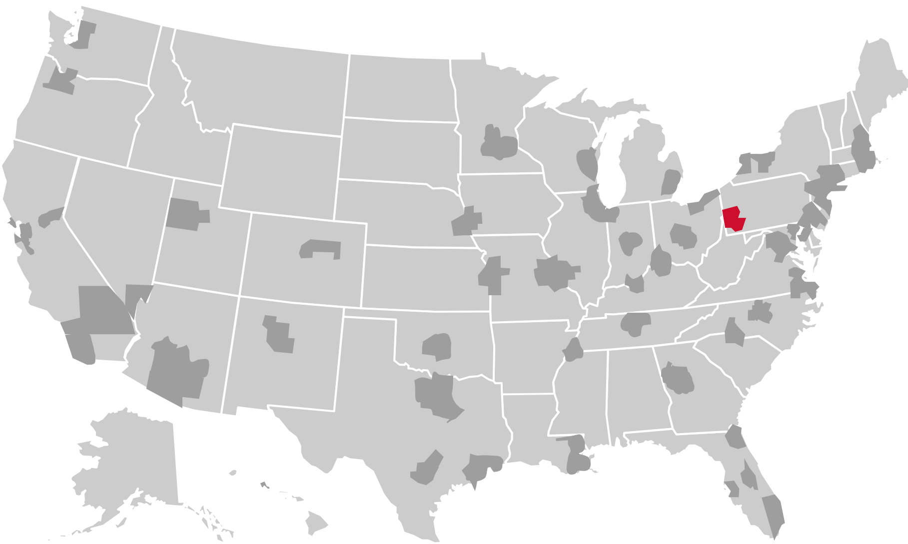
Market Profile

Published by Health Care Industry Committee

Pittsburgh, PA



Counties Covered:

County	State
Allegheny County	PA
Armstrong County	PA
Beaver County	PA
Butler County	PA
Fayette County	PA
Washington County	PA
Westmoreland County	PA

Total Population:

- 2,376,788

Market Summary

- **Overview**: Pittsburgh is a battleground between two large IDNs that each have their own health plan. Both systems seek to dominate the market, and patients can be caught in the crossfires of network negotiations.
- **Health Systems**: The region is largely consolidated around two providers. University of Pittsburgh Medical Center (UPMC) has almost half of the market, while Allegheny Health Network has another 23% of inpatient discharges. Pittsburgh's health systems, and the city as a whole, have recognized and adjusted well to a no-growth environment. UPMC has quietly reduced inpatient capacity and has actively shifted focus to a chronic disease management infrastructure.
- **Insurers**: The Pittsburgh market is largely split between two integrated networks: Highmark (which owns Allegheny Health) and UPMC's health plan. Aetna is another major player. Insurers in Pittsburgh are currently focused on competing for Medicare Advantage enrollees.
- **Physicians**: Smaller systems have formed physician joint ventures to compete with larger players.
- **Employers**: Major employers in the region largely contract with Highmark or UPMC. Somewhat like Cleveland and other mid-sized Midwestern markets, Pittsburgh has an economy very reliant on health and education sectors. It also has a prominent health technology sector.
- **Population**: The Pittsburgh population is aging, highly insured, and moderately wealthy. The population is in the midst of a slow decline that will lead to a corresponding decline in inpatient days over the next decade.

