

I. INTRODUCTION

Health care is a growth industry that is relatively immune to economic cycles. The health care sector has been the only sector consistently adding jobs throughout the recent economic crisis. Historical employment data and recent Bureau of Labor Statistics (BLS, www.bls.gov) surveys indicate that the basic health care services sector is driving employment growth in the national economy. Considering the health care worker shortage across the United States, it is likely that this growth trend will continue. Moreover, the baby boomer generation is expected to increase the demand for health care services over the years, further increasing the demand for health care workers. In fact, population projections (www.census.gov) suggest that the share of seniors (65+) in total population will increase to nearly 20 percent by 2030, up from about 13 percent in 2010.

Amid overall growth in the health care sector throughout the United States, Nashville provides a unique example of a national health care industry hub. More than 56 major health care companies (public and private) have chosen Nashville as their home, and seven of the nation's 12 leading for-profit acute care hospital companies are located in Nashville, controlling more than one-third of investor-owned hospitals in the United States.¹

The scope of the health care industry in Nashville ranges from basic service providers such as physicians to advanced life sciences research companies. This study presents two views of Nashville's health care industry: (1) the core health care industry, defined as ambulatory services, hospitals, and nursing and residential care facilities, and (2) the health care industry cluster, which encompasses the core health care industry and other related health care industries, including management companies and health information technology. This approach is necessary

¹ According to the 2009 American Hospital Association survey, the number of investor-owned hospitals is 958. The number of health care companies is extracted from ReferenceUSA and LexisNexis Academic Universe. BERCC included only headquarter companies with over 100 employees and \$500,000 annual revenues in these estimates. These companies are part of the broadly defined Nashville health care industry cluster.



because the presence and quality of both components profoundly affect a region's economic status.²

Through a variety of methods, this study examines the reasons Nashville has become a salient locus in the national health care industry and analyzes the trends and scope of the core health care industry in Nashville from a comparative perspective. In addition, it provides a detailed assessment of the economic impact of the health care industry cluster on the regional economy. Furthermore, it provides a benchmarking initiative that compares Nashville with 12 peer Metropolitan Statistical Areas (MSAs) using a host of selected health care-related indicators. Finally, the study profiles the member companies of the Nashville Health Care Council (NHCC) and presents the results of a *CEO Confidence Survey*. This study is a detailed analysis of the Nashville MSA, which includes Cannon, Cheatham, Davidson, Dickson, Hickman, Macon, Robertson, Rutherford, Smith, Sumner, Trousdale, Wilson, and Williamson counties. Wherever Nashville is mentioned in the study, it refers to the entire Nashville MSA. From a variety of sources, these data allow the Business and Economic Research Center (BERC) at Middle Tennessee State University to accurately determine the reasons Nashville has become a focal point in the national health care industry, assess the relationship between the health care industry and other sectors of the regional economy, and address other questions concerning Nashville's health care industry.

The rest of this study is organized as follows. Chapter two presents an overview of trends in the core health care industry—comprising ambulatory services, hospitals, and nursing and residential care facilities—in the nation, Tennessee, and the Nashville MSA. This chapter also compares trends in the core health care industry across these three geographical units. Chapter three briefly details the study's goals and methodology. Chapter four puts trends in the core health care industry in the Nashville MSA under close scrutiny, exploring various aspects and growth dynamics of this industry. Chapter five adopts a broader view of the health care industry and assesses the scope, size, and impact of the health care industry cluster on Nashville's economy. Furthermore, this chapter highlights the importance of publicly traded health care management companies in Nashville's economy. Chapter six compares Nashville's core health care industry with that of 12 of

² Quality of health care providers is closely related to the quality of life in a region. Similarly, the presence and quality of health care-related industries are considered crucial to a region's business infrastructure.



its peer MSAs. Chapter seven profiles Nashville Health Care Council member companies and presents the results of the *CEO Confidence Survey*. Chapter eight concludes the study. The last chapter provides survey material and technical information on various study components.

