EXECUTIVE SUMMARY

The Hospital Association of San Diego and Imperial Counties (HASD&IC) is a non-profit trade association that works on behalf of 38 hospitals and healthcare systems within the two-county region. The types of hospitals by ownership are:

+ 17 Not-For-Profit
+ 7 Investor Owned
+ 6 City/County/State/Federal
+ 5 District

Including:
+ 1 Children’s Hospital
+ 1 Veteran’s Hospital
+ 2 Educational Hospitals
+ 2 Naval Hospitals

This report highlights the economic contributions hospitals of San Diego and Imperial Counties provide to the region, the pressures of an evolving industry, and the challenges of delivering vital health care services within an environment of change.

Economic contributions describe the economic impacts between a program or project within a hospital and other sectors of the economy.

Hospitals fuel the local economy with high-paying jobs, large construction projects, and the purchase of large amounts of goods and services. In 2017, hospitals and health systems in San Diego and Imperial Counties reported a total of 72,469 employees of all classifications. In a San Diego County survey conducted the year prior, 9 of the top 26 Largest Employers were hospitals and health systems with a wage and benefits package totaling over $2.5 billion dollars.

Hospitals provide services that are vital to the health and well-being of the communities they serve and are committed to providing care needed to meet the demands of a growing and aging population. Under the Affordable Care Act, California led the nation by expanding Medi-Cal to cover more than 13 million people, however with fewer providers accepting Medi-Cal patients due to low reimbursement rates, patients are turning to hospital emergency departments for care.

California’s mental health system, much like the rest of the nation, is in crisis as an increasing number of patients are accessing mental health services through the ED. Behavioral health was identified by the region’s 2016 Community Health Needs Assessment as the number one underlying health need in San Diego County; and from 2012 to 2015 the number of patients with a primary diagnosis of mental health disorder seeking emergency care in San Diego County increased from 34,500 to 43,200.

ED visits during 2011-2015 increased over 20% in San Diego County and nearly 23% in Imperial County with a significant number of patients seeking mental health services.
California hospitals operate in what can be considered the nation’s most competitive and stringent regulatory industries. Pressures include managing labor costs, investing in technological advancements, and building code upgrades to meet mandated seismic standards. Hospital executives are faced with the task of developing financial strategies that contain costs, yet allow for the provision of health care to all regardless of insurance coverage or ability to pay. These pressures, along with increased shortages of licensed healthcare professionals, have contributed to the closure of emergency departments (EDs) throughout the State.

Hospitals are facing a critical shortage of physicians at a time when the demand for services is anticipated to grow as the population ages. Cuts to Medicare payments for medical education and uncertainty of health coverage are included in several federal deficit-reduction proposals, which would only exacerbate the shortage. There were approximately 10,923 practicing physicians in San Diego County in 2016, an increase of about 700 physicians since 2012. Unfortunately, this increase is insufficient for a population that has grown from 3.2 million to 3.3 million residents in the past three years.

Hospitals statewide have been doing their part to increase the number of trained physicians, nurses, and allied health professionals by creating and heavily investing in workforce development partnerships.

Establishing and maintaining an environment within which hospitals can respond to the opportunities and challenges in health care delivery is essential for the effective delivery of health care to all Californians.

HASD&IC’s regional priorities are driven by a shared vision with California Hospital Association of an optimally healthy society and goal that all Californians have equitable, safe, high quality, medically necessary, patient-centered health care.
ABOUT THE REGION

San Diego County is a center of entrepreneurship and innovation in life sciences, telecommunications, biotechnology, software, and electronics development; as well as tourism, hospitality, and healthcare. Over 80 academic and applied research institutes and 36 higher education colleges are housed in the region, making San Diego one of the world’s most highly-educated, inventive cities. 49.9% of the population aged over 25 years have an associate’s degree or higher, 42.3% have a bachelor’s degree or higher, and 17% have a graduate degree.

