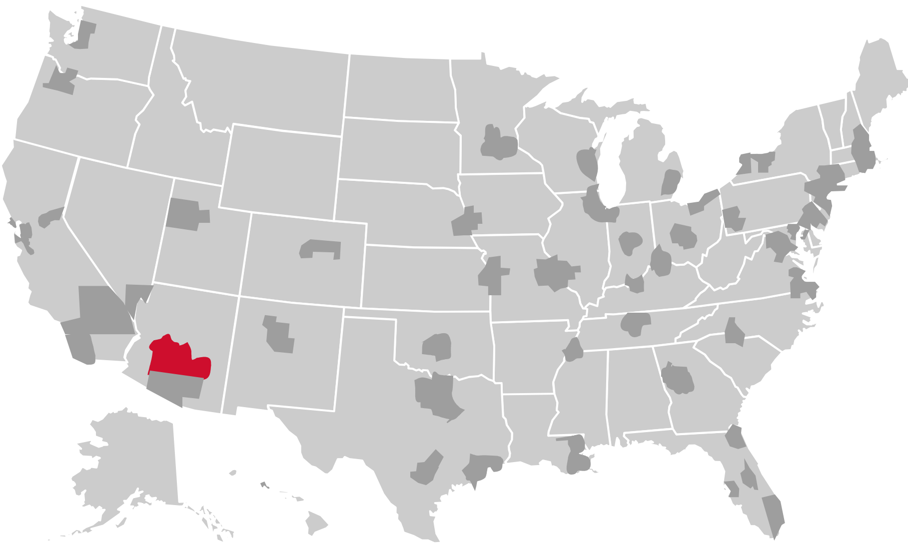
Market Profile

Published by Health Care Industry Committee

Phoenix, AZ



Counties Covered:

County	State
Maricopa	AZ
Pinal	AZ

Total Population:

- 4,800,458

Market Summary

- **Overview**: With most health systems, physician groups, and health plans moving towards value-based care, Phoenix is characterized by an increasingly integrated care delivery system.
- **Health Systems**: Banner Health is the largest system with 44% of market share, but the rest of the market is largely unconsolidated.
- **Insurers**: UnitedHealth Group dominates the commercial market, though Aetna, Cigna HealthCare, and Blue Cross Blue Shield of Arizona remain competitive.
- **Physicians**: Phoenix has several large medical groups affiliated with the city's largest health systems including Banner Physician Hospital Organization. However, many physicians have maintained their independence and Phoenix has seen a slowdown in health systems purchasing medical practices.
- **Employers**: Phoenix is home to six Fortune 500 companies, including U.S. Airways Group. Health care is also a major employment driver and one of the few segments that experienced continued growth through the recession.
- **Population**: While the financial crisis led to a slowdown in growth rates, the metro area continues to grow at a moderate rate and Phoenix now accounts for around 65% of Arizona's total population. The metro area also has a large Hispanic/Latino population.

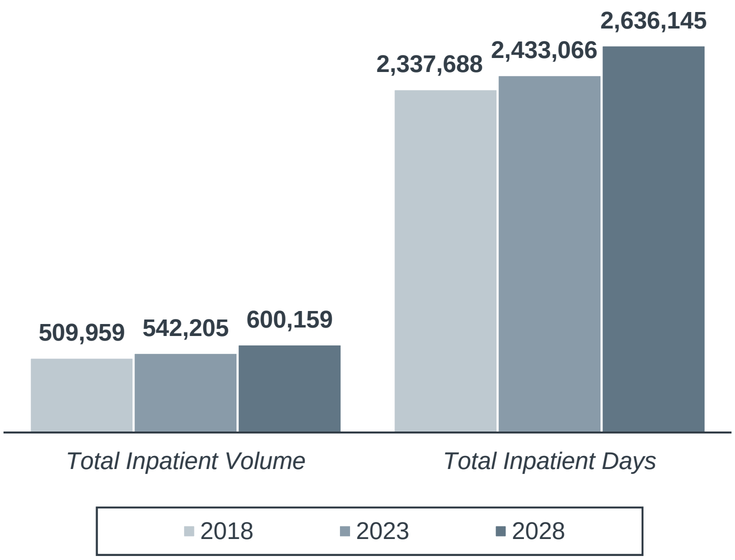
Source: Advisory Board research and analysis.

Market Glimpse

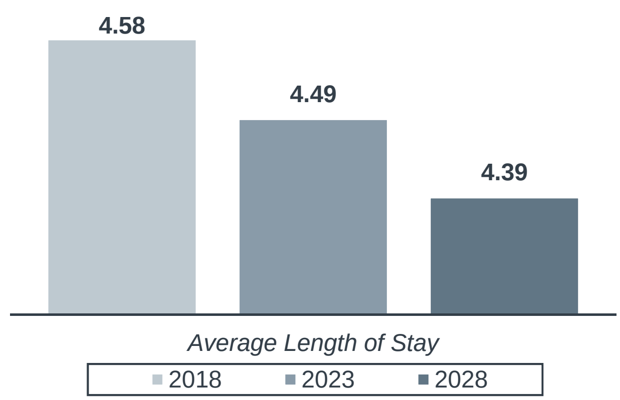
Key Figures

Category	Figure
Acute-Care Hospitals	36
Acute-Care Beds	8,059
Number of Clinicians[1]	29,225
Households Count	1,774,025
Median Age	36.8
Median Household Income	$65,045
Per Capita Income	$31,613
Patients Who Visited a Doctor in the Past Year	75.5%
Unemployment Rate	4.0%
Uninsured Rate	Medium

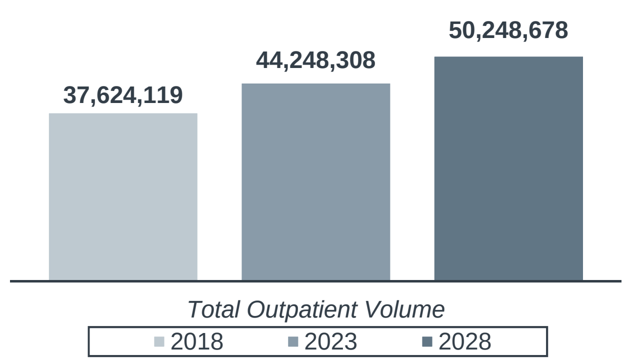
Inpatient Volume and Days



Average Length of Stay



Outpatient Volumes

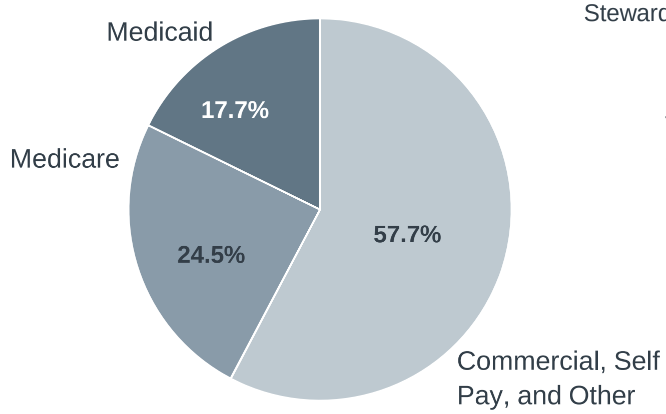


1) Includes primary care physicians, specialists, nurses, advanced practitioners, etc. For a breakdown of clinicians by type, specialty, or sub-specialty, you can use our Clinician Supply Profiler.

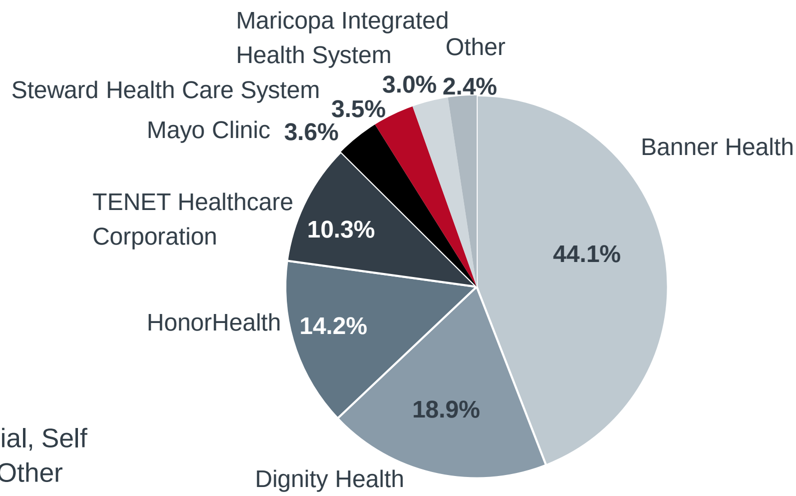
Source: Advisory Board research and analysis.

