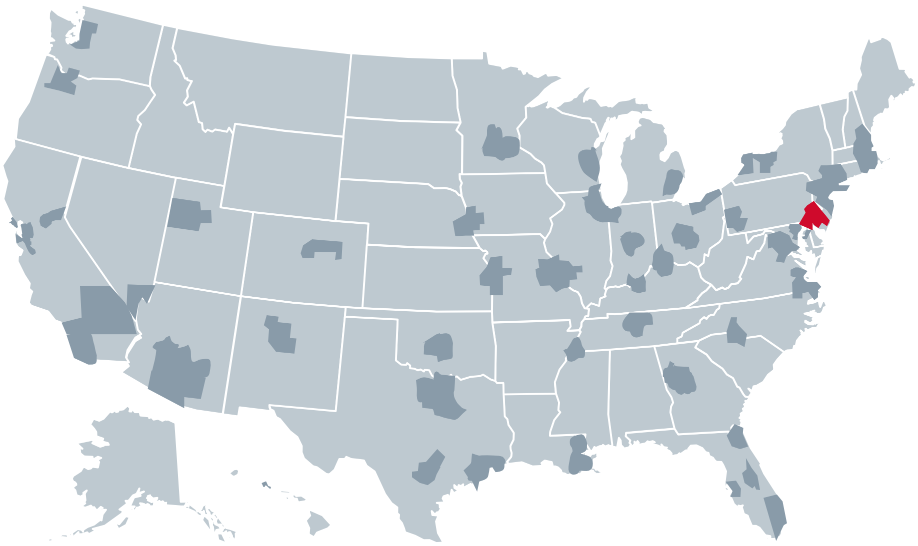
Market Profile

Health Care Industry Committee

Philadelphia, PA



County	State
New Castle	DE
Cecil	MD
Burlington	NJ
Camden	NJ
Gloucester	NJ
Salem	NJ
Bucks	PA
Chester	PA
Delaware	PA
Montgomery	PA
Philadelphia	PA

Market Summary

- **Overview**: Philadelphia has long been referred to as a city dominated by "eds and meds." As of late, the area's anchor institutions are also trying to attract innovative health care startups as they try to evolve Philadelphia into the "Silicon Valley of health care innovation."
- **Health Systems**: Few hospitals remain independent but no single health system dominates the market. And while traditional merger activity focused on connecting suburban hospitals with more advanced specialties downtown, recent merger activity has centered on population health.
- **Insurers**: Departures by United Healthcare and Aetna have left Independence Blue Cross (IBC) as the sole exchange-based insurer in the Philadelphia area. IBC is also using its clout in the market to embed accountable care provisions in hospital contracts.
- **Physicians**: Most of the large physician groups are aligned with the area's larger systems. Moreover, the array of medical schools in Philadelphia has led to a reliable supply of physicians, most of whom prefer integration and/or employment with the established health system.
- **Employers**: Philadelphia has strong business and union presences, both of which demand health care benefits as part of standard compensation.
- **Population**: The Philadelphia market has not seen the same population boom that many American cities have experienced in recent years.

Total Population:

- 2,175,995

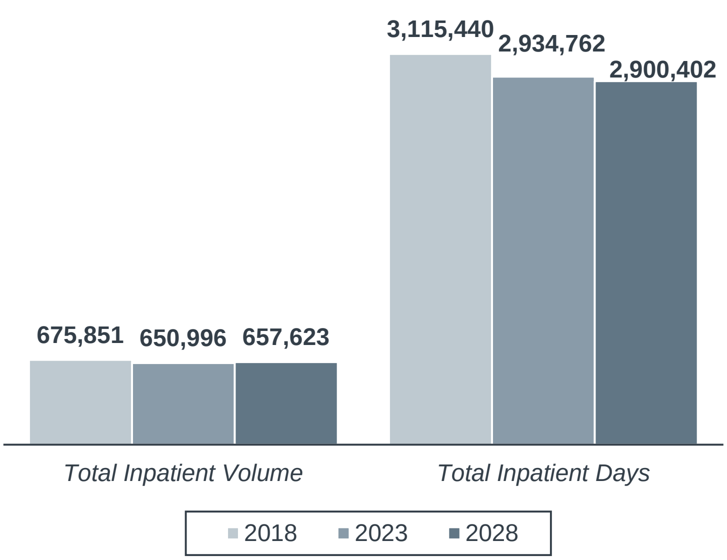
Source: Advisory Board research and analysis.

