

It's one big dynamic industry

There are few industries in Alaska as large or that have grown as much as health care. It has a presence nearly everywhere in the state and includes a broad spectrum of occupations, ranging from surgeons to home health aides. The industry employs more people in Alaska than the federal government, state government, oil industry or most other industries. The industry had at least 29,000 jobs¹ in 2007 and its payroll was about \$1.2 billion. (See Exhibit 1.)

The University of Alaska Anchorage estimates that health care spending in the state tops \$5 billion – nearly one-sixth the value of everything

¹ See "What's Counted and What's Not" box on Page 6.

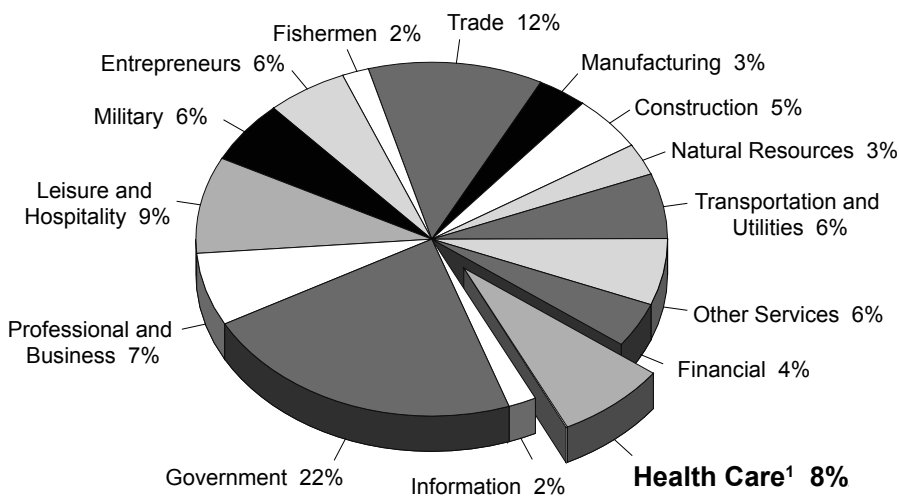
produced in Alaska's economy – and that health care spending could double again by 2013.²

Per capita health care spending in Alaska in 2005 was \$6,450 – about \$1,200 above the national average, according to the Kaiser Family Foundation.

It's a top performer

Nearly as impressive as the sheer size of the state's health care industry is the lightning speed at which it grows. The number of wage and salary jobs in the industry increased 40 percent between 2000 and 2007, from 20,700 jobs to 29,000. (See Exhibit 2.)

1 Health Care – One of Biggest Players Alaska's labor market, 2006



¹ Includes the private and public sectors
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

There's also the omnipresent nature to Alaska's health care employment. Slightly more than half the industry's employment is in Anchorage, but nearly every corner of the state has a health care work force (see Exhibits 3 and 4) and health care is often a community's largest or second-largest employer. Examples include the Yukon-Kuskokwim Health Corporation in Bethel, Norton Sound Health Corporation in Nome, Banner Health in Fairbanks and Mat-Su Regional Medical Center between Palmer and Wasilla. Thirteen of the 100 largest private-sector employers in the state are health care providers.

² According to the University of Alaska Anchorage's Institute of Social and Economic Research, or ISER (All references to the university in this article are specifically to ISER.)

The state's health care employment has grown more than three times as fast as all other industries since 2000 – health care's 40 percent versus 13 percent for all other industries. That rapid growth didn't just begin during the past decade – it's been the case for more than three decades. During Alaska's worst recession from 1986 to 1988, when the economy lost 20,000 jobs, health care employment growth stalled for only a year and then resumed its impressive upward trend.

And not only has health care employment grown considerably faster than the state's overall employment, it has also increased five times as fast as the state's population and more than twice as fast as the nation's health care sector. (See Exhibit 5.)

What makes health care different

One unique feature of health care is that it doesn't fit the classic supply and demand model that most industries follow. It's often viewed as something absolutely necessary. When people break their arm or have chest pains, they go to the doctor; it's not like choosing to buy an iPod or going out to dinner.

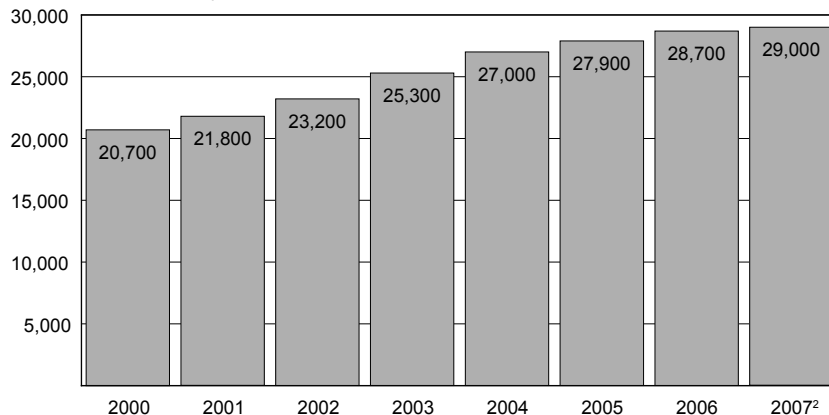
In a similar vein, the way health care services are paid for is very different from typical consumer goods. Third-party payers usually pay for health care services, and since the consumer rarely pays directly for the services, cost is often not a key consideration.

