INVESTMENT IN GEORGIA'S HEALTH ECONOMY

ECONOMIC IMPACT OF THE UNIVERSITY OF GEORGIA SCHOOL OF MEDICINE

UNIVERSITY OF GEORGIA

SEPTEMBER 2024

INTRODUCTION

The University of Georgia (UGA) is establishing a new independent School of Medicine on the UGA Health Sciences Campus in Athens. This will build on the success of the Augusta University / University of Georgia Medical Partnership, which has been educating Georgia physicians since 2010. The University of Georgia retained Tripp Umbach, the nation's leading authority on the economic impact of medical schools, to quantify the new medical school's future economic impact on Georgia.

Establishing a new public medical school at UGA comes as the state needs more medical professionals. The population of Georgia, the nation's eighth-largest state, has surged to approximately 11 million residents, straining medical infrastructure and resulting in longer wait times for appointments and reduced access to care. Georgia currently ranks 40th in the nation for the number of active patient care physicians per capita and 41st for the number of public medical students per capita.

The independent medical school at UGA will be a game-changer for the state of Georgia, growing the economy as it improves healthcare access and outcomes for all. The new school will catalyze growth and development statewide. The construction and operation of the school will generate substantial economic activity, creating jobs and stimulating local businesses. The influx of students, faculty, and staff will increase the demand for housing, retail, and services, further boosting the local economy. Moreover, the presence of a medical school will lead to the establishment of related healthcare facilities and research institutions, creating a healthcare hub that attracts additional investment to the area. The school's commitment to community engagement and partnerships with local healthcare providers will strengthen healthcare infrastructure and promote collaborative initiatives addressing public health challenges. Overall, the new medical school at UGA represents a transformative development with far-reaching benefits for the community, the economy, and the future of healthcare in the region.

ECONOMIC IMPACT SUMMARY

According to Tripp Umbach's independent economic impact analysis, the new independent School of Medicine at the University of Georgia will positively impact Georgia by:

- Growing economic development, employment, and tax revenue throughout Georgia.
- Growing graduate medical education statewide through robust partnerships with private healthcare systems, ensuring UGA SOM graduates can complete their training in Georgia.
- Addressing workforce needs by expanding the pipeline of highly qualified Georgia graduates to remain in Georgia to practice after completing medical school and residency, thereby growing the healthcare delivery system in underserved communities statewide.
- Expanding biomedical research to create new companies that provide healthcare innovation and quality improvement.
- Reducing healthcare spending by adding needed primary care doctors. These efforts could be leveraged into extensive healthcare cost savings and higher quality of life for Georgians.

SUMMARY OF KEY ECONOMIC IMPACT FINDINGS

Impact Areas	2030 The University of Georgia SOM	2040 The University of Georgia SOM
UGA SOM Operations	$237.4 million	$397.3 million
UGA NIH Research[1]	$261.9 million — $349.1 million[2]	$412.5 million — $550.0 million[3]
Workforce Expansion	n/a	$778.8 million — $932.8 million[4]
Healthcare Cost Savings[5]	n/a	$255.6 million — $457.2 million
Total Benefit to GA	**$499.3 million — $585.5 million**	**$1.8 Billion — $2.3 billion**

[1] UGA overall NIH funding, with the majority currently being awarded to the School of Veterinary Medicine. Projections in this report are for total NIH research at UGA, including the School of Medicine and other university units, schools, and colleges.

[2] University-wide estimate (including all NIH research) based on an estimated increase in NIH grant funding from $85.8 million in 2023 to a range of $113.9 to $151.8 million in 2030. (Source: NIH RePorter) These estimates are based on peer benchmarking with other institutions having newer medical schools. Tripp Umbach applied a multiplier of 2.3 to NIH research dollars spent statewide to achieve economic impact projections.

[3] University-wide estimate (including all NIH research) based on an estimated increase in NIH grant funding from $85.8 million in 2023 to $179.3 million to $239.1 million in 2040. These estimates are based on peer benchmarking with other institutions having newer medical schools. Tripp Umbach calculated research-related economic impact by multiplying total UGA NIH funding projections by 2.3 instead of isolating the projected NIH funding growth attributable to the SOM and multiplying that figure by 2.3.

