

Size & Scope

of the North Texas Health Industry

WHAT IS THE HEALTH INDUSTRY?

- ◆ It is as diverse as an integrated delivery system with thousands of employees and billions of dollars in economic impact.
- ◆ It is providers, support services, manufacturers, marketing, sales & distribution, insurance, lawyers, finance & investment, recruiters, medical staffing, construction and architects, education....
- ◆ It is rehabilitation, imaging, pharmaceutical supply, medical device manufacturing, research, ambulatory surgery, biotechnology, home health, fitness, nutrition, hospice...
- ◆ In North Texas, it is Baylor, Texas Health Resources, Medical City, the Priest Institute, Cooper Institute, Balfour Beatty Construction, PricewaterhouseCoopers, UT Southwestern Medical Center , UT Arlington School of Nursing, Baylor Institute for Rehabilitation. It is Abbott Laboratories, Texas Hospital for Advanced Medicine, StaffCare, & Nurses Today. It is GlaxoSmithKline, St. Jude Medical - Neuro Division, Carter BloodCare, MedSynergies, BCBS, United Healthcare, VHA, Novation, Tenet HealthSystem, and the list goes on.
- ◆ It is integrated within companies you recognize as parts of other industries.. ... Baker & McKenzie and Fulbright & Jaworski, HKS, PricewaterhouseCoopers, or Independent Bank of Texas
- ◆ It is ever-present, universal, and sometimes invisible. Everyone has passed through the healthcare system and utilized industry services whether (from birth and immunizations, to emergencies or illness, rehabilitation and medical devices) in the hospital system or in the community.
- ◆ The industry is vast, complex and dynamic.



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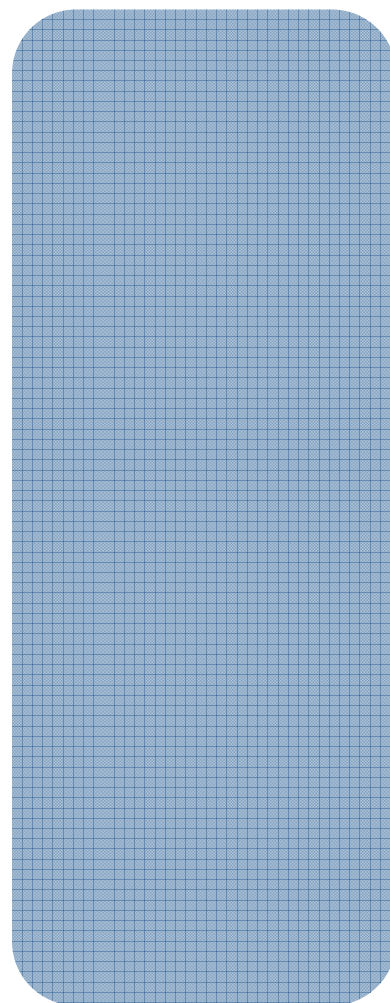
SIZE:

The health industry in North Texas is larger than the health industry of 31 other states. (*Bureau of Labor Statistics*)

- ◆ Approximately 10,000 establishments employ an estimated 316,500 people, with total wages & salary impact of more than \$10.4 billion.
 1. Includes some of the area's largest employers -- Texas Health Resources (18,000), Baylor (16,000), HCA North Texas (13,000) and Parkland (7,335).
 2. 65% are in the service sector – “direct and indirect patient care”
 3. Over 100 Medical Equipment & Device Manufacturing companies;
- ◆ Fastest growing: Wage and salary employment in the healthcare industry is projected to increase 27% through 2014, compared to 14% for all other industries combined. (*U.S. Bureau of Labor Statistics*)
- ◆ Total employment of home health is projected to increase by 56%, medical assistants by 52%, physician assistants by 50%, and physical therapist assistants by 44%.

