

Regence Economic Contributions

A look at the 2020 effects of Regence Health Plans on the economies of Oregon, Washington, Idaho, and Utah



Key Findings

Introduction

Regence Health Plans retained ECONorthwest to evaluate how its family of companies and employees contributed to the regional economy. The economic effects of its 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 2020, across Oregon, Washington, Idaho, and Utah, Regence and its family of companies supported:

- **\$1.7 billion** in economic activity
- **9,365** jobs
- **\$676 million** in labor income

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

Spending



Regence and its family of companies spent **\$943 million** on operations expenditures, taxes, charitable giving, and payroll in 2020. Approximately 69 percent of total operations expenditures, or \$651 million, were spent at businesses and organizations in the four-state region.

Taxes



As a taxpaying nonprofit, Regence and its family of companies paid **\$101.3 million** in taxes to local and state governments across the four-state region, as well as \$154.9 million in federal income and insurer taxes.

Charitable Giving



Regence and its family of companies, along with its employees and grant-making foundation, gave **\$20.3 million** to nonprofits and charities across the four-state region. Employees also donated 7,836 hours to nonprofits and charities.

About

Regence Health Plans

Regence has been serving the Pacific Northwest and Intermountain West region since 1917. Providing health insurance solutions for more than 3.3 million people, Regence reaches nearly 1,000 communities across Washington, Oregon, Idaho, and Utah. Each health plan is a nonprofit independent licensee of the Blue Cross and Blue Shield Association.

Regence is dedicated to creating a better, simpler and more affordable health care experience, and giving philanthropically to improve the health, wellbeing and quality of life for local communities. As a taxpaying nonprofit with deep roots across the region, Regence believes in providing an open and honest accounting of the socioeconomic impacts of its operations to its members and neighbors.

Regence is part of a family of companies dedicated to transforming health care by delivering innovative products and services. Although not specifically included in this analysis, the Regence family of companies amplifies its industry impact in a variety of additional ways, including: providing price transparency and online tools to help consumers find the most effective treatments and medications at the lowest cost; using strategic philanthropy to improve palliative care and experiences of individuals with serious illness; and through its affiliated strategic investing arm, Echo Health Ventures, fostering collaboration with like-minded regional health plans to scale innovation nationally with hands-on, purpose-driven strategic venture capital and growth equity investing.

ECONorthwest

ECONorthwest specializes in the application of economic and financial principles and methods to the evaluation of public policies and investments. Incorporated in 1974, ECONorthwest has completed more than 2,500 projects for public and private clients. ECONorthwest has a staff of approximately 50 people, including offices in Portland, Seattle, Eugene, and Boise.

ECONorthwest employs the full range of analytical tools for measuring economic impacts. We maintain regional macroeconomic models, in addition to standard and econometrically augmented input-output models. To these tools, we apply a rigorous understanding of the economic context in which specific economic effects occur. This combination of robust modeling capacity and explanatory insight allows us to provide unparalleled quantitative analysis.

We have several decades of experience using the IMPLAN modeling software, conducting analysis of the zip code level through national-level models. Our expertise in this area is widely recognized in the industry. We have developed customized input-output models of regional and foreign economies. For more information, please contact Adam Lopez, ECONorthwest Media Relations, at 503-765-9767.

Defining Economic Contributions

ECONorthwest worked with Regence and its family of companies 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 Regence and its family of companies, ECONorthwest used IMPLAN, an input-output model which enables the user to follow expenditures from a company as they flow through a region's economy. For this analysis, ECONorthwest modeled the effects of the companies' 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 Regence. They also include the direct output of Regence's activities, which is estimated using labor and non-labor operating expenses.
- **Indirect effects** use financial data to calculate Regence's purchase of goods and services from other businesses in the region. These businesses, in turn, purchase a wide array of intermediate goods and services they need to operate. Because these purchases

represent interactions among businesses, indirect effects are often referred to as "supply-chain" effects.

