

# Cambia Economic Contributions

A look at the 2016 effects of Cambia Health Solutions on the economies of Oregon, Washington, Idaho, and Utah



# Key Findings

## Introduction

Cambia Health Solutions, a taxpaying nonprofit health solutions company based in the Pacific Northwest, retained ECONorthwest to evaluate how its business operations and employees contributed to the regional economy. The economic effects of Cambia's business operations, charitable contributions, and capital spending rippled through the economies of Oregon, Washington, Idaho, and Utah, supporting additional activities in other parts of the economy through the purchase of goods and services from local businesses and household spending by employees. The report examines each of these contributions in greater detail.

### Economic Output



In 2016, across Oregon, Washington, Idaho, and Utah, Cambia supported:

- **\$1.2 billion** in economic activity
- **9,100 jobs**
- **\$521.1 million** in labor income

Every \$1 million dollars spent by Cambia supported an additional \$700,000 of economic activity across the region.

### Spending



Cambia spent **\$728.3 million** on operations spending, taxes, charitable giving, and payroll in 2016. Approximately 65 percent of total operations expenditures, or \$474.5 million, were spent at businesses and organizations in the four-state region.

### Taxes



As a taxpaying nonprofit, Cambia paid **\$50.4 million** in taxes to local and state governments across the four-state region. Cambia also paid \$150.2 million in federal income and insurer taxes.

### Charitable Giving



Cambia, its employees, and its grant-making Foundation gave **\$10.3 million** to nonprofits and charities across the four-state region. Cambia employees also donated 8,441 hours to nonprofits and charities.

# About

## Cambia Health Solutions

Cambia Health Solutions, headquartered in Portland, Oregon, is a total health solutions company with a 100-year legacy of transforming the industry and the way people experience health care. Its century of service began in 1917, when loggers and their families pooled funds to help each other with medical needs that arose due to injury or illness, creating the industry we know as health insurance.

Cambia today is a family of more than 20 companies that work together to make the health care system more economically sustainable and efficient for people and their families. Cambia's suite of innovative solutions empowers more than 70 million Americans nationwide, including more than two million people in the Pacific Northwest and Intermountain West who are enrolled in its regional health plans. As a native, regionally based company, Cambia feels strongly about providing an open and honest accounting of the socioeconomic impacts of its operations to its members and neighbors.

## The Cambia Grove

Though its economic and fiscal impacts are not analyzed in this report, the significance of the Cambia Grove as an innovative health care-focused hub in Seattle, Washington, merits special mention. The Cambia Grove serves the region by convening leadership and catalyzing continuous innovation in health care. One of its initial efforts was a 2015 collaboration with the Washington State Department of Commerce. ECONorthwest quantified the significance of the state's Health Care Innovation Sub-sector, and found that health care innovation work drives

growth for Washington state's economy and accounts for jobs in 25 of the state's 39 counties, with workers generating \$3.42 of output for every \$1 of income.

## Cambia Foundation

Cambia's separate, 501(c)(3) grant-making organization was established in 2007. Cambia Health Foundation's mission is to invest in partnerships and initiatives that move health care from innovation to impact, through a focus on three program areas: advancing palliative care through its signature program, Sojourns; improving children's mental and behavioral health; and promoting health care equity, quality and innovation. Since 2009, the Foundation has funded \$47 million in grants to support these causes.

## ECONorthwest

ECONorthwest staff, authors of this report, specialize in the application of economic and financial principles and methods to the evaluation of public policies and investments. Since 1974, ECONorthwest has completed more than 2,500 projects for public and private clients.

ECONorthwest employs the full range of analytical tools for measuring economic impacts. To these tools, we apply a rigorous understanding of the economic context in which impacts occur. We have several decades of experience using IMPLAN modeling software. We have developed customized input-output models of regional and foreign economies.

For more information, please contact Allison Tivnon, ECONorthwest Media Relations, at 503-200-5066.