SCOPE:

- ◆ DFW region continues to gain recognition as a top-tier medical center:
 1. Adds thousands of dollars in research
 2. Creates technology transfer offices within the universities
 3. Focuses on developing the life science industry by numerous organizations.
- ◆ Home to two nationally recognized medical schools – UTSW and UNTHSC
- ◆ Supports a school of public health, PhD program in nursing, pharmacy school, school of dentistry, degrees in health administration, and several programs focusing on biotech/nanotechnology.
- ◆ Business development includes 4 incubators/accelerators: StarTech Early Ventures, Tech Fort Worth, NTEC - Frisco, and the Nanomaterials Design & Commercialization Center.



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HOSPITALS:

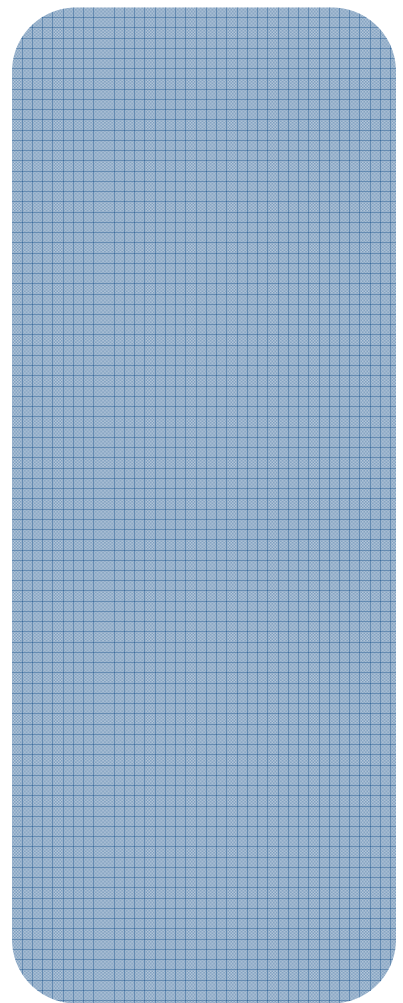
STATISTICS:

- ◆ 90 hospitals with 15,000 beds, over 11,000 physicians, practicing a total of 78 specialties. (*American Hospital Association*)
 1. Five not-for-profit systems – Texas Health Resources (12); Baylor (8); Methodist, (3), Parkland, and JPS.
 2. Two national for-profit systems – HCA & Tenet
 3. 20 independent hospitals
 4. A major VA Hospital
 4. Current headquarters for Legacy Hospitals, Cirrus Health, Tenet and Christus HealthSystems.

Other noted healthcare institutions include Rockwall Hospitals, Inc., Huguley Memorial Medical Center, a Seventh-day Adventist facility, Children's Medical Center of Dallas, Cook Children's Medical Center in Ft. Worth, Texas Hospital for Advanced Medicine, Scottish Rite Hospital, Texas Back Institute, and Texas Spine & Joint Hospital.

EDUCATION:

- ◆ Two nationally recognized academic medical centers
 1. University of Texas Southwestern Medical School, UT Southwestern Graduate School of Biomedical Sciences & UT Southwestern School of Health Professionals.
 2. University of North Texas Healthy Science Center – Texas College of Osteopathic Medicine, the Graduate School of Biomedical Sciences, a School of Public Health, School of Health Professionals, and a Department of Physician Assistant Studies (PA)
- ◆ Texas Women's University (TWU), University of Texas Arlington (UTA), Texas Christian University (TCU), and Baylor University with Schools for Nursing including options for RN, BSN, MSN, DNP, Ph.D, nurse educators, clinical nurse specialists and health systems management.
- ◆ Texas Tech University School of Pharmacy. Plans to start a Pharmacy program are under consideration by the University of North Texas (UNT).
- ◆ Health Administration programs at University of Texas Dallas (UTD), UT Southwestern at Dallas, UNT at Denton and TWU and UNT Health Science Center at Fort Worth.
- ◆ Baylor School of Dentistry – a division of Texas A&M University
- ◆ Parker College of Chiropractic – one of the largest in the world.
- ◆ Community College courses in Applied Science, LVN, EMT, health administration and information technology available in three counties: Tarrant, Dallas, and Collin.



