Trends in Health Care Facilities, Population, and Employment Take on More Significance During Pandemic

By Erin McLaughlin

As the COVID-19 pandemic grips the United States and the world, it is interesting to look at recent health care and life science trends, how these have impacted this pivotal moment, and what the future may bring.

OUTPATIENT-FOCUSED FACILITY GROWTH

Health care facilities have continued their dramatic decentralization away from hospitals and inpatient settings. According to Statista/American Hospital Association, there were 5,534 hospitals in the United States in 2016, down from 7,156 in 1975. As the number of hospitals declines, there has been a dramatic surge in outpatient facilities (see *Number of Urgent Care Centers*), which provide a wider variety of treatments than ever before.

These properties include urgent care centers (UCCs), medical clinics with extended hours that are equipped to diagnose and treat a broad number of non-life- or limb-threatening conditions. UCCs partially fill a gap created by the nationwide closure of many rural hospitals. UCCs experienced an 18 times increase from 2006–2016, according to a March 2018 FAIR Health white paper, "FH Healthcare Indicators and FH Medical Price Index."

The strong growth of UCCs is expected to continue, as government-allowed health care reimbursements continue to favor outpatient over inpatient treatments. Besides UCCs, ambulatory surgery centers grew 80 percent between 2000 and 2014, according to the Medicare Payment Advisory Commission, a nonpartisan legislative branch agency. These centers average 15,500 square feet, housing multiple operating rooms.

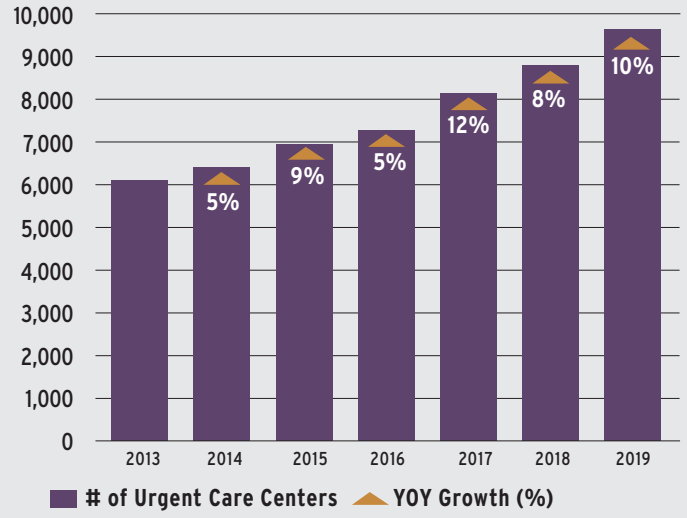
Due to the focus on growth to outpatient facilities, traditional hospitals that have the beds, equipment, and staff to treat critical patients for one or more nights have declined, and this trend may not serve communities as well as once thought.

HEALTH CARE & S+T SECTORS CONSIDERED RECESSION RESISTANT

Health care and social assistance jobs grew 23 percent from 2008–2018, and the medical sector is the largest employer in the U.S., at 13.4 percent of the workforce, according to the U.S. Bureau of Labor Statistics. Life sciences employment—which includes those in the biotechnology, pharmaceutical, biomedical device, genetics/genomes, and research and development (R&D) sectors—has consistently outpaced total employment growth since 2000 (see *Life Sciences Employment Growth by Decade*).

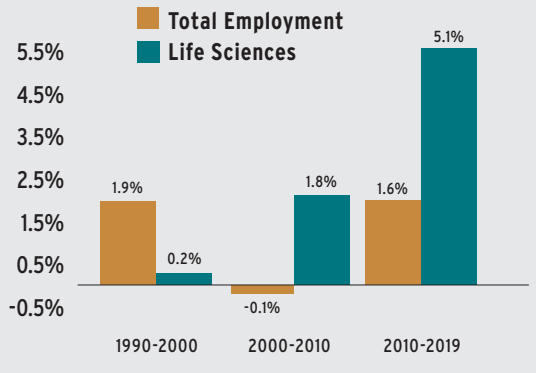
These sectors are considered relatively "recession resistant" by many economists during a normal recession (not triggered by a pandemic), and that theory is backed up by employment changes during the recent recessions of 2001 and 2007–2009 (see *Employment*

