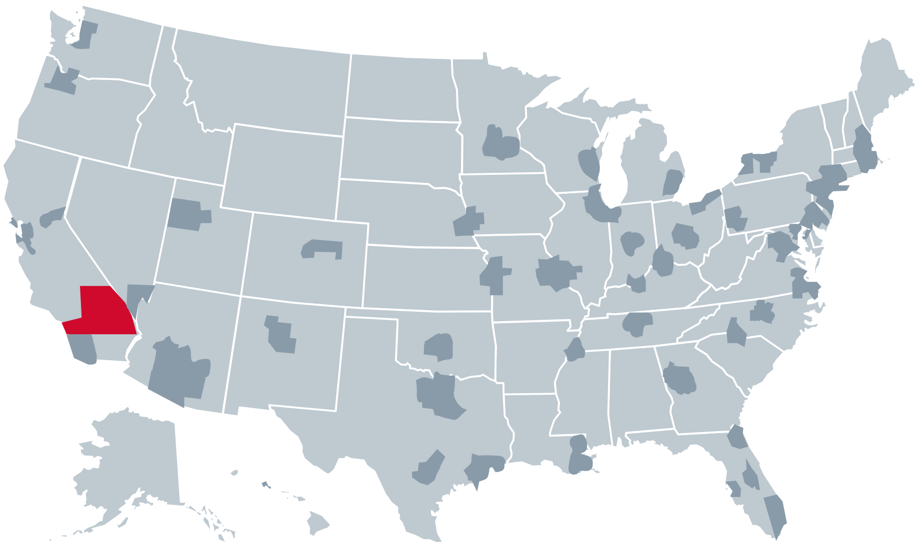
Advisory Board

Market Profile

Published by Health Care Industry Committee

Los Angeles, CA



Counties Covered:

County	State
Los Angeles	CA
Orange	CA
Riverside	CA
San Bernardino	CA
Ventura	CA

Total Population:

- 18,916,793

Market Summary

- **Overview**: LA is one of the most physician group-led markets, with high degrees of capitation and risk-taking on the parts of providers and payers.
- **Health Systems**: Greater Los Angeles' hospital market is fairly fragmented. Kaiser Permanente and Providence St. Joseph continue to capture the most market share, 10.2% and 9.6% respectively. Kaiser Permanente continues to attract physicians due to its stability. Cedars-Sinai and UCLA are expanding their range of services and geographic reach through ramped-up physician acquisition.
- **Insurers**: Los Angeles County and outlying Riverside County have historically had large populations insured through Medi-Cal and other public programs. Kaiser generally leads the commercial market.
- **Physicians**: "Super group" physician organizations, such as HealthCare Partners and Heritage Physician Network, are on the rise. These organizations offer physicians the option to remain independent through IPAs (independent physician associations) or by joining a medical group.
- **Employers**: A large Boeing presence adds an activist employer to the market.
- **Population**: Population density, demographics, and wealth differ dramatically across the metropolitan area. A high rate of unauthorized immigration means safety net hospitals in the market often offer a higher proportion of care through the Emergency Department than hospitals in many other markets.

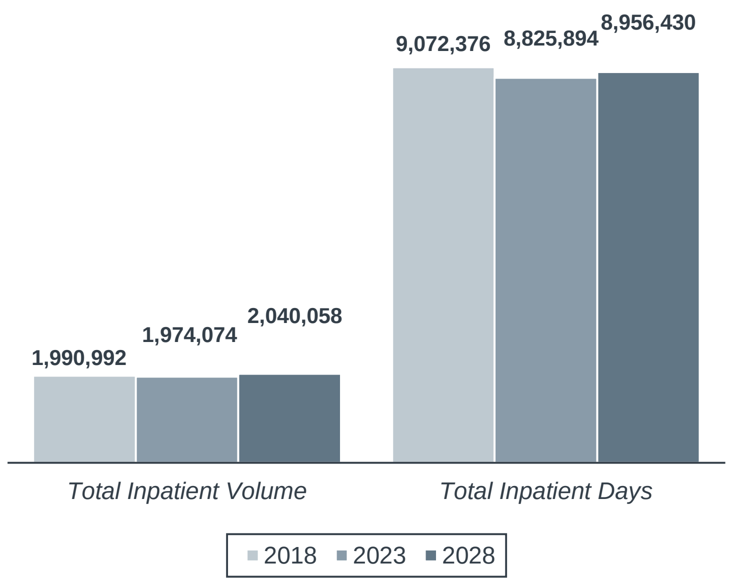
Source: California Health Care Almanac, Los Angeles: Thriving or Surviving in a Fragmented Market, https://www.chcf.org/wp-content/uploads/2017/12/PDF-AlmanacRegMktBriefLosAngeles2016.pdf; Advisory Board interviews and analysis.

Market Glimpse

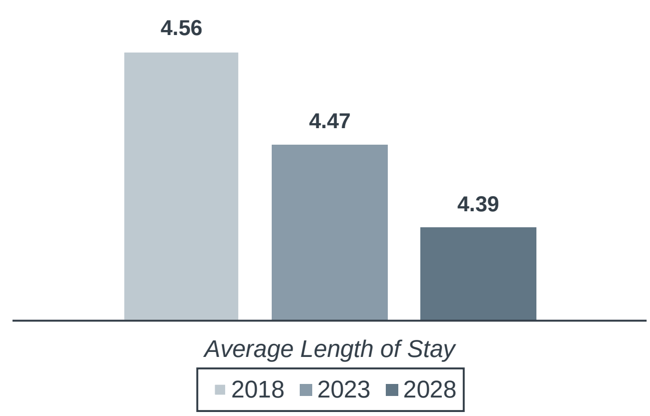
Key Figures

Category	Figure
Acute-Care Hospitals	223
Acute Care Beds	51,950
Number of Clinicians[1]	69,872
Households Count	6,225,749
Median Age	35.9
Median Household Income	$73,138
Per Capita Income	$33,051
Unemployment Rate	4.6%
% of Patients Who Visited a Doctor Last Year	75.1%
Uninsured Rate	Moderate

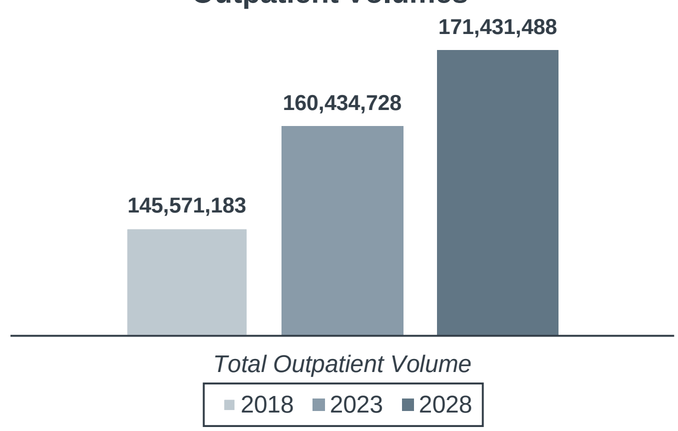
Inpatient Volume and Days



Average Length of Stay



Outpatient Volumes

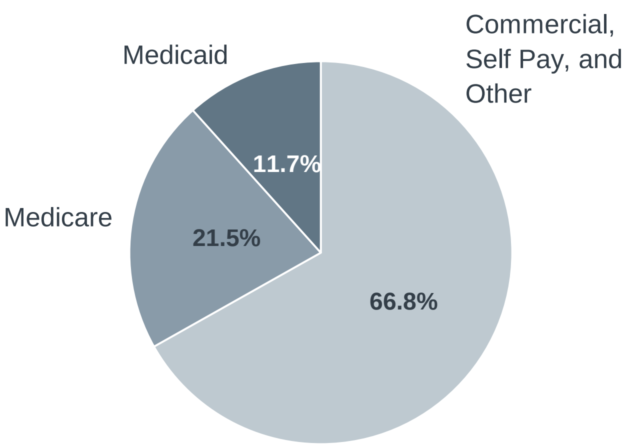


1) Includes primary care physicians, specialists, nurses, advanced practitioners, etc. For a breakdown of clinicians by type, specialty, or sub-specialty, you can use our Clinician Supply Profiler.

