The Economic Impact of Health Care in Jacksonville

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CEO, Mayo Clinic in Florida

First Coast Real Estate Economic Outlook Conference
April 3, 2013
Today’s Focus

• Jacksonville economic trends
• Impact of Mayo Clinic
• Predicting future health care trends
Jacksonville Economic Trends

- Construction industry
- Housing collapse
- Areas requiring investment
- Bright spots
Direct Impact of Health Care Industry on Select Cities

Aggregate impact ($ billions)

Per-capita impact ($ thousands)

Durham: 4.28
Raleigh: 4.95
Jacksonville: 7.37
Nashville: 10.52
San Antonio: 10.65
Atlanta: 23.77
Houston: 27.87

Numbers reflect 2007, from Economic Impact of Healthcare and Bioscience Industry, Northeast Florida 2011; Center for Global Health and Medical Diplomacy, UNF
Duval County Top Employers

1. Naval Air Station Jacksonville
2. Duval County Public Schools
3. Naval Station Mayport
4. Florida Blue
5. Distribution Center
6. Winn-Dixie Stores – Jacksonville
7. Publix
8. Baptist Health
9. Citibank (Citi-Cards)
10. Mayo Clinic
### Largest Health Care & Bioscience

**45,000 employees**

<table>
<thead>
<tr>
<th>ORGANIZATION</th>
<th>EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baptist Health System</td>
<td>8,129</td>
</tr>
<tr>
<td>Florida Blue</td>
<td>7,315</td>
</tr>
<tr>
<td>Shands UF College of Medicine – Jax</td>
<td>5,700</td>
</tr>
<tr>
<td><strong>Mayo Clinic</strong></td>
<td><strong>5,000</strong></td>
</tr>
<tr>
<td>St. Vincent’s Health Care</td>
<td>3,700</td>
</tr>
<tr>
<td>Naval Hospital Jacksonville</td>
<td>2,500</td>
</tr>
<tr>
<td>Vistakon</td>
<td>2,000</td>
</tr>
<tr>
<td>Memorial Hospital</td>
<td>1,800</td>
</tr>
<tr>
<td>Flagler Hospital</td>
<td>1,500</td>
</tr>
<tr>
<td>Northeast Florida Mental Health</td>
<td>1,192</td>
</tr>
<tr>
<td>PSS World Medical</td>
<td>1,200</td>
</tr>
<tr>
<td>Orange Park Medical Center</td>
<td>950</td>
</tr>
<tr>
<td>Duval County Health Department</td>
<td>900</td>
</tr>
<tr>
<td>Brooks Health System</td>
<td>850</td>
</tr>
<tr>
<td>Nemours Children’s Clinic &amp; Headquarters</td>
<td>800</td>
</tr>
<tr>
<td>Community Hospice of Northeast Florida</td>
<td>700</td>
</tr>
<tr>
<td>Medtronic</td>
<td>650</td>
</tr>
</tbody>
</table>
Health Care and Bioscience Industries

- Insurance: 48%
- Manufacturing: 13%
- Hospitals: 12%
- Physicians: 8%
- Pharma: 8%
- Related: 6%
- Other: 3%
- Research: 2%

Numbers reflect 2007, from Economic Impact of Healthcare and Bioscience Industry, Northeast Florida 2011; Center for Global Health and Medical Diplomacy, UNF
Economic Impact of Health Service Providers ($ millions)

- Hospitals: $3,038
- Physicians: $2,147
- Nursing homes: $378
- Other providers: $277

Numbers reflect 2007, from Economic Impact of Healthcare and Bioscience Industry, Northeast Florida 2011; Center for Global Health and Medical Diplomacy, UNF
Research in Florida

- Scripps
- Torrey Pines
- Sanford-Burnham
- Max Planck
- UF
- UM
- FSU
- USF
- Moffitt
Jacksonville
Total Research Dollars – $97 Million

