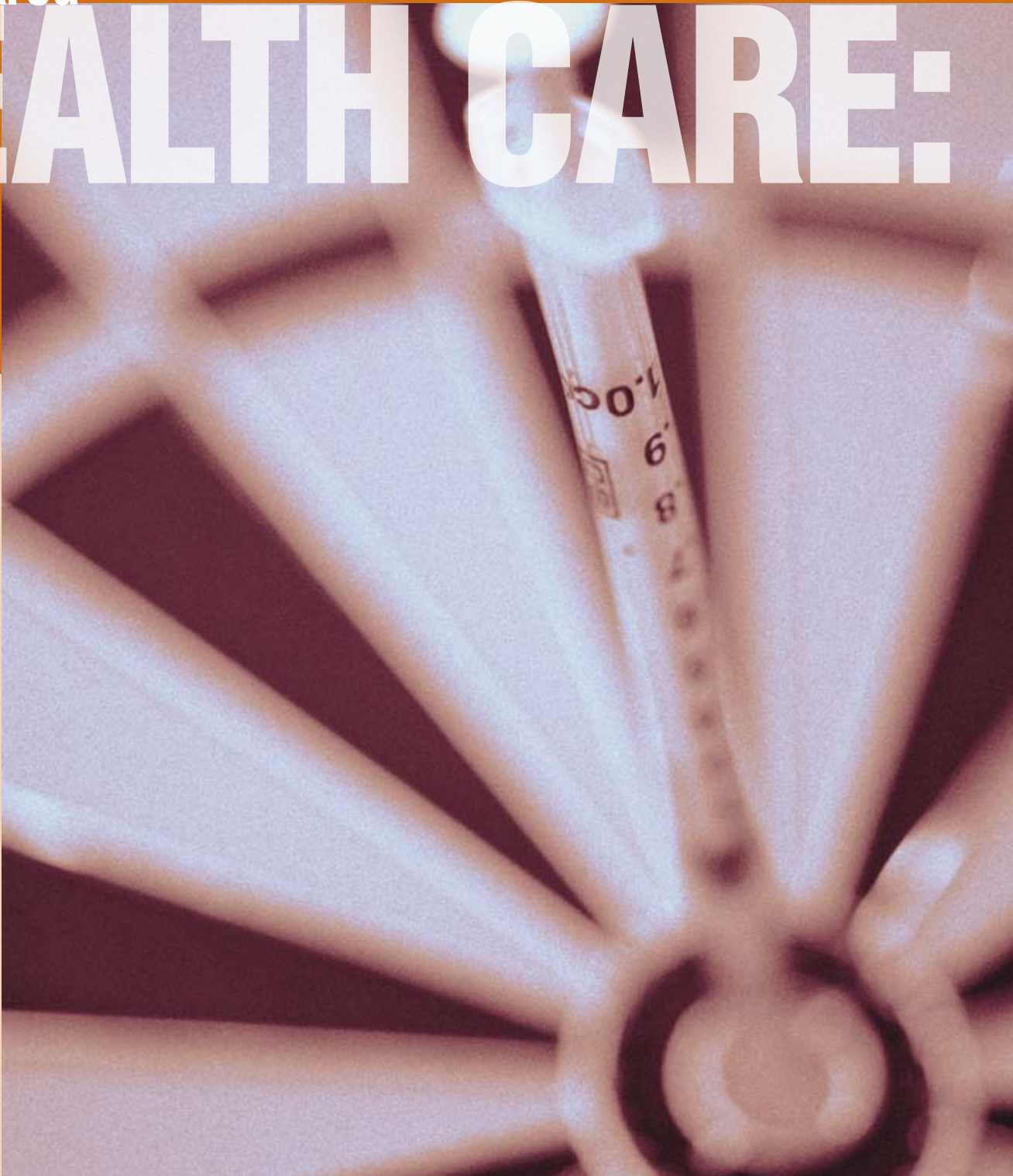


Capital Area

HEALTH CARE:

The Jobs Machine

Second Edition 2010



**Capital Area Michigan Works!
Capital Healthcare and Employment Council**

Introduction

In 2005, *Capital Area Health Care: The Jobs Machine* concluded Greater Lansing had the potential to become a health care “center of excellence.” The area possessed a high number of jobs in health care as well as the educational infrastructure to train workers. In other words, Clinton, Eaton and Ingham counties represented a potential regional powerhouse in the industry.