There were 690,453 residents in San Diego County with jobs in 2015, a 1.41% growth from the year prior. The median household income was $67,871 in 2015, which represents an increase of 0.11% from the previous year. The highest paid jobs held by residents of San Diego County, with median yearly earnings over $81,000, are Architecture & Engineering; Computer & Mathematical; and Health Practitioners.

Imperial County is one of California’s primary centers for clean technology, renewable energy, agribusiness, and international trade and logistics; and offers abundant, affordable land; a readily accessible workforce; and year-round access to water, sun, and wind.

There were 58,391 residents in Imperial County with jobs in 2015, a 0.96% growth from the year prior. The median household income in 2015 was $41,079, representing a 1.66% decrease from the previous year. The most common job sectors per population in Imperial County are Healthcare (14.1%), Retail Trade (13.7%), Educational Services (11%), and Public Administration (10.9%).

Source: http://www.labormarketinfo.edd.ca.gov/geography/lmi-by-county.html
Source: http://www.sandiegobusiness.org/our-economy/healthcare
Source: https://datausa.io/profile/geo/san-diego-ca/?compare=imperial-county-ca
Hospitals provide several types and levels of care to meet the unique needs of patients. The region’s hospital system of care includes **8** trauma centers, **21** emergency departments, **13** Severe Health Attacks (STEMI) Receiving Centers and **17** certified Stroke Receiving Centers. Services available through San Diego and Imperial Counties’ hospitals and health systems include:

<table>
<thead>
<tr>
<th>Hospital Association of San Diego &amp; Imperial Counties Member Hospitals</th>
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<tbody>
<tr>
<td><strong>General Acute Care</strong></td>
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<tr>
<td>Kindred Hospital - San Diego</td>
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<td>Naval Hospital Camp Pendelton</td>
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<td>Scripps Green Hospital</td>
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<td>Vibra Hospital of San Diego</td>
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<tr>
<td><strong>General Acute Care + Emergency Dept.</strong></td>
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<tr>
<td>Alvarado Hospital Medical Center</td>
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<tr>
<td>Kaiser Permanente San Diego Medical Center</td>
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<td>Kaiser Permanente Zion Medical Center</td>
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<td>Naval Medical Center San Diego</td>
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<tr>
<td>Paradise Valley Hospital</td>
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<tr>
<td>Pioneers Memorial Healthcare District</td>
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<tr>
<td>Palomar Medical Center Poway</td>
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<tr>
<td>Scripps Memorial Hospital Encinitas</td>
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<tr>
<td>Scripps Mercy Hospital Chula Vista</td>
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<tr>
<td>Sharp Chula Vista Medical Center</td>
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<tr>
<td>Sharp Coronado Hospital and Healthcare Center</td>
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<tr>
<td>Sharp Grossmont Hospital</td>
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<tr>
<td>Tri-City Healthcare District</td>
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<tr>
<td>UC San Diego Health - Jacobs Medical Center</td>
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<tr>
<td>VA San Diego Healthcare System</td>
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<tr>
<td><strong>General Acute Care + Emergency Depart. + Trauma Center</strong></td>
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<tr>
<td>El Centro Regional Medical Center</td>
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<tr>
<td>Palomar Medical Center Downtown Escondido</td>
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<tr>
<td>Rady Children’s Hospital - San Diego</td>
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<td>Scripps Memorial Hospital La Jolla</td>
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<td>Scripps Mercy Hospital</td>
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<tr>
<td>Sharp Memorial Hospital</td>
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<tr>
<td>UC San Diego Health - Hillcrest Medical Center</td>
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<tr>
<td><strong>Skilled Nursing Facility</strong></td>
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<td>Edgemoor Hospital/DPSNF</td>
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<tr>
<td><strong>Specialty</strong></td>
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<td>Palomar Medical Center Downtown Escondido</td>
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<tr>
<td>Sharp McDonald Center</td>
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<tr>
<td>Sharp Mary Birch Hospital for Women &amp; Newborns</td>
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<td><strong>Acute Psychiatric</strong></td>
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<tr>
<td>Alvarado Parkway Institute/Behavioral Health System</td>
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<tr>
<td>Aurora Behavioral Health Care San Diego</td>
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<tr>
<td>Bayview Behavioral Health Hospital</td>
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<tr>
<td>San Diego County Psychiatric Hospital</td>
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<tr>
<td>Sharp Mesa Vista Hospital</td>
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SAN DIEGO COUNTY –
HOSPITALS BY THE NUMBERS, 2016