Market Glimpse

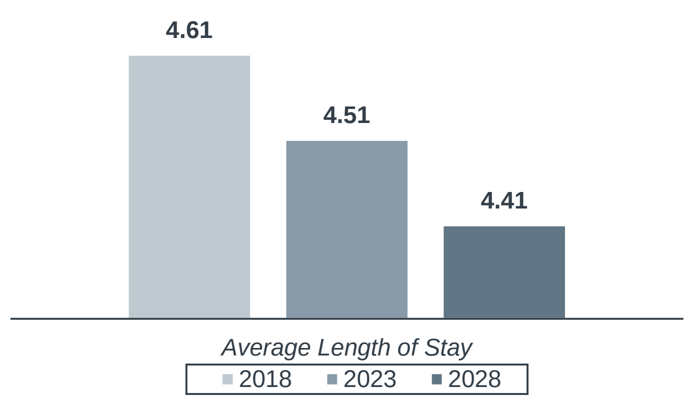
Key Figures

Category	Figure
Acute-Care Hospitals	61
Acute-Care Beds	13,955
Number of Clinicians[1]	51,629
Households Count	2,433,246
Median Age	38.2
Median Household Income	$74,870
Per Capita Income	$38,262
Patients Who Visited a Doctor in the Past Year	78.4%
Unemployment Rate	4.6%
Uninsured Rate	Low

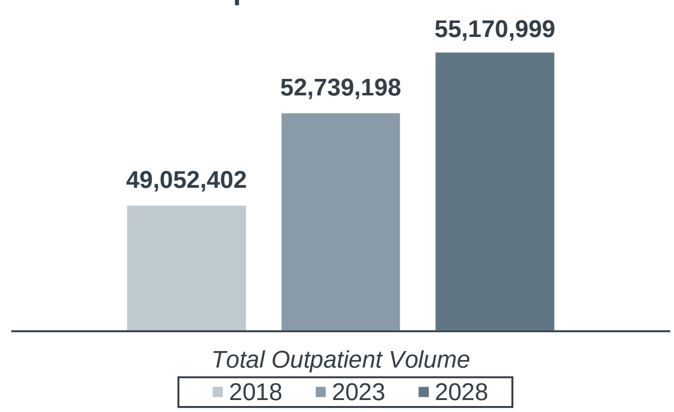
Inpatient Volume and Days



Average Length of Stay



Outpatient Volumes

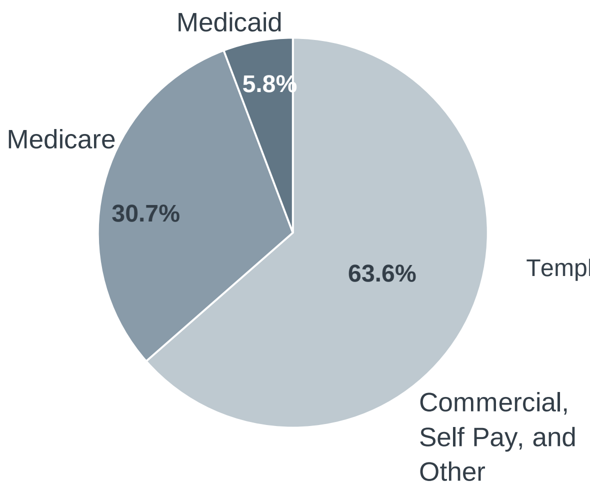


1) Includes primary care physicians, specialists, nurses, advanced practitioners, etc. For a breakdown of clinicians by type, specialty, or sub-specialty, use our Clinician Supply Profiler