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INTEGRATED DELIVERY SYSTEMS:

Texas Health Resources

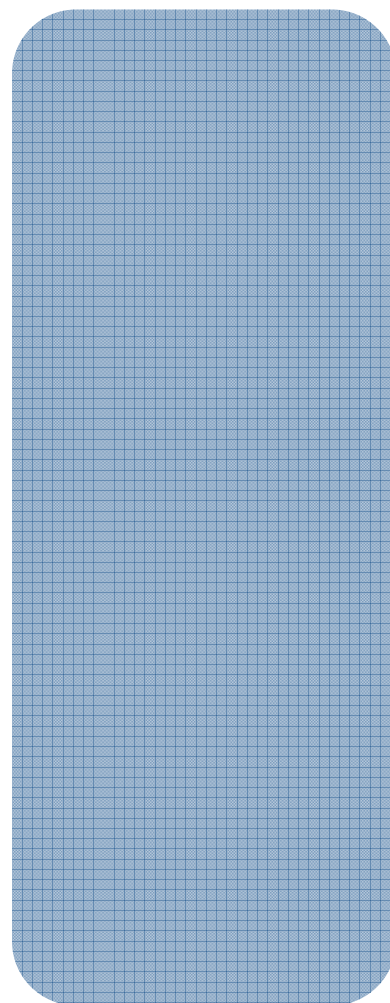
- ◆ 12 acute care hospitals, a specialty hospital and 7 affiliates
- ◆ Senior health centers
- ◆ Home health
- ◆ Retirement center with adult day-care
- ◆ Special center for Alzheimer's patients
- ◆ Texas Health Research & Education Institute
- ◆ Psychiatric and addiction treatment centers
- ◆ Fitness centers
- ◆ Helicopter air ambulances

Baylor Health Care System

- ◆ 8 acute-care hospitals with 4 specialty facilities
- ◆ Children's Hospital with 4 outpatient facilities
- ◆ Senior health centers
- ◆ 2 Heart & Vascular Hospital, Dallas & Plano
- ◆ Baylor Institute for Rehabilitation
- ◆ Baylor Regional Transplant Institute
- ◆ Baylor Research Institute – 300 active experimental protocols each year
- ◆ 83 outpatient centers
- ◆ 2 outpatient diagnostic imaging centers, 1 breast imaging center and 2 mobile mammography units
- ◆ 17 ambulatory/day surgery centers
- ◆ Physician group practice – HealthTexas Provider Network
- ◆ Baylor Enterprises – Landry Center (fitness), MEDCO (construction), retail pharmacy and hotel
- ◆ One of three level I trauma centers in Dallas is located at Baylor University Medical Center

Parkland Health & Hospital System

- ◆ Level I trauma center
- ◆ Recognized burn center
- ◆ Renal Transplant & Chronic Kidney Disease Clinic
- ◆ Epilepsy center
- ◆ Primary Stroke Center (Joint Commission accreditation)
- ◆ Simmons Ambulatory Surgery Center
- ◆ Injury Prevention Center
- ◆ The North Texas Poison Center
- ◆ 9 primary care clinics
- ◆ Victim Intervention Center
- ◆ Community Health Plan (HMO) with +75,000 members



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INTEGRATED DELIVERY SYSTEMS: Continued...

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

- ◆ Owns 10 acute hospitals: Denton Regional, Lewisville, Plano, McKinney, Medical City, Medical City Children's, Las Colinas, Plaza, North Hills, Arlington Memorial.
- ◆ Children's Hospital and Women's services
- ◆ Green Oaks Psychiatric Hospital
- ◆ 6 surgery centers
- ◆ A number of ambulatory care and imaging centers.