- Mayo Clinic: $52 M
- Univ of Florida – Jacksonville: $23 M
- Univ of North Florida: $18 M
- Nemours Children’s Clinic: $4 M

Numbers reflect 2010, from Economic Impact of Healthcare and Bioscience Industry, Northeast Florida 2011; Center for Global Health and Medical Diplomacy, UNF
Jacksonville
Projected Health Care Job Growth (no.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Projected Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>80,611</td>
</tr>
<tr>
<td>2016</td>
<td>92,882</td>
</tr>
</tbody>
</table>

Average earnings per worker $57,019

Growth: 15.2%
Regional Health Care
Systems vs Independent Hospitals – Florida

1990

123 Systems
109 Independents

2010

106 Systems
43 Independents

Numbers reflect 2010, from Economic Impact of Healthcare and Bioscience Industry, Northeast Florida 2011; Center for Global Health and Medical Diplomacy, UNF
## Largest Systems
### Florida and South Georgia

<table>
<thead>
<tr>
<th>System</th>
<th>Governance model</th>
<th>Discharges</th>
<th>Net Revenue ($)</th>
<th>Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital Corporation of America (HCA)</td>
<td>For profit</td>
<td>486,449</td>
<td>8.2 B</td>
<td>11,452</td>
</tr>
<tr>
<td>Adventist Health System</td>
<td>Nonprofit</td>
<td>214,370</td>
<td>3.5 B</td>
<td>4,516</td>
</tr>
<tr>
<td>Health Management Associates (HMA)</td>
<td>For profit</td>
<td>127,127</td>
<td>2.1 B</td>
<td>3,511</td>
</tr>
<tr>
<td>BayCare</td>
<td>Nonprofit</td>
<td>117,767</td>
<td>1.8 B</td>
<td>2,707</td>
</tr>
<tr>
<td>Ascension Health</td>
<td>Nonprofit</td>
<td>63,313</td>
<td>1.0 B</td>
<td>1,355</td>
</tr>
<tr>
<td>Baptist Health (Jacksonville)</td>
<td>Nonprofit</td>
<td>48,306</td>
<td>944 M</td>
<td>757</td>
</tr>
<tr>
<td>Health First</td>
<td>Nonprofit</td>
<td>33,954</td>
<td>610 M</td>
<td>816</td>
</tr>
<tr>
<td>NCH Healthcare Systems</td>
<td>Nonprofit</td>
<td>27,435</td>
<td>397 M</td>
<td>681</td>
</tr>
<tr>
<td>Phoebe Putney</td>
<td>Nonprofit</td>
<td>22,274</td>
<td>589 M</td>
<td>490</td>
</tr>
<tr>
<td><strong>Mayo Clinic in Florida</strong></td>
<td><strong>Nonprofit</strong></td>
<td><strong>10,168</strong></td>
<td><strong>692 M</strong></td>
<td><strong>214</strong></td>
</tr>
<tr>
<td>All other hospitals</td>
<td></td>
<td>1,238,010</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>2,389,173</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2009
Jacksonville Health Care Trends

• Local health care growth
• Consolidation
• Hospital collaboration
• Physician organizations
• Hospital competition
Competitive Marketplace

- Baptist Health
- Mayo Clinic
- Shands Healthcare
- Memorial Hospital
- UF & Shands
- St. Vincent's Healthcare
Impact of Mayo Clinic
Who We Are in Florida

- 97,000 patients in 2012
- ~5,000 employees
- Neurosciences, transplant, cancer, GI and heart
- Research programs
- 300 clinical trials
- Teach residents, fellows and students
- Lab testing for hospitals
Mayo Clinic in Florida
Patients

NE Florida 72%

Rest of U.S. 17%

Rest of Florida 9%

International, 2%
Mayo Clinic in Florida Economic and Societal Impact ($ millions)

- **Personal income**: $818.6
- **Federal tax revenue**: $150.9
- **State/local tax revenue**: $746.0
- **Output**: $1,738.6

Mayo Clinic employs (direct and indirect) **14,042 people**
Mayo School of Graduate Medical Education Trainees – Growth

Health care industry jobs (no.)