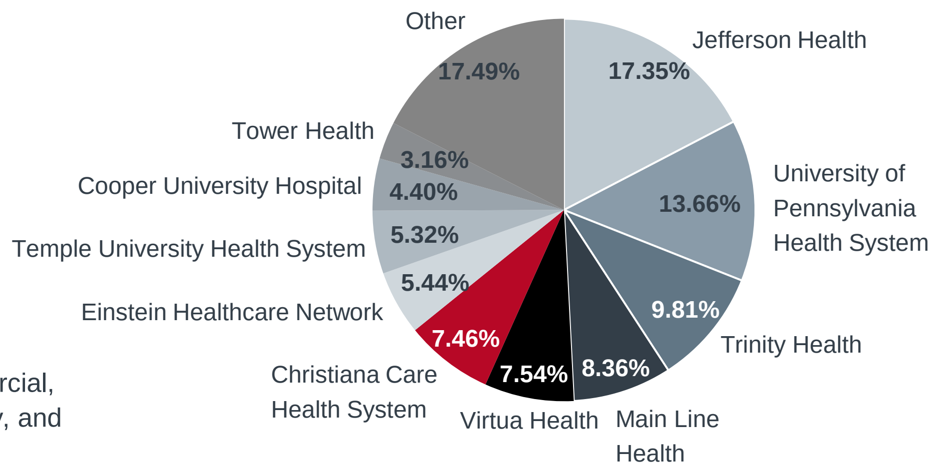
Source: Advisory Board research and analysis.

