

# The Impact of Health Services on the Economy in 80540 Zip Code Area, Lyons, CO—July 2004



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on the Economy of the 80540 Zip Code Area in Lyons, Colorado

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July 2004

Please note: This report is the responsibility of C<sup>2</sup> Strategies. If any services were missed or misrepresented in this study, please contact Christy so the information can be corrected.

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## **Introduction**

The purpose of this study is to measure economic value of healthcare services in the Town of Lyons. The link between health and human services and economic development is being studied in rural communities with increased interest and with valid data. In many rural communities, health care and social services are considered economic engines. The healthcare industry has not traditionally presented this to its communities—its contribution to the economics of a town. Many business leaders have not always seen the symbiotic link between economics and healthcare services; these services are often not considered businesses.

The Town of Lyons has a significant number of people who commute to other communities and it is likely they receive their healthcare in these other communities. As the former president of the National Rural Health Association said about people leaving their communities to get their healthcare elsewhere, “the only thing they’ll buy in your town is the gas to get out of town.” This means they are likely making other purchases as well in these other communities.

Lyons has a mix of healthcare providers and services including a family physician practice; dental care; pharmacy; chiropractor; a variety of therapies including physical, massage, occupational and yoga; and acupuncture and herbal medicine. These are businesses that employ people, pay wages, and purchase goods and other services in Lyons.

Healthcare businesses help businesses to:

- keep a community’s workface productive;
- attract and retain other businesses by providing services important to employees; and
- keep dollars in the community that might otherwise have gone elsewhere (such as for shopping and lunch when people leave this community)

The objectives for this study was to:

1. summarize the direct economic activities of the health sector;
2. review concepts of the community economics and multipliers; and
3. estimate the secondary impacts of the health sector of the economy of Lyons.

There are no recommendations, only information that might be useful for the Town of Lyons.

## County Demographic and Economic Data

The population and employment for Lyons, Colorado and for the 80540 zip code area including and surrounding Lyons, Colorado, is illustrated in this section. The population for Lyons and the 80540 zip code area are presented in **Table 1**. The population was 1,227 in 1990 according to the U.S. Census Bureau and increased to 1,585 in 2000. The estimated Census populations show that Lyons increased to 1,606 in 2002 and to 1,618 in 2003. The population of the 80540 zip code area was not available in 1990. The 80540 zip code area showed a population of 4,002 from the 2000 Census and was estimated to increase to 4,055 in 2002 and 4,085 in 2003. These estimates were calculated based on the percent increase in Lyons during the same time periods. The U. S. Census Bureau does not estimate zip code area populations.

According to estimations, the population of 80540 will increase by 5.2% in 2008, as compared to the State of Colorado with an estimated growth rate of 9.9% in 2008.

**Table 1**  
Population of Lyons and 80540 Lyons Zip Code Area

Area	Population			
	1990 Population <sup>1</sup>	2000 Population <sup>1</sup>	2002 Population <sup>2</sup>	2003 Population <sup>2</sup>
Lyons	1,227	1,585	1,606	1,618
80540 Lyons Zip Code Area	N/A	4,002	4,055 <sup>3</sup>	4,085 <sup>3</sup>

<sup>1</sup> SOURCE: Population data from the U.S. Bureau of the Census, 1990, 2000.

<sup>2</sup> SOURCE: Population data from the U.S. Bureau of the Census, Population Estimates Branch, 2002, 2003.

<sup>3</sup> Estimated based on percent increase in Lyons population.

N/A: Not Available

In summary, the population of Lyons has increased from 1990 to 2003 by 31.9%. The assumption has been made that the 80540 zip code area has grown at approximately the same rate from 2000 to 2002 and 2003. Employment data for Lyons and the 80540 zip code area are presented in **Table 2**; data is from the 2000 U. S. Census Bureau and shows employment by occupation and by industry. Lyons had employment of 863 in 2000 with the largest occupation category of management, professional and related occupations with 350 employed. The largest industry sector in Lyons was educational, health and social services with 151 employed. The 80540 zip code area had a total employment of 2,301. The zip code area also had the largest occupation category of management, professional and related occupations with 1,005 employed. For the zip code area, the industry sectors with the largest employment were educational, health and social services (429, 18.6%), manufacturing (302, 13.1%), and professional, scientific, management, administrative and waste management (297, 12.9%).

Of interest to some is the median income for zip code area 80540, which is \$60,000, as compared to the State of Colorado, which is \$40,000.

