

## HOW THE BUSINESS OF HEALTHCARE BUILDS COMMUNITY









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#### **SPECIAL EDITION**

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## Strong Regional Healthcare Drives **Sustainable** Business Growth



Rebecca Martin, CCE, IOM Greater Federal Way Chamber CFO

As business leaders, we often focus on quarterly metrics and immediate market opportunities. However, the most transformative growth comes from understanding the deeper currents that shape our regional economy—and few sectors offer as much potential as healthcare.

The Ernst & Young study on South King County's healthcare landscape represents more than academic research; it's a roadmap for sustainable economic development that benefits businesses, workers, and communities alike. When we examine healthcare through an economic lens, we discover a sector that uniquely combines stable demand, high-wage employment, and community impact.

#### Healthcare as an Economic Multiplier

Unlike many industries vulnerable to economic cycles or technological disruption, healthcare demonstrates remarkable resilience. Our aging demographics ensure consistent demand growth, while emerging models—from outpatient care to wellness services—create new opportunities for innovation and efficiency. When we strengthen our regional healthcare ecosystem, we're not just addressing immediate needs; we're building infrastructure that attracts talent, retains residents, and generates ripple effects across multiple sectors.

#### The Talent Advantage

Perhaps most compelling is healthcare's role as a talent magnet. The study reveals that South King already has a substantial healthcare workforce—many currently commuting elsewhere for employment. By expanding local opportunities, we can retain this human capital while attracting additional skilled professionals. This creates a virtuous cycle: better healthcare services improve quality of life, which attracts more businesses and residents, which justifies further healthcare investment.

#### **Strategic Community Investment**

Smart business leaders recognize that community health directly impacts workforce productivity, recruitment success, and long-term sustainability. Companies increasingly compete not only on salary, but also on quality of place. A region known for excellent healthcare and wellness amenities becomes a powerful differentiator in talent acquisition.

Wellness initiatives represent particularly smart investments, offering high returns through reduced healthcare costs, improved employee engagement, and enhanced community appeal. For example, when businesses support trail connectivity, wellness centers, and preventive health programs, they're investing in infrastructure that reduces absenteeism, attracts health-conscious workers, and positions the region as forward-thinking.

#### **Looking Forward**

These initiatives also create new business opportunities in wellness services, healthy hospitality, and outdoor recreation—sectors that complement traditional healthcare while building community identity.

The healthcare industry is about building healthier, more prosperous communities that attract investment and talent for generations to come as we Take the Federal Way to business success.



### **EY Executive Summary**

In 2024, Jobs for South Sound engaged Ernst & Young LLP's (EY) Economic Development Advisory Services practice to study the region's healthcare supply chain and identify potential opportunities to strengthen the region and its economy through this industry.

This works buildings on previous projects focused on identifying strengths, challenges, and opportunities to grow the regional economy with which EY has assisted Jobs for South Sound and the Greater Federal Way Chamber of Commerce, including an economic equity study (2022), an economic visioning report (2022), a priority industry and workforce assessment (2023), and an economic development strategy (2024). In the process of creating the economic development strategy last year, stakeholders noted the healthcare industry's potential to spur regional economic growth, leading to this study of the healthcare supply chain.

This report shares findings from EY's analysis of the healthcare industry in South King and in the broader context of the Seattle metro area. In addition to the data analysis, EY conducted focus groups and interviews with business owners, government officials, community leaders, educators, and other stakeholders to validate the research findings and potential opportunities. The data and stakeholder input were further informed by an analysis of macro trends affecting healthcare, including opportunities arising from changes in demographics and industry.

#### **Key findings**

- ► There are many healthcare workers living in South King, but many currently commute out to jobs in other parts of the Seattle metro area.
- ► Relative to local demand for healthcare services, South King has a low supply of outpatient care, hospitals, and wellness-related services among other industries.
- ► The Seattle metro area has a high concentration of employment in life sciences R&D. This higher wage sector is currently less present in South King but is growing and has strong future potential.
- ► South King underperforms King County across many community health indicators, pointing to the need to address health conditions and related behaviors and socioeconomic factors.

#### Potential opportunities

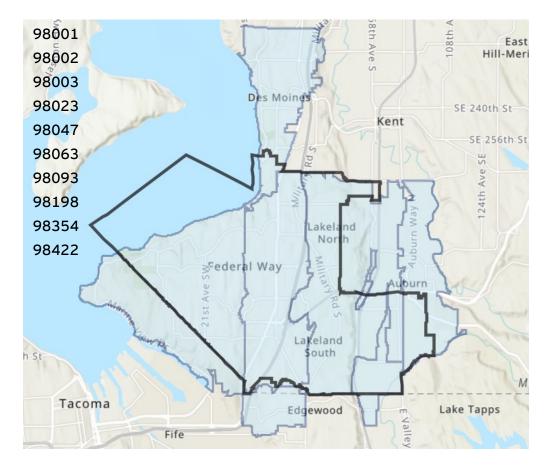
Based on research and stakeholder engagement, the following potential opportunities emerged for the South King region's healthcare industry:

- 1. Support healthcare industry operations by continuing to help residents complete training for indemand healthcare occupations, including technicians, nurses, and doctors.
- 2. Invest in making South King known as a healthy community by improving connectivity of, access to, and awareness of existing outdoor and health-related assets.
- 3. Work with providers and state legislature to expand availability of primary and advanced healthcare services in the region.
- 4. Explore opportunities to expand the growing Seattle metro life sciences sector in South King.

This report further explains how these opportunities could help propel economic growth and the region's quality of life from a health standpoint.

### South King study area definition

As with EY's previous work for the South King region, the study area corresponds with State Legislative District 30, and includes Algona, Auburn, Des Moines, Federal Way, Lakeland North, Lakeland South, and Pacific, as well as portions of Edgewood, Fife, Kent and Milton. Due to data availability at the ZIP code level, this analysis uses a study area aggregated from 10 ZIP codes.



State Legislative District 30



**Included Zip Codes** 

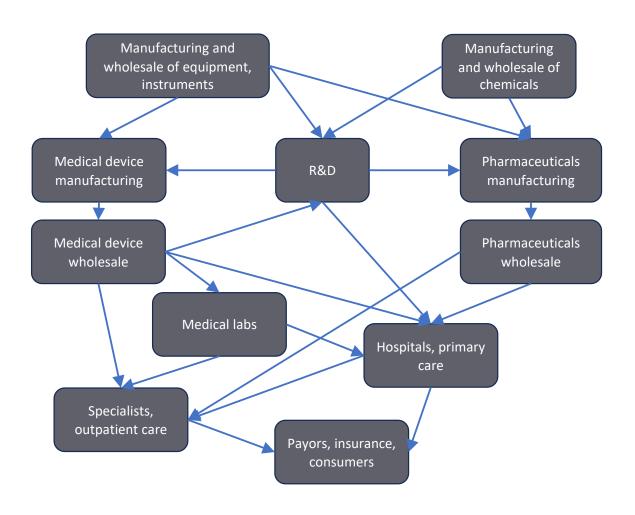


Algona Auburn Des Moines Federal Way Lakeland North Lakeland South Pacific

Edgewood Fife Kent Milton

## Mapping the healthcare and life sciences supply chain

The healthcare and life sciences industries comprise an interwoven network of different players ranging from research and development (R&D) and manufacturing to care providers and payors. Based on industry research of supplier and customer relationships, the below visualization seeks to outline the supply chain relationships and show how strengths and opportunities in one area may benefit or depend on conditions in another. Within this network, R&D is a key node both as a driver of innovation in other areas and as a user of products and services, pertinent to this analysis considering the Seattle region's strength in life sciences R&D. Hospitals and primary care are another key node, again as a user of products and services, and also as a gateway to other forms of care.



Sources: Synthesis of EY resources, IBISWorld

### Research highlights

The following is a summary of themes and findings from the research based on analysis of macro trends and quantitative data related to healthcare and life sciences.

#### Macro trends

- Demographics. Across the US, there are demographic tailwinds for the healthcare industry with an aging population in need of more and a wider range of services. Demand growth is strong in specialties such as orthopedics, cardiology, and neurology, as well as related physical therapy.
- Cost pressures. The healthcare industry is facing rising costs on several fronts, including equipment, technology, labor, and regulatory compliance.
- Consolidation. Rising costs are a driver of consolidation toward larger hospital networks; larger group practices of physicians, specialists, and dentists; and health systems that comprise both hospitals and practices.
- shifts to lower-cost models. Hospitals are shifting from inpatient to outpatient care wherever possible in response to pressures from payers, resulting in the growth of freestanding centers for emergency care, urgent care, and ambulatory surgery. Other forms of care beyond traditional medicine have also grown in response to costs, including physical therapy, alternative healthcare and wellness, and telehealth.