[4] Based on 50% to 60% of all graduates remaining in Georgia after graduation. The current rate for the AU/UGA partnership is approximately 50 percent. These estimates are based on a total economic impact of $2.2 million per physician, job creation of 13.48, and $81,919 in total state and local taxes generated by each physician. (Source: American Medical Association IQVIA,2018)

[5] Based on the assumption that each primary care physician saves $3.6 million annually in healthcare costs within the state through timely preventative care provisions. (Source: Tripp Umbach)

CONSTRUCTION IMPACT OF THE UGA SCHOOL OF MEDICINE BUILDING

Plans for UGA's School of Medicine building include medical simulation suites, standardized patient rooms, clinical skills lab, an anatomy lab suite, and biomedical research laboratories and associated research support spaces. The building will also feature a medical library, conference rooms, study spaces, lounges, and faculty and staff offices dedicated to student support.

The new building will be 92,000 gross square feet, of which roughly 67,000 square feet will be dedicated to medical education, with the remaining 25,000 square feet housing biomedical research. The new facility will complement existing SOM facilities on UGA's Health Sciences Campus to accommodate a class size of 120 medical students.

Construction impacts related to a proposed $100 million medical education building are in addition to the annual operational impact of the UGA SOM. Using IMPLAN analysis (see appendix), Tripp Umbach estimates that the medical education building will generate **$212 million** in the Georgia economy over the two-year construction period (2025-2026).

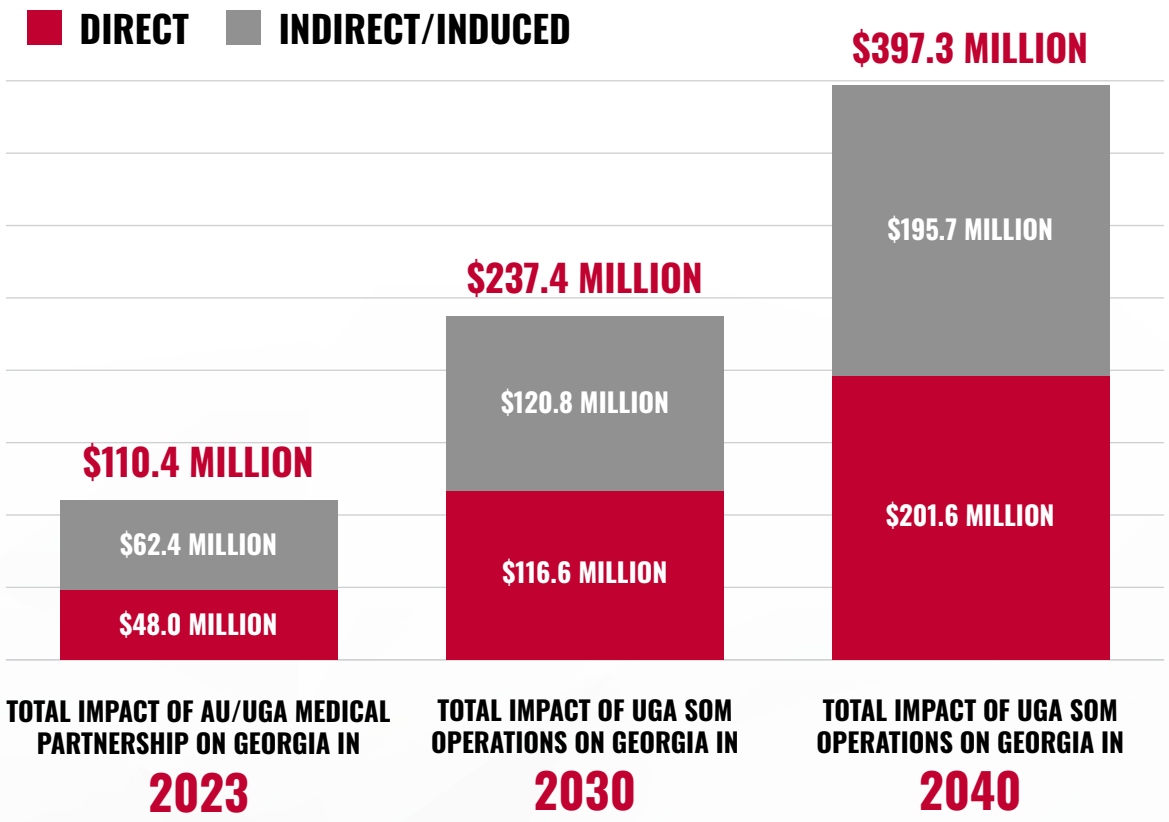
During the construction period, the project will support **1,405 jobs** directly and indirectly statewide. These jobs include direct jobs supported by construction and indirect and induced jobs created by support services, vendors, contractors, hotels, and retail establishments.

