

Alaska's Health Care Industry

Employment and costs continue their rapid rise



Health care is an indispensable service, just like running water, electricity, public education, police and fire protection, roads and highways, and other hallmarks of developed nations. Because everyone needs a doctor at some point, it's an industry with a guaranteed customer base.

In 2010, the health care industry accounted for about 9 percent of jobs in Alaska. (See Exhibit 1.) It was the fourth-largest industry, with 31,800 jobs and a payroll of \$1.53 billion.

Alaska's fastest growing industry

During the past 10 years, health care has created more new jobs than any other sector of Alaska's economy. Between 2001 and 2010, the industry added 10,000 jobs, outpacing all other large industries. (See Exhibit 2.)

During the most recent recession, many of Alaska's industries lost jobs or were stagnant. But health care continued to add jobs, proving it was an industry that could withstand a storm of economic uncertainty.

This upward trend is expected to continue. Between 2008 and 2018 — the current 10-year forecast period — health care is forecasted to grow by 26.1 percent and add more than 7,000 jobs. In

How this article counts health care jobs

The health care industry, as defined for this article, includes outpatient health care services (NAICS 621),¹ hospitals (NAICS 622), and nursing and residential care facilities (NAICS 623).

It does not include social assistance (NAICS 624), because large portions of its employment are in occupations outside direct health care. However, social assistance does include employment for behavioral health-related jobs. A recent article discussing social assistance employment in the private sector was published in the March 2011 issue of *Alaska Economic Trends*.

The industry numbers used throughout this article are conservative because they don't include the positions of military personnel who provide health care or the jobs held by the many providers who own their practices and are considered self-employed.

In addition, health care jobs in federal, state, and local governments aren't counted here because they're part of departments or units whose primary activity is something other than health care. For example, a job as a school nurse would be counted as part of the school district under local government education, and a job as a nursing aide at one of the six state-run pioneer homes would be counted under general state government.

Exhibit 8 lists the number of workers employed in health care-related occupations. The data are based on the 2008 to 2018 Alaska Occupations Forecast. Additional data for 2009 employment are available at: <http://labor.alaska.gov/research/occs/alaskaoccs/home.htm>.

¹The North American Industry Classification System is used by business and government to classify establishments according to the type of economic activity (process of production) in Canada, Mexico, and the United States.

contrast, retail trade — the second biggest gainer — is projected to create 3,000 new jobs.

An increasing customer base

An aging population is one of the main reasons for the anticipated job growth in health care, as an increasing population of senior citizens is likely to generate demand for services. As more baby boomers turn 65, Alaska will have more

senior citizens than at any other time in history. (See Exhibit 3.)

In the 2010 Census, Alaska had 54,938 senior citizens. If current projections are accurate, there could be 124,857 people ages 65 and older by 2034. During the last 20-year period, from 1990 to 2010, the senior population grew by roughly 32,000 people. But between 2010 and 2030, this group is expected to increase by 69,000.

Everyone is a potential health care customer, and population growth all but ensures an expanding customer base. Alaska's current population of 710,231 is projected to grow to 862,750 by 2034, an increase of 21 percent.¹

How Alaskans pay for health care

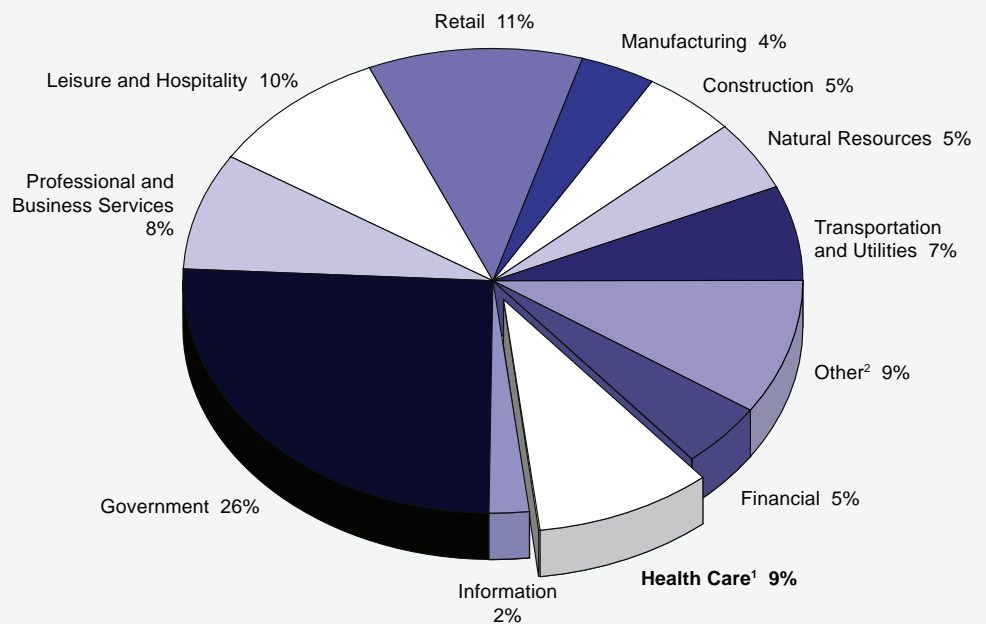
Buying a house or a car typically involves securing a loan and shopping around for the best deal. However, most of us pay for health care as part of a collective rather than paying full price.

The health care industry benefits from a large base of insured customers, and about 81 percent of Alaskans are covered by some type of insurance.² This includes private coverage, veteran and military benefits, Medicare, and Medicaid. That leaves 19 percent of the population classified as uninsured.

Alaska Natives who rely solely on Indian Health Services for their coverage are counted as uninsured by the U.S. Census Bureau — a distinction that isn't entirely accurate. Indian Health Services provides health care to

Nearly One in 10 Jobs is in Health Care **1**

Alaska, 2010



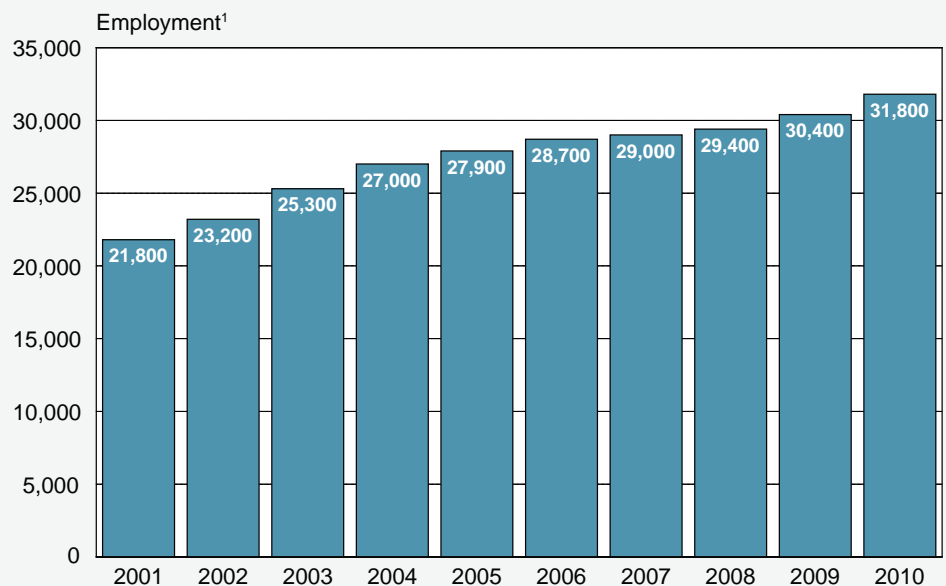
¹Includes private and public sectors

²Includes other services, private education, social assistance, and wholesale trade

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Nine Years of Growth in Health Care **2**

