

THE HEALTH CARE LABOR MARKET IN MONTANA

BY AMY WATSON, ECONOMIST

The health care industry is Montana's largest-employing industry, with 67,000 employees in 2014.

In addition to being a large employer, health care has been one of the state's fastest growing industries with a compounding employment growth rate of 2.8% annually since 1990. The growth in health care employment has been steady, even during the recession when all other private industries experienced job loss. Rapid job growth in health care is expected to continue in the future as Montana's aging population continues to demand more health care services and as Montana's overall population grows. Employment projections produced by the Montana Department of Labor & Industry (MT DLI) suggest this consistent employment growth will continue at a rate of 1.8% annually, adding roughly 1,300 jobