



HealthCare Institute of New Jersey

ADVANCING GLOBAL HEALTH • LEADING NEW JERSEY'S ECONOMY

# 2013

## Economic Impact Report



With Assistance From **Deloitte.**



## About the 2013 Report

The HealthCare Institute of New Jersey (HINJ) commissioned the first economic impact survey of HINJ member companies in 1997. Since then, the survey has served as HINJ's key benchmark for one of the state's leading economic drivers.

The survey measures various aspects of economic activity by HINJ member companies and then quantifies their impact on New Jersey's economy. This survey employs widely accepted economic multiplier formulas on a consistent basis.

Information for the 2013 report has been compiled from 16 leading research-based biopharmaceutical and medical technology companies that are included among HINJ's membership. The sample group, which was surveyed regarding 2012 calendar year data, includes 14 HINJ member companies that participated in the last (2010 calendar year) survey, together with two new survey participants, and the non-recurrence of certain participants from the 2010 survey. The survey is voluntary and confidential, and not every survey participant answered each question in the 2010 and 2012 surveys.

Results were not adjusted to reflect information from HINJ member companies that did not participate in the 2010 survey. The data elements presented in this report remain consistent with those included in the 2011 report, reflecting year-to-year fluctuations across a variety of key economic metrics.

HINJ thanks Deloitte\* for its assistance in compiling the economic data included in this report. Deloitte is responsible for aggregating the economic data presented in this report (with the exception of State Rebates Paid by Life Sciences Companies on page 4), as requested in HINJ's survey of its member companies, and for providing the related tables. HINJ is responsible for all commentary regarding this economic data.

### Economic Impact on New Jersey as Reported by HINJ Survey Participants (Amounts in \$ Billions)

Activity Area	2012		2010	
	Direct Economic Impact	Total Economic Impact	Direct Economic Impact	Total Economic Impact
Payroll** – NJ Residents Only	\$5.80	\$6.95	\$6.22	\$7.56
Benefits** – NJ Residents Only	1.31	1.31	1.28	1.28
Vendor Spending – NJ to NJ	3.89	5.99	3.08	5.49
Capital Spending	1.76	3.08	0.69	1.24
Research & Development (R&D)	8.67	8.67	8.45	8.45
Charitable Donations	0.58	0.58	0.16	0.16
<b>Estimated \$ Impact</b>	<b>\$22.01</b>	<b>\$26.58</b>	<b>\$19.88</b>	<b>\$24.18</b>

Note: Multiplier effects are only calculated for the following activities and are based on the 2012 IMPLAN model: payroll, vendor and capital spending.

\* As used in this document, "Deloitte" means Deloitte Consulting LLP, a subsidiary of Deloitte LLP. Please see [www.deloitte.com/us/about](http://www.deloitte.com/us/about) for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

\*\* Direct economic impact includes pretax dollars paid to New Jersey residents.

# A Message from Dean J. Paranicas

President and Chief Executive Officer  
HealthCare Institute of New Jersey

The HealthCare Institute of New Jersey's *2013 Economic Impact Report* highlights the leading role the life sciences continues to play in driving New Jersey's economy and maintaining the state's reputation as the "Medicine Chest of the World."

We are proud that the life sciences is one of New Jersey's premier industries. Today, 13 of the world's top 20 biopharmaceutical companies\* and 12 of the world's top 20 medical technology companies\*\* maintain a significant presence in New Jersey.

In their pursuit of advancing global health, HINJ member companies remain a major economic force in our state. In 2012, companies participating in the HINJ survey reported that they generated nearly \$26.6 billion in total economic impact in New Jersey, a 9.9 percent increase over the last survey conducted in 2010.

This robust economic activity reached every corner of the state through transactions with our New Jersey-based vendors — providers of goods and services — that increased significantly. Impressive gains also were reported in capital spending and philanthropy, and notably included research and development (R&D) investment, together with a more than doubling of products in development.

This solid growth likely reflects more than the improving economy. It also demonstrates that HINJ member companies collectively managed through recent economic challenges and still made important investments, especially in medical innovation, the engine that powers the life sciences industry and contributes to improving the human condition around the globe.

While reported full-time New Jersey employment in 2012 was modestly lower than in 2010, it is important to note that fewer HINJ member companies responded to the 2012 survey. In contrast, "spin-off" jobs (those New Jersey jobs that are supported by HINJ member companies' business relations with service and supply vendors) increased appreciably. Taken together, reporting companies indicated that they were responsible for over 122,000 direct and indirect New Jersey jobs in 2012. Additionally, reporting companies indicated that their number of contract employees grew significantly.

Not surprisingly, New Jersey faces ever-present competition for our highly coveted industry from other states and countries. We at HINJ therefore applaud the ongoing efforts of New Jersey's leaders in Trenton and Washington, DC to create an even more competitive and attractive environment for greater life sciences investment in the Garden State.

They can count on HINJ's ongoing commitment to working with them to preserve the life sciences as New Jersey's economic crown jewel.

The life sciences' calling is a noble one — to develop the medicines, therapies and medical technologies patients everywhere critically need, and working to protect patient access to those medical advances.

When HINJ's member companies take up this enduring cause in New Jersey, they achieve two significant outcomes — advancing global health while also leading New Jersey's economy.



Sincerely,

A handwritten signature in black ink that reads "Dean J. Paranicas". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Dean J. Paranicas  
President and Chief Executive Officer  
HealthCare Institute of New Jersey

\* Pharmaceutical Executive, "The 2013 Pharm Exec Top 50," May 1, 2013.

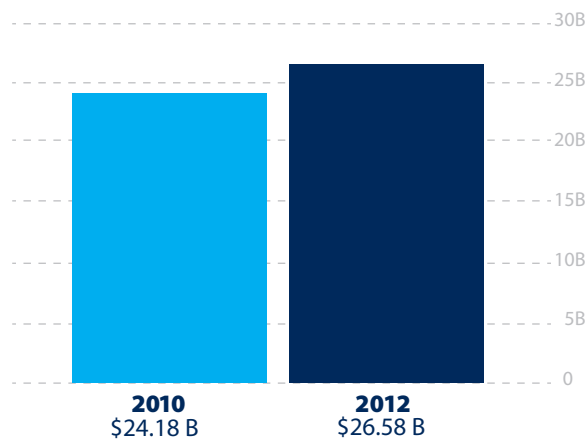
\*\* MDDI Medical Device and Diagnostic Industry ([www.mddionline.com](http://www.mddionline.com)),  
updated to reflect total revenue as of October 17, 2013.



## AT A GLANCE\*

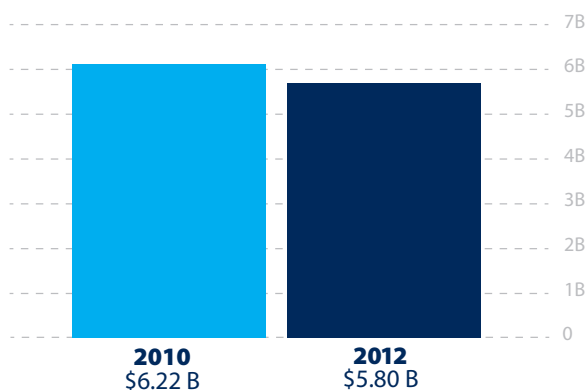
### Total Economic Impact Life Sciences Continues to Be a Leader

In their pursuit of advancing global health, HINJ member companies indicated that they remain a major economic force in New Jersey. In 2012, reporting companies generated \$26.58 billion in total economic impact in the Garden State, a 9.9 percent increase over the last survey conducted in 2010.



