

A large industry that just keeps growing

No Alaska industry has grown as much as health care, one of the state's largest industries. (See Exhibit 1.) It had at least 30,000 jobs in 2008 and its payroll was more than \$1.4 billion.¹ Health care employs more people in Alaska than the state government, oil industry or most other industries. And few industries are as geographically widespread and employ such a broad spectrum of occupations.

Often No. 1

Alaska's health care jobs are everywhere. Slightly more than half of the industry's employment is in Anchorage, but nearly every corner of the state has a health care work force. (See Exhibits 2 and 3.) In fact, health care is often a commu-

nity's largest or second-largest employer. (See Exhibit 4.)

The Providence Alaska Medical Center, for example, is the largest private-sector employer in Anchorage, and the Bristol Bay Area Health Corporation and Yukon-Kuskokwim Health Corporation are the largest in Dillingham and Bethel, respectively. Twelve of the state's 100 largest private-sector employers are health care providers. Health care's labor-intensive nature and the fact that many health care providers are providing services around the clock explain their large staffs.

Health care leaves most other industries in the dust

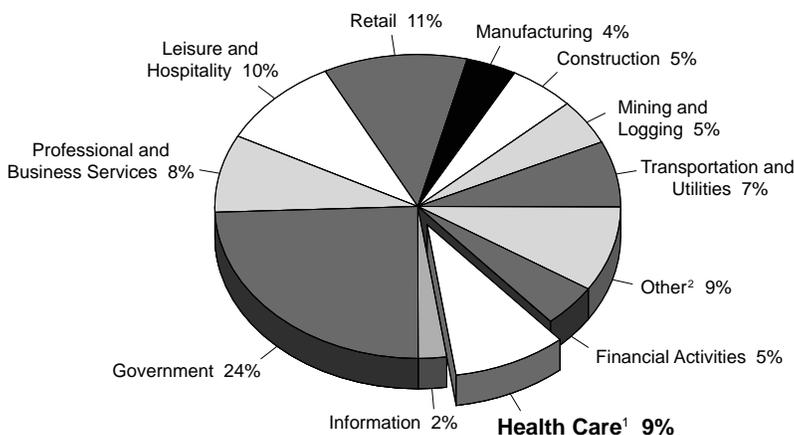
More remarkable than its size, though, is the pace at which it grows and grows. Alaska's health care employment increased from 20,700 in 2000 to 30,300 in 2009 (see Exhibit 5), growing more than three times as fast as all other industries – 46 percent compared to 13.3 percent for overall industry employment. In other words, health care was responsible for slightly more than a quarter of all employment growth in the state's economy.

Alaska's health care employment has also grown twice as fast as the nation's health care sector. (See Exhibit 6.)

The accelerated growth of Alaska's health care jobs has been going on for more than three decades. During the state's worst recession – from 1986 to 1988 – when the economy lost more than 20,000 jobs, health care employment growth just stalled for a year and then resumed its impressive upward trend.

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

1 Health Care is One of the Biggest Alaska's labor market, 2008



¹ This category covers both the private and public sectors.

² Includes other services, private education services, social assistance and wholesale trade
Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Health Care Employment¹ Alaska, 2008 **2**

The theme today isn't altogether different. By the end of 2009, health care and government were the state's only two industries that were still growing, while most others were losing ground. In the state-wide job forecast for 2010, health care and the public sector are the only sectors projected to grow.

What makes health care different?

A distinctive characteristic of health care is that it doesn't fit the classic supply and demand model like most industries. It's often viewed as something absolutely necessary. When people have chest pains, they go to a doctor; it's not like choosing to go out to dinner or to buy a car.

In a similar vein, the way health care services are paid for is very different from the way typical consumer goods are paid for. A third-party payer usually pays for health care services; the consumer rarely pays directly for them. Because of that, cost is often not a key consideration.

A 2006 University of Alaska Anchorage study estimates that employers pay for 39 percent of health care bills, government pays for 42 percent and individuals pick up the rest.