Inpatient:
+ Licensed Beds - 7,834
+ Patient Days - 1,664,554
+ Occupancy Rate - 59.4%
+ Surgeries - 79,819
+ Births - 39,817
+ Hospital Discharges - 292,145

Outpatient:
+ Emergency Visits - 1,014,963**
+ Surgeries - 112,459
+ Births (Alternate Birthing Centers) - 3,843
+ Radiology - 6,851*
+ Pathology/Lab Tests - 141,174*

Trauma Centers - EMS Visits:
+ Level I - 155,920**
+ Level II - 282,417**

IMPERIAL COUNTY –
HOSPITALS BY THE NUMBERS, 2016

Inpatient:
+ Licensed Beds - 268
+ Patient Days - 38,533
+ Occupancy Rate - 39.28%
+ Surgeries - 2,371
+ Births - 2,932
+ Hospital Discharges - 10,824

Outpatient:
+ Emergency Visits - 96,919**
+ Surgeries - 7,825
+ Radiology - 232*
+ Pathology/Lab Tests - 5,874*

Trauma Centers - EMS Visits:
+ Level IV - 90,303**

Source: California Healthcare Foundation; OSHPD Hospital Annual Utilization Data Pivot Table, 2016
*Source: California Healthcare Foundation; OSHPD Hospital Annual Utilization Data Pivot Table, 2015
** Source: OSHPD Limited Annual Hospital Utilization Dataset (2016) accessed via SpeedTrack.
COVERAGE DOES NOT EQUAL ACCESS

Under the Affordable Care Act, California lead the nation by expanding Medi-Cal to cover more than 13 million people, however with fewer providers accepting Medi-Cal patients due to low reimbursement rates, patients are turning to hospital emergency departments for care. When patients cannot be seen by a doctor, they often turn to hospital emergency departments (EDs) as a last resort to receive healthcare services.

Through HASD&IC’s triennial Community Health Needs Assessment (CHNA) process, a Health Access Navigation Survey was created as an effort to understand the barriers facing the community in accessing and navigating health services at the appropriate level of care. Health literacy and lack of education were identified as significant barriers for the surveyed residents. Approximately 56% of survey participants did not know when to use an emergency department versus urgent care versus a clinic; and over 40% of survey respondents reported they did not have a primary-care physician.

Increase in emergency department visits

California hospitals operate in what can be considered the nation’s most competitive and stringent regulatory industries. Industry pressures include management of labor costs, technological advancement investments, and building code upgrades to meet mandated seismic standards. Hospital executives are tasked with developing financial strategies that contain costs, yet ultimately allow for the provision of health care to all regardless of insurance coverage or ability to pay.

These aforementioned industry pressures, along with increased shortages of licensed healthcare professionals, have contributed to the closure of emergency departments (EDs) the State. Concurrently, ED visits have been trending upward.

ED visits during 2011-2015 increased over 20% in San Diego County and nearly 23% in Imperial County.

San Diego County ED Visit Increases Among Homeless* Population 2012 - 2015

The city of San Diego medical director’s office, in 2012, projected 1,136 frequent ED visitors would generate more than $20 million in paramedic and ambulance service charges. The chart above shows the number of San Diego ED visits from three select patient groups in from 2012 to 2015: Patients whose primary diagnosis is mental health disorder, homeless* patients, and homeless* patients with a primary diagnosis of mental disorder.

