



US HEALTHCARE INDUSTRY REPORT

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MANGAL ANALYTICS AND
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Market Overview

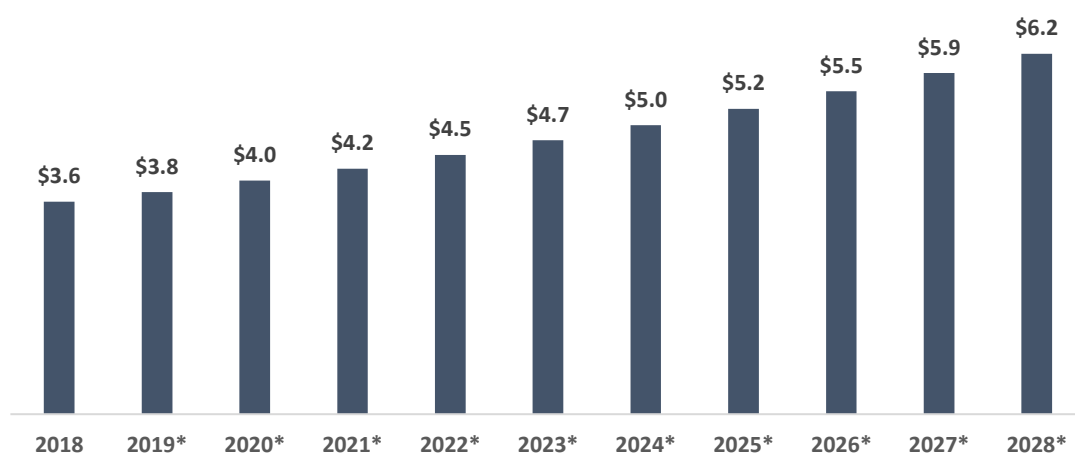
The US healthcare industry is huge and is continuing to grow as the population swells. Many different types of companies and healthcare institutions work together to provide patient satisfaction and a better quality of care—but sometimes it comes at a large cost. Health care in the United States is provided by many distinct organizations, made up of insurance companies, healthcare providers, hospital systems, and independent providers. Health care facilities are largely owned and operated by private sector businesses. 58% of community hospitals in the United States are non-profit, 21% are government-owned, and 21% are for-profit. The global health industry was worth \$8.45 trillion in 2018. Global healthcare spending could reach over \$10 trillion by 2022.

- Market Size and Growth

The US has the greatest healthcare spending, sitting at \$10,224 per capita. The US spends twice what other countries do on healthcare, and ranks highest in overall healthcare expenditure in the world. There are 784,626 companies in the US healthcare sector. According to the latest healthcare in the USA facts and reports, it's total spending in 2019 was forecasted to be \$3.65 trillion, which equates to 17.8% of its GDP. It's expected that the healthcare industry will continue to grow.

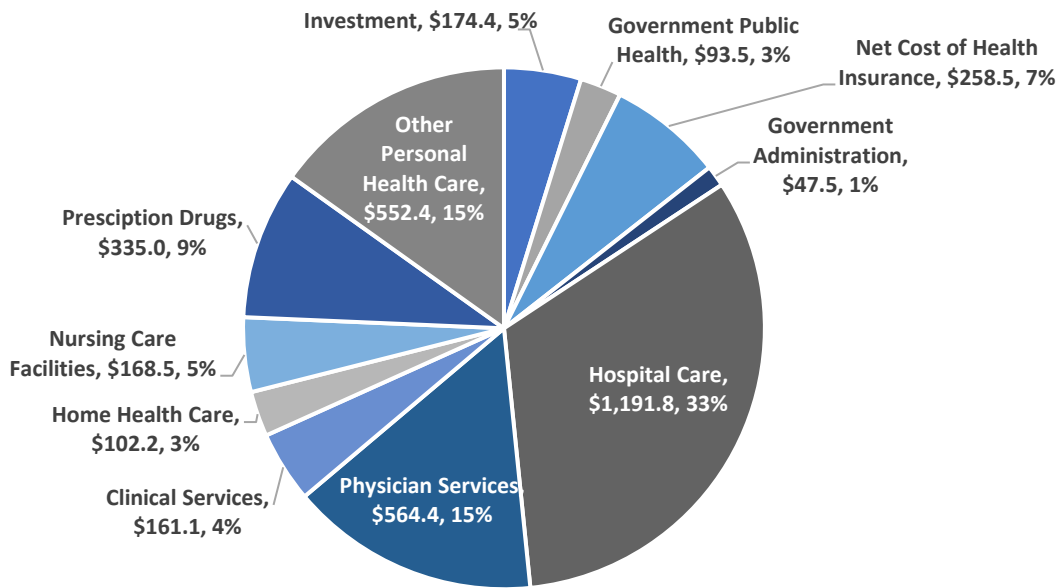
The \$3.6 trillion US Healthcare Expenditure market in 2018, is projected to grow to \$6.2 trillion by 2028.