Health care's delivery system is also different from most other services. A combination of private for-profit, private nonprofit and public providers delivers services, giving the industry its unique character. (See Exhibit 7.)

Why does it keep growing?

There's no simple explanation for the scale of Alaska's 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 increases in health care employment. Medical and technological advancements continue to boost the demand for health care

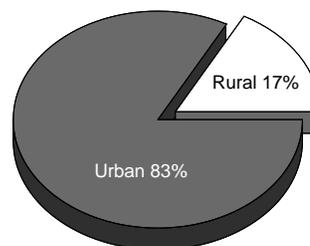
	Number of Jobs	Number of Jobs	
Statewide	30,259		
Aleutians East Borough	59	Matanuska-Susitna Borough	2,079
Aleutians West Census Area	98	Nome Census Area	438
Anchorage, Municipality of	15,716	North Slope Borough	29
Bethel Census Area	1,057	Northwest Arctic Borough	454
Bristol Bay Borough	–	Petersburg Census Area	132
Denali Borough	–	Prince of Wales-Hyder Census Area	68
Dillingham Census Area	368	Sitka Borough	771
Fairbanks North Star Borough	3,700	Skagway, Municipality of	–
Haines Borough	98	Southeast Fairbanks Census Area	65
Hoonah-Angoon Census Area	–	Valdez-Cordova Census Area	246
Juneau Borough	1,322	Wade Hampton Census Area	57
Kenai Peninsula Borough	2,230	Wrangell Borough	62
Ketchikan Gateway Borough	501	Yakutat Borough	–
Kodiak Island Borough	545	Yukon-Koyukuk Census Area	23
Lake and Peninsula Borough	–		

Note: A dash indicates that, because of a small number or zero, the data failed to meet Bureau of Labor Statistics' publication criteria.

¹This exhibit shows the employment for both the private and public sectors.

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

Many Jobs Are in Rural Alaska¹ Health care employment, 2009² **3**



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

²This exhibit shows the employment for the first three quarters of 2009.

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

services, and the number of medical procedures continues to grow.

Another ingredient is demographics – particularly as Alaska's population continues to age. Although only 7.2 percent of Alaskans are older than 65 (compared to the nation's 12.8 percent), between 1998 and 2008 the state's 65-plus population grew by 53 percent compared to 10 percent for the state's overall population.

And, according to the most recent projections, Alaska's 65 and older population will nearly double be-

4 Health Care Providers with Employment of 100 or More

Alaska health care employment, 2008

	Average Monthly Employment in 2008 ¹		Average Monthly Employment in 2008 ¹
Providence Health & Services	4,000+	South Peninsula Hospital	250 to 499
Alaska Native Tribal Health Consortium (ANTHC) ²	1,250 to 1,499	Immediate Care	"
Banner Health (mostly Fairbanks Memorial Hospital)	"	Tanana Valley Clinic	150 to 249
Southcentral Foundation ³	1,000 to 1,249	Fairbanks Native Association	"
Yukon-Kuskokwim Health Corporation	"	Alaska Children's Services	"
Alaska Regional Hospital	750 to 999	Juneau Youth Services	"
SouthEast Alaska Regional Health Consortium (SEARHC)	"	Consumer Care Network	"
Mat-Su Regional Medical Center	500 to 749	Guardian Flight	"
Central Peninsula General Hospital	"	Sitka Community Hospital	100 to 149
Maniilaq Association	"	Anchorage Community Mental Health Services	"
Alaska Consumer Direct Personal Care	250 to 499	Alaska Heart Institute	"
Bartlett Regional Hospital	"	South Peninsula Behavioral Health Services	"
Norton Sound Health Corporation	"	Trinion Quality Care Services	"
Ketchikan General Hospital	"	Alaska Specialty Hospital	"
Bristol Bay Area Health Corporation	"	Cedar Point Care Center	"
North Star Behavioral Health System	"	Blood Bank of Alaska	"

¹ These are ranges that a company's or organization's specific employment falls into; the ranking is based on the specific employment number.

