



# Examining Health Care Employment: The Prognosis Is Good

In a region struggling with above-average unemployment, the Southeast has at least one industry with robust job growth: health care. New technologies and shifting demographics have combined to create job opportunities. But federal and state budgets under pressure, rising health care costs, and an aging populace are straining the health care system. Will this sector be able to maintain its robust growth?

Jobs in health care are alive and kicking. The U.S. Bureau of Labor Statistics (BLS) says that health care jobs have increased every month going back to July 2003. Of the 117,000 jobs the U.S. economy gained during the month of July, health care added 31,000, or about 26 percent of net gains. Over the past 12 months, employment grew in all of the major health care settings, with home health care showing the highest 12-month rate of increase (4.4 percent) and hospitals showing the lowest (1.2 percent).

Similarly, the Southeast's health care employment sector is doing well compared to the overall job market. For example, the Southeast economy lost a net total of 147,900 nonfarm jobs from May to June, but health care picked up 700 jobs. Looking at the

year-over-year numbers (June 2010 to June 2011), five of the six southeastern states held a ranking in health care employment much higher than its overall employment ranking. Louisiana gained more health care jobs during that year than any other state in the nation (see the table on page 8).

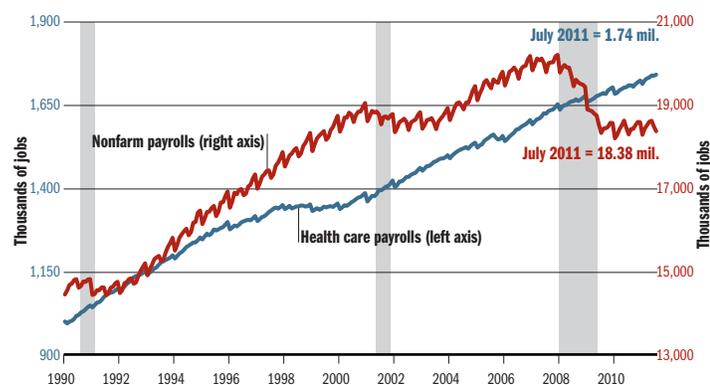
During the 2007–9 recession, when most other industries were shedding jobs, the national health care sector continued to add jobs at a relatively vigorous rate of 22,000 on average per year. In fact, this segment had robust growth throughout the last three recessions, hiccupping only in this last one. Catherine Wood, an economist in the Office of Employment and Unemployment Statistics at the BLS, examined the health of health care employment during recessions in the April 2011

## Health Care Jobs, Southeastern States

State	2011 rank, health care and social assistance jobs (total jobs rank)	Percent change, health care and social assistance 2010-11	Total jobs (thousands)	Health care jobs (thousands)
Louisiana	1 (30)	4.68	1,908.70	245.80
Tennessee	21 (35)	1.93	2,619.40	332.70
Florida	23 (33)	1.91	7,164.20	946.10
Mississippi	32 (41)	1.38	1,095.80	117.50
Georgia	33 (49)	1.37	3,818.60	399.00
Alabama	46 (48)	0.00	1,878.80	193.70

Note: States are ranked based on their percent change in job growth 2010-11.  
Source: W. P. Carey School of Business, Arizona State University

Chart 1  
Southeastern Health Care Employment



Notes: "Health care" includes ambulatory health services, hospitals, and nursing and residential care facilities.  
Gray bars represent recessions. Data are through July 2011 and are not seasonally adjusted.  
Source: U.S. Bureau of Labor Statistics

issue of the *Monthly Labor Review*, a BLS publication. She wrote that "the industry has been among the leading contributors to overall job growth during recessions."

The industry continues to be a strong contributor to job growth. According to the BLS, health care employment reached an all-time high of about 10.74 percent of total employment in July 2011. This number is up 0.13 percentage points from the previous year, 1.24 percentage points from the start of the recession in December 2007, and more than 2.23 percentage points from a decade ago. To look at the numbers under a different microscope, national health care employment has increased 7.6 percent since the recession began, while non-health-care employment has fallen by 6.2 percent. This pattern is evident in the southeastern states as well (see chart 1).

