

The Pikes Peak Health, Wellness & Medical Innovation Sector Economy

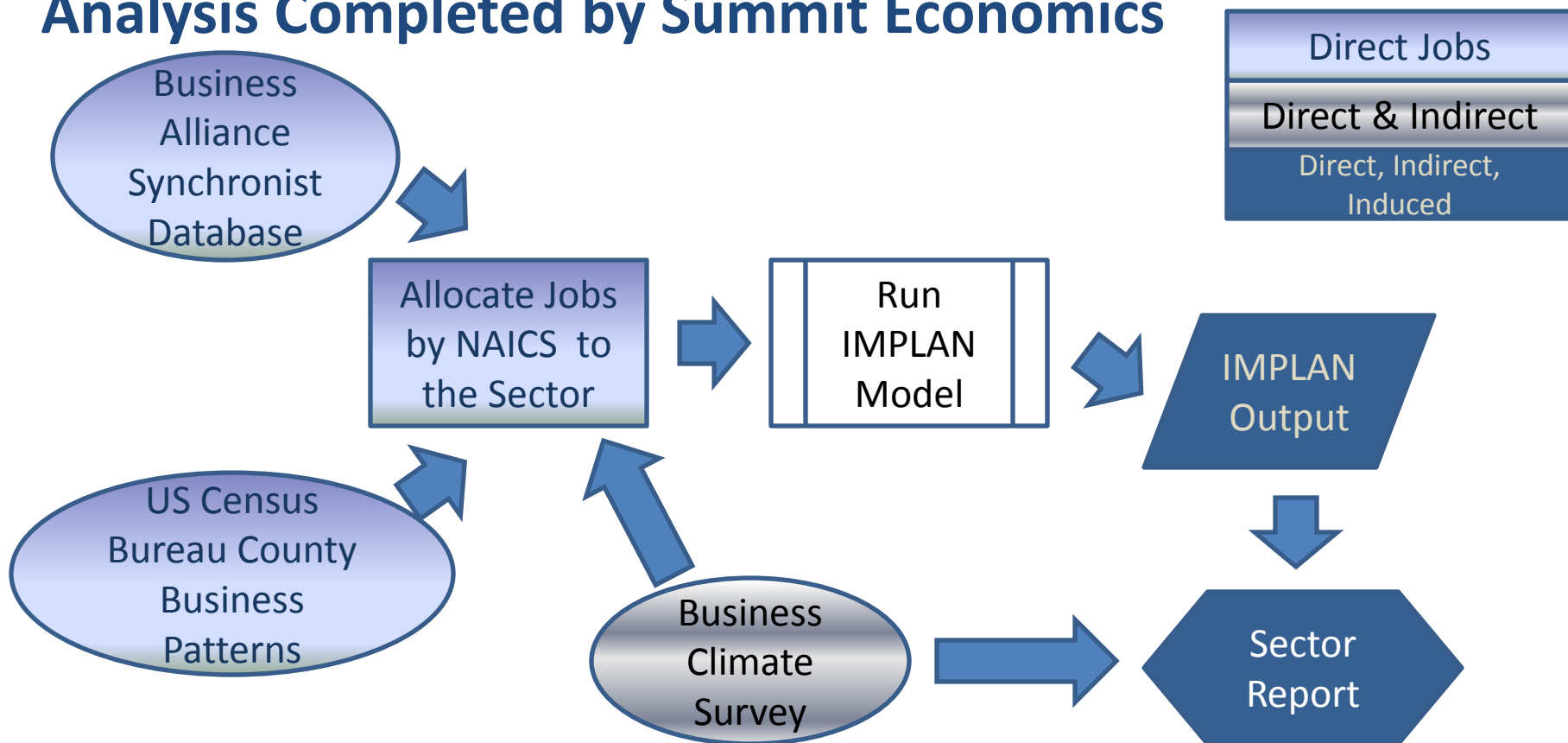
Colorado Springs City Council Work Session

November 24, 2014



Sector Detail Analysis - Methodology

Analysis Completed by Summit Economics



Synchronist is database utilized by the Business Alliance for industry monitoring. **Business Climate Survey** is conducted every other year by Summit Economics for Cheyenne Mountain Civic Solutions. **IMPLAN** is an econometric model proprietary to the Minnesota IMPLAN Group.

