
Oakland County's Healthcare and Life Science Industry Assessment

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Presentation Outline

- I. Defining the Healthcare and Life Science Industry
- II. The Industry Today in Oakland County
- III. Industry Momentum
- IV. New Horizons: Industry Employment Projections

I. What is the Healthcare and Life Sciences Industry?

1. Pharmaceutical & Medicine Manufacturing (NAICS 3254)
2. Medical & Equipment Supplies Manufacturing (NAICS 3391)
3. Scientific Research & Development (NAICS 5417)
4. Offices of Health Practitioners (NAICS 6211, 6212, 6213)
5. Outpatient Care & Medical Laboratories (NAICS 6214, 6215, 6216, 6219)
6. Medical & Surgical Hospitals (NAICS 6221)
7. Specialty Hospitals (NAICS 6222, 6223)
8. Nursing & Residential Care Facilities (NAICS 6231, 6232, 6233)

Healthcare and Life Science

Oakland County's Industry Today:

Establishments, Employment, Wages, and
Comparison with other Leading Michigan Counties

II. The Industry Today in Oakland County

- Establishments: 4,324 (rank: #1)*
- Employment: 93,584 (rank: #2)
- 2002-06 Avg. Annual Employment Change: 4.1%
- Average Annual Wage: \$50,461 (rank: #4)
- 2002-06 Avg. Annual Wage Change: 5.2%

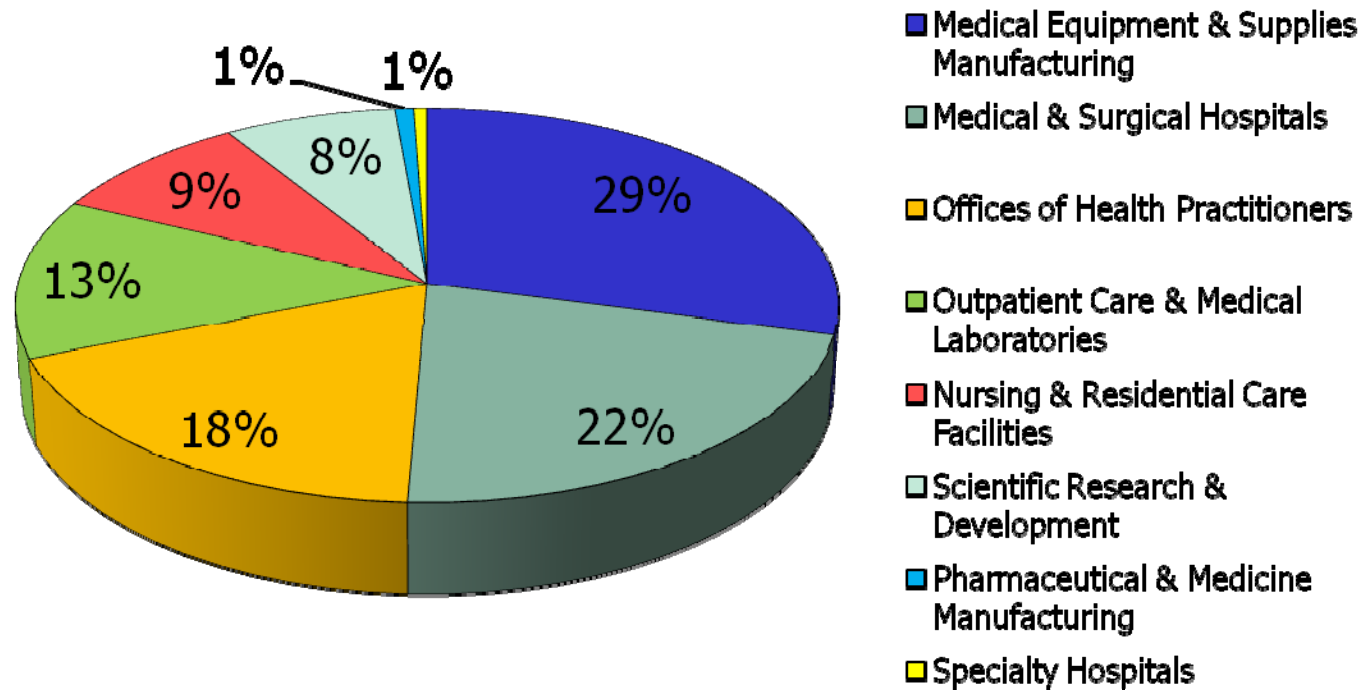
*Among the Michigan counties of Kalamazoo, Kent, Macomb, Washtenaw, and Wayne.

The Industry Today in Oakland County

The Healthcare and Life Sciences Industry in Oakland County saw steady growth from 2002 to 2006 in:

- Employment—nearly 14,000 new jobs
- Payroll—increased by over \$1.4 billion
- Establishments—400 new establishments
- Share of total employment—10.4% in 2002, 12.8% in 2006

2006 Sector Share of Industry Employment, Oakland County



The Industry Today

A Closer Look At Oakland County's Healthcare and Life Science Industry Sectors

Pharmaceutical & Medicine Manufacturing

This sector is comprised of companies producing and manufacturing biological, medicinal products, and pharmaceutical products.

In 2006, Oakland County had:

- Establishments: 10 (rank: #1)
- Employment: 1,073 (rank: #2)
- Average Annual Wage: \$72,404 (rank: #2)

Medical Equipment & Supplies Manufacturing

This sector is comprised of companies in manufacturing medical equipment and supplies.

In 2006, Oakland County had:

- Establishments: 62 (rank: #1)
- Employment: 610 (rank: #4)
- Average Annual Wage: \$38,177 (rank: #6)

Scientific Research and Development

This sector is comprised of companies conducting original investigation undertaken to gain new knowledge.

In 2006, Oakland County had:

- Establishments: 72 (rank: #2)
- Employment: 9,887 (rank: #2)
- Average Annual Wage: \$88,768 (rank: #3)
- 49% Average Annual Employment Growth since 2002

Offices of Health Practitioners

This sector includes health practitioners having the degree of M.D. or D.O. primarily engaged in the independent practice of general or specialized medicine or surgery.

In 2006, Oakland County had:

- Establishments: 3,274 (rank: #1)
- Employment: 24,062 (rank: #1)
- Average Annual Wage: \$62,449 (rank: #2)

Outpatient Care & Medical Laboratories

This sector includes companies that provide medical and diagnostic laboratories, home nursing services, physical therapy services, and ambulatory health care services.

In 2006, Oakland County had:

- Establishments: 484 (rank: #1)
- Employment: 17,058 (rank: #1)
- Average Annual Wage: \$39,037 (rank: #2)

Medical & Surgical Hospitals

This sector includes general medical and surgical hospitals primarily engaged in providing diagnostic and medical treatment.

In 2006, Oakland County had:

- Establishments: 12 (rank: #2)
- Employment: 28,281 (rank: #2)
- Average Annual Wage: \$44,525 (rank: #3)

Specialty Hospitals

This sector is comprised of establishments licensed for treatment of mental illness, substance abuse; and psychiatric, psychological, and social work services.

In 2006, Oakland County had:

- Establishments: 5 (rank: #2)
- Employment: 753 (rank: #3)
- Average Annual Wage: \$43,600 (rank: #2)

Nursing and Residential Care Facilities

This sector is comprised of companies that provide residential care combined with nursing and other types of care.

In 2006, Oakland County had:

- Establishments: 405 (rank: #2)
- Employment: 11,860 (rank: #2)
- Average Annual Wage: \$23,874 (rank: #4)

The Industry Today: Workforce and Education

Industry growth driven both by demand, and supply of educated, trained workforce.

- 42% of Oakland County's adult population had a bachelor's degree or higher in 2006. This compares to 25% in the state of Michigan.
- 2,700 of 11,500 (~25%) degrees awarded in Oakland County in 2006 were in healthcare and life science fields.
- Nearly half (14,400 of 29,100) of healthcare and life science degrees awarded Michigan were granted by programs in Southeast Michigan.
- Healthcare and life science degrees awarded will increase as Oakland Community College, Oakland University, and others expand programs.

Industry Momentum

Building on a Solid Base

Industry Momentum

In addition to the existing strong employment base and skilled workforce, new projects signal continued industry expansion.

- Henry Ford West Bloomfield Hospital
 - St. Joseph Mercy Surgical Unit Expansion, Pontiac
 - McLaren Health Care Village, Independence Twp.
 - Expansion of Beaumont Hospital, Troy and Royal Oak
 - St. John Health Providence Park Hospital, Novi
 - Crittenton-Karmanos Cancer Center, Rochester Hills
 - POH Regional Medical Center, Pontiac
 - Beaumont Hospital Proton Beam Cancer Center, Royal Oak
 - Oakland University / William Beaumont School of Medicine
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Industry Momentum

- New projects will help meet growing local demand.
- New projects will also attract new workers, researchers, patients, and students to the area.
- New projects will support new, spin-off economic activity through job creation and spending.

To illustrate this, let's look more closely at just a few of the current projects:

POH Regional Medical Center

Plans to convert extra capacity at McLaren's POH Regional Medical Center laboratory and training facilities in order to:

- Train nurses and medical technicians.
- Host middle school and high school outreach programs.
- Provide lab and research space for entrepreneurs, researchers, and businesses.

POH already offers:

- 24 residency programs as one of the largest osteopathic teaching hospitals in the country.
 - Training partnerships with Michigan State University, Kansas City University, and TOURO University.
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Proton Beam Cancer Treatment Facility

Beaumont Royal Oak plans to construct a new proton beam cancer center by the end of 2010. The center will:

- Be one of a only a few in the country.
- Draw patients from through the state and country for treatment, helping to establish “medical tourism.”
- Draw highly talented workers, and pay above average wages.
- Create 1,422 construction jobs the two-year construction period.
- Create more than 148 direct and indirect new jobs to the region once in operation.