- **Induced effects** use payroll from Regence and supported industries to calculate the overall economic purchasing power resulting from investment-driven stimulus. These induced effects from payroll spending are often referred to as "consumption-driven" effects.

Taken together, these combined economic effects describe how Regence'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.

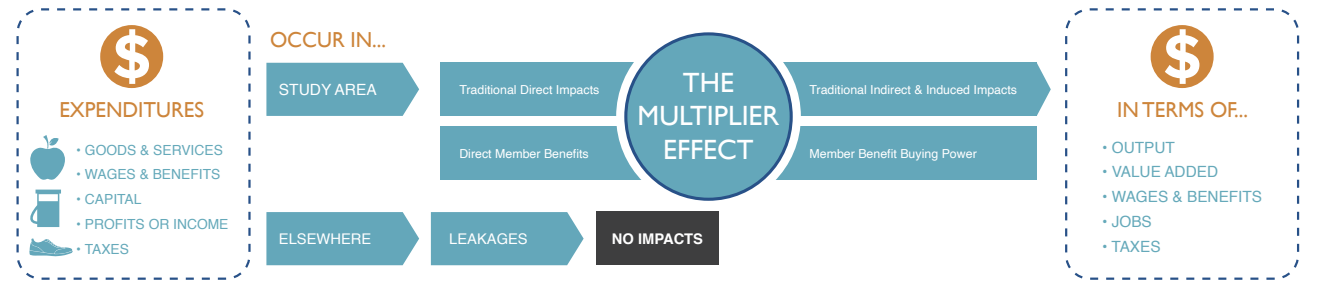


Personal Income consists of total payroll costs (including bonuses and benefits) paid to workers, as well as self-employment income earned by individuals.



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

Total Impacts



Workforce

Regence and its family of companies employed 5,279 people who largely resided across Oregon, Washington, Idaho, and Utah. The dispersion of employees helps distribute the effects of consumption spending to many communities.

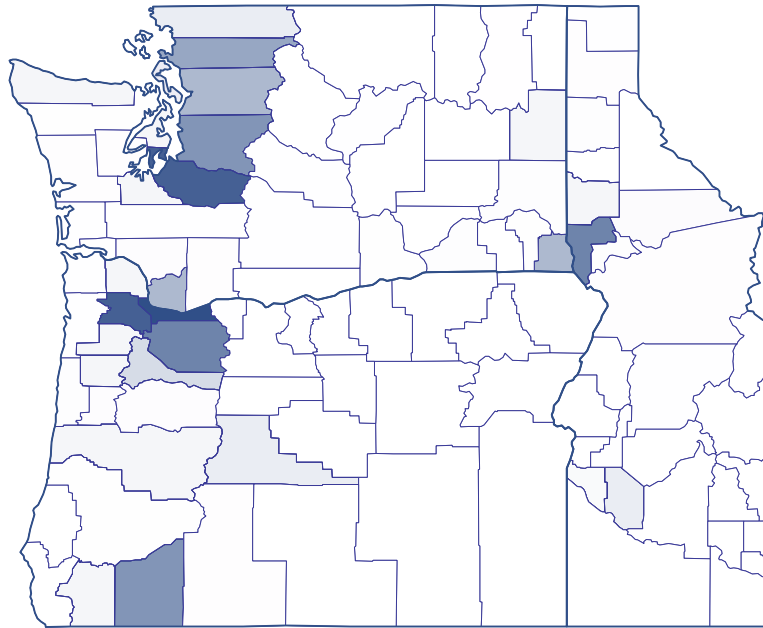
Regional Employment in 2020, by State

Number of Employees by County



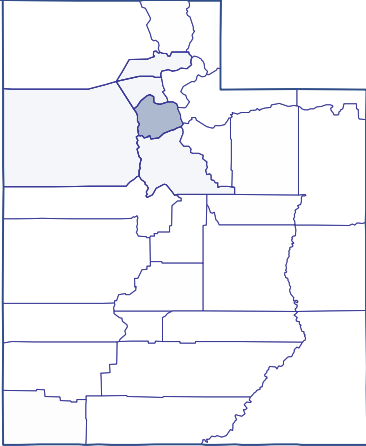
Washington

2,075 jobs



Idaho

558 jobs



Oregon

2,299 jobs

Utah

347 jobs

Total Contributions

The combined economic effects of Regence and its family of companies' business operations, charitable contributions and capital spending support economic activity across Oregon, Washington, Idaho, and Utah. These regional expenditures support other parts of the economy by purchasing goods and service from local businesses. Additionally, employees help support the regional economy through consumption spending on consumer goods and services.

Spending. Operations spending, including charitable contributions and payroll amounted to \$943.5 million in 2020. Approximately 69 percent of total operations expenditures, or about \$651.5 million, were spent 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, Regence and its family of companies supported \$1.7 billion in gross economic activity.

Jobs and Income. Regence and its family of companies provided 5,279 family wage jobs across Oregon, Washington, Idaho, and Utah. Each of these jobs supported (through consumption spending) 1.8 jobs in other industries across the region.

Total Contributions in the Four-State Region, 2020

Spending

\$944 million

Output

\$1.7 billion

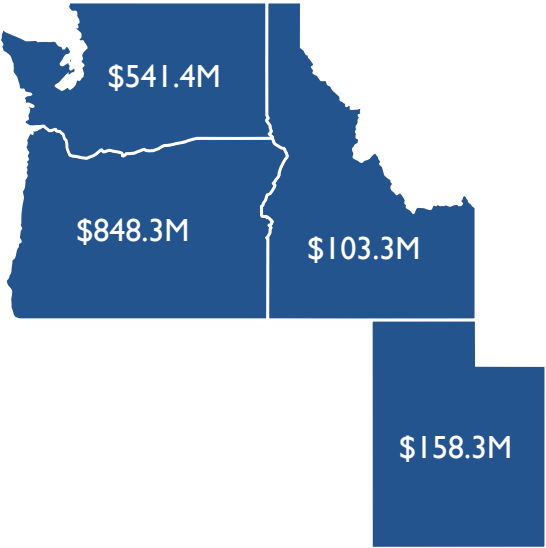
Personal Income

\$676 million

Jobs

9,365 jobs

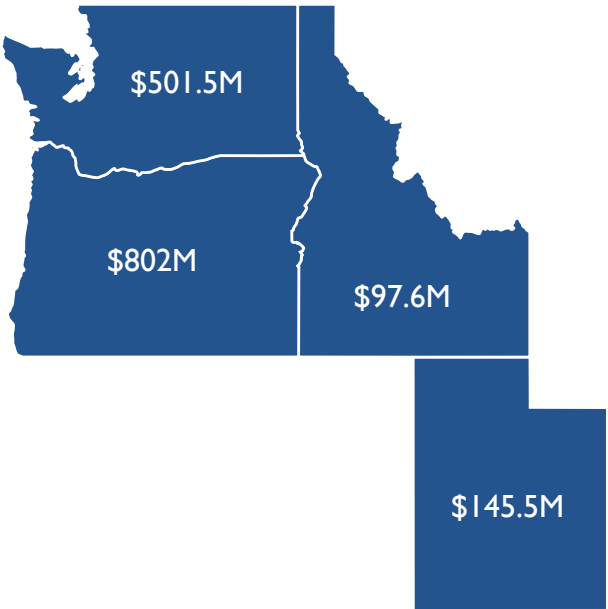
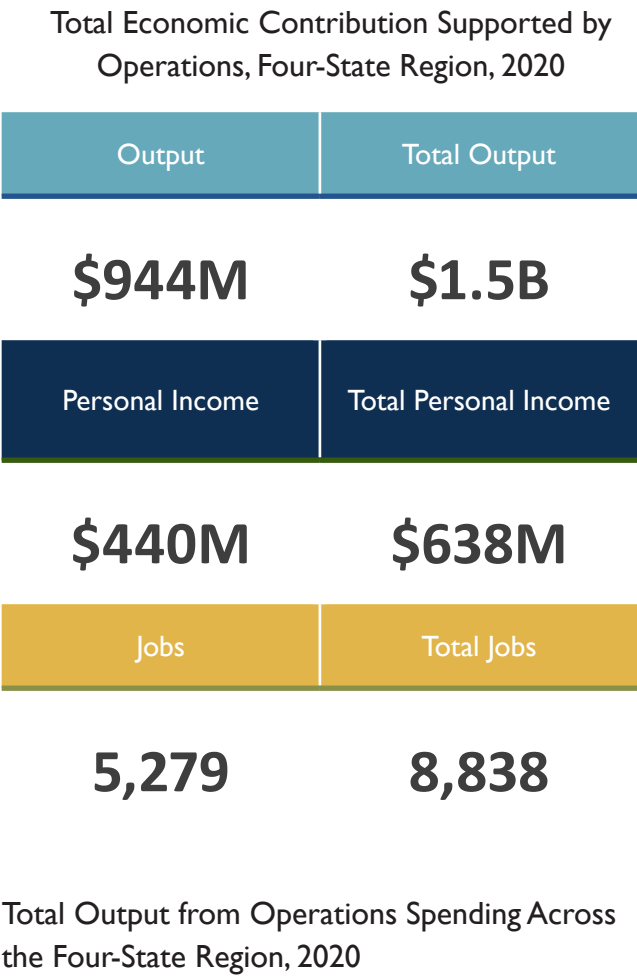
Total Output Across the Four-State Region, 2020



Economic Effects of Operations

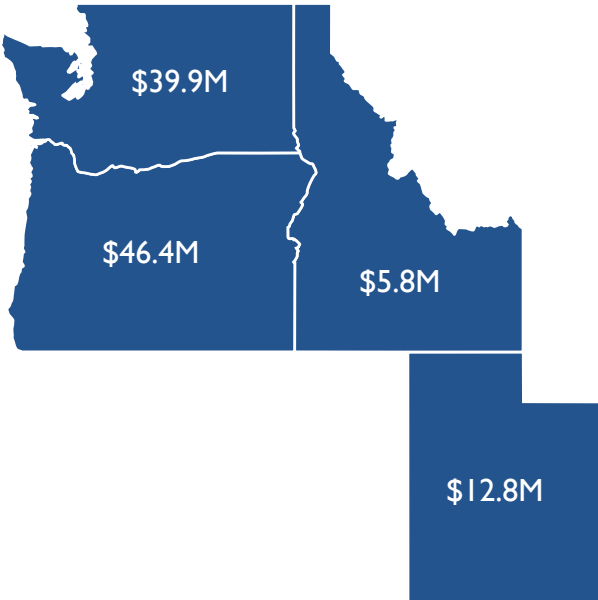
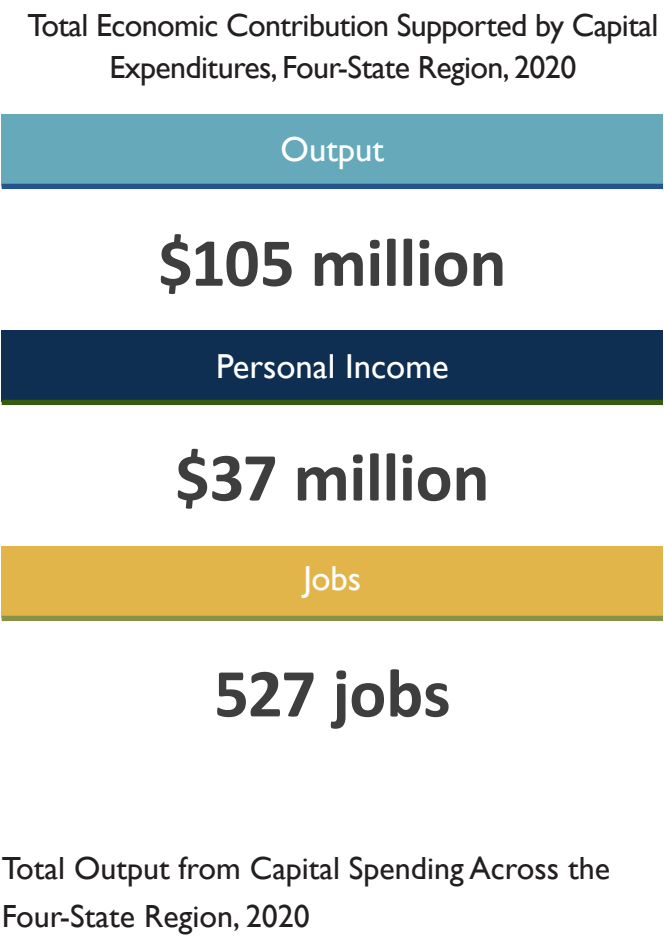
The approach we used to measure the economic contributions of operations relies on detailed vendor and payroll expenses. Regence provided detailed operating costs for 2020, which included industry and geographic information about its spending. With this information, we were able to build a custom production function (or spending pattern) of their operations in each of the four states. In 2020, Regence and its family of companies spent \$943.5 million on operations, which supported \$1.5 billion in gross economic activity across the region.