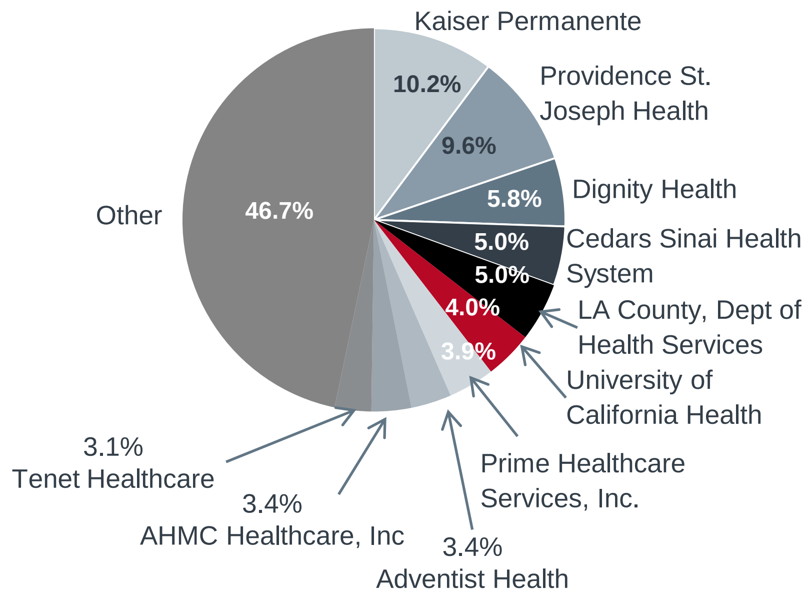
Source: Advisory Board research and analysis.