The study documented health care employment had doubled during 1977 to 2004 while manufacturing had dropped 40 percent. The industry accounted for a significant and rising proportion of the local jobs base and future growth was anticipated to be twice as fast as the overall industry average. By 2012, lots of workers would have to be trained to meet demand: nearly 4,000 new and replacement health care workers would be needed. The industry was dubbed a “jobs machine.”

The vigorous job growth of the industry had consequences, however. Representatives from industry reported shortages in selected positions that were widespread. Nurses, surgical technicians and medical technologists were among the types of positions that could not be filled by local health organizations, especially the region’s two largest healthcare employers, Sparrow Health System and Ingham Regional Medical Center.

Is Health Care Still a Jobs Machine?

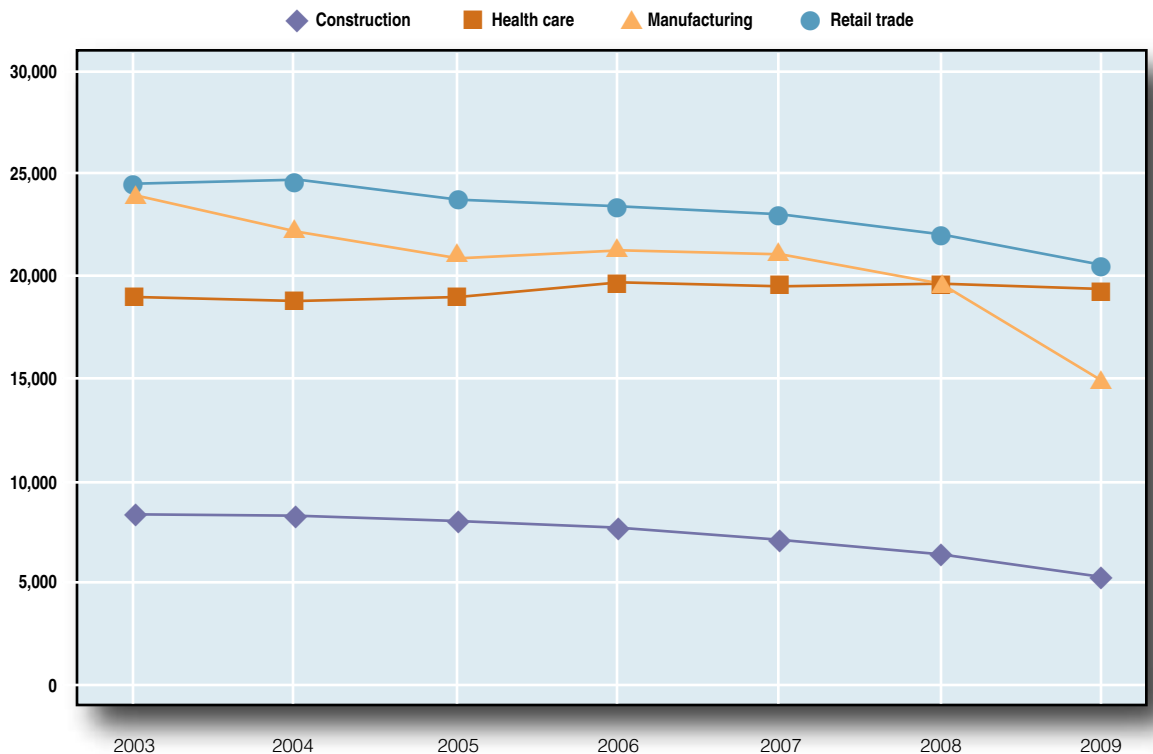
Since then, there have been significant changes to the national and local economies, so Capital Area Michigan Works! and the Capital Healthcare and Employment Council wanted to return to the 2005 study to ask, is health care still a jobs machine? A more recent investigation into the local health care industry finds:

- Although rapid expansion slowed, health care jobs have grown and have helped offset an overall employment decline; health care expanded by 3.5 percent while total private sector jobs declined by 11.9 between 2003 and 2009.
- Health care now provides more employment than manufacturing, approximately 20,000 health care jobs compared to 15,000 jobs in 2009.
- Private health care workplaces support nearly one billion dollars in wages.
- Average pay in the health care industry is well above the private industry average (about 25 percent higher), \$48,100 versus \$38,928 annually in 2009.
- The long term job outlook for health care occupations is upbeat. Expansion will add 3,000 jobs through 2016 as the sector grows by 16 percent. Factoring in replacement needs, about 6,000 newly trained workers will be needed.
- Two-thirds of the demand for health care workers will be in the more highly skilled “practitioner/technical” jobs as they outstrip openings for the “support” occupations by about 4,000 to 2,000.
- Unlike a few years ago, severe shortfalls of nurses and other workers are no longer reported across the industry; this situation could change with the local economy now improving and significant impact from the Patient Protection and Affordable Care Act looming over the horizon in 2014. Increased capacity for health care training in the region has also undoubtedly had an impact.

Health Care Counters Trend of Widespread Job Losses

A 2010 assessment of employment statistics shows that the health care industry continues to add jobs. While most industries in the capital area experienced employment declines in recent years, as the chart below shows, jobs in health care grew between 2003 and 2009. Total private sector jobs declined by 11.9 percent while health care grew by 3.5 percent or nearly 700 jobs. Employment in such significant sectors as retail trade, manufacturing and construction declined. Overall, total wage and salary workers declined by nearly 20,000 positions during the period with about 40 percent of the loss in manufacturing.