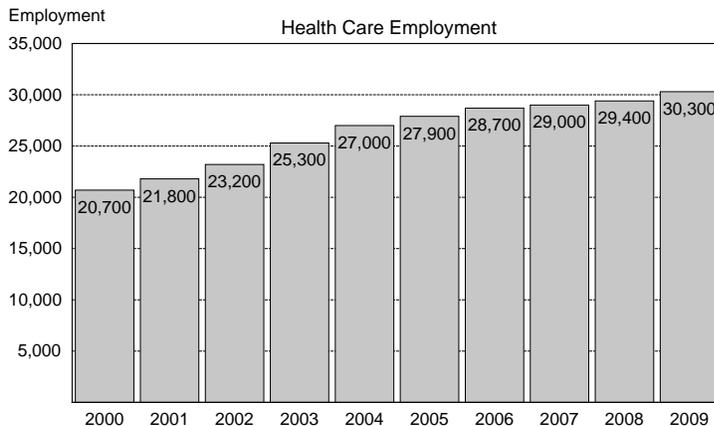
² This count excludes ANTHC's 500 federal employees.

³ This count excludes Southcentral Foundation's 129 federal employees.

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

5 Health Care Keeps Marching On

Alaska health care jobs,¹ 2000 to 2009²



¹ This exhibit shows employment for both the private and public sectors.

² The 2009 employment is based on the first three quarters of the year.

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

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 six state-run Pioneer Homes would be counted under general state government.

tween now and 2020; the nation's, in comparison, is expected to increase 33 percent. (See Exhibit 8.)

Because seniors' health care needs are far greater than the needs of the overall population, senior health care needs become a big growth driver. The higher growth rate of Alaska's senior population is one reason why the state's health care employment is growing faster than the nation's, and that trend should continue in the future.

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 being met locally instead of people having to go Outside for treatment. As the state's health care industry grows, more health care choices exist, and more health care money is spent in Alaska – and that all causes the state's industry to expand further.

An 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 nation. By 2009, that difference narrowed some. Health care represented 9.1 percent for Alaska, versus 11.6 for the nation.

Will health care continue to grow?

As Alaska's catching-up phase with the rest of the nation narrows, growth could begin to slow some, even though health care employment at the national level is forecasted to grow twice as fast as the overall market by 2016.

There are other potential brakes on future expansion.

One certainly is cost – like elsewhere in the nation, health care costs continue to escalate. Over the 1999-2009 period in Alaska, the cost of health care has increased by 52 percent compared to 29 percent for all goods and services, according to the Anchorage Consumer Price Index. (See Exhibit 9.) Alaska's health care costs typically run 25 percent above the nation's, according to the University of Alaska Anchorage.

Another potential limit is the availability of state and federal public funds. Since public dollars play such an important role in the health care industry, periods of budget restraint could eventually slow growth. Nevertheless, because of the powerful forces of demographics and advances in medical technology, most experts believe the health care freight train will stay on track for the near future.

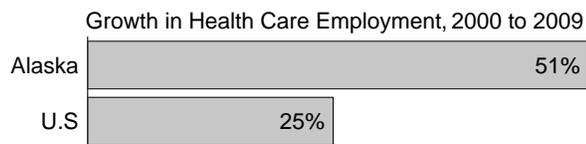
Hospitals – the heavy weight

When it comes to the heavy weights in health care employment, hospitals do a lot of the heavy lifting. In 2009, like in many years, hospitals were responsible for the biggest slice of the state's health care employment. (See Exhibit 10.)

Like the industry as a whole, hospitals are such big employers because they're labor-intensive.

Alaska's Growth Tops the Nation's Health care job growth,¹ 2000 to 2009²

6



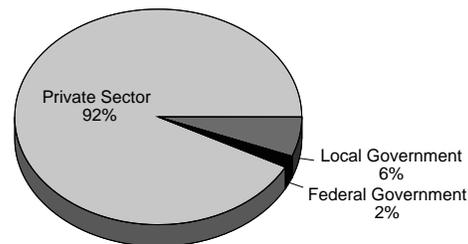
¹ This exhibit covers only private-sector health care employment.

