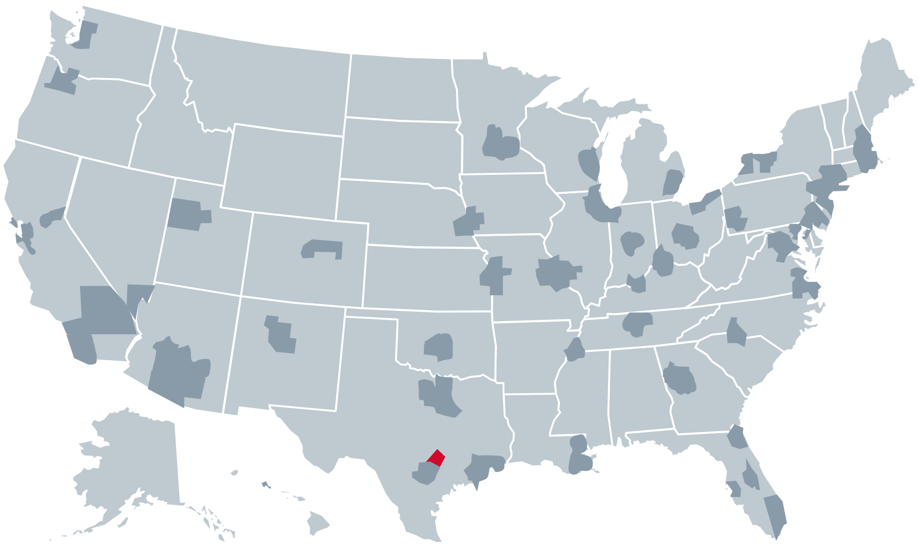
Market Profile

Health Care Industry Committee

# Austin, TX



| County | State |
|---|---|
| Bastrop County | TX |
| Caldwell County | TX |
| Hays County | TX |
| Travis County | TX |
| Williamson County | TX |

**Total Population:**

- 2,175,995

*Market Summary*

- **Overview**: Austin is a rapidly growing, relatively affluent market with a mostly young, healthy population. Health systems and hospitals are the key drivers in innovative market growth.
- **Health Systems**: Two large health systems, Ascension Health and HCA, control over 80% of the market. The shift from inpatient to outpatient care, combined with the overall growth in population and demand for services, signal a market ripe for efficient care delivery systems such as ambulatory surgery centers and micro-hospitals.
- **Insurers**: Among commercial health plans, UnitedHealth Group, Health Care Service Corporation, and Aetna together dominate almost 75% of the market.
- **Physicians**: Physicians in Austin have embraced innovation, with examples such as Euphora Health leading the way in direct primary care, which charges monthly or annual fees for visits as opposed to fee-for-service models. Physicians aligned with the larger health systems have embraced ACOs.
- **Employers**: Rapid population growth and a reputation as an innovation hub is attracting large employers like Amazon, Dell, IBM, and Intel. These tech giants have the resources and desire to invest in ways to improve the health of the community, and institute various wellness programs to keep their employees healthy, such as fitness classes and smoking cessation.
- **Population**: Low unemployment combined with a young population will push healthcare focus towards reparative surgery, prenatal services, and family care, with additional emphases on preventive care and population health.

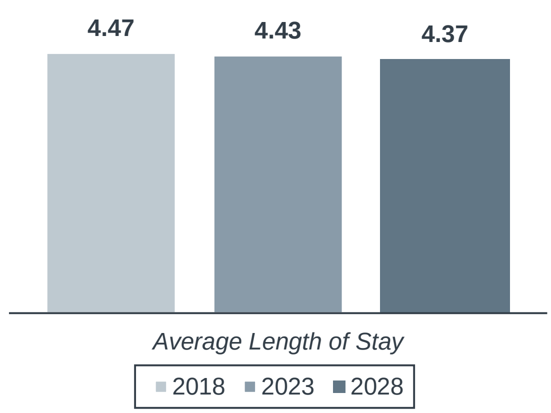
Source: "No health insurance needed to see Dr. Chris Larson — an Austin physician at vanguard of new health care model," Austin Business Journal, July 13, 2017; Theis, M, Molina, E, "Who are Central Texas' healthiest employers?," Austin Business Journal, March 28, 2014; Cohen, J, "Tradition-bound healthcare is learning a few things in Austin's innovation-focused atmosphere," Modern Healthcare, March 30, 2019; Advisory Board research and analysis