# Defining Economic Contributions

ECONorthwest worked with Cambia to obtain the necessary financial data required to perform the economic contributions analysis, including operations spending, payroll, and capital expenditures. To evaluate the economic contributions of Cambia, ECONorthwest used IMPLAN, an input-output model which enables users to follow expenditures from a company as they flow through a region's economy. For this analysis, ECONorthwest modeled the effects of Cambia's operations in Oregon, Washington, Idaho, and Utah.

Economic contributions analyses employ specific terminology to identify different types of economic effects that can be modeled using input-output tools.

- **Direct effects** are those associated with payroll and employment at Cambia. They also include the direct output of Cambia's activities.
- **Indirect effects** represent Cambia's purchase of goods and services from other businesses in the region, also known as supply chain effects. These businesses, in turn, purchase intermediate goods and services from other businesses in the region, generating subsequent rounds of activity (or, the "multiplier effect").

- **Induced effects** are generated through spending associated with payroll from Cambia and supported industries in the supply chain. These induced effects from payroll spending are often referred to as "consumption-driven" effects.

Taken together, these combined economic effects describe how Cambia's operations support the demand for local resources and commodities that are, in turn, supplied by local and non-local industries and households.



**Output** represents the total value of goods and services produced. This is the largest, most encompassing measure of economic activity and includes personal income.



**Personal Income** consists of total payroll costs (including bonuses and benefits) paid to workers, as well as self-employment income earned by individuals.