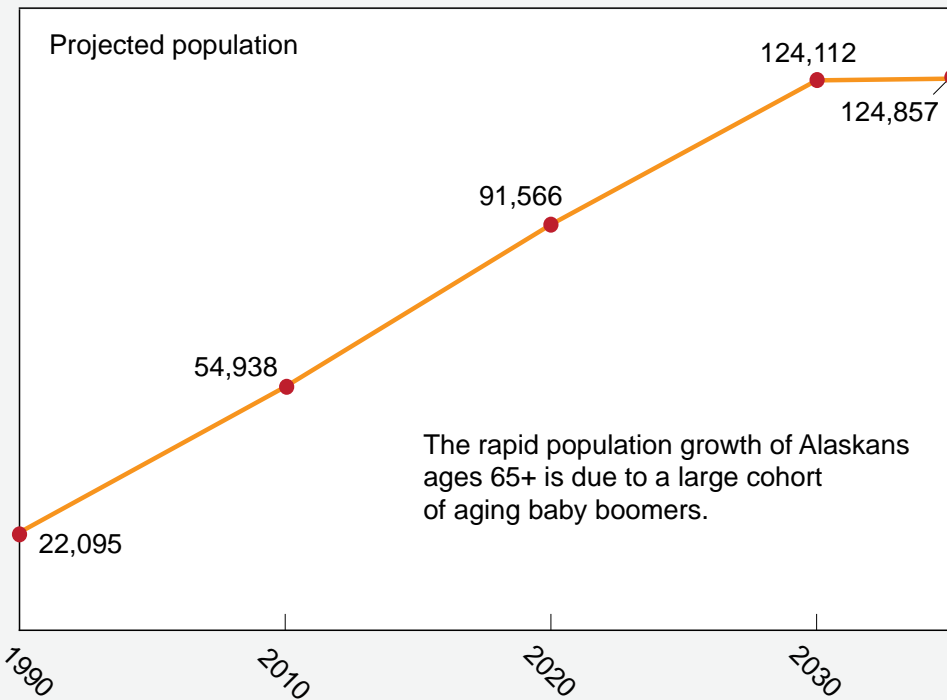
Alaska, 2001 to 2010



¹Employment for public and private sectors, NAICS 621, 622, and 623.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

3 Rapid Growth in Population of Senior Citizens Alaska, 1990 to 2034¹



¹Data for 1990, 2000, and 2010 are from the decennial censuses; 2020, 2030, and 2034 are based on median population projections from Alaska Population Projections, 2010 to 2034.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

all Alaska Natives and their descendants. The Alaska Tribal Health System includes seven hospitals, 36 health centers, and 166 village clinics. In prior years, the Alaska Department of Health and Social Services reported that 21,000 Alaska Natives, who are covered through Indian Health Services, were counted as uninsured.³

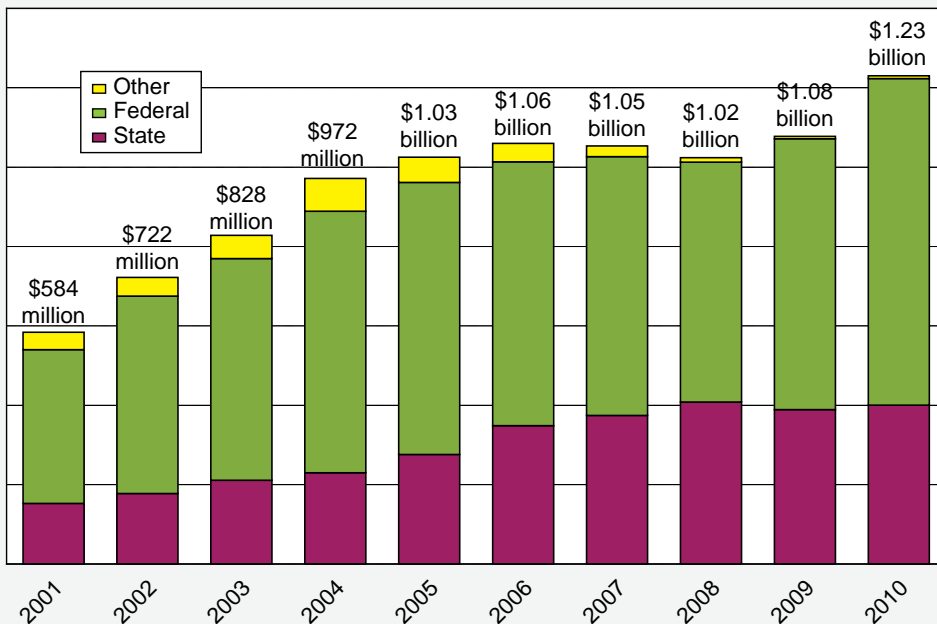
Ultimately, most Alaskans have some shelter from paying out of pocket for health care. Most of us pay just a portion of the actual costs — and that's fortunate, because they're very high.

Medical costs rise faster than any other

The United States is known for having the most expensive health care system in the world. According to data provided by the U.S. Department of Health and Human Services, Alaskans spend more per capita on health care than most other states. The average annual growth rate in spending was 7.3 percent from 1991 to 2004, outpaced by only Maine and Vermont. Per capita spending in 2004 was \$6,450 per person: fifth-highest in the nation.

Rising costs are further documented by the U.S. Bureau of Labor Statistics' Consumer Price Index, which tracks medical costs for Anchorage residents. Anchorage is the only community in Alaska that is surveyed as part of the CPI data, but we know that health care isn't cheaper in other parts of the state.

4 Medicaid Expenditures on the Rise Alaska, 2001 to 2010



Note: Figures are rounded to the nearest million.

Source: Alaska Department of Health and Social Services, FY 2010 Budget Overview

Between 2000 and 2010, medical costs in Anchorage increased by 54 percent, while U.S. prices rose by 49 percent. Going back to 1990 shows Anchorage's medical costs have increased by 160 percent during that 20-year period.

