.0 million in earnings; and
- $800.3 million in regional economic output.

The fact that much of this work coincided with the worst years of the recession made its contribution to the region’s economy especially significant.

In the long run, of course, the value of ACH’s investment is measured not just by the jobs and contracting opportunities it provided, but by its contribution to the Hospital’s ability to fulfill its mission – a topic we address in the next section of the report.
THE ECONOMIC IMPACT OF ALL CHILDREN’S HOSPITAL
Since its founding, All Children’s Hospital has been dedicated to providing high-quality, expert health care to children and their families – especially those who are facing critical health challenges. This section of the report highlights ACH’s role in caring for Florida’s children, and its value to the region’s and the state’s economy. We begin with some basic data on the services ACH offers, and the volume of services ACH provided in fiscal year 2014.

ACH facilities and services

All Children’s Hospital provides services to children and their families at its main campus in St. Petersburg, through a network of ten ACH-operated Outpatient Care Centers (shown previously in Figure 1) and in collaboration with other Florida health care providers affiliated with ACH.

Facilities on ACH’s main campus include a 259-bed inpatient hospital and an adjoining outpatient care center with a combined total of one million square feet of space. ACH’s inpatient facilities and services are unusual in the extent to which they focus on children with the most critical health needs. They include:

• A 97-bed neonatal intensive care unit that meets Level IV criteria
• A 28-bed pediatric intensive care unit
• A 22-bed cardiovascular intensive care unit
Nearly 57 percent of ACH’s inpatient beds are licensed for critical care. The Hospital also includes:

- The Walmart/Sam’s Club Pediatric Emergency Center — a facility that provides 24/7 access to emergency care
- Bayfront Baby Place, an obstetrical unit and well baby nursery, operated by Bayfront Health

Leading specialty services available at ACH’s main campus in St. Petersburg include:

- Neonatology
- Pediatric cancer care and hematology
- Pediatric neurology and neurosurgery
- Pediatric cardiology and cardiac surgery
- General surgery
- Sports medicine
- Child development and rehabilitation
- Pediatric trauma center
- Physical and occupational therapy
- Speech therapy
- Developmental therapies
- Child life therapies
- Genetic screening and research

ACH provides health care services to Florida’s children through its ten regional All Children’s Outpatient Care Centers. Through these Centers, ACH provides diagnostic services, visits with a wide range of pediatric subspecialty physicians, and child development and rehabilitation services.

**Services to Florida’s children and their families: by the numbers**

In fiscal year 2014, 7,629 inpatients were treated at and discharged from All Children’s Hospital. Of this total:

- 3,112 – 40.8 percent of all inpatient discharges from ACH in fiscal year 2014 – involved residents of Pinellas County
- 3,963 (51.9 percent) involved residents of other counties in the ten-county West Central Florida region
- 469 (6.1 percent) came from elsewhere in Florida
- 85 (1.1 percent) came from other states or from outside the U.S

During the same year, All Children’s Hospital reported a total of 274,457 outpatient visits at its main campus facilities (including the Child Development and Rehabilitation Center and West Central Early Steps), of which:
• 186,203 (67.8 percent of all outpatient visits) involved residents of Pinellas County
• 74,371 (27.1 percent) involved patients who lived elsewhere in West Central Florida
• 8,930 (3.3 percent) came from elsewhere in Florida
• 4,953 (1.8 percent) came from other states or from outside the U.S

FIGURE 7:
Inpatient discharges and outpatient visits, by residence of patient, All Children’s Hospital Main Campus facilities, FY 2014
In addition to the services provided at its main campus, ACH’s ten regional Outpatient Care Centers handled 144,112 outpatient visits in fiscal year 2014. Of these total visits (as shown in Figure 8):

- 19,273 (13.4 percent) involved residents of Pinellas County
- 121,074 (84.0 percent) involved residents of other counties within West Central Florida
- 3,308 (2.3 percent) were from elsewhere in Florida
- 457 (0.3 percent) came from other states or outside the U.S.

**FIGURE 8:**
Outpatient visits, by residence of patient, All Children Hospital’s Regional Outpatient Care Centers, FY 2014
Meeting community needs

While it provides a wide range of health services to children and families throughout West Central Florida, All Children’s Hospital also maintains a particular focus on the needs of the most vulnerable groups in its local community.

The breadth and depth of ACH’s commitment to meeting the needs of the community’s most vulnerable children and families – in St. Petersburg, elsewhere in Pinellas County and throughout the region – is reflected in the fact that about 70 percent of all of the patient care ACH provides is funded through Florida’s Medicaid program.

In a strategic plan for community services that was prepared in 2013, ACH identified several target groups, including children, adolescents and women of child-bearing age in low-income families and households, especially those living in Pinellas County. ACH’s plan – developed in collaboration with a local advisory committee and input from community residents and organizations, local officials and local institutions – identifies three priority areas:

• Improving birth outcomes
• Reducing chronic disease, with a particular focus on childhood obesity
• Ensuring access to substance abuse and mental health services

Examples of programs at ACH that address these priorities include:

• Healthy Start, a federally-funded program for which ACH is the lead agency in Pinellas County, providing services aimed at improving the health and well-being of high-risk pregnant women and new mothers and their children
• Fit4AllMoms, an exercise and nutrition program for expectant mothers
• Fit4AllKids, a family fitness and weight management program
• A neonatal abstinence syndrome (NAS) program, focused on treatment of and care for drug-addicted babies
• Unite4Kids, a community health coalition educating, advocating and collaborating with the community to ensure all children grow up to be healthy

Like other not-for-profit hospitals, All Children’s Hospital is required by the federal government to track and report annually on the benefits it provides to its community. Table 5 provides information on the dollar value of various community benefits that ACH provided in fiscal year 2014. These benefits include:

• Direct health services aimed at improving the lives of community residents
• Education of health professionals – for example, through clinical training of medical and nursing students
• Unreimbursed research costs for providing community-based services – for example, health information websites
• Contributions to local community organizations
• Community-building activities, such as economic development, workforce development and housing improvement programs
• The cost of operating and managing community service programs
• Unreimbursed costs incurred in serving Medicaid patients
• The cost of free or heavily discounted “charity care” provided to uninsured low-income patients
As Table 5 shows, the value of community benefits provided by ACH in fiscal year 2014 totaled nearly $27.9 million.

TABLE 5:
Value of community benefit and charity care activity, FY 2014

<table>
<thead>
<tr>
<th>Community Benefit Activity</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community health services</td>
<td>$1,169,679</td>
</tr>
<tr>
<td>Health professions education</td>
<td>$3,312,850</td>
</tr>
<tr>
<td>Mission-driven health services</td>
<td>$5,516,538</td>
</tr>
<tr>
<td>Research</td>
<td>$1,027,582</td>
</tr>
<tr>
<td>Cash and in-kind contributions</td>
<td>$1,120,056</td>
</tr>
<tr>
<td>Community-building activities</td>
<td>$172,264</td>
</tr>
<tr>
<td>Community benefits operations</td>
<td>$598,941</td>
</tr>
<tr>
<td>Unreimbursed Medicaid costs</td>
<td>$12,582,661</td>
</tr>
<tr>
<td>Subtotal, Community Benefits</td>
<td>$25,500,572</td>
</tr>
<tr>
<td>Charity care</td>
<td>$2,397,390</td>
</tr>
<tr>
<td>Total Community Benefit and Charity Care</td>
<td>$27,897,962</td>
</tr>
</tbody>
</table>

Healthier children, a healthier economy

As shown in Part Two, spending on children's health services has a direct and immediate impact on the region's economy. In the long run, however, the value of those services is probably better measured by the benefit to society that they produce over time. A detailed cost-benefit analysis of ACH’s services is beyond the scope of this report. Nevertheless, research on the cost of disease and on the economic value of lives saved provides some examples of how we might value ACH’s services.

Avoiding the cost of pre-term births

A report prepared for the Institute of Medicine in 2007 found that over the course of a child's life, the cost of a less-than-full-term birth (measured by a combination of increased costs of health care and education, plus the economic cost of increased parental absenteeism and lower productivity) averaged about $51,600; and that costs rose sharply for babies that were born several weeks early.²

² Institute of Medicine, Pre-term Birth: Causes, Consequences, and Prevention, National Academies Press, 2007
Adjusted for inflation, we estimate that the present-value cost of a pre-term birth in 2014 would average about $63,460.

Any estimate of the number of pre-term births that are averted as a result of services provided by ACH would inevitably be somewhat speculative. If we nevertheless assume for purposes of illustration that in one year ACH’s services result in the prevention of 100 pre-term births, we can estimate that the resulting long-term savings to society would have a present value of $6.346 million.

Avoiding the cost of childhood obesity

In a study published in 2014, researchers at the Duke Global Health Institute estimated that the average lifetime cost of medical care for children who are obese at age 10 exceeds the average for those who are not obese at that age by $19,000. Based on this analysis, they estimate that over their lifetimes, ten-year-olds in the U.S. who are obese today will collectively incur $14 billion in obesity-related medical costs.3

The Duke study did not estimate the additional economic losses associated with obesity at age 10. However, research published in 2014 by the McKinsey Global Institute on both the medical and economic cost of obesity4 suggests that the additional lifetime medical costs and economic losses incurred by children who are obese at age 10 could in combination total about $34,500 per person.