**Jobs** represent the number of people working full- or part-time jobs in terms of full-year-equivalents (FYE).

## Total Impacts

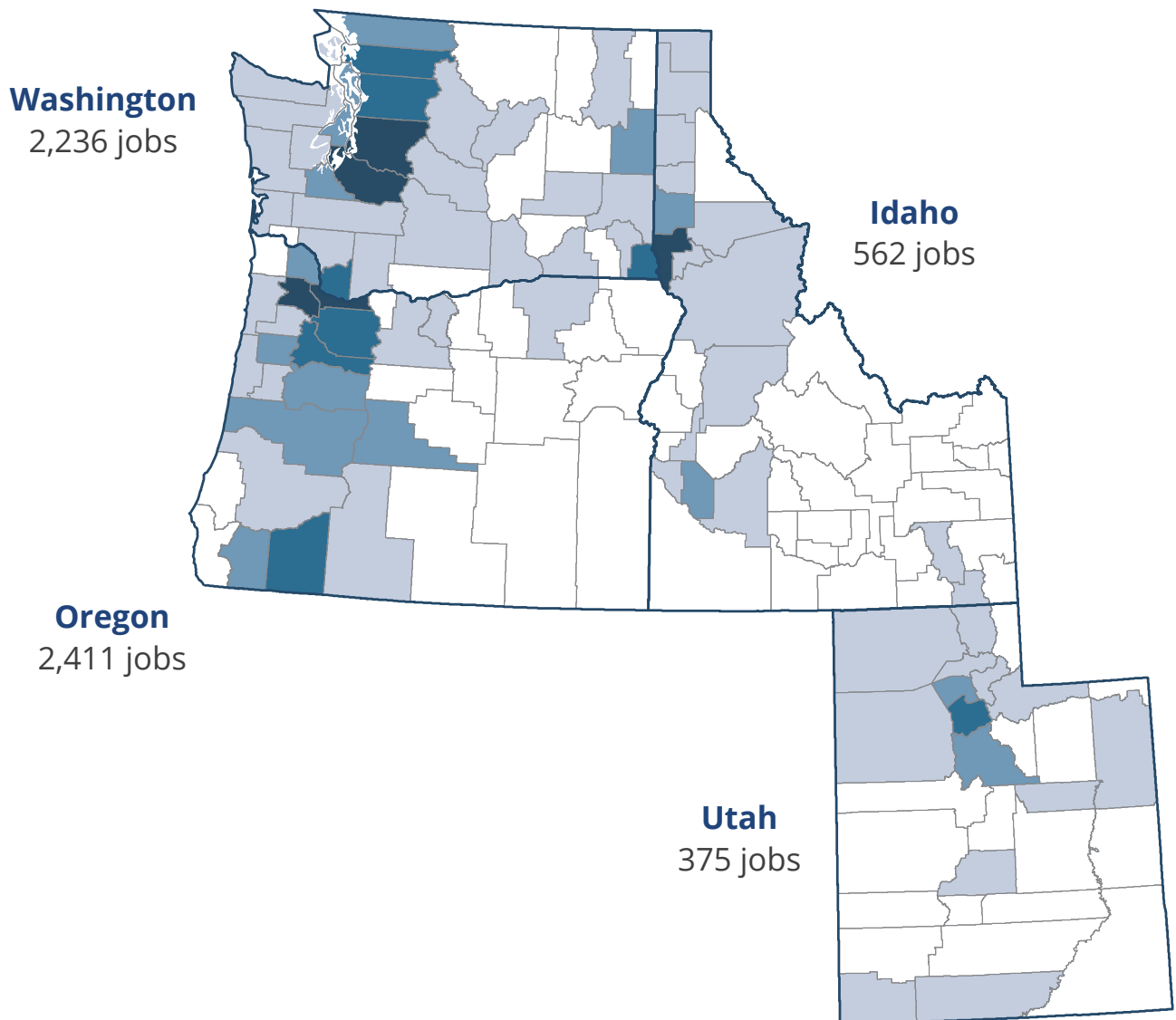


# Cambia's Workforce

Cambia employs 5,584 people across Oregon, Washington, Idaho, and Utah. As we show in the map below, Cambia's employees also reside in communities across the four-state region. This dispersion of employees helps distribute the effects of household spending to many communities throughout the region.

## Cambia's Regional Employment in 2016, by State

Number of Employees by County



# Cambia's Total Contributions

The combined economic effects of Cambia's business operations, charitable contributions, and capital spending support economic activity across Oregon, Washington, Idaho, and Utah. These regional expenditures support activities in other parts of the economy through the purchase of goods and services from local businesses. Additionally, Cambia employees help support the regional economy through household spending on consumer goods and services.

**Spending.** Cambia's operations spending, including charitable contributions and payroll, amounted to \$728.3 million in 2016. Approximately 65 percent of total operations expenditures, or \$474.5 million, were spent at businesses and organizations in the four states.

**Economic Output.** Output represents the total value of all sales and other operating income occurring in the study area, including supply chain purchases and compensation of employees. Across the four-state region, Cambia supported \$1.2 billion in gross economic activity.

**Jobs and Income.** Cambia provided 5,584 family-wage jobs across Oregon, Washington, Idaho, and Utah and supported a total of 9,100 jobs. Each job provided by Cambia supported (through consumption spending) 1.5 additional jobs in the region.