According to a University of Alaska Anchorage study, employers pay 39 percent of health care's

Health Care Keeps Marching Forward¹ Alaska health care employment, 2000 to 2007

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Health Care Employment



¹ Includes the private and public sectors

² Preliminary

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

Jobs in the Health Care Industry¹ Alaska, 2006

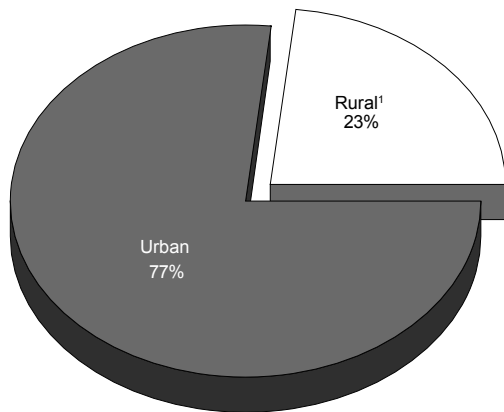
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	Number of Health Care Jobs	Number of Health Care Jobs
Statewide	28,657	
Aleutians East Borough	43	Matanuska-Susitna Borough
Aleutians West Census Area	95	Nome Census Area
Anchorage, Municipality of	14,900	North Slope Borough
Bethel Census Area	1,148	Northwest Arctic Borough
Bristol Bay Borough	5	Prince of Wales Census Area
Denali Borough	7	Sitka Borough
Dillingham Census Area	380	Skagway-Hoonah-Angoon Census Area
Fairbanks North Star Borough	3,468	Southeast Fairbanks Census Area
Haines Borough	88	Valdez-Cordova Census Area
Juneau Borough	1,291	Wade Hampton Census Area
Kenai Peninsula Borough	1,929	Wrangell-Petersburg Census Area
Ketchikan-Gateway Borough	491	Yakutat Borough
Kodiak Island Borough	454	Yukon-Koyukuk Census Area
Lake and Peninsula Borough	0	

¹ Includes the private and public sectors

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

4 Many Work in Rural Alaska Health care workers in Alaska, 2006



bills, government pays 42 percent and individuals pick up the remainder.

The delivery of health care is also different from most other services. A combination of private for-profit, private nonprofit and public providers deliver health care services, giving the industry its unique character. (See Exhibit 6.)

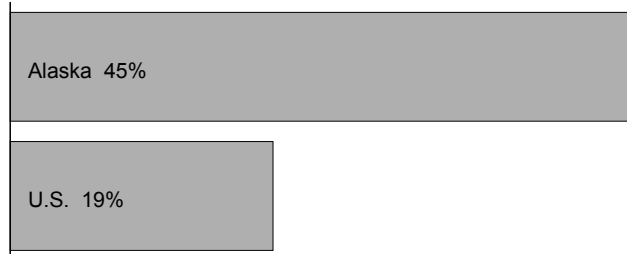
Reasons for health care's growth

There's no simple explanation for the faster-than-average growth or why Alaska's health care employment is growing so much faster than the nation's.

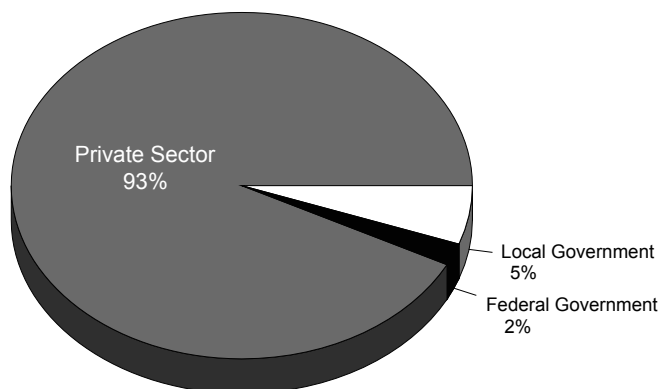
Supply and demand does help explain some of the spectacular employment increases. Tech-

5 Growing Faster than the Nation's Alaska's health care employment, 2000 to 2007

Growth in Health Care Employment, 2000 to 2007



6 Most is in the Private Sector Alaska's health care employment,¹ 2006



What's Counted and What's Not

The industry numbers used throughout this article are conservative because they don't include the jobs held by uniformed personnel who provide health care to the military population or the jobs held by the many health care providers who own their practices and are considered self-employed. In addition, there are health care jobs in the federal, state and local governments that 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 an aide at one of the state-run Pioneer Homes would be counted under general state government.