#### South King data findings

- Community health. The South King region underperforms King County across most health indicators measured by the CDC's Behavioral Risk Factor Surveillance System (BRFSS). The indicators span health conditions and behaviors, along with related socioeconomic factors.
- ➤ Resident workforce. The South King region is home to a resident healthcare workforce that currently commute out on a net basis to other parts of the Seattle metro area. Even though local wages can be competitive, there may not be sufficient job opportunities currently.
- Supply chain gaps. Various healthcare services are undersupplied in South King relative to the Seattle metro area, including outpatient care, hospitals, physicians, and wellness.
- metro area has high concentrations of life sciences R&D employment and expenditures, reflected by the presence of several major research institutions. While South King currently does not have significant employment in life sciences, those institutions can generate ripple effects beyond their headquarters.

Source: EY analysis and knowledge, IBISWorld.



## Thematic summary of stakeholder engagement

The following is a summary of themes and findings from focus groups and interviews with community members and organizations.

- Capacity constraints. Stakeholders noted difficulty accessing certain services, with examples ranging from non-lethal emergency care to diagnostic scans. In addition to resource limitations, another factor affecting access is the movement of practitioners to a concierge service model instead of accepting insurance.
- Workforce needs. Stakeholders noted a high demand for registered nurses, with supply affected by a variety of factors. On the front end of the talent pipeline, funding (e.g., scholarships) and other supports (e.g., childcare) could be expanded to attract students. On the back end, licensing requirements and processes can delay the full earnings potential of RN program graduates. As more players enter frontline care (e.g., services and testing in retail setting), stakeholders expressed concerns about turnover and competition for talent, as well as potential training gaps.
- Barriers to growth. Stakeholders noted state regulations that make it difficult for hospitals to add beds, whether with new facilities or expansion of existing facilities. These regulatory constraints, as well as provider practices, could limit capacity and new entrants, and in turn, competition in the provision of care.

➤ Preventative care and wellness.

Stakeholders noted a need for more engagement between traditional medicine and alternative care and wellness. Such engagement could be aligned with a more longitudinal, holistic approach to address both preventative care and post-acute

needs.

- Healthy community. Many stakeholders shared a broader view of health beyond the point of need for care. Examples include encouragement of outdoor activity and parks and trails, supported by better walkability, wayfinding, and signage. They saw a need to address safety or perceptions around public spaces by generate public awareness and telling a better story about community health and amenities.
- Petail and hospitality. Stakeholders saw opportunities from a healthier community that serve residents and visitors, such as venues (e.g., restaurants) that accommodate groups before or after activities related to wellness, youth sports, or clubs such as running and cycling.

### **SWOT Analysis**

This section contains a strengths, weaknesses, opportunities, and threats (SWOT) analysis examining the current regional healthcare industry and factors that could impact its future. This section is informed by data analysis and stakeholder engagement.

#### Strengths

Competitive advantages that can be leveraged to grow and sustain local healthcare

- ► The presence of large hospitals may provide a point of leverage to expand healthcare industry presence. The region also has a high concentration of employment in pharmacy wholesale (3.7X US concentration level).
- ➤ The region has a resident healthcare talent pool that could support industry growth locally, but a large share of these individuals currently commute out to jobs in other parts of the Seattle metro area.
- ► The region has parks, trails and other healthrelated assets that are not well-connected or well-known outside the region. A lack of signage locally may hinder access for visitors and residents.

#### Weaknesses

Trends and characteristics that could impede the region's healthcare industry progress

- ➤ South King underperforms King County overall in many community health indicators (CDC Behavioral Risk Factor Surveillance System), ranging from the prevalence of disabilities and negative health conditions to less healthy behaviors and economic challenges.
- ➤ Stakeholders noted regulatory issues affecting various facets of healthcare: the ability of providers to add capacity (e.g., hospital beds), certification/licensing of workers such as registered nurses, and growing interest among practitioners to opt out of insurance-based models.
- ► Perceptions of crime and safety may deter individuals from using outdoor trails and be seen as a barrier to community health.

#### **Opportunities**

External factors that could improve local healthcare

- ► Demographic trends, particularly an aging population, provide a tailwind for the healthcare industry.
- ► Local consumer demand for outpatient care, hospitals, physicians, and wellness-related services are currently under-served in South King relative to the Seattle metro area.
- ➤ Sound Transit's light rail expansion presents an opportunity for denser transit-oriented development that supports community health through its walkability and other wellnessrelated activity.
- ► The larger Seattle region's life sciences R&D presence generate ripple effects that could be channeled toward South King, whether in the form of existing institutions that need additional space or their suppliers and vendors.