# Market Glimpse

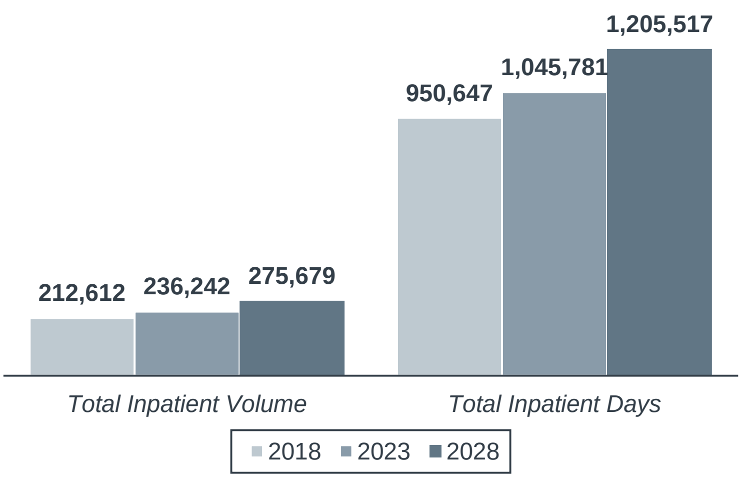
## Key Figures

| Category | Figure |
|---|---|
| Acute-Care Hospitals | 20 |
| Acute-Care Beds | 2,800 |
| Number of Clinicians[1] | 12,725 |
| Households Count | 812,908 |
| Median Age | 34.8 |
| Median Household Income | $76,875 |
| Per Capita Income | $37,000 |
| Patients Who Visited a Doctor in the Past Year | 74.7% |
| Unemployment Rate | 2.9% |
| Uninsured Rate | High |

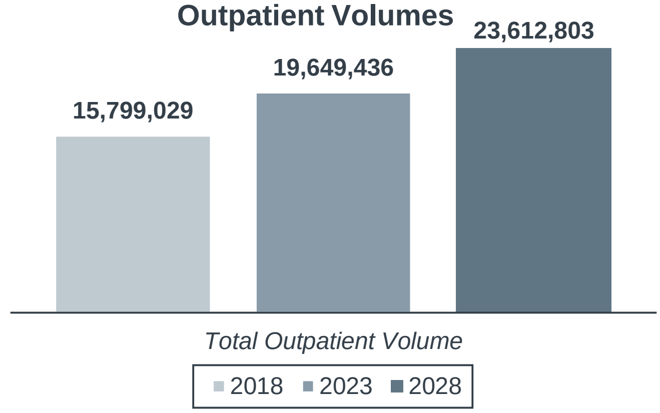
### Average Length of Stay




### Inpatient Volume and Days




### Outpatient Volumes

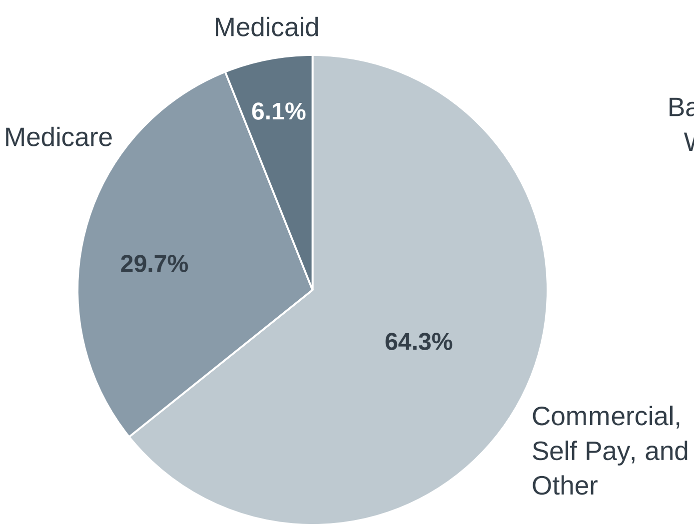



1) Includes primary care physicians, specialists, nurses, advanced practitioners, etc. For a breakdown of clinicians by type, specialty, or sub-specialty, use our Clinician Supply Profiler

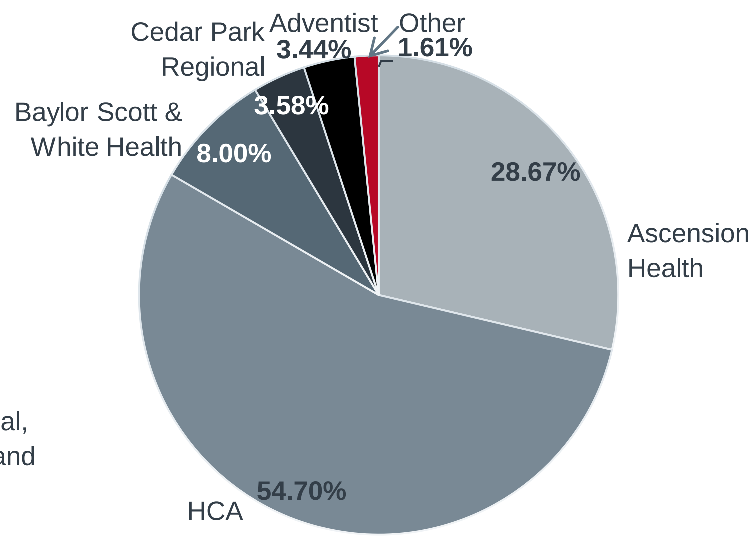
Source: Advisory Board research and analysis