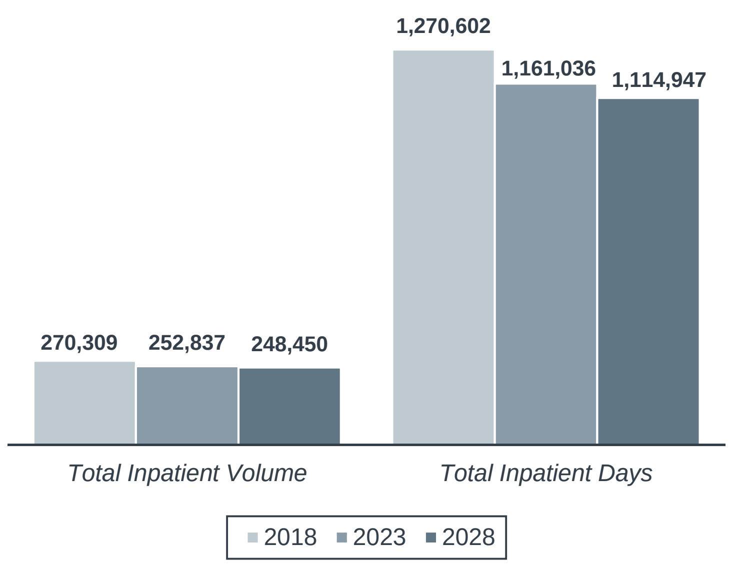
Sources: Johnson C., "Two visions for the future of health care are at war in Pittsburgh", The Washington Post, 2018; Lindstrom N., "UPMC says it's eclipsed Highmark in Medicare Advantage insurance market, Aetna gains." Trib Live, 2019; Advisory Board research and analysis.

Market Glimpse

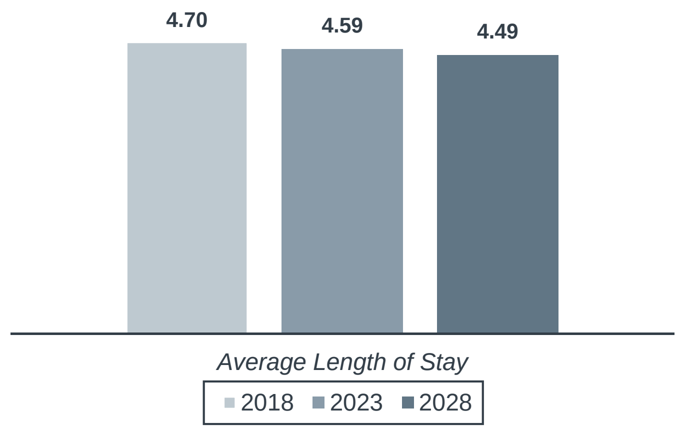
Key Figures

Category	Figure
Acute-Care Hospitals	28
Acute Care Beds	6,471
Number of Clinicians[1]	19,381
Households Count	1,044,634
Median Age	42.0
Median Household Income	$61,270
Per Capita Income	$36,088
Unemployment Rate	4.6%
% of Patients Who Visited a Doctor Last Year	78.4%
Uninsured Rate	Low

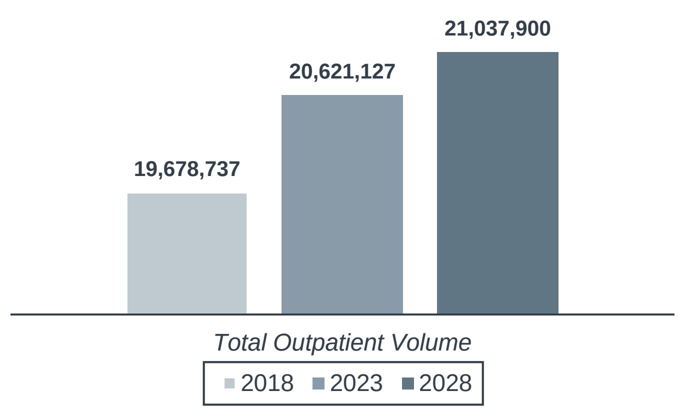
Inpatient Volume and Days



Average Length of Stay



Outpatient Volumes

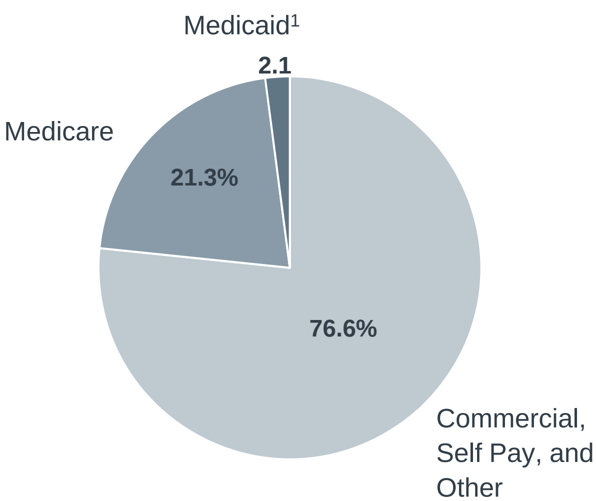


1) Includes primary care physicians, specialists, nurses, advanced practitioners, etc. For a breakdown of clinicians by type, specialty, or sub-specialty, you can use our Clinician Supply Profiler.

