

6 San Bernardino County

Health Care Sector

Across San Bernardino County, hospitals, health care centers, doctors' offices and laboratories provide access to a variety of vital health care services, employing thousands of workers, and generating significant revenues and tax dollars.

The health care sector is composed of several inter-related and supporting industries, including ambulatory health care services, hospitals, and nursing and residential care facilities. The sector as a whole has been growing over the past decade and is likely to be a driver of economic activity going forward as our population grows, as it ages, and as medical advances extend our productive lives.

There were more than 2,920 private and public establishments and 68,690 payroll employees in the health care sector, representing 11.6 percent of all payroll employment in San Bernardino County. Offices of health care practitioners is the largest industry by number of establishments, but the hospital industry employs more workers, providing 31,595 jobs.

These data do not include the self-employed or freelance workers, which we estimate could add an additional 5,000 workers, many of whom are health care practitioners or work in home health care services.

Payroll employment in this sector has been growing over the past twenty years. In 1990, employment in San Bernardino County in the health care industry was 38,021, growing to 68,690 in 2010. Growth has accelerated in the past decade, averaging approximately 3.5 percent on an annual basis since 2000, compared to 2.6 percent per year in the prior decade.

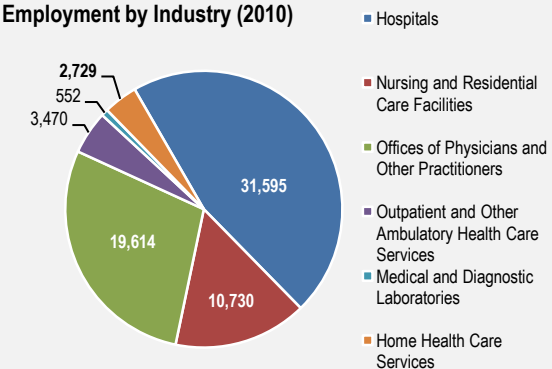
In the county as a whole, total payroll employment increased steadily over the period but at a slower rate, and experienced a decline during the recession.

Exhibit 6-1
Health Care Services in San Bernardino (2010)

| | # of Establishments |
|---|---------------------|
| Hospitals: | |
| General Medical and Surgical Hospitals ¹ | 24 |
| Other Hospitals ² | 107 |
| Nursing and Residential Care Facilities | 377 |
| Offices of Health Care Practitioners | 2,071 |
| Outpatient Care Centers | 161 |
| Medical and Diagnostic Laboratories | 57 |
| Home Health Care Services | 122 |
| TOTAL Establishments | 2,926 |
| % of all San Bernardino Establishments | 5.9% |

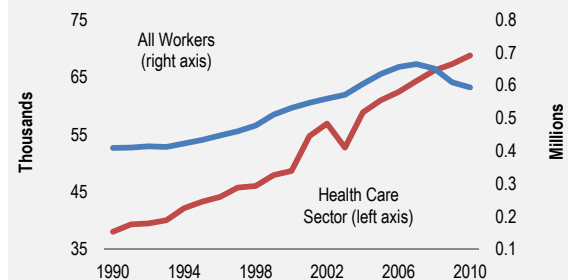
Source: CA EDD
¹ Includes federal, state and county general medical and surgical hospitals such as VA hospitals
² Includes psychiatric and substance abuse hospitals and specialty hospitals

Exhibit 6-2
Employment by Industry (2010)



Source: CA EDD

Exhibit 6-3
Employment (2010)



Source: CA EDD

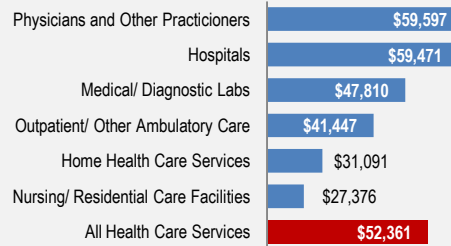
Wages

Wages of health care workers vary by industry, as shown in Exhibit 6-4. Average wages were highest in physicians and other practitioners in 2010, reaching \$59,597 annually, and lowest in nursing and residential care facilities where workers earned an average of \$27,376 in 2010.

