

The Size and Scope of the Healthcare Industry

The Bill J.
Priest
Institute's
Healthcare
Forum
June 3, 2003

DALLAS-FORT WORTH HEALTH INDUSTRY:

In 1988 Mayor Annette Strauss invited a number of healthcare leaders in Dallas to consider creating an organization that would help bring recognition to her city. From that November meeting the Health Industry Council was created. Representing the 12 county region in the Dallas/Ft. Worth area, the not-for-profit membership organization seeks to

- ◆ unite all segments of the health industry,
- ◆ be a catalyst for the business of healthcare,
- ◆ share best practices within each of the segments
- ◆ to educate the healthcare and non-healthcare leaders on the activities affecting the industry and
- ◆ to promote the industry locally, nationally and internationally.

Today, we have 9 task forces and more than 500 volunteers who work on numerous projects reflecting the continuing expansion of the health industry in the 12 county Metroplex. Annual programs that provide the latest in innovation and information within the industry are:

- ◆ **Health & Technology Forum** – Showcasing the most up-to-date technology in Healthcare today
- ◆ **Design & Construction Seminar** – Highlights innovative designs and emerging trends in healthcare construction
- ◆ **Champions in Health** – an event to recognize and reward wellness programs among employers
- ◆ **Community Health and Wellness** – benchmarks how health we are in the North Texas Region
- ◆ **CEO Roundtables** – a chance to network one-to-one with other leaders in the field.
- ◆ **MDAA** – formed to develop the medical device industry for our region. This recently created task force will actively seek to increase the size of the manufacturing in the health industry.
- ◆ **World Health Forum** – a biennial even that brings experts from around the globe to the Dallas/Ft. Worth area to discuss selected topics that have worldwide impact and to create a set of recommendations that are distributed worldwide.

Serving as a resource center, the Council attempts to never duplicate, but to be supportive to any and all activities that promote one of the top industries in the D/FW region - health.

Presented by
Nancy Williams,
President, The
Health Industry
Council

972-256-2291
Nanc7@aol.com

The Size and Scope of the Healthcare Industry

Presented at
The Bill J.
Priest Institute
Healthcare
Forum
June 3, 2003

WHAT IS THE HEALTH INDUSTRY?

- ◆ It is as diverse as an intergrated delivery systems with thousands of employees to the one-person office of an attorney, consultant, entrepreneur or marketing specialist.
- ◆ It is providers, support services, manufacturers, suppliers, marketing, sales & distribution, insurance, lawyers, finance & investment, healthcare recruiter, medical staffing...
- ◆ It is rehabilitation, imaging, pharmaceutical supply, medical device manufacturing, research, ambulatory surgery, biotechnology, home health, fitness, nutrition, hospice. While the list is long, these sound like healthcare.
- ◆ It is hidden within other systems including lawyers in contracting, intellectual property, or patents. It is construction and architects, dental supply, education, financial and consulting firm
- ◆ It is Medical City, the Priest Institute, Centex Construction, PricewaterhouseCoopers, Infoquest, UT Southwestern Medical Center or UT Arlington School of Nursing, Sante Rehabilitation to Baylor Institute for Rehabilitation. It is Abbott Laboratories, Carrington Laboratories, Doctor's Hospital, Nurses Today. It is GlaxoSmithkline, Advanced Neuromodulation Systems, Carter Bloodcare, MediSend. Humana, Aetna, Cigna, VHA and Novation, Tenet HealthSystem, ...
- ◆ It is intergrated within companies you recognize as parts of other industries... ..Gardere Wynne Sewell, Jenkens & Gilchrist and Fulbright & Jaworski, Hammes Construction, Ernst & Young, IBM, Bank of America
- ◆ It is invisible...how often do you read or hear about the health industry except for mistakes or tragedies? Everyone in this room has already passed through the healthcare system whether from birth and immunizations, to emergencies or illness... and you are a potential patient.

Presented by
Nancy Williams,
President, The
Health Industry
Council

972-256-2291
Nanc7@aol.com

The Size and Scope of the Healthcare Industry

Presented at
The Bill J.
Priest Institute
Healthcare
Forum
June 3, 2003

SIZE:

In 1992 the first Council directory had just been completed. It identified approximately 600 health industry entities in the DFW Region. In reality that number fell far short for that time and today it doesn't even come close.

