

Executive Summary

Private Practice Physicians are vitally important to the State of New York, both in terms of their contribution to the structural economy (i.e. economic impacts) and their contribution to the public good. This study estimates the economic impact of Private Practice Physicians in the State of New York through use of the Redyn econometric model, in combination with a number of external data sources. It was completed by Specialized Analytics and its partners Kavet, Rockler & Associates, and sponsored by the Medical Society of the State of New York.

Federal government providers of data regarding employment, wage, income, output (sales), etc, generally report the activity of Private Practice Physicians as "Offices of Physicians," which receives the designation 62111 at the 5-digit level of detail in the North American Industrial Classification System (NAICS). This industry is one of the largest industries in the State of New York by any measure, and in 2008 ranked:

- second in total business establishments
- sixth in total employment
- seventh in total personal income
- thirteenth in total corporate sales

Contributions to the structural economy by Private Practice Physicians in the State of New York go beyond direct employment, wages, and output. Two additional components which must be considered are indirect effects (all goods and services consumed by an industry in the process of conducting business) and induced effects (all goods and services consumed by employees through utilization of their wages). When all these factors are considered, the economic impacts of the Private Practice of Medicine in the State of New York, on the State of New York, for 2008 were:

- total employment of 330,594 persons
- total personal income of \$24.096 billion
- total corporate sales of \$44.748 billion

By 2020, the economic impacts on the State of New York are projected to increase to:

- total employment of 474,186 persons
- total personal income of \$42.522 billion
- total corporate sales of \$71.910 billion

The economic impacts of the Private Practice of Medicine in the State of New York, on the United States as a whole, for 2008 were:

- total employment of 670,912 persons
- total personal income of \$41.053 billion
- total corporate sales of \$91.986 billion

By 2020, the economic impacts on the United States as a whole are projected to increase to:

- total employment of 956,756 persons
- total personal income of \$71.631 billion
- total corporate sales of \$155.004 billion

Further, the activities of Private Practice Physicians make large contributions to both State and Local government tax revenues. In 2008, these contributions were:

- New York state tax revenue of \$4.509 billion
- New York local tax revenue of \$4.695 billion

By 2020, these contributions are projected to increase to:

- New York state tax revenue of \$7.965 billion
- New York local tax revenue of \$8.292 billion

There were 70,048 licensed physicians in the State of New York in 2008. Just over 60.6% of all physician employment in the State of New York is in Private Practice Medicine, which equates to 42,456 physicians if each is classified as either engaging in Private Practice Medicine, or engaging in Institutional Medicine (primarily hospital practice). In reality there are individual physicians engaged in both private and institutional practice, but the simplifying

assumption of one or the other is useful for clarity. Each Private Practice Physician in the State of New York supports significant economic activity. In 2008, each Private Practice Physician supported, in the State of New York, on average:

- employment of 7.79 persons
- personal income of \$568 thousand
- corporate sales of \$1.054 million
- New York state tax revenue of \$106 thousand
- New York local tax revenue of \$111 thousand

Each dollar of Private Practice Medical care in the State of New York supports much more than one dollar's worth of economic activity, as measured by total corporate sales. In 2008, each dollar of Private Practice Medical care supported, in the State of New York, on average:

- total economic activity of more than \$2.16
- New York state tax revenue of nearly \$0.22
- New York local tax revenue of nearly \$0.23

As mentioned earlier, Private Practice Physicians also make important contributions to the public good. Many of these contributions have clear and significant economic impacts, including, among others:

- Greater employment consistency due to improved health through preventative and acute care
- Greater productivity due to increased physical capabilities through improved health
- Greater productivity due to increased happiness/satisfaction through improved health

An attempt to quantify the economic impact of these contributions to the public good is beyond the scope of this study. However, much of the data generated for this study is of use to any further study which attempts to do so.