**Health Care Growth Continues While Other Sectors Fall
Industry Employment, 2003 to 2009**

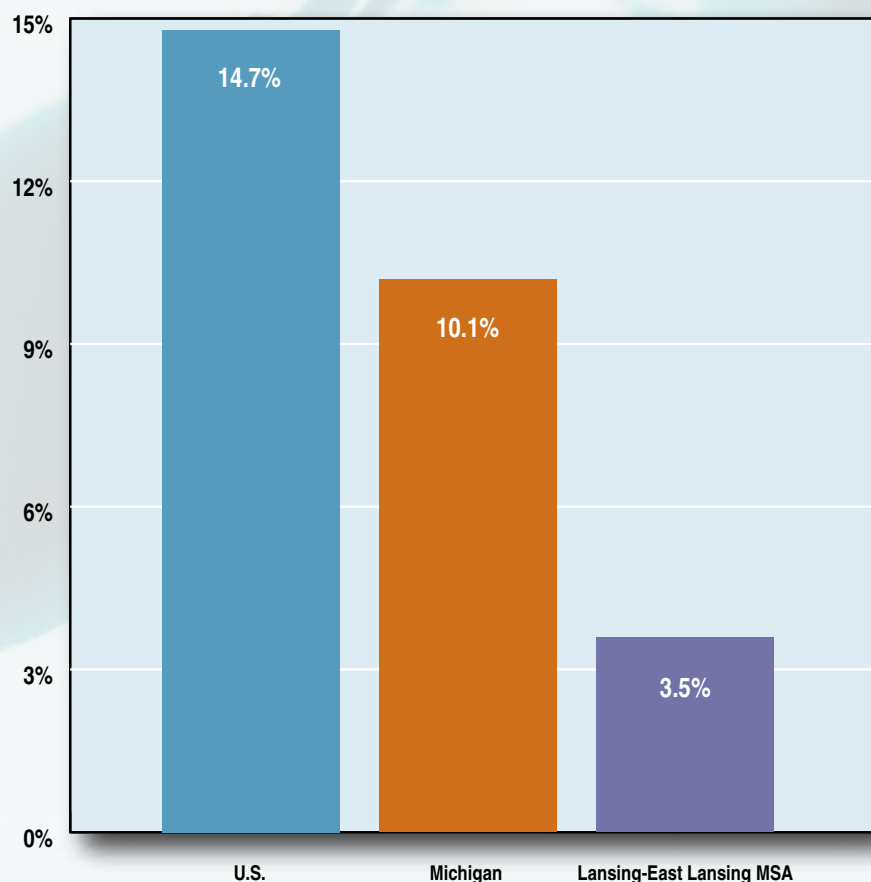


Health Care Now Larger than Manufacturing

Health care now provides more jobs than manufacturing. Employment rose to 19,600 for 2009 from 18,900 in 2003. Manufacturing has been in a multi-year downward spiral and had declined to 15,300 jobs (24,000 jobs in 2003). Even with the current rebound in manufacturing, health care will continue to provide more jobs during 2010.

Despite a positive employment trend comparison to other private local industries, expansion in the Lansing metro area lags expansion nationally and statewide. From 2003 to 2009, jobs here grew by 3.5 percent. Growth in the U.S. and Michigan was about 15 and 10 percent respectively. The vigorous growth pattern for health care jobs nationally is easily explained – the nation was not as severely hit by the recession as regions in Michigan. A growth rate in Michigan nearly three times the local rate is largely explained by unusually significant growth in the Grand Rapids and Detroit metro areas. Detroit alone added 24,000 jobs, while Grand Rapids has made widely publicized investments in growing and expanding its health care base including the establishment of a Michigan State University Medical School and investments on the “Medical Mile.”

Health Care Employment Growth 2003-2009

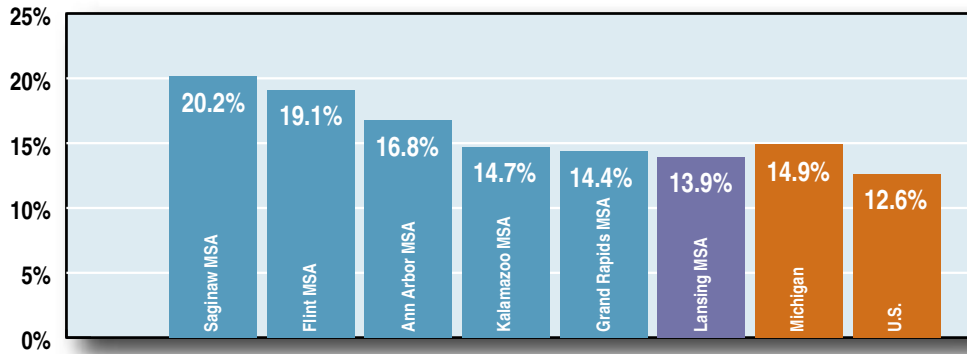


Local Share of Jobs Average but Growth Potential Remains

Continued expansion by the health care sector combined with declines in other industries means more and more jobs locally are concentrated in the health care industry. The total number of private sector jobs in the tri-county region equaled 141,100 in 2009. Health care's share rose from 12 percent to 14 percent between 2003 and 2009. Manufacturing, retail trade and construction all declined as a share of total jobs.

The share of private jobs in health care locally (14 percent) is about the same as for the entire nation (13 percent) and Michigan (15 percent). The health care proportion locally is notably below such areas as Saginaw and Flint, both areas hard hit by the manufacturing-led recession. Since the share of health care jobs locally is about “average,” and in light of its consistently rising share of total jobs, the local health care industry may have more potential here as a jobs machine, but is also reflective of the diversity of the mid-Michigan employment base.

Private Health Care's Share of Total Private Jobs



Health Care Payroll Almost One Billion Dollars

Health care has a big monetary impact on the region. Private health care companies paid out more than \$940 million in wages in 2009 – higher than the \$854 million in manufacturing. Health care accounts for 17 percent of total private wages in the area (14 percent of employment).