Projected US Healthcare Expenditure (in \$ Trillion)



Source: Centers for Medicare & Medicaid Services

US spending on healthcare segments:

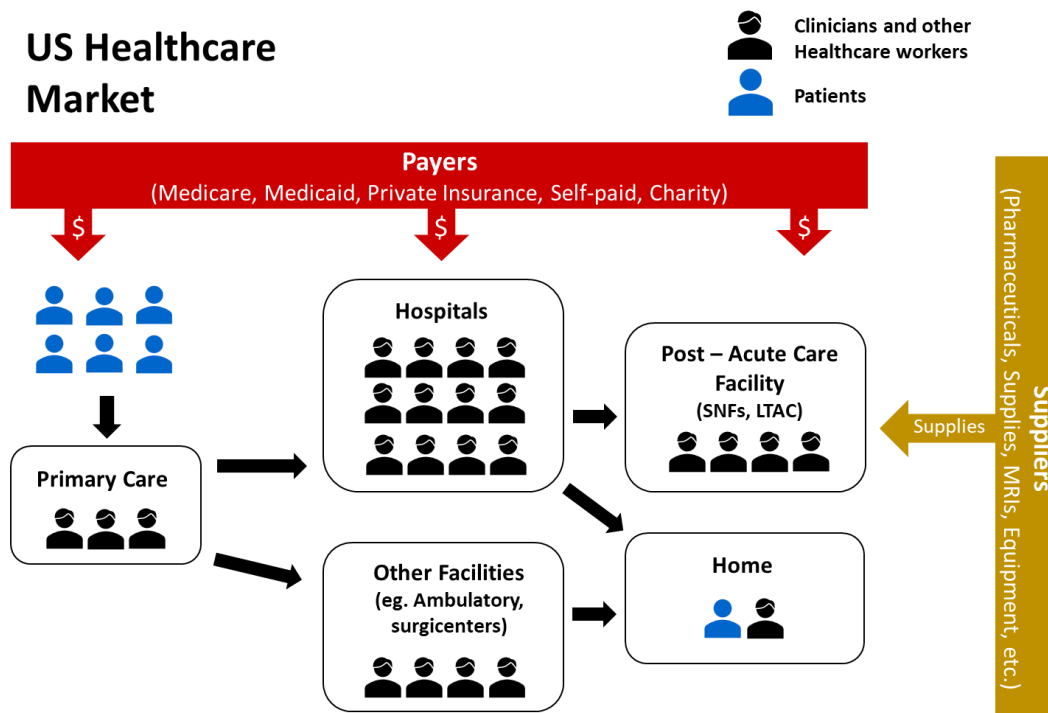


- Market Segments

There are three major healthcare industry market segments within the U.S. market: The Provider market, the Payer market, and the Supplier market. The provider market accounts for about two-thirds of the \$3.6 trillion US healthcare market. The remaining third is split approximately evenly between the payer and supplier markets.

