

Natural healing: Greater public awareness and adoption of alternative care will aid demand

IBISWorld Industry Report 62139b Alternative Healthcare Providers in the US

November 2019

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About this Industry

Industry Definition

This industry provides health services that are not classified in any other industry, such as meditation, yoga or massage. The practitioners in this industry operate private or group practices in their own offices or in the

facilities of others, such as hospitals, medical centers or patient homes. This industry does not include chiropractors; mental health specialists; physical, occupational and speech therapists; audiologists; or podiatrists.

Main Activities

The primary activities of this industry are

Acupuncture

Dental hygiene

Herbal therapy

Nutrition

Hypnotherapy

Massage therapy

Respiratory therapy

Naturopathy and homeopathy

Midwifery

Yoga

The major products and services in this industry are

Acupuncture

Chiropractor and osteopathic services

Deep breathing exercises

Diet-based therapies

Massage

Meditation

Nonvitamin and nonmineral natural products

Yoga, tai chi and qigong

Similar Industries

62111a Primary Care Doctors in the US

Companies in this industry provide primary medical care (i.e. physicians).

62111b Specialist Doctors in the US

Companies in this industry provide medical care with a medical specialty (i.e. physicians).

62131 Chiropractors in the US

Companies in this industry provide chiropractic services.

62133 Psychologists, Social Workers & Marriage Counselors in the US

Companies in this industry provide mental health services (except physicians).

About this Industry

Similar Industries continued

62134 Physical Therapists in the US

Companies in this industry engage in the independent practice of physical, occupational and speech therapy, as well as audiology.

Additional Resources

For additional information on this industry

www.aanp.org

American Association of Nurse Practitioners

www.nccih.nih.gov

National Center for Complementary and Integrative Health

www.naturopathic.org

The American Association of Naturopathic Physicians

IBISWorld writes over 1 000 US industry reports, which are updated up to four times a year. To see all reports, go to www.ibisworld.com

Industry at a Glance

Alternative Healthcare Providers in 2019

Key Statistics Snapshot

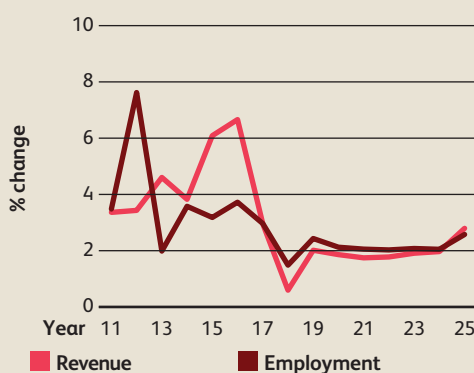
Revenue	Annual Growth 14–19	Annual Growth 19–24
\$18.1bn	3.6%	1.9%
Profit	Wages	Businesses
\$2.4bn	\$7.4bn	226,426

Market Share

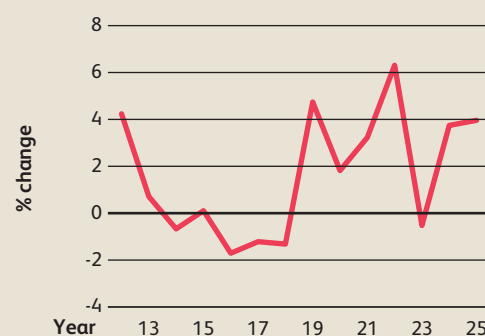
There are no major players in this industry

p. 27

Revenue vs. employment growth



Federal expenditure on disability benefits



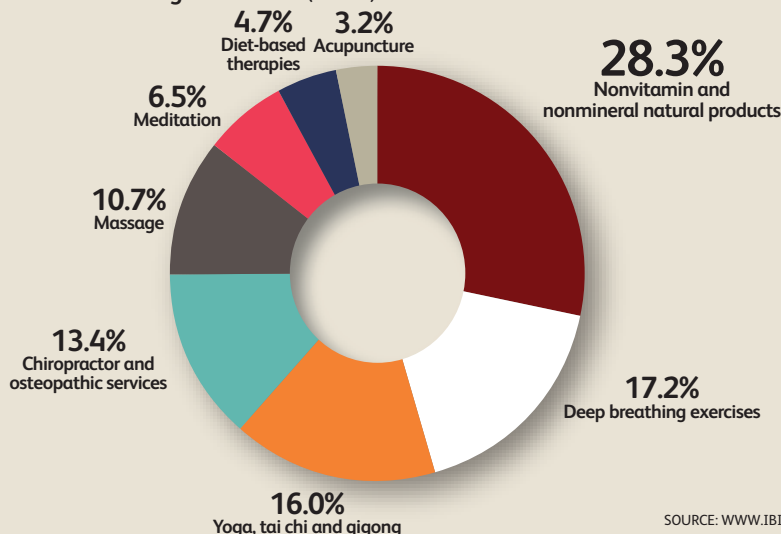
SOURCE: WWW.IBISWORLD.COM

Key External Drivers

- Federal expenditure on disability benefits
- Number of adults aged 20 to 64
- Per capita disposable income
- Number of people with private health insurance
- Federal funding for Medicare and Medicaid

p. 5

Products and services segmentation (2019)



SOURCE: WWW.IBISWORLD.COM

Industry Structure

Life Cycle Stage	Growth	Regulation Level	Heavy
Revenue Volatility	Low	Technology Change	Low
Capital Intensity	Low	Barriers to Entry	Low
Industry Assistance	High	Industry Globalization	Low
Concentration Level	Low	Competition Level	High

FOR ADDITIONAL STATISTICS AND TIME SERIES SEE THE APPENDIX ON PAGE 32

Industry Performance

Executive Summary | Key External Drivers | Current Performance
Industry Outlook | Life Cycle Stage

Executive Summary

Consumer interest in the Alternative Healthcare Providers industry is growing, alongside rising per capita disposable income and an increasingly health-conscious population. Demand for alternative care hinges on the perceived benefits and efficacy of certain medical practices, as patients are less likely to cut spending on healthcare than they are to reduce spending on more discretionary goods. Moreover, as the number of people with disabilities grows in the United States, more insurance companies and employers are recognizing the benefit

categories, including natural products, mind and body practices and other approaches. Natural products include dietary supplements and herbal remedies, while mind and body practices include meditation, yoga, tai chi, qigong, chiropractic and osteopathic manipulation, massage and others. According to the Mayo Clinic, nearly 30.0% of adults report using CAM therapies. IBISWorld forecasts that revenue will rise 1.4% in 2019, as the industry gains greater recognition and coverage for industry services, on aggregate, rises.

Demand for alternative care hinges on the perceived benefits and efficacy of certain medical practices

of covering alternative healthcare. Over the five years to 2019, revenue is expected to rise an annualized 3.7% to \$18.2 billion.

Increasing acceptance of complementary and alternative medicine (CAM) therapies drove industry revenue growth. CAM approaches incorporate treatments that are not considered standard, but are used alongside traditional medical treatments (such as acupuncture or a specialized diet) to treat diseases. According to the National Center for Complementary and Integrative Health (NCCIH), CAM therapies are classified in three

Demand for alternative healthcare is expected to rise over the next five years as a result of increasingly favorable attitudes toward industry services and favorable demographic trends. In particular, the aging population, along with the mounting incidence of disability that accompanies old age, is expected to bolster demand for industry services. More importantly, the growing acceptance and expanding coverage of industry services will drive industry growth. Over the five years to 2024, industry revenue is projected to rise an annualized 1.3% to \$19.4 billion. With profit margins expected to remain steadily high, the highly fragmented industry landscape is also expected to expand. Over the next five years, the number of industry enterprises is expected to increase at an annualized rate of 2.0% to 248,666, nearly 90.0% of which will be nonemployers.

Key External Drivers

Federal expenditure on disability benefits

People most often use alternative healthcare to treat a variety of musculoskeletal problems, including back pain, neck pain, joint pain, arthritis and other musculoskeletal conditions. As the disability status of the population

increases, demand and funding for alternative healthcare increases. Federal expenditure on disability benefits is expected to increase in 2019.

Number of adults aged 20 to 64

Alternative healthcare use is more prevalent among women aged 30 to 69,

Industry Performance

Key External Drivers continued

according to data from the National Center for Complementary and Alternative Medicine. As this demographic group grows as a percentage of the total population, demand for industry services also increases. The number of adults aged 20 to 64 is expected to increase slowly in 2019, representing a potential opportunity for the industry.

Per capita disposable income

Individuals who are more affluent tend to use alternative medicine more frequently because patients with more disposable income are able to pay for the out-of-pocket expenses of alternative therapies. As disposable income increases, demand for alternative healthcare also rises. Per capita disposable income is expected to increase in 2019.

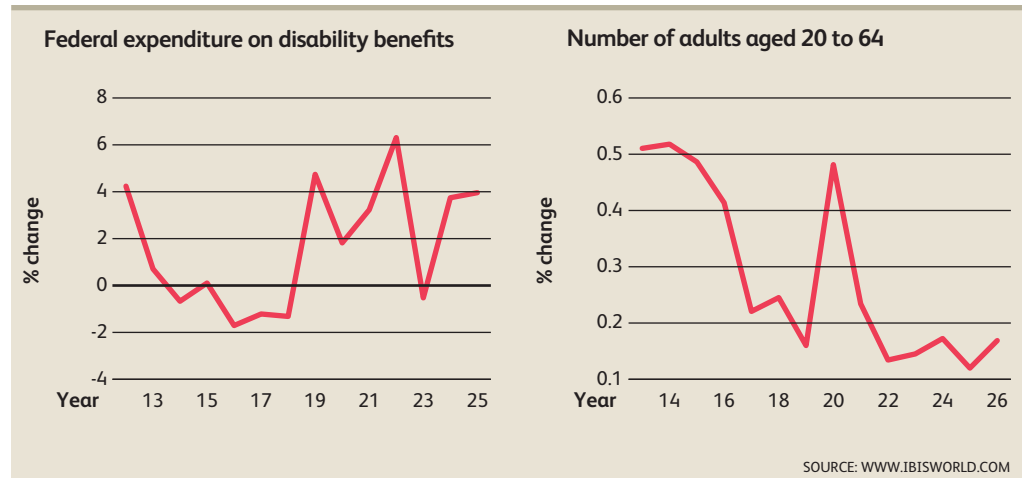
Number of people with private health insurance

Most health insurance plans do not cover alternative healthcare; therefore,

people with health insurance coverage are more likely to use conventional healthcare. As coverage increases, demand for industry services decreases. However, an increasing number of insurers have expanded coverage to certain industry services, which is expected to benefit the industry. The number of people with private health insurance is expected to increase in 2019.

Federal funding for Medicare and Medicaid

Medicare and Medicaid typically do not cover alternative healthcare. However, as reimbursement rates for these government programs decrease, conventional doctors typically opt out of the programs. Patients are then forced to seek care elsewhere or try other options, boosting demand for alternative healthcare. Federal funding for Medicare and Medicaid is expected to increase in 2019, representing a potential threat to the industry.

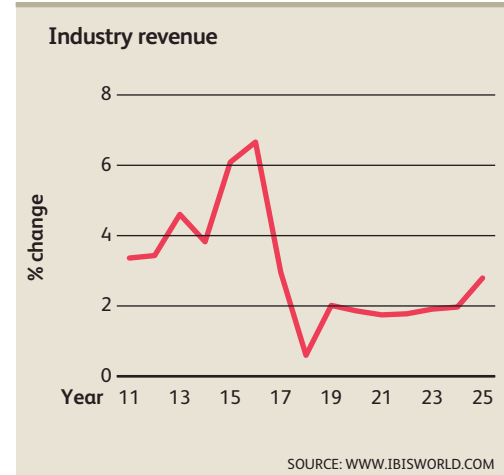


Industry Performance

Current Performance

Operators in the Alternative Healthcare Providers industry offer a range of medical and healthcare systems, practices and products used by patients without medical supervision. These services lie outside conventional medicine and can be classified into five main categories: alternative medical systems; mind-body interventions; biologically based therapies; physical manipulation, or body-based methods; and energy therapies. Therapeutic approaches and preferences vary according to the sociocultural, historical and regulatory environment of a given service; however, the use of alternative healthcare is generally increasing, particularly among people with chronic illnesses and pain, such as diabetes, osteoporosis, liver disease and cancer.

While alternative therapies are often disclaimed as secular trends or fads and concerns still exist about the evidential basis for many such therapies among medical practitioners, a slowly growing percentage of the population is turning to industry providers for healthcare over the past decade. According to the latest available data from the US Centers for Disease Control and Prevention (CDC), the percentage of US adults who have used alternative healthcare reached an estimated 33.2% in 2012, up from 32.3% in 2002. Rising alternative healthcare use has contributed to industry revenue growth over the past five years. Over the five years to 2019, revenue is expected to increase at an annualized rate of 3.7% to \$18.2 billion. Additionally, alternative healthcare providers continue to gain more mainstream access and acceptance



by gathering evidence for effectiveness, encouraging collaboration with other healthcare providers and negotiating insurance reimbursements. As a result, the industry's average profit margin (measured as earnings before interest and taxes) rose to 13.5% of revenue in 2019 despite rising wage costs, which grew at an annualized rate of 4.3% to \$7.4 billion during the five-year period.

In 2019, revenue is expected to grow 1.4%, due to an increasingly insured population and rising per capita disposable income over the past five years. Alternative healthcare is primarily paid for out of pocket, in contrast with conventional care, where private insurance is the major payer. Consequently, as discretionary income increases, demand for industry services rises. However, providers are increasingly providing partial insurance coverage for services such as chiropractic care, acupuncture and massage, according to the National Center for Complementary and Integrative Health (NCCIH).

Access to healthcare

Nevertheless, most health insurance plans do not cover a variety of alternative healthcare services, including Medicare, a federally administered system of health insurance available to people aged 65 and

older, and Medicaid, a federal- and state-funded program that pays for medical care for people who cannot afford it. As a result, patients must pay out of pocket for most industry services. For example,

Industry Performance

Access to healthcare continued

naturopathic doctors are not eligible to be Medicare or Medicaid providers. Even plans that offer coverage usually do so at a higher deductible cost than conventional care, and this factor usually deters patients who have budget restraints.

Grappling with healthcare cost increases and pressure from employees, a growing number of businesses and government health plans have added complementary and alternative medicine (CAM) therapies to their coverage options in recent years, banking on the notion that investment in low-tech therapies, such as acupuncture, may save money on drugs and more extensive care down the line. Another option offered by some employers is a CAM rider, optional coverage that can be added onto the standard insurance policy. Similarly,

many insurance companies are starting to partly cover acupuncture and chiropractic care.

Additionally, more states are mandating coverage of licensed CAM providers, such as naturopathic doctors, and insurance carriers have increased their CAM-oriented offerings to entice customers. Nonetheless, growth in alternative care coverage has been sluggish among companies and insurance carriers because there is minimal evidence that CAM is either cost-neutral or that it can save companies money. As a result, many individuals pay for industry services primarily out of pocket. As companies tighten spending, decision makers will demand even more proof that covering alternative healthcare will reduce expenses.

Demographic changes drive demand

As the number of people with disabilities increases in the United States, more insurance companies and employers are recognizing the benefit of covering alternative healthcare. Over the five years to 2019, IBISWorld expects an increase in the percentage of the US adult population that has some type of disability or impairment, whether it be physical, mental or emotional. Demographic trends, particularly the aging US population, have increased the number of people at risk for disability.

People with disabilities use alternative therapies more often than people who do not have disabilities, according to the National Center for Complementary and Integrative Health (NCCIH). Many people with disabilities who use CAM do so because it fits their lifestyle and because they perceive it to be more effective than conventional medicine for treating common symptoms like pain. NCCIH's 2015 analysis of the 2012

Demographic trends have increased the number of people at risk for disability

National Health Interview Survey found that an estimated 25.3 million adult patients experienced chronic pain. In many severe cases, primary or specialist doctors recommend CAM therapies for pain relief after the patient exhausts traditional methods of pain management. The University of Michigan's Health System Study found that socioeconomic factors, primarily race and age, play a major role in the use of alternative therapy by chronic pain patients. As people age, there is a greater chance that they will experience chronic pain; therefore, as age increases, so does the likelihood that people will seek alternative therapies to cope with the pain.

Industry Performance

Industry landscape expands

The Alternative Healthcare Providers industry is highly fragmented due to the diverse nature and culture of individualism prevalent among providers. Following a brief slowdown in establishment and enterprise growth during the economic recession, the industry has returned to robust growth despite conditions ripe for consolidation during the five-year period. These factors include escalating healthcare costs, the rising incidence of obesity, diabetes and disabilities, as well as a new presidential

The Alternative Healthcare Providers industry is highly fragmented

administration with goals to change the nation's healthcare landscape. Over the five years to 2019, the number of industry operators is expected to increase an annualized 2.5% to 225,203. Meanwhile, employment is anticipated to grow at an annualized rate of 2.8% to 290,395 workers.

Industry Performance

Industry Outlook

The Alternative Healthcare Providers industry is expected to continue benefiting from increasingly favorable attitudes toward its services. The mounting incidence of disability, aging population and rising disposable income will significantly contribute to revenue growth over the five years to 2024. During the period, revenue is projected to increase at an annualized rate of 1.3% to \$19.4 billion. Although the rising number of insured people may dampen demand for alternative health services as more people gain access to conventional healthcare, rising per capita disposable income is expected to lead to increased consumer spending on alternative medicine approaches.

In addition, an aging population will continue to bolster demand. The number of adults aged 50 and older is forecast to increase at an annualized rate of 1.2% to

125.0 million over the five years to 2024, according to IBISWorld forecasts. Since this demographic makes up a substantial percentage of industry operators' patients, demand is forecast to benefit. Additionally, the population is projected to live longer due to continually improving healthcare technologies. This trend will lead to a growing number of people with disabilities and chronic diseases, which increase in frequency with age. According to the Centers for Disease Control and Prevention's (CDC) National Health Interview Survey, the disability rate among older people has increased and will continue to do so over the next five years, with the growing prevalence of obesity projected to be an important factor in this trend. Alternative healthcare has become an increasingly popular method for treating chronic illness and disability, and this trend is anticipated to boost industry revenue.

States pave the way

Over the next five years, operators are expected to benefit from the increased focus on prevention and wellness services that are included as part of essential health benefits on a state-by-state basis. Every state provides various kinds of coverage for complementary and alternative medicine (CAM) services based on the state's definition of essential health benefits. For example, California, Hawaii and Utah exclude coverage for chiropractic treatment, thus requiring patients to pay for these services out of pocket, while some states, such as Washington, have embraced CAM.

Private insurance, Medicare and Medicaid are not major payers for alternative healthcare providers, so industry operators will likely encounter difficulties with understanding and administering insurance claims and government reimbursements. Medicare and Medicaid coding is complex, and it

Operators are expected to benefit from the increased focus on prevention and wellness services

exposes operators to investigations of fraud if coding is incorrect. Insurance companies also pay for some procedures and not for others or put a limit on the number of services that they will pay for. This factor will make it challenging for providers to offer ongoing routine procedures, which account for a significant portion of alternative care. Many industry operators will likely opt for out-of-pocket payments, eliminating the insurance issue, but limiting the patient pool to those who can afford to pay directly. However, the National Center for Complementary and Integrative Health, a division of National

Industry Performance

States pave the way continued

Institute of Health, is currently researching the usefulness and safety of CAM roles in improving health, and

forthcoming research is expected to bolster support for industry services covered by employer health plans.

Incorporating CAM into medical schooling

Conventional healthcare providers will likely support more alternative care providers in the years to come. Medical schools have integrated alternative medicine into their curriculums, giving new doctors a better understanding and appreciation of industry services. Experiencing pressure from students and patients and flush with grant money from the federal government and philanthropic organizations, many medical schools that once dismissed CAM are now embracing it, incorporating it into required courses, adding electives and establishing residencies and fellowships to help familiarize tomorrow's doctors with alternatives such as acupuncture, herbal treatments and massage. According to the Association of American Medical Colleges, 113 of the nation's 126 accredited medical schools incorporate discussion of CAM into their required courses.

Conventional healthcare providers will likely support more alternative care providers

Medical schools first began to include CAM in classes in 1997, when a study published in the Journal of the American Medical Association found that 40.0% of patients used unconventional therapies such as acupuncture, massage and dietary supplements. The study also found that 80.0% of patients used CAM options in combination with conventional therapies and that 60.0% opted not to tell their physicians of their use of integrative therapies. This progress in alternative medicine in conventional medical schools will help increase referrals and thereby support industry demand moving forward.

Demographic changes drive demand

IBISWorld projects that these trends will place pressure on profitability as the costs of receiving payments increase and the number of uncollectible accounts rises. However, this pressure will be countered by the higher prices that providers will be able to charge private and nonprivate payers as industry services gain better credibility. By 2024,

the average profit margin (measured as earnings before interest and taxes) is forecast to reach 13.3% of revenue. In addition, the number of operators is forecast to increase at an annualized rate of 2.0% to 248,666 over the five years to 2024. During the five-year period, employment is projected to increase an annualized 1.7% to 316,392 workers.