Tenet Healthcare – National headquarters located in Dallas, facilities in 12 states.

- ◆ 3 acute hospitals: Centennial Medical in Frisco, Doctors Hospital at White Rock Lake, and Lake Pointe Medical in Rowlett.

CONSTRUCTION:

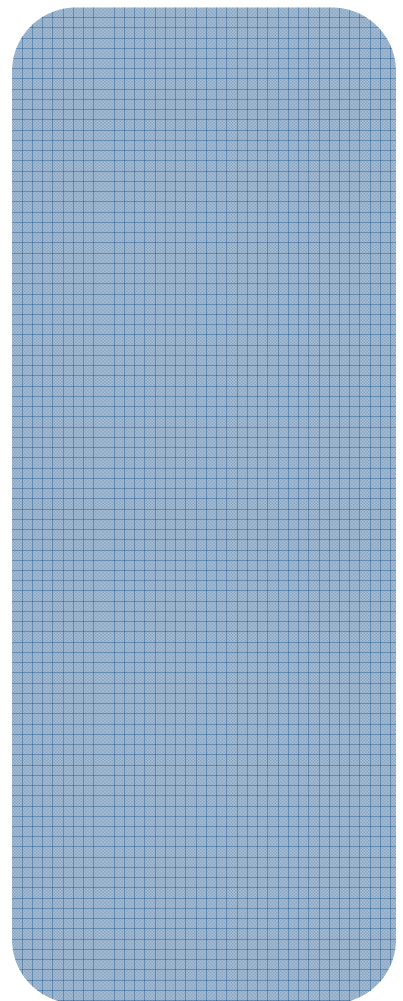
High occupancy rates: an expanding and aging population are factors in the growth of healthcare construction.

- ◆ Health care is the Bright Spot to Construction - it represents one of the largest segments of business to construction companies today.
- ◆ Health systems are making major investments in emergency room services, cardiac care, and women's and infants' services, surgery centers and more.
- ◆ 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 reach as much as \$10 Billion over the next 10 years.

Current Expansions: Children's Medical Center Dallas, Medical City, Methodist Charlton, Methodist Medical Center, & Presbyterian Hospital of Dallas. Parkland is undergoing the largest expansion project ever undertaken in the U.S.

New Construction announced includes Baylor Health Care McKinney, GlobalRehab Hospital, HCA Health Campus, John Peter Smith Patient Tower, and Richardson Regional Cancer Center.



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PAYORS/INSURERS:

The Dallas/Fort Worth region is home to multiple payors. They offer numerous products to meet the needs of any size company or individual.

- ◆ Aetna, Blue Cross Blue Shield, PacifiCare, and United Healthcare comprise 51% of the market.
- ◆ Other companies include Cigna, Parkland Community, Cook Children's, the Veteran's Administration, One Health Plan, HealthMarket, Metro-West (JPS) and Humana.

There are 6 million uninsured in the state of Texas. 75% of these uninsured are employed full-time.

HEALTH & TECHNOLOGY:

During the past 10 years technology has made a major impact on the delivery of healthcare including...

- ◆ Direct patient services
- ◆ Diagnostics
- ◆ Electronic Health (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. HIPAA (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 forth. The establishment of RFID (radio frequency identification) programs and indexes for electronic medical records will continue to drive healthcare to new heights in technology.



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MANUFACTURING AND SUPPLIERS:

Represent 4% of the health industry and growing. Texas boasts more than 40 colleges, universities, and special research facilities that offer programs in biology, microbiology, computational biology, genomics, proteomics, and nanoscience. Texas is the birthplace of nanotechnology and is ranked second in the nation for doctoral engineers. Texas is third in federally-funded research and boasts 5 Nobel laureates and 16 Academy of Science winners.