The US Healthcare Market Segmentation- Provider Market:

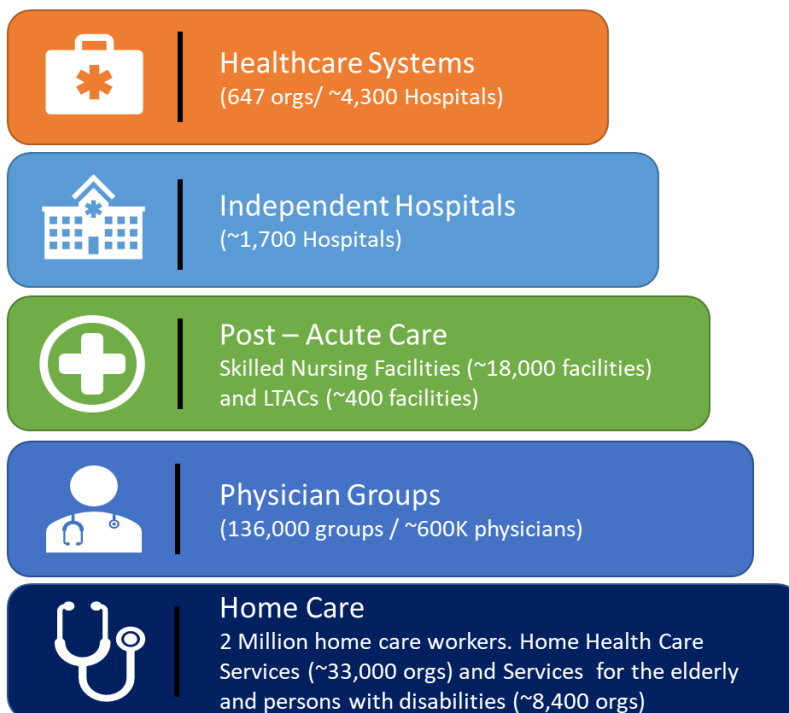
The diagram below shows a typical patient journey and how they encounter the various parts of the Healthcare market.



The healthcare provider market is broken into hospitals, post-acute care facilities, physician groups, and homecare organizations.

1. **Hospital-based Organization:** According to the American Hospital Association, there are 6,090 hospitals in the US. The vast majority are part of 637 multi-hospital system organizations. There are still around 1,700 independent hospitals.
2. **Post-Acute Care:** There are two types of post-acute facilities. The majority are Skilled Nursing Facilities (SNFs). In addition, there are Long-term Acute Care (LTAC) Facilities. There are approximately 18,000 skilled nursing care facilities in the US. Many of these operate under large organizations such as Genesis, Heartland ManorCare, and Lifecare Centers of America. There are around 400 LTAC Facilities, many owned by large organizations such as Kindred Healthcare.
3. **Physician Group:** There are 136,000 physician groups in the US according to the American Medical Association. They employ over 600,000 physicians. (There are another 300,000 physicians working for healthcare systems). About 43% of these physicians work in single-specialty groups, 15% in solo practice, and 25% in multi-practice groups. The rest work in hospitals or other organizations such as payers or the Government.
4. **Home care:** According to PHI National, there are more than 2 million home care workers. These include personal care aides, home health aides, and nursing assistants. There are 33,347 firms registered as Home Health Care Services and 8,405 firms registered as Services for the Elderly and Persons with Disabilities.

US Healthcare Provider Market



When it comes to the US Healthcare Market Segmentation, many people assume that this only refers to the hospital market. As shown in the pie chart at the start of this report, hospital care is the largest segment, accounting for 33% of the market and around \$2 trillion.

- **Key Players**

The major Health systems in the USA by **Net Patient Revenue** are:

	HCA Healthcare	Common Spirit Health	Dignity Health
Net patient revenue	\$44,921,737,146	\$30,248,548,684	\$25,041,738,942
Profile	Largest provider of robotic surgery in the independent sector. Works with over 3,000 carefully selected consultants who are experts in their specialties, and who are at the forefront of global clinical excellence.	Dedicated work of thousands of physicians, advanced practice clinicians, nurses, and staff; through clinical excellence delivered across a system of hospitals and other care centres covering 21 states and accessible to nearly one in four Americans; and through more than \$4 billion annually in charity care, community benefits, and government program services.	Dignity Health is a not-for-profit public-benefit corporation that operates hospitals and ancillary care facilities in three states. They offer Video Visits so that one can conveniently receive expert care from the comfort of their home.
ESG	Committed to the care and improvement of human life. They strive to deliver high quality, cost-effective healthcare in the communities served.	Values-driven health care organization. Their commitment to the community begins with living their values and adhering to exceptional standards of conduct. It is the personal responsibility of every person associated to behave ethically and appropriately.	Proudly offer respectful, welcoming, knowledgeable, and non-discriminatory care. Dignity Health is the fifth-largest hospital system in the nation and the largest not-for-profit hospital provider in California.
Company Presence/ Image	186 hospitals and approximately 2,000 sites of care, including surgery centers, freestanding emergency rooms, urgent care centers and physician clinics in 21 states and the United Kingdom.	More than 700 care sites and 142 hospitals in 21 states.	39 hospitals and more than 400 care centers in communities across California, Arizona, and Nevada

Consumer Analysis

- End-User Segmentation

B2C Segment:

Different generations make health care decisions in different ways, and now evidence is showing that age isn't the only factor in how patients approach their care. Six unique consumer healthcare segments have been identified that navigate the healthcare system in very different ways. Understanding these segments can help doctors better reach prospective patients and provide better care for their existing patients.

Casual and Cautious: This group of people are simply not engaged in their care because they don't see the need and because they are cost-conscious.

Content and compliant: This group is happy with their doctor, hospital, and health plan, trusting of their doctors and follows their doctors' care recommendations.

Online and onboard: Interested in technology and use online tools and mobile applications to assess providers and compare treatment options.

Sick and savvy: This segment consumes a good deal of health care services and products and seeks to form partnerships with their medical providers.

Out and About: Independent, actively seek out alternatives, and want customized services. This group searches online for health information and guidance from experts.

Shop and save: This segment is most interested in value. These patients' comparison shop for health care products and services, switch providers frequently, and are open to alternatives such as retail clinics.

- Buyer Need Analysis

Consumer choice in health care has been advanced as a pathway for improving the quality and affordability of health care. The idea is that when people have access to full and accurate information about the quality and cost of health insurance plans, physicians, hospitals, and services — and appropriate tools for using that information — they will be able to choose the best options for themselves and their families.

1. **Need for trust/ communication:** Fulfilment of the need for trust is essential for the harmonious relationship between patients and health professionals and is largely important for their good cooperation. More specifically, accomplishment of an effective communication, starting from taking the medical history of the patient to implementation of any medical / nursing practice helps to reduce the patients' anxiety and ensures their cooperation.
2. **Need for Information:** Usually, patients require information not only regarding the disease and the treatment, the prevention of complications or side effects of medication, but also for other more practical problems associated with everyday activities or even with economic issues.
3. **Affordable healthcare services:** A basic requirement of patients is to get an effective and efficient quality treatment whilst not burning a hole in their wallet. Providing affordable healthcare services and not overcharging will help in retaining patients and building trust in the healthcare provider.

4. **Convenience in accessing healthcare:** As consumers get busy, healthcare can easily drop to the bottom of their priority lists. That is especially the case for younger segments of the health care consumer population. Hence, convenience in connecting with providers is valued across certain segments of consumers. Geography also factors into the equation, as does commuting time and distance.
5. **Quality of treatment provided:** A patient always desires quality treatment as it is a critical aspect, and their life depends on it. Being provided with accurate diagnostics coupled with appropriate medication and treatment to cure the patient is imperative.

COVID-19 Impact

The system could handle the stress of the pandemic; however, the changes and financial impacts will linger for decades and will be substantial.

Case rates and hospitalizations increased in 2020 and even in 2021, with some hospitals putting off elective procedures and reporting full ICUs. While vaccines currently protect well against the coronavirus variants spreading in the U.S., the ramifications of future mutations are unknown. Also, efforts to continue ramping up vaccination rates have stalled as some outright refuse to get the shot and others have trouble getting access to, and education on the process. This could add up to another wave of COVID-19.

Major for-profit systems have largely weathered COVID-19 challenges financially so far. And the hospital operators reporting earnings for these years have posted profits that are year-over-year increases. Smaller systems and hospitals, however, will have a far more difficult time with the continued financial burden of the coronavirus.

