

September 20, 2001

**Health Care Industry Trends**

Health care services is one of the largest industries in the country and contributes to about 11.3 million jobs, makes up more than 460,000 establishments, and is projected to expand by 14.4 percent from 1998 to 2008 to 12.7 million jobs. The Bureau of Labor Statistics recently estimated that 12 out of the 30 occupations projected to grow the fastest will be concentrated in health services. Advances in technology and greater emphasis on cost-effectiveness have led to changes in the structure, organization, and delivery of health care services. For example, while hospitals traditionally were the primary providers of acute care, advances in technology, along with cost controls, have shifted much care from inpatient settings to ambulatory or community-based settings, nursing facilities, and home health care settings.

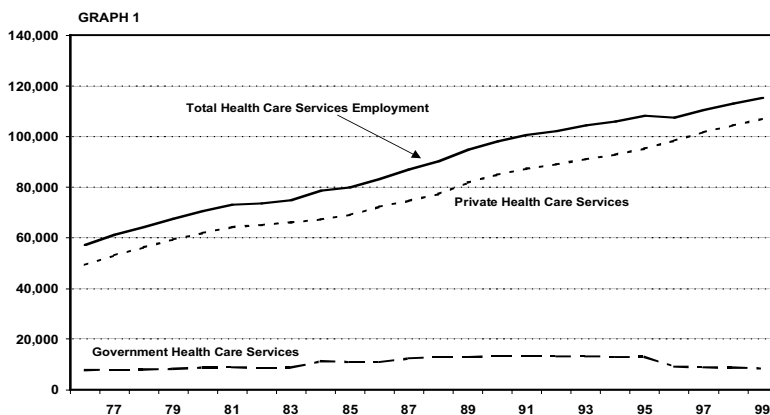
Oregon's health services include both government employers (federal, state and local) and private employers and is made up eight main work settings (Table 1). Although hospitals comprised only 1.4 percent of all health service establishments in 1999, they employed over 40 percent of the 115,184 Oregon health care workers. It is important to note that not all health care workers are captured under the (SIC 80) health services industry classification. Many workers who provide health care e.g., pharmacists, emergency medical technicians, and school nurses, are counted in other industry classifications such as retail trade, social services, and educational services.

Health Services (SIC 80) Private & Government Ownership			
Covered Industry Employment and Reporting Units, Oregon 1999			
TABLE 1	Standard Industrial Code	Average Employment	Reporting Units
Industry			
<b>Total Health services</b>	<b>SIC 80</b>	<b>115,184</b>	<b>5,844</b>
Offices & clinics of doctors	801,803	26,944	2,100
Offices & clinics of dentists	802	11,232	1,637
Offices of health practition., nec	804	5,455	1,372
Nursing & personal care facilities	805	16,277	200
Medical & speciality hospitals	806	47,789	84
Medical & dental laboratories	807	2,461	243
Home health care services	808	2,336	84
Health & allied services, nec	809	2,690	124

*Source: Oregon Employment Department*

For some time now, the industry has been shifting from an in-patient to an out-patient focus. An

**Oregon Employment Growth in Health Services (SIC 80) Years 1976-1999**

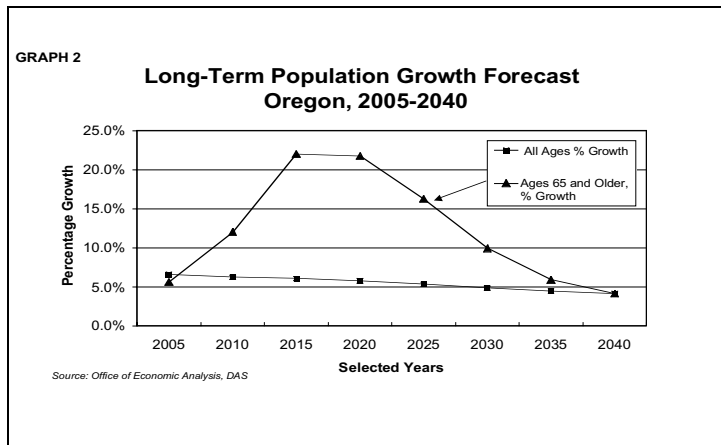


example of this is in home health care where this sector was added to the health services industry classification (SIC 80) in 1988. As illustrated in Graph 1, government employment in health services has had a relatively flat rate of growth at 0.8 percent during the last 20 years as the industry shifted its focus to more privatization and directed its funding from nursing homes to assisted living facilities. In 1999, government employment

comprised only 7 percent of all health care jobs. Unlike government health care employment, private employment in health services has been steadily increasing and has grown at an average

annual rate of 3.4 percent. The total, combined, health care industry averaged an annual employment growth of 3.1 percent between 1976-1999. The Employment Department expects private health care employment to continue to grow by 14.1 percent between 2000-2010. Job opportunities within the health care industry aren't limited to just traditional health care occupations. Health care institutions will need many accountants, personnel specialists, file clerks, secretaries, food service helpers, housekeeping workers, and others.

The number of Oregonians aged 65 and older, who will require direct care, is now at over 438,000 people and is expected to increase by over 100 percent to over 936,000 by year 2025 (Graph 2).



The number of women ages 25 to 54, who have traditionally formed the core of the nursing and paraprofessional workforce, will remain relatively unchanged. Many current health care professionals are aging as well, and may be close to retirement age. This potential decrease in employment numbers from retirees leaving the workforce could further decrease the numbers of health care workers into the future. Demand for workers not only depends on the needs of the population

but also on how providers – hospitals, nursing homes, clinics, home health providers, and others - decide to use health workers in delivering care. Concerns over an adequate health care workforce are likely to grow as demographic pressures associated with an aging population are expected to both increase demand for health care services and limit the pool of available workers.

Over the past several years, the health care industry has been searching for innovative ways or “best practices” to improve its health care delivery system. Oregon has been innovative with instituting the Oregon Health Plan (OHP) which was implemented in 1994. The state has also been a leader in the national efforts to require Medicaid beneficiaries to enroll in managed care. Enrollment in managed health care programs - predominantly Health Maintenance Organizations (HMOs), Preferred Provider Organizations (PPOs) and hybrid plans such as Point-of-Service (POS) programs - has grown during past years. Recently, though, enrollment in managed care has decreased due to a number of providers citing lack of profits and dropping out of the Medicaid program.

Three key, industry trends seem apparent from this analysis: (1) The technological advances and innovative practices within government and industry to cut costs and improve the delivery of health care services will continue as high demand for health care workers will remain into the near future. (2) The shifting from in-patient, institutionalized care to out-patient services and preventative care continues to move along the continuum as alternative, holistic approaches to health care develop. Unlike other states, Oregon has spent more Medicaid dollars on home and community-based services than on institutional care provided in nursing homes. (3) There seems to be agreement that the greatest challenge to U.S. health care in the 21<sup>st</sup> century is our aging population of “Baby Boomers” who will require increased medical care and services. Oregon’s major peak years for this population explosion are years 2015-2020 where population growth for the 65+ age group is expected to be around 22 percent.