New School of Medicine

Oakland University, in partnership with Beaumont Hospitals, will open a new medical school in 2010. The economic benefits are many. Some examples:

- **Student Spending**—Expenditures on tuition, fees, housing, and other items generates \$44.7 million economic impact annually, once school is at full enrollment.
 - **Graduate Medical Education**—During residency students work in hospitals, which receive federal dollars for each resident. OU medical school may bring up to \$64.3 million in new federal money annually.
 - **Research Funding**—Millions in additional clinical trials and federal research grants will likely flow to OU and Beaumont.
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New Horizons: Industry Projections Scenarios for Growth

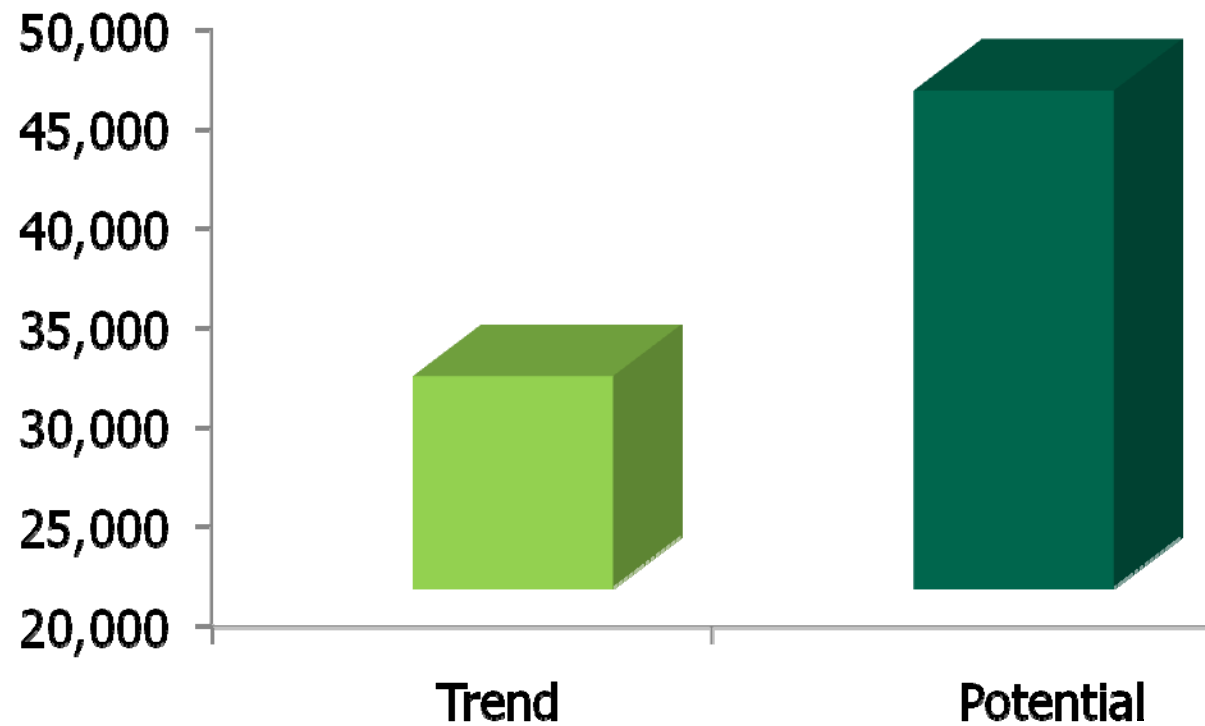
Healthcare and Life Science Industry Employment Projections for Oakland County

New Horizons: Industry Projections Scenarios for Growth

To project employment we have assumed two scenarios:

1. Trend—assumes recent growth and current projects largely fill demand, and future growth keeps pace with nationwide projections, adjusted for slower local population growth.
 2. Potential—assumes recent growth and current projects are capitalized on through industry promotion, helping manufacturing and research sectors to grow faster than expected nationally, and medical service sectors to meet national projections by establishing a medical tourism niche.
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Trend vs. Potential Projections New Employment Created by 2018



Trend vs. Potential Projections, 2006 to 2018

Industry Sector	Trend		Projection	
	New Jobs	Annual Growth	New Jobs	Annual Growth
Pharma & Medicine Manu.	353	2.30%	620	3.90%
Medical Equip & Supplies Manu.	6	0.10%	198	2.50%
Scientific Research & Development	4,378	2.50%	12,346	6.70%
Offices of Health Practitioners	5,541	1.70%	6,323	2.00%
Outpatient Care & Medical Labs	10,182	3.60%	12,296	4.30%
Medical & Surgical Hospitals	7,845	1.80%	9,152	2.10%
Specialty Hospitals	105	1.10%	134	1.40%
Nursing & Residential Care	2,214	1.50%	3,932	2.60%
Industry Total	30,623	2.20%	45,000	3.20%

Conclusions

1. Oakland County's Healthcare and Life Science Industry has a strong base, the most establishments relative to Michigan's other leading counties.
 2. New projects provide momentum for continued industry growth, to the benefit of current businesses and the overall economy.
 3. The industry can be expected to continue to grow at a steady rate as local demands increase.
 4. However, industry promotion can help build on existing assets, and result in even more growth and new jobs in coming years.
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Conclusions

Full report available from Oakland County
and from
Anderson Economic Group, LLC

<http://www.AndersonEconomicGroup.com>
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