Main Components of the Sector

- The Health, Wellness & Medical Innovations Sector is rather broad. Research for this report considered Health and Wellness as one subsector and Medical Innovations as another subsector.
- Health
 - Primarily comprised of hospitals and direct care health providers
- Wellness
 - An emerging sector providing alternative approaches to healthcare – more along the line of alternative medical practices and lifestyle choices.
- Medical Innovations
 - Typically referred to as biosciences, medical devices, and digital health, in Colorado Springs the industry is dominated by medical device manufacturing

Job Distribution:

• Healthcare & Wellness	32,832
• Medical Innovation	1,908
• Total	34,740

Sector Integration (Crossover)

• Medical Innovation to Health & Wellness	56%
• Health & Wellness to IT and Non-profits	62%

Economic Impact (March 2011)

- Total Pikes Peak Region Economy - \$28.5 billion
- Direct Sector Impact - \$2.26 billion
 - 7.9% of the Regional Economy
- Indirect & Induced Impact - \$1.45 billion
 - 5.1% of the Regional Economy
- Total Sector Impact - \$3.7 billion
 - 13.0% of the Regional Economy

Economic Impact (March 2011)

• Total Pikes Peak Region Economy - \$28.5 billion		
	<u>Direct Impact</u>	<u>Total Impact</u>
• Aerospace & Defense	\$9.5 billion	\$12.6 billion
	33.5%	44.1%
• Information Technology	\$3.9 billion	\$6.1 billion
	13.9%	21.5%
• Health, Wellness & Medical Innovation	\$2.26 billion	\$3.7 billion
	7.9%	13.0%

Health & Wellness Subsector Employment (2013)

- Entities (Businesses): 1,947
- Employment: 32,832

Medical Innovation Subsector Employment (2013)

- Entities (Businesses): 60
- Employment: 1,908

Employment Impact (March 2011)

	<u>Direct</u>	<u>Total</u>
• Aerospace & Defense		
Employment	67,896	105,296
Average Annual Wage	\$104,410	\$82,206
• Information Technology		
Employment	27,076	50,720
Average Annual Wage	\$87,651	\$69,370
• Health, Wellness & Medical Innovations		
Employment	34,740	51,707
Average Annual Wage	\$65,408	\$52,037

Payroll

- The sector employs over 34,000 people directly, and is responsible for another 17,000 indirect and induced jobs.
- The direct payroll is approximately \$1.95 billion with average annual earnings exceeding \$56,000.
- The total payroll (direct, indirect & induced) created by this sector exceeds \$2.7 billion, with average earnings of more than \$52,000 per year.



Size of Firms

	<u>Health & Wellness</u>	<u>Medical Innovations</u>	<u>All COS Firms</u>
• 1-9 Employees	47%	28%	54%
• 10-24 Employees	12%	16%	15%
• 25-99 Employees	21%	20%	18%
• 100-499	12%	20%	8%
• 500+	9%	16%	5%
• The sector's firms are generally larger in employment than the typical profile for Colorado Springs businesses.			

Sector Outlook

- Average annual growth projected through 2018
- Health & Wellness 6.3%
- Medical Innovations 5.2%
- Total Sector 5.7%

Concluded 5 Year Forecast

The Pikes Peak region appears well positioned to take advantage of rapidly emerging trends in the Health, Wellness, and Medical Innovations sector. When combined with the area's history in medical tourism and outdoor lifestyles, the presence of the United States Olympic Committee and sports national governing bodies, a high incidence of military retirees and veterans, and a strong presence in information technology, the region should outperform the nation in both sector growth rates and innovation and start-up activity.

Vision

- Establishing Colorado Springs as a national & international destination for sports and wellness medical care.
 - The base components are here:
 - Healthcare Industry
 - USOC & NGBs
 - COS History & National Image
 - Sports Tourism
 - Investment has started:
 - CU Medical Center & UCCS campus
 - Fits with other sectors:
 - Digital Health (emerging)
 - Sports IT (mature and growing)
 - Cyber Security (nationally, COS is a Top 10 location)
- Requires separating the primary health, wellness and medical innovations subsector from its retail subsector