If we assume (as in the preceding example) that through programs such as Fit4AllKids ACH could in one year reduce the number of obese ten-year-olds in the region by 100, we can estimate that these programs would result in aggregate lifetime savings with a present value of $3.45 million.

The value of lives saved

On a most fundamental level, the life of every child is priceless. Nevertheless, attributing a value to human life is an essential element in many types of cost-benefit analysis. In 2013, for example, the Food and Drug Administration set the “value of a statistical life” (VSL) at $7.9 million. Using this standard, a more stringent food safety regulation that saves one life annually can be justified in cost-benefit terms if it increases costs by no more than $7.9 million. Similarly, in assessing highway safety improvements that are estimated to reduce traffic fatalities by one life, the Department of Transportation currently uses a VSL of $9.2 million.

While developed in a different context, VSL standards can serve as a useful proxy for the value of services that ACH provides in life-threatening situations. Using FDA’s standard, if we ascribe an economic value of $7.9 million to the life of every newborn saved in the Hospital’s NICU and every patient saved from potentially fatal injuries in the Pediatric Emergency Center, we can estimate that the value of saving just ten lives per year would total $79 million annually.

3. Duke Global Health Institute, “Over a lifetime, childhood obesity causes $19,000 per child,” April 7, 2014
While research and the education of health professionals have long been part of the mission of All Children’s Hospital, becoming part of Johns Hopkins Medicine has opened up new opportunities for growth in these areas. This part of the report highlights the growth of ACH’s research and education programs, and the benefits these programs bring to the local community, the region and the state.

**Growth in research spending**

All Children’s Hospital’s history as a research institution began in the 1970’s, when faculty members at the University of South Florida’s (USF) College of Medicine began to conduct research at ACH in pediatric endocrinology and immunology. The Hospital’s research capabilities were expanded significantly in 2000, when ACH and USF established the Children’s Research Institute (CRI). The Institute is housed in a 48,000-square-foot building that is adjacent to the ACH campus in St. Petersburg; it was financed through a $6 million grant from the All Children’s Hospital Foundation, along with $6 million in matching funds from the State of Florida.
CRI’s facilities include labs specializing in molecular genetics, endocrinology, immunology and cardiology. It also houses the Clinical Translational and Research Organization (CTRO). Established in 2012, the CTRO facilitates clinical and translational research in pediatrics in the region, in Florida, and beyond. The CTRO provides a centralized infrastructure to enhance and support the design, execution, and oversight of clinical and translational research.

The scale of research activity at ACH has increased sharply in recent years, especially since the Hospital has become part of Johns Hopkins Medicine. Between fiscal year 2009 and 2014, (as shown in Figure 9), ACH’s spending on research grew more than 85 percent, to $4.8 million. In 2014, there were approximately 300 active research studies at ACH.

FIGURE 9:
ACH annual research spending, FY 2009 – FY 2014 (in $ millions)
Internal funding is the largest source of research funding at ACH, accounting for 81.1 percent of total research expenditures in fiscal year 2014. Other sources included foundation and other private sources (6.3 percent), state government (5.8 percent), the federal government (4.6 percent) and corporate and industry funding (2.3 percent).

FIGURE 10:
ACH research expenditures by source of funding, FY 2014 (in $ thousands)
Research conducted at ACH benefits the region’s economy and its residents in several ways.

- ACH’s growing research enterprise attracts funding from outside the region (such as grants from the National Institutes of Health), most of which is spent locally.

- The opportunities for and support for research that ACH offers helps the Hospital attract leading physicians to St. Petersburg. This in turn enables ACH to keep building on its existing research strengths, enhances the quality of medical care the Hospital offers – and enhances the overall quality of the region’s human capital.

- Clinical research conducted at ACH gives patients an opportunity to benefit from new advances in medical care. In fiscal year 2014, 246 patients participated in 91 clinical trials that were being conducted at ACH.

Educating health care professionals

ACH contributes to the ongoing development of the region’s health care professional workforce through its educational programs. For example:

- In 2014, ACH and the Johns Hopkins School of Medicine launched an innovative new residency program in pediatric medicine. The first cohort of 12 graduate medical students began studying and working at ACH in July 2014. Over the next several years the number of residents participating in the program will grow to 36.

- As it has for 40 years, ACH provides clinical education and training in pediatric medicine to students, residents and fellows from USF’s Morsani College of Medicine.

- Two new fellowships in surgery provide additional training opportunities. The two-year pediatric surgical fellowship is designed to give surgeons the opportunity to acquire additional expertise in pediatric surgery in a tertiary setting with both routine and specialized cases. The two-year surgery resident research fellowship is designed for surgeons focusing on clinical trial research.
ACH offers a one-year pediatric RN residency program for nurses who have earned bachelor’s degrees in nursing and are currently licensed. About 15-30 graduate nurses participate in the program each year.

