



Nashville's Health Care Industry 2015:
Trends, Scope and Impact on the Regional Economy

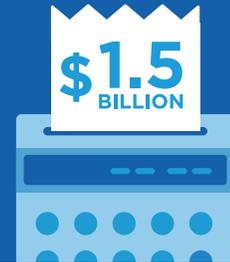
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The Nashville health care industry has a **\$38.8 billion** impact on the local economy.

The Nashville health care industry accounts for an estimated **\$1.5 billion** in state and local taxes.



The health care industry is Nashville's largest employer, accounting for **250,000 total jobs** locally.



In 2014, the Nashville health care industry cluster occupied **34.7 million** square feet of office space.



Sixteen publicly traded health care companies are headquartered in Nashville, with a combined employment of **500,000** and **\$73 billion** in revenue globally.



In 2014, Council member companies gave nearly **\$215,000,000** in *philanthropic contributions* in Nashville.

Nearly **400** *health care companies* have operations in Nashville.



Council member companies *employ more than 628,000* people globally, earning **\$144 billion** in total revenues.



95 percent of Council members say that having a headquarters in Nashville is important for their company's performance.

Executive Summary

Health care is a growth industry that is relatively immune to economic cycles. Over the years, the health care sector has been driving employment growth in the national economy, and considering such factors as the health care worker shortage across the United States along with an increasingly aging population, it is likely that this trend will continue.

Amid overall growth in the health care sector throughout the United States, Nashville provides a unique example of a hub of the national health care industry. A total of 15 publicly traded health care companies have chosen Nashville as their headquarters in 2014, and seven of the nation's 13 leading for-profit acute care hospital companies are located in Nashville, controlling approximately 40 percent of investor-owned hospitals in the United States.

The scope of the health care industry in Nashville ranges from basic-service providers such as physicians to ambulatory care, behavioral health, long term care, major hospital management companies, large renal dialysis companies, health information technology, and advanced life sciences research. This study presents two views of Nashville's health care industry: (1) the core health care industry, defined as ambulatory services, hospitals, and nursing and residential care facilities that provide care in the Nashville Metropolitan Statistical Area (MSA)*, and (2) the health care industry cluster, which encompasses the core health care industry and other related health care industries such as health care management companies, life sciences research, and professional services firms that operate on a local, national, or international basis. Also included in this study is a profile of Nashville Health Care Council (the Council) member companies and the Council member CEO Confidence Survey.

Overview of the Core Health Care Industry

The concept of the core health care industry refers to health care services classified as ambulatory services, hospital companies and nursing and residential care facilities under the NAICS (North American Industrial Classification System). **

National

- » **By 2022, one in every six new jobs** in the nation will be in health care, and the resulting 2.9 million additional workers will be spread throughout this large and diverse sector from health care practitioners' offices, outpatient clinics, and hospitals to nursing and residential care facilities.
- » **A total of 19.3 percent of gross domestic product (GDP)** is projected to be health care expenditures in 2023, up from 17.4 percent in 2013.

Tennessee

- » **One in every 11 new jobs** in Tennessee is projected to be in health care by 2022.

Nashville MSA

- » **For every 100 nonfarm jobs created between 2008 and 2013, 25 were in the health care sector.**
- » **One in every 11 occupations was a health care occupation in 2013.**

Employment, Establishment, and Wages in the Nashville MSA

- » In 2014, over 105,000 people were employed by Nashville's core health care sector, an increase of more than 17 percent from 2008.
- » Between 2008 and 2014, a total of 426 new core health care establishments emerged in Nashville, bringing the total to 4,027, up 12.4 percent from 2008.
- » Wages totaling \$5.8 billion were paid in 2014 by the core health care industry in the Nashville MSA, up 24 percent from 2008.
- » The average wage for health care occupations is \$66,950, significantly higher than Nashville's average annual wage of \$47,984.

Core Health Care Spending in the Nashville MSA

- » More than 75 percent of core health care spending goes to individuals as either payroll or proprietary income in the Nashville MSA, increasing the purchasing power of many people in the region.

Overview of the Nashville Health Care Industry Cluster

The greater health care industry cluster in Nashville encompasses the core health care industry and other related health care industries such as health care management companies, life sciences research, and professional services firms that operate on a local, national, or international basis.

Nashville-Based Health Care Headquarter Companies

- » In 2014, there were 15 publicly traded health care companies in Nashville.
- » These 15 companies employed over 500,000 and had revenues greater than \$73 billion.

Health Care Industry Cluster Employment and Office Space

- » In 2014, the health care industry cluster directly employed 125,918 people in the Nashville MSA, up 10 percent from 2010, making the health care industry cluster the largest employer in the region.
- » Fourteen of every 100 nonfarm employees in the Nashville MSA were employed directly in health care.
- » A total of 83.7 percent of Nashville health care industry cluster employment was in the core health care industry.
- » In 2014, the Nashville health care industry cluster occupied 34.7 million square feet of office space and 17.4 percent of Nashville's total office and industrial space.

Employment Impact

- » In 2014, the health care industry cluster in the Nashville MSA accounted for 249,345 jobs (direct, indirect, and induced), up 18.14 percent from 2008.

- » This accounts for nearly **9 percent** of Tennessee's and **25.6 percent** of the Nashville MSA's nonfarm employment in 2014.
- » For every 100 industry cluster jobs, an additional **98 jobs** are created in the Nashville economy.
- » The Nashville health care industry cluster includes nearly **4,027 establishments**, up **12.4 percent** from 2008.

Personal Income Impact

- » The Nashville health care industry cluster generated **\$21.03 billion** in personal income (direct, indirect, and induced) in 2014, up **57 percent** from 2008.
- » Every **\$100** of personal income generated an additional **\$34** in the local economy.
- » Nashville health care industry cluster direct personal income was **\$15.74 billion**.
- » This corresponds to nearly **26.3 percent** of the Nashville MSA's total personal income in 2014.

Economic Impact

- » The health care industry cluster in the Nashville MSA created **\$38.8 billion** in business revenues (direct, indirect, and induced) in 2014, an increase of **32.9 percent** from 2008.
- » Of this amount, a total of **\$22.8 billion** was injected directly into the economy.
- » Every **\$100** of health care cluster spending generates an additional **\$70** in business revenues.
- » The Nashville health care industry cluster accounted for an estimated **\$1.5 billion** in state and local taxes in 2014.

Health Care Financial Infrastructure Access to Capital

- » Nashville ranks first among 13 MSAs in terms of the **number of public health care industry cluster management companies**, their revenues, and their employment.
- » Nashville ranks **second** in terms of **business climate** and in **relative health care competitiveness**.

Nashville Health Care Council (The Council) Member Companies

More than 265 the Council member companies were surveyed and profiled in order to gain an up-to-date and accurate picture of the Council's membership.

Council Members' Capital Expenditures and Philanthropic Contributions

- » In 2014, 116 Council member companies reported **\$214,651,900** in philanthropic contributions in the Nashville MSA.
- » In 2014, 116 Council member companies reported **\$2.7 billion** in capital expenditures in the Nashville MSA.

Council Members' Impact on the Nashville MSA

- » In 2014, Council member companies employed over 96,000 people in the Nashville MSA, up 37 percent from 2010.
- » Total Nashville-based payroll of Council member companies is \$8.2 billion, an increase of 40 percent from 2010.
- » The average annual wage per employee is \$84,641, substantially higher than the average nonfarm wage in the Nashville MSA.

Council Members' Office Space

- » The Council member companies in the Nashville MSA occupied nearly 9 million square feet of office space in 2014.

Council Members' Nashville-Business Revenue

- » The Council member companies generated an estimated \$35.4 billion in Nashville-based sales in 2014.

Council Members' Global Impact

- » Council member companies employed 628,044 people globally with a total revenue of \$144 billion, of which 550,373 employees and \$125 billion are health care related.

* This study is a detailed analysis of the Nashville MSA, which includes Cannon, Cheatham, Davidson, Dickson, Hickman, Macon, Maury, Robertson, Rutherford, Smith, Sumner, Trousdale, Wilson, and Williamson counties.

** When comparing the findings in this report with the 2010 study, please keep in mind the following changes that affect comparability:

- 1) The geographical scope of this study is different: Maury County is now included in the Nashville MSA.
- 2) Council membership has grown drastically to 265 members from 170 in 2010.
- 3) Some variables used in the MSA rankings have changed.