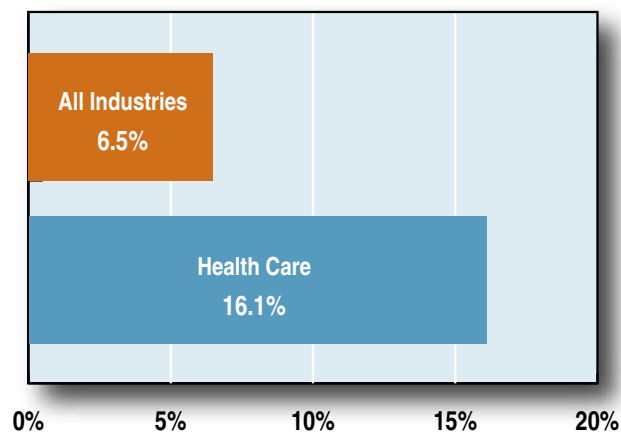
In addition, average worker pay in health care is relatively high at 23 percent above the average. Pay for the health care industry in 2009 averaged \$48,100 annually; for all private sector workers average pay in 2009 was \$38,928. Pay in the industry has moved up considerably relative to the traditionally high-paying sectors of construction (\$49,100) and manufacturing (\$55,900). Weekly pay in the industry here is about three to five percent higher than in the U.S. and in Michigan (2009).

Another way to look at pay in health care is by job category. Some very high-paying occupations are in health care work but there is still considerable diversity. These differences are linked to widely varied education and training requirements across the spectrum of health care occupations. Pharmacists make nearly \$106,000 annually while home health aids are paid about \$20,000 annually. Health care practitioners and technical occupations (nurses, physical therapists, pharmacists, etc.) average about \$69,000 a year while health care support occupations (aides, orderlies, assistants) earn \$25,700 a year on average. For comparison, the average pay for all occupations in all industries during 2009 was nearly \$43,000 annually.

Job Outlook Bright With Most Demand in Skilled Positions

The jobs future for health care is bright. While all jobs are expected to grow by nearly 7 percent through 2016, health care is forecast to expand by 16 percent. For the industry, about 3,200 jobs will be added over a ten-year period.

Health Care to Nearly Triple Overall Industry Job Growth Through 2016



For the health care occupations, considerable demand is expected through 2016. Nearly 6,000 workers will have to be educated and trained for work in these occupations by that year. The anticipated change for these health care positions is 3,000 job additions. However, many workers will have to be replaced as they retire and move on to other careers. This replacement factor adds almost another 3,000 job openings to total demand (3,010 new jobs and 2,790 replacement jobs). Most interesting is the fact that the demand for the more skilled “practitioner/technical” jobs is greater than openings for the “support” occupations by about 4,000 to 2,000.

Significant Demand for Health Care Workers through 2016, Especially for the Most Skilled

Occupation	New Jobs	Replacement Jobs	Total Demand
Health Care Practitioners/Technical Occupations	1,760	2,170	3,930
Registered Nurses	820	750	1,570
Physicians and Surgeons	130	170	300
Pharmacy Technicians	110	130	240
Licensed Practical & Licensed Voc Nurses	50	170	220
Dental Hygienists	90	110	200
Veterinary Technologists & Technicians	30	80	110
Medical Records/Health Info Technicians	40	60	100
Pharmacists	40	50	90
Physical Therapists	50	30	80
Surgical Technologists	30	50	80
Opticians, Dispensing	20	60	80
Medical & Clinical Laboratory Technicians	30	40	70
Radiologic Technologists & Technicians	30	40	70
Health Technologists and Technicians, All	40	30	70
Cardiovascular Technologists/Technicians	40	20	60
Respiratory Therapists	30	20	50
Medical/Clinical Laboratory Technologists	10	40	50
Emergency Medical Tech & Paramedics	20	30	50
Health Care Support Occupations	1,250	620	1,870
Home Health Aides	640	170	810
Nursing Aides, Orderlies, & Attendants	180	140	320
Medical Assistants	230	80	310
Dental Assistants	60	70	130
Healthcare Support Workers, All Other	40	70	110
Occupational Therapist Assistants	20	20	40
Massage Therapists	20	20	40
Veterinary Assist & Lab Animal Caretakers	20	20	40
Physical Therapist Assistants	20	10	30
Medical Equipment Preparers	10	20	30
Medical Transcriptionists	10	10	20

