



LOUISIANA HEALTHCARE CONNECTIONS

*2012–2023 Economic and
Revenue Impacts Analysis*

PREPARED BY:

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Executive Summary

Louisiana Healthcare Connections (LHCC) is a healthcare insurance provider that began doing business in Louisiana in 2012, and whose presence and services have since expanded significantly. LHCC currently has more than 500,000 members and a network of over 35,000 healthcare providers. The purpose of this analysis is to measure the economic impact of LHCC on the Louisiana economy from its establishment in 2012 through the end of 2023.

The analysis includes capital investment in the state of Louisiana, as well as an estimate of the ongoing operations impacts in three of the state's metropolitan statistical areas – Baton Rouge, Lafayette, and New Orleans. In addition to the economic impacts, the study also includes an estimate of the new tax revenues to the cities, parishes, schools, and other special districts associated with LHCC's ongoing operations throughout the state. However, the analysis does not include any impact or tax revenues associated with LHCC's annual net revenue, which would likely be significant. This means that the actual economic and tax revenue impact of LHCC is even higher than the data below suggests.

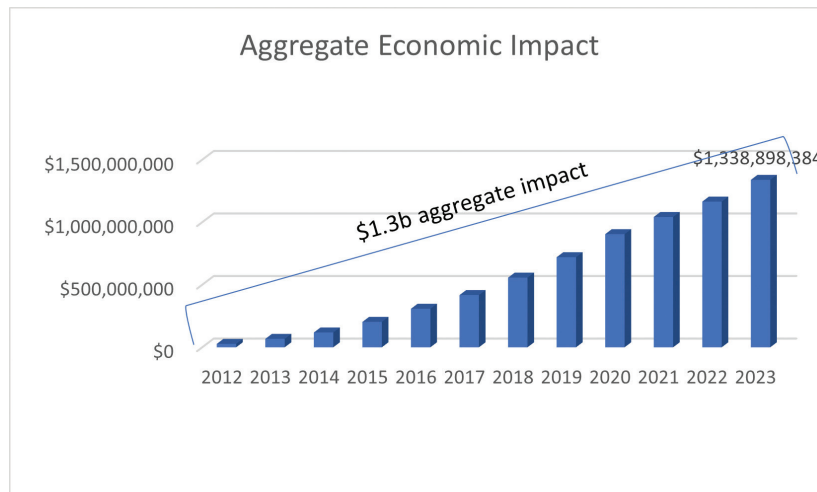
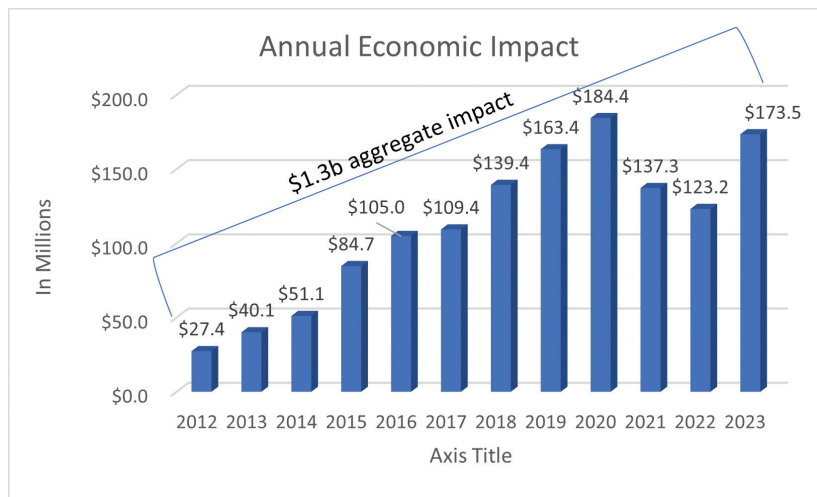
- » LHCC created a total economic impact of more than **\$1.3 billion** in the state of Louisiana from 2012 to 2023, with a peak employment of 673 FTE jobs and peak total payroll of **\$56.7 million** including non-FTEs. It has **paid over \$412 million in direct wages** since it began operations. As LHCC continues to grow, its aggregate economic impact will continue to grow as well.
- » The organization accounted for nearly **\$67.6 million in total state and local tax revenue** for Louisiana entities over the 2012 to 2023 timeframe.
- » Including indirect and induced jobs associated with LHCC's operations, the peak total jobs impact of LHCC was **1,283 employees** and nearly **\$85.0 million in total income impact** in 2020. Since the start of operations in 2012, LHCC has had a **total income impact of \$617.1 million** for the state.
- » LHCC's presence has financially supported a large number of households in Louisiana— at the peak of employment in 2020, its operations supported an estimated **1,100 households and 2,977 Louisiana residents**.
- » As compared to other in-state MCOs, LHCC's staffing model of a high number of FTEs per member has contributed significantly to the overall economic impact and tax revenue generated by its operations. Since 2012, we estimate the staffing model is responsible for **an additional \$316 million in economic impact** to the state versus the typical staff-to-member ratio of other MCO insurers.