Overview of Payers, Inpatient Players, Major Ailments

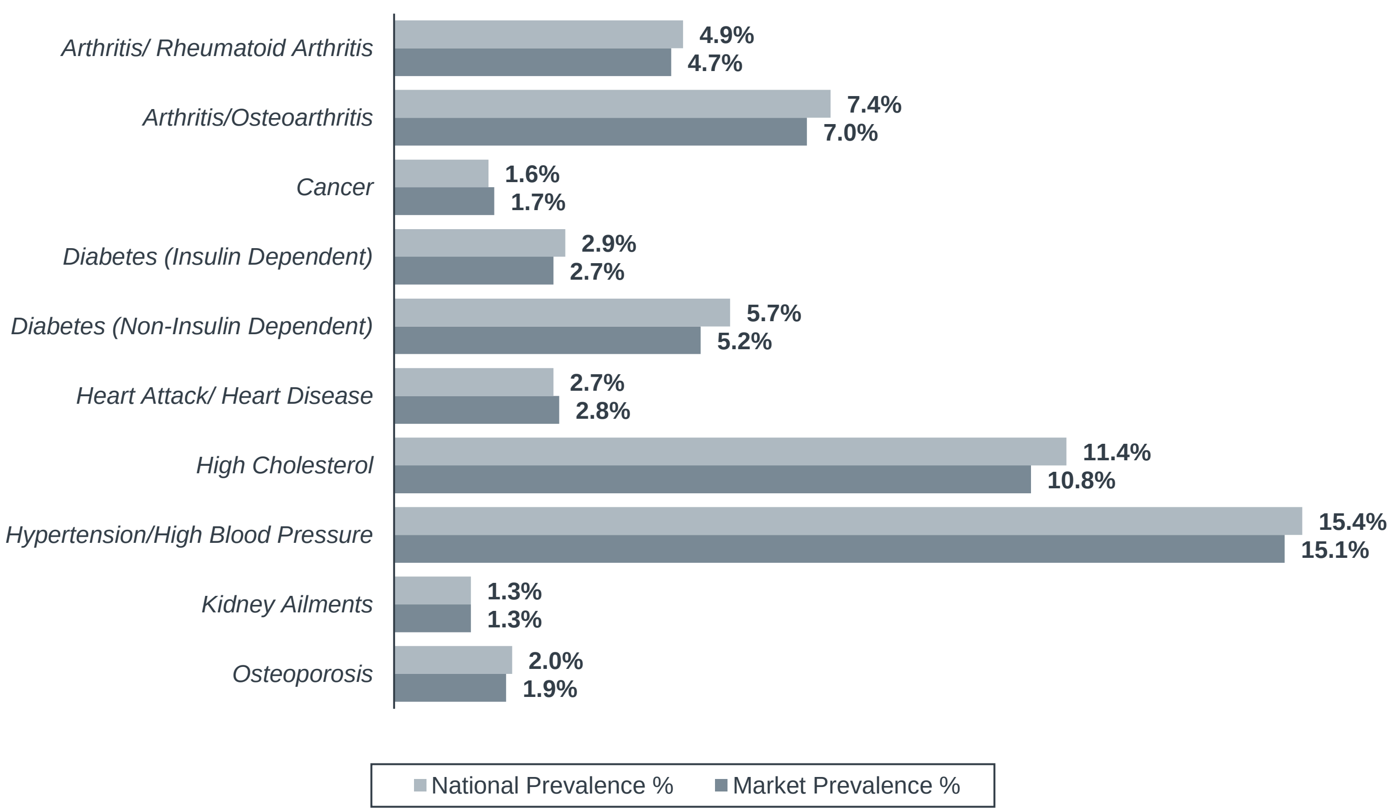
Discharge Mix



Inpatient Medicare Market Share Breakdown



Prevalence of Ailments



Source: Advisory Board research and analysis.

Population Stratification

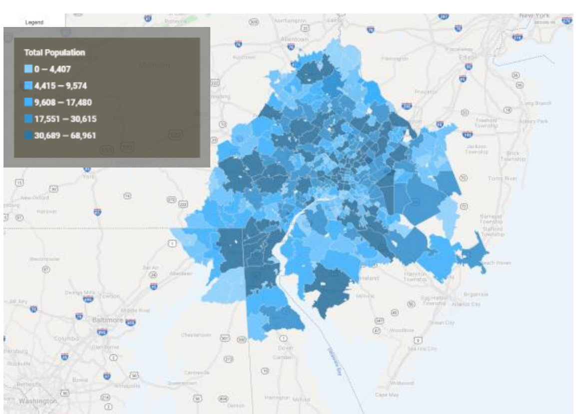
Segmentation by Age

Age Group	% of Population in 2018
0-9	11.9%
10-19	12.6%
20-29	13.8%
30-39	13.4%
40-49	12.3%
50-59	13.9%
60-69	11.6%
70-79	6.7%
80+	4.0%

Outpatient Sites of Care Volume Projections

Site of Care	2018 Volume	2028 Volume
Hospital Outpatient Department	5,121,067	5,569,930
Emergency Department	2,374,509	2,817,871
Ambulatory Surgery	5,492,207	6,245,865
Physician Office/Clinic	23,041,479	25,770,589
Endoscopy	867,618	989,434
Oncology Center	2,356,041	2,628,074
Sleep Studies	442,974	502,607
Independent Diagnostic Testing Facility	2,085,018	2,243,270
Physical Therapy	2,621,357	3,074,617
Lab	4,563,899	5,213,077
Other	86,233	115,665

Population Density



Segmentation by Gender

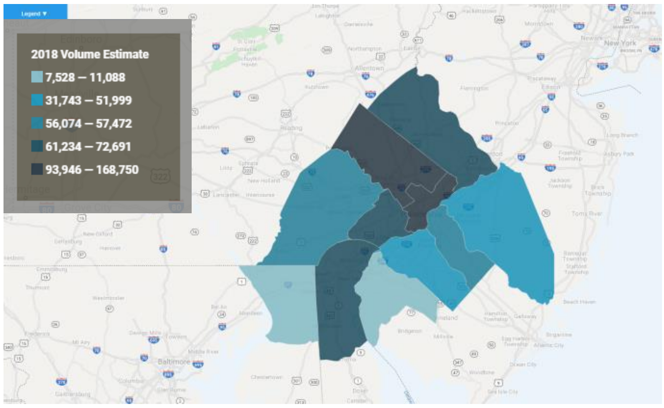
Gender	Current Population Count (2018)	Projected Population Count (2023)
Male	3,041,613	3,068,430
Female	3,234,672	3,258,267

Source: Advisory Board research and analysis.