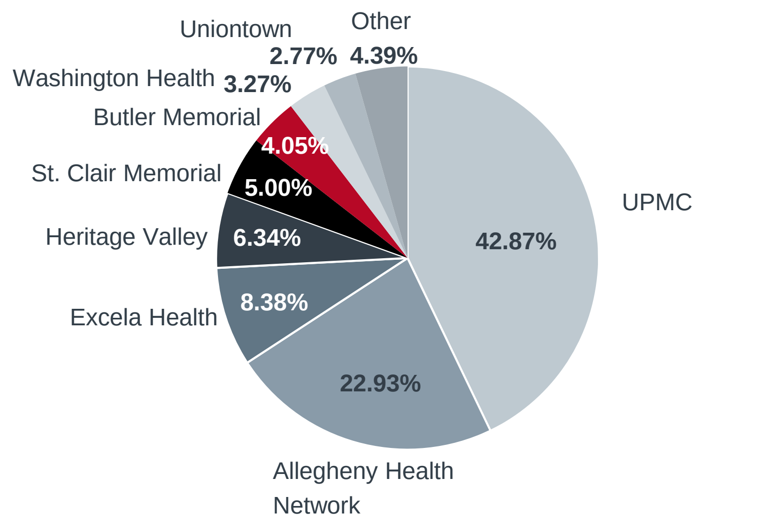
Source: Advisory Board research and analysis.

