



HealthEnterprisesNetwork

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An Analysis of Louisville's Healthcare Delivery Industry

2007 – 2012

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Based on a previous report (2011) by
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LOUISVILLE'S HEALTHCARE DELIVERY INDUSTRY REPORT

Goal: *The core of a vigorous health-related economy is the health care delivery industry. This study provides an overview of Louisville's healthcare delivery industry from 2007 to 2012 and analyzes general industry trends during this period. While data from the 2002 Economic Census is presented in some cases, **the emphasis is on the five-year period of 2007 to 2012.** These five years include the Financial Crisis of 2008, which resulted in a general downward trend in most industries.*

Overview of Methodology: This project will consist of extrapolating data from the last three economic censuses. In order to obtain an accurate status of the health care delivery industry in the Louisville Metropolitan Statistical Area, data over a ten-year period was used. Percentage of change with an emphasis on amount of personnel, revenues, payroll, and number of establishments was used to project statistics for the 2017 economic census.

Data Collection:

- a. Obtain data from latest three economic censuses and divide into three sectors.
- b. The Ambulatory sector is defined by the Economic Census as consisting of offices of physicians, outpatient centers, laboratories, etc. For Ambulatory, data is based on NAICS Code 621.
- c. The Hospitals sector is defined by the Economic Census as consisting of general medical, surgical, psychiatric, and specialty hospitals. For Hospitals, 2002 data is based on NAICS Code 622 for the Louisville-Elizabethtown-Scottsburg Combined Statistical Area, multiplied by the population ratio 0.93. The 2007 and 2012 data sets are obtained straight from the Louisville MSA records.
- d. The Nursing & Residential Homes sector is defined by the Economic Census as consisting of long term care and behavior health centers. For Nursing & Residential Homes, data is based on NAICS Code 623.
- e. Using these data sets from last two economic censuses, calculate the estimated annual percentage of change from 2007 to 2012
- f. As stated previously, ***the emphasis of this report is on the economic census reports from 2007 to 2012***
- g. All data is presented using the United States dollar (USD)

*Louisville MSA is defined by the U.S. Economic Census as consisting of Clark County, IN; Floyd County, IN; Harrison County, IN; Scott County, IN; Washington County, IN; Bullitt County, KY; Henry County, KY; Jefferson County, KY; Meade County, KY; Nelson County, KY; Oldham County, KY; Shelby County, KY; Spencer County, KY; and Trimble County, KY.



HEALTH CARE DELIVERY INDUSTRY - EXECUTIVE SUMMARY

- The total number of health care delivery establishments in the Louisville MSA steadily increased during the period from 2007 to 2012, adding **96 new establishments**.
- As a whole, the health care delivery industry also posted **solid growth in revenues, jobs, and payroll** during this period.
- In particular, annual revenues jumped **from \$7.2 billion in 2007 to \$8.5 billion in 2012** for the whole industry, signaling **an estimated 4.1% annual growth in revenues** during this period.
- Despite the recession of 2008 and 2009, there are almost **7,300 more net jobs** in the industry in 2012 than in 2007. In the same period, the annual payroll of the entire health care delivery industry **increased by \$606 million**.
- The ambulatory sector added the most jobs, **creating 3,744 new jobs** from 2007 to 2012, as well as having the highest increase in number of establishments, adding **93 new establishments** in the same period. The Nursing and Residential Care sector lagged behind, posting minimal growth in establishments, as well as a meager payroll increase of **\$41,000,000** (Compared to **\$326M** for Ambulatory and **\$238.6M** for Hospitals).
- Out of the three sub-sectors, the Hospital sector posted the greatest growth in all categories, with an annual estimated **revenue growth rate of 5%, estimated annual new establishment rate of 2%, estimated annual job creation rate of 1.9%**, and the largest annual **estimated payroll increase of 4.45%**.
 - This is very much in line with Louisville positioning itself to become the nation's center for long term care.
 - This is consistent with the national trend of industry growth during the eighteen-month recession from December 2007 to June 2009



LOUISVILLE'S HEALTH CARE DELIVERY INDUSTRY – DATA SUMMARY

2007 Economic Census Data	Number of Establishments	Revenues	Jobs	Payroll
Ambulatory (offices of physicians, outpatient centers, labs)	2,280	\$2,985,105,000	26,253	\$1,285,370,000
Hospitals (general medical, surgical, psychiatric, specialty)	28	\$3,288,700,000	25,865	\$1,071,487,000
Nursing & Residential Care Facilities (Long term care, behavior health)	285	\$844,227,000	14,475	\$359,909,000
Total	2,593	\$7,118,032,000	66,593	\$2,716,766,000