Overall, the average annual wage in the health care industry in San Bernardino County in 2010 was \$52,361.

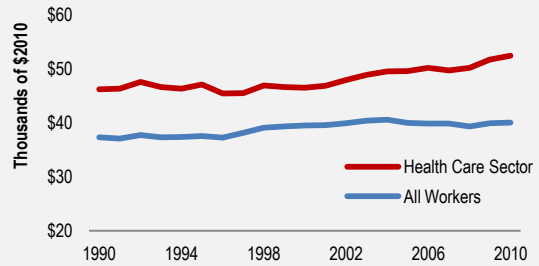
The purchasing power of earnings in the health care sector has remained relatively flat during the 1990s and increased only slightly since 2000. Nevertheless, this performance is better than average real wages for all workers in San Bernardino County, which have stagnated through the two decade period. ❖

Exhibit 6-4
Average Annual Wages by Industry (2010)



Source: CA EDD

Exhibit 6-5
Average Annual Wages



Source: CA EDD

Ongoing Operations of Hospitals in San Bernardino County

Economic Activity

Data compiled by the State of California Office of Statewide Health Planning and Development (OSHPD) provides insight into the capabilities and activity at reporting hospitals. Summary data for hospitals in San Bernardino County is shown in Exhibit 6-6. This data excludes several hospitals, such as Kaiser Foundation Hospitals, California State hospitals and hospitals focused on long-term care, and therefore underreports the number of beds, patient days, discharges and outpatient visits.

The 19 reporting hospitals in Los Angeles County reported 3,656 licensed beds and 3,451 available beds with an average occupancy rate of 67.4 percent. These hospitals combined provided over 843,524 inpatient days, with acute care accounting for 76 percent. The average length of stay for patients who stayed at least one night was 5.1 days.

Total discharges numbered 165,642 (although some of these were inter-institutional transfers). There were more than 2 million outpatient visits to hospitals in San Bernardino County, almost one third of which were emergency room visits.

Hospital operations generate substantial revenues, employment and labor income. A summary of the activity of the reporting hospitals is shown in Exhibit 6-7.

These hospitals received \$3.1 billion in net patient revenue and \$115 million in other revenue. Together they spent more than \$1.37 billion in purchases, including services and supplies, much of which was spent within the San Bernardino region. In addition to this spending, \$1.1 billion was paid in wages and salaries, with an additional \$441 million in employee benefits. Moreover, \$100 million was paid to physicians and \$56 million was paid for other professional services.

Exhibit 6-6 San Bernardino County Hospitals (2010)

| | |
|----------------------------------|-----------|
| Hospitals reporting ¹ | 19 |
| Beds: | |
| Licensed | 3,656 |
| Available | 3,451 |
| Occupancy Rates: | |
| Licensed Beds | 63.6% |
| Available Beds | 67.4% |
| Patients Days: | |
| Acute Care | 642,479 |
| Psychiatric Care | 86,188 |
| Chemical Dependency | 23,810 |
| Rehabilitation | 85,468 |
| Long-term Care | 5,579 |
| Total | 843,524 |
| Average Length of Stay | 5.1 |
| Discharges | 165,642 |
| Outpatient Visits: | |
| Emergency Room | 655,796 |
| All Other Outpatients | 1,419,079 |
| Total | 2,074,875 |

Source: California Office of Statewide Health Planning and Development
¹ Excludes Kaiser Foundation hospitals, California State hospitals and hospitals of the Department of Veterans Affairs

Exhibit 6-7 Economic Activity of Hospital Operations (2010)¹

| | \$ millions |
|-----------------------------|-------------|
| Net Patient Revenue | \$ 3,143.4 |
| Other Operating Revenue | 27.7 |
| Non-Operating Revenue | 87.5 |
| Purchases: | |
| Supplies | \$ 534.5 |
| Services | 312.0 |
| Leases and rentals | 50.9 |
| Other | 477.1 |
| Salaries and wages | \$ 1,075.3 |
| Employee benefits | 441.5 |
| Physician professional fees | 100.2 |
| Other professional fees | 56.3 |

Source: California Office of Statewide Health Planning and Development
¹ Excludes Kaiser Foundation hospitals, California State hospitals and hospitals of the Department of Veterans Affairs

Economic and Fiscal Contribution

The total economic contribution of the hospital industry extends beyond the activity generated within the sector itself. Wages paid to the staff and payments made for purchases of goods and services circulate throughout the economy generating additional indirect and induced activity.