The BLS categorizes components of labor and employment according to the North American Industry Classification System

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(NAICS). By this system, health and education are a suprasector, of which health care and social assistance is a subsector. Except for in the discussion of overall job numbers, this article does not include social assistance. Health care is further broken down into ambulatory health services, which makes up 44 percent of all health care jobs; hospitals, about a third; and nursing and residential care facilities, about 22 percent.

### A shot in the arm

For the postrecession recovery that officially began in June 2009, nonhealth employment has continued to decline, but health sector employment has grown every month. So why does the health care sector thrive even when the rest of the economy is ailing? When drops in consumer spending have resulted in a steep fall in consumer demand for elective medical procedures, how can the industry remain strong? According to the BLS's Wood, "Historically, health care employment has been immune from fluctuations in the business cycle, as shown by the industry's continued growth throughout previous recessions."

She went on to say that infusions of federal stimulus funds during the past three recessions have in large part built up the industry's resistance to downturns. Additional Medicaid subsi-

dies and other health-related spending helped fund hospitals and make health care coverage more affordable for the unemployed.

Wood and other researchers have also noted that the growing and aging American population is naturally increasing demands for health care services. The American population tripled during the 20th century, for example, while adding on average 30 years to life expectancy. So as the American population grows and ages, it pours more money into the health care system. A 2010 study on longevity by researchers at the Stanford Center on Longevity (Adele M. Hayutin, Miranda Dietz, and Lillian Mitchell, *New Realities of an Older America*) reports: “Given the number of age-related health conditions, it is no surprise that per capita health care spending skyrockets with age. Annual per capita spending on those age 65+ totaled \$14,800 in 2004, more than triple the amount spent on working-age adults.

Public spending, including Medicare and Medicaid, accounted for about two-thirds of total spending for those 65+.”

### Not all good news

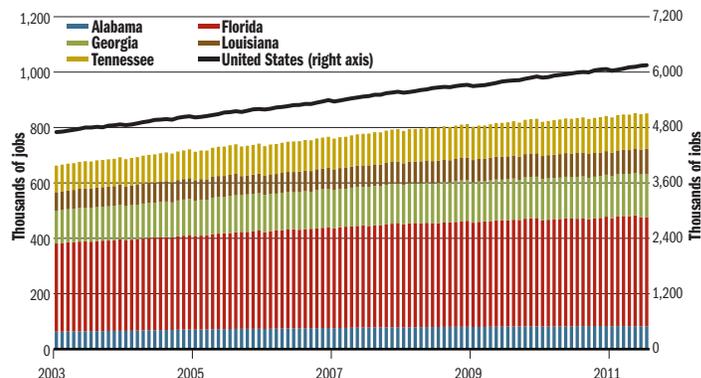
Although health care jobs did grow at a healthy pace during the 2007–9 recession—2009 saw the addition of 22,500 jobs in the sector—growth was slower compared to the two previous recessions. According to the BLS’s Wood, the health care sector averaged stronger monthly gains of 31,000 and 34,000 jobs during the 2001 and 1990–1 recessions, respectively. She cited a number of reasons to explain the difference, the biggest one being “the length and breadth of the most recent recession, which was the longest recession since World War II.” She also pointed to insufficient government subsidies, including COBRA and Medicaid subsidies, to meet higher health care costs and the lower growth rate of national health spending.

The June BLS jobs report caused some alarm in the industry. Nationally, health care added only 13,500 jobs in the month of May, the slowest pace since January, and hospitals lost jobs—4,000 of them, in the first month-over-month drop since July 2010. A drop in patient volume coinciding with significant reductions in per-person Medicare and especially Medicaid reimbursements are adding to the strain that hospitals are feeling, causing them to cut jobs or cut services. More than half of the patients who go to American hospitals are covered by Medicare or Medicaid.