The occupational data does capture all jobs in health care occupations, with the exception of those in the military. (See Exhibits 16, 17 and 18.)

Footnote for Exhibit 4:

¹ Rural excludes the Municipality of Anchorage, and the Fairbanks North Star, Juneau, Mat-Su and Kenai Peninsula boroughs.

Footnote for Exhibit 6:

¹ For an explanation of why state government isn't shown, see the box above.

Source for Exhibits 4 and 6: Alaska Department of Labor and Workforce Development, Research and Analysis Section
Sources for Exhibit 5: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and the U.S. Department of Labor, Bureau of Labor Statistics

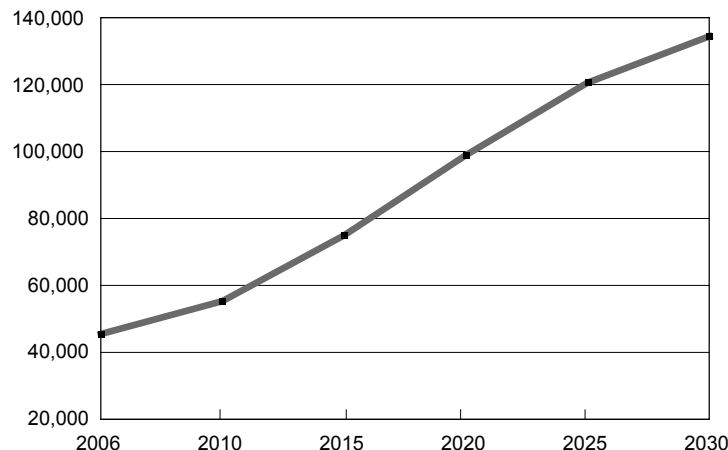
nological changes are boosting the demand for health care services, and the number of medical procedures continues to grow as medicine advances.

Demographics has been and will continue to be a major contributor to the growth of Alaska's health care employment, particularly as Alaska's population continues to age. Although only 6.8 percent of Alaskans are older than 65 (compared to the nation's 12.4 percent), the state's 65-plus population grew by 50 percent between 1996 and 2006, and according to the most recent projections, it will double by 2020 and nearly triple by 2030. (See Exhibit 7.)

Because Alaska's senior population is growing faster than their national cohorts, Alaska's health care employment is also growing faster and may continue to do so in the future. The state's Medicaid program now spends 42 percent of its funds on children and 22 percent for seniors. Medicaid planners expect 45 percent of the program's budget to go toward seniors by 2025, with a near-tripling in the number of senior recipients, from the current 43,000 to 124,000. That's a growth in spending from the current \$975 million to \$4.7 billion in 2025.