Overview of Payers, Inpatient Players, Major Ailments

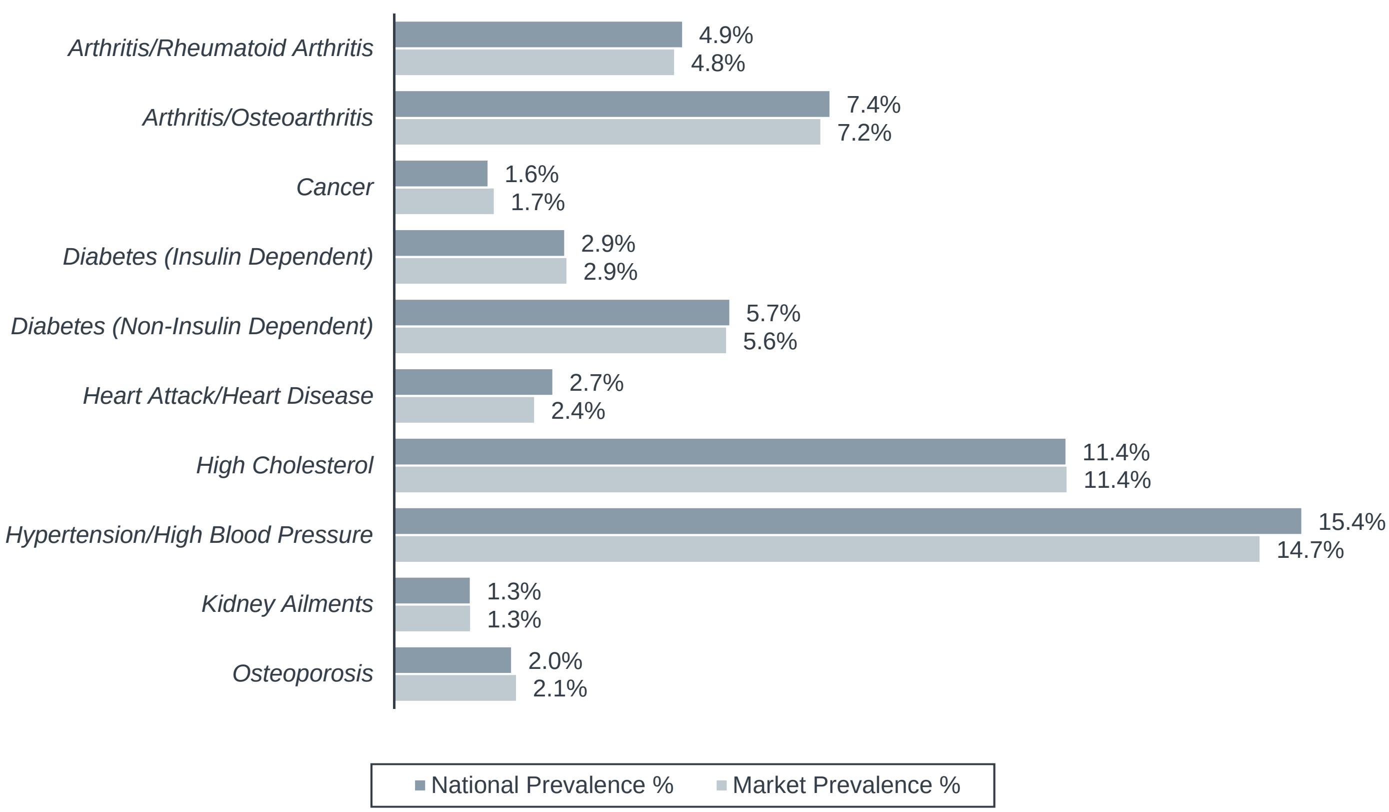
Discharge Mix



Inpatient Medicare Market Share Breakdown



Prevalence of Ailments



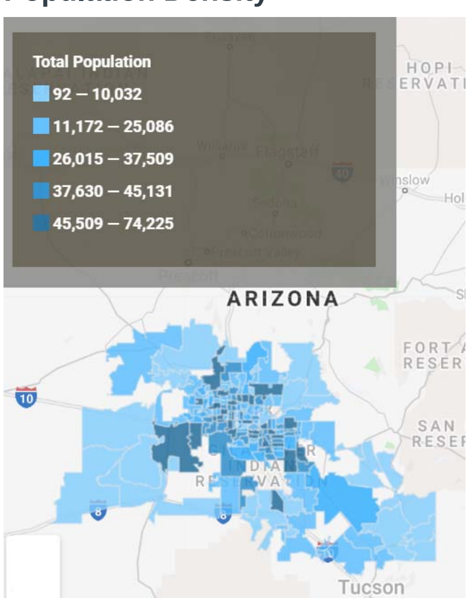
Source: Advisory Board research and analysis.

Population Stratification

Segmentation by Age

Age Group	% of Population in 2018
0-9	13.1%
10-19	13.5%
20-29	13.8%
30-39	13.5%
40-49	12.6%
50-59	12.2%
60-69	10.5%
70-79	7.0%
80+	3.7%

Population Density



Outpatient Sites of Care Volume Projections

Site of Care	2018 Volume	2028 Volume
Hospital Outpatient Department	3,889,840	5,029,189
Emergency Department	1,832,338	2,591,370
Ambulatory Surgery	4,217,352	5,689,325
Physician Office/Clinic	17,755,147	23,543,775
Endoscopy	663,494	897,287
Oncology Center	1,810,910	2,395,615
Sleep Studies	340,864	458,448
Independent Diagnostic Testing Facility	1,588,250	2,031,208
Physical Therapy	1,997,725	2,791,567
Lab	3,463,757	4,716,345
Other	64,441	104,548

Segmentation by Gender

Gender	Population Count in 2018	Projected Population Count in 2023
Male	2,382,811	2,612,145
Female	2,417,663	2,660,236

Source: Advisory Board research and analysis.