Using methodology described in the Appendix, we estimate that total industry revenues in 2010 were \$3.3 billion.

The total economic contribution of the hospital industry in San Bernardino County in 2010, including direct, indirect and induced activity, is shown in Exhibit 6-8.

Exhibit 6-8
Economic and Fiscal Contribution of Hospital Industry (San Bernardino County, 2010)

| | |
|---|-----------------|
| Estimated Annual Revenue (\$ billions) | \$ 3.3 |
| Total Economic Contribution: | |
| Output (\$ billions) | \$ 7.0 |
| Employment (jobs) | 50,900 |
| Labor income (\$ billions) | \$ 2.9 |
| Total Fiscal Contribution (\$ millions): | |
| Income taxes (including profits taxes) | \$ 100.0 |
| Sales taxes | 92.5 |
| Property taxes | 102.4 |
| Fees and fines | 34.8 |
| Social insurance | 16.7 |
| Other taxes | 18.0 |
| Total * | \$ 364.1 |

* May not sum due to rounding
 Source: Estimates by LAEDC

The hospital industry in San Bernardino County contributed \$7.0 billion in total economic output and supported 50,900 full- and part-time jobs with total labor income (including benefits) of \$2.9 billion.

We estimate that the sector generated \$364 million in state and local taxes through its contribution to economic activity in the county.

Industry Sector Breakdown

The indirect and induced impacts spill across industries, as shown in Exhibit 6-9.

Most of these impacts of course occur in the health care and social assistance sector, but other sectors affected will include retail trade, administrative and waste management, and real estate and rental services.

Exhibit 6-9
Economic Contribution by Industry Sector (San Bernardino County, 2010)

| Sector | Employment | Output (\$ millions) |
|---|---------------|----------------------|
| Agriculture | 46 | \$ 6 |
| Mining | 26 | 7 |
| Utilities | 42 | 35 |
| Construction | 251 | 35 |
| Manufacturing | 726 | 342 |
| Wholesale trade | 541 | 94 |
| Retail trade | 3,608 | 263 |
| Transportation and warehousing | 769 | 91 |
| Information | 460 | 179 |
| Finance and insurance | 2,457 | 449 |
| Real estate and rental | 3,099 | 880 |
| Professional, scientific and technical services | 1,829 | 226 |
| Management of companies | 316 | 57 |
| Administrative and waste management | 3,765 | 190 |
| Educational services | 598 | 41 |
| Health care and social assistance | 26,476 | 3,697 |
| Arts, entertainment and recreation | 606 | 37 |
| Accommodation and food services | 2,549 | 149 |
| Other services | 2,206 | 157 |
| All others | 523 | 97 |
| Total * | 50,900 | \$ 7,030 |

* May not sum due to rounding
 Source: Estimates by LAEDC

Most industry sectors benefit from the economic activity generated by the hospital industry. A description of the industry sectors is provided in the Appendix.

Occupational Analysis

Of the jobs supported by the industry, almost one third is in healthcare practitioner and healthcare support occupations, with average annual wages of \$81,221 and \$28,715 respectively.

The occupational distribution of the total jobs is shown in Exhibit 6-10.

Exhibit 6-10
Aggregated Occupational Distribution of Operations Jobs
(San Bernardino County)