Medical costs have risen more than any other category covered by the CPI. In the same period, food prices increased by 55 percent, energy costs by 127 percent, and housing by 69 percent.

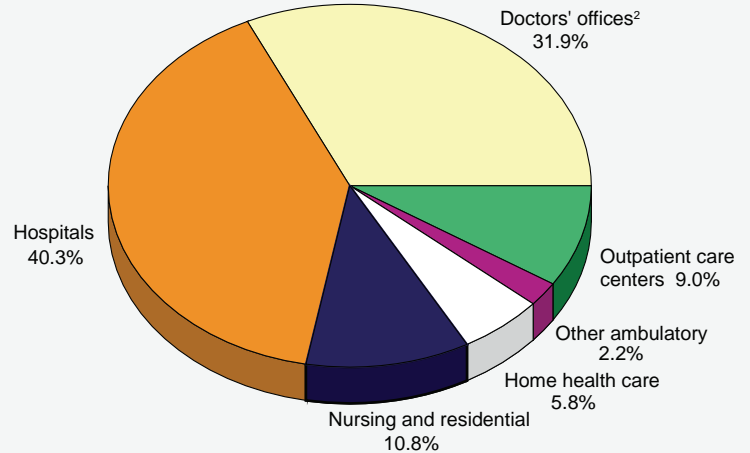
Health care reform uncertain

The Affordable Care Act, passed in March of 2010, changed the landscape of our nation's health care system. The law requires the uninsured to purchase health insurance by 2014.

This mandatory insurance clause hasn't become law yet. However, other key provisions of the law have already taken effect. For example, young adults are now eligible for coverage on their parents' policies

Where Health Care Jobs Are¹ Alaska, 2010

5



¹Includes private and public sectors

²Includes offices of physicians, dentists, and other health care practitioners
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Hospitals are Largest Employers Alaska's private-sector health care, 2010

6

	Average monthly employment ¹
Providence Health & Services*	4,000+
Alaska Native Tribal Health Consortium (ANTHC)*	1,500 to 1,749
Banner Health (mostly Fairbanks Memorial Hospital)*	1,250 to 1,499
Southcentral Foundation*	1,250 to 1,499
Yukon-Kuskokwim Health Corporation*	1,000 to 1,249
Alaska Regional Hospital*	750 to 999
Southeast Alaska Regional Health Consortium (SEARHC)*	750 to 999
Hope Community Resources	750 to 999
Central Peninsula Hospital*	500 to 749
Mat-Su Regional Medical Center*	500 to 749
Alaska Consumer Direct Personal Care	500 to 749
Maniilaq Association*	500 to 749
Bartlett Regional Hospital*	250 to 499
Norton Sound Health Corporation*	250 to 499
Ketchikan General Hospital*	250 to 499

	Average monthly employment ¹
North Star Behavioral Health System*	250 to 499
Bristol Bay Area Health Corporation*	250 to 499
The Arc of Anchorage	250 to 499
South Peninsula Hospital*	250 to 499
Immediate Care	250 to 499
Alaska Specialty Hospital*	150 to 249
Alaska Children's Services	150 to 249
Peninsula Community Health Services	150 to 249
Fairbanks Native Association	150 to 249
Tanana Valley Medical-Surgical Group	150 to 249
Consumer Care Network	150 to 249
Juneau Youth Services	150 to 249
South Peninsula Behavioral Health Services	150 to 249
Sitka Community Hospital*	150 to 249
Alaska Heart Institute	150 to 249
Anchorage Community Mental Health Services	150 to 249

Note: Exhibit does not include federal or state employment.

¹These are employment ranges. However, the ranking is based on the specific employment number, which is not disclosable due to confidentiality restrictions.

*These firms operate a hospital.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

until age 26; previously, they could be taken off at age 19. This provides an additional seven years of health coverage for young adults who might have become uninsured, but who may now create greater demand for health care.

Increased Medicaid spending

The Affordable Care Act also provides for increases in Medicaid spending, which are scheduled to take effect in 2014. Medicaid is only one piece of the government spending pie, but it provides a good example of increasing expenditures for health care-related programs. Between FY 2001 and FY 2010, Alaska expenditures grew from \$584 million to \$1.23 billion. (See Exhibit 4.) Spending is forecasted to increase to \$1.51 billion by 2012.

During fiscal year 2010, 135,086 Alaskans — 19 percent — were enrolled in Medicaid.⁴ This program provides health coverage for low-income people and the disabled, including the elderly and children. The changes planned for 2014 would ease income restrictions, making more people eligible for services. Under the new law, states would receive 100 percent federal funding for the first three years to support expanded coverage, phasing to 90 percent federal dollars in subsequent years.