- 11 (1993)
- 26 (1994)
- 56 (1996)
- 63 (1997)
- 70 (1998)
- 83 (1999)
- 93 (2000)
- 98 (2001)
- 110 (2002)
- 146 (2006)
- 169 (2011)
- 189 (2012)
- 198 (2013)
- 202 (2014)
- 207 (2017)
Mayo Clinic in Florida
Research Grants ($ millions)

- 2008: $48.0
- 2009: $51.0
- 2010: $47.0
- 2011: $49.2
- 2012: $53.4
ALS Research

Rosa Rademakers, PhD

Gene Discovery

• Mayo finds gene that is most common cause of familial FTD and ALS
• Discovery may lead to new ways to treat patients
• ALS Award – American Academy of Neurology
# Mayo Clinic in Florida

## Projected Growth of Research Programs

<table>
<thead>
<tr>
<th>Year</th>
<th>Consultants</th>
<th>Allied Health</th>
<th>Fellows</th>
<th>Total</th>
<th>Annual % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>62</td>
<td>185</td>
<td>115</td>
<td>362</td>
<td>5.23</td>
</tr>
<tr>
<td>2013</td>
<td>59</td>
<td>174</td>
<td>111</td>
<td>344</td>
<td>6.50</td>
</tr>
<tr>
<td>2012</td>
<td>54</td>
<td>168</td>
<td>101</td>
<td>323</td>
<td>8.75</td>
</tr>
<tr>
<td>2011</td>
<td>47</td>
<td>156</td>
<td>94</td>
<td>297</td>
<td>10.00</td>
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<tr>
<td>2010</td>
<td>41</td>
<td>144</td>
<td>85</td>
<td>270</td>
<td></td>
</tr>
</tbody>
</table>
Predicting Future Health Care Trends

• Health care reform/consolidation
• Transforming health care
• Cost shifting

There is no new money …we all have to change
Health Care at a Crossroads

- Fragmented care
- Sluggish economy
- Aging population
- Rising costs of care
- 18% of GNP
Health Care of the Future

- Consumer-driven marketplace
- Hyper-connected society
  - Opportunities for technology
- Unsustainable – Medicare Trust fund insolvent
- Affordable Care Act
  - Exchanges – Medicare + 50% for employed
“Every system is perfectly designed to produce the results it gets”

Don Berwick, MD
End of the Independent Hospital?

See accelerated movement to align with systems or integrate with doctors now

Options

• Become part of a system
• Integrate with doctors and fight
• Create a regional system

Standalone hospitals in the U.S. (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>51</td>
</tr>
<tr>
<td>2000</td>
<td>42</td>
</tr>
<tr>
<td>2007</td>
<td>31</td>
</tr>
</tbody>
</table>

* Data from MedTrend Inc.
Transforming Health Care
Individualized Medicine
Example: Gene sequencing
J. Wayne and Delores Barr Weaver Simulation Center

“There is no excuse today... to learn on the patient.”

William J. Mayo, M.D.
1927
Robotics and eConsults
Cost Shifting! Current Medicare/Medicaid situation is unsustainable!
Regional Variation in Medicare Spending
Dartmouth Atlas of Health Care

Los Angeles, CA
$11,303

La Crosse, WI
$6,008

Jacksonville
$9,160

Bronx, NY
$12,714

Miami
$17,274
Health Care Reform
We All Have to Change

**Providers**
- Improve effectiveness and efficiency
- Better integration
- Stress treatment adherence and prevention

**Patients**
- Purchase health insurance
- Prevention/healthier lifestyles
- Chronic disease adherence
- Fair financial stake

**Payers/employers**
- Encourage prevention, compliance and health
- Value-based benefit design
- Change payment to reward providers who deliver value

**Government**
- Change payment model to one that rewards value
- Financial help to purchase insurance for those in need
- Support research & education
Today’s Focus

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Questions & Discussion