In addition to the economic and employment benefits the construction of the School of Medicine building will have on the state, the project will generate **$8.4 million** in state and local taxes.

PROJECTED ECONOMIC IMPACT OF UGA SOM (2023 — 2040)

MEDICAL SCHOOL OPERATIONS

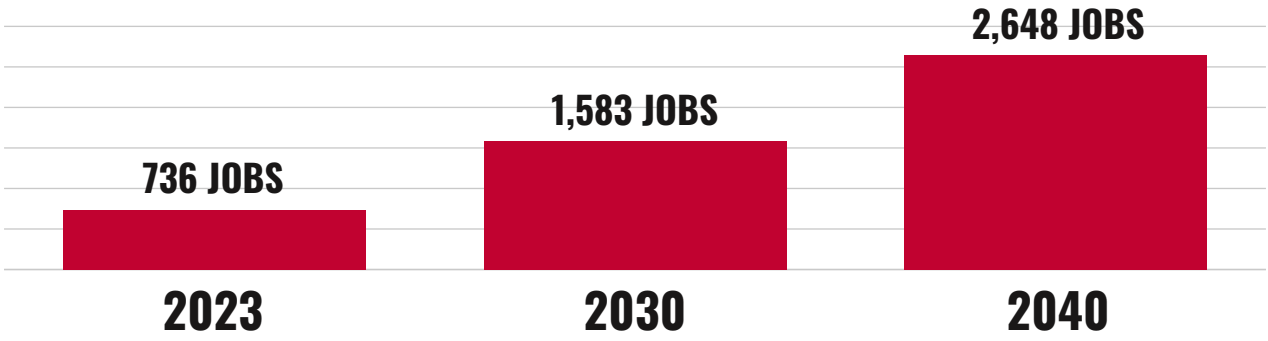
The UGA School of Medicine operations will generate significant economic value for Georgia. In 2030, the new independent medical school will generate **$237.4 million** in economic expansion for the Georgia economy. This impact is expected to grow to **$397.3 million** annually in 2040 as the medical school expands to meet statewide workforce needs. In 2023, the AU/UGA partnership had a total economic impact of **$110.4 million** on the state's economy.



The independent medical school's operations are only the starting point; the school will also provide additional research and workforce benefits.

