



## **Underlying Trends in Houston's Health Care Sector Accelerated by the Pandemic Potentially Reshaping the Sector, New Report Finds**

- *Economic modeling suggests developing the region's life sciences industries and health care workforce will yield major long-term benefits for Greater Houston's economy.*
- *A survey shows the impact of the pandemic on changing employers' attitudes about health care with the region's employers increasingly wary of rising health care costs, eager to explore new models of health coverage and more willing to support expanding Medicaid.*
- *Greater Houston's response to Covid-19 reveals the need for more collaboration across hospitals and providers as well as employers throughout the region.*

**October 28, 2020, Houston** – Center for Houston's Future released a first-of-its kind, comprehensive report *Houston's Economic Future: Health Care*, focusing both on the economic vitality of the region's health care system and assessing our community's health.

The 62-page report is the culmination of a year-long effort by the Center. More than 50 health care experts contributed via focus groups and interviews, and some 100 executives in Greater Houston completed our health care surveys. Find the report here: [centerforhoustonfuture.org/strategic-initiatives-health-care](https://centerforhoustonfuture.org/strategic-initiatives-health-care).

The Center developed a unique economic forecasting tool to analyze the impact of various health-care-related scenarios on the region's future employment growth and GDP. We looked out to the year 2036, the 200th anniversary of Houston's founding. Our modeling found:

- Between 2019 and 2036, 1 in 4 of all jobs added within the region will be created in the health care sector. By 2036, the sector will generate an additional \$26 billion in GDP under our base case scenario.
- Failing to develop an adequate health care workforce pipeline will cost the region \$18.6 billion in GDP and 111,000 jobs by 2036, compared to the base case.
- Compared to the base case, cultivating Houston's burgeoning life sciences industries would yield an economic benefit of \$13 billion—the equivalent of growing today's economy by 9 percent—and 73,000 jobs by 2036.
- Expediting new technologies in health care would increase worker productivity and generate a similar level of GDP as our base case but with 159,000 fewer jobs by 2036.

The report profiles community health in the region, including outcomes and access to care. It discusses key trends currently reshaping how health care will be delivered and funded. Those include telehealth and artificial intelligence.

The Center conducted two surveys—one pre-Covid-19 in January and another in September—with regional employers. One survey respondent summarized a common sentiment the Center repeatedly heard: “Health care is a unique domain where employers are left out of the discussion, despite rising costs.”

The report details findings from the survey, including:

- Employers widely see Covid-19 as a transformational event that will reshape the entire health care system.  
59 percent of respondents said the pandemic has made them more likely to support an expansion of Medicaid in Texas.
- The pandemic has drastically changed employers’ projections of how their health care costs will rise. In January, four in 10 expected costs to rise by over 10% in the next five years. Today, 65% believe this will be the case.

The report also includes a reflection on lessons learned from the region’s response to Covid-19, including:

- Promoting health equity will facilitate a better pandemic response. Foremost, this means reducing the number of uninsured in Houston.
- Adopting models of providing care such as value-based care would strengthen the region’s ability to weather a crisis by transferring financial risk from providers to payors.

Our overall recommendations include:

- A coordinated public health response as well as a thriving health system requires collaboration across the region’s many hospital systems and stakeholders. This will take leadership from the business community
- Without concerted efforts, our community will lack adequate supply of health care workers.
- We must set policies that address so-called social determinants health.

“We hope that this report sparks a community-wide discussion on how Greater Houston can become a model for the country for developing a health care system that provides affordable and accessible care, delivers increased quality, is cost efficient and drives economic growth,” said Brett Perlman, the Center’s president and CEO.

This report was made possible with funding from HCA Houston Healthcare, which is a leading provider of health care in the Houston area with almost a million patients treated every year. With an employee base

of 15,000, HCA Houston Healthcare’s comprehensive network includes 13 hospitals, 10 outpatient surgery centers, 11 freestanding emergency centers and numerous freestanding diagnostic imaging facilities. A strong advocate for the next generation of health care professionals, HCA Houston Healthcare is a major supporter of the University of Houston College of Nursing and the new University of Houston College of Medicine.

“We hope this report will be a multi-year study and one that will be a model for the country and the world in delivering health care services, promoting well-being and healthy lifestyles, and in accessing healthcare and creating new medical technology innovation,” said Troy Villarreal, HCA Houston Healthcare President.

***About the Center for Houston's Future:*** CHF brings business, government and community stakeholders together to engage in fact-based strategic planning and collaboration on issues of great importance to the region. It engages in economic research and strategic planning, holds community events and develops leaders. The Center is an independent affiliate of the Greater Houston Partnership. Its leadership program has graduated more than 1,300 business and civic leaders.

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