# Overview of Payers, Inpatient Players, Major Ailments

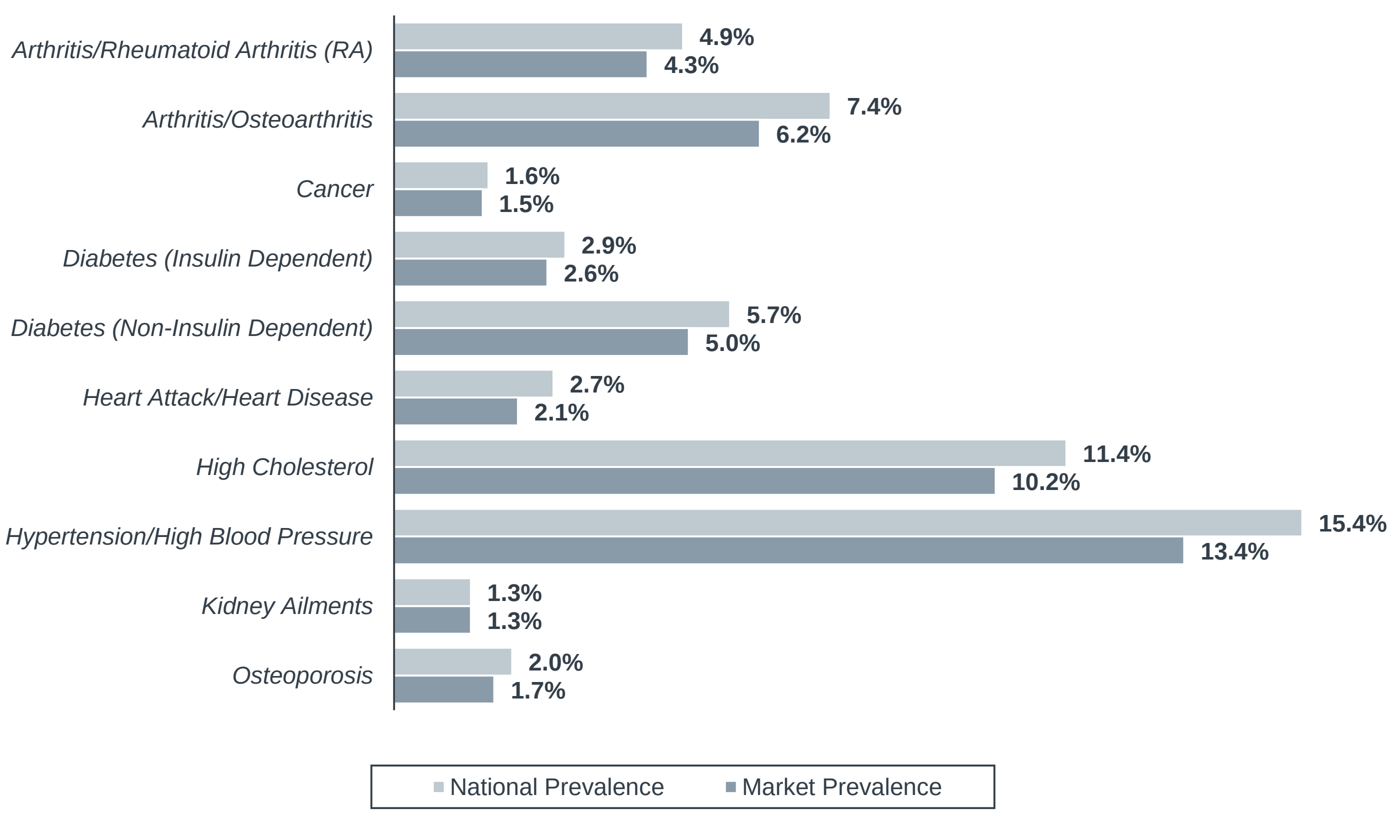
## Discharge Mix




## Inpatient Medicare Market Share Breakdown




## Prevalence of Ailments




Source: Advisory Board research and analysis

# Population Stratification

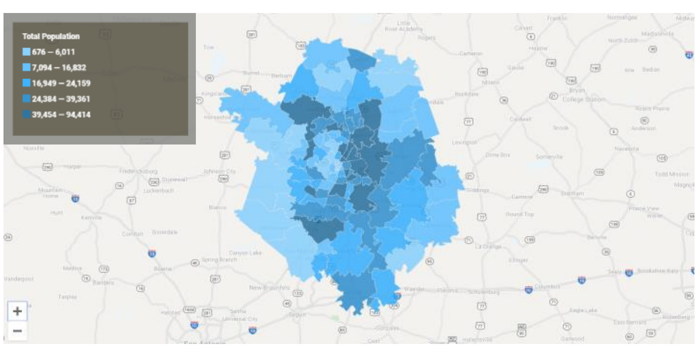
## Segmentation by Age

| Age Group | % of Population in 2018 |
|---|---|
| 0-9 | 13.1% |
| 10-19 | 13.2% |
| 20-29 | 15.0% |
| 30-39 | 16.5% |
| 40-49 | 14.1% |
| 50-59 | 11.9% |
| 60-69 | 9.2% |
| 70-79 | 4.7% |
| 80+ | 2.3% |

## Outpatient Sites of Care Volume Projections

| Site of Care | 2018 Volume | 2028 Volume |
|---|---|---|
| Hospital Outpatient Department | 1,598,371 | 2,350,204 |
| Emergency Department | 730,777 | 1,161,257 |
| Ambulatory Surgery | 1,768,499 | 2,674,129 |
| Physician Office/Clinic | 7,544,279 | 11,122,947 |
| Endoscopy | 275,589 | 421,395 |
| Oncology Center | 760,196 | 1,124,679 |
| Sleep Studies | 143,601 | 217,081 |
| Advanced Imaging | 654,839 | 948,530 |
| Physical Therapy | 877,234 | 1,363,314 |
| Lab | 1,420,192 | 2,181,235 |
| Other | 25,450 | 48,031 |

## Population Density



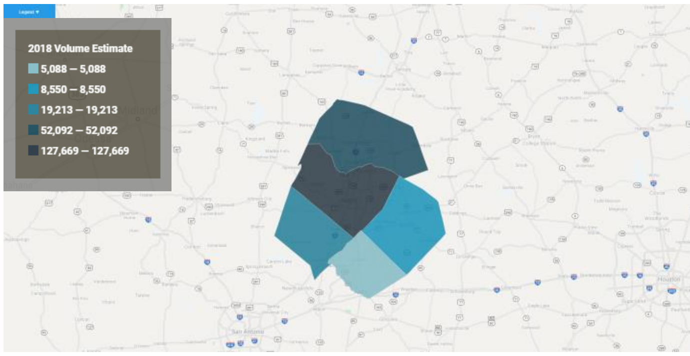

## Segmentation by Gender

| Gender | Current Population Count (2018) | Projected Population Count (2023) |
|---|---|---|
| **Male** | 1,088,402 | 1,241,457 |
| **Female** | 1,087,590 | 1,245,223 |

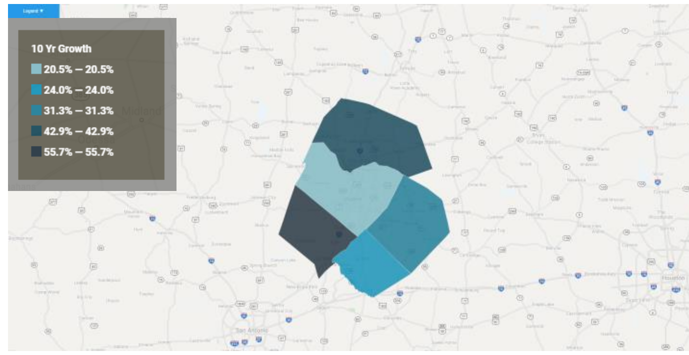
Source: Advisory Board research and analysis