Overview of Payers, Inpatient Players, Major Ailments

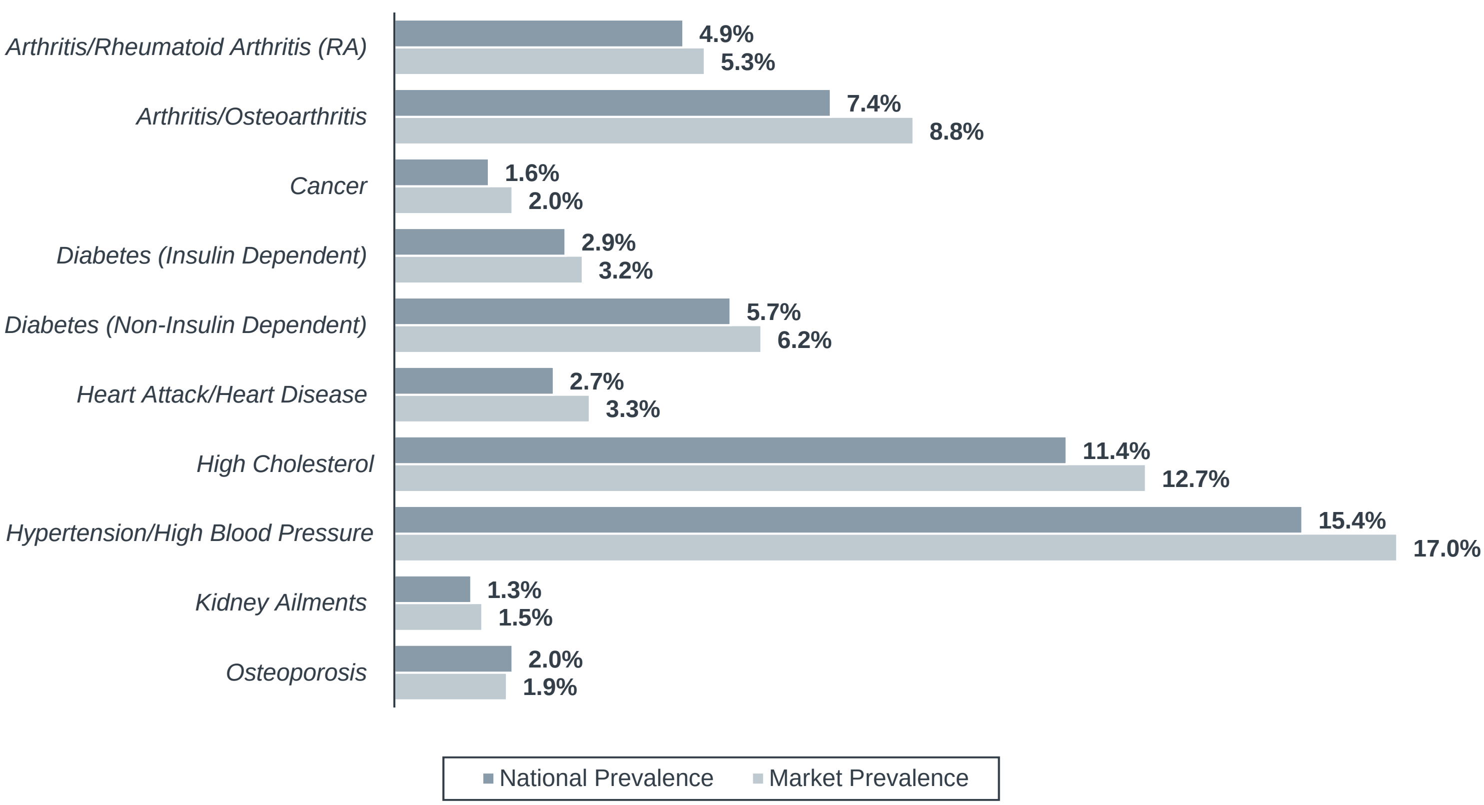
Discharge Mix



Inpatient Medicare Market Share Breakdown



Prevalence of Major Ailments



1) While Pittsburgh has a low Medicaid population, the numbers here likely undercount Medicaid discharges.

Source: Advisory Board research and analysis.

Population Stratification

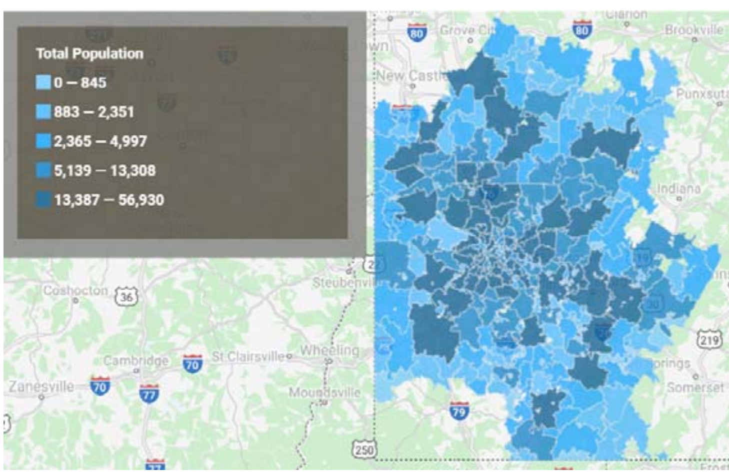
Segmentation by Age

Age Group	% of Population (2018)
0-9	10.3%
10-19	11.2%
20-29	12.7%
30-39	12.6%
40-49	12.7%
50-59	14.4%
60-69	13.8%
70-79	8.1%
80+	5.3%

Outpatient Sites of Care Volume Projections

Site of Care	2018 Volume	2028 Volume
Hospital Outpatient Dept.	2,097,174	2,159,214
Emergency Department	981,852	1,107,645
Ambulatory Surgery	2,201,718	2,381,251
Physician Office/Clinic	9,139,757	9,733,552
Endoscopy	351,128	380,523
Oncology Center	943,419	1,000,733
Sleep Studies	177,165	190,879
Independent Diagnostic Testing Facility	848,979	867,681
Physical Therapy	1,026,015	1,142,071
Lab	1,875,007	2,028,309
Other	36,524	46,043

Population Density (Map)