Inpatient Volume Projections

2018 Inpatient Volumes

2028 Inpatient Volumes (10-Year Growth)

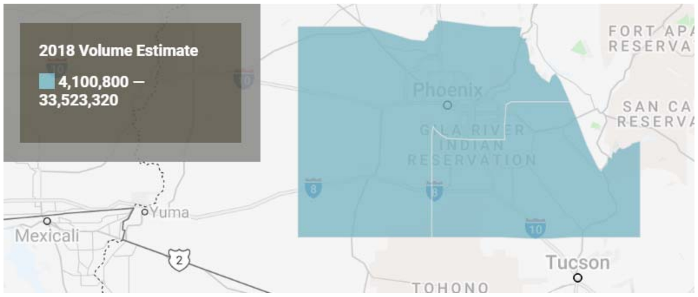
Service Line Volume Projections

Service Line	2018 Volume Estimate	2023 Volume Forecast	2028 Volume Forecast	5 Yr Growth	10 Yr Growth
Cardiac Services	52,582	49,934	55,585	-5.0%	5.7%
ENT	5,284	5,237	5,683	-0.9%	7.5%
General Medicine	180,868	201,978	228,748	11.7%	26.5%
General Surgery	34,409	36,309	39,745	5.5%	15.5%
Gynecology	5,405	5,237	5,559	-3.1%	2.9%
Invalid	1,134	983	1,005	-13.3%	-11.4%
Neonatology	62,969	66,938	71,880	6.3%	14.2%
Neurology	21,212	22,824	25,928	7.6%	22.2%
Neurosurgery	3,531	4,211	4,872	19.3%	38.0%
Obstetrics	63,610	68,387	73,980	7.5%	16.3%
Oncology/Hematology	14,488	15,200	16,653	4.9%	14.9%
Ophthalmology	593	567	588	-4.5%	-0.9%
Orthopedics	31,934	33,634	37,218	5.3%	16.5%
Other Trauma	4,310	4,826	5,558	12.0%	29.0%
Rehabilitation (Acute Care)	5,548	3,094	2,613	-44.2%	-52.9%
Spine	11,641	11,644	12,296	0.0%	5.6%
Thoracic Surgery	2,757	2,932	3,106	6.4%	12.7%
Urology	6,499	7,119	7,973	9.5%	22.7%
Vascular Services	1,185	1,153	1,169	-2.7%	-1.4%

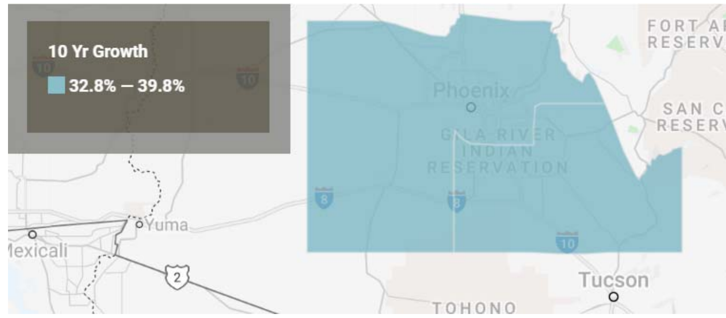
Source: Advisory Board research and analysis.