In early June, Georgia’s Piedmont Healthcare—a nonprofit four-hospital system that includes Piedmont Hospital in Atlanta—announced that it was reducing its workforce by 5 percent, partly

Chart 2

### Southeastern Ambulatory Health Care Employment



Notes: Data are through July 2011, not available before 2003, not available for Mississippi, and not seasonally adjusted. Source: U.S. Bureau of Labor Statistics

through 293 layoffs and the rest through attrition. Piedmont’s spokesperson, Nina Day, said the hospital is cutting costs in preparation for significant changes in federal health care regulations that will be rolled out over the next several years. Day said that Piedmont is cutting costs so that it can break even on patients who are covered by Medicare reimbursements. “When 50 percent of your cost is labor, unfortunately that’s a big bucket you have to look at,” said Day.

By contrast, Woman’s Hospital in Baton Rouge, La., is thriving, according to its president and CEO, Teri Fontenot. Thanks to continued strong demand for health care in Louisiana and a thriving health care sector, she said that Woman’s has not had any organizational layoffs since 1996. (See the sidebar for a close-up of Louisiana’s medical employment situation.) “We have seen a decline in volume during the last two to three years” of about 2 percent, Fontenot noted, “but we’re a large organization, with almost 2,000 employees, so we can reduce staff through attrition in the areas of nondirect patient care.”

Woman’s has not been totally unscathed by the struggling economy. In 2007, because of state funding cuts, the hospital reduced the reach of its home health agency. “We were seeing patients within a 50-mile radius,” said Fontenot. “We cut that back to 25 miles.” She added that all but one of the caregivers providing home aid in the eliminated areas were transitioned into positions in the hospital.

With an investment of about \$350 million, Woman’s is currently building a completely new facility five miles down the road. “When we move, we will most certainly add staff. Not only

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# Health Care Jobs Flock to the Pelican State

If health care employment has been the silver lining in a gloomy U.S. jobs market, then Louisiana is basking in the glow. The state currently ranks a healthy number one in the nation in health care job growth. In fact, according to Karen Zoeller, vice president for development at Louisiana Hospital Association and chair of the Louisiana Health Works Commission, the state has many more job openings in health care than it has skilled workers to fill them.

Much has changed since 2002, when the state had 11,000 health care vacancies, and

5,000 of them were in nursing. That year, the Louisiana state legislature created the Health Works Commission to address such shortages in trained health care workers. With the strong backing of the governor's office and an annual budget that at its highest was \$29 million (in 2009), the commission set out to analyze workforce data related to health care employment and to work closely with the state's colleges and community and technical college system to make sure they were prepared to train students for these jobs.

Training skilled workers to fill these empty positions remained the focus of the commission from its start through 2009. "If a given [training] program was at capacity," explained Zoeller, "we would provide funding to hire additional adjunct professors." Nursing classes have on average around 10 students for one professor; pharmacy classes, about five students per professor. "We were able to add over four years an additional 5,000 nursing students and about 3,000 allied health professionals" to the Louisiana workforce, Zoeller said.

**The shortage in qualified nurses in Louisiana has shrunk over the past few years, but demand for health care workers remains strong, and looks strong well into the future.**

## **Position, fill thyself**

The commission took this a step further when it created a student loan program that worked to fill some of those teaching positions with its own graduates. The commission offered loans of \$10,000 per semester to students working on master's or doctoral degrees in a health care program. For every \$10,000 a student accepted, he or she would agree to teach in a program in the state of Louisiana for one year. New graduates unable to secure

teaching positions were required to work off the loans in one of the hospitals in the statewide charity hospital system.

But unfortunately, the program was more complicated than just training so many health care workers to plug into so many vacancies. “Being in a metro area, particularly in Baton Rouge, we have so many universities that we don’t have these shortages,” said Teri Fontenot, president and CEO of Woman’s Hospital in Baton Rouge. “The hardest places to attract and retain primary caregivers are in the rural areas—and we have lots of rural areas in Louisiana, so that’s an issue,” Fontenot continued.