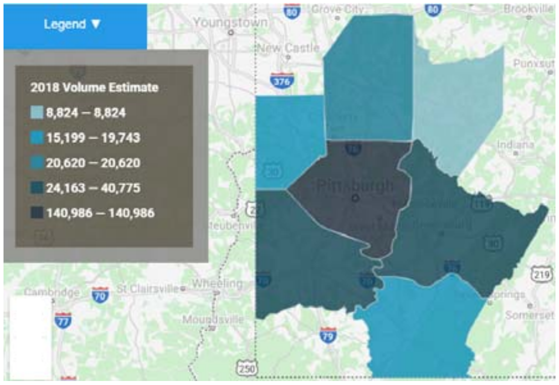
Segmentation by Gender

Gender	Current Population Count (2018)	Projected Population Count (2023)
Male	1,158,725	1,138,699
Female	1,218,041	1,198,167

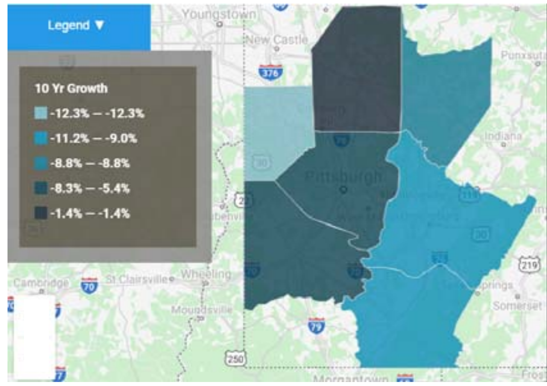
Source: Advisory Board research and analysis.

Inpatient Volume Projections

2018 Inpatient Volumes



2028 Inpatient Volumes (10-Year Growth)



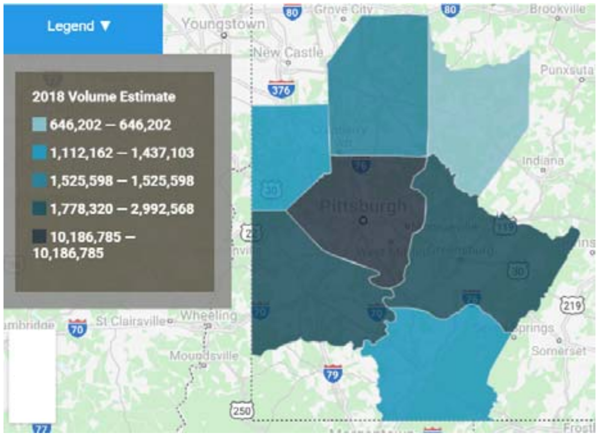
Service Line Volume Projections

Service Line	2018 Volume Estimate	2023 Volume Forecast	2028 Volume Forecast	5 Yr Growth	10 Yr Growth
+ Cardiac Services	31,615	26,038	25,425	-17.6%	-19.6%
+ ENT	2,739	2,432	2,361	-11.2%	-13.8%
+ General Medicine	100,950	98,793	98,941	-2.1%	-2.0%
+ General Surgery	18,753	17,538	17,082	-6.5%	-8.9%
+ Gynecology	2,745	2,380	2,282	-13.3%	-16.9%
+ Invalid	644	487	439	-24.3%	-31.8%
+ Neonatology	24,325	23,435	22,801	-3.7%	-6.3%
+ Neurology	12,172	11,382	11,396	-6.5%	-6.4%
+ Neurosurgery	1,922	2,037	2,101	6.0%	9.3%
+ Obstetrics	28,870	27,668	26,585	-4.2%	-7.9%
+ Oncology/Hematology	8,046	7,475	7,269	-7.1%	-9.7%
+ Ophthalmology	317	268	247	-15.5%	-22.0%
+ Orthopedics	18,963	17,497	17,032	-7.7%	-10.2%
+ Other Trauma	2,434	2,360	2,391	-3.0%	-1.7%
+ Rehabilitation (Acute	3,306	1,602	1,193	-51.5%	-63.9%
+ Spine	6,567	5,813	5,452	-11.5%	-17.0%
+ Thoracic Surgery	1,578	1,495	1,411	-5.3%	-10.6%
+ Urology	3,655	3,530	3,500	-3.4%	-4.3%
+ Vascular Services	709	606	544	-14.5%	-23.3%