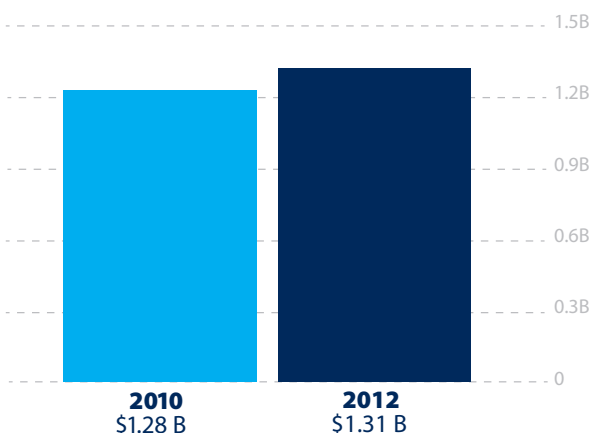
### Payroll Compensation Remains a Strength

In 2012, reporting HINJ member companies indicated that New Jersey's economy benefited from the \$5.80 billion aggregate payroll paid by their companies to employees who were New Jersey residents. Although these jobs attract residents of neighboring states, New Jersey state residents hold the vast majority of them, which generated average total compensation per employee of \$156,208, a 3.5 percent increase from 2010.



### Benefits Employee Benefits Packages Grow

In addition to salary, HINJ member companies continue to offer their employees attractive benefits packages. In 2012, reporting companies indicated that they paid \$1.31 billion, in aggregate, in employee benefits, a 2.3 percent increase from 2010. These companies paid, on average, \$35,288 in benefits per employee in 2012, a 13.5 percent increase from 2010.

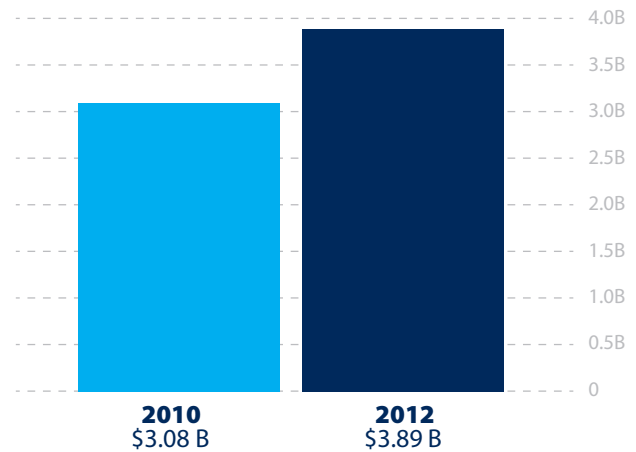


\* Certain amounts and percentages may not add due to rounding.

# AT A GLANCE \*

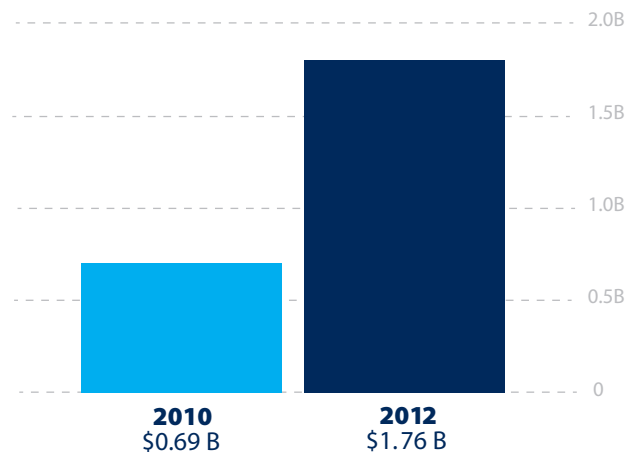
## Vendor Spending New Jersey Activity Increases

To support their day-to-day operations, HINJ member companies rely on a large network of vendors across New Jersey that provides to them a wide array of goods and services. Reporting HINJ member companies indicated that vendor-related spending originating from their New Jersey facilities with vendors within the state was \$3.89 billion in 2012, a 26.3 percent increase from 2010.