## Total Contributions in the Four-State Region, 2016

Spending

**\$728 million**

Output

**\$1.2 billion**

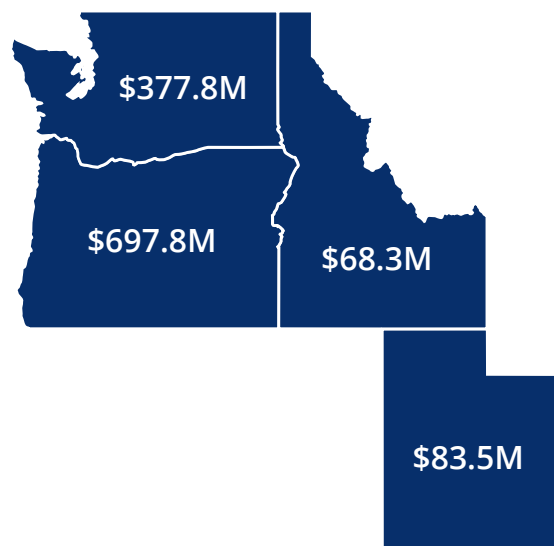
Personal Income

**\$521 million**

Jobs

**9,100 jobs**

## Total Output by State, 2016





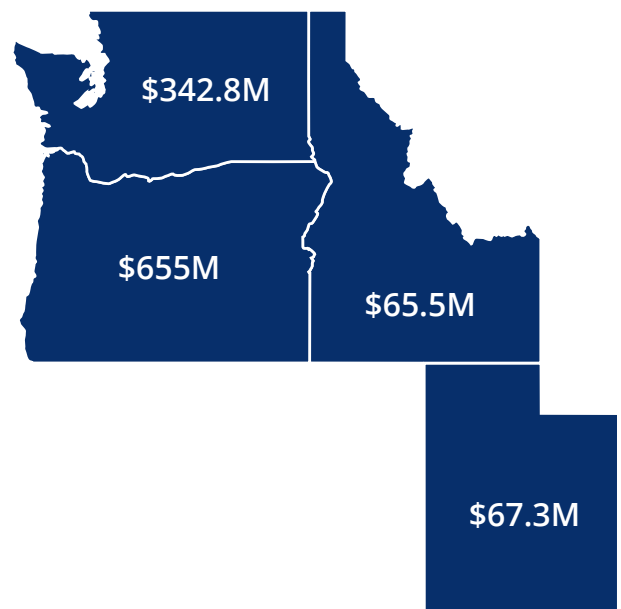
# Economic Effects of Operations

The approach we used to measure the economic contributions of Cambia's operations relies on detailed vendor and payroll expenses. Cambia provided detail operating costs for 2016, which included industry and geographic information about the spending. With this information, we were able to build a custom production function (or spending pattern) of their operations in each of the four states. In 2016, Cambia spent \$728.3 million on operations, which supported \$1.1 billion in gross economic activity across the region.

## Total Economic Contribution Supported by Operations, Four-State Region, 2016

<b>Cambia Output</b>	<b>Total Output</b>
<b>\$728M</b>	<b>\$1.1B</b>
<b>Cambia Personal Income</b>	<b>Total Personal Income</b>
<b>\$356M</b>	<b>\$488M</b>
<b>Cambia Jobs</b>	<b>Total Jobs</b>
<b>5,584</b>	<b>8,621</b>

## Total Output from Operations Spending by State, 2016





# Economic Effects of Capital Expenditures

In instances where a company has ongoing operations and conducts a capital expansion project, the capital project represents an alternative or tangential activity. These are expenditures that are used to expand or upgrade physical assets. In 2016, Cambia spent \$50.8 million on capital investments, which supported an additional \$27 million in economic activity for the region. This amounted to \$77.9 million in total output from capital expenditures across the four-state region.