The Alaska Department of Health and Social Services reported that during FY 2010, the cost for Medicaid’s direct medical benefits was roughly

\$671.8 million. Those dollars paid for hospital visits, prescription drugs, physician services, dental services, and other related expenses. Of those claims, 63.6 percent of payments provided medical services for children.

Hospitals are large employers

Hospitals are the largest employers in Alaska’s health care industry, accounting for 40 percent of health care jobs. They are also among the largest employers in the state. (See Exhibits 5 and 6.) Alaska has 26 licensed hospitals of various sizes in 20 communities.

Hospitals are labor-intensive operations, requiring workers to be present 24 hours a day, seven days per week. In addition to the skilled medical staff, hospitals require a small army of support staff to keep everything running smoothly — these include accountants, housekeepers, security guards, and food service workers.

The economic impact of a hospital goes beyond its walls. For example, Norton Sound Health Corporation, based in Nome, is building a new 144,000-square-foot hospital that is scheduled to open in 2012. The project was partially funded by \$152 million from the American Recovery and Reinvestment Act, and provided about 200 new construction jobs in Nome.⁵

Nome is a regional hub for the surrounding villages, and Norton Sound Health Corporation provides health care for the region. Its Village Health Services program has clinics in 15 surrounding villages, serving 6,000 people.⁶ Hospitals in regional hubs typically provide services to surrounding villages, and this is especially true for Alaska’s seven tribal hospitals. Nome is just one example of numerous projects statewide. Hospitals around Alaska continually expand their facilities and maintain or upgrade their equipment.

Outpatient health care

Outpatient health care services are a second portion of the industry, classified under the term “ambulatory health

7 Employment by Category Alaska, 2010

Industry	2001	2010	Percent change
Outpatient health care services	10,717	15,570	45%
Physicians' offices	4,633	5,907	27%
Dentists' offices	1,838	2,182	19%
Other health care practitioners' offices	1,559	2,056	32%
Outpatient care centers	2,086	2,875	38%
Medical and diagnostic laboratories	99	259	162%
Home health care services ¹	167	1,839	–
Other ambulatory health care services	335	452	35%
Hospitals	9,339	12,838	37%
Nursing and residential care facilities	1,744	3,429	97%
Total	21,800	31,837	46%

Note: Includes private and public sector employment

¹Part of home health care services' growth was due to the reclassification of a larger employer in 2009; which added roughly 393 jobs.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Projected Employment, Wages, and Demographics

Alaska health care occupations, 2008 to 2018



Health Care Practitioners and Technical Occupations	Projected Employment, 2008 to 2018					Wages and Demographics ¹		
	2008	2018	Percent growth	Projected openings	2008 % in health care ²	Average 2010 wage	2009 non-residents	2009 workers ages 50+
Registered Nurses	5,032	6,400	27.2%	2,511	71.8%	\$38.15	16.9%	42.6%
Physicians and Surgeons (Includes Psychiatrists)	957	1,186	23.9%	372	89.2%	\$102.27	21.9%	NA
Licensed Practical Nurses	641	832	29.8%	351	62.4%	\$22.65	20.3%	44.0%
Pharmacy Technicians	532	722	35.7%	274	22.6%	\$18.85	7.1%	13.4%
Pharmacists	361	495	37.1%	229	25.2%	\$56.76	19.8%	34.7%
Radiologic Technologists and Technicians	431	530	23.0%	189	78.9%	\$31.19	12.8%	34.5%
Physician Assistants	378	480	27.0%	177	72.5%	\$44.14	26.7%	41.9%
Health Technologists and Technicians, All Other	389	480	23.4%	170	83.0%	\$24.81	8.3%	NA
Medical and Clinical Laboratory Technicians	288	360	25.0%	168	71.2%	\$21.40	15.0%	26.2%
Health Care Practitioners and Technical Workers, All Other	367	455	24.0%	164	42.0%	\$29.02	5.8%	NA
Medical Records and Health Information Technicians	404	500	23.8%	156	71.3%	\$18.89	8.0%	24.4%
Medical and Clinical Lab Technologists	236	295	25.0%	142	74.6%	\$30.73	13.8%	40.9%
Dental Hygienists	489	575	17.6%	133	96.1%	\$43.62	9.2%	30.8%
EMTs and Paramedics	303	383	26.4%	130	51.8%	\$23.10	10.2%	15.8%
Physical Therapists	338	422	24.9%	118	76.6%	\$44.58	17.7%	23.2%
Health Diagnosing and Treating Practitioners, All Other	212	263	24.1%	107	55.2%	\$42.89	8.2%	NA
Respiratory Therapists	146	195	33.6%	106	73.3%	\$30.64	20.4%	44.2%
Speech-Language Pathologists	172	196	14.0%	72	23.3%	\$41.08	11.3%	43.2%
Occupational Health and Safety Specialists	185	208	12.4%	69	2.2%	\$37.89	24.9%	44.6%
Recreational Therapists	146	164	12.3%	62	75.3%	\$21.96	13.5%	38.8%
Opticians, Dispensing	126	157	24.6%	60	69.0%	\$18.37	13.7%	29.1%
Psychiatric Technicians	207	230	11.1%	59	75.8%	\$15.44	8.6%	30.1%
Dietitians and Nutritionists	118	135	14.4%	57	61.0%	\$28.75	8.8%	28.3%
Occupational Therapists	151	184	21.9%	56	57.0%	\$36.83	17.3%	33.1%
Dentists, General	121	142	17.4%	41	91.7%	\$92.76	19.4%	39.3%
Surgical Technologists	82	105	28.0%	34	98.8%	\$23.80	21.1%	19.4%
Therapists, All Other	67	80	19.4%	26	77.6%	\$35.87	3.7%	NA
Occupational Health and Safety Technicians	74	85	14.9%	25	5.4%	\$36.19	21.6%	18.8%
Athletic Trainers	76	83	9.2%	21	26.3%	NA	8.6%	4.8%