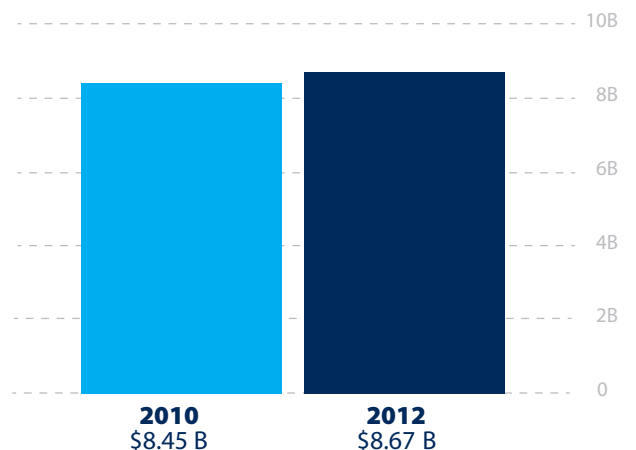
## Capital Spending Construction Investments Rebound

The life sciences industry continues to be a significant force in New Jersey's private sector capital construction spending. In 2012, reporting HINJ member companies indicated that they spent \$1.76 billion on construction around the Garden State — including renovation, maintenance, new construction and purchases — a 155.1 percent increase from 2010.



## Research & Development (R&D) Spending Innovation Investment Expands

Innovation is the engine that powers the life sciences industry and contributes to improving the human condition around the globe. In 2012, reporting HINJ member companies indicated that their New Jersey-based facilities increased R&D spending to \$8.67 billion, a 2.6 percent increase from 2010. HINJ member companies further reported that, in 2012, they had 1,067 products in development, a 112.9 percent increase from 501 products in 2010.

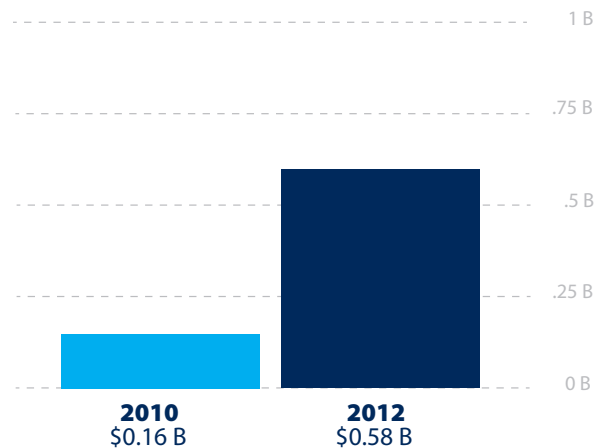


\* Certain amounts and percentages may not add due to rounding.

## AT A GLANCE \*

### Charitable Donations Corporate Social Responsibility Is a Priority

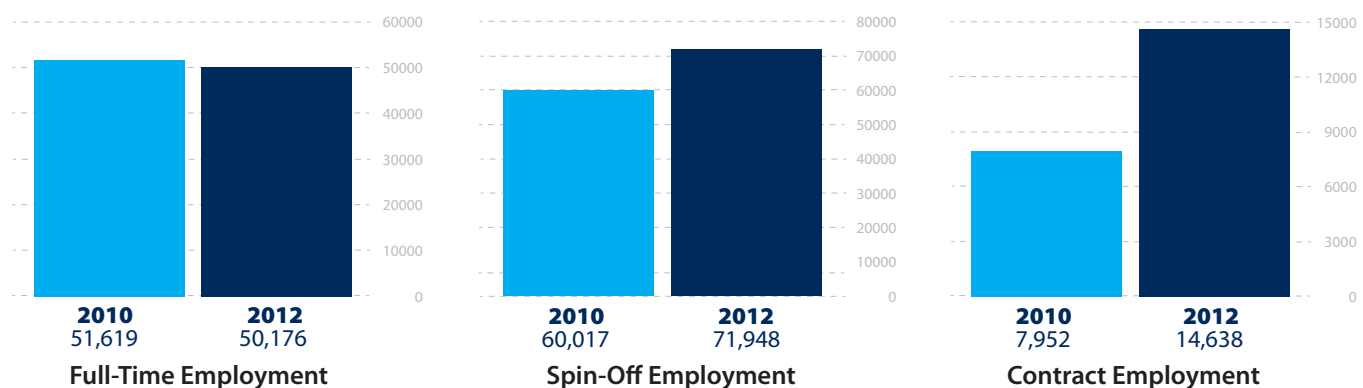
The life sciences industry has a long history of corporate social responsibility, donating cash and supplies and providing volunteers in their New Jersey communities as well as around the globe, notably in times of natural disaster. In 2012, participating HINJ member companies reported that they provided \$583 million to New Jersey nonprofit organizations that advance healthcare, education and culture, as well as responding to those impacted by Superstorm Sandy. Their 2012 giving in New Jersey represented a 262.5 percent increase over reported giving in 2010.