| Occupational Description | Employment | Average Annual Wage |
|---------------------------------------|---------------|---------------------|
| Management | 2,194 | \$101,100 |
| Business & financial operations | 2,037 | 64,623 |
| Computer & mathematical science | 754 | 70,623 |
| Architecture & engineering | 237 | 77,937 |
| Life, physical, & social science | 296 | 65,054 |
| Community & social services | 994 | 52,175 |
| Legal | 253 | 97,252 |
| Education, training, & library | 635 | 59,831 |
| Arts, design, entmt., sports, & media | 449 | 48,373 |
| Healthcare practitioners & technical | 13,098 | 81,221 |
| Healthcare support | 3,790 | 28,715 |
| Protective service | 628 | 49,427 |
| Food preparation & serving related | 3,390 | 21,667 |
| Building & grounds cleaning & maint. | 2,420 | 26,955 |
| Personal care & service | 1,173 | 24,741 |
| Sales & related | 3,661 | 32,831 |
| Office & administrative support | 9,402 | 34,448 |
| Farming, fishing, & forestry | 52 | 21,734 |
| Construction & extraction | 478 | 49,236 |
| Installation, maintenance, & repair | 1,610 | 45,909 |
| Production | 1,330 | 31,607 |
| Transportation & material moving | 2,013 | 32,824 |
| Total * | 50,900 | \$ 43,447 |

* May not sum due to rounding
 Source: Estimates by LAEDC

While the industry has an impact on all industry sectors, the economic activity it supports throughout the region provides employment for a wide variety of occupations. The education and work experience requirements of each occupation are provided in the Appendix. ❖

Construction Spending of Hospitals in San Bernardino County

Economic and Fiscal Impact

In addition to ongoing, regular and recurring operations, the hospital industry continues to invest in construction projects at existing and new facilities, and carry out retrofits motivated by regulatory mandates. This investment generates significant economic activity.

Our estimates for construction spending in 2010 were obtained from OSHPD using the change in percentage of completion of active projects during the year.

The total economic impact of hospital construction spending in San Bernardino County in 2010, including direct, indirect and induced activity, is shown in Exhibit 6-11.

Exhibit 6-11
Economic and Fiscal Impact of Hospital Industry Construction Spending (San Bernardino County, 2010)

| | |
|--|----------|
| Estimated Construction Spending (\$ millions) | \$ 130.0 |
| Total Economic Impact: | |
| Output (\$ millions) | \$ 271.5 |
| Employment (jobs) | 1,940 |
| Labor income (\$ millions) | \$ 98.2 |
| Total Fiscal Impact (\$ millions): | |
| Income taxes (including profits taxes) | \$ 3.4 |
| Sales taxes | 2.8 |
| Property taxes | 3.1 |
| Fees and fines | 1.1 |
| Social insurance | 0.5 |
| Other taxes | 0.5 |
| Total * | \$ 11.5 |

* May not sum due to rounding
 Source: Estimates by LAEDC

Construction spending by the hospital industry in San Bernardino County in 2010 generated \$271.5 million in total economic output and supported 1,940 full- and part-time jobs with total labor income (including benefits) of \$98 million. We estimate that this spending generated \$11.5 million in state and local taxes through its contribution to economic activity in the region.

Industry Sector Breakdown

The indirect and induced impacts spill across industries, as shown in Exhibit 6-12. Most of these impacts will occur in the construction sector, but other sectors affected include retail trade, professional, scientific and technical services, and health care and social assistance.

Exhibit 6-12
Impact of Construction Spending by Industry Sector (San Bernardino County, 2010)

| Sector | Employment | Output (\$ millions) |
|---|--------------|----------------------|
| Agriculture | 2 | \$ 0 |
| Mining | 2 | 1 |
| Utilities | 1 | 1 |
| Construction | 947 | 131 |
| Manufacturing | 86 | 27 |
| Wholesale trade | 31 | 5 |
| Retail trade | 123 | 9 |
| Transportation and warehousing | 34 | 4 |
| Information | 17 | 7 |
| Finance and insurance | 81 | 15 |
| Real estate and rental | 50 | 20 |
| Professional, scientific and technical services | 138 | 17 |
| Management of companies | 6 | 1 |
| Administrative and waste management | 74 | 4 |
| Educational services | 20 | 1 |
| Health care and social assistance | 127 | 12 |
| Arts, entertainment and recreation | 22 | 1 |
| Accommodation and food services | 85 | 5 |
| Other services | 77 | 6 |
| All others | 12 | 2 |
| Total * | 1,940 | \$ 272 |

* May not sum due to rounding
 Source: Estimates by LAEDC

As seen with the economic impact of ongoing operations, almost all industry sectors are impacted by the total economic activity generated by the construction spending of the hospital industry. A description of the industry sectors is provided in the Appendix. ❖