Overview of Payers, Inpatient Players, Major Ailments

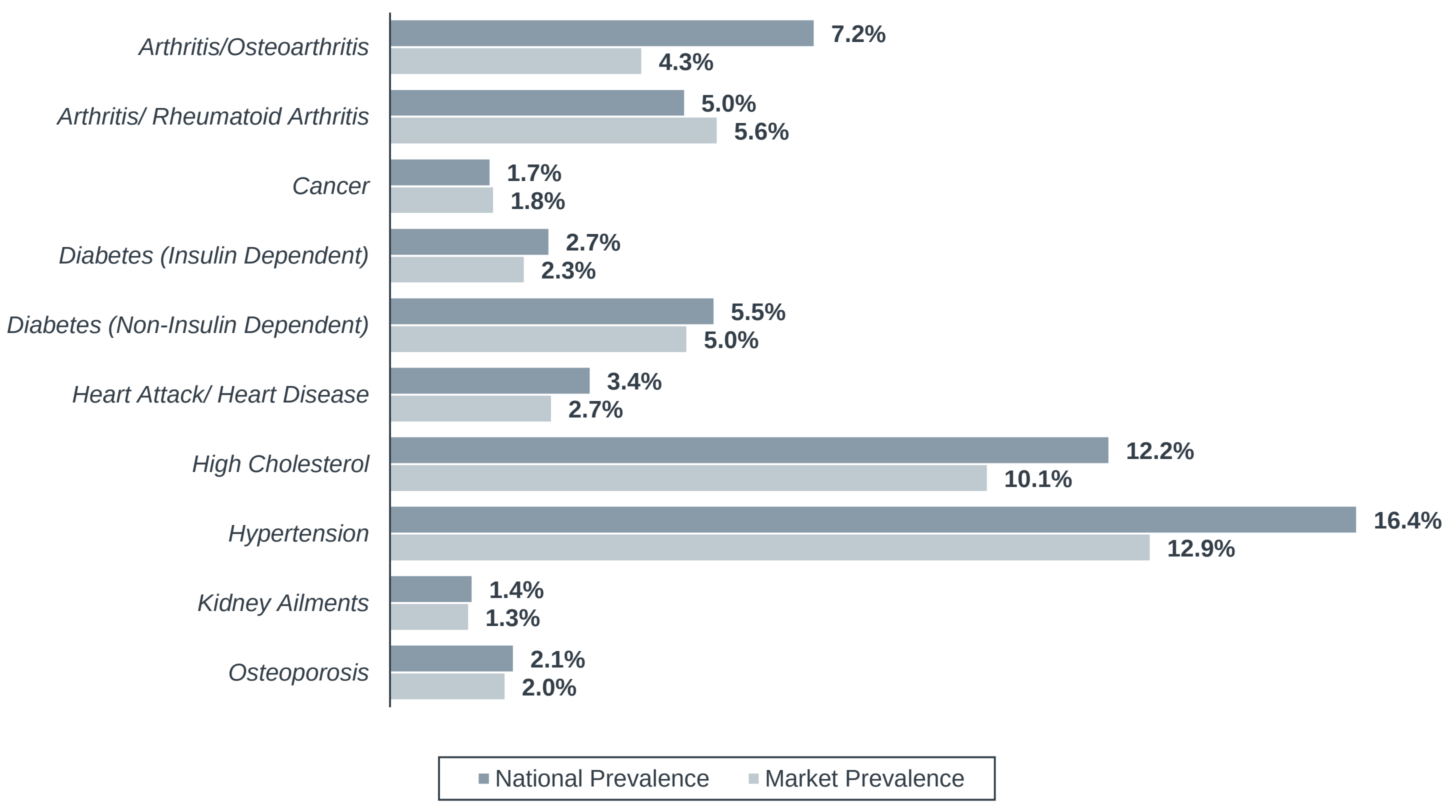
Discharge Mix



Inpatient Medicare Market Share Breakdown



Prevalence of Ailments



Source: Advisory Board research and analysis.

Population Stratification

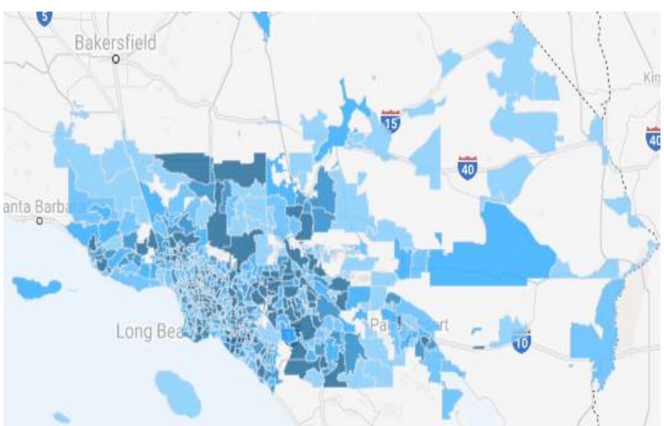
Segmentation by Age

Age Group	% of Population (2018)
0-9	12.6%
10-19	13.0%
20-29	14.9%
30-39	14.1%
40-49	13.2%
50-59	12.9%
60-69	10.0%
70-79	5.7%
80+	3.5%

Outpatient Sites of Care Volume Estimates

Site of Care	2018 Volume	2028 Volume
Hospital Outpatient Dept.	14,984,314	17,157,552
ED	6,962,942	8,658,809
Ambulatory Surgery	16,299,831	19,409,624
Physician Office/Clinic	68,865,616	80,434,307
Endoscopy	2,558,429	3,062,658
Oncology Center	6,998,797	8,168,541
Sleep Studies	1,318,150	1,567,628
Advanced Imaging	6,120,968	6,922,017
Physical Therapy	7,875,586	9,676,916
Lab	13,340,022	16,019,342
Other	246,528	354,094

Population Density (Map)