Impact of LHCC’s Operations in Louisiana

The impact of LHCC’s operations in Louisiana includes ongoing operations impact, value-based payments, as well as annual capital investments. Economic impacts measure the effects of economic stimuli or expenditures in the local economy. These impacts include an overall economic impact, an impact on jobs and supported populations, and tax revenue impacts for local and state governments. Indirect and induced impacts are the result of the multiplier effect and capture supported supplier and consumer businesses and their employees in the state that benefit from LHCC’s operations.

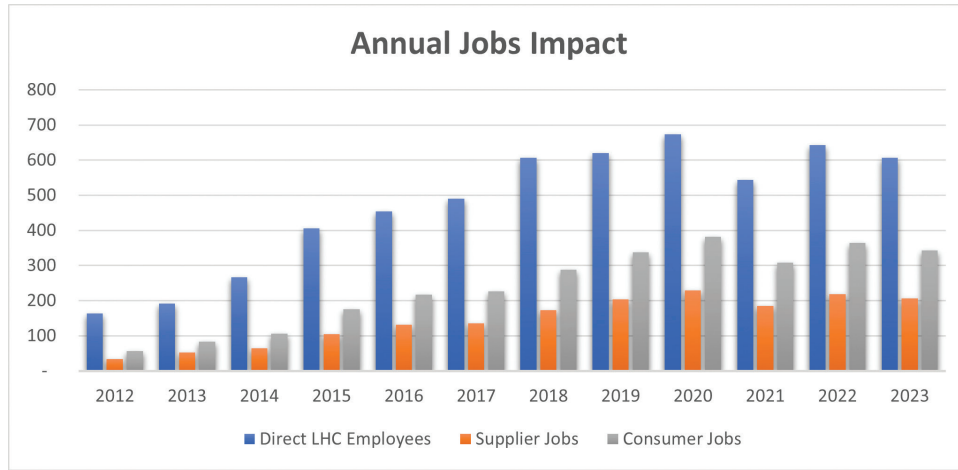
A. Overall Economic Impact

LHCC’s overall economic impact measures the level of economic activity the organization has spurred in Louisiana since its inception. The graph below is an annual representation of LHCC’s annual economic impact from 2012 through the end of 2023. The organization’s impact has grown significantly – its 2020 impact was more than 570% greater than that of its first year of operations, due in significant part to its increased labor footprint in-state. In the 12 full years of operation in Louisiana, LHCC has had an economic impact of more than \$1.3 billion, having passed the billion-dollar mark in its tenth year of operation.



B. Jobs

In addition to its economic impact, LHCC’s direct and total jobs impact has also grown significantly since it began operations. As of 2023, the organization’s headcount had risen nearly 270% since their first year of operations, with 606 FTEs. In addition to these direct hires, LHCC’s operations created indirect and induced jobs across the state. Last year, LHCC’s operations were accountable for 1,155 total jobs, nearly three times as many as in 2012.



| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------------------|------|------|------|------|------|------|-------|-------|-------|-------|-------|-------|
| DIRECT LHCC EMPLOYEES | 163 | 191 | 267 | 406 | 454 | 490 | 607 | 620 | 673 | 544 | 643 | 606 |
| TOTAL JOBS IMPACT | 254 | 326 | 437 | 686 | 802 | 852 | 1,068 | 1,161 | 1,283 | 1,037 | 1,226 | 1,155 |

C. Income, Supported Population, and Households

The growth of LHCC’s operation and direct hiring also meant an increase in the number of individuals in Louisiana whose livelihoods are either directly or indirectly contingent upon the organization’s operations. As LHCC’s direct payroll increased over time, the total income impact grew as well, resulting in the support of a greater number of Louisiana families.