Projected Growth for 65-Plus Group Alaska, 2006 to 2030 **7**

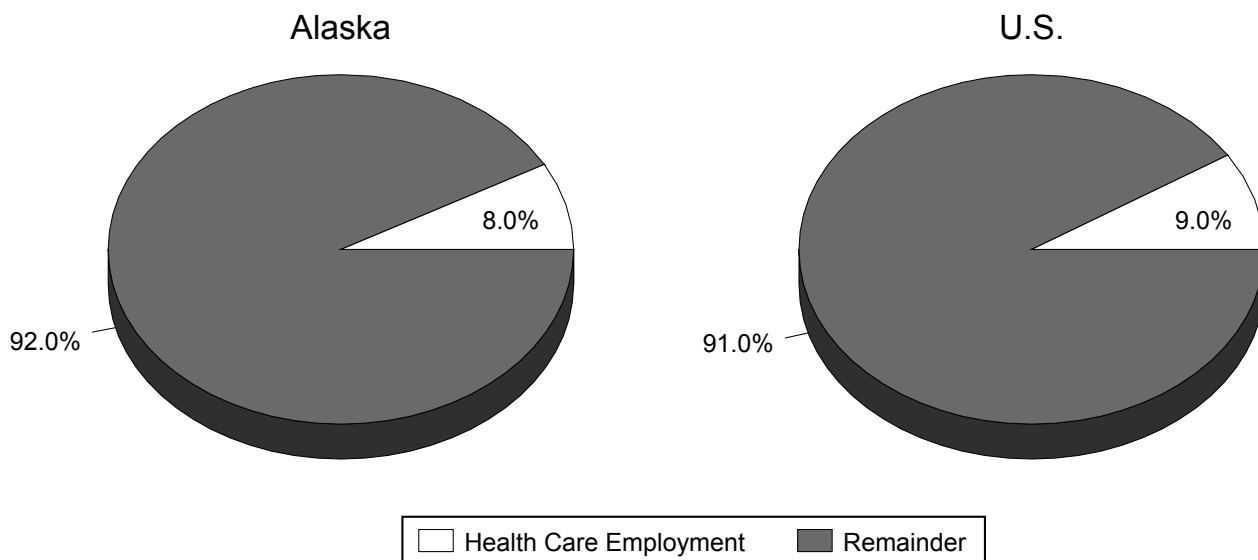
Alaska's 65-Plus Population



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

As Alaska Gets Closer to National Norms, Growth May Slow **8**

Health care employment in Alaska and the U.S., 2006



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

9 Top 25 Health Care Employers¹ Alaska, 2006

	Employment in 2006
Providence Health System	3,991
Alaska Native Tribal Health Consortium (ANTHC)	1,332
Banner Health (mostly Fairbanks Memorial Hospital)	1,314
Yukon-Kuskokwim Health Corporation	1,292
Southcentral Foundation	1,163
SouthEast Alaska Regional Health Consortium (SEARHC)	826
Alaska Regional Hospital	796
Mat-Su Regional Medical Center	620
Maniilaq Association	555
Norton Sound Health Corporation	478
Central Peninsula General Hospital	474
Alaska Consumer Direct Personal Care	439
Immediate Care	428
Bartlett Regional Hospital	423
Ketchikan General Hospital	369
Bristol Bay Area Health Corporation	355
North Star Behavioral Health System	301
Tanana Valley Medical Surgical Group	267
South Peninsula Hospital	261
Anchorage Community Health Services	192
Caridad Home Care	171
Alaska Heart Institute	153
Cornerstone Health Corporation	150
South Peninsula Behavioral Health Services	148
Fairbanks Community Health Services	142

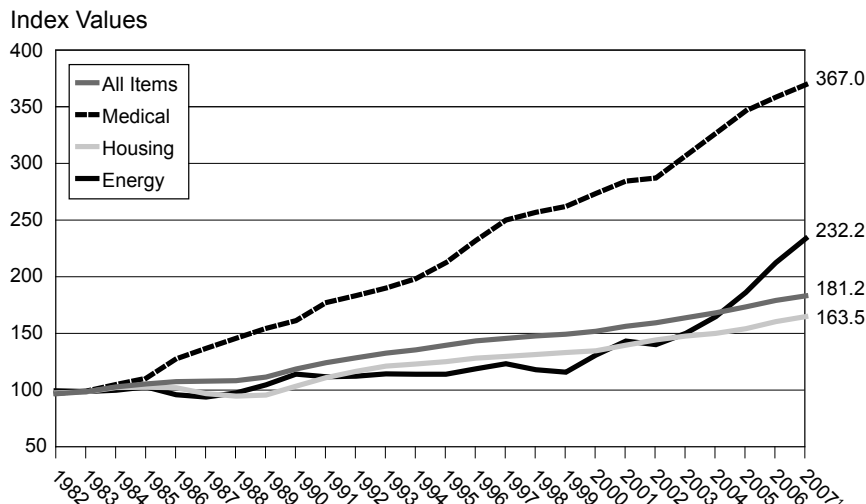
¹ Includes the private and public sectors
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Another explanation for Alaska's more rapid growth is tied to the phenomenon economists call "import substitution," which means an increasing share of Alaska's health care needs are met locally instead of people having to go out-of-state for treatment. As the state's health care industry grows, more health care choices exist and more health care money is spent in Alaska – all causing the industry to expand further.

One example of Alaska "catching up" with the rest of the nation: In 1990, health care represented 4 percent of Alaska's wage and salary employment versus 7 percent for the United States as a whole. By 2006, that difference had nearly disappeared. (See Exhibit 8.)

Another boost to growth in health care employment came with the dramatic expansion of Anchorage's Alaska Native Medical Center since the late 1990s. Two nonprofits own, manage and provide health care at the medical center, the Alaska Native Tribal Health Consortium and Southcentral Foundation. Their combined private work force grew from 1,056 in 2000 to 2,495 in 2006.³ The ANTHC and Southcentral are now the second- and fifth-largest health care providers in the state, respectively, and the state's 11th and the 16th largest overall private-sector employers. (See Exhibit 9.)

10 Health Care Costs Keep Growing Anchorage Consumer Price Index,¹ 1982 to 2007



¹ For selected components only
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Growth slows and limits to growth exist

During the past two years, gains in Alaska's health care employment have slowed. In fact, employment in 2007 budgeted little. That could be a sign that much of the "catching up" is over and future growth might begin to more closely resemble the nation's.

There are other things that might slow potential growth as well. One certainly is cost. Like elsewhere in the United States, health care costs continue to increase. (See Exhibit 10.) According to the University of

³ The numbers don't include ANTHC's or Southcentral's federal employees, which were 521 and 126, respectively, in 2006.

Alaska Anchorage, health care costs in Alaska run about 25 percent above the nation's.

Another potential limit for Alaska's health care employment is the availability of state and federal public funds. Since public funding plays such an important role in Alaska's health care industry, periods of budget restraint could curtail growth. The anticipated loss of federal dollars flowing into the state could already be in play.