² The 2009 employment is based on the first three quarters of the year.

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

Most Jobs Are in the Private Sector¹ Alaska's health care jobs, 2009²

7



Note: For an explanation of why state government isn't shown, see the "What's Counted and What's Not" box on Page 6.

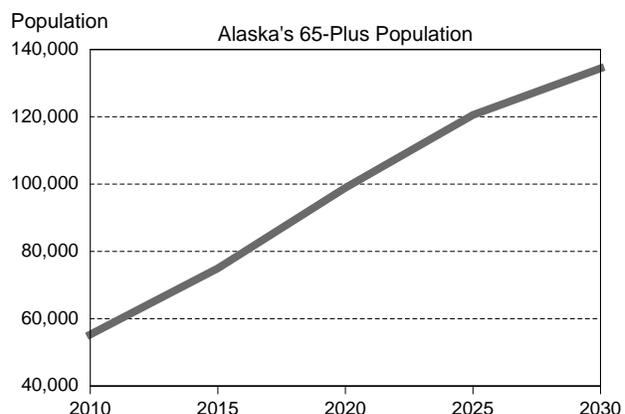
¹ The private sector includes nonprofits along with for-profit companies. This exhibit is based on a database that won't allow nonprofits to be listed separately.

² Based on the first three quarters of 2009

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

Future Growth for the 65-Plus Group Alaska, 2010 to 2030

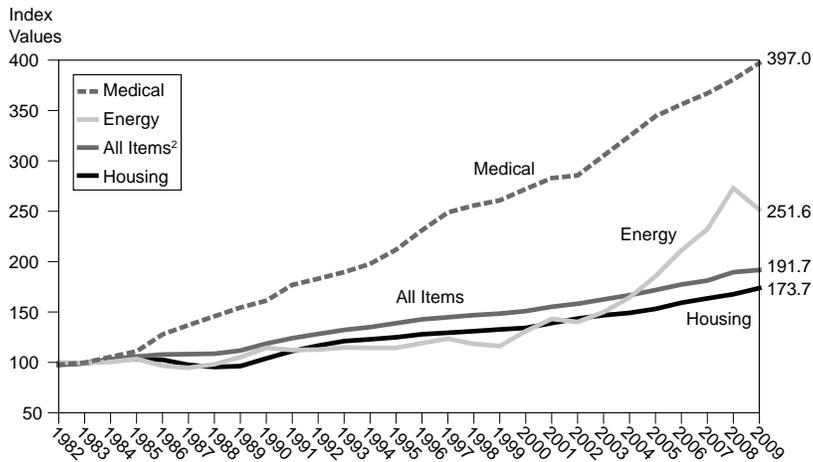
8



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

They provide around-the-clock care; three shifts of workers cycle through hospitals each day. Providence Health & Services, for instance, has been the state's largest private-sector employer since 2001. Five of Alaska's 100 largest private-sector employers in 2008 were hospitals.

9 Health Care Costs Keep Growing Anchorage CPI,¹ 1982 to 2009

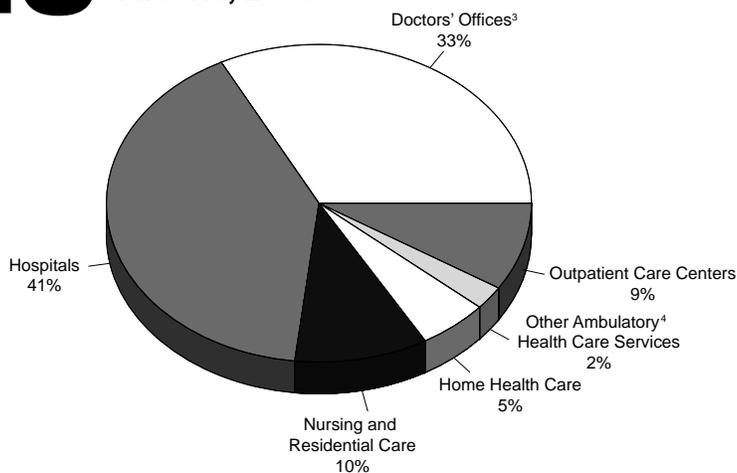


¹ This exhibit is based on the Consumer Price Index for all Urban Consumers, or CPI-U, for the selected components only.