### **The Direct Economic Activities**

The health services in the 80540 zip code area are combined into one health services category. The health services include:

- ◆ licensed physical therapy
- ◆ certified massage therapy
- ◆ primary care physician practice
- ◆ acupuncture and herbal medicine
- ◆ fitness center
- ◆ dental practice
- ◆ chiropractor practice
- ◆ pharmacy
- ◆ healthcare education, positive psychology coaching and women's health newsletter

**Table 2**  
**Employment of Lyons and the 80540 Lyons Zip Code Area**

	<b>2000 Employment</b>		
	Lyons	80540 Zip Code Area	80540 Zip Code Area Percent
<b>TOTAL EMPLOYMENT</b>	<u>863</u>	<u>2,301</u>	<u>100%</u>
<b>Employment by Occupation</b>			
Management, professional, and related occupations	350	1,005	43.7%
Service occupations	119	298	13%
Sales and office occupations	193	506	22%
Farming, fishing, and forestry occupations	5	3	.1%
Construction, extraction. And maintenance occupations	104	237	10.3%
Production, transportation, and material moving occupations	92	252	11%
<b>Employment by Industry</b>			
Agriculture, forestry, fishing and hunting, and mining	22	53	2.3%
Construction	125	278	12.1%
Manufacturing	103	302	13.1%
Wholesale trade	31	56	2.4%
Retail trade	81	190	8.3%
Transportation	16	76	3.3%
Information	36	110	4.8%
Finance, insurance, real estate, and rental and leasing	34	128	5.6%
Prof., scientific, mgmt, administrative and waste mgmt.	116	297	12.9%
Educational, health and social services	151	429	18.6%
Arts, entertainment, recreation, accommodation and food	99	203	8.8%
Other services (except public administration)	23	101	4.4%
Public administration	26	78	3.4%

SOURCE: U.S. Bureau of the Census, 2000.

The health services in the zip code area total 13 full-time equivalent employees and have an estimated payroll of \$860,990, for an average income of \$67,529, including benefits (**Table 3**). The wages are from state averages for Colorado for specific positions. The employees of local healthcare services purchase goods and services from local businesses in the Lyons area. These impacts are referred to as secondary or benefits to the economy. Before the secondary impacts of the health sector are discussed, basic concepts of community economics are presented next.

### **Some Basic Concepts of Community Economics and Income and Employment Multipliers**

The economy of a community is dependent on the flows of goods, services and dollars. This is the basic concept of any economy. The foundation of a community's economy is those businesses, which sell some or all of their goods and services to buyers outside of the community. Such a business is a basic industry. These represent the flow of products out of and dollars into a community. To produce these goods and services for "export" from the community, the basic industry

- 1) purchases inputs from outside of the community,
- 2) labor from the residents or "households" of the community, and
- 3) inputs from service industries located within the community.

Households using their earnings to purchase goods and services from the community's businesses complete the flow of labor, goods and services in the community. If any of these interrelationships change there will be impact throughout the community.

Consider, for instance, the closing of one of the services, such as the primary care provider clinic. This services section will no longer pay employees and dollars going to households will stop. Likewise, the clinic will not purchase goods from other businesses. This decreases income in the "households" segment of the economy. Earnings decrease, household spending decreases and this, in turn, decreases the spending and purchases made by businesses for labor and inputs.

A measure is needed that yields the effects created by an increase or decrease in economic activity. In economics, this measure is called the multiplier effect. Multipliers are used in this report.

An employment multiplier is defined as the ratio between direct employment, or that employment used by the industry initially experiencing a change in final demand and the direct, indirect, and induced employment.

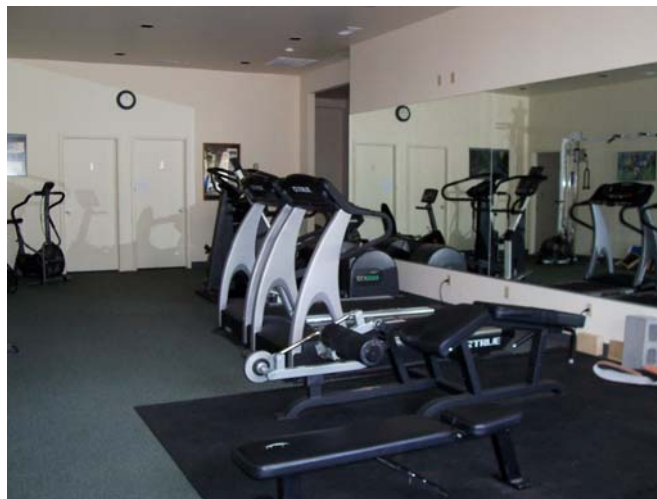
An employment multiplier of 3.0 indicates that if one job is created by a new industry, 2.0 jobs are created in other sectors due to business (indirect) and household (induced) spending.