The 18-month Designing Clinical Research Program gives ACH clinicians an opportunity to advance their skills in designing and managing clinical research. Through workshops and one-on-one mentoring, participants develop and execute a research project and prepare abstracts and presentations for scientific meetings.

ACH provides opportunities for Continuing Medical Education through participation in Grand Rounds (either on-site or via webcast), one-day seminars on a variety of pediatric topics of special relevance to the primary care pediatrician, an annual national conference on pediatrics, and an annual international conference on cardiology and cardiac surgery and other conferences and meetings. ACH is one of Florida’s leading providers of continued medical education focused on pediatrics.

Through these programs and others, ACH is helping to build and enhance the skills of the region’s health care workforce.
just as it has developed and grown in the decades since its founding, All Children’s Hospital’s impact on the economy of West Central Florida is expected to keep growing during the next five to ten years.

**Increased investment**

After a lull that followed completion of the new hospital complex in 2011, ACH expects to invest nearly $140 million from fiscal year 2015 through 2019. This total includes planned reinvestment in existing hospital facilities, further investment in ACH’s outpatient network, and the construction of a new research and education facility on a site adjacent to the existing Children’s Research Institute that USF transferred to ACH in June 2014.

During the next five years, these investments will provide jobs for West Central Florida construction workers, and business opportunities for contractors and suppliers. Even more important in the long run, they will enhance ACH’s ability to fulfill its mission.

**Recent growth in ACH’s outpatient network**

Similarly, the growth of ACH’s network of Outpatient Care Centers will over time increase its impact as a major regional enterprise, and at the same time enhance its ability to deliver high-quality health care to children and their families. In October 2014, for example, ACH opened its newest Outpatient Care Center, a 7,300 square-foot facility in South Tampa. Expansion of the network will make ACH’s services more readily accessible for more of the region’s residents.
Growth in research and education

Growth in ACH’s research and education programs is likely to continue, especially as a result of the Hospital’s deepening relationship with Johns Hopkins Medicine. An example of what Johns Hopkins brings to the Hospital can be seen in the new Johns Hopkins Medicine Pediatric Biorepository at ACH, a state-of-the-art facility for storage and management of research specimens, opened in 2014, that will help build ACH’s role as a center for biomedical research.

Medical education at ACH continues to grow in scope and impact. The new All Children’s Hospital Johns Hopkins Medicine pediatric residency program will each year draw some of the nation’s most talented young physicians to St. Petersburg and provide innovative training with an added emphasis on research opportunities. Additional new post-graduate training programs include new ACH JHM fellowships in pediatric general surgery, surgery research and cancer research.

Serving children and families from outside the U.S.

ACH currently cares for a small but growing number of patients who come to St. Petersburg from outside the U.S. This is potentially an area of growth for ACH.

Through its subsidiary, Johns Hopkins International, Johns Hopkins Medicine is already a leader among major U.S. health care systems in terms of its global presence and the number of international patients it serves. Johns Hopkins can thus be a valuable resource for ACH as the hospital seeks to respond to increased demand by families in developing countries for high-quality pediatric services.

Healthy children – a key to the future of health care

Greater emphasis on managing the overall health of whole populations – rather than simply treating sick people – is likely to translate over time into greater awareness of the central role of maternal and child health in determining the long-term health of communities, regions and nations. The priorities identified in ACH’s strategic community benefit plan – improving birth outcomes, reducing childhood obesity, curbing substance abuse and improving access to mental health services – should be valued not just for their impact on the quality of children’s lives, but as being essential to children’s growth into healthier, more productive adults, and to long-term success in controlling the cost of health care.

At a time when economic growth and development depend more than ever on the depth and quality of a community’s or a region’s human resources, an aging population and slower labor force growth present significant challenges for West Central Florida, the state, and the nation. Ensuring that all children have the opportunity to grow into healthy and productive adulthood is thus not only a moral imperative, but increasingly a matter of economic necessity as well.
Vision, Mission & Values

**Vision**

Creating healthy tomorrows... for one child, for All Children.

**Mission**

To provide leadership in child health through treatment, education, advocacy and research.

- **Treatment** - Deliver quality services with compassion and commitment to family-centered care
- **Education** - Provide educational programs for our patients, families, employees and healthcare professionals
- **Advocacy** - Provide leadership in promoting the well-being of children
- **Research** - Develop, support and participate in clinical, basic and translational research

**Values**

- Honesty and Integrity
- Inspiration and Hope
- Collaboration and Teamwork
- Inquiry and Innovation
- Compassion and Respect
- Responsibility and Safety

**Value Statement**

“There is only one child in all the world, and that child’s name is All Children”

--Carl Sandburg

This report was prepared by Appleseed, a New York City-based consulting firm, founded in 1993, that provides economic research and analysis and economic development planning services to government, non-profit and corporate clients.

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