2012 Economic Census Data	Number of Establishments	Revenues	Jobs	Payroll
Ambulatory (offices of physicians, outpatient centers, labs)	2,373	\$3,477,042,000	29,997	\$1,611,553,000
Hospitals (general medical, surgical, psychiatric, specialty)	31	\$4,121,290,000	28,321	\$1,310,093,000
Nursing & Residential Care Facilities (Long term care, behavior health)	285	\$1,310,093,000	15,509	\$401,768,000
Total	2,689	\$8,551,969,000	73,827	\$3,323,414,000

Est. Yearly Growth Rates (5 years)	Number of Establishments	Revenues	Jobs	Payroll
Ambulatory (offices of physicians, outpatient centers, labs)	0.80%	3.30%	2.85%	5%
Hospitals (general medical, surgical, psychiatric, specialty)	2%	5%	1.90%	4.45%
Nursing & Residential Care Facilities (Long term care, behavior health)	0%*	2.59%	1.43%	2.33%

*% taken from census data, yearly fluctuations are possible, the average % over five years is what is presented as yearly data is not available.



Average Workforce per Establishment	2002	2007	2012	10 year change ('02-'12):
Ambulatory (offices of physicians, outpatient centers, labs)	10	12	13	+3
Hospitals (general medical, surgical, psychiatric, specialty)	1,020	924	914	-106
Nursing & Residential Care Facilities (Long term care, behavior health)	49	51	54	+5

Average Workforce per Establishment	2007	2012	5 year change ('02-'07):	5 year change ('07-'12):
Ambulatory (offices of physicians, outpatient centers, labs)	12	13	+2	+1
Hospitals (general medical, surgical, psychiatric, specialty)	924	914	-96	-10
Nursing & Residential Care Facilities (Long term care, behavior health)	51	54	+2	+3

Absolute Growth (2007-2012)	Number of Establishments	Average Annual Revenues	Jobs	Average Annual Payroll
Ambulatory (offices of physicians, outpatient centers, labs)	+93	+\$491,937,000	+ 3,744	+\$326,183,000
Hospitals (general medical, surgical, psychiatric, specialty)	+3	+\$832,590,000	+ 2,456	+\$238,606,000
Nursing & Residential Care Facilities (Long term care, behavior health)	+0	+\$109,410,000	+ 1,034	+\$41,859,000
Total Change	+96	+\$1,433,937,000	+7,234	+\$606,648,000



2017 Estimates*	Number of Establishments	Revenues	Jobs	Payroll
Ambulatory (offices of physicians, outpatient centers, labs)	2,466	\$3,968,979,000	33,741	\$1,973,736,000
Hospitals (general medical, surgical)	34	\$4,953,880,000	30,777	\$1,548,699,000
Nursing & Residential Care Facilities (Long term care, behavior health)	285	\$1,063,047,000	16,543	\$443,627,000
Total	2785	\$9,985,906,000	81,061	\$3,930,062,000

*CENSUS DATA FOR 2017 UNAVAILABLE AT THE TIME OF WRITING.