## Total Economic Contribution Supported by Capital Expenditures, Four-State Region, 2016

Output

**\$78 million**

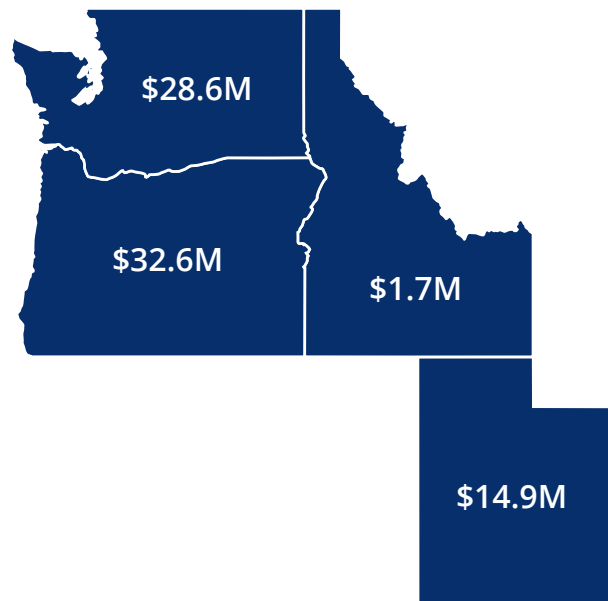
Personal Income

**\$27 million**

Jobs

**349 jobs**

## Total Output from Capital Spending by State, 2016

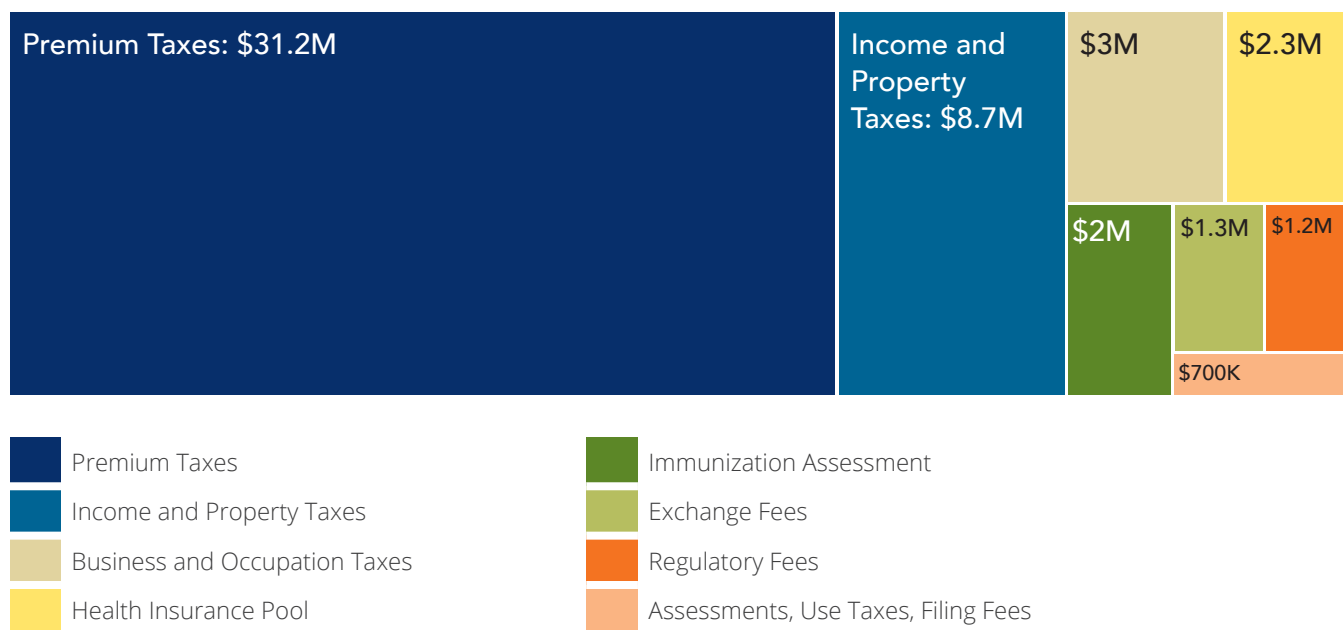


# Fiscal Effects

In addition to economic contributions, ECONorthwest measured the fiscal contributions of the additional economic activity generated from Cambia's spending in the region. Strictly speaking, fiscal contributions are not economic contributions, but the analyses often go hand in hand. *Economic* contributions analysis describes how that spending affects the region in terms of jobs, income, and gross regional product.

The *fiscal* contributions analysis refers to specific tax revenues for affected units of government. In 2016, as a taxable nonprofit, Cambia directly spent \$150.2 million in federal income and insurer taxes, and \$50.4 million on taxes in the four-state region. Their economic activity that year supported an additional \$22.4 million through local business purchases and payroll taxes.

## Total Taxes paid by Cambia, Four-State Region, 2016



## Indirect and Induced Taxes Supported by Cambia, Four-State Region, 2016

Category	Revenues
Sales & Other Taxes	\$16,977,000
Social Insurance & Personal Tax	\$4,695,000
Corporate Profit Taxes & Dividends	\$745,000
<b>Total State and Local Taxes</b>	<b>\$22,417,000</b>

# Economic Effects of Charitable Giving

Cambia's economic contribution in the four-state region includes providing \$10.3 million to nonprofits, foundations, and charities. The recipients of these charitable expenditures use that money to purchase labor, goods, and services that support their respective organizations. Contribution to charitable organizations supports indirect and induced economic activity in the nonprofit sectors.