The combined economic effects of Regence and its family of companies' business operations, charitable contributions, and capital spending support economic activity across Oregon, Washington, Idaho, and Utah. These regional expenditures support other parts of the economy by purchasing goods and service from local businesses. Additionally, employees help support the regional economy through consumption spending on consumer goods and services.



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 2020, Regence and its family of companies spent \$58.6 million on capital investments, which supported an additional \$46.2 million in economic activity for the region. This amounted to \$104.8 million in total output from capital expenditures across the four-state region.

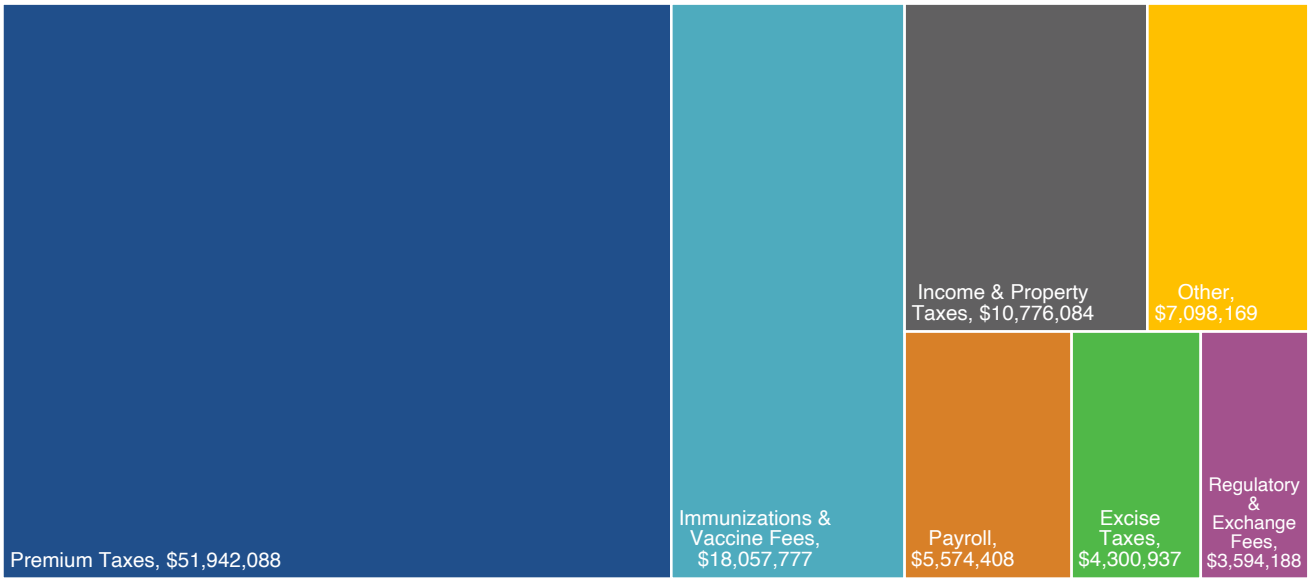


Fiscal Effects

In addition to the economic contributions, ECONorthwest measured the fiscal contributions of the additional economic activity generated from the family of companies' 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 2020, Regence and its family of companies directly paid \$101.3 million in taxes and fees in the four-state region. Their economic activity that year supported an additional \$37.5 million through local business purchases and payroll taxes.