Health Care Support Occupations	Projected Employment, 2008 to 2018					Wages and Demographics ¹		
Occupational title	2008	2018	Percent growth	Projected openings	2008 % in health care ²	Average 2010 wage	2009 non-residents	2009 workers ages 50+
Home Health Aides	1,887	2,780	47.3%	1,214	51.5%	\$14.06	10.2%	28.0%
Health Care Support Workers, All Other	1,936	2,490	28.6%	983	59.0%	\$18.90	8.0%	NA
Nursing Aides, Orderlies, and Attendants	1,999	2,450	22.6%	737	68.3%	\$16.45	6.6%	23.4%
Dental Assistants	959	1,130	17.8%	470	93.0%	\$20.20	9.0%	14.4%
Medical Assistants	828	1,070	29.2%	433	90.3%	\$18.15	6.8%	10.9%
Veterinary Assistants and Laboratory Animal Caretakers	202	240	18.8%	94	0.0%	\$12.70	14.1%	NA
Massage Therapists	184	217	17.9%	82	52.7%	\$41.47	12.2%	19.4%
Medical Transcriptionists	140	155	10.7%	49	82.9%	\$21.22	11.9%	41.7%
Psychiatric Aides	102	111	8.8%	24	19.6%	\$19.15	3.2%	30.4%
Pharmacy Aides	60	69	15.0%	20	35.0%	NA	13.4%	17.1%

Other Health Care Related Occupations	Projected Employment, 2008 to 2018					Wages and Demographics ¹		
Occupational title	2008	2018	Percent growth	Projected openings	2008 % in health care ²	Average 2010 wage	2009 non-residents	2009 workers ages 50+
Medical and Health Services Managers	1,112	1,294	16.4%	399	46.8%	\$40.37	4.8%	44.1%
Clinical, Counseling, and School Psychologists	91	101	11.0%	30	17.6%	\$36.77	18.9%	42.3%
Substance Abuse and Behavioral Disorder Counselors	247	299	21.1%	120	51.0%	\$21.87	13.5%	51.0%
Mental Health Counselors	230	267	16.1%	95	55.2%	\$26.70	13.3%	55.2%
Rehabilitation Counselors	303	349	15.2%	123	9.9%	\$23.17	7.7%	9.9%
Health Educators	175	207	18.3%	68	18.3%	\$20.49	5.0%	33.9%
Health Specialty Teachers, Postsecondary	62	69	11.3%	24	17.7%	NA	5.4%	59.2%
Medical Secretaries	338	400	18.3%	131	88.8%	\$16.99	7.7%	27.2%
Dental Laboratory Technicians	52	61	17.3%	25	46.2%	\$26.34	0.0%	27.8%

Notes: The self-employed are excluded from these wage rate determinations, which may understate wages for some occupations (for example, self-employed physicians). Employment numbers are based on 2008 to 2018 projections. Includes occupations with >50 employment in 2008. NA=Not available. **Occupations in bold are top jobs.** These occupations must: 1) rank in the top two wage quartiles, 2) have projected growth of at least 75 jobs and greater percentage growth than all occupations combined, or 3) be among the 50 occupations with the most projected openings (of those with wages in the top two quartiles). See this article's endnotes for a definition of nonresidency.