## Top Community Partners

### Oregon

- Bridge Meadows
- Medical Teams International (Cambia)
- New Avenues for Youth
- Oregon Food Bank
- United Way of the Columbia-Willamette

### Washington

- Mary's Place
- Ronald McDonald House Charities of Spokane

### Idaho

- Community Action Partnership
- The Idaho Foodbank
- Ronald McDonald House Charities of Idaho

### Utah

- Huntsman Cancer Foundation
- YWCA

## Top Cambia Health Foundation Grant Recipients

- Doernbecher (Knight Cancer Challenge)
- OBCCI (Oregon Healthiest State Initiative)
- University of Washington Foundation

## Total Economic Contribution Supported by Charitable Giving, Four-State Region, 2016

**Output**

**\$19 million**

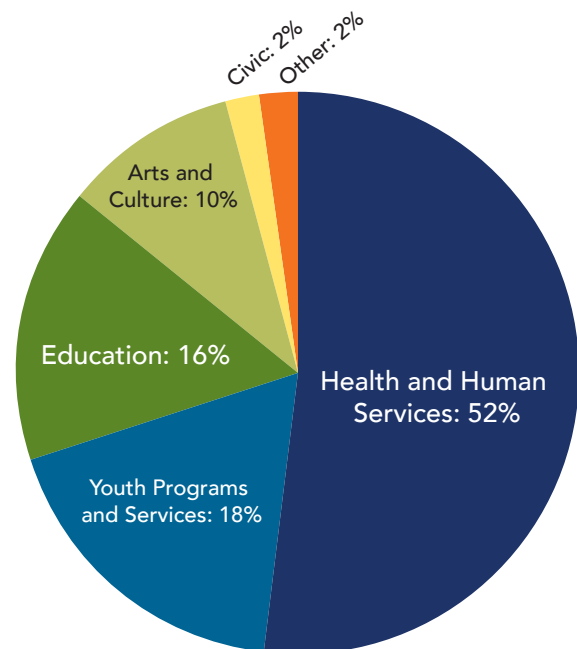
**Personal Income**

**\$6.4 million**

**Jobs**

**130 jobs**

## Total Charitable Contributions by Major Recipient Category, 2016



# Oregon Contributions



Cambia Health Solutions is headquartered in Portland, Oregon. Cambia's regional health plan is the state's largest nonprofit health insurance company, serving more than 755,000 members in Oregon. In addition to providing health insurance coverage, Cambia also invests in innovative businesses.

## \$698 million

### Output

Output represents the total value of all sales and other operating income occurring in Oregon, including taxes, supply chain purchases, and compensation of employees. After accounting for supply chain and consumption effects, Cambia supported \$697.8 million in total gross economic activity in 2016.



## \$426 million

### Spending

Cambia's operations spending in Oregon amounted to \$426.1 million in 2016 (including taxes). Approximately 55 percent of total operations expenditures—about \$235 million—were spent at businesses and organizations in Oregon.



## 4,499

### Jobs

Cambia supported a total of 4,499 family-wage jobs across Oregon and \$267.8 million in labor income. Each direct Cambia job supported 1.9 additional jobs in the state.



## \$5.3 million

### Charitable Contributions

Cambia and its employees gave \$5.3 million to 586 local nonprofits and charities in Oregon during 2016. Beyond direct expenditures, 726 of Cambia's employees provided 4,561 hours of volunteer service.



## Multipliers

These represent how the short-run demand for other goods and services increases or decreases given a change in production.