As demonstrated in the chart, the volume of homeless* patient visits in the ED has nearly doubled from 2012 (8,000) to 2015 (14,000) and furthermore, the number of homeless* ED visits where the primary diagnosis was mental health disorder has steadily increased by a few hundred every year (roughly 200 to 500 on average).

HASD&IC supports improvements to California’s emergency care medical system that will facilitate timely availability of physicians and specialists across hospital EDs and trauma centers. HASD&IC believes that additional funding is essential to ensure access to care for all patients by supporting initiatives that monitor ambulance patient offload delays, as well as working closely with local emergency services authorities on performance improvement and investments in technology enhancements to decrease transfer of care times.

Source: OSHPD Hospital Annual Utilization Data and Hospital Annual Financial Data, 2012-2015

*Zip code reported for comparison in increase of ED visits includes: homeless, those of unknown residence, or residents outside of the U.S. and territories, with the majority of those reported being homeless.
Source: OSHPD Hospital Annual Utilization Data (2012 - 2015), SpeedTrack ED visits by facility totals.
Demand vs. Need, Number of Inpatient Psychiatric Beds by Population Comparison, 2016

California’s mental health system, much like the rest of the nation, is in crisis as an increasing number of patients are accessing mental health services through the ED. Within this mental health patient population, there are frequent utilizers in the homeless population.

Behavioral health was identified by the region’s 2016 Community Health Needs Assessment as the number one underlying health need in San Diego County; and, as the chart above expresses, from 2012 to 2015 the number of patients with a primary diagnosis of mental health disorder seeking emergency care in San Diego County increased from 34,500 to 43,200.

The chart below represents a comparison between similar sized counties, illustrating the psychiatric bed loss in these counties during a time when the demand is high for access to behavioral health services.

While the need for psychiatric beds is severe, San Diego County has initiated a full array of services to clients and families by embracing Whole Person Care initiatives as way to coordinate health, behavioral health, and social services in a patient-centered manner with the goals of improved health outcomes and more efficient and effective use of resources. HASD&IC successfully advocated in 2015 to retain 40 long-term care behavioral health beds valued at $4.1 million for the residents of San Diego County. In 2017, HASD&IC advocated to secure an additional 64 long-term behavioral health beds valued at $6.5 million. All beds were in jeopardy of being leased to other counties.

Source: http://www.dhcs.ca.gov/provgovpart/Documents/Waiver%20Renewal/Workforce1_WPC2_JSI.pdf
Job Creation & Economic Development in San Diego County Hospitals

Beyond providing vital health care services to their communities, San Diego County hospitals are fueling their local economy with high paying jobs, large construction projects, and the purchase of large amounts of goods and services.

Source: The Kyser Center for Economic Research, 2016-2017 Economic Forecast and Industry Outlook
TOP EMPLOYING HOSPITALS & HEALTH SYSTEMS

The following hospitals are in the top (30) list of Largest Employers in San Diego County, based on their 2016 reporting of local hospital employees. The survey reflected a total of **65,540 full-time** workers and a wage and benefits package totaling over **$2.5 billion** dollars.* A recent survey of regional hospitals conducted by HASD&IC in 2017, reflected a total of **67,266 employees (all classifications)** for these top ranked hospitals.**

<table>
<thead>
<tr>
<th>Rank*</th>
<th>Organization</th>
<th>Total Employees**</th>
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<tbody>
<tr>
<td>1</td>
<td>Sharp HealthCare</td>
<td>17,950</td>
</tr>
<tr>
<td>3</td>
<td>Scripps Health</td>
<td>15,165</td>
</tr>
<tr>
<td>6</td>
<td>Kaiser Foundation Hospital, San Diego</td>
<td>8,623</td>
</tr>
<tr>
<td>7</td>
<td>UC San Diego Medical Center</td>
<td>8,341</td>
</tr>
<tr>
<td>10</td>
<td>Rady Children’s Hospital – San Diego</td>
<td>4,832</td>
</tr>
<tr>
<td>14</td>
<td>Palomar Health</td>
<td>4,632</td>
</tr>
<tr>
<td>21</td>
<td>VA San Diego Healthcare System</td>
<td>3,429</td>
</tr>
<tr>
<td>24</td>
<td>Tri-City Medical Center</td>
<td>2,231</td>
</tr>
<tr>
<td>26</td>
<td>Alvarado Hospital Medical Center</td>
<td>2,063</td>
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</tbody>
</table>