² "All Items" refers to all components measured by the CPI, not just those listed here.

Source: U.S. Department of Labor, Bureau of Labor Statistics

10 Where the Health Care Jobs Are¹ Alaska, 2009²



¹ This exhibit covers both the private and public sectors.

² Based on the first three quarters of 2009

³ This category includes the offices of physicians, dentists and other health practitioners.

⁴ In other words, other outpatient services

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

If public-sector hospitals were included, they would also be one of the top employers in their respective communities. Roughly 19 percent of Alaska's hospital jobs are in government – most at local public hospitals or the Alaska Native Medical Center.

Between 2000 and 2009, hospital employment grew more slowly than most of the rest of

health care (see Exhibit 11), and cost pressures could be putting some damper on hospital job growth. As a result, there's been some shifting of hospital activity to some of the other health care categories.

The roles of hospitals and other health care providers have become increasingly blurred, as the traditional hospital no longer exists. An increasing share of hospital activity includes outpatient care, and hospitals are branching out and opening day clinics and other facilities.

Hospital wages also tend to be higher than they are for most other health care services. (See Exhibit 12.)

A third of health care jobs are in doctors' offices

Combined, about a third of all the state's health care jobs are in the offices of physicians, dentists and other health practitioners.

Jobs in doctors' offices grew by 32 percent from 2000 to 2009. (See Exhibit 11.) Like hospitals, doctors' offices sometimes look very different from the past. Some look more like hospitals minus the inpatient care.

Jobs in dentists' offices have increased more moderately than the overall average.

Although the offices of other health care practitioners category represents only 7 percent of all health care employment, it grew by nearly a half between 2000 and 2009. The category includes chiropractors, optometrists, therapists (including speech, occupational and physical), naturopaths, mental health practitioners who aren't physicians, and others.

Home health, nursing and residential care grows

Both home health care, and nursing and residential care employment have grown faster than average.

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

Employment by Category **11** Health care, Alaska 2000 to 2009¹

state, such as Alaska's six Pioneer Homes, which means their 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 services pie – particularly home health care. There's some movement away from nursing home care and a growing shift to in-home care because of cost pressures and the fact that home care can often mean the patient is more independent.

The roles are changing

All told, it's important to understand that it's becoming more difficult to categorize health care providers as easily as in the past. As mentioned earlier with hospitals and doctors' offices, 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 has all kinds of job opportunities

Alaska's health care industry has been the star generator of job opportunities for decades, and it will most likely continue to play that role in the future. And given the current outlook for the broader job market, that may take on an added importance.

Another appeal of the health care industry is it offers job opportunities in all regions of the state – often in places where economic opportunities are scarce. Even in some of Alaska's smallest communities where only a handful of jobs exist, usually at least one of those jobs is in health care.

	Employment in 2000	Employment in 2009	Percent Change, 2000 to 2009
Total	20,699	30,259	46%
Physicians' offices	4,298	5,693	32%
Dentists' offices	1,818	2,137	18%
Other health practitioners' offices	1,365	2,005	47%
Outpatient care centers	1,964	2,690	37%
Medical and diagnostic laboratories	109	277	154%
Home health care services ²	147	1,638	–
Other ambulatory health	308	463	50%
Hospitals	9,053	12,331	36%
Nursing and residential care	1,637	3,025	85%

¹ Based on the first three quarters of 2009

² Part of home health care services' growth in 2009 is because a larger employer was reclassified; roughly 24 percent of the 1,638 is a result of that adjustment.

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

Worker Earnings in Health Care **12** Alaska, 2008



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

The health care industry, unlike some industries, also inherently has employment opportunities at every level of training and education. And those jobs tend to be year-round.