**Output: 1.6**

**Income: 1.5**

**Jobs: 1.9**

# Washington Contributions



Cambia's regional health plan provides health insurance for more than 1 million people across Washington. Additionally, Cambia has launched Cambia Grove in Seattle, which brings entrepreneurs and innovators together with anchor partners to transform the health care sector.

## \$378 million

### Output

Output represents the total value of all sales and other operating income occurring in Washington, including taxes, supply chain purchases, and compensation of employees. After accounting for supply chain and consumption effects, Cambia supported \$377.9 million in total gross economic activity in 2016.



## \$221.6 million

### Spending

Cambia's operations spending in Washington amounted to \$221.6 million in 2016 (including taxes). Approximately 77 percent of total operations and capital expenditures—about \$170.6 million—were directly spent directly in Washington.



## 3,162

### Jobs

Cambia supported a total of 3,162 family-wage jobs across Washington and \$178 million in labor income. Each direct Cambia job supported 1.4 additional jobs in the state.



## \$3.6 million

### Charitable Contributions

Cambia and its employees gave \$3.6 million to 484 local nonprofits and charities in Washington during 2016. Beyond direct expenditures, 462 of Cambia's employees provided 1,798 hours of volunteer service.



## Multipliers

These represent how the short-run demand for other goods and services increases or decreases given a change in production.

**Output: 1.6**

**Income: 1.3**

**Jobs: 1.4**

# Idaho Contributions



Founded in 1946, Cambia's regional health plan affiliate is a leader in Idaho's health insurance industry. Regional health plan operations in Idaho provide coverage to more than 140,000 members across the state, and in Asotin and Garfield counties in Washington.

## \$68 million

### Output



Output represents the total value of all sales and other operating income occurring in Idaho, including taxes, supply chain purchases, and compensation of employees. After accounting for supply chain and consumption effects, Idaho supported \$68.3 million in total gross economic activity in 2016.

## \$43 million

### Spending



Cambia's capital investment and operations spending in Idaho amounted to \$43.3 million in 2016 (including taxes). Approximately 83.1 percent of total operations and capital expenditures—about \$36 million—were spent locally in Idaho.

## 766

### Jobs



Cambia supported a total of 766 family-wage jobs across Idaho and \$33.9 million in labor income. Each direct Cambia job supported 1.4 additional jobs in the state.

## \$651,000

### Charitable Contributions



Cambia and its employees gave \$650,834 to 110 local nonprofits and charities in Idaho during 2016. Beyond direct expenditures, 252 of Cambia's employees provided 1,269 hours of volunteer service.

## Multipliers

These represent how the short-run demand for other goods and services increases or decreases given a change in production.

**Output: 1.5**

**Income: 1.3**

**Jobs: 1.4**

# Utah Contributions



Cambia's portfolio of health care-related businesses and investments in Utah centers around the insurance sector. Founded in 1944 as the state's first health insurer, Cambia's regional health plan is a leader in the state's insurance industry, providing coverage for more than 490,000 members across the state.

## \$83.5 million

### Output



Output represents the total value of all sales and other operating income occurring in Utah, including taxes, supply chain purchases, and compensation of employees. After accounting for supply chain and consumption effects, Cambia supported \$83.5 million in total gross economic activity in 2016.

## \$37 million

### Spending



Cambia's capital investment and operations spending in Utah amounted to \$37.3 million in 2016 (including taxes). Approximately 89.3 percent of total operations and capital expenditures—about \$33.3 million—were directly spent locally in Utah.

## 673

### Jobs



Cambia supported a total of 673 family-wage jobs across Utah and \$41.5 million in labor income. Each direct Cambia job supported 1.8 additional jobs in the state.

## \$756,000

### Charitable Contributions



Cambia and its employees gave \$755,809 to 107 local nonprofits and charities in Utah during 2016. Beyond direct expenditures, 110 of Cambia's employees provided 813 hours of volunteer service.

## Multipliers

These represent how the short-run demand for other goods and services increases or decreases given a change in production.

**Output: 2.2**

**Income: 1.5**

**Jobs: 1.8**