Number of Urgent Care Centers

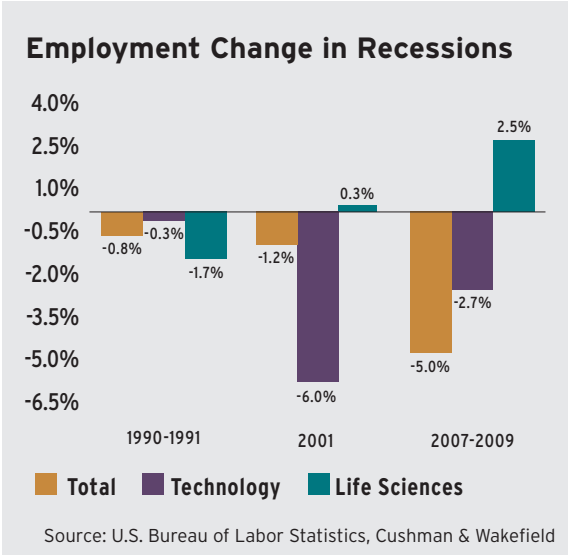


Source: Urgent Care Association

Life Sciences Employment Growth by Decade



Source: U.S. Bureau of Labor Statistics, Cushman & Wakefield



Source: U.S. Bureau of Labor Statistics, Cushman & Wakefield

Change in Recessions). Unlike employees in other market sectors, employees in health care and life sciences often cannot telework due to the nature of their jobs, so growth in demand for new facilities correlates strongly to the growth in employment.

AN AGING DEMOGRAPHIC SUPPORTS CONTINUED GROWTH

The U.S. Census Bureau predicts that by 2030, the median age in the U.S. will top 40 for the first time ever. With people 65 and older visiting doctors 2.5 times more than those age 25 to 44, according to Marcus & Millichap Research Services, the need for hospitals will continue to grow.

During the COVID-19 pandemic, older populations can be especially at risk and in need of long-term treatment. As a result, certain geographic areas are likely to have continued growth in the health care sector.

According to the U.S. Census Bureau, the top five metropolitan areas expected to have the strongest growth for those 65 in the coming years are:

1. Austin, Texas
2. Raleigh, North Carolina
3. Dallas
4. Houston
5. Charlotte, North Carolina

Rank	University Medical Schools	2018 NIH Funding
1	University of California, San Francisco	$577.72 M
2	Johns Hopkins University (MD)	$469.64 M
3	Stanford University (CA)	$456.27 M
4	Washington University (MO)	$449.34 M
5	University of Pennsylvania	$425.23 M
6	University of Pittsburgh (PA)	$415.67 M
7	Yale University (CT)	$407.46 M
8	Columbia University (NY)	$407.42 M
9	Duke University (NC)	$384.59 M
10	University of Michigan, Ann Arbor	$372.60 M

Rank	Biopharma Company (Headquarters)	2018 R&D Spend
1	Roche (Basel, Switzerland)	$9.803 B
2	Johnson & Johnson (New Brunswick, NJ)	$8.446 B
3	Novartis (Basel, Switzerland)	$8.154 B
4	Pfizer (New York, NY)	$7.962 B
5	Merck & Co. (Kenilworth, NJ)	$7.908 B
6	Sanofi (Paris, France)	$6.227 B
7	AbbVie (North Chicago, IL)	$5.093 B
8	GlaxoSmithKline (Brentford, England)	$4.987 B
9	Gilead Sciences (Foster City, CA)	$3.897 B
10	Amgen (Thousand Oaks, CA)	$3.657 B

Source: *Pharmaceutical Executive* Magazine

TRACKING THE FIRMS AND INSTITUTIONS INVESTING IN R&D

To better understand which health care institutions and biopharma firms may need upgraded or expanded laboratory, medical, and administrative spaces, it's useful to track which universities and hospitals are getting grant funding and what firms are investing in R&D.

The first table, "University Medical Schools," shows the top 10 universities whose medical schools received National Institutes of Health funding in 2018. The second table, "Biopharma Company," lists the top 10 biopharma companies that invested in R&D (which is not the 10 largest by sales or revenue). Institutions and companies investing in their futures are also investing in their facilities. ■

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