Hospitals employ many

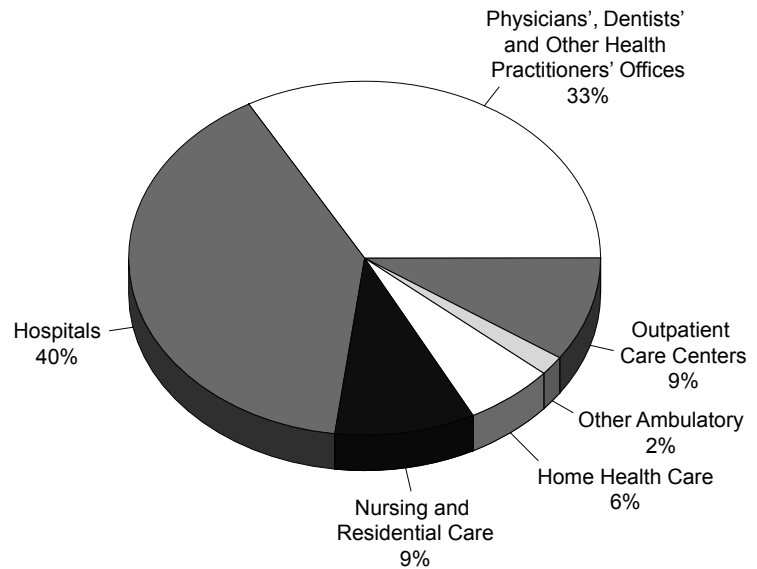
When it comes to the heavyweights in health care employment, hospitals do a lot of the heavy lifting. In 2006, hospitals were responsible for 40 percent of all health care employment in the state. (See Exhibit 11.)

Roughly 18 percent of Alaska's hospital jobs are in government – most are at local public hospitals or the Alaska Native Medical Center. About \$1.5 billion, or 52 percent of all health care receipts in Alaska, went to hospitals in 2002, according to the 2002 U.S. Economic Census.⁴

Hospitals are such big employers because they're labor-intensive and provide around-the-clock care; three shifts of workers cycle through the hospitals each day. For example, Providence Hospital has been Alaska's single-largest private-sector employer since 2001. Five of the 100 largest private-sector employers in the state in 2006 were hospitals. If public-sector hospitals were included, they too would often be one of the top employers in their communities.

Over the past decade, Alaska's hospital employment has

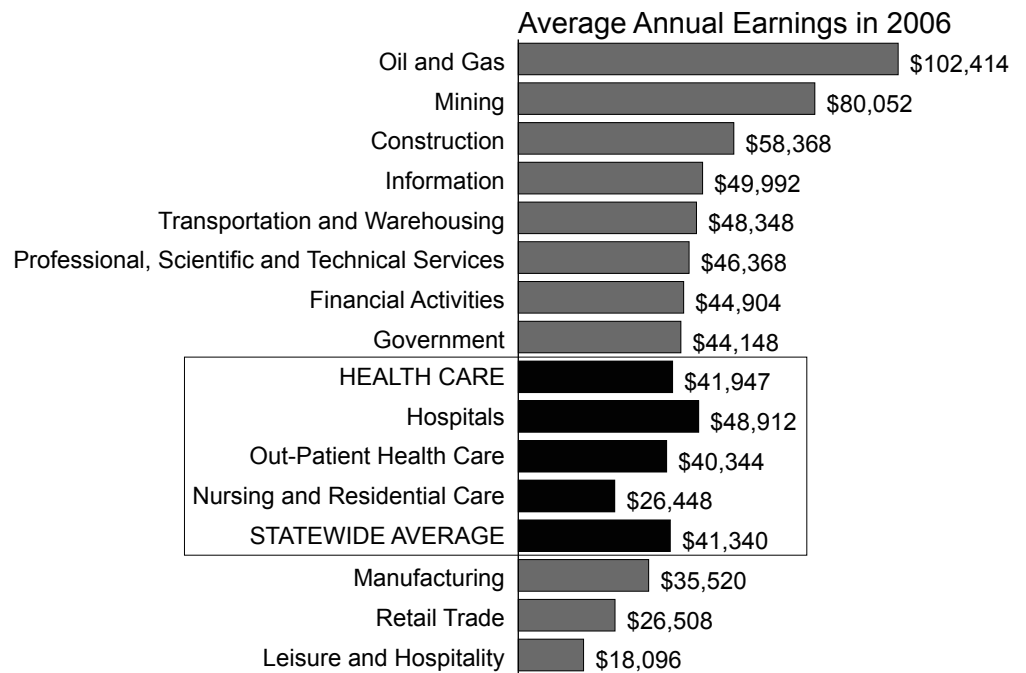
Alaska's Health Care Jobs¹ **11** Where they are, 2006