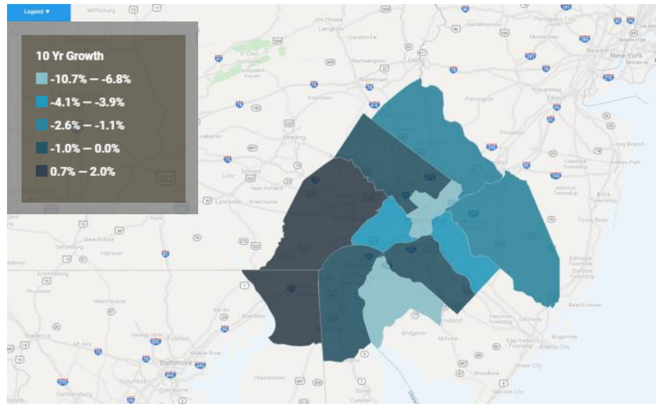
Philadelphia, PA

Inpatient Volume Projections

2018 Inpatient Volumes



2028 Inpatient Volumes (10-Year Growth)



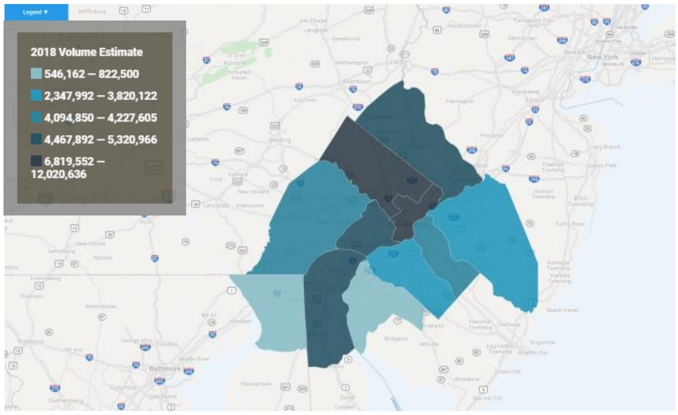
Service Line Volume Projections

Service Line	2018 Volume Estimate	2023 Volume Forecast	2028 Volume Forecast	5 Yr Growth	10 Yr Growth
+ Cardiac Services	70,358	59,937	60,584	-14.8%	-13.9%
+ ENT	6,837	6,185	6,145	-9.5%	-10.1%
+ General Medicine	239,598	241,544	249,035	0.8%	3.9%
+ General Surgery	45,601	43,960	44,116	-3.6%	-3.3%
+ Gynecology	7,224	6,423	6,306	-11.1%	-12.7%
+ Invalid	1,507	1,175	1,090	-22.0%	-27.7%
+ Neonatology	73,309	71,827	71,016	-2.0%	-3.1%
+ Neurology	28,198	27,291	28,199	-3.2%	0.0%
+ Neurosurgery	4,642	5,071	5,391	9.2%	16.1%
+ Obstetrics	83,730	82,439	81,344	-1.5%	-2.8%
+ Oncology/Hematology (Medical)	19,063	18,200	18,234	-4.5%	-4.4%
+ Ophthalmology	776	672	637	-13.3%	-17.9%
+ Orthopedics	42,978	41,074	41,404	-4.4%	-3.7%
+ Other Trauma	5,677	5,664	5,895	-0.2%	3.8%
+ Rehabilitation (Acute Care)	7,346	3,687	2,840	-49.8%	-61.3%
+ Spine	15,522	14,197	13,768	-8.5%	-11.3%
+ Thoracic Surgery	3,642	3,572	3,494	-1.9%	-4.0%
+ Urology	8,545	8,575	8,798	0.3%	3.0%
+ Vascular Services	11,299	9,502	9,327	-15.9%	-17.4%