#### **Threats**

External forces that could negatively impact local healthcare

- ➤ Stakeholders noted greater competition for talent due to emerging forms of healthcare services, more overlap in services among different types of providers, and operating in the larger Seattle market.
- ► The healthcare industry has been in flux with rising costs and competitive pressures and, in response, consolidation toward larger health systems and practices and shifts to lower-cost models of care. These changes can be both disruptive to local communities and provide new opportunities.
- ► If residents and non-residents perceive South King as an unhealthy (or unsafe) community, these perceptions could deter utilization of health-related assets, visitation, and business investment, which in turn could contribute to continued poor health performance.

### Opportunities: Workforce & Education

Support healthcare industry growth by engaging and continuing to develop resident talent pool

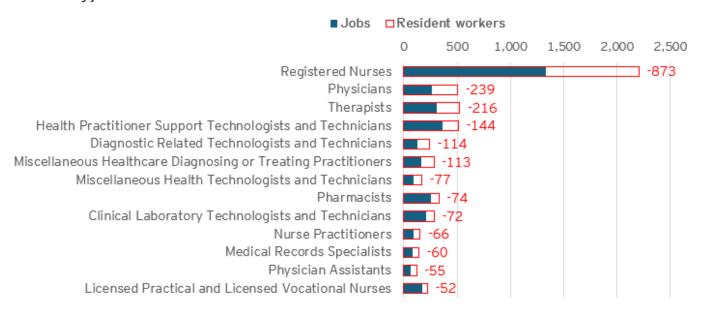
The South King region has higher numbers of resident workers across healthcare occupations relative to jobs. For instance, 2,204 registered nurses live in South King while there are 1,332 RN jobs, resulting in a net out-commute of 873. Healthcare wages in the South King region are also relatively competitive. Opportunity exists to attract talent currently commuting out and support local healthcare industry growth.

Even with the resident workforce, there remains a need to expand the talent pool in response to local needs for additional services (as expressed by stakeholders), the larger Seattle market, and macro trends. Healthcare business operators in South King expressed continued challenges hiring and retaining in many occupations, including technicians, nurses, and doctors.

Between Green River College, the University of Washington, and other educational institutions, residents of the South King region have access to training programs aligned with all of these occupations, but completing training and certifications remains a challenge for many. Barriers to completion include tuition costs, limited childcare availability, transportation access, and the schedules of when course are offered.

These institutions and other groups are working to expand scholarships and grants to support participation in programs and expanding the flexibility of training options to improve accessibility and increase completions, but more assistance is likely required to help residents entering these rewarding and in-demand career pathways.

#### South King jobs vs. resident workers



Source: Lightcast, 2023 data

### **Opportunities: Community Investment**

## Align healthcare industry economic development with addressing community health needs

When discussing the healthcare industry in South King, many stakeholders engaged in this process identified focusing on the health of region as a top priority. When asked if those outside the region would view South King as a healthy area, most stakeholders said, no. When looking at health outcomes, the data appears to back up this perception.

Across many community health indicators, as measured by the CDC's Behavioral Risk Factor Surveillance System (BRFSS), the South King region underperforms King County overall. Disparities are greatest in the percent of adults with a disability (28 percent in South King versus 20 percent in King County) and the percent of adults who experienced food insecurity (14 versus 8 percent). Concerns and ideas expressed by stakeholders align with the holistic nature of these indicators.

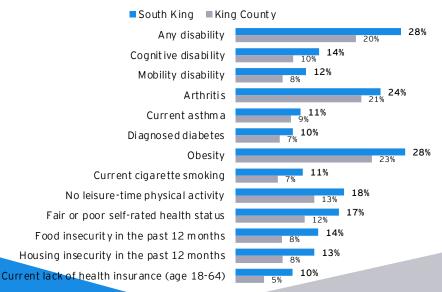
Despite these outcomes and perceptions, stakeholders then continued to share stories of strong health-related assets in the region, including many wellness businesses, plentiful parks and trails, the aquatic center, and youth sports fields. While these and other assets have the potential to improve community health and perceptions of the region, they could benefit from a number of community investments, such as:

- Better connectivity between trails within the community and to the broader Seattle-Tacoma region.
- Increased signage and wayfinding to encourage residents and visitors to utilize assets
- Improved walkability in downtown Federal Way and lighting and patrols on trails

These and other community investments could enhance existing assets, improve access, and increase utilization. If combined with increased marketing of South King as a healthy community, this could improve the region's reputation, spur additional business investment, and ultimately improve health outcomes for residents.