¹ Includes the private and public sectors

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

How Health Care Stacks Up **12** Average annual earnings in Alaska, 2006



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

⁴ The most recent data available

13 Health Care Employment

By category, Alaska 2000 to 2007

Category	Employment in 2000	Employment in 2007 ¹	Percentage Change from 2000 to 2007
Physicians' offices	4,298	5,599	30%
Dentists' offices	1,818	2,097	15%
Other health practitioners' offices	1,365	1,812	33%
Outpatient care centers	1,964	2,701	38%
Medical and diagnostic laboratories	109	218	100%
Home health care services	147	1,724 ²	1,073%
Other ambulatory health	308	367	19%
Hospitals	9,053	11,709	29%
Nursing and residential care	1,637	2,778	70%

¹ Includes the first half of 2007 only

² Part of home health care services' growth in 2007 is because a large employer was reclassified; roughly 350 of the 1,724 is a result of that adjustment.

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

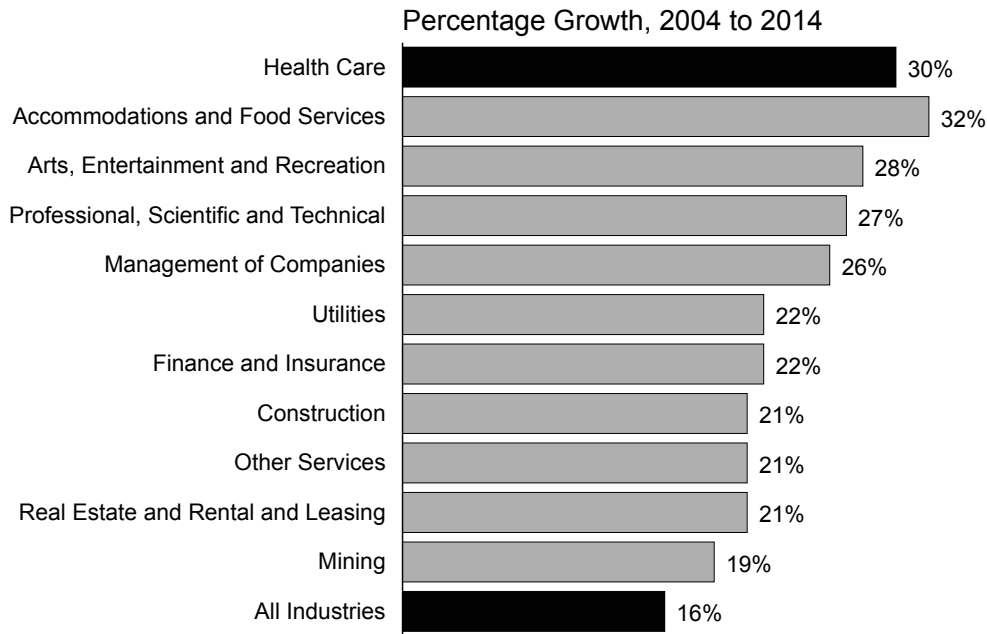
grown considerably faster than the rest of health care. However, the role of hospitals and other health care providers has become increasingly blurred. The traditional hospital model hardly exists today, when an increasing share of hospital activity includes outpatient care, and hospitals are branching out, opening day clinics and other health care facilities not often associated with hospitals of the past. The average earnings of people who work in hospitals also tend to be higher than they are for workers in most other health care services. (See Exhibit 12.)

A third of health care jobs are in the offices of doctors, dentists or other health care providers

Combined, roughly a third of all health care jobs in Alaska are in doctors', dentists' or other health care practitioners' offices. Employment in doctors' offices grew by 30 percent from 2000 to 2007. (See Exhibit 13.)

14 Alaska's Fastest-Growing Industries

A 10-year industry forecast, 2004 to 2014



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

The recent profusion of outpatient care might explain some of the growth. And like hospitals, doctors' offices sometimes look very different from the past. Some offices look more like hospitals minus the inpatient care. Dentist office employment has increased more moderately than the overall average.

Although employment in the "other health care practitioners" category represents only 6 percent of all health care employment, it has grown by a third in the last seven years. The reasons why aren't entirely clear. Employers included in the other health care practitioners category are the offices of chiropractors, optometrists, naturopaths, nonphysician mental health practitioners, and physical, occupational and speech therapists.

Big growth in home health, nursing and residential care

Both home health care, and nursing and residential care employment have grown faster than average. Both categories grew dramatically after 2000, but in more recent years their expansion has been more moderate. Part of the slow-down is due to changes in the way health care is delivered and changing demographics.

Nationally, nursing and residential care represents a much bigger piece of health care services employment compared to Alaska. Many of the residential facilities in Alaska are run by the state, such as the six Alaska Pioneer Homes, so, as mentioned earlier, that employment is captured in state government and not health care. Other facilities such as the Providence Extended Care Center in Anchorage and Denali Center in Fairbanks are connected to hospitals and are therefore counted under hospital employment; hospitals with adjoining residential facilities are quite common around the state.

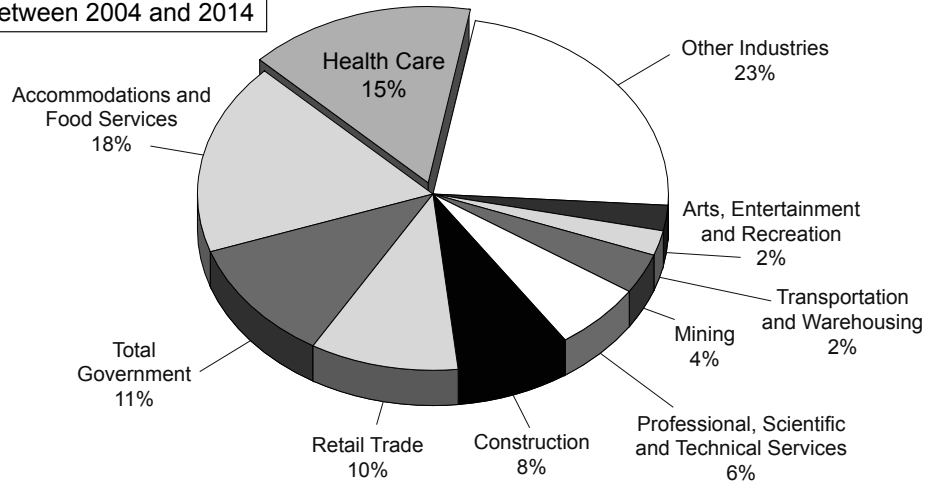
Because Alaska's older population is growing rapidly, home health, and nursing and residential care will likely grow faster in the future and absorb a growing slice of the health care service pie – particularly home health care. Now, though, there's also some movement away from institutional care with a growing shift to in-home care.

All told, it's important to understand that it's becoming more difficult to categorize health care providers as easily as in the past. Traditional definitions often don't apply due to the blending of roles that many health care providers are playing today. Some hospitals provide nearly all varieties of care and some doctors' offices offer a wide variety of outpatient care. In addition, in many cases the different providers work in such close partnership that it's often difficult to distinguish between them.

Health Care: A Big Contributor to New Jobs Alaska, 2004 to 2014

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An estimated 48,250 new jobs will be created between 2004 and 2014



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

Fastest-Growing Occupations Alaska, 2004 to 2014

16

Occupations	Percentage Growth, 2004 to 2014
Home health aides	60%
Securities, commodities and financial services sales agents	59%
Personal and home care aides	52%
Computer software engineers, applications	48%
Bartenders	42%
Health, and safety engineers, except mining safety engineers	41%
Crushing, grinding and polishing machine setters, operators	40%
Emergency medical technicians and paramedics	38%
Mental health and substance abuse social workers	36%
Medical assistants	36%

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

17 The Occupational Forecast

Alaska, 2004 to 2014

Health Care Occupations	2004	2014	Numeric Change from 2004 to 2014	Percentage Change from 2004 to 2014	Total Openings, 2004 to 2014
Medical and health services managers	623	742	119	19.1%	240
Substance abuse and behavioral disorder counselors	392	484	92	23.5%	180
Mental health counselors	256	338	82	32.0%	140
Child, family and school social workers	1,092	1,349	257	23.5%	440
Mental health and substance abuse social workers	384	523	139	36.2%	210
Social workers, all other	354	437	83	23.5%	150
Health educators	294	352	58	19.7%	110
Social and human service assistants	921	1,240	319	34.6%	480
Optometrists	101	99	-2	-2.0%	30
Pharmacists	363	457	94	25.9%	160
Physicians and surgeons	796	925	129	16.2%	240
Physician assistants	194	248	54	27.8%	80
Registered nurses	4,902	6,432	1,530	31.2%	2,560
Occupational therapists	215	256	41	19.1%	70
Physical therapists	309	385	76	24.6%	110
Recreational therapists	135	165	30	22.2%	60
Respiratory therapists	180	233	53	29.4%	110
Speech-language pathologists	269	276	7	2.6%	70
Health diagnosing and treating practitioners, all other	123	141	18	14.6%	50
Medical and clinical laboratory technologists	200	245	45	22.5%	100
Medical and clinical laboratory technicians	169	205	36	21.3%	80
Radiologic technologists and technicians	328	412	84	25.6%	150
Emergency medical technicians and paramedics	230	317	87	37.8%	110
Pharmacy technicians	431	543	112	26.0%	170
Licensed practical and licensed vocational nurses	507	567	60	11.8%	170
Health technologists and technicians, all other	327	414	87	26.6%	150
Occupational health and safety specialists	206	231	25	12.1%	70
Healthcare practitioners and technical workers, all other	384	481	97	25.3%	170
Home health aides	1,603	2,568	965	60.2%	1,180
Nursing aides, orderlies and attendants	1,853	2,409	556	30.0%	800
Dental assistants	713	967	254	35.6%	450
Medical assistants	547	742	195	35.7%	300
Medical transcriptionists	176	213	37	21.0%	70
Healthcare support workers, all other	647	798	151	23.3%	270

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

Outlook for strong occupational growth

Given the current size of the health care industry and its outlook for growth, it will likely continue to be one of the dominant players for new occupational opportunities in Alaska's economy.