2007 Data:					
Ambulatory:		Hospitals:		Nursing and Residential Care Facilities:	Total:
Number of Establishments:	2,280	Number of Establishments:	28	Number of Establishments:	285
Revenues:	\$2,985,105,000	Revenues:	\$ 3,288,700,000.00	Revenues:	\$ 844,227,000.00
Jobs:	26,253	Jobs:	25,865	Jobs:	14,475
Payroll:	\$ 1,285,370,000.00	Payroll:	\$ 1,071,487,000.00	Payroll:	\$ 359,909,000.00
2012 Data:					
Ambulatory:		Hospitals:		Nursing and Residential Care Facilities:	Total:
Number of Establishments:	2,373	Number of Establishments:	31	Number of Establishments:	285
Revenues:	\$ 3,477,042,000.00	Revenues:	\$ 4,121,290,000.00	Revenues:	\$ 953,637,000.00
Jobs:	29,997	Jobs:	28,321	Jobs:	15,509
Payroll:	\$ 1,611,553,000.00	Payroll:	\$ 1,310,093,000.00	Payroll:	\$ 401,768,000.00
5 Year Change:					
Ambulatory:		Hospitals:		Nursing and Residential Care Facilities:	Total:
Number of Establishments:	93	Number of Establishments:	3	Number of Establishments:	0
Revenues:	\$ 491,937,000.00	Revenues:	\$ 832,590,000.00	Revenues:	\$ 109,410,000.00
Jobs:	3,744	Jobs:	2,456	Jobs:	1,034
Payroll:	\$ 326,183,000.00	Payroll:	\$ 238,606,000.00	Payroll:	\$ 41,859,000.00
Growth Rate/Yr (2007-2012, Approx.):					
Ambulatory:		Hospitals:		Nursing and Residential Care Facilities:	
Number of Establishments:	0.80%	Number of Establishments:	2%	Number of Establishments:	0%
Revenues:	3.30%	Revenues:	5%	Revenues:	2.59%
Jobs:	2.85%	Jobs:	1.90%	Jobs:	1.43%
Payroll:	5%	Payroll:	4.45%	Payroll:	2.33%
Predicted 2017 Figures:					
Ambulatory:		Hospitals:		Nursing and Residential Care Facilities:	Total:
Number of Establishments:	2,466	Number of Establishments:	34	Number of Establishments:	285
Revenues:	\$ 3,968,979,000.00	Revenues:	\$ 4,953,880,000.00	Revenues:	\$ 1,063,047,000.00
Jobs:	33,741	Jobs:	30,777	Jobs:	16,543
Payroll:	\$ 1,937,736,000.00	Payroll:	\$ 1,548,699,000.00	Payroll:	\$ 443,627,000.00