The table below represents not only the direct payroll costs of LHCC to employees, but also the overall impact of LHCC’s operations using industry multipliers. By the end of 2020, the organization’s payroll approached \$57 million including FTE and non-FTE income, but the total income impact was over \$85 million for the state. Since 2012, LHCC has had an overall impact of \$591 million on Louisiana incomes.



| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------|--------------|--------------|--------------|--------------|--------------|----------------------|--------------|
| DIRECT PAYROLL | \$8,440,303 | \$12,328,149 | \$15,712,530 | \$26,058,714 | \$32,308,697 | \$33,678,912 | \$42,902,346 |
| TOTAL INCOME IMPACT | \$12,640,775 | \$18,463,479 | \$23,532,160 | \$39,027,313 | \$48,387,715 | \$50,439,842 | \$64,253,488 |
| | 2019 | 2020 | 2021 | 2022 | 2023 | TOTAL | |
| DIRECT PAYROLL | \$50,279,873 | \$56,734,095 | \$42,248,055 | \$37,919,295 | \$53,403,523 | \$412,014,491 | |
| TOTAL INCOME IMPACT | \$75,302,577 | \$84,968,862 | \$63,273,578 | \$56,790,530 | \$79,980,769 | \$617,061,088 | |

This increase in total income impact in the state also means that LHCC's operations support more households and individuals now than in previous years. In its first years of operation, LHCC supported 218 households and 590 Louisiana residents. Nine years later, after rapid expansion, the operations supported 1,100 households and nearly 3,000 residents in the state. The table below shows, by year, how many households and residents LHCC directly and indirectly supported.

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--------------------------------------|-------|-------|-------|-------|-------|-------|
| Supported Population-LHCC Operations | 590 | 752 | 1,013 | 1,594 | 1,862 | 1,980 |
| SUPPORTED HOUSEHOLDS | 218 | 277 | 374 | 588 | 687 | 731 |
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Supported Population-LHCC Operations | 2,482 | 2,697 | 2,981 | 2,406 | 2,844 | 2,681 |
| SUPPORTED HOUSEHOLDS | 916 | 995 | 1,100 | 892 | 1,054 | 994 |

D. Tax Revenue Impact

In addition to the economic impacts mentioned in the preceding three sections, LHCC's ongoing operations continue to generate tax revenue for a number of local and state entities. Based on capital expenditures, employment, leases, value-based payments, and other spending, it's estimated that LHCC's operations have directly and indirectly generated nearly \$68 million in Louisiana tax revenues since 2012. In 2020, tax revenues generated from the above-mentioned activities were over \$8 million—**more than 620% greater than the tax revenue generated from year one.**

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | TOTAL |
|----------------------------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------------|
| LOCAL TAX REVENUE ESTIMATE | \$881k | \$1.74m | \$2.31M | \$1.65M | \$2.56M | \$2.85M | \$3.62M | \$3.84M | \$3.82M | \$3.46M | \$2.60M | \$2.60M | \$31.63M |
| STATE TAX REVENUE ESTIMATE | \$459K | \$878K | \$1.69M | \$2.24M | \$2.92M | \$3.23M | \$4.31M | \$4.31M | \$4.52M | \$4.45M | \$3.89M | \$3.63M | \$36.01M |