# Inpatient Volume Projections

## 2018 Inpatient Volumes




## 2028 Inpatient Volumes (10-Year Growth)



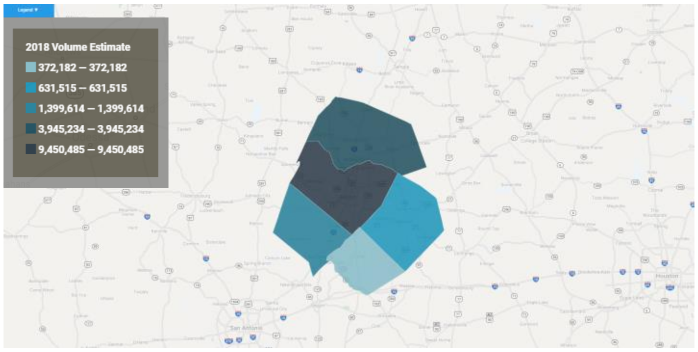

## Service Line Volume Projections

| Service Line | 2018 Volume Estimate | 2023 Volume Forecast | 2028 Volume Forecast | 5 Yr Growth | 10 Yr Growth |
|---|---|---|---|---|---|
| + Cardiac Services | 18,719 | 19,350 | 23,664 | ^ 3.4% | ^ 26.4% |
| + ENT | 2,194 | 2,266 | 2,597 | ^ 3.3% | ^ 18.4% |
| + General Medicine | 71,703 | 84,945 | 102,802 | ^ 18.5% | ^ 43.4% |
| + General Surgery | 14,262 | 16,034 | 18,726 | ^ 12.4% | ^ 31.3% |
| + Gynecology | 2,488 | 2,547 | 2,810 | ^ 2.4% | ^ 12.9% |
| + Invalid | 443 | 406 | 443 | v -8.4% | ^ 0.1% |
| + Neonatology | 28,303 | 30,268 | 32,811 | ^ 6.9% | ^ 15.9% |
| + Neurology | 8,049 | 9,305 | 11,402 | ^ 15.6% | ^ 41.7% |
| + Neurosurgery | 1,431 | 1,826 | 2,266 | ^ 27.6% | ^ 58.4% |
| + Obstetrics | 32,485 | 33,783 | 36,220 | ^ 4.0% | ^ 11.5% |
| + Oncology/Hematology (Medical) | 5,652 | 6,307 | 7,433 | ^ 11.6% | ^ 31.5% |
| + Ophthalmology | 244 | 244 | 268 | ^ 0.1% | ^ 9.9% |
| + Orthopedics | 11,741 | 13,456 | 16,267 | ^ 14.6% | ^ 38.5% |
| + Other Trauma | 1,653 | 1,941 | 2,383 | ^ 17.4% | ^ 44.1% |
| + Rehabilitation (Acute Care) | 1,949 | 1,183 | 1,099 | v -39.3% | v -43.6% |
| + Spine | 4,630 | 5,015 | 5,730 | ^ 8.3% | ^ 23.8% |
| + Thoracic Surgery | 1,042 | 1,214 | 1,410 | ^ 16.5% | ^ 35.3% |
| + Urology | 2,547 | 3,034 | 3,671 | ^ 19.1% | ^ 44.1% |
| + Vascular Services | 3,076 | 3,118 | 3,678 | ^ 1.3% | ^ 19.6% |

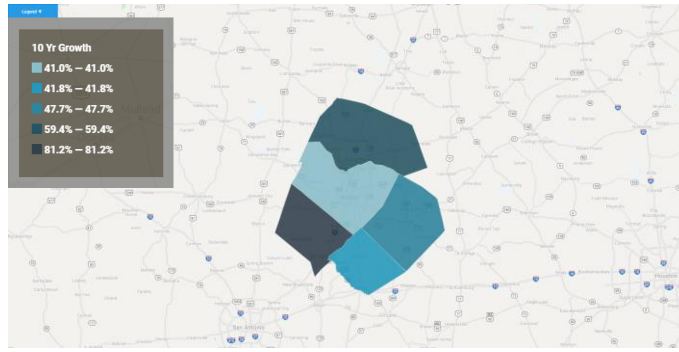
Source: Advisory Board research and analysis