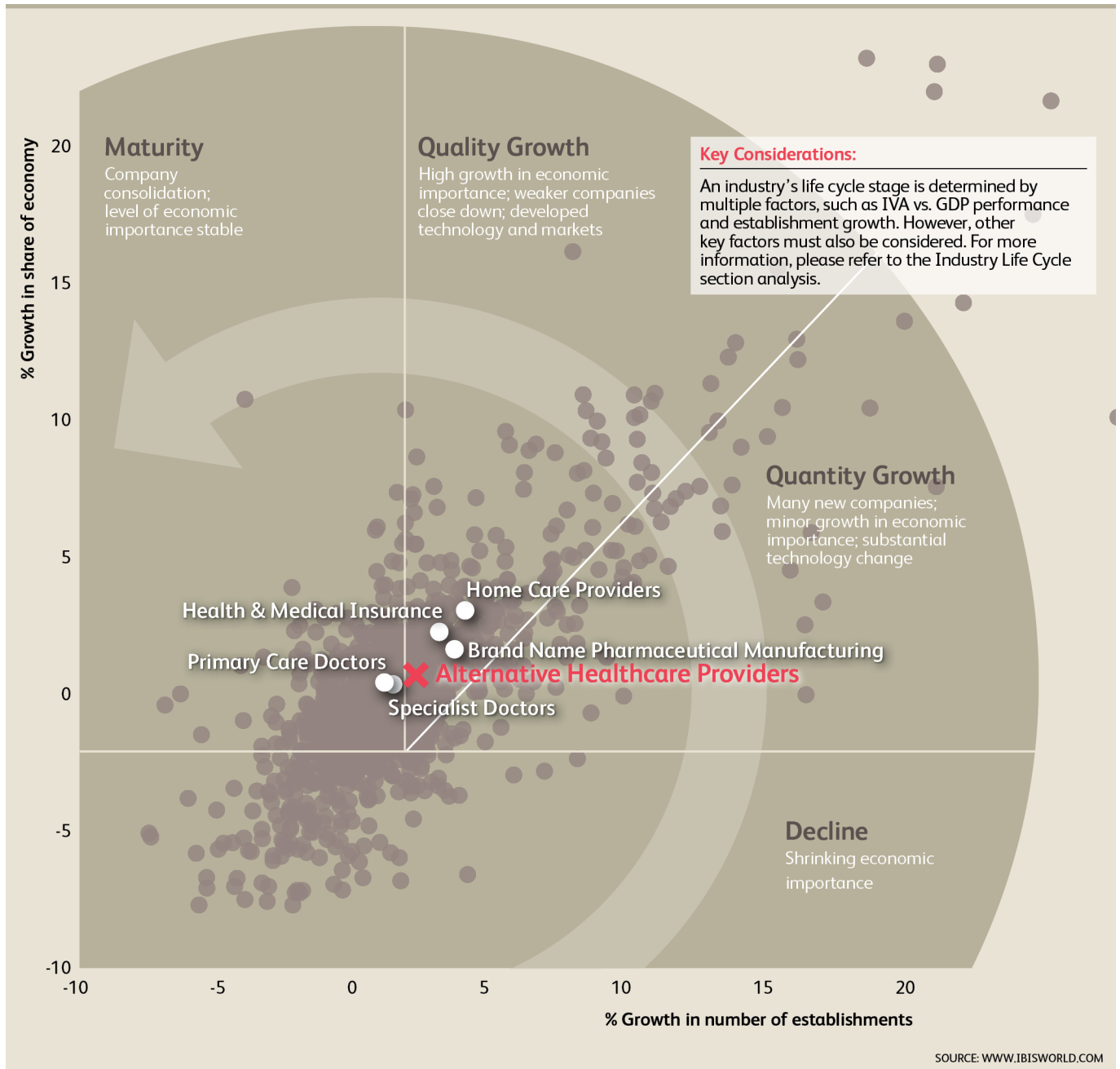
Industry Performance

Life Cycle Stage

IVA is growing faster than GDP over the 10 years to 2024

Acceptance and appreciation of industry services is growing

The number of industry establishments is increasing



Industry Performance

Industry Life Cycle

This industry is **Growing**

The Alternative Healthcare Providers industry is in the growth stage of its life cycle. Over the 10 years to 2024, the value that the industry adds to the overall economy is forecast to grow an annualized 2.8%. This rate outpaces growth in US GDP, which IBISWorld projects will increase an annualized 2.1% during the same period. The industry is benefiting from mounting acceptance of its safety and efficacy, which is encouraging more people to use industry services. Although an increasing percentage of Americans have been using alternative healthcare during the five-year period, IBISWorld estimates that the vast majority of the population still does not use these forms of care. This factor suggests that significant room for growth remains in the industry in the years ahead as acceptance continues to escalate. More specifically, graduating medical students have had increased exposure to alternative healthcare methods over

the past few years, which will likely enhance acceptance of industry services and more referrals from conventional hospitals.

The aging US population will also promote demand for many services offered by this industry. Chronic illnesses and disabilities are more frequent among the elderly. These ailments are increasingly being treated by alternative healthcare providers; as a result, this demographic trend is forecast to continue boosting demand.

Consolidation efforts within the industry are expected to escalate in the future. As more insurers and government programs offer coverage for alternative healthcare, industry providers will be motivated to consolidate into larger operations to better work with these large payers. Nevertheless, more players are expected to tap into this growing industry, resulting in enterprises growing at a projected annualized rate of 2.3% to 248,666 over the 10 years to 2024.

Products & Markets

Supply Chain | Products and Services | Demand Determinants
 Major Markets | International Trade | Business Locations

Supply Chain

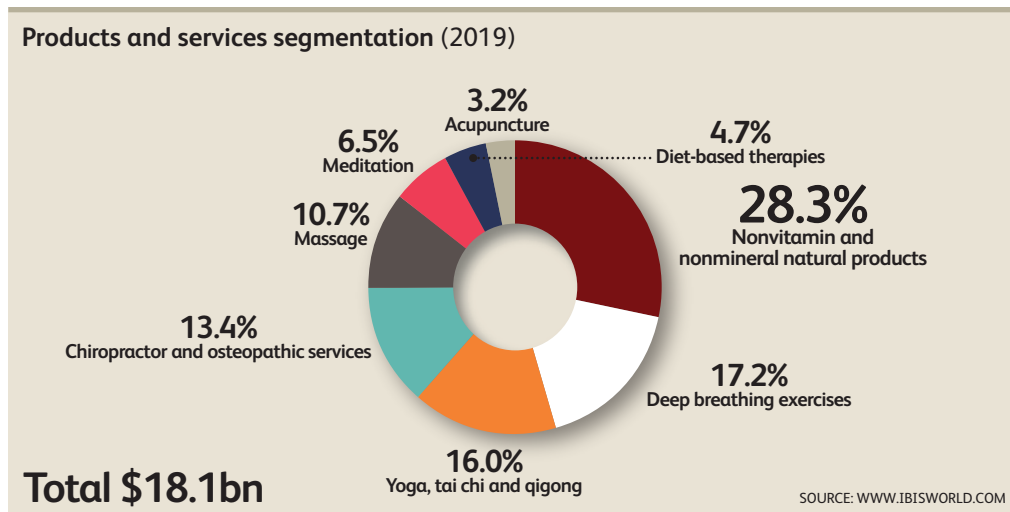
KEY BUYING INDUSTRIES

52411b	Health & Medical Insurance in the US Insurers can include coverage for certain services provided by this industry.
62111a	Primary Care Doctors in the US Doctors are a source of referrals to alternative healthcare providers.
62111b	Specialist Doctors in the US Doctors are a source of referrals to alternative healthcare providers.
62161	Home Care Providers in the US Home care providers may engage operators in this industry on a contractual basis.
62211	Hospitals in the US Hospitals can be a source of referral. They may also engage operators in this industry on a contractual basis.
9901	Consumers in the US Practitioners in this industry treat individuals, although sometimes other payers can limit individuals' choice of practitioner.

KEY SELLING INDUSTRIES

32541a	Brand Name Pharmaceutical Manufacturing in the US This industry supplies pharmaceuticals.
32541b	Generic Pharmaceutical Manufacturing in the US This industry supplies pharmaceuticals.
33911a	Medical Instrument & Supply Manufacturing in the US This industry supplies treatment tables, and other treatment and diagnostic equipment.

Products and Services



The term complementary or alternative medicine (CAM) is used to describe a range of medical and healthcare systems, practices or products used by patients without medical supervision. These

generally lie outside conventional medicine and can be classified into five main categories: alternative medical systems; mind-body interventions; biologically based therapies; physical

Products & Markets

Products and Services continued

manipulation or body-based methods; and energy therapies. CAM therapies include: traditional Chinese medicine; yoga; biofeedback; Ayurvedic medicine; acupuncture and acupressure; herbalism; naturopathy; homeopathy; hypnosis; dietary restrictions or vitamin supplementation; and spiritual healing and prayer.

Adults use alternative care most often to treat pain including back pain or problems, neck pain or problems, joint pain or stiffness, arthritis and other musculoskeletal conditions. The use of alternative therapies for head or chest colds has been decreasing over the past five years. The reasons for this shift are elusive; however, it could be associated with the relative affordability of over-the-counter pharmaceuticals or the increasing use of vaccines.

Nonvitamin and nonmineral natural products

A large portion of CAM spending goes toward the purchase of nonvitamin, nonmineral natural products. The remaining share is spent on services provided by industry practitioners. The most commonly used nonvitamin, nonmineral, natural products used by adults for health reasons are fish oil or omega 3 or DHA, glucosamine, Echinacea, flaxseed oil or pills and ginseng. In 2019, this segment is expected to account for 17.7% of revenue.

Deep breathing exercises

Deep breathing involves slow and deep inhalation through the nose, usually to a count of 10, followed by slow and complete exhalation for a similar count. Industry providers are increasingly offering this technique after several studies have illustrated its benefits. The method can be effective in reducing anxiety and helping people relax, including in some stressful dental and medical settings. These advantages

contribute to deep breathing's rising popularity because stress levels are tending to increase in society and the technique can be integrated into conventional healthcare. In 2019, this segment is expected to account for 10.9% of revenue.

Meditation

Meditation is a mind-body practice that industry providers may offer patients. There are many types of meditation, most of which originated in ancient religious and spiritual traditions. Generally, a person who is meditating uses certain techniques, such as a specific posture, focused attention and an open attitude toward distractions. Meditation may be practiced for many reasons, such as to increase calmness and physical relaxation, to improve psychological balance, to cope with illness or to enhance overall health and well-being. In 2019, this segment is expected to account for 8.0% of revenue.

Mindfulness meditation and transcendental meditation (TM) are two common forms of meditation. Mindfulness meditation is an essential component of Buddhism. In one common form of mindfulness meditation, the meditator is taught to bring attention to the sensation of the flow of the breath in and out of the body. The meditator learns to focus attention on what is being experienced, without reacting to or judging it. This is considered as helping the meditator learn to experience thoughts and emotions in normal daily life with greater balance and acceptance. The TM technique is derived from Hindu traditions. It uses a mantra (a word, sound or phrase repeated silently) to prevent distracting thoughts from entering the mind. The goal of TM is to achieve a state of relaxed awareness.

Massage

Massage therapists provide massage services for hygienic and remedial

Products & Markets

Products and Services continued

purposes, with little medical necessity. According to the Bureau of Labor Statistics (BLS), there were 168,800 people employed as massage therapists in 2016 (many of whom were self-employed), with employment growth forecast at an annualized rate of 2.2% between 2014 and 2024 (latest data available). Many more people practice massage therapy as a secondary source of income. In 2019, this segment is expected to account for 6.9% of revenue.

Yoga, tai chi and qigong

This segment includes the practice of yoga, tai chi and qigong. Yoga accounts for the majority of this segment and is a mind-body practice with origins in ancient Indian philosophy. The various styles of yoga that people use for health purposes typically combine physical postures, breathing

techniques and meditation or relaxation. More than 13.0 million adults have used yoga in the previous year, according to data from the National Health Interview Survey, and the percentage of adults that use yoga is increasing. Industry providers offer yoga therapy for a variety of health conditions, including anxiety disorders or stress, asthma, high blood pressure and depression. In 2019, this segment is expected to account for an estimated 10.1% of revenue.

Other

Other practices include chiropractic, osteopathic, diet-based therapies and acupuncture which accounts for the remaining 46.4% of revenue. Additionally, many of these other methods are subject to more variability depending on current trends that are popular.