**Top Hospitals & Health Systems Subtotal 67,266

**TOTAL employees for all hospitals in San Diego & Imperial Counties 72,469

**Source: HASD&IC Survey, Data includes: Full-time, part-time and per-diem employees. Data excludes: Naval Balboa, Naval Pendleton

San Diego County Employment Growth, 2016

Source: http://www.labormarketinfo.edd.ca.gov/file/lfmonth/sand$pds.pdf
**Hospitals & Health Systems Average Wage Trend**

As of 2015, the average wage and salary for the hospital and health system industry was San Diego County is higher than the average of all other industries by nearly 30%.

![San Diego County Average Annual Salary vs United States, 2015](chart)


**HOSPITALS & HEALTH SYSTEMS – EMPLOYEE CLASSIFICATION (%) San Diego County, 2016**

Hospitals statewide have been doing their part to increase the number of trained physicians, nurses, and allied health professionals by creating and heavily investing in workforce development partnerships. An overview of the breakdown of hospital industry staffing, not including physicians, is provided below.

As gaps in funding for higher education grow more severe and reimbursements to healthcare providers continue to shrink, hospitals will not be able to increase investments to fill these gaps. Partners statewide must further collaborate and coordinate in order to strategically leverage the resources that are available for workforce planning and development.

![Employee Classification Chart](chart)

Source: Critical Roles: California’s Allied Health Workforce- Follow-Up Report, March 2014
Current Supply of Physicians & Surgeons by Primary Practice, 2016

California is facing a critical shortage of physicians at a time when demand for their services is anticipated to grow as the population ages. There were approximately 10,923 practicing physicians in San Diego County in 2016, an increase of about 700 physicians since 2012. Unfortunately, this increase is insufficient for a population that has grown from 3.2 million to 3.3 million residents in the past three years.

California’s Medicaid (Medi-Cal) reimbursement rates are among the lowest of the nation, ranking in at 47th, which impacts the number of primary care providers who ultimately accept Medi-Cal. Growing liability concerns are also reducing the number of healthcare providers willing to serve on call. Cuts to Medicare funding for Graduate Medical Education payments included in several recent Federal-level proposals would only exacerbate the physician shortage.

The graphic below represents the Primary Care Physicians (PCP) per 100,000 ratios for San Diego County, Imperial County, as well as the California state average. In comparison, California and the nation have similar per capita ratios of PCPs, according to data collected by the American Medical Association (AMA).

**PRIMARY CARE PHYSICIANS PER 100,000**

California - 49.8  
San Diego County - 51.4  
Imperial County - 21.1

MAJOR HOSPITAL & HEALTH SYSTEM IMPROVEMENT PROJECTS

SCRIPPS HEALTH – PREBYS CARDIOVASCULAR INSTITUTE

Opened: March 2015
Estimated Cost: $456 million

The Hospital features:
- State-of-the-art San Diego cardiac center
- 108 private acute rooms
- 59 intensive-care rooms
- 2 state-of-the-art hybrid surgical suites
- 6 catheter labs for interventional cardiology, diagnostic testing, and digital imaging

UC SAN DIEGO HEALTH – JACOBS MEDICAL CENTER

Opened: November 2016
Estimated Cost: $1 billion

The Hospital features:
- 10 story, 509,500-square foot facility
- 245 beds
- Leaning edge surgical services
- Cancer care
- Birthing options
- Clinical trials

KAISER PERMANENTE – SAN DIEGO MEDICAL CENTER

Opened: April 2017
Estimated Cost: $585 million

The Hospital features:
- 24-hour emergency department with 51 beds
- 321 private patient rooms
- New technology to support better quality of care and enhanced patient experience
- 1,800 stall parking structure with PV panels on the roof
UC SAN DIEGO HEALTH – OUTPATIENT PAVILLION – LA JOLLA