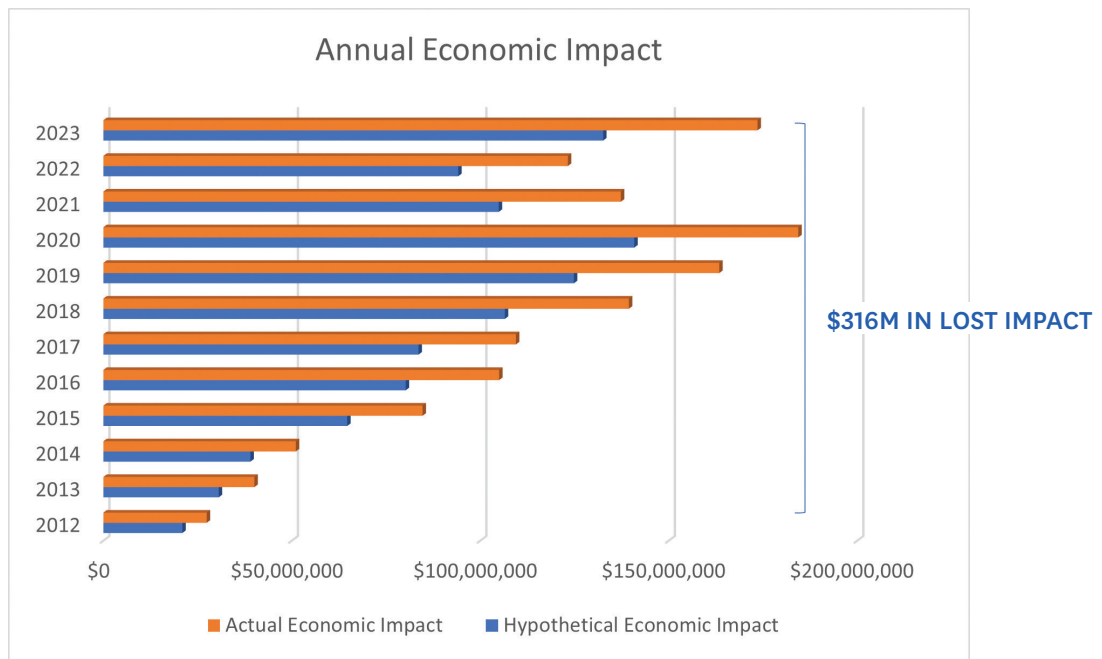
E. Impact by Region

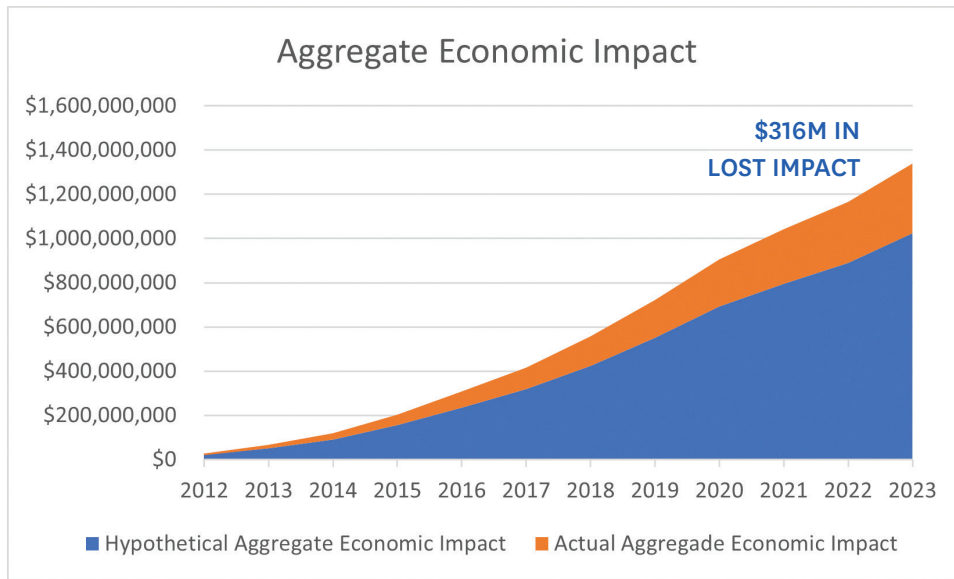
Because LHCC’s staff is relatively decentralized, impact is felt across south Louisiana. The heart of operations in Baton Rouge had nearly \$910 million in economic impact in the metro area since operations began, and directly and indirectly supported \$420 million in income. A full table of the impact by metropolitan statistical area from 2012 through 2023 is below. **NOTE:** In addition to an office in Covington, LHCC also employs community-based staff in all regions of the state.

| | BATON ROUGE | LAFAYETTE | NEW ORLEANS |
|------------------------|---------------|---------------|--------------|
| ECONOMIC IMPACT | \$910,833,928 | \$282,230,231 | \$89,800,528 |
| TOTAL INCOME SUPPORTED | \$419,778,066 | \$130,072,077 | \$41,386,570 |

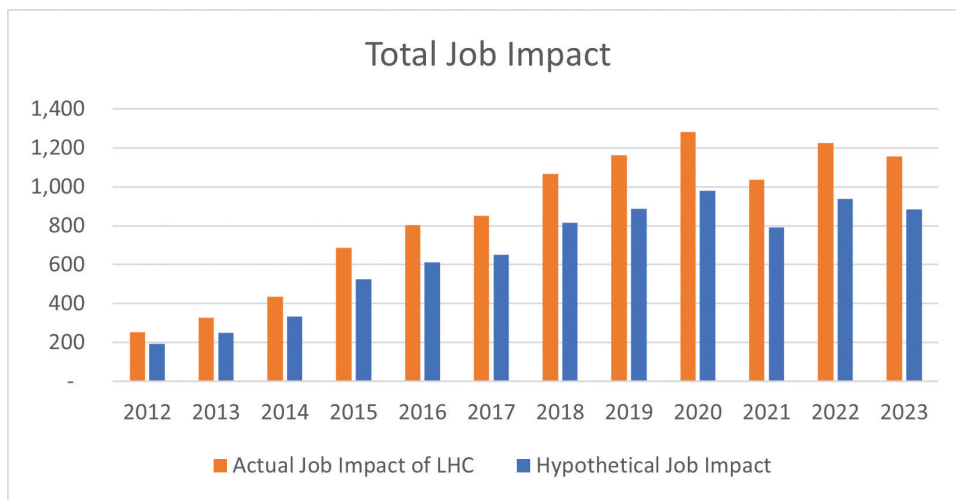
Impact of LHCC’s High Staff-to-Member Ratio