### Employment

#### FTEs Slightly Lower, Other Categories Grow

In 2012, participating HINJ member companies reported that they employed 50,176 full-time employees. While this was a 2.8 percent decrease from 2010, fewer HINJ member companies responded to the 2012 survey. In contrast, “spin-off” jobs (those New Jersey jobs that are supported by HINJ member companies’ business relations with service and supply vendors) (71,948) and contract employees (14,638) increased by 19.9 percent and 84.1 percent, respectively.



### Additional Economic Activity – 2012

Taxes Paid by HINJ Member Companies (Total State and Local / Municipal)	\$704 Million
State Rebates Paid by Life Sciences Companies	\$552 Million**
Medicaid	\$468 Million**
PAAD & Senior Gold	84 Million**

\* Certain amounts and percentages may not add due to rounding.

\*\* Information provided by the State of New Jersey for State Fiscal Year 2012 (July 1, 2011 to June 30, 2012).

# About the HealthCare Institute of New Jersey

Founded in 1997, the HealthCare Institute of New Jersey (HINJ) serves as the leading voice for the state's life sciences industry. HINJ seeks to expand patient access to the most innovative biopharmaceuticals and medical technologies and promote awareness of the industry's impact on New Jersey's quality of life and economic well-being.

To learn more, please visit HINJ at [www.hinj.org](http://www.hinj.org) or follow it via Twitter at *HINJ\_ORG*, Facebook at *HealthCareInstituteofNewJersey* or YouTube at *HINJNJ*.

## HealthCare Institute of New Jersey Member Companies

**Abbott Point of Care, Inc.**

**Amicus Therapeutics, Inc.**

**BD**

**Bayer HealthCare LLC**

**Bristol-Myers Squibb Company**

**C. R. Bard, Inc.**

**Catalent Pharma Solutions**

**Celgene Corporation**

**Daiichi Sankyo, Inc.**

**Dendreon Corporation**

**Eisai Inc.**

**Emisphere Technologies, Inc.**

**Endo Health Solutions Inc.**

**Forest Laboratories, Inc.**

**GlaxoSmithKline**

**ImClone Systems,**

**a wholly-owned subsidiary of Eli Lilly and Company**

**Immunomedics, Inc.**

**Johnson & Johnson**

**Lundbeck Research USA, Inc.**

**Merck & Co., Inc.**

**Novartis Pharmaceuticals Corporation**

**Novo Nordisk, Inc.**

**NPS Pharmaceuticals, Inc.**

**Pfizer Inc.**

**Sanofi**

**Stryker**



HealthCare Institute of New Jersey (HINJ)  
120 Albany Street • Tower One • Suite 505  
New Brunswick, NJ 08901  
732.729.9619

[www.hinj.org](http://www.hinj.org)

 @HINJ\_ORG

 @HealthCareInstituteofNewJersey

 @HINJNJ