- ◆ Approximately 10,000 establishments with an estimated 250,000 employees with a payroll of more than \$6.5 billion.
 1. Majority have less than 19 people
 2. Includes some of the largest employers -- two hospital systems are among largest employers in area – THR (16,000 plus 3200 physicians on staff) and Baylor- 14,000 with 325+ physicians employed through the HealthTexas Provider Network. Parkland employees more than 6000.
 3. 65% are in service sector – “direct and indirect patient care”
 4. Smallest sector is manufacturing – 4%; Has potential as major generator for general economy
- ◆ Fastest growing: From March 2001-2003 the health industry grew 10.5 % while the overall economy was fell 4.5% ; During this same period hospital employment alone grew from an estimated 58,000 to 64,000.
- ◆ Compensation across the board in healthcare is above average

SCOPE:

- ◆ DFW region continues to gain recognition as top-tier medical center:
 1. Adding thousands of dollars in research
 2. Creating technology transfer offices within the universities
 3. Focus on developing the life science industry by numerous organizations.
- ◆ Home to two nationally recognized medical schools – UTSW and UNTHSC
- ◆ Adding new schools such as a school of public health, PhD program in nursing, degrees in health administration, and programs focusing on biotech/nanotech.
- ◆ Business development includes 4 incubators: StarTech Medical, Tech Fort Worth, NTEC - Frisco and the newest collaboration between UTA/City of Arlington.

Presented by
Nancy Williams,
President, The
Health Industry
Council

972-256-2291
Nanc7@aol.com

The Size and Scope of the Healthcare Industry

Presented at
The Bill J.
Priest Institute
Healthcare
Forum
June 3, 2003

HOSPITALS:

STATISTICS:

- ◆ 56 acute care hospitals in the 12 county DFW area
 1. Five not-for profit systems – THR (12); Baylor (9); Parkland, JPS & Cook Children’s Health Network
 2. Two national for-profit systems – HCA & Tenet
 3. 20 Independent hospitals
 4. The major VA Hospital
 5. We are also headquarters to Triad Hospitals and Christus HealthSystems
- ◆ 11,800 inpatient beds with daily occupancy rate of more than 53%

Other noted healthcare institutions include Methodist Hospitals of Dallas, Huguley Memorial Medical Center - 7th –day Adventist facility, Children’s Medical Center of Dallas, Cook Children’s Medical Center in Ft. Worth, Osteopathic Medical Center – the primary teaching hospital for UNTHSC, Texas Scottish Rite Hospital, Texas Back Institute, and Texas Spine & Joint Hospital.

EDUCATION:

- ◆ Two academic medical centers
 1. UTSW – Southwestern Medical School, Southwestern Graduate School of Biomedical Sciences & Southwestern Allied Health Sciences School
 2. UNTHSC – Texas College of Osteopathic Medicine, the Graduate School of Biomedical Sciences, and a School of Public Health.
- **Both schools are developing centers for biotechnology on campus
- ◆ TWU, UTA, TCU, TCC, and others with Schools for nursing.
- ◆ Health Administration programs at University of Dallas, University of Texas Southwestern at Dallas, University of North Texas at Denton and Texas Woman’s University.
- ◆ Baylor School of Dentistry – a division of Texas A&M University
- ◆ Parker College of Chiropractic – one of the largest in the world.

Presented by
Nancy Williams,
President, The
Health Industry
Council

972-256-2291
Nanc7@aol.com

The Size and Scope of the Healthcare Industry

Presented at
The Bill J.
Priest Institute
Healthcare
Forum
June 3, 2003

INTEGRATED DELIVERY SYSTEMS: Complex and diversified

Texas Health Resources

- ◆ 12 acute care hospitals with affiliations with two others
- ◆ Continued Care Hospital
- ◆ 10 senior health centers
- ◆ Retirement Center with adult day-care
- ◆ Special Center for Alzheimer's patients
- ◆ TX Health Research Institute – research center
- ◆ 2 psychiatric and addiction treatment centers
- ◆ 3 fitness centers
- ◆ Home-health programs

Baylor Health Care System

- ◆ 9 acute-care hospitals with 2 other acute-care facilities
- ◆ Children's Hospital with 4 outpatient facilities
- ◆ Affiliations with 3 other hospitals outside the Metroplex
- ◆ Heart & Vascular Hospital
- ◆ Baylor Institute for Rehabilitation
- ◆ Baylor Regional Transplant Institute
- ◆ Baylor Research Institute – 300 active experimental protocols @ year
- ◆ 50 Outpatient centers
- ◆ 2 outpatient diagnostic imaging centers, 1 breast imaging center and 2 mobile mammography units
- ◆ 13 outpatient surgery centers thru joint ventures
- ◆ Physician Group Practice – HealthTexas Provider Network
- ◆ Baylor Enterprises – Landry Center (fitness), MEDCO (construction), retail pharmacy and hotel
- ◆ One of two level I trauma centers in Dallas is located at Baylor University Medical Center

Parkland Health & Hospital System -- 2nd largest hospital and w/ 2 largest HMO

- ◆ Level I trauma center
- ◆ Recognized Burn Center
- ◆ Renal transplant unit
- ◆ Epilepsy Center
- ◆ The North Texas Poison Center
- ◆ 9 primary care clinics
- ◆ Community Health Plan (HMO) with +75,000 members
- ◆ Delivered Babies – almost 15,500+ largest in nation

Presented by
Nancy Williams,
President, The
Health Industry
Council

972-256-2291
Nanc7@aol.com

The Size and Scope of the Healthcare Industry

Presented at
The Bill J.
Priest Institute
Healthcare
Forum
June 3, 2003

INTEGRATED DELIVERY SYSTEMS: Continued...