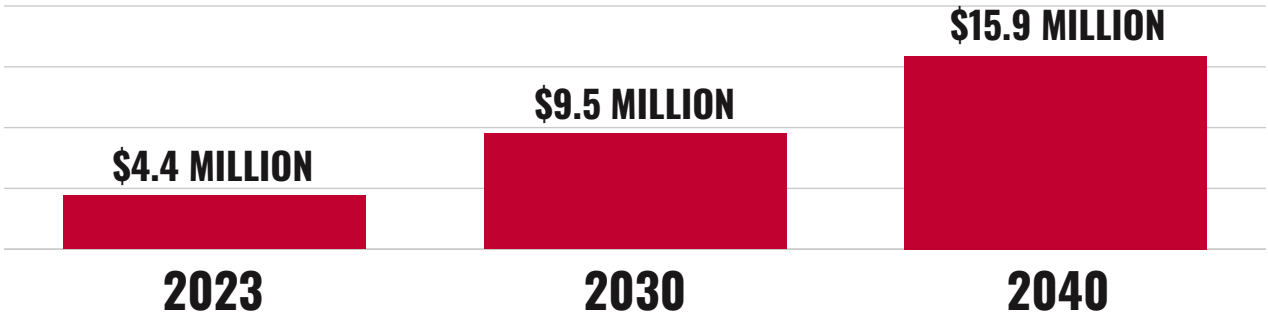
EMPLOYMENT IMPACT

Jobs supported and sustained statewide by the UGA SOM are the primary contributor to the economic activity described on the previous page. Using IMPLAN analysis, Tripp Umbach estimates that by 2030, UGA SOM will support **613 direct jobs** and **970 indirect jobs** through the new medical school's education, clinical, and research missions. Tripp Umbach estimates that the UGA SOM will support **953 direct jobs** and **1,695 indirect jobs** statewide by 2040. In 2023, using IMPLAN analysis, Tripp Umbach estimates that the AU/UGA partnership supported 285 direct jobs[6] and 451 indirect jobs (**736 total**). These jobs, both full- and part-time, include direct jobs supported by the school and indirect and induced jobs created by support services, vendors, contractors, hotels, retail establishments, and visitors to the medical school.



GOVERNMENT REVENUE IMPACT

In addition to the UGA SOM's economic and employment impact to the state, the operations of the UGA SOM will generate **$9.5 million** in state and local taxes in 2030. These impacts are operational only and separate from research growth at the university and workforce impacts. Tripp Umbach estimates that by 2040, the operations of the UGA SOM will generate **$15.9 million** in state and local taxes. In 2023, the AU/UGA Medical Partnership Campus generated **$4.4 million** in total state and local tax revenue in Georgia.



[6] Direct jobs for 2023 include all jobs statewide related to the Medical Partnership. Direct jobs are in place in Athens, Augusta, and at multiple clinical training sites throughout the state.

RESEARCH AND INNOVATION

The new medical school at UGA will have access to UGA's extensive resources and infrastructure. UGA is uniquely positioned to bring its strength in scientific innovation and industry engagement to medical education at a time when the United States needs medical schools to be oriented toward emerging challenges.

The total annual value of research expenditures at UGA has grown substantially from $336 million in 2011 to $571 million in 2023. With $85.8 million in 2023, the University of Georgia has the highest amount of NIH funding among all public universities that do not have a medical school on their campus. The robust nature of biomedical research, life sciences research, and veterinary research programs at UGA positions the university to accelerate federal funding significantly by adding an independent school of medicine. Tripp Umbach concludes that the University of Georgia, a nationally recognized public flagship university, can compete with other peer public universities in bringing federal research dollars to Georgia.

The University of Georgia has introduced more than 1,100 new research-based products into the market through industry partnerships and is currently ranked No. 1 in the nation for technology transfer, with 60 products reaching the market in 2023. More than 200 companies have been created based on UGA research, producing an estimated annual economic impact of $531 million. Much of this activity is derived from life sciences research at UGA. The University also has an expanding Innovation District, which helps faculty, staff, students, and community members to commercialize their ideas and inventions.

The new medical school will enhance opportunities to align rigorous investigation with research that broadly engages the community, community clinicians, patients, and other stakeholders. The multidisciplinary framework that results will spur the development of interdisciplinary research teams and facilitate the expansion of research projects that address critical scientific and community health concerns.

Tripp Umbach estimates that NIH research levels at UGA in 2030, with the addition of an independent medical school, will be between $113.9 to $151.8 million. Based on this research range, Tripp Umbach estimates the total economic impact of NIH research at UGA will add $261.9 million—$349.1 million to the state's economy in 2040.

Tripp Umbach estimates that NIH research levels at UGA in 2040, with the addition of an independent medical school, will be between $179.3 million and $239.1 million. Based on this research range, Tripp Umbach estimates the total economic impact of NIH research at UGA will add $412.5 million—$550.0 million to the state's economy in 2040.

Note: Tripp Umbach estimates that NIH research growth attributable to the new independent medical school will increase between $38 million and $85.8 million by 2030 and between $103.4 million and $163.2 million by 2040.[7]

THESE IMPACTS ARE IN ADDITION TO THE PROJECTED ECONOMIC IMPACT OF UGA SOM OPERATIONS.

[7] Estimated funding levels are based on total awards expected and not on annual spending.