Demand Determinants

The use of complementary and alternative medicine (CAM) in the United States has been increasing over the five years to 2019. The population's level of education and health affect demand for alternative healthcare. Additionally, the majority of alternative medicine users find these alternatives to be more congruent with their own values, beliefs and philosophical orientations toward health and life. Recent increases in CAM use are attributable to not only demographics and patient dissatisfaction with conventional medicine as has been claimed, but also increases in the relative cost of conventional healthcare. Adults who do not get or delay needed medical care because of cost are more likely than to use CAM than any other adults.

Demographics

Based on data from the Stanford Center for Research in Disease Prevention, demographic factors that increase the use of alternative healthcare include: higher

income; higher education; poorer health status; a holistic orientation to health; a transformational experience that changed the person's worldview; health problems such as anxiety, back problems, chronic pain or urinary tract problems; and classification in a cultural group that is identifiable by its commitment to environmentalism, commitment to feminism or interest in spirituality and personal growth psychology. Although dissatisfaction with conventional medicine is a factor in CAM use, it does not have a significant impact. A small percentage of CAM users report relying primarily on alternative therapies.

An increasing percentage of the US population is likely to suffer from chronic health conditions due to both an aging of the population and changes in lifestyle choices. A portion of the population with chronic health conditions uses alternative healthcare; therefore, as health declines, more people use alternative care. Obesity can put people at risk of long-term

Products & Markets

Demand Determinants continued

chronic health problems, including type 2 diabetes and high blood pressure. Diabetes can, among other things, lead to damage to blood vessels and nerves, reduced blood flow to the feet and increased risk of developing foot ulcers and infection.

Access to healthcare

The increasing use of nonconventional healthcare can, in large part, be a reflection of the growing relative cost of conventional therapies compared with the cost of CAM and the consequent lack of access to conventional healthcare. Cost concerns are particularly relevant for low-income uninsured adults with chronic health conditions that require ongoing healthcare treatment. According to research published in *Health Affairs*, a leading journal of health policy research, there are significant differences in CAM use when comparing adults according to their reported ability to obtain medical care because of cost. For users of at least one nonconventional therapy, CAM use was 71.4% for those reporting difficulties

compared with 59.8% for those not reporting any difficulties in getting needed medical care.

The observed increases in CAM use associated with the lack of access to medical care suggest that some patients are seeking lower-cost care and not necessarily for equally costly alternatives that better serve their real or perceived needs. For example, many people who do not have access to inexpensive appropriate healthcare either manage to live without the services as best as they can or resort to self-medication. From this point of view, the recent rise in CAM use, such as self-medication, is another reflection of the rising cost of healthcare in the United States.

Some employers are now promoting the use of CAM in hopes of controlling cost increases related to providing health benefits to workers. More specifically, some employers are attempting to reduce cost by implementing financial incentives for the use of preventive medicine and CAM therapies such as naturopathy and acupuncture.

Major Markets

An estimated 38.0% of adults in the United States aged 18 and older and nearly 12.0% of US adolescents aged 17 and younger use some form of complementary and alternative medicine (CAM), according to the most recent data from the US National Center for Complementary and Alternative Medicine. The trend in demographics for the use of industry services has not changed significantly over the five years to 2019.

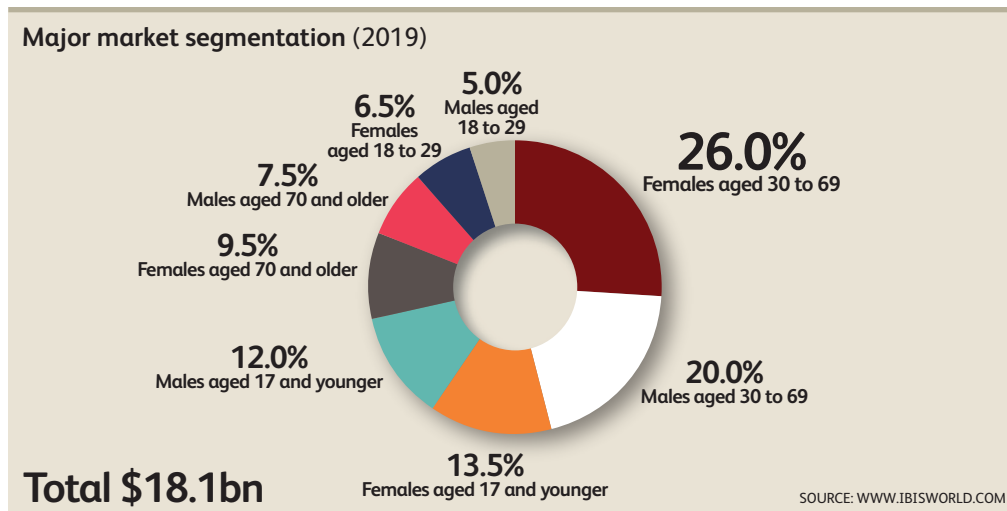
Adults

Alternative healthcare use among adults is greatest among women, people aged 30 to 69, individuals with higher levels of education, people living in the West and individuals who have quit

smoking. Adults use CAM most often to treat a variety of musculoskeletal problems, including back pain or problems, neck pain or problems, joint pain or stiffness or other joint condition, arthritis and other musculoskeletal conditions. The prevalence of CAM use for back pain or problems, neck pain or problems, joint pain or stiffness, and arthritis and fibromyalgia has been relatively unchanged over the past five years. The use of CAM therapies for head or chest colds, however, has been decreasing significantly. A smaller decrease in use has occurred for stomach or intestinal illness. In contrast, there has been a small increase in alternative methods for treating cholesterol problems.

Products & Markets

Major Markets continued



Children

Children of parents who use CAM therapies are five times more likely to use them. Similarly, children's use of alternative healthcare increases as their parents' education level rises. Alternative therapies are used most often for children with back or neck pain, head or chest colds, anxiety or stress, other musculoskeletal problems and ADHD or ADD. Alternative healthcare use is more likely among adolescents aged 12 to 17 than among younger children aged five to 11 or preschool children aged four and younger.

Payment sources

A large portion of industry services are paid for out-of-pocket by the patient, due to the fact that most alternative healthcare services are generally not reimbursable by insurance. The predominance of patient self-pay generally limits access to only those with insurance coverage or relatively high disposable income. According to the

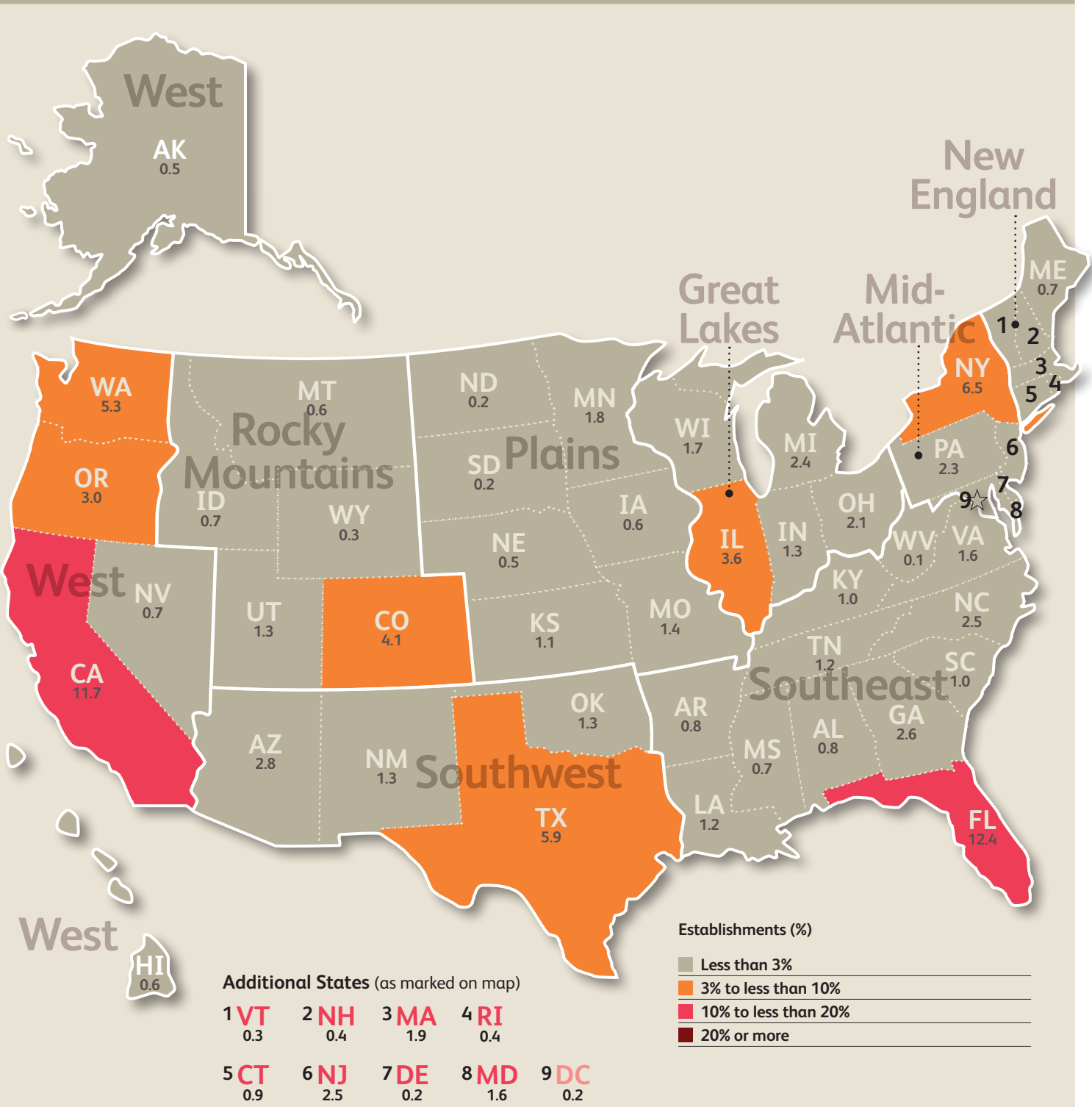
National Institutes of Health, most coverage for alternative healthcare is available to patients is through higher deductibles, health insurance policy riders and contracted network providers. Under high deductible policies, alternative medicine coverage is offered, but the consumer pays a higher deductible. With policy riders, the patient can purchase a rider that adds or expands coverage in alternative healthcare. With a network of providers, some insurers work with a group of alternative medicine providers that agree to offer services to group members at a rate lower than that offered to nonmembers. Patients still pay out of pocket, but at a discounted rate. Workers' compensation in many states covers chiropractic care. In California, for example, injured workers can get up to 24 chiropractic visits for their injury. Except for certain chiropractic services, the federal Medicare program does not currently offer coverage for alternative therapies under Part A or Part B.

International Trade

Due to the service-oriented nature of this industry, international trade is not included in the Alternative Healthcare Providers industry.