One reason for LHCC’s large economic impact is that it has a greater ratio of staff-to-members than the average Medicaid health insurance provider in Louisiana. Based on data from the Medicaid Managed Care Transparency Report, LHCC has about 31% more FTEs per 1,000 members than other providers in the state. Should LHCC have the same staff-to-member ratio as the average provider, its economic impact would be significantly less, as the chart below demonstrates.

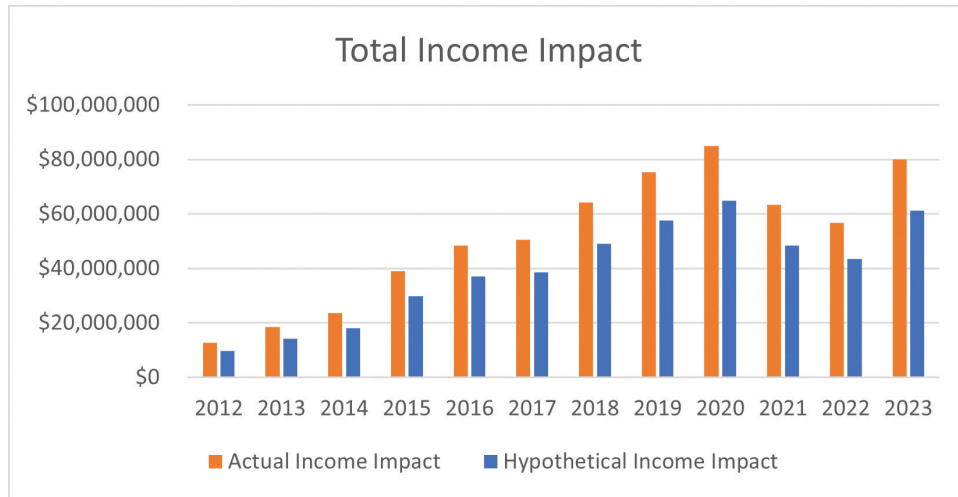




The staffing reduction of FTEs would also have a significant impact on indirect and induced jobs. When economic modeling is done using the staff-to-member ratio of other insurers, there is a clear drop off between the actual jobs impact of LHCC’s operations and the hypothetical impact of the lower staffing number. This came to a peak in 2020, when LHCC’s operations would have had an impact of 303 fewer total jobs.



It follows suit, then, that the diminished jobs impact would also have a negative impact on total income impact of LHCC’s operations. The net negative impact translates into millions of dollars of lost, in-state income every year, peaking in 2020, when total income impact would be \$20.1 million less under the lower staff-to-member model. Altogether, since 2012, it would have resulted in \$145.6 million in total lost impact.



Summary of Impacts

At the end of 2023, LHCC employed 606 FTEs and had over \$53.4 million in direct annual payroll; if one includes their indirect and induced impact, LHCC supported 1,155 jobs and \$80 million in total labor income. The combination of ongoing operations impacts, capital expenditures, value-based payments, leases, and other spending resulted in **a total economic impact of more than \$1.3 billion** in the state of Louisiana from 2012 through 2023. In addition, LHCC’s operations have generated over \$67.6 million in local and state tax revenues—money that goes toward quality of life essentials such as schools, public safety, infrastructure, and other expenditures that contribute to the overall public good.



RIVERBEND RESEARCH

ABOUT RIVERBEND RESEARCH

Riverbend Research is the in-house research team for the Baton Rouge Area Chamber. The organization's research team regularly engages in economic modeling and impact analyses for businesses in a number of industries, such as manufacturing, technology, healthcare, logistics and transportation, retail, utilities, and others. Riverbend has leveraged this experience into providing fee-for-service research projects for organizations throughout Louisiana.