CLOSING A GROWING WORKFORCE GAP

Growing the number of medical students does not necessarily lead to more physicians remaining in the area to practice. Expanding graduate medical education (GME) is a proven model to ensure medical students receive a quality education and eventually increase the physician workforce.

Based on historical data provided by the Association of American Medical Colleges (AAMC), Tripp Umbach estimates that between 50%-60% of all graduates of the new UGA SOM will practice in Georgia after graduating from a public medical school and completing their residency training. Currently, the AU/UGA partnership retains approximately half of its graduates in Georgia to practice. With expanded graduate medical education positions expected to be developed statewide through partnerships with the new UGA SOM, Tripp Umbach believes an in-state retention goal of 60% is achievable.

Tripp Umbach estimates that each physician who remains to practice after residency training generates significant economic benefits to their home community. In Georgia, practicing physicians produce $2.2 million[8] in total economic benefits yearly when they remain in the state to practice after training.

[8] American Medical Association

By 2040, based on an expected range of 50% to 60% of graduates remaining in Georgia, an additional 354 to 424 physicians from the UGA SOM are expected to stay in Georgia to practice (see table).

Year	Number of Graduates	Year Completing Residency	Number Completing Residency*	Number Remaining in GA (50% retention)	Number Remaining in GA (60% Retention)
2030	60	2033	60	30	36
2031	64	2034	64	32	38
2032	72	2035	72	36	43
2033	80	2036	80	40	48
2034	88	2037	88	44	53
2035	104	2038	104	52	62
2036	120	2039	120	60	72
2037	120	2040	120	60	72
Total				**354**	**424**

*Note: Assuming completion of a 3-year residency training program

By 2040, the total economic impact of these additional doctors, based on $2.2 million per physician, is expected to equal between $778.8 million and $932.8 million in the state's economy.

These new physicians will sustain between 4,772 and 5,716 additional jobs in Georgia and generate an additional $29.0 to $34.7 million in state and local taxes.

THESE IMPACTS ARE IN ADDITION TO THE ANNUAL OPERATING IMPACT OF THE NEW UGA SOM.

HEALTHCARE COST SAVINGS

Primary care physicians are responsible for approximately $3.6 million in annual healthcare cost savings related to providing appropriate primary care and disease management to patients in an office rather than a hospital setting. Primary care doctors save money in the healthcare delivery system by providing early detection and treatment of diseases, which helps prevent costly complications and hospitalizations; managing chronic conditions effectively, reducing the need for emergency room visits and expensive specialist care; coordinating care among various healthcare providers to avoid unnecessary tests and procedures; and promoting preventive care and healthy lifestyle choices, which reduces the overall demand for medical services. Primary care physicians help lower healthcare costs while improving patient outcomes by focusing on comprehensive, continuous care.

Tripp Umbach estimates, based on national averages, that between 20%–30%[9] of all UGA SOM–trained physicians will work in primary care specialties. These physicians will become a critical healthcare safety net for underserved/rural communities and lead to significant cost avoidance. Using a national standard of $3.6 million in annual cost savings per primary care physician, Tripp Umbach estimates that the total healthcare cost savings stemming from 71 to 127 total physicians practicing primary care in Georgia by 2040 will equal between $255.6 million and $457.2 million in total cost savings by 2040.

[9] According to the Kaiser Family Foundation, approximately 25% of physicians eventually practice in primary care specialties.

CONCLUSION

The establishment of the independent School of Medicine at the University of Georgia (UGA) represents a significant advancement for the state, promising substantial economic and healthcare benefits. The new school will generate between $1.8–$2.3 billion by 2040 in economic activity, support thousands of jobs, and address critical healthcare shortages by expanding the physician workforce, particularly in underserved areas. The school's research capabilities, bolstered by UGA's existing strengths, will also attract significant federal funding and drive healthcare innovation. With a strong focus on community engagement and public health, the UGA School of Medicine is poised to enhance healthcare access, reduce costs, and improve health outcomes across Georgia. By 2040, the economic impact of the school's operations, research, and retention of its graduates within the state will transform Georgia's healthcare landscape, ensuring a healthier future for its residents.