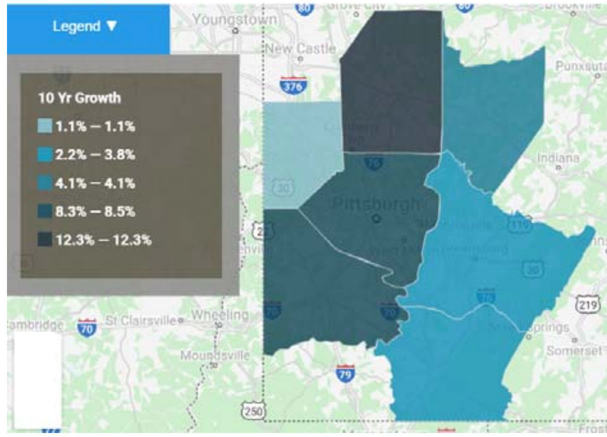
Source: Advisory Board research and analysis.

Outpatient Volume Projections

2018 Outpatient Volumes



2028 Outpatient Volumes (10-Year Growth)



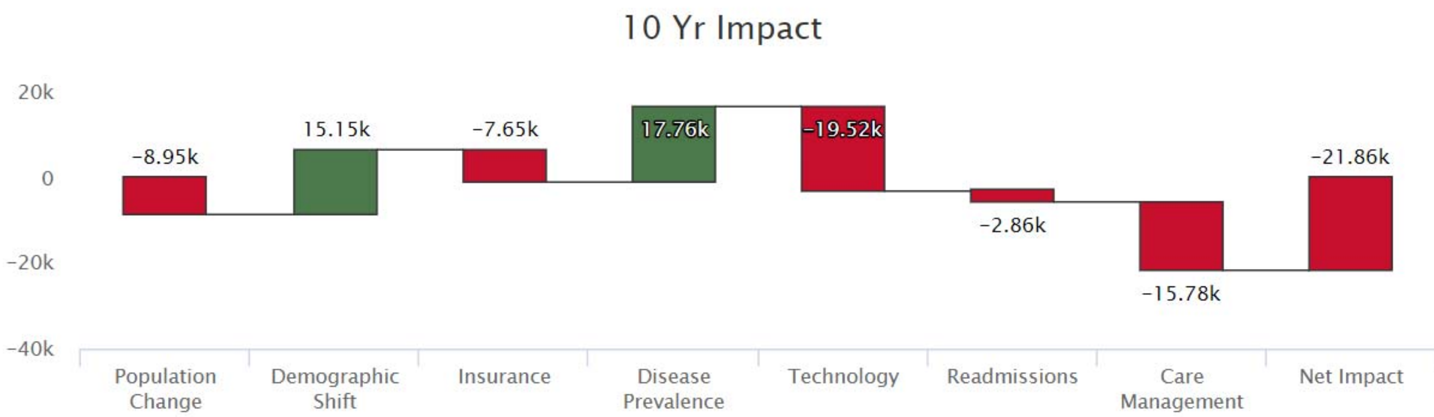
Service Line Volume Projections

Service Line	2018 Volume Estimate	2023 Volume Forecast	2028 Volume Forecast	5 Yr Growth	10 Yr Growth
+ Cardiology	745,104	769,987	799,485	^ 3.3%	^ 7.3%
+ Cosmetic Procedures	52,057	58,269	57,438	^ 11.9%	^ 10.3%
+ Dermatology	405,991	438,763	457,688	^ 8.1%	^ 12.7%
+ Endocrinology	5,660	7,761	8,113	^ 37.1%	^ 43.3%
+ ENT	215,530	240,605	262,984	^ 11.6%	^ 22.0%
+ Evaluation and	7,110,980	7,209,929	7,285,963	^ 1.4%	^ 2.5%
+ Gastroenterology	207,587	232,997	243,274	^ 12.2%	^ 17.2%
+ General Surgery	56,865	61,591	63,568	^ 8.3%	^ 11.8%
+ Gynecology	79,470	78,264	75,536	v -1.5%	v -5.0%
+ Lab	2,876,418	3,047,716	3,111,479	^ 6.0%	^ 8.2%
+ Miscellaneous	1,369,535	1,499,109	1,536,128	^ 9.5%	^ 12.2%
+ Nephrology	61,902	66,868	70,296	^ 8.0%	^ 13.6%
+ Neurology	108,826	126,649	134,524	^ 16.4%	^ 23.6%