Total Taxes Paid Across Four-State Region, 2020



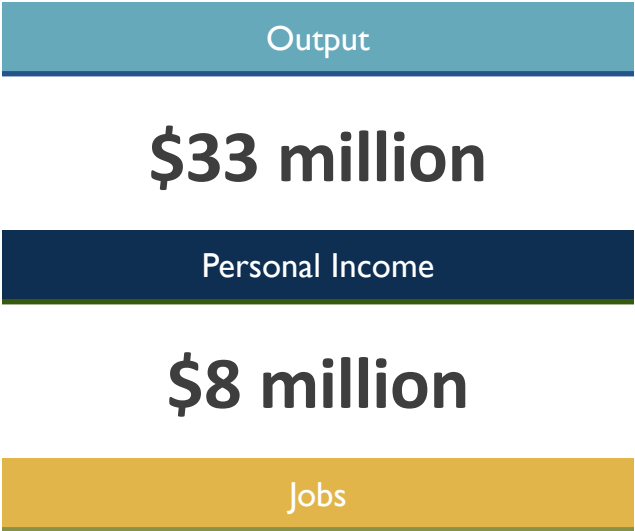
Indirect and Induced Taxes Supported Across Four-State Region, 2020

Category	Revenues
Social Insurance Tax	\$1,117,624
Tax on Production and Imports	\$28,920,301
Corporate Profits Tax	\$1,067,315
Personal Tax	\$6,373,285
Total State and Local Tax	\$37,478,525

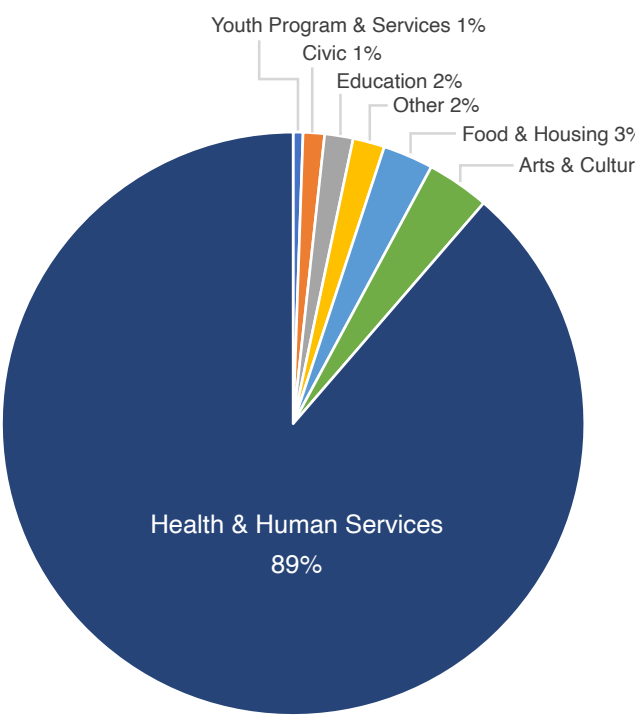
Economic Effects of Charitable Giving

Regence and its family of companies' economic contributions in the four-state region include providing \$20.3 million to non-profits, foundations, and charities. Each recipient of these charitable expenditures uses that money to purchase labor, goods, and services that support the organization's mission. This giving to charitable organizations helps support indirect and induced economic activity in the non-profit sectors.