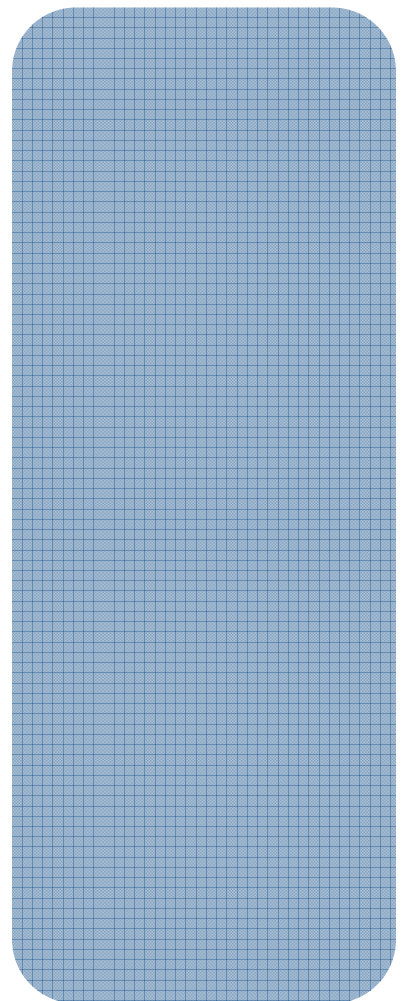
DFW's central location, climate, transportation, and quality of life make this region favorable for growing this area of healthcare. We are currently home to start-ups and industry giants alike, including: St. Jude Medical—Neuro Division, Stryker, Abbott, Alcon, Kimberly-Clark, MacuClear, Orthofix, OsteoMed, and many more.

FUTURE IMPACTS:

- ◆ Patient overcrowding is challenging expansion
- ◆ Growth of the general population averages 1.4% each year. We now have 6,637,230 residents in the 16 counties covered by the North Central Texas Council of Governments.
- ◆ Aging population – In 2000, people over 60 comprised 13% of the population; 2030 will see a 23% increase.
- ◆ More educated population: by 2030, more than 24% will have a minimum BA degree – The higher the educational level, the more inclined to use the system.
- ◆ 60 million people now use the web to find health information and are taking control of their own health transactions and data.

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, reimbursement
- ◆ Expenses relating to the huge number of uninsured
- ◆ Legislative reform on a state and federal level



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THE HEALTH INDUSTRY COUNCIL:

Created in 1988, The Health Industry Council is an association of health-related organizations in the North Texas area dedicated to regional collaboration, innovation and excellence. It serves as a catalyst to gather and continuously update pertinent health industry data. The Council organizes industry conferences, meetings, and forums, and provides resources for health industry expansions and relocations to the North Texas area.

Today, we have 10 task forces and 4 major events with more than 1000 volunteers who work on numerous activities reflecting the continuing expansion of the health industry in North Texas. Annual programs that provide the latest in innovation and information within the industry are:

- ◆ Champions in Health - A workforce wellness initiative that recognizes and promotes outstanding workplace wellness programs.
- ◆ Southwest Health Care Transaction Conference - Features trends and information for legal and financial professionals within the health industry.
- ◆ 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
- ◆ Programs and Public Affairs - Responsible for promoting Council events and overseeing publications and programs.
- ◆ Community Health and Wellness - Benchmarks the health of the North Texas Region. Initiates or collaborates in projects that improve the general health of our population.
- ◆ Executive Roundtables - A chance to network one-to-one with other leaders in an industry segment.
- ◆ MDAA - Formed to develop the medical device industry for our region. It actively seeks to increase the size of manufacturing in the North Texas health industry.
- ◆ Health Strategies Roundtable - Conducts programs to educate leaders on the quality and value of the North Texas industry and the resources available.
- ◆ Continuum of Care Task Force - This new group seeks to create collaboration among home health, long-term care, assisted living, senior living, and rehab facilities to meet the needs of an aging population.
- ◆ The Network - Created to provide collaboration and networking among marketing, public relations and business development professionals in the health industry.



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