Establishing a community health working group of businesses and service providers could help organize and focus efforts to advance these types of efforts.

#### Percent of adults by health indicator, South King vs. King County



### Opportunities: Business Retention & Expansion

Build on existing industry presence to make South King a destination for emerging healthcare models

Various healthcare services are undersupplied in South King relative to the Seattle metro area, including outpatient care, hospitals, physicians, and wellness. With outpatient care for example, only 15% of local demand in South King is met by care centers within the region. In comparison, 91% of the demand in the Seattle metro area is met by care centers in the metro. While the number is expected to be higher in the larger metro than a sub-area such as South King, with both more people and centers, the difference of 76 percentage points is relatively large. Using retail as a benchmark for the percent of demand in an area met by businesses in that area, the gap for outpatient care is 29 points higher, meaning that people are that much likelier to leave South King for outpatient compared to retail.

Stakeholders further emphasized these gaps when sharing common experiences of needing to wait many months to schedule basic visits and often needing to travel outside of the South King region to receive many forms of specialized care.

The gap - and opportunity - to expand outpatient care aligns with the macro trend of hospitals looking to shift away from inpatient care to reduce costs. Other gaps, such as in wellness-related care and services, could also translate to opportunity as providers and payors seek lower cost options for frontline care before other healthcare services.

Increasing access to healthcare services is also an important priority aligned to improving community health outcomes; if residents struggle to find timely and affordable care in the region, it can contribute to less preventative care, higher costs, and deferred treatment.

Nonetheless, challenges accessing healthcare talent discussed on the previous page may continue to limit the ability to support and expand healthcare operations in South King.

#### Percent of demand for healthcare services in South King and Seattle MSA met by businesses in area

Industry	Percent of demand in area met by businesses in area		Difference between Seattle MSA	
	South King	Seattle MSA	and South King	
Outpatient Care Centers	15%	91%	76%	
Hospitals	20%	76%	56%	
Wellness-Related Care and Services	26%	81%	55%	
Blood and Organ Banks	45%	99%	54%	
Offices of Physicians	22%	76%	54%	
Offices of Other Health Practitioners	38%	90%	52%	
Retail Trade (benchmark)	21%	68%	47%	
Offices of Dentists	45%	89%	44%	
Nursing and Residential Care Facilities	33%	60%	27%	
Ambulance Services	36%	60%	24%	
Home Health Care Services	21%	35%	14%	
Medical and Diagnostic Laboratories	72%	70%	-2%	

Source: Lightcast, 2023 data

### Opportunities: Business Attraction

Leverage Seattle metro area strengths in healthcare and life sciences R&D

#### Healthcare

The South King region could support efforts to reduce costs, including as a destination for components of larger consolidated health systems and group practices, as well as the shift away from expensive inpatient care. As outpatient care expands beyond more known areas such as urgent care to include free-standing centers for emergency care and ambulatory surgery, South King could address these from both an economic development and community needs standpoint. The region can also support healthcare industry adoption of alternative care and wellness, including referrals from traditional medicine and insurance coverage, which can help build competitive advantage for local businesses in that space. Stakeholders noted a need for more hospital beds and primary care, but considering the regulatory barriers, emerging models in areas such as outpatient care and wellness may provide shorter-term possibilities.

#### Life sciences

South King has an opportunity to leverage life sciences R&D in the Seattle metro area. Examples of business development include supporting research centers that need more space or attracting value chain opportunities such as contract R&D and manufacturing. With infrastructure projects such as light rail expansion improving regional connectivity, there may be more momentum to develop life sciences R&D, light manufacturing, and other related operations.