Opening: Fall 2017  
Estimated Cost: $81 million  

The Outpatient and Clinic features:

- Hospital licensed services and programs to support the Jacobs Medical Center  
- Consolidating all outpatient, ancillary, professional and support services

PALOMAR HEALTH – OUTPATIENT CENTER

Opening: Fall 2018 (Phase I)  
Estimated Cost: $25 million (Phase I)  

Developer: ERTC Medical Office Development I, by JRMC Real Estate, Inc.  
Architects: Richard Yen and Associates (shell building); Ray Fox and Associates (Radiation Treatment Facility)  
Civil Engineer: Masson and Associates

The center features:

- 3-Phase 225,000-square-foot hospital expansion  
- Phase I – 75,000-square-foot 3-story Class A Medical Office Building, including a 7,500-square-foot Radiation Oncology Facility  
- State-of-the-art medical office  
- Most advanced health care technology, programs, and services  
- The project will provide physicians convenient, functional, and efficient space  
- Consolidating all outpatient, ancillary, professional, and support services

SHARP CHULA VISTA – OCEAN VIEW TOWER

Opening: Fall 2019  
Estimated Cost: $239 million

The Hospital features:

- 170,000-square-foot hospital expansion  
- Adding 138 private patient rooms  
- 6 state-of-the-art operating rooms  
- Most advanced health care technology, programs, and services  
- Consolidating all outpatient, ancillary, professional and support services
NATIONAL OUTLOOK FOR HEALTH CARE SPENDING

National spending on health care is expected to grow across all areas of the healthcare sector at an average rate of 5.6% per year for 2017-2025 and 4.7% per year on a per capita basis. Growth in Medicare spending for all hospital services - including inpatient and outpatient - is at its lowest level in 17 years. Inpatient spending declined by 1.9% in 2015. Overall growth in spending on hospital care (5.6%) was lower than the healthcare average (5.8%). Growth in hospital spending was largely driven by increased use and intensity of services.


Note: Hospital Care = covers all services provided by hospitals to patients. These include room and board, ancillary charges, services of resident physicians, inpatient pharmacy, hospital-based nursing home and health care, and any other services billed by hospitals in the U.S; Professional Services = physician and clinical services, other professional services, dental services; Medical Products = retail outlet sales of medical products such as prescription drugs, durable medical equipment, and other non-durable medical products; All Others = other health, residential, and personal care (excludes personal care and professional services), home health care, nursing care facilities and continuing care retirement communities, government administration, net cost of private health insurance, government public health activities, and investment (includes research and structures & equipment).
NATIONAL HEALTH CARE ECONOMIC CONTRIBUTION

In 2015, America’s hospitals treated 142 million people in their emergency departments, provided 581 million outpatient visits, performed almost 27 million surgeries, and delivered nearly 4 million babies. Every year, hospitals provide vital health care services like these to hundreds of millions of people in thousands of communities. However, the importance of hospitals to their communities extends far beyond health care.

Source: Analysis of American Hospital Association Annual Survey Data, 2015

The goods and services hospitals purchase from other businesses create additional economic value for the community. With these “ripple effects” included, each hospital job supports about two jobs in other industry sectors, and every dollar spent by a hospital supports roughly $2.30 of additional economic activity.

**Overall, hospitals nationwide:**

- Support 1 of 9 jobs, in the U.S. for a total of 16 million jobs
- Support more than $2.8 trillion in economic activity

Source: Analysis, using BEA RIMS-II (1997/2006) multipliers, released in 2008, applied to 2015 American Hospital Association Annual Survey data. Note: Multipliers released in 2010 and subsequent years no longer include the national level multipliers needed for this chart. The sum of the direct and ripple effect may be less than or greater than the total contribution due to rounding. Note: Data updated annually.