Zoeller agrees. She said that Health Works discovered that most graduates stay within 25 miles of where they do their clinicals. “I understand,” she said. “They want to be close to their friends and social lives—most young folks just want to be in the metro areas.”

Nevertheless, the commission made great strides in aligning programs in the state’s colleges with the health care workforce shortages. “Things were going very well,” said Zoeller. According to the commission’s 2009 summary report, for each academic year between 2002 and 2008, the commission funneled almost \$54 million into educating nurses and allied health workers, through direct loans and stipends, salaries for new faculty, or other means.

“Then the recession finally caught up,” said Zoeller. Throughout the 2007–9 recession, Louisiana’s economy had remained strong, bolstered by post-Katrina recovery efforts. But when the state experienced a \$1.8 billion shortfall in its budget in 2010, it was forced to make heavy cuts to state programs. Funding of many of the state’s industries, including agriculture and transportation, is constitutionally protected, while funding of education and health care is not. In 2010, the Health Works

Commission lost all of its financial support.

Things are looking better for Health Works this year. With a budget of \$2 million, it is again able to provide some financial support for the education of health care workers. However, Zoeller said the commission is turning its attention to getting more physicians and pharmacists into the rural areas, where it sees the greatest need.

“This year, we hope to pick up about 12 medical students and four pharmacy students,” she explained. The commission will pay for the last year of medical school for these students. In turn, when the students complete their residencies, they will work in a rural area for five years and work with Medicaid patients. “Most research shows that if you can get physicians into rural settings and get them established for five years, they will feel they are part of the community and will stay at the end of the five years,” Zoeller observed.

### **Workforce of the future**

Looking ahead, the commission will continue to work with the state’s education system to make sure that it offers training programs for forecasted workforce needs. Two big workforce issues the commission sees ahead, for example, are the growing need for health care information technology (HIT) workers and the switch to a new coding system for reimbursements.

The Patient Protection and Affordable Care Act, signed into law in 2010, put a 2014 deadline on the implementation of electronic medical records (EMR). By computerizing patient records, EMR systems allow caregivers to coordinate patient care. But these systems are incredibly complex. Software developers require specialized training so that they not only can program these applications but also have at least a rudimentary

knowledge of health care coding and requirements. Currently, Delgado Community College, based in New Orleans, offers the only four-year HIT program in the entire state. By working with the commission, Delgado is now offering online training for HIT specialists.

The second issue the commission foresees is in the area of medical coding, the system that caregivers use to document treatment for reimbursement from insurance companies as well as from Medicare and Medicaid. By October 1, 2013, every health care provider in the nation must be using a new coding system, the ICD-10. (ICD is short for International Classification of Diseases.) “This is going to be a huge, huge change,” said Zoeller. “One day we’re speaking English, and the next day, we’re speaking Chinese.” She explained that whereas the ICD-9 system offered practitioners perhaps seven codes for a medical problem, the ICD-10 system will offer up to 700. Currently, only five people in the state are certified as ICD-10 instructors.

The shortage in qualified nurses in Louisiana has shrunk over the past few years—recent cuts in Medicare and Medicaid have seen to that—but demand for health care workers remains strong, and looks strong well into the future, according to state forecasts. As the boomers continue to age, the need for physical therapists, occupational therapists, and home health workers will continue to grow. ■

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will it be a larger campus, with more square footage, but we'll have the opportunity to add services." True to its name, Woman's Hospital specializes in services for women, and is best known for its obstetrics and gynecological services. The new services in the new campus will still cater to women, Fontenot said. For example, the hospital will offer an orthopedic specialty "for the shoulder problems that women tend to experience because they sling those heavy purses over their shoulder," said Fontenot.