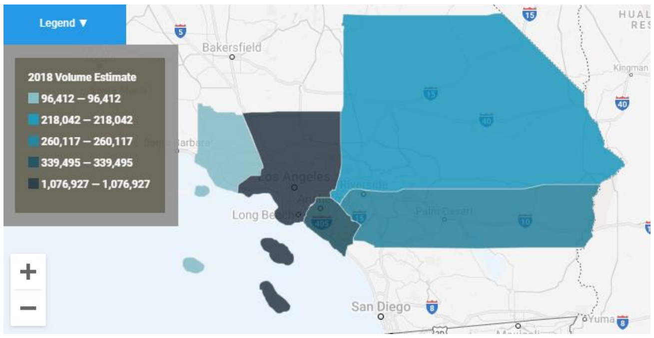
Segmentation by Gender (Table)

Gender	Current Population Count (2018)	Projected Population Count (2023)
Male	9,346,219	9,586,485
Female	9,579,575	9,824,268

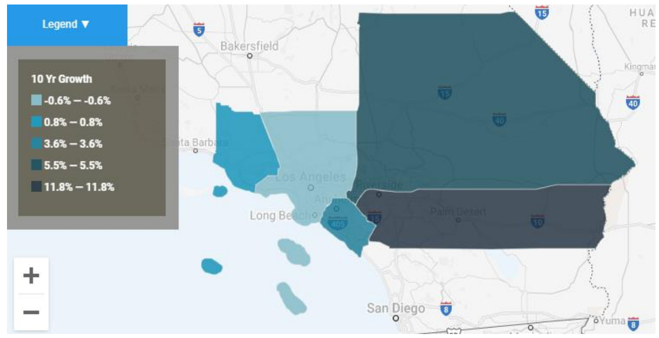
Source: Advisory Board research and analysis.

Inpatient Volume Projections

2018 Inpatient Volumes



2028 Inpatient Volumes (10-Year Growth)



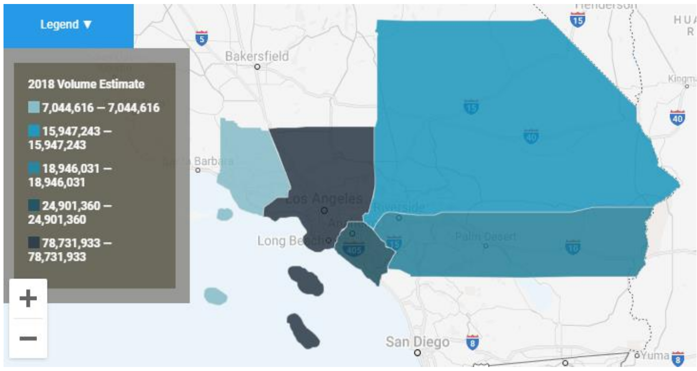
Service Line Volume Projections

Service Line	2018 Volume Estimate	2023 Volume Forecast	2028 Volume Forecast	5 Yr Growth	10 Yr Growth
+ Cardiac Services	194,910	173,590	182,402	-10.9%	-6.4%
+ ENT	20,362	18,818	19,122	-7.6%	-6.1%
+ General Medicine	692,615	722,314	766,275	4.3%	10.6%
+ General Surgery	133,200	132,187	136,178	-0.8%	2.2%
+ Gynecology	21,839	19,844	19,770	-9.1%	-9.5%
+ Invalid	4,330	3,496	3,341	-19.3%	-22.8%
+ Neonatology	238,888	236,743	236,528	-0.9%	-1.0%
+ Neurology	80,139	80,694	86,102	0.7%	7.4%
+ Neurosurgery	13,508	15,183	16,587	12.4%	22.8%
+ Obstetrics	267,254	263,430	257,620	-1.4%	-3.6%
+ Oncology/Hematology (Medical)	54,896	53,999	55,701	-1.6%	1.5%
+ Ophthalmology	2,287	2,038	1,977	-10.9%	-13.6%
+ Orthopedics	119,285	118,690	124,190	-0.5%	4.1%
+ Other Trauma	16,402	16,971	18,182	3.5%	10.9%
+ Rehabilitation (Acute Care)	20,436	10,688	8,535	-47.7%	-58.2%
+ Spine	44,399	41,999	42,022	-5.4%	-5.4%
+ Thoracic Surgery	10,271	10,404	10,519	1.3%	2.4%
+ Urology	24,533	25,493	27,008	3.9%	10.1%
+ Vascular Services	31,440	27,495	28,000	-12.5%	-10.9%