"The concern is with the resurgence of COVID, is that the turnover rates could increase, because turnover rates increase every time COVID volumes increase," according to the Universal Health Services, CEO, Marc Miller.

Some of those with long-haul COVID-19 will have to treat the resulting chronic conditions for the rest of their lives, and the increase in utilization, resulting directly from the pandemic, will require elevated healthcare system capacity and will result in higher costs over the coming decades.

Opportunities and Challenges

Opportunities:

There are few industries as laden with friction and administrative overhead as U.S. health care.

1. **The Shift Toward Value-Based Care:** In the past, hospitals would be paid by health maintenance organizations and other similar entities by the number of patients they saw, the number of tests they performed, and other fee-based mechanisms. Since the enactment of the Affordable Care Act, which changed the way health providers would be paid, the healthcare trend has been toward value-based care. This method is patient-driven, and the providers are paid based on favorable patient outcomes. Coupled with one-year renewal schedules for doctors' contracts, this value-based approach stresses quality over quantity.
2. **Expanding Precision Medicine:** Healthcare will see an increased focus on medicine that is more precise and affordable. This will require more efficient integration of relevant patient data, leading to precise diagnostics. By tailoring therapy based on the disease and specific patient characteristics, healthcare providers can give the right treatment to the right patient at the right

time. The more precise the treatment, the better patient outcomes will be. Improved patient outcomes will translate into improved value.

3. **Transforming care delivery:** To ensure the care delivery model leads to positive patient outcomes without an increase in costs requires consolidation. The new care delivery model will need to optimize clinical operations and automate standardized workflows. The future of healthcare can be much improved if the healthcare system focused more on optimizing workflows, using clinical decision support software to streamline operations, and creating the right infrastructure to ensure effective delivery of care.

Transforming care delivery can help improve patient access to healthcare services and make these services more affordable for the patients. That is the most efficient way of improving value.

4. **Digital healthcare:** Digitalization will be the new face of healthcare in the future. Artificial intelligence will become an integral part of future healthcare solutions; healthcare data will be more effectively used with the help of new and improved digital tools, and the digital revolution will change the very nature of care delivery and treatment of disease.

Challenges:

The biggest challenge facing healthcare is the need to improve value for patients. Healthcare systems today are struggling with rising costs and varying quality.

1. **Preventable medical errors:** A recent study by Johns Hopkins analyzed medical death rate data for eight years and found that medical errors are to blame for more than 250,000 deaths per year in the U.S. This accounts for 10% of all U.S. deaths and makes it the third leading cause of death after heart disease and cancer.
2. **Lack of Transparency:** Fraud and cover-ups are rampant in the U.S. healthcare system. A significant problem is upcoding. Providers “upcode” a procedure to get more money from insurance companies, but insurance may charge higher premiums to employers, and tighten its belt when paying consumers. Health consumers get stuck in the middle without any control over health outcomes and pricing.
3. **High costs of Care:** According to the annual report data from the Health Cost Institute, average healthcare prices have increased year over year, with rates that were 15.0% higher in 2018 compared to 2014. An example is hospital admission prices for a C-section, which costs \$15.0K in the U.S. The country with the next highest cost for C-sections is Australia at \$8.4K.
4. **Lack of Insurance Coverage:** Uninsured Americans face more health hardship than insured Americans. As reported by healthypeople.gov, a division of the Office of Disease Prevention and Health Promotion, the uninsured may not seek medical care due to high costs and may forgo preventive care and regular health screenings, negatively affecting their health. Children are also less likely to access preventive services or receive care for treatable conditions like asthma.
5. **The Nursing and Physician Shortage:** It’s a supply and demand issue. Data published by the Association of American Medical Colleges (AAMC) postulates that the U.S. will experience a shortage of between 54,100 and 139,000 primary and specialty care physicians by 2033 as the demand increases. The gap between the country’s increasing health care demands and the supply

of doctors to respond adequately has become more evident since the COVID-19 pandemic. The challenge of having enough doctors to serve communities gets even worse as the nation's population continues to grow and age.