HCA – based in Nashville; North Texas division located in Las Colinas

- ◆ Owns 9 acute hospitals
- ◆ Psychiatric Hospital
- ◆ 6 Surgery Centers
- ◆ On ambulatory clinic
- ◆ On-site child care center at Medical City

Tenet Healthcare – based in Santa Barbara, CA

- ◆ 4 hospitals
- ◆ Has regional division offices in Dallas

CONSTRUCTION:

High occupancy rates, an expanding population and aging population are factors in the growth of healthcare construction.

- ◆ It represents the largest segment of business to construction companies today, increasing more than 15% from 2001 to 2002
- ◆ Health Systems are making major investments in emergency room services, cardiac care, and women's & infants' services
- ◆ Hundreds of acres have been and will be purchased. Plans are underway in Frisco, Southlake, Alliance, and Plano to name a few.

Major projects currently “under construction” total more than \$900 million NOT including retrofits, upgrades, small in-hospital remodels, and improved technological applications.

Construction is expected to be as much as \$10 Billion over the next 10 years.

Presented by
Nancy Williams,
President, The
Health Industry
Council

972-256-2291
Nanc7@aol.com

The Size and Scope of the Healthcare Industry

Presented at
The Bill J.
Priest Institute
Healthcare
Forum
June 3, 2003

PAYORS:

HMOs:

- ◆ Aetna is largest, followed by BCBS, PacifiCare, Americaid and United comprise 51%.
- ◆ Other small are Cigna, Parkland Community, Cook Children's. One Health Plan, AmCare, Metro-West (JPS) and Humana.
- ◆ Texas Choice is gone.

PPOs:

- ◆ BCBS, Aetna, North TX Healthcare Network and Healthcare Partners

There are 4.5 million uninsured in the state of Texas. 75% of these uninsured are employed full-time.

Small employers cannot afford programs that fit the HMO or PPO market. Humana and Aetna have created products aimed at small-business (less than 50 employees). Many companies have dropped their HMO products. Although data is not available it would seem that as HMO enrollments have decreased, PPO's have proportionately increased. Companies like HealthMarket, Vivius, and Definity are developing consumer driven health plans. As premiums continue to increase it is forecasted that there will be a movement away from managed care into consumer driven healthcare.

HEALTH & TECHNOLOGY:

During the past 5 years, technology has made a major impact on the delivery of healthcare including...

- ◆ Direct patient services
- ◆ Diagnostics
- ◆ Patient Records
- ◆ Processing and billing services
- ◆ All business activities – simplifying administrative processes
- ◆ Communications – from hospital to payor to physician to patient... developing wireless and digital technology to unite the administrative and clinical sides to healthcare

Like construction, this is a multi-million dollar business within the health industry. HIPPA (health insurance portability and accountability act) has contributed to the fast growth and development of technology in order to help healthcare entities comply with the guidelines that this legislation has set

Presented by
Nancy Williams,
President, The
Health Industry
Council

972-256-2291
Nanc7@aol.com

The Size and Scope of the Healthcare Industry

Presented at
The Bill J.
Priest Institute
Healthcare
Forum
June 3, 2003

FUTURE IMPACTS:

Increased utilization from:

- ◆ Patient overcrowding is challenging expansion
- ◆ Growth of the general population – expanding the suburbs. A growth rate of 29% from 1990 to 2000 is an indicator for the future.
- ◆ Aging population – In 2000 people over 65 comprised 12.8% of population; 2020 will see a 25% increase to 16.8%.
- ◆ More educated population: by 2030 more than 24% will have minimum BA degree – The higher the educational level, the more inclined to use the system.
- ◆ Internet uses – 5 million in 2001 to access information relating to healthcare

Factors viewed as PROBLEMS for the health industry include

- ◆ Workforce shortages
- ◆ Bankruptcies from private sector businesses to physician groups
- ◆ Unpaid claims and prompt pay issues,
- ◆ Malpractice insurance rates,
- ◆ Expenses relating to the huge number of uninsured
- ◆ Legislative considerations

SOURCES:

Data collected from:

- ◆ THIC economic impact studies and
- ◆ UNT Center for Economics
- ◆ HealthLeaders Market Overview for Dallas 2002

Presented by
Nancy Williams,
President, The
Health Industry
Council

972-256-2291
Nanc7@aol.com