### Prognosis

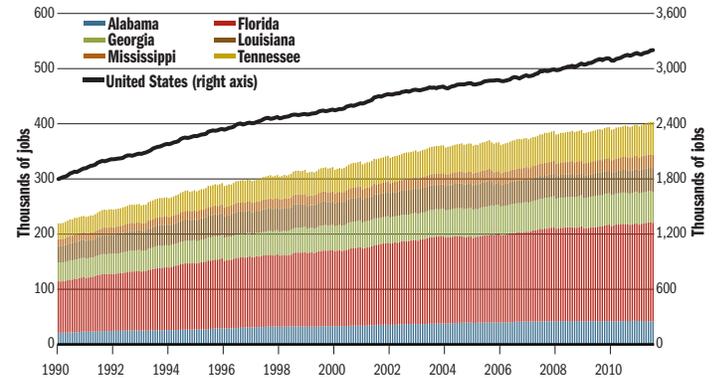
With the August BLS release of July employment data, the industry appeared to have regained some of its momentum. Of the 31,300 health care jobs added, ambulatory health services added 6,300 jobs in doctor's offices (see chart 2) and 3,100 in home health care services (see chart 3) while outpatient care centers lost 500 jobs.

According to the Occupational Outlook Handbook, 2010–11 Edition (OOH), the BLS's biennial compendium of job-growth estimates for the decade 2008–18, projected rates of employment growth for the various segments of the industry range from 10 percent in hospitals, the largest and slowest growing industry segment (see chart 4), to 46 percent in the smaller home health care services.

Indeed, of the top 20 fastest growing jobs that the OOH lists, eight are related to health care. On the national level, home health aides will increase by 50 percent; physician assistants by 39 percent; physical therapist aides by 36 percent; medical assistants by 34 percent; physical therapist aides, dental hygienists, and dental assistants by 36 percent; medical assistants by 34 percent; and physical therapist assistants by 33 percent.

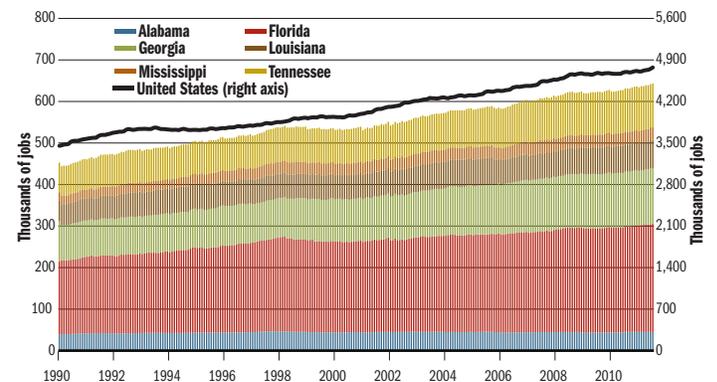
Although the BLS also estimates that wage and salary employment in the health care industry will increase 22 percent through 2018, for most of these positions—with the exception of physician's assistant, with a master's degree—education requirements are comparatively minimal and wages are on the lower end of the pay scale. Still, the average earnings of nonsupervisory workers in most health care segments are higher than the average for all private industry (\$20.38 per hour as opposed to \$18.08 per hour), with hospital workers earning considerably more than the average and those employed in nursing, residential care facilities, and home health care services earning less. Despite the significant challenges the health care sector is facing in a weakened economy—including budget cuts, Medicare and Medicaid cuts, uncertainty regarding upcoming changes, and a few stops and starts in the month-to-month look at the industry's growth trajectory—in the long run, health care will almost certainly remain a growth area, the BLS predicts, as America's

Chart 3  
Southeastern Nursing and Residential Care Employment



Note: Data are through July 2011 and are not seasonally adjusted.  
Source: U.S. Bureau of Labor Statistics

Chart 4  
Southeastern Hospital Employment



Notes: Data are through July 2011 and are not seasonally adjusted.  
Source: U.S. Bureau of Labor Statistics

population ages and federal health care legislation gives more people insurance. Indeed, according to Lee McPheters, director of the JPMorgan Chase Economic Outlook Center at the W. P. Carey School of Business at Arizona State University and editor of the *Western Blue Chip Economic Forecast* newsletter: "The brightest spot in the jobs growth picture is health care, the strongest employment sector in the nation right now." ■

This article was written by Nancy Condon, associate editor of EconSouth.