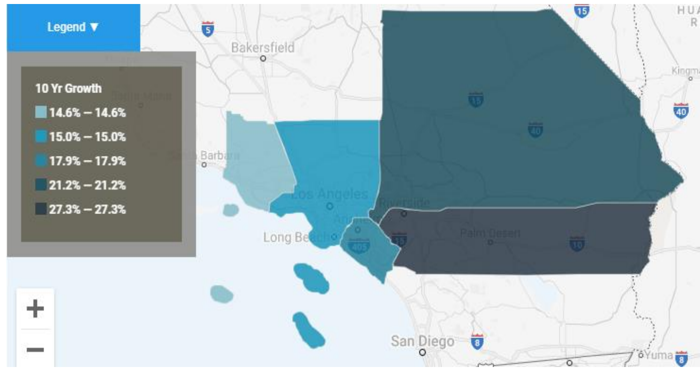
Source: Advisory Board research and analysis.

Outpatient Volume Projections

2018 Outpatient Volumes



2028 Outpatient Volumes (10-Year Growth)



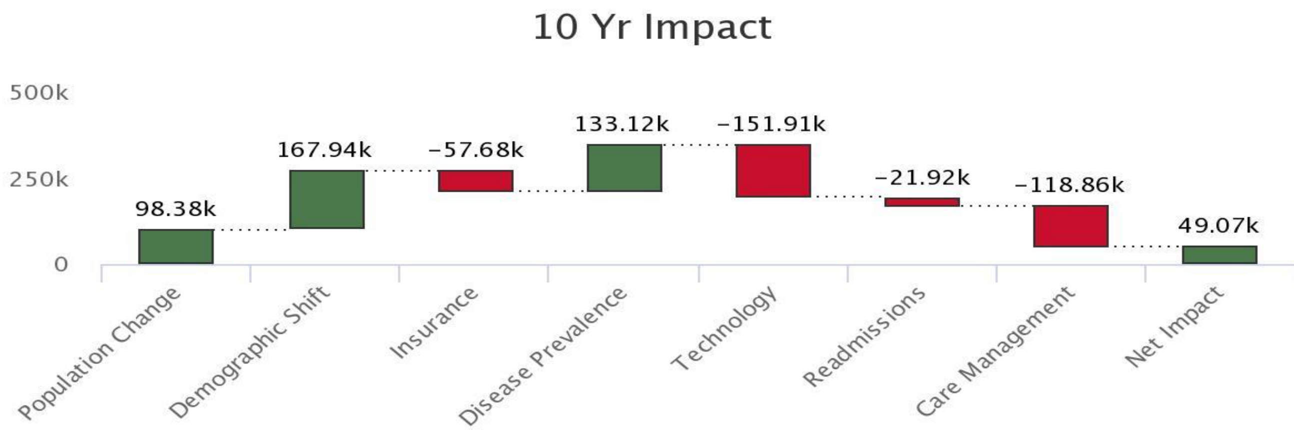
Service Line Volume Projections

Service Line	2018 Volume Estimate	2023 Volume Forecast	2028 Volume Forecast	5 Yr Growth	10 Yr Growth
+ Cardiology	4,814,250	5,330,331	5,900,170	^ 10.7%	^ 22.6%
+ Cosmetic Procedures	420,151	489,009	502,600	^ 16.4%	^ 19.6%
+ Dermatology	2,906,263	3,306,532	3,625,537	^ 13.8%	^ 24.7%
+ Endocrinology	41,138	59,974	66,305	^ 45.8%	^ 61.2%
+ ENT	1,728,262	2,025,142	2,322,387	^ 17.2%	^ 34.4%
+ Evaluation and Management	54,129,068	57,458,817	60,599,723	^ 6.2%	^ 12.0%
+ Gastroenterology	1,385,406	1,659,600	1,843,731	^ 19.8%	^ 33.1%
+ General Surgery	413,456	471,913	511,759	^ 14.1%	^ 23.8%
+ Gynecology	640,863	655,753	656,637	^ 2.3%	^ 2.5%
+ Lab	20,350,887	22,773,873	24,453,528	^ 11.9%	^ 20.2%
+ Miscellaneous Services	10,370,557	11,962,910	12,820,778	^ 15.4%	^ 23.6%
+ Nephrology	416,819	483,996	544,025	^ 16.1%	^ 30.5%
+ Neurology	816,975	1,002,607	1,116,397	^ 22.7%	^ 36.7%