+ Neurosurgery	6,039	6,939	7,567	^ 14.9%	^ 25.3%
+ Obstetrics	31,714	30,513	29,364	v -3.8%	v -7.4%
+ Oncology	15,412	15,047	14,576	v -2.4%	v -5.4%
+ Ophthalmology	664,369	735,904	770,940	^ 10.8%	^ 16.0%
+ Orthopedics	292,904	346,672	363,480	^ 18.4%	^ 24.1%
+ Pain Management	75,855	86,411	91,075	^ 13.9%	^ 20.1%
+ Physical	1,660,659	1,787,811	1,833,155	^ 7.7%	^ 10.4%
+ Podiatry	133,244	153,653	161,789	^ 15.3%	^ 21.4%
+ Psychiatry	825,764	860,511	849,356	^ 4.2%	^ 2.9%
+ Pulmonology	185,369	206,873	218,450	^ 11.6%	^ 17.8%
+ Radiology	2,186,482	2,210,141	2,230,299	^ 1.1%	^ 2.0%
+ Spine	9,565	11,410	11,971	^ 19.3%	^ 25.2%
+ Thoracic Surgery	2,049	2,511	2,733	^ 22.5%	^ 33.4%
+ Trauma	77,334	76,367	75,216	v -1.3%	v -2.7%
+ Urology	117,322	141,041	152,465	^ 20.2%	^ 30.0%
+ Vascular	98,730	110,813	118,987	^ 12.2%	^ 20.5%

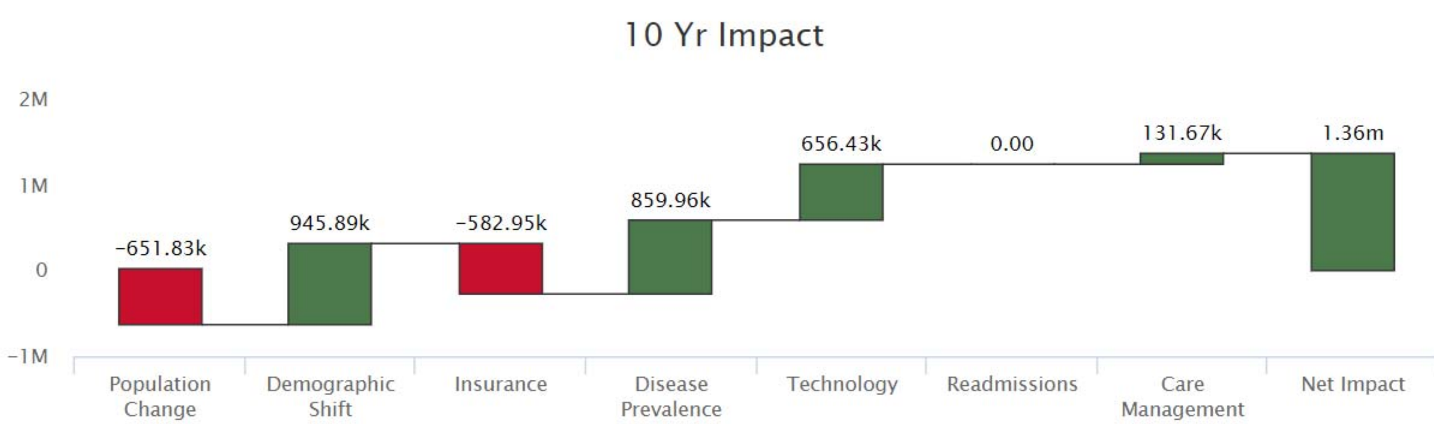
Source: Advisory Board research and analysis.

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

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