# Outpatient Volume Projections

## 2018 Outpatient Volumes




## 2028 Outpatient Volumes (10-Year Growth)



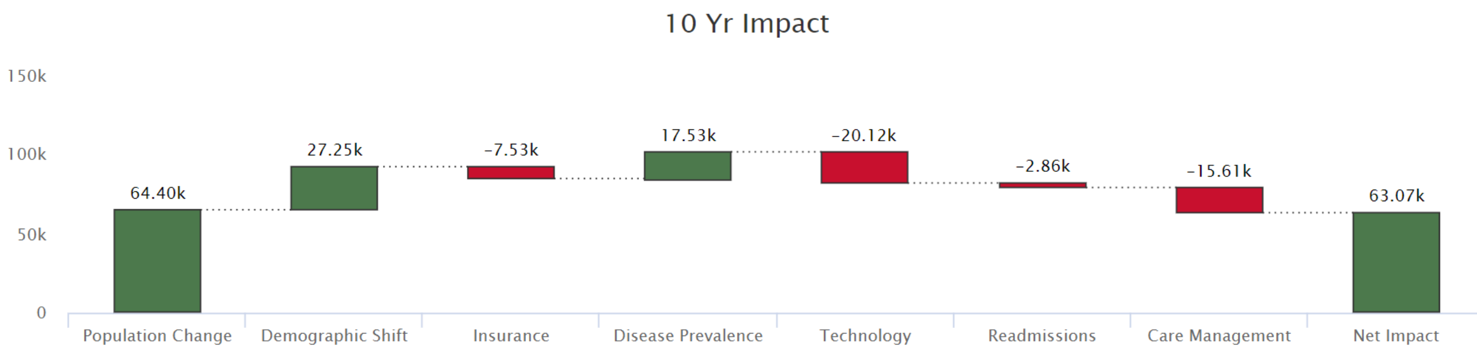

## Service Line Volume Projections

| Service Line | 2018 Volume Estimate | 2023 Volume Forecast | 2028 Volume Forecast | 5 Yr Growth | 10 Yr Growth |
|---|---|---|---|---|---|
| + Cardiology | 480,408 | 616,093 | 787,038 | ^ 28.2% | ^ 63.8% |
| + Cosmetic Procedures | 47,959 | 62,724 | 71,570 | ^ 30.8% | ^ 49.2% |
| + Dermatology | 309,499 | 399,851 | 497,435 | ^ 29.2% | ^ 60.7% |
| + Endocrinology | 4,499 | 7,446 | 9,311 | ^ 65.5% | ^ 106.9% |
| + ENT | 192,229 | 251,688 | 320,658 | ^ 30.9% | ^ 66.8% |
| + Evaluation and Management | 5,948,219 | 7,092,875 | 8,379,313 | ^ 19.2% | ^ 40.9% |
| + Gastroenterology | 142,637 | 197,014 | 250,931 | ^ 38.1% | ^ 75.9% |
| + General Surgery | 44,890 | 58,097 | 71,025 | ^ 29.4% | ^ 58.2% |
| + Gynecology | 73,533 | 83,364 | 92,175 | ^ 13.4% | ^ 25.4% |
| + Lab | 2,158,876 | 2,734,608 | 3,323,787 | ^ 26.7% | ^ 54.0% |
| + Miscellaneous Services | 1,132,528 | 1,473,588 | 1,767,093 | ^ 30.1% | ^ 56.0% |
| + Nephrology | 43,304 | 57,936 | 74,869 | ^ 33.8% | ^ 72.9% |
| + Neurology | 89,897 | 124,965 | 156,175 | ^ 39.0% | ^ 73.7% |
| + Neurosurgery | 5,197 | 7,065 | 9,036 | ^ 35.9% | ^ 73.9% |
| + Obstetrics | 36,204 | 37,612 | 40,114 | ^ 3.9% | ^ 10.8% |
| + Oncology | 10,351 | 12,603 | 15,097 | ^ 21.7% | ^ 45.8% |
| + Ophthalmology | 416,794 | 568,882 | 730,155 | ^ 36.5% | ^ 75.2% |
| + Orthopedics | 223,237 | 317,765 | 397,817 | ^ 42.3% | ^ 78.2% |
| + Pain Management | 56,097 | 77,514 | 97,669 | ^ 38.2% | ^ 74.1% |
| + Physical Therapy/Rehabilitation | 1,461,676 | 1,863,412 | 2,231,549 | ^ 27.5% | ^ 52.7% |
| + Podiatry | 70,341 | 103,708 | 138,537 | ^ 47.4% | ^ 97.0% |
| + Psychiatry | 824,647 | 1,000,107 | 1,124,009 | ^ 21.3% | ^ 36.3% |
| + Pulmonology | 156,031 | 205,089 | 253,298 | ^ 31.4% | ^ 62.3% |
| + Radiology | 1,660,607 | 2,009,958 | 2,409,176 | ^ 21.0% | ^ 45.1% |
| + Spine | 7,329 | 10,391 | 12,953 | ^ 41.8% | ^ 76.7% |
| + Thoracic Surgery | 1,240 | 1,890 | 2,548 | ^ 52.4% | ^ 105.4% |
| + Trauma | 58,207 | 68,701 | 80,735 | ^ 18.0% | ^ 38.7% |
| + Urology | 79,646 | 117,103 | 153,794 | ^ 47.0% | ^ 93.1% |
| + Vascular | 62,947 | 87,388 | 114,934 | ^ 38.8% | ^ 82.6% |