¹Average hourly wages are based on 2010 OES wage estimates for Alaska. Nonresidency and age data are from 2009.

²Percentage of health care workers in 2008 includes NAICS 621 Ambulatory health care services, 622 Hospitals, and 623 Nursing and residential care facilities.

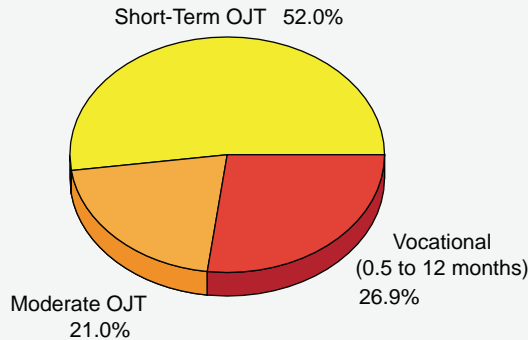
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

9 Training for Future Health Care Jobs¹

By required education level,² Alaska 2018

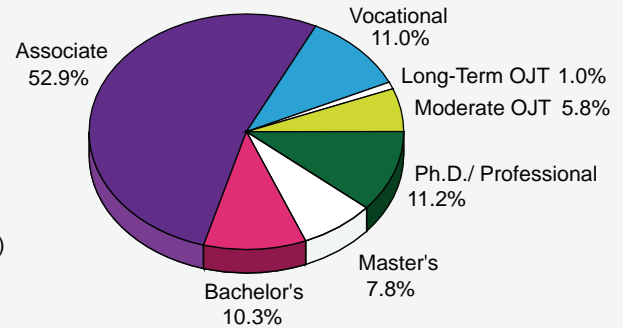
Health Care Support Occupations

Average Annual Wages = \$37,180 (2010)



Health Care Practitioner and Technical Occupations

Average Annual Wages = \$85,900 (2010)



Notes: Percentages do not sum to 100 percent due to rounding. OJT stands for "on-the-job training." Short term OJT is one month or less, moderate OJT is one to 12 months, and long-term OJT is more than a year.

¹Percentages are based on projected total openings in 2018 for health care occupations listed in Exhibit 8.

²Training levels are based on minimum training needed to get the position.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

care services." This sector includes offices for doctors, dentists, chiropractors, optometrists, and other health care practitioners. It also includes home health care providers, outpatient care centers, and medical labs. (See Exhibit 5.)

Home health care service providers have grown rapidly since 2001, and it's a trend that's likely to continue as the senior population increases. (See Exhibit 7.) It's cheaper for the elderly to remain at home than to live in a nursing home or hospital, and many consumers prefer to stay at home as long as they are able.

Nursing, residential care

Employment in nursing and residential care facilities nearly doubled during the last decade, adding roughly 1,600 jobs. Nursing facilities serve mostly the elderly, and residential care facilities include services for the disabled and children. The facilities in this group include a variety of residential and assisted living homes.

The employment numbers are understated for nursing facilities because they don't include employment at Alaska's six pioneer homes. Those state-run facilities are classified as part of state government. As with most of the health care industry, growth is likely to be driven by the

expanding need for services for Alaska's senior citizens.

Occupational outlook

Seventeen of the 20 fastest growing occupations in Alaska are related to health care, according to the most recent occupation forecast that covers the period between 2008 and 2018. Occupations are grouped into categories based on their similarities. The two main groups for health care are health care practitioner and technical occupations, and health care support occupations. (See Exhibit 8.) Data are also provided for a handful of other health care occupations that fall outside the two main groups.

Health care support occupations

Employment in health care support occupations is projected to grow 29.1 percent by 2018 — nearly three times faster than the growth rate of 10.5 percent for all occupations.⁷

Health care support occupations pay less, but also require less training. In most cases, training is less than one year to obtain employment, with most occupations requiring on-the-job or vocational training. (See Exhibit 9.) Average wages

for most of these occupations are less than \$17 per hour.

Employment for home health aides is expected to grow 47.3 percent between 2008 and 2018, adding roughly 890 jobs. With the anticipated expansion of the home health industry, this is the fastest growing occupation in the state.

Health care practitioners

In 2008, more than 13,000 people held these highly skilled jobs, many of which require a professional license: nurses, doctors, pharmacists, dentists, physician assistants, chiropractors, and dental hygienists. The occupations not licensed in Alaska usually require professional certification from a national organization. These jobs take longer to prepare for, but workers are rewarded with higher wages. The average annual wage in this occupational group is \$85,000.