LOUISVILLE'S HEALTHCARE DELIVERY INDUSTRY – CHART OVERVIEW

Fig. 1 Health Care Delivery Establishments

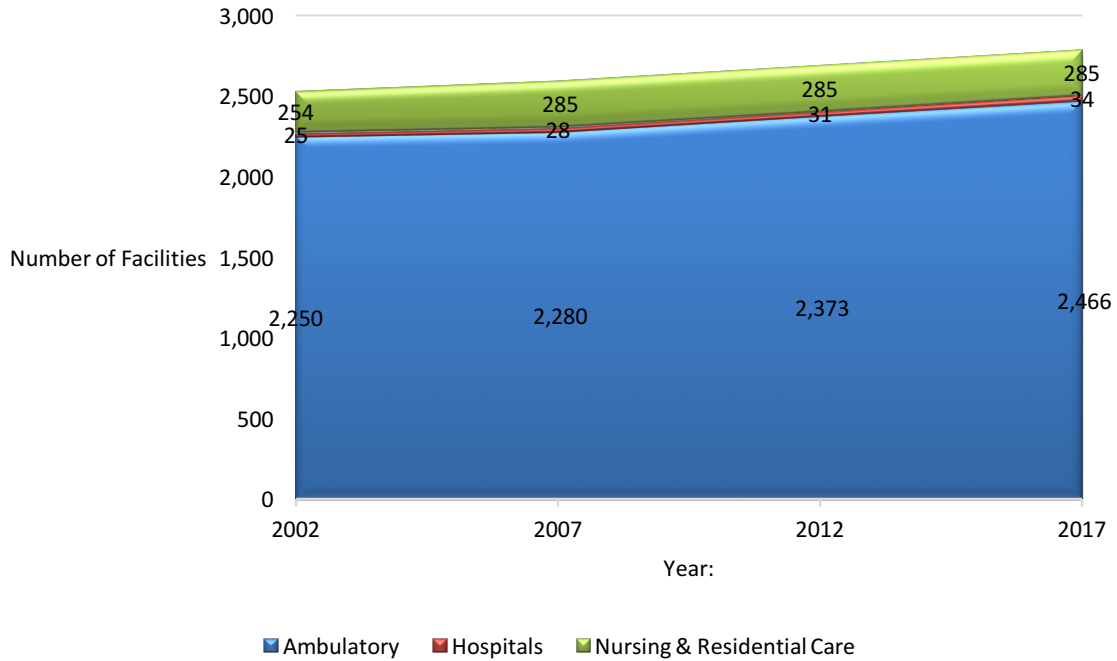


Fig. 2: Health Care Delivery Jobs

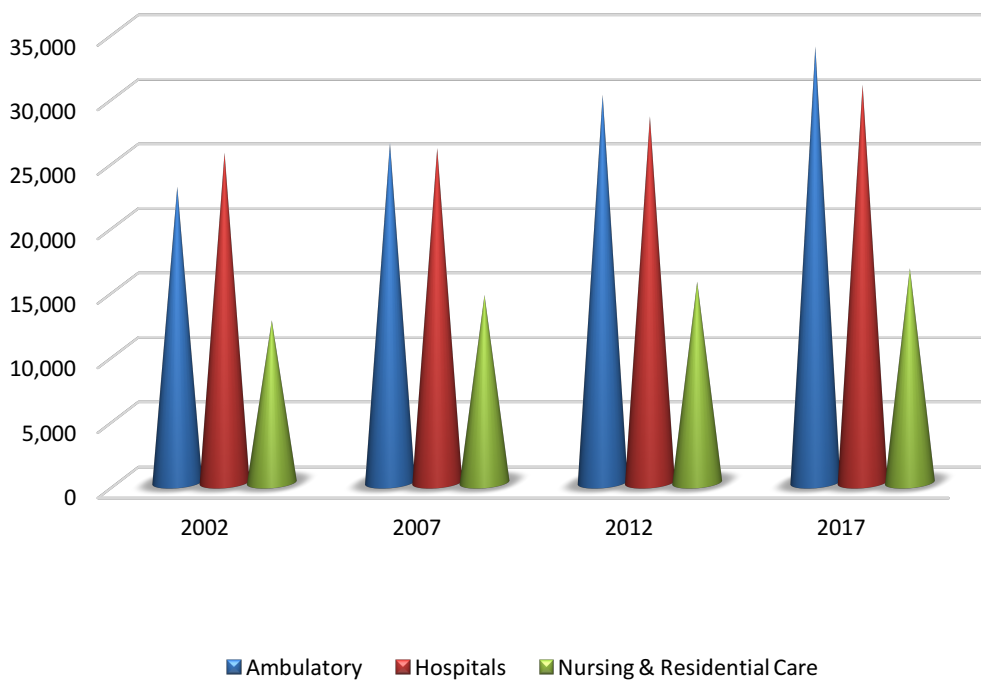
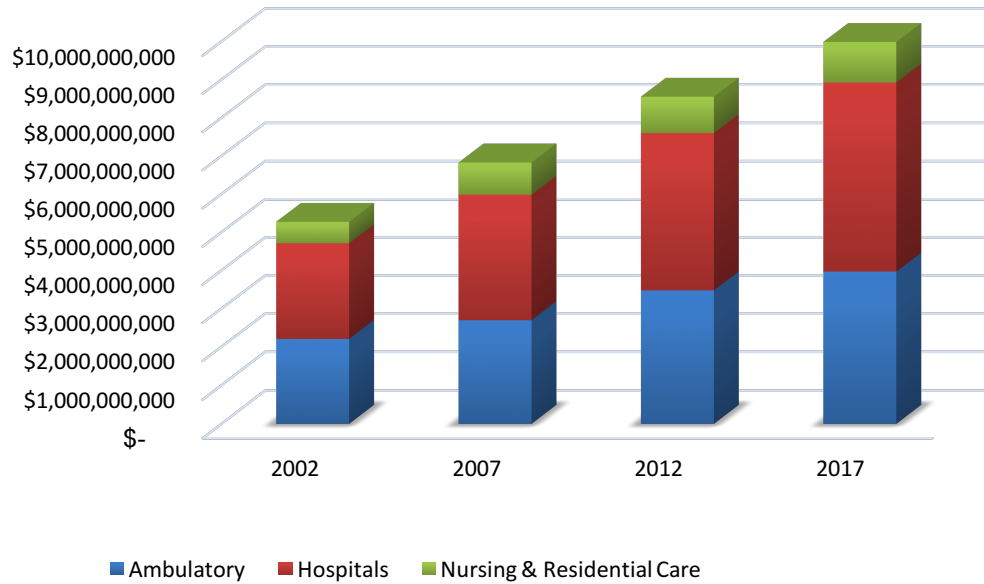




Fig. 3: Health Care Delivery Revenues



Sources: 2002 Economic Census, 2007 Economic Census, 2012 Economic Census, Louisville’s Health-Related Economy (2005) – Dr. Paul Coomes, Health Enterprises Network’s 2010-2011 Guide to Health-Related Businesses, Original 2011 Report by Frank Han, The 2007-09 Recession: Health Care provided by the Bureau of Labor Statistics