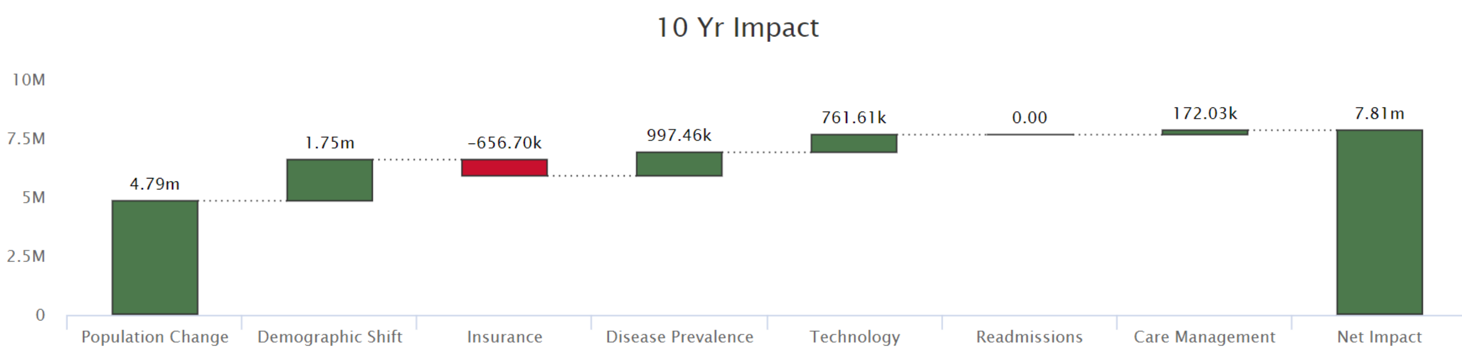
Source: Advisory Board research and analysis

# Volume Growth Drivers

*2018-2028, Factors Influencing Inpatient Procedure Growth*




*2018-2028, Factors Influencing Outpatient Procedure Growth*




- **Population Change:** Considers changes in total population of the market
- **Demographic Shift:** Considers changes in major demographic factors, such as age and gender
- **Insurance:** Considers insurance market factors, such as coverage expansion, increased cost-sharing, and payer scrutiny of medical necessity
- **Disease Prevalence:** Considers the growing population of chronic and multi-morbid patients
- **Technology:** Considers the role technology plays in changing demand and shifting site of care
- **Readmissions:** Considers the ongoing focus on driving down avoidable readmissions
- **Care Management:** Considers investments in care management designed to reduce inpatient utilization

Source: Advisory Board research and analysis

This Advisory Board resource is part of a series of Market Profiles offered to health care industry members through the Health Care Industry Committee. We have used information and data from Advisory Board's Market Scenario Planner, Clinician Supply Profiler, and Demographic Profiler alongside US government databases including CMS Medicare Cost Reports. Please note that CMS Medicare Cost Reports data are submitted by individual facilities and are thus prone to some degree of inaccuracy due to inconsistent reporting practices and user error. The specific fiscal year reporting period for each provider varies slightly, but all data represent a single-year period for each provider.

These profiles are aimed to help suppliers and service firms better understand provider customers and patients in various markets.

Advisory Board

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