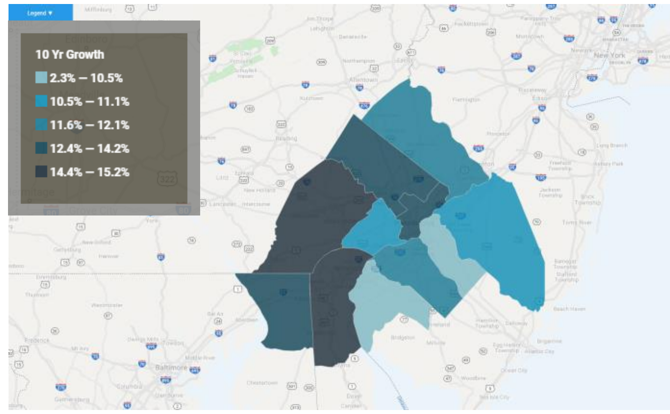
Source: Advisory Board research and analysis.

Outpatient Volume Projections

2018 Outpatient Volumes



2028 Outpatient Volumes (10-Year Growth)



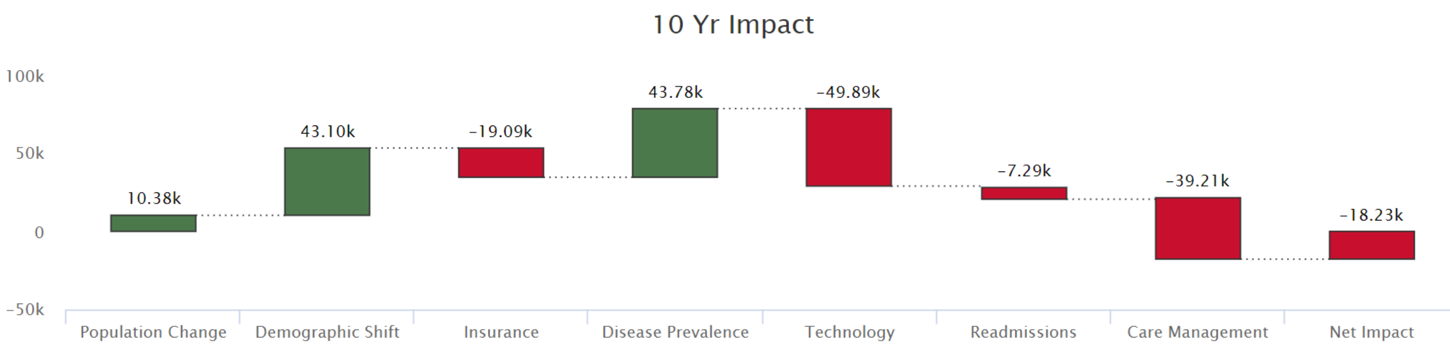
Service Line Volume Projections

Service Line	2018 Volume Estimate	2023 Volume Forecast	2028 Volume Forecast	5 Yr Growth	10 Yr Growth
+ Cardiology	1,705,519	1,820,969	1,952,283	^ 6.8%	^ 14.5%
+ Cosmetic Procedures	137,765	157,787	159,261	^ 14.5%	^ 15.6%
+ Dermatology	989,981	1,096,810	1,173,570	^ 10.8%	^ 18.5%
+ Endocrinology	14,016	19,823	21,346	^ 41.4%	^ 52.3%
+ ENT	564,983	646,688	725,747	^ 14.5%	^ 28.5%
+ Evaluation and Management	18,044,690	18,734,430	19,379,763	^ 3.8%	^ 7.4%
+ Gastroenterology	487,533	564,587	608,431	^ 15.8%	^ 24.8%
+ General Surgery	140,360	156,063	165,377	^ 11.2%	^ 17.8%
+ Gynecology	211,001	212,594	210,441	^ 0.8%	v -0.3%
+ Lab	6,975,888	7,595,800	7,968,186	^ 8.9%	^ 14.2%
+ Miscellaneous Services	3,461,762	3,897,510	4,094,487	^ 12.6%	^ 18.3%
+ Nephrology	146,201	163,632	177,698	^ 11.9%	^ 21.5%
+ Neurology	273,586	327,034	356,266	^ 19.5%	^ 30.2%