## Secondary Impacts of Health Sector on the Economy of the Lyons, Colorado, zip code area

Employment and income multipliers for the area have been calculated by use of the IMPLAN model. It was developed by the U.S. Forest Service and is a model that allows for development of county multipliers. The multipliers for the health services are shown in **Table 3**. The employment multiplier for the health services is 1.46. This indicates that for each job created in that sector, 0.46 jobs are created throughout the area due to business (indirect) and household (induced) spending. For the 13 health service employees, the total employment impact is 19 employees ( $13 \times 1.46 = 19$ ).

The income multiplier for the health services is 1.18 (Table 3). This indicates that for each dollar created in that sector, 0.18 dollars are created throughout the area due to business (indirect) and household (induced) spending. Applying the income multiplier to the income (employee compensation and proprietors income) for the health services (\$860,990) yields an estimate of \$1,016,184 total income impact on the Lyons zip code area ( $\$860,990 \times 1.18 = \$1,016,184$ ).

Income also has an impact on retail sales. If the ratio between retail sales and income in Lyons continues as in the past several years, then direct and secondary retail sales generated by the health services and its employees equals \$359,366 (Table 3). A 3-cent sales tax collection is estimated to generate \$10,781 in Lyons, Colorado as a result of the health services impact (Table 3). This estimate is probably low, as many health care employees will spend a larger proportion of their income in local establishments that collect sales tax. The bottom line is that the health sector not only contributes greatly to the medical health of individuals in the community, but also to the economic health of the community.



Lyons Fitness Center

**Table 3**  
**Economic Impact of the Health Sector**  
**on Employment and Income in the Lyons, Colorado, 80540 zip code area**

Health Sector Component	Employment			Employee Compensation & Proprietor Income			Retail Sales	Three Cent Sales Tax
	Employed	Multiplier	Impact	Income	Multiplier	Income Impact		
<b>All Health Services</b>	13	1.46	19	\$860,990	1.18	\$1,016,184	\$359,366	\$10,781
<b>TOTALS</b>	<u>13</u>		<u>19</u>	<u>\$860,990</u>		<u>\$1,016,184</u>	<u>\$359,366</u>	<u>\$10,781</u>

SOURCE: 2001 IMPLAN, Minnesota IMPLAN Group, Inc.; local employment data; income estimated based on state average incomes, Bureau of Labor Analysis; retail sales ratio, U. S. Census Bureau and Bureau of Economic Analysis; sales tax percent, State of Colorado Department of Revenue, Sales Tax Information System

## Summary

The economic impact of the health services upon the economy of the Lyons, Colorado, zip code area 80540 is vital and these services should be recognized for their contribution. The secondary impact occurring in the community is also important and measures the total impact of the health sector. If the health sector increases or decreases in size, the health of the community, as well as the economic health of the community is effected. For the attraction of industrial firms, businesses and retirees, it is crucial that the area have a quality health services and professionals. Often overlooked is the fact that a prosperous health sector also contributes to the economic health of the community.

This study did not account for employees who might live outside of the zip code area, such as in Longmont. Because of the proximity of Lyons to larger communities and the ease of accessing these communities (i.e., Longmont and Boulder), it is extremely important for businesses in Lyons to exceed customer services expectations. Keep the residents of 80540 here because the customer services is excellent, wait times are less, and the services is personable.

## References

- [1] Palmer, Charles and Eric Siverts, IMPLAN ANALYSIS GUIDE. U.S. Department of Agriculture, Forest Service Land Management Planning Systems Section, Rocky Mountain Forest and Range Experiment Station, Fort Collins, Colorado, 1985.
- [2] Siverts, Eric, Charles Palmer, Ken Walters, and Greg Alward, IMPLAN USER'S GUIDE, U.S. Department of Agriculture, Forest Service, Systems Application Unit, Land Management Planning, Fort Collins, Colorado, 1983.

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C<sup>2</sup> Strategies provides consultation services in the area of healthcare management and marketing. Christy also manages the Rural Hospital Performance Improvement Project a federally funded project in the Delta Region.

## Healthcare Services, Lyons, Colorado

### Acupuncture and Herbal Medicine

Carol Conigliaro, LAC  
430 Main Street  
823-5776

### Chiropractic Services

Lyons Chiropractic Clinic  
304 Main Street  
823-6664

### Dental Services

Lyons Dental  
304 Main Street  
Hours: Tues, Wed & Thurs  
823-6006

### Pharmacy

St. Vrain Pharmacy  
440 Main Street  
823-9134

### Physical Therapy

Lyons Physical Therapy  
442 High Street  
823-9977

### Physician Services

United Medical Center of Lyons (a  
service of Longmont United  
Hospital)  
303 Main Street  
Hours: Mon-Thurs, & Fri mornings  
823-6535

### Fitness

Lyons Fitness: Yoga Therapy, Hatha  
Yogo, Endurance, Conditioning  
Classes and Dance Classes  
442 High Street  
823-8813

### Massage Therapy

JJ Booksh  
430 Main St  
303-543-2571

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