Products & Markets

Business Locations 2019



Products & Markets

Business Locations

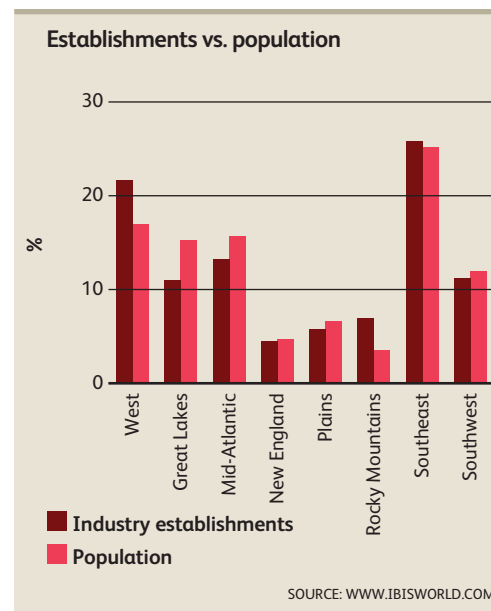
Alternative and conventional healthcare providers tend to locate in densely populated areas, which provides operators with access to a larger pool of potential customers. While there is less disparity in alternative healthcare than in conventional medicine, according to the American Hospital Association, more than 70.0% of the hospitals offering alternative healthcare are in urban areas. The distribution of industry establishments is also influenced by a region's age distribution, household income distribution, culture and laws and regulations.

Population epicenters

The regions with the highest percentages of establishments in this industry are the Southeast (25.8% of industry establishments), West (21.7%), Mid-Atlantic (13.2%), Southwest (11.2%) and Great Lakes (11.0%). The states with the largest shares are Florida (12.3% of establishments), California (11.7%), New York (6.5%), Texas (5.9%) and Washington State (5.3%). In Florida, licensed practitioners were granted freedom to provide complementary and alternative therapies in 2001. Senate Bill 1324 authorized the provision of and access to complementary or alternative healthcare treatments and revised Florida's Patient's Bill of Rights and Responsibilities to include the right to access any mode of treatment. Favorable legislation such as this contributes to the prevalence of alternative healthcare in Florida and certain other states.

Regional differences

A survey of US hospitals by Health Forum, a subsidiary of the American Hospital Association, found that



hospitals in the southern Atlantic states are most likely to include complementary and alternative medicine (CAM). More than 72.0% of the hospitals offering CAM are in urban areas. Urban settings provide better opportunity for offering CAM services possibly due to the density of the population, the greater availability of providers in the community and the fact that most CAM professional schools tend to be located in urban areas. Further, in general, rural areas tend to be underserved by conventional healthcare providers.

The local tastes and preferences can also influence whether operators choose to locate in a region. California's culture has contributed to its population's acceptance of alternative healthcare. A large percent of California family physicians recommend and administer alternative care to their patients. In addition, the medical education at many California universities integrates alternative therapies.

Competitive Landscape

Market Share Concentration | Key Success Factors | Cost Structure Benchmarks
Basis of Competition | Barriers to Entry | Industry Globalization

Market Share Concentration

Level
Concentration in this industry is **Low**

The Alternative Healthcare Providers industry is highly fragmented, with the largest operator generating less than 1.0% of total industry revenue. Nonemployer establishments (i.e. sole practitioners) account for over 90.0% of all industry establishments. While the number of sole practitioners has been increasing over the five years to 2019, employer establishments are also generating a larger percentage of industry revenue. This trait indicates that the big are getting bigger and have been more successful at generating more revenue per location than sole practitioners.

Alternative healthcare is more fragmented than conventional

healthcare because of its relative youth in the US culture. It is not the dominant form of healthcare, and people who do not use conventional care do not necessarily use alternative healthcare. Consequently, large operators have not developed because the potential for profit is not encouraging enough. Additionally, size is not a significant advantage to operating in the industry the way it is for hospitals and other providers of conventional healthcare. In alternative medicine, there is not as much reliance on costly technology and equipment, which enables more small operators to be successful in the industry.

Key Success Factors

IBISWorld identifies 250 Key Success Factors for a business. The most important for this industry are:

Development of a symbiotic relationship with other healthcare providers

Association or co-location with physicians, sports clinics, paramedical groups or other healthcare providers can lead to patient referrals.

Proximity to key markets

Patients are more likely to visit a healthcare office if it is located in proximity to their home or place of work.

Ability to educate the wider community

Industry providers can benefit from a culture that is aware of and accepts the benefits of alternative

healthcare, which requires educating the public on its safety and efficacy.

Having a good reputation

Establishing a positive reputation with the patient community and allied health professionals is important for success. This is particularly true for alternative care providers, which offer more elective care than conventional healthcare providers.

Having a loyal customer base

Consistent and quality results are more likely to be achieved if patients are dedicated to returning to an alternative healthcare provider.

Cost Structure Benchmarks

The Alternative Healthcare Providers industry is highly fragmented, with a large number of companies across a number of different specialties. As a result, the cost structures of companies vary greatly based on which subsegment they operate in.

Wages

Wages as a percentage of revenue vary considerably between the types of

practices in the industry. In 2019, wages are expected to account for 40.9% of revenue, as compared with 39.6% in 2014. Wage expenses for nurses and other specialized personnel have been kept up by labor shortages and the increased use of relatively expensive agency staff and other contracted labor. In some markets, nurse and medical support personnel availability has

Competitive Landscape

Cost Structure Benchmarks continued

become a significant operating issue. To address this challenge, industry operators have implemented initiatives to improve recruiting, retention, compensation programs and productivity. The industry is forecast to continue to enhance wages and benefits to recruit and retain nurses and other medical support personnel or hire more expensive temporary or contract personnel. As a result, labor costs are forecast to increase over the next five years.

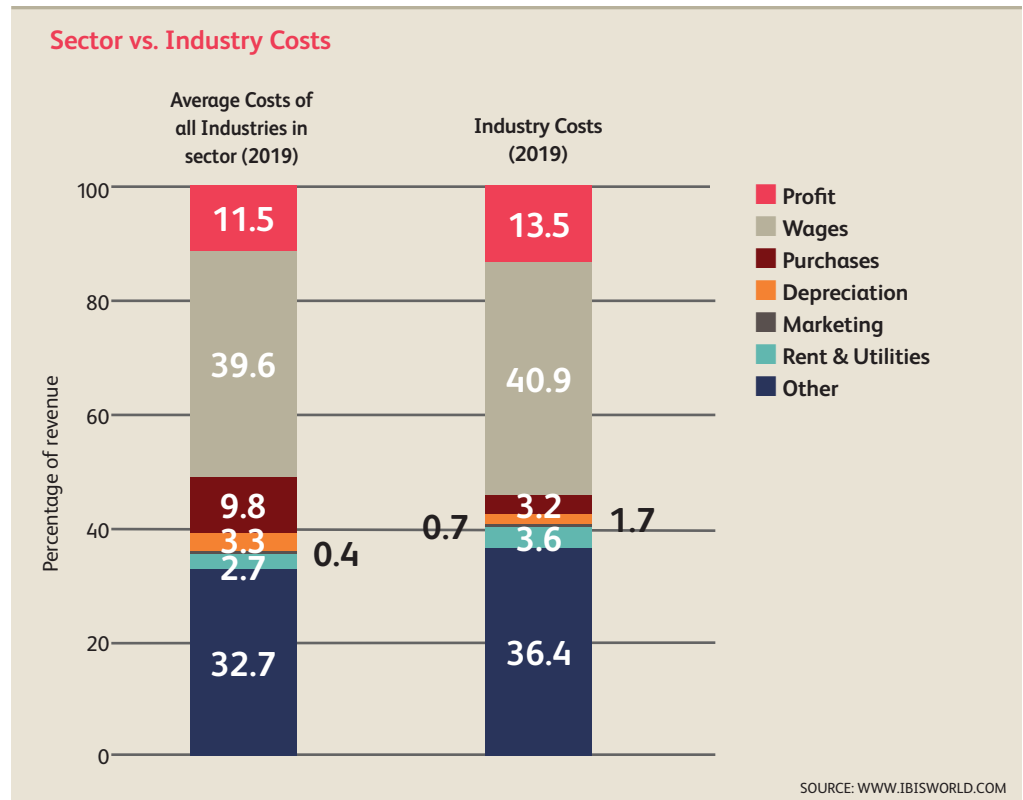
Purchases

The cost of services includes the total acquisition cost of all supplies used to care for clients. For instance, an acupuncturist might include acupuncture needles, biohazard containers, herbal products and massage oils in the cost of services. Alternative healthcare providers typically order, manage and use many products from a multitude of suppliers.

The cost of herbal medicines used by many alternative healthcare providers has been increasing moderately over the past five years due to rising use. Other supply costs have been flat, because many supplies (i.e. needles and massage tables) are commoditized and do not require substantial regulatory approval prior to development and production (which can raise prices). Operators have been striving to reduce acquisition prices and standardize products (i.e. use fewer brands of equivalent products) to reduce annual spending. In 2019, purchases are projected to account for 3.2% of industry revenue.

Profit

Industry profitability is expected remain stable over the five years to 2019, partly due to increases in the prices charged offsetting wage increases, but also due to the rising acceptance of alternative healthcare. Various favorable factors



Competitive Landscape

Cost Structure Benchmarks continued

have helped buoy the average operating profit margin (earnings before interest and taxes), which is estimated at 13.5% of revenue in 2019, compared with 13.2% in 2014. Despite the growing popularity of acupuncture, chiropractic care and other forms of complementary and alternative medicine, not all industry providers have proven financially successful and many have closed their doors in recent years. In fact, the majority of industry clinics fail in their first year. One challenge is that complementary and alternative healthcare by nature is extremely labor intensive. Industry practitioners, for example, typically spend significantly more time in an average patient visit than a conventional medical doctor does.

At the same time, alternative care may also incorporate high-tech scans or other conventional medical procedures that are costly to provide. Combining many different approaches to healthcare, accepting different payment methods and working with multiple insurers requires considerable resource allocation. The various forms of payment methods, which increasingly include insurance, have been contributing to escalating uncollectible accounts. Over the next five years, the average profit margin is forecast to continue to remain stable. This will primarily be achieved by an increase in the number of insured patients, restraints on money spent on new technologies and improvements in pricing ability.

Depreciation

Depreciation accounts for an estimated 1.7% of industry revenue in 2019, remaining steady over the past five years.

Marketing

Marketing and advertising, in particular, is expected to account for 0.7% of revenue.

Rent

Spending on rent is expected to account for 3.3% of industry revenue in 2019.

Industry operators need to rent well-appointed offices with plenty of space to treat patients. Moreover, since many chiropractic treatments are repetitive in nature, operators must rent space in easy-to-access locations to best serve their customers. Highly trafficked office parks, strip malls and other desirable locations can generally charge high rent and, therefore, the need for convenient locations contributes to rent's relatively high share of chiropractic industry revenue.

Utilities

Utilities are expected to account for an estimated 0.3% of industry revenue in 2019.

Other

Other major expenses include supplies (e.g. medical equipment and devices and pharmaceutical supplies), asset amortization (mainly buildings and medical equipment), repair and maintenance, consulting, malpractice insurance and attorneys, marketing and information systems. Overall, these costs are expected to account for 36.4% of industry revenue.