Total Economic Contribution Supported by Charitable Giving, Four-State Region, 2020



Total Charitable Contributions by Major Recipient Category, 2020



- Top 10 Recipients for Charitable Giving, 2020
1. Seattle Children's Hospital
 2. Oregon Primary Care Association
 3. Washington Association for Community Health
 4. Association for Utah Community Health
 5. Utah Division of Multicultural Affairs
 6. National Children's Alliance
 7. University of Utah Huntsman Mental Health Institute
 8. Idaho Primary Care Association
 9. Crisis Connections
 10. Better Health Together

Oregon Contributions



Regence is the state’s largest non-profit health insurance company, serving 965,000 people in Oregon.

\$848 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, Regence supported \$848.3 million in total gross economic activity in 2020.

\$525 million
Spending



Regence’s capital investment and operations spending in Oregon amounted to \$524.9 million in 2020 (including taxes). Approximately 56 percent of total operations and capital expenditures, or about \$292 million, were spent locally in Oregon.

4,312
Jobs



Regence supported a total of 4,312 family wage jobs across Oregon and \$327.8 million in labor income. Every 10 direct jobs at Regence are linked to another 9 jobs elsewhere in Oregon.

\$4.2 million
Charitable Contributions



The Regence family of companies gave \$4.2 million to 884 local non-profits and charities in Oregon during 2020. Beyond direct expenditures, 163 of Regence’s employees provided 4,723 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




Regence provides innovative health solutions for 1.46 million people across Washington.

\$541 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, Regence supported \$541.4 million in total gross economic activity in 2020.

\$297 million
Spending




Regence’s operations spending in Washington amounted to \$297.4 million in 2020 (including taxes). Approximately 83 percent of total operations and capital expenditures, or about \$247.0 million, were directly spent in Washington.

3,289
Jobs



Regence supported a total of 3,289 family wage jobs across Washington and \$236.2 million in labor income. Every 10 direct jobs at Regence are linked to another 6 jobs elsewhere in Washington.

\$5.9 million
Charitable Contributions



The Regence family of companies gave \$5.9 million to 736 local non-profits and charities in Washington during 2020. Beyond direct expenditures, 108 of Regence’s employees provided 1,648 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: 1.8

Income: 1.6

Jobs: 1.6

Idaho Contributions



A leader in the state’s health insurance industry since 1946, Regence serves 263,409 people across Idaho, along with those residing in Asotin and Garfield counties in Washington.

\$103 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, Regence supported \$103.3 million in total gross economic activity in 2020.

\$57 million

Spending



Regence’s capital investment and operations spending in Idaho amounted to \$56.5 million in 2020 (including taxes). Approximately 87 percent of total operations and capital expenditures, or about \$49.3 million, were spent locally in Idaho.

859

Jobs



Regence supported a total of 859 family wage jobs across Idaho and \$49.1 million in labor income. Every 10 direct jobs at Regence are linked to another 5 jobs elsewhere in Idaho.

\$2.2 million

Charitable Contributions



The Regence family of companies gave \$2.2 million to 154 local non-profits and charities in Idaho during 2020. Beyond direct expenditures, 56 of Regence’s employees provided 1,108 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: 1.8

Income: 1.4

Jobs: 1.5

Utah Contributions



Founded in 1944 as the state’s first health insurance carrier, Regence provides innovative solutions to 690,324 people across Utah.

\$158 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, Regence supported \$158.3 million in total gross economic activity in 2020.

\$65 million

Spending



Regence’s capital investment and operations spending in Utah amounted to \$64.7 million in 2020 (including taxes). Approximately 98 percent of total operations and capital expenditures, or about \$63.1 million, were directly spent locally in Utah.

905

Jobs



Regence supported a total of 905 family wage jobs across Utah and \$62.4 million in labor income. Every 10 direct jobs at Regence are linked to another 16 jobs elsewhere in Utah.

\$8.1 million

Charitable Contributions



The Regence family of companies gave \$8.1 million to 229 local non-profits and charities in Utah during 2020. Beyond direct expenditures, 32 of Regence’s employees provided 357 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: 2.4

Income: 1.9

Jobs: 2.6