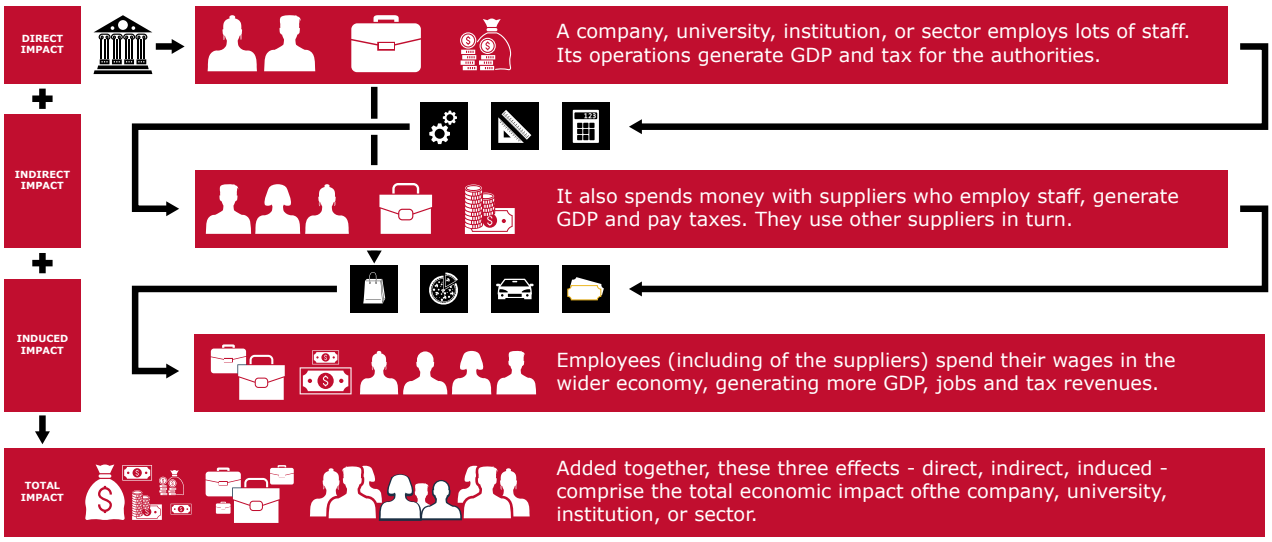
METHODOLOGY

Tripp Umbach utilized the IMPLAN (input-output modeling software) methodology. The model uses the most recent economic data from public sources such as the U.S. Bureau of Economic Analysis (BEA), the U.S. Department of Labor's Bureau of Labor Statistics (BLS), and the U.S. Census Bureau. IMPLAN uses this data to predict the effects of direct changes in employment and spending on a regional economy.

IMPLAN is designed to run economic impact analyses, which help evaluate a sector's financial contribution. The following section explains the breakdown of the University of Georgia's economic impacts on Georgia and the program's societal impact on residents. The impacts were calculated based on data from UGA and secondary data research.

The analysis presents three types of impact:

1. **Direct:** These contributions include direct value added by a sector. They include employee compensation, returns to investors, property income, and government payments.
2. **Indirect:** These contributions result from the payments to industries that support and supply a sector. These payments to suppliers are transferred to employees, investors, and the government, similarly to how direct contributions are distributed. The payments to suppliers lead to payments to other suppliers, who pay other suppliers, and so on, in a ripple effect that ends with leakage out of the region. This leakage mainly occurs through the purchase of imported goods.
3. **Induced:** The sector's economic contributions continue even after it prints paychecks for employees, pays suppliers, distributes dividends to its shareholders, or remits taxes to the government. Household and government spending filters that money back into the economy, thus significantly increasing the industry's contribution.



TRIPP UMBACH QUALIFICATIONS

Since 1990, Tripp Umbach has conducted national studies for the Association of American Medical Centers, showing the impact of all MD programs. Over the course of its history, Tripp Umbach has conducted individual impact studies for more than 100 medical schools and academic medical centers, including on multiple occasions for the Medical College of Georgia. Tripp Umbach also completed feasibility studies, establishing 20 new allopathic medical schools and campuses, including the AU/UGA Medical Education Partnership in 2008. Tripp Umbach has completed over 3,000 consulting assignments worldwide as the nation's leading privately held consulting firm.

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