Impact of Healthcare Reform Bill Unclear

It is worthy to note that these projections were produced prior to the passage of the Patient Protection and Affordable Care Act, or healthcare reform bill, and understate anticipated job growth in the industry and the demand for healthcare workers. The expenditure of \$900 billion over 10 years and the addition of upwards of 30 million people nationally in 2014 to insurance coverage will have an impact on jobs locally. In addition, there are many provisions (establishment of community health centers, nurse-managed health centers, school-based health clinics, preventive care, etc.) in the law that will affect certain segments of the healthcare industry. Educators and industry representatives are advised to closely monitor studies on potential job growth and the workforce development needs resulting from this law; 2014 is not that far into the future.

Worker Shortage Concerns Reduced for Now

When *Capital Area Health Care: The Jobs Machine* was published, Sparrow Health System and Ingham Regional Medical Center were reporting unfilled job openings in such fields as nursing (150 annually) and in several technician and therapist occupations. Other health care providers indicated shortages of trained personnel as well. At the same time, education and training institutions such as Michigan State University and Lansing Community College were at capacity for health care worker preparation.

The worker recruitment situation is different now. Hiring has definitely slowed in the past two years. In addition, many training programs have expanded in response to the earlier shortages of health care workers and some “supply” issues have eased. Few reports of widespread “unfilled openings” now exist, however, some “hard to recruit” or “hard to fill” positions persist at area hospitals and elsewhere. For area hospitals, these occupations are (with approximate recruitment salaries):

Certified Registered Nurse Anesthetist	\$136,000 -162,240
Occupational Therapists	\$50,000
Physical Therapists	\$64,500
Physical Therapy Assistants	\$35,000
Registered Nurses (RNs)	\$53,000
Respiratory Therapists	\$43,000
Speech-Language Pathologists	\$52,000

Note: Shortage of RNs has eased considerably; some critical care / specialty areas more difficult to recruit as are vacancies for RNs with experience; opportunities for new graduates are currently limited.

The Lansing area economy is recovering during 2010 with job gains from a year earlier now a consistent trend. Many of the same factors driving vigorous health care job growth just a few years ago are still in play: an aging population and advances in new technologies and procedures. Economic expansion is likely to bring a return of significant recruitment difficulties for local health care providers but the exact timing of the return of tight labor markets for the industry is unknown. Even representatives from the industry are unsure when this might happen.

The area is very close to falling under a 10 percent rate of unemployment. Therefore, the job market for health care workers needs to be closely monitored because of widespread worker shortages of recent years. Fortunately, there is a ready pipeline for the industry: applications for enrollment in most health care programs remain high as students deem health care an area of great opportunity. By working together, especially through the Capital Healthcare and Employment Council, industry and education and training providers may be as prepared as possible to address health care worker supply and demand.



Notes/Sources

1. Private industry employment and wage/payroll data are from the Quarterly Census on Employment and Wages (QCEW) from the Michigan Department of Energy, Labor and Economic Growth (DELEG), Bureau of Labor Market Information & Strategic Initiatives and the Bureau of Labor Statistics (BLS).
2. This report uses the North America Industry Classification System (NAICS) codes 621, 622 and 623 to define health care industry. *Capital Area Health Care: the Jobs Machine* used health care and social assistance, adding NAICS 624 to define the industry. The earlier report evaluated employment trends over a long period of time, thus requiring use of the broader industry classification.
3. Average annual earnings by occupation come from the Occupational Employment Statistics program, May 2009. Public workers are included in this survey.
4. The industry and occupational projections are produced by DELEG, Bureau of Labor Market Information & Strategic Initiatives. In both cases, the data are not limited to only the private sector.
5. Insights to current worker supply and demand conditions provided by members of the Capital Healthcare Employment Council (CHEC).



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