Outpatient Volume Projections

2018 Outpatient Volumes



2028 Outpatient Volumes (10-Year Growth)



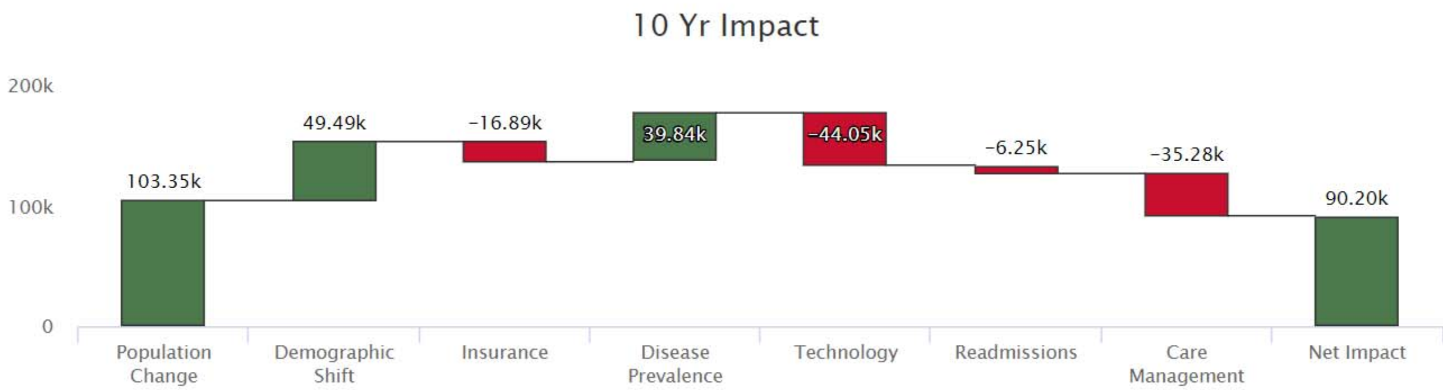
Service Line Volume Projections

Service Line	2018 Volume Estimate	2023 Volume Forecast	2028 Volume Forecast	5 Yr Growth	10 Yr Growth
+ Cardiology	1,287,191	1,513,591	1,763,735	17.6%	37.0%
+ Cosmetic Procedures	104,541	130,100	142,420	24.4%	36.2%
+ Dermatology	755,895	919,252	1,069,310	21.6%	41.5%
+ Endocrinology	10,500	16,226	19,027	54.5%	81.2%
+ ENT	450,218	563,264	688,556	25.1%	52.9%
+ Evaluation and	13,955,139	15,826,268	17,763,514	13.4%	27.3%
+ Gastroenterology	364,597	461,804	539,570	26.7%	48.0%
+ General Surgery	106,043	128,926	148,264	21.6%	39.8%
+ Gynecology	158,361	173,312	185,776	9.4%	17.3%
+ Lab	5,292,783	6,321,994	7,207,970	19.4%	36.2%
+ Miscellaneous Services	2,708,111	3,315,666	3,769,269	22.4%	39.2%
+ Nephrology	108,597	133,552	158,477	23.0%	45.9%
+ Neurology	209,716	274,215	324,232	30.8%	54.6%
+ Neurosurgery	11,732	15,101	18,330	28.7%	56.2%
+ Obstetrics	70,027	75,091	81,601	7.2%	16.5%
+ Oncology	26,856	29,771	32,455	10.9%	20.8%
+ Ophthalmology	1,153,178	1,440,214	1,680,953	24.9%	45.8%
+ Orthopedics	541,262	719,779	841,124	33.0%	55.4%
+ Pain Management	137,243	176,004	206,459	28.2%	50.4%
+ Physical	3,251,133	3,933,932	4,496,490	21.0%	38.3%
+ Podiatry	214,186	289,009	346,852	34.9%	61.9%
+ Psychiatry	1,747,192	2,033,146	2,219,481	16.4%	27.0%
+ Pulmonology	369,249	459,949	538,393	24.6%	45.8%
+ Radiology	4,044,216	4,606,628	5,190,767	13.9%	28.4%
+ Spine	17,743	23,652	27,562	33.3%	55.3%
+ Thoracic Surgery	3,509	4,847	5,890	38.1%	67.9%
+ Trauma	144,896	161,582	178,218	11.5%	23.0%
+ Urology	209,776	285,141	344,236	35.9%	64.1%
+ Vascular	170,230	216,295	259,746	27.1%	52.6%

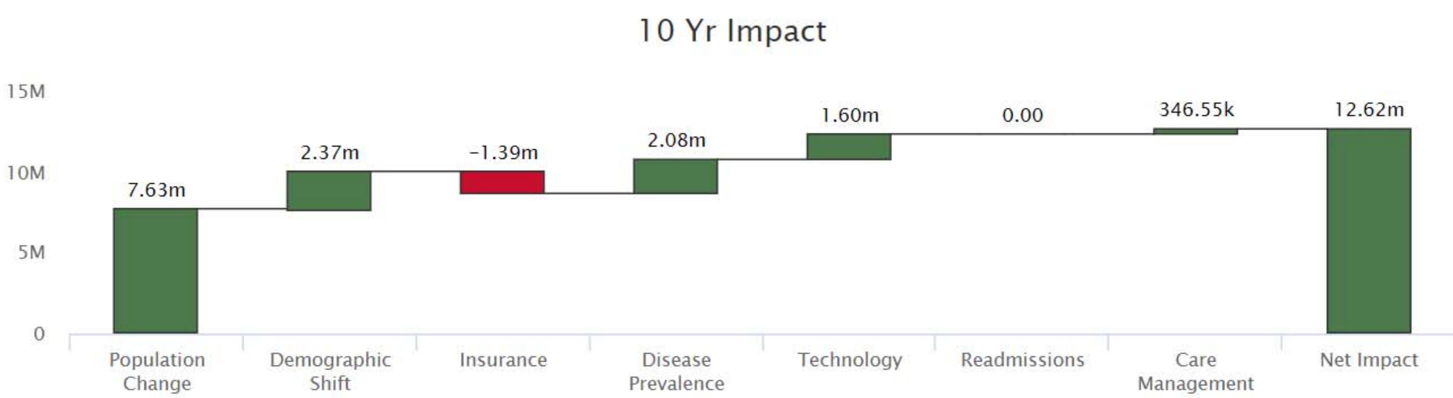
Source: Advisory Board research and analysis.

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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