Registered nurses accounted for most of the workers in this group, with 5,032 employed in 2008.⁸ The forecasted growth rate of 27.2 percent means employment could reach 6,400 by 2018.

In 2009, about 17 percent of Alaska's nurses were nonresidents, and this suggests employers have difficulty recruiting in-state workers. Also, 42 percent of Alaska's registered nurses are past age 50, so many will retire or leave the occupation over the next 15 years. (See Exhibit 8.)

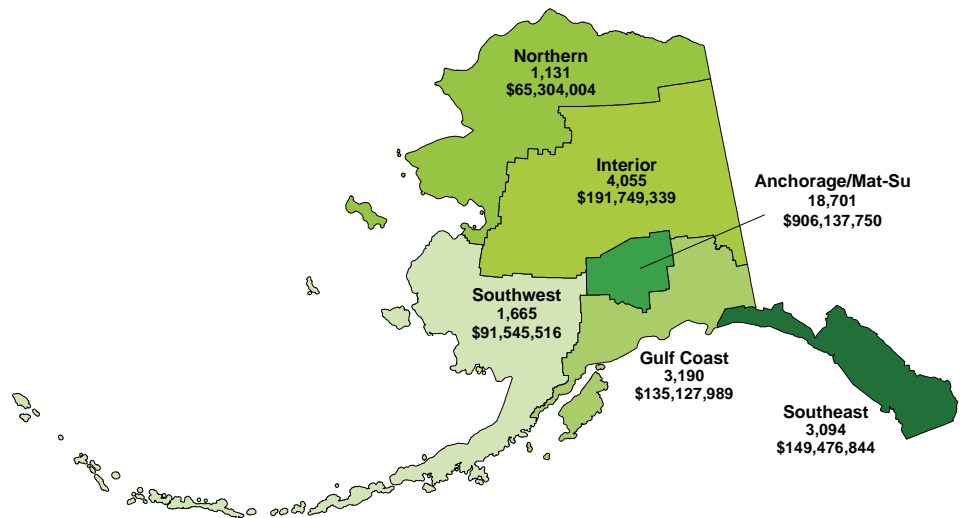
Nonresident hire

In 2009, just 10.9 percent of workers in the health care industry were nonresidents,⁹ and that rate has held steady over the past decade. The nonresidency rate is low in comparison to other industries. However, the numbers are based on all types of health care workers — as in most industries, skilled workers are more difficult to find.

Health Care's Employment and Total Wages

By economic region, Alaska 2010

10



Note: Average annual employment

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Overall, about 15 percent of workers in health care practitioner and technical occupations are nonresidents, but many individual occupations' rates are higher. This means there are many job opportunities available for local workers who have the right training.

The rate of nonresidency is highest for licensed physicians. Obstetricians and gynecologists were from out of state at a rate of 39.3 percent, internists at 32.3 percent, and family and general practitioners at 24.4 percent. Health care planners have known about the shortage of primary care physicians for a while, and the search isn't expected to get easier. The shortage of skilled candidates is a nationwide problem.

A stable producer of jobs

Health care has been a boon to overall job growth in the state, and is an important economic contributor in every region. (See Exhibit 10.) The industry created 10,000 new jobs during the last 10 years, with work available at nearly every educational level and in every part of the state. Expanding facilities and increasing demand make the industry a continued excellent choice for those seeking career opportunities.

Notes

¹This number is based on the middle or median range for projected population growth.

²Data are based on a two-year average of the U.S. Census Bureau's Current Population Survey. See statehealthfacts.org.

³This figure is based on 2005 to 2007 data from the Census Bureau's Current Population Survey, and is not directly comparable to current data.

⁴According to the Alaska Department of Health and Social Services, based on projected enrollment from fiscal year 2010.

⁵Source: Anchorage Daily News, "Stimulus funds aid new Nome Hospital," Feb. 24, 2009

⁶Source: Norton Sound Health Corporation's 2009 Annual Report

⁷Occupational forecasts are not directly comparable to industry forecasts. Occupational forecasts are based on projected growth across all industries, including those outside health care.

⁸Data include registered nurses and advanced nurse practitioners.

⁹Residency is calculated by matching workers reported by Alaska employers with the two most recent Alaska Permanent Fund dividend files (2009 and 2010). If workers applied for a dividend in 2009 or 2010, they are considered residents in this report. Occupational data for nonresident workers are available at: <http://labor.alaska.gov/research/reshire/reshire.htm>.