+ Neurosurgery	46,366	55,982	63,908	^ 20.7%	^ 37.8%
+ Obstetrics	293,283	290,930	286,533	v -0.8%	v -2.3%
+ Oncology	101,511	106,624	110,649	^ 5.0%	^ 9.0%
+ Ophthalmology	4,244,864	5,006,598	5,577,029	^ 17.9%	^ 31.4%
+ Orthopedics	2,093,052	2,613,730	2,883,936	^ 24.9%	^ 37.8%
+ Pain Management	529,115	638,937	710,121	^ 20.8%	^ 34.2%
+ Physical Therapy/Rehabilitation	12,938,520	14,661,813	15,710,975	^ 13.3%	^ 21.4%
+ Podiatry	781,842	979,341	1,108,953	^ 25.3%	^ 41.8%
+ Psychiatry	7,039,450	7,637,188	7,778,908	^ 8.5%	^ 10.5%
+ Pulmonology	1,420,777	1,661,237	1,832,764	^ 16.9%	^ 29.0%
+ Radiology	15,600,607	16,663,868	17,676,604	^ 6.8%	^ 13.3%
+ Spine	68,372	85,526	94,303	^ 25.1%	^ 37.9%
+ Thoracic Surgery	12,772	16,728	19,488	^ 31.0%	^ 52.6%
+ Trauma	552,741	575,588	596,678	^ 4.1%	^ 7.9%
+ Urology	780,481	1,000,212	1,148,197	^ 28.2%	^ 47.1%
+ Vascular	633,334	759,972	868,866	^ 20.0%	^ 37.2%

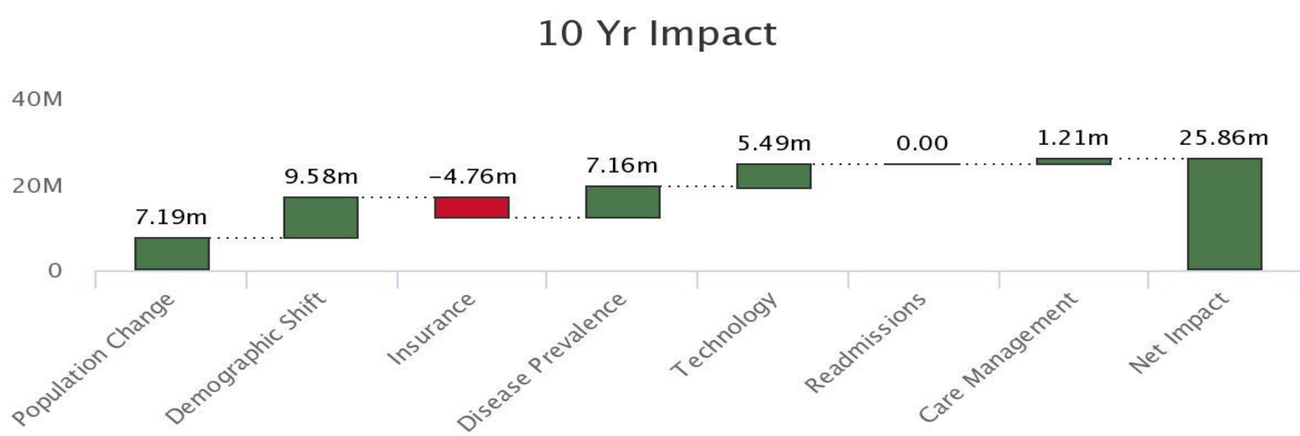
Source: Advisory Board research and analysis.

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.

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