+ Neurosurgery	15,404	18,176	20,338	^ 18.0%	^ 32.0%
+ Obstetrics	91,857	90,658	89,769	v -1.3%	v -2.3%
+ Oncology	35,938	36,346	36,394	^ 1.1%	^ 1.3%
+ Ophthalmology	1,513,194	1,727,644	1,867,732	^ 14.2%	^ 23.4%
+ Orthopedics	716,977	870,467	936,312	^ 21.4%	^ 30.6%
+ Pain Management	182,539	213,971	231,909	^ 17.2%	^ 27.0%
+ Physical Therapy/Rehabilitation	4,279,500	4,733,267	4,974,769	^ 10.6%	^ 16.2%
+ Podiatry	287,902	343,418	374,289	^ 19.3%	^ 30.0%
+ Psychiatry	2,251,671	2,400,424	2,415,289	^ 6.6%	^ 7.3%
+ Pulmonology	472,725	540,567	584,518	^ 14.4%	^ 23.6%
+ Radiology	5,338,275	5,547,406	5,751,422	^ 3.9%	^ 7.7%
+ Spine	23,302	28,460	30,685	^ 22.1%	^ 31.7%
+ Thoracic Surgery	4,579	5,797	6,538	^ 26.6%	^ 42.8%
+ Trauma	188,198	190,536	192,511	^ 1.2%	^ 2.3%
+ Urology	271,662	337,068	375,940	^ 24.1%	^ 38.4%
+ Vascular	225,395	261,265	289,726	^ 15.9%	^ 28.5%

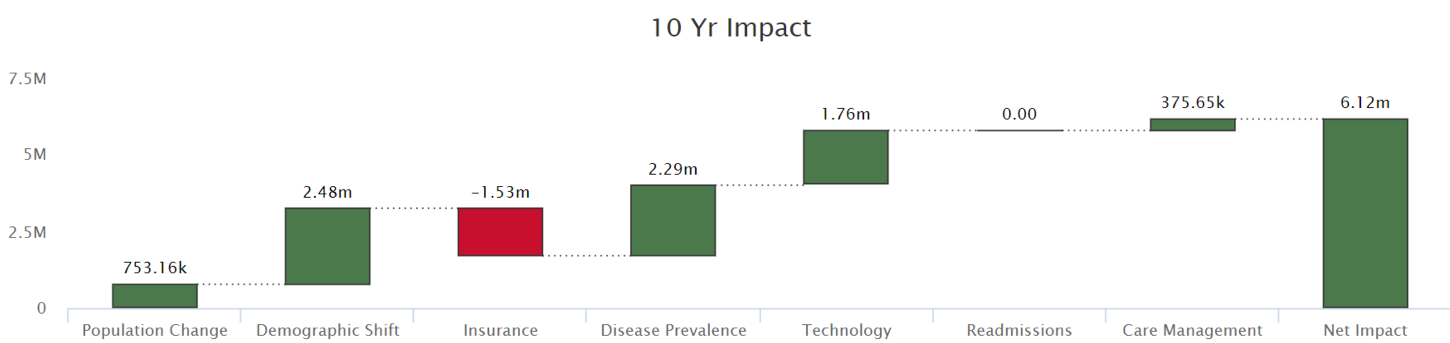
Source: Advisory Board research and analysis.

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

655 New York Avenue NW, Washington DC 20001 | **advisory.com**