Provision for doubtful accounts

The collection of payments from patients, Medicare, Medicaid, managed-care payers and other third-party payers is the main source of industry revenue. The primary collection risks relate to uninsured patient accounts, including patient accounts for which the primary insurance carrier has paid the amounts covered by the agreement, but patient responsibility amounts (deductibles and copayments) remain outstanding. Provision for doubtful debts can represent more than 10.0% of revenue for some companies (although the percentage can change from year to year and from company to company depending on payer profiles, management policies and estimates of bad and doubtful debts). The growth in

Competitive Landscape

Cost Structure Benchmarks continued

managed care (with increased amounts of patient co-payments and deductibles) and falling income levels due to the recession have made it difficult to reduce doubtful debts as a percentage of revenue. Any rise in unemployment can also contribute to growth in doubtful account provisions.

The provision for doubtful accounts and the allowance for doubtful accounts relate primarily to amounts due directly

from patients. Industry operators record an estimated allowance for doubtful accounts for all uninsured accounts. Accounts are written off when all reasonable internal and external collection efforts have been performed. The amount of the provision for doubtful accounts is based on a company's assessment of historical write-offs and expected net collections; business

Basis of Competition

Level & Trend
Competition in this industry is **High** and the trend is **Steady**

Alternative healthcare providers compete between and among different types of healthcare providers, both within and external to the industry.

Internal competition

The diversity of alternative healthcare raises competition within the industry. Various types of treatment often assert similar benefits. Therefore, different types of operators vie for the same target market; however, the diversity of providers also contributes to the fragmentation within the industry. This decreases rivalry and the overall level of competition.

Operators compete on the basis of price and service differentiation. Services are often differentiated from those of competitors (usually within their area of specialization) to win and retain customers or to obtain a price premium for services. Healthcare practitioners in private practices can differentiate the services by developing rapport with patients to win loyalty and referrals and by conveying a professional approach to win loyalty and referrals. A reputation for quality care and good results among both the general community and the medical community is important to gain referrals. Within a particular profession in the industry, specialization or additional educational degrees may elevate perceptions of quality and provide some competitive advantages.

Marketing activities can promote competitiveness. Some areas of importance include the location of the practice, effective shop window signage, advertising in the local press and in special publications (such as publications for the elderly), involvement in the local community (such as in sporting clubs and senior citizen clubs) and presentations to local organizations (such as to clubs and local health and medical practitioners). Co-locating practices with those of other health and medical practitioners may improve referral opportunities and may increase awareness of the practice. Often, word-of-mouth is the most fruitful form of advertising in the industry.

External competition

Alternative healthcare competes with conventional healthcare. Although alternative healthcare is gaining acceptance and many conventional care providers are integrating it into their practices, the majority of the US public does not use industry services. Possibly suggesting that alternative healthcare is unproven, many individuals instead turn to conventional healthcare. Industry operators have been benefiting from a fall in insurance coverage during the recession; this trend encouraged many people to try alternative care, which can be more affordable for certain types of treatment. Home health agencies and hospitals are top competitors with

Competitive Landscape

Basis of Competition continued

industry operators. Operators providing home respiratory therapy services hold a significant share of the respiratory therapy

market; although their major source of revenue is usually from the sale and rent of respiratory equipment and systems.

Barriers to Entry

Level & Trend
Barriers to Entry
in this industry are
Low and Steady

There are a large and growing number of operators in this industry, indicating that barriers to entry are low. Sole practitioners can establish operations in rented offices with minimal capital requirement. Some areas of alternative care also have minimal training, licensing or educational requirements, making it easy for new participants to enter the industry.

Licensing and certification

Many of the specialties in this industry require a license or certification, though, and these requirements usually stipulate levels of training. For example, of the 48 states and jurisdictions with laws governing dietetics, 35 require licensure, 12 require statutory certification and one requires registration. More than 40 states license respiratory therapy personnel. Licensure is a prerequisite to insurance eligibility and often necessary to win over both consumers and other medical practitioners. Each alternative therapy segment has different licensure requirements and is regulated to varying degrees. Nonetheless, many industry services, such as Reiki, reflexology and Ayurveda, are provided by practitioners apart from a licensed professional group.

Several states have crafted legislation for integrative practitioners to protect the public, while preserving the freedom of choice for consumers. These so-called health freedom bills, which permit unlicensed practitioners to treat patients

Barriers to Entry checklist

Competition	High
Concentration	Low
Life Cycle Stage	Growth
Capital Intensity	Low
Technology Change	Low
Regulation and Policy	Heavy
Industry Assistance	High

SOURCE: WWW.IBISWORLD.COM

as long as disclosure of their training is provided in writing, have been enacted in Minnesota, California and Rhode Island and have been proposed in at least eight other states.

Limited benefits from scale

There are limited benefits to being a large company in this industry, so new entrants are not forced to compete with appreciably large operators. Further, companies can be successful without needing considerable resources to devote to technology, equipment, building or marketing expenses. However, group practices are more likely to be able to afford and adopt state-of-the-art technology systems that can provide a competitive advantage. In addition, larger practices are more likely to employ administrative and management staff, giving practitioners more time and energy to devote to patient care and, thus, enhancing the level of patient satisfaction.

Competitive Landscape

Industry Globalization

Level & Trend
Globalization in this industry is **Low** and the trend is **Steady**

There is minimal offshore investment in this industry, either within the United States by overseas-based operators or outside the United States by US-based operators. The degree of personal

interaction required and the need for practitioners to quickly generate rapport with clients make it difficult to build a large practice by using employed practitioners across international borders.

Major Companies

There are no Major Players in this industry | Other Companies

Other Companies

The Alternative Healthcare Providers industry is highly fragmented and characterized by numerous small establishments, with nonemployer establishments (i.e. sole practitioners) representing over 85.0% of total establishments in 2017, according to the US Census Bureau (latest data available). The trend toward smaller operations has caused the proportion of sole practitioners to increase over the past five years. In total, nonemployer companies accounted for 87.6% of total industry revenue in 2017, according to IBISWorld estimates, which represents a declining

share of total revenue over the past five years. This trend illustrates that while many providers in the industry are launching private practices, larger operations are growing and generating a more significant portion of total revenue. An increasing percentage of employer establishments in this industry are incorporating. The benefits of incorporation are asset protection, tax considerations and succession planning. Despite growth in large operations, no single company is expected to generate more than 1.0% of total industry revenue.

Other Company Performance

The Joint Chiropractic
Market Share: 0.0% - 1.0%

The Joint Chiropractic (The Joint) was founded in 1999 and is headquartered in Scottsdale, AZ. The Joint is a national chiropractic chain that operates more than 400 clinics across 30 states. According to the company's website, the company

performs more than 4.0 million spinal adjustment on an annual basis. The company's initial public offering (IPO) completed in November 2014. In 2019, IBISWorld expects the company to generate less than 1.0% of industry-relevant revenue.

Other Company Performance

Whitaker Wellness Institute
Market Share: 0.0% - 1.0%

The Whitaker Wellness Institute (Whitaker) was founded in 1979. It was the largest alternative medicine clinic in the United States, with more than 45,000 patients treated at the institute over the past 30 years. Whitaker provided preventative alternative care in addition

to care for specific health issues, such as heart disease, diabetes, hypertension or Parkinson's disease. Recently, the company's founder announced that he will be retiring in closing the clinic in mid-2018. However, the company still sells a variety of health supplements and vitamins.

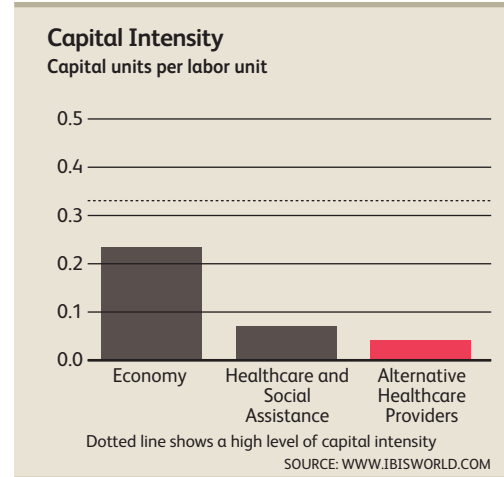
Operating Conditions

Capital Intensity | Technology & Systems | Revenue Volatility
 Regulation & Policy | Industry Assistance

Capital Intensity

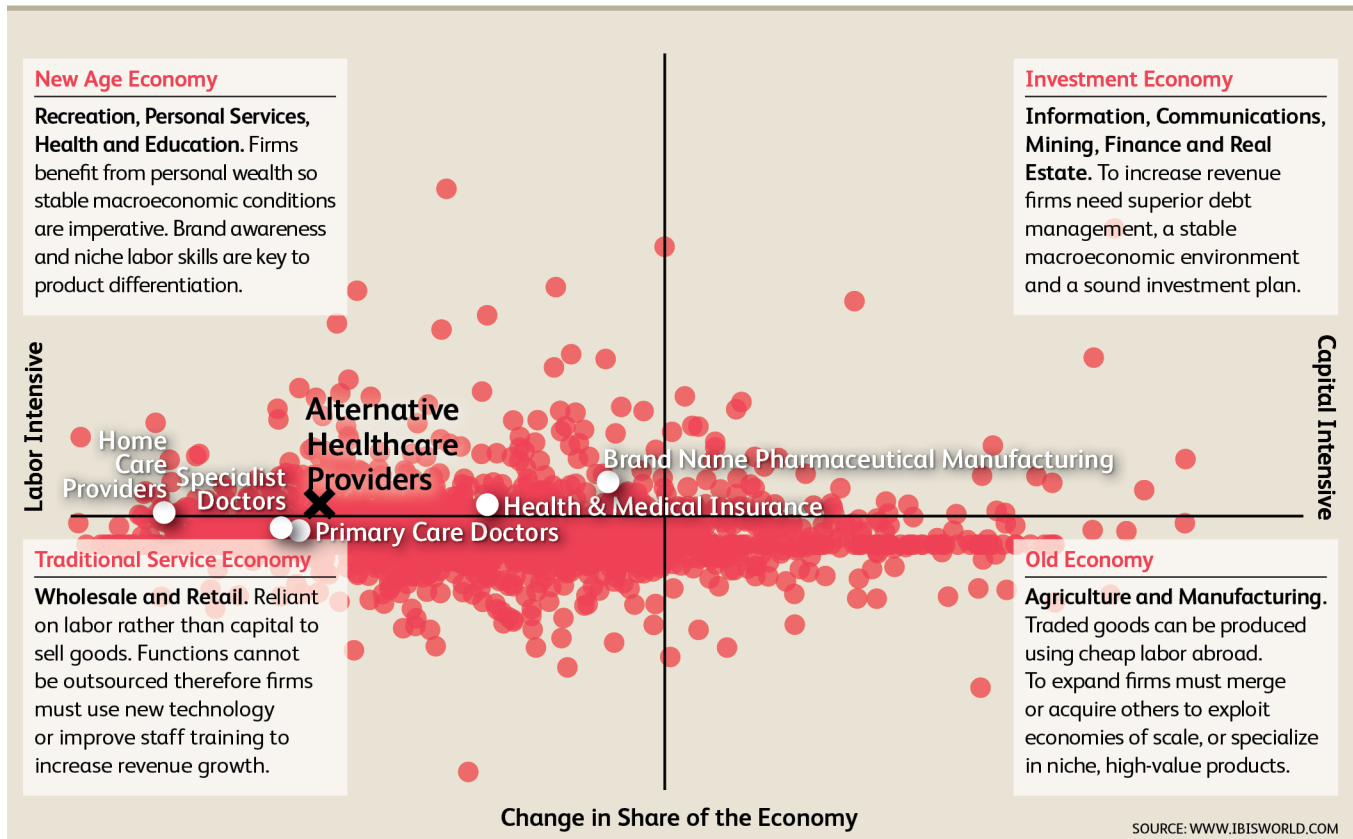
Level
 The level of capital intensity is **Low**

The Alternative Healthcare Providers industry has a low level of capital intensity. For each \$1.00 spent on labor in 2019, \$0.04 is spent on capital. This figure has remained relatively stable during the previous five-year period. The majority of businesses in this industry offer customers direct and personalized services, which leads to high labor costs. There is little investment in fixed assets in this industry, with labor accounting for most of the value in this industry. By nature, alternative medicine is extremely labor intensive. In 2019, wages are expected to account for an estimated 40.9% of industry revenue. Complementary and alternative practitioners typically spend appreciably



more time in an average patient visit than a conventional medical doctor does.

Tools of the Trade: Growth Strategies for Success



Operating Conditions

Technology and Systems

Level
The level of technology change is **Low**

Low penetration of high-tech systems is a hallmark of this industry. Indeed, the low use of medical technology and drugs is often desired by patients in the industry. While technology use is low relative to conventional healthcare practices, industry operators have been progressively integrating more technology into their practices. For instance, computerized patient management systems are becoming more prevalent in larger operations. Although there are only very limited quantitative

data available at present, some reports suggest that the internet may represent a pathway to complementary and alternative medicine (CAM) in certain patient groups. However, for some patients, the internet presents a real to their individual illness and treatment trajectories. Rather than encouraging and facilitating CAM use or increasing skepticism toward biomedical care, the internet has been perceived by many to worsen their ability to heal themselves through nonbiomedical therapeutics.

Revenue Volatility

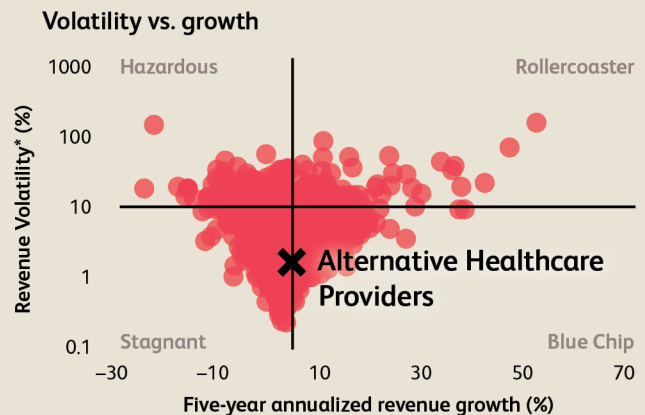
Level
The level of volatility is **Low**

The Alternative Healthcare Providers industry has a low to moderate level of revenue volatility. Over the five years to 2019, revenue volatility has been limited by the consistent growth of alternative healthcare services, with industry revenue forecast to increase an annualized 3.7% to \$18.2 billion during the period. Healthcare spending creates a stable revenue stream because consumers are less likely to cut back on these purchases than they are on more discretionary goods, such as clothing and vacations.

The availability of government healthcare programs (e.g. Medicare for the elderly and Medicaid for those with low income), private insurance and managed care can reduce patient out-of-pocket costs for some industry services, particularly for those services deemed medically necessary. Access to healthcare coverage can therefore reduce the incidence of people deferring care. However, many services in this industry are not covered by insurance, and adverse economic conditions could cause consumers to defer purchasing these services.

A higher level of revenue volatility implies greater industry risk. Volatility can negatively affect long-term strategic decisions, such as the time frame for capital investment.

When a firm makes poor investment decisions it may face underutilized capacity if demand suddenly falls, or capacity constraints if it rises quickly.



* Axis is in logarithmic scale

SOURCE: WWW.IBISWORLD.COM

Operating Conditions

Regulation and Policy

Level & Trend
The level of Regulation is **Heavy** and the trend is **Steady**

The various types of industry practitioners are regulated to different degrees. For instance, not all specialties within the industry are required to be licensed to practice in certain states. Of the 48 states and jurisdictions with laws governing dietetics, 35 require licensure, 12 require statutory certification and one requires registration. More than 40 states license respiratory-therapy personnel. Nursing practitioners are authorized to practice across the nation and have prescriptive privileges of varying degrees in 49 states.

The Accreditation Commission of Acupuncture and Oriental Medicine is the national accrediting agency recognized by the US Department of Education to accredit professional programs in the acupuncture and Chinese medicine profession. Many other health specialties also have their own associations that provide licensure and monitor quality.

Applicable healthcare regulations

Various regulations that affect most healthcare providers also affect alternative care providers. Federal

anti-kickback laws prohibit the offer, payment, solicitation or receipt of any form of remuneration to induce the referral of Medicare or other government health program patients. The Health Insurance Portability and Accountability Act 1996 (HIPAA) effectively broadened the applicability of the Anti-Kick Back Statute.

HIPAA requires the adoption of standards for the exchange of health information in an effort to encourage the overall administrative simplification and to enhance the effectiveness and efficiency of the health-care industry. In addition to requirements under HIPAA, there are numerous other federal and state laws and regulations that regulate the privacy of an individual's health information.

The federal Stark laws prohibit physicians from referring patients to designated health services in which the physician has an ownership interest. Many states have also enacted laws similar in scope and purpose to the Anti-Kick Back Statute and the Stark laws to apply to state health programs.

Industry Assistance

Level & Trend
The level of Industry Assistance is **High** and the trend is **Steady**

Assistance in the form of tariffs does not apply to this industry; alternative healthcare providers generally service Americans within the United States. Some of these services are covered by Medicare, a social insurance program administered by the US government that provides health insurance coverage to people aged 65 and older or who meet other special criteria; and to the extent authorized by state law, by Medicaid, a healthcare program for eligible individuals and families with low incomes and resources. Some medical nutrition therapy services are covered under Medicare Part B, but only for people with diabetes, with kidney disease (but not on dialysis) or after receiving a

kidney transplant and only when referred by a doctor. Medicare Part B coverage of other nonphysician healthcare services (in addition to those referred to above) are limited to certain qualified practitioners, such as nurse practitioners, clinical nurse specialists, physician assistants, certified registered nurse anesthetists, certified nurse midwives, as permitted by state and local law for medically necessary services.

The US Medicaid Nursing Incentive Act of 2003 reduces barriers to practice by expanding fee-for-service Medicaid coverage to include services of all nurse practitioners and clinical nurse specialists; by removing a state option to recognize pediatric nurse practitioners,

Operating Conditions

Industry Assistance continued

family nurse practitioners and certified nurse midwives as primary care case managers under managed care; and by

requiring Medicaid managed care plans to include nurse practitioners and clinical nurse specialists in their provider panels.

Key Statistics

Industry Data

	Revenue (\$m)	Industry Value Added (\$m)	Establishments	Enterprises	Employment	Exports	Imports	Wages (\$m)	Domestic Demand	Per capita disposable income (\$m)
2010	13,061.9	6,230.5	176,539	175,868	215,470	--	--	4,636.9	N/A	38,160.3
2011	13,501.1	6,838.7	180,943	180,281	222,972	--	--	4,894.5	N/A	38,769.6
2012	13,964.6	7,600.1	191,302	190,195	239,966	--	--	5,589.2	N/A	39,763.4
2013	14,607.5	7,578.1	195,103	193,397	244,731	--	--	5,606.0	N/A	38,973.8
2014	15,166.3	8,196.0	200,212	198,583	253,487	--	--	6,012.0	N/A	40,249.8
2015	16,089.7	8,861.1	205,415	203,635	261,551	--	--	6,415.5	N/A	41,598.1
2016	17,161.4	9,350.3	212,672	210,627	271,288	--	--	6,827.6	N/A	42,004.3
2017	17,669.0	9,701.1	218,396	216,350	279,334	--	--	7,174.5	N/A	42,791.1
2018	17,774.4	9,987.8	222,436	220,603	283,485	--	--	7,268.3	N/A	43,758.3
2019	18,132.7	10,193.7	228,235	226,426	290,382	--	--	7,439.1	N/A	44,630.2
2020	18,470.0	10,393.1	233,432	231,638	296,550	--	--	7,593.2	N/A	45,278.2
2021	18,792.5	10,603.0	238,699	236,946	302,646	--	--	7,744.5	N/A	45,776.2
2022	19,126.5	10,812.2	244,040	242,324	308,782	--	--	7,897.7	N/A	46,279.8
2023	19,491.8	11,031.5	249,555	247,863	315,199	--	--	8,059.2	N/A	46,974.0
2024	19,875.5	11,245.0	254,981	253,296	321,659	--	--	8,223.0	N/A	47,710.3
Sector Rank	19/32	18/32	4/32	4/32	17/32	N/A	N/A	19/32	N/A	N/A
Economy Rank	395/694	244/694	34/694	33/694	122/694	N/A	N/A	209/694	N/A	N/A

Annual Change

	Revenue (%)	Industry Value Added (%)	Establishments (%)	Enterprises (%)	Employment (%)	Exports (%)	Imports (%)	Wages (%)	Domestic Demand (%)	Per capita disposable income (%)
2011	3.4	9.8	2.5	2.5	3.5	N/A	N/A	5.6	N/A	1.6
2012	3.4	11.1	5.7	5.5	7.6	N/A	N/A	14.2	N/A	2.6
2013	4.6	-0.3	2.0	1.7	2.0	N/A	N/A	0.3	N/A	-2.0
2014	3.8	8.2	2.6	2.7	3.6	N/A	N/A	7.2	N/A	3.3
2015	6.1	8.1	2.6	2.5	3.2	N/A	N/A	6.7	N/A	3.3
2016	6.7	5.5	3.5	3.4	3.7	N/A	N/A	6.4	N/A	1.0
2017	3.0	3.8	2.7	2.7	3.0	N/A	N/A	5.1	N/A	1.9
2018	0.6	3.0	1.8	2.0	1.5	N/A	N/A	1.3	N/A	2.3
2019	2.0	2.1	2.6	2.6	2.4	N/A	N/A	2.3	N/A	2.0
2020	1.9	2.0	2.3	2.3	2.1	N/A	N/A	2.1	N/A	1.5
2021	1.7	2.0	2.3	2.3	2.1	N/A	N/A	2.0	N/A	1.1
2022	1.8	2.0	2.2	2.3	2.0	N/A	N/A	2.0	N/A	1.1
2023	1.9	2.0	2.3	2.3	2.1	N/A	N/A	2.0	N/A	1.5
2024	2.0	1.9	2.2	2.2	2.0	N/A	N/A	2.0	N/A	1.6
Sector Rank	22/32	23/32	7/32	7/32	15/32	N/A	N/A	16/32	N/A	N/A
Economy Rank	216/694	251/694	118/694	112/694	156/694	N/A	N/A	175/694	N/A	N/A

Key Ratios

	IVA/Revenue (%)	Imports/Demand (%)	Exports/Revenue (%)	Revenue per Employee (\$'000)	Wages/Revenue (%)	Employees per Est.	Average Wage (\$)	Share of the Economy (%)
2010	47.70	N/A	N/A	60.62	35.50	1.22	21,519.93	0.04
2011	50.65	N/A	N/A	60.55	36.25	1.23	21,951.19	0.04
2012	54.42	N/A	N/A	58.19	40.02	1.25	23,291.63	0.05
2013	51.88	N/A	N/A	59.69	38.38	1.25	22,906.78	0.05
2014	54.04	N/A	N/A	59.83	39.64	1.27	23,717.19	0.05
2015	55.07	N/A	N/A	61.52	39.87	1.27	24,528.68	0.05
2016	54.48	N/A	N/A	63.26	39.78	1.28	25,167.35	0.05
2017	54.90	N/A	N/A	63.25	40.61	1.28	25,684.31	0.05
2018	56.19	N/A	N/A	62.70	40.89	1.27	25,639.10	0.05
2019	56.22	N/A	N/A	62.44	41.03	1.27	25,618.32	0.05
2020	56.27	N/A	N/A	62.28	41.11	1.27	25,605.13	0.05
2021	56.42	N/A	N/A	62.09	41.21	1.27	25,589.30	0.05
2022	56.53	N/A	N/A	61.94	41.29	1.27	25,576.94	0.05
2023	56.60	N/A	N/A	61.84	41.35	1.26	25,568.61	0.05
2024	56.58	N/A	N/A	61.79	41.37	1.26	25,564.34	0.05
Sector Rank	9/32	N/A	N/A	27/32	15/32	32/32	28/32	18/32
Economy Rank	66/694	N/A	N/A	653/694	51/694	668/694	584/694	244/694

Figures are in inflation-adjusted 2019 dollars. Rank refers to 2019 data.

SOURCE: WWW.IBISWORLD.COM

Industry Financial Ratios

	Apr 2014 - Mar 2015	Apr 2015 - Mar 2016	Apr 2016 - Mar 2017	Apr 2017 - Mar 2018	Apr 2017 - Mar 2018 by company revenue		
					Small (<\$10m)	Medium (\$10-50m)	Large (>\$50m)
Liquidity Ratios							
Current Ratio	1.4	1.6	1.3	1.2	1.0	1.9	1.9
Quick Ratio	1.3	1.4	1.1	1.1	0.8	1.7	1.6
Sales / Receivables (Trade Receivables Turnover)	n/c	n/c	n/c	n/c	n/c	12.8	15.6
<i>Days' Receivables</i>	0.4	n/a	0.4	0.4	0.4	28.5	23.4
Cost of Sales / Inventory (Inventory Turnover)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Days' Inventory</i>	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cost of Sales / Payables (Payables Turnover)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Days' Payables</i>	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sales / Working Capital	43.4	43.9	63.3	90.3	-911.1	10.9	17.5
Coverage Ratios							
Earnings Before Interest & Taxes (EBIT) / Interest	16.2	14.0	10.4	9.2	10.0	9.5	3.3
Net Profit + Dep., Depletion, Amort. / Current Maturities LT Debt	2.6	3.8	n/a	n/a	n/a	n/a	n/a
Leverage Ratios							
Fixed Assets / Net Worth	0.9	0.8	0.7	1.1	1.8	0.8	0.7
Debt / Net Worth	1.9	1.4	1.9	2.8	3.6	1.0	1.0
Tangible Net Worth	16.0	24.6	20.2	11.1	3.5	34.2	31.5
Operating Ratios							
Profit before Taxes / Net Worth, %	68.9	52.2	62.8	63.9	88.8	29.9	14.1
Profit before Taxes / Total Assets, %	23.7	16.7	24.5	17.6	29.0	10.0	5.4
Sales / Net Fixed Assets	18.3	19.6	25.4	16.9	20.8	9.3	8.2
Sales / Total Assets (Asset Turnover)	3.7	3.7	3.8	3.8	4.2	2.7	2.8
Cash Flow & Debt Service Ratios (% of sales)							
Cash from Trading	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cash after Operations	13.8	9.7	8.9	11.0	12.5	7.5	6.0
Net Cash after Operations	12.8	9.0	9.5	12.0	13.0	9.3	6.0
Cash after Debt Amortization	1.3	1.5	1.6	1.0	0.8	3.4	0.8
Debt Service P&I Coverage	6.8	6.2	5.9	3.7	4.0	4.9	2.4
Interest Coverage (Operating Cash)	18.0	14.9	15.8	9.1	8.8	19.6	6.0
Assets, %							
Cash & Equivalents	32.0	30.1	29.2	28.9	30.1	23.7	29.4
Trade Receivables (net)	11.7	10.1	12.0	11.8	8.7	23.7	14.7
Inventory	0.5	0.8	1.2	0.9	0.7	1.6	1.5
All Other Current Assets	3.5	4.0	5.8	3.2	3.1	2.8	5.3
Total Current Assets	47.7	45.0	48.1	44.9	42.6	51.9	50.9
Fixed Assets (net)	34.2	32.9	28.8	34.8	36.0	31.0	31.7
Intangibles (net)	6.5	7.3	9.4	11.1	11.9	9.4	7.7
All Other Non-Current Assets	11.6	14.8	13.6	9.2	9.5	7.7	9.8
Total Assets	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Assets (\$m)	1,158.4	2,288.9	1,219.8	1,600.2	172.4	413.1	1,014.7
Liabilities, %							
Notes Payable-Short Term	15.8	13.6	15.8	14.7	16.3	11.5	6.9
Current Maturities L/T/D	5.6	4.6	3.8	4.8	5.6	2.5	2.0
Trade Payables	3.0	2.6	3.0	2.5	1.6	4.9	6.1
Income Taxes Payable	0.2	n/a	n/a	0.2	0.2	0.3	n/a
All Other Current Liabilities	17.9	18.0	19.1	21.6	23.0	19.0	14.7
Total Current Liabilities	42.5	39.0	41.7	43.8	46.7	38.2	29.7
Long Term Debt	28.1	21.7	21.9	27.3	31.2	15.5	17.0
Deferred Taxes	0.1	0.1	n/a	n/a	n/a	0.2	n/a
All Other Non-Current Liabilities	6.9	7.4	6.7	6.6	6.7	2.5	14.1
Net Worth	22.5	31.9	29.6	22.2	15.4	43.6	39.2
Total Liabilities & Net Worth (\$m)	1,158.4	2,288.9	1,219.8	1,600.2	172.4	413.1	1,014.7
Maximum Number of Statements Used	239	298	211	191	142	33	16

Source: RMA Annual Statement Studies, rmahq.org. RMA data for all industries is derived directly from more than 260,000 statements of member financial institutions' borrowers and prospects.

Note: For a full description of the ratios refer to the Key Statistics chapter online.

Jargon & Glossary

Industry Jargon

ACUPUNCTURE A procedure of inserting and manipulating needles into various points on the body to relieve pain or for therapeutic purposes.

AYURVEDA A system of traditional medicine native to the Indian subcontinent and grounded in a metaphysics of the “five great elements.”

BIOFEEDBACK A technique in which people are taught to improve their health and performance by using signals from their own bodies.

COMPLEMENTARY AND ALTERNATIVE MEDICINE (CAM) Medical products and practices that are not part of standard care.

CONVENTIONAL CARE A term used for the type of care provided by medical doctors, doctors of osteopathy and allied health professionals, such as registered nurses and physical therapists.

HOMEOPATHY A method of treating disease with small amounts of remedies that, in large amounts in healthy people, produce symptoms similar to those being treated.

HYPNOTHERAPY An exercise that brings about deep relaxation and an altered state of consciousness, also known as a trance.

NATUROPATHY A holistic method of healing that recognizes the ability of the body to overcome disease.

IBISWorld Glossary

BARRIERS TO ENTRY High barriers to entry mean that new companies struggle to enter an industry, while low barriers mean it is easy for new companies to enter an industry.

CAPITAL INTENSITY Compares the amount of money spent on capital (plant, machinery and equipment) with that spent on labor. IBISWorld uses the ratio of depreciation to wages as a proxy for capital intensity. High capital intensity is more than \$0.333 of capital to \$1 of labor; medium is \$0.125 to \$0.333 of capital to \$1 of labor; low is less than \$0.125 of capital for every \$1 of labor.

CONSTANT PRICES The dollar figures in the Key Statistics table, including forecasts, are adjusted for inflation using the current year (i.e. year published) as the base year. This removes the impact of changes in the purchasing power of the dollar, leaving only the “real” growth or decline in industry metrics. The inflation adjustments in IBISWorld’s reports are made using the US Bureau of Economic Analysis’ implicit GDP price deflator.

DOMESTIC DEMAND Spending on industry goods and services within the United States, regardless of their country of origin. It is derived by adding imports to industry revenue, and then subtracting exports.

EMPLOYMENT The number of permanent, part-time, temporary and seasonal employees, working proprietors, partners, managers and executives within the industry.

ENTERPRISE A division that is separately managed and keeps management accounts. Each enterprise consists of one or more establishments that are under common ownership or control.

ESTABLISHMENT The smallest type of accounting unit within an enterprise, an establishment is a single physical location where business is conducted or where services or industrial operations are performed. Multiple establishments under common control make up an enterprise.

EXPORTS Total value of industry goods and services sold by US companies to customers abroad.

IMPORTS Total value of industry goods and services brought in from foreign countries to be sold in the United States.

INDUSTRY CONCENTRATION An indicator of the dominance of the top four players in an industry. Concentration is considered high if the top players account for more than 70 % of industry revenue. Medium is 40 % to 70 % of industry revenue. Low is less than 40 %.

INDUSTRY REVENUE The total sales of industry goods and services (exclusive of excise and sales tax); subsidies on production; all other operating income from outside the firm (such as commission income, repair and service income, and rent, leasing and hiring income); and capital work done by rental or lease. Receipts from interest royalties, dividends and the sale of fixed tangible assets are excluded.

INDUSTRY VALUE ADDED (IVA) The market value of goods and services produced by the industry minus the cost of goods and services used in production. IVA is also described as the industry’s contribution to GDP, or profit plus wages and depreciation.

Jargon & Glossary

IBISWorld Glossary continued

INTERNATIONAL TRADE The level of international trade is determined by ratios of exports to revenue and imports to domestic demand. For exports/revenue: low is less than 5%, medium is 5% to 20%, and high is more than 20%. Imports/domestic demand: low is less than 5%, medium is 5% to 35%, and high is more than 35%.

LIFE CYCLE All industries go through periods of growth, maturity and decline. IBISWorld determines an industry's life cycle by considering its growth rate (measured by IVA) compared with GDP; the growth rate of the number of establishments; the amount of change the industry's products are undergoing; the rate of technological change; and the level of customer acceptance of industry products and services.

NONEMPLOYING ESTABLISHMENT Businesses with no paid employment or payroll, also known as nonemployers. These are mostly set up by self-employed individuals.

PROFIT IBISWorld uses earnings before interest and tax (EBIT) as an indicator of a company's profitability. It is calculated as revenue minus expenses, excluding interest and tax.

VOLATILITY The level of volatility is determined by averaging the absolute change in revenue in each of the past five years. Volatility levels: very high is more than $\pm 20\%$; high volatility is $\pm 10\%$ to $\pm 20\%$; moderate volatility is $\pm 3\%$ to $\pm 10\%$; and low volatility is less than $\pm 3\%$.

WAGES The gross total wages and salaries of all employees in the industry. The cost of benefits is also included in this figure.

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