For all Alaska's employment sectors, employment is projected to increase by 16 percent between 2004 and 2014. Yet employment for health-care related occupations is projected to increase by 30 percent or nearly twice as fast as the rest of the work force during that time period (see Exhibit 14) and 15 percent of all new jobs created in the state's economy will come from health care. (See Exhibit 15.)

Another example of health care's dominance is its presence on the list of the fastest-growing occupations. Five of the 10 fastest-growing occupa-

tions are health care-related occupations. (See Exhibit 16.) The fastest-growing group includes home health aides, emergency medical technicians, paramedics, medical assistants and dental assistants.

In addition to growth, job openings come from the replacement of workers as they retire, change careers or leave the job market altogether. In the health care practitioner and technical category, an estimated 43 percent of future openings will be to replace workers.

Wages for Health Care Jobs **18**

Alaska, 2006

Retirement plays a big role in occupations that require extended training, such as with registered nurses and licensed practical nurses, where an estimated 40 percent in 2006 were age 50 or older compared to 24 percent for the overall work force.

Vacancies in health care are legendary. Ten percent of the state's health care jobs are now vacant, according to an Alaska Center for Rural Health⁵ survey released in August. Vacancies in several positions are more than 30 percent and some rural regions have overall vacancies as high as 20 percent, the survey said. Although filling those positions is a huge challenge for health care providers, they represent job opportunities for Alaskans around the state.

Earnings all over the map

In only a few other industries do wages vary as dramatically as in health care, an industry that has some of the lowest and highest wages in the work force. Similarly, health care jobs require a wide spectrum of education and training. In Alaska in 2005, for example, the average annual wage for healthcare practitioners and technical workers was \$66,847; for less skilled healthcare support occupations, wages averaged \$30,424.

Alaska's overall average annual earnings for health care in 2006 came in slightly above all industries. (See Exhibit 12.) That earnings figure, however, is conservative. Many doctors – the highest paid professionals – are often not included because, as mentioned earlier, many of them are self-employed. The lowest wages were for home health aides, one of the largest and fastest-growing occupations. Aside from doctors' wages, the highest wages were for pharmacists and physician assistants,⁶ both occupations that require extensive education. (See Exhibit 18.)

Selected Health Care Occupations	Average Hourly Wage	Median Hourly Wage ¹
Audiologists	\$41.60	\$43.40
Cardiovascular technologists and technicians	\$26.43	\$29.82
Dental assistants	\$18.12	\$17.66
Dental hygienists	\$39.15	\$40.74
Diagnostic medical sonographers	\$35.73	\$36.41
Dietitians and nutritionists	\$27.35	\$26.65
Emergency medical technicians and paramedics	\$22.58	\$21.64
Home health aides	\$12.12	\$12.11
Licensed practical and licensed vocational nurses	\$20.90	\$20.76
Medical and clinical laboratory technicians	\$21.83	\$20.67
Medical and clinical laboratory technologists	\$29.23	\$29.58
Medical assistants	\$15.48	\$15.27
Medical equipment preparers	\$15.62	\$15.56
Medical records and health information technicians	\$15.79	\$15.28
Medical transcriptionists	\$18.46	\$18.16
Nursing aides, orderlies and attendants	\$14.74	\$14.36
Occupational health and safety specialists	\$38.32	\$37.61
Occupational therapists	\$31.44	\$30.82
Opticians, dispensing	\$18.04	\$16.93
Optometrists	\$66.39	\$66.21
Pharmacists	\$48.70	\$50.77
Pharmacy aides	\$14.99	\$14.21
Pharmacy technicians	\$16.16	\$16.23
Physical therapist assistants	\$18.53	\$18.99
Physical therapists	\$38.61	\$34.05
Physician assistants	\$41.57	\$41.41
Psychiatric aides	\$16.74	\$16.27
Radiologic technologists and technicians	\$27.98	\$27.63
Registered nurses	\$31.17	\$30.41
Respiratory therapists	\$27.86	\$27.55
Surgical technologists	\$22.96	\$22.23

¹ The median wage for an occupation is the "middle" wage when all the wages of the workers in that occupation are arranged from smallest to largest. Half the workers in that occupation make less than the median, while the other half make more.

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

⁵ The Alaska Center for Rural Health, created in 1987, is housed within the University of Alaska Anchorage's School of Nursing. It was federally designated in 2005 as Alaska's Area Health Education Center.

⁶ Dentists, typically high wage earners, aren't included here due to data limitations.