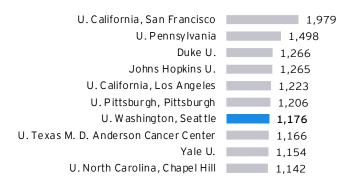
Seattle's strong concentration of R&D employment is evidenced by the University of Washington's top 10 ranking among US research institutions for life sciences R&D expenditures and the patent activity of the university and other institutions, such as the Fred Hutchinson Cancer Center, in the development of pharmaceuticals and other therapeutics

#### Life sciences-related employment, Seattle MSA

	2023 Jobs	Change 2018-2023	Concen- tration (US=1.00)		
R&D in Physical, Engineering, and Life Sciences	19,869	57%	1.69		
Pharmaceutical Manufacturing	1,932	41%	0.41		
Medical Devices Manufacturing	5,432	-17%	0.94		
Pharmacy Wholesale	2,588	10%	0.73		

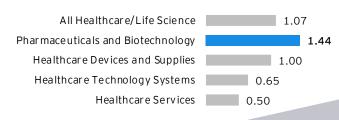
Source: Lightcast, 2023 data

#### Life sciences R&D expenditures (\$ millions) 2023



Source: National Science Foundation

### Healthcare/Life Science share of VC funding in Seattle MSA relative to US, 2020-2024



Source: PitchBook

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### **Resources for Business Growth**



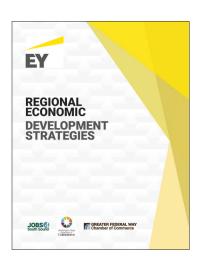
## Priority Industry and Workforce Assessment

#### **Priority Industries Drive Growth**

Economic development activities aim to encourage business growth in order to achieve these outcomes: maintaining a strong tax base, creating rewarding career opportunities for residents, and opening opportunities for wealth creation through entrepreneurship and new business formation.



SCAN HERE to download and read the FULL Priority Industry and Workforce Assessment



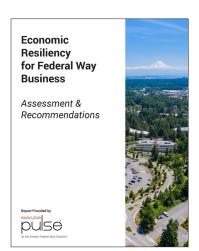
## Regional Economic Development Strategies

#### **Strengthening Partnerships & New Opportunities**

Based on research and stakeholder engagement, the report identifies three emerging goals as South King County's highest priorities. First, expand economic growth by strengthening partnerships and pursuing new economic opportunities. Next, develop career pathways to good jobs for South King residents. Finally, improve the business climate by addressing community safety.



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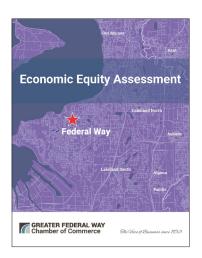
## **Economic Resiliency for Business**

#### **Assessment & Recommendations**

Economic resiliency refers to the ability of an economy to withstand, adapt to, and recover from various shocks, disruption, or adverse events while maintaining its core functions and structures. It is the capacity of an economic system to absorb and overcome challenges such as financial crisis, natural disasters, geopolitical events, or shifts in market conditions without experiencing a prolonged decline in economic activity or living standards.



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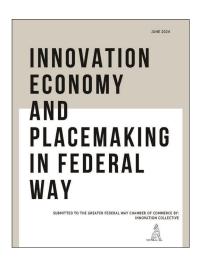
## **Economic Equity Assessment**

#### **Data to Help Identify Challenges & Opportunities**

The Federal Way region of South King County has a complex economic equity story. This data-driven assessment examines publicly available small business, socioeconomic, and demographic statistics disaggregated by race and gender wherever possible. Examining data in this manner highlights disparities and identifies where potential barriers to economic opportunity may exist for certain populations.



SCAN HERE to download and read the FULL Economic Equity Assessment



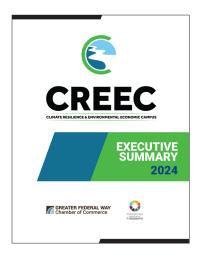
# Innovation Economy and Placemaking in Federal Way

#### **Startup Economies and Business Acceleration**

An innovation ecosystem is one that is all inclusive of creators, small businesses, and entrepreneurs. In addition to the integration of placemaking strategies, this market analysis focuses on the creation of start-up economies and business acceleration within industry segments of arts, environmental technology, and the existing food scene.



#### SCAN HERE to download and read the FULL Innovation Economy & Placemaking Report



## **CREEC Executive Summary**

#### **How Climate Innovation Can Change a Community**

The Climate Resilience and Environmental Campus (CREEC) study represents a transformative opportunity to establish South King County as a leader in climate resilience, environmental education, and sustainable economic development. Located in the Federal Way hub, this integrated campus would create a comprehensive ecosystem for environmental learning, workforce development, and community engagement.



SCAN HERE to download and read the FULL CREEC Executive Summary

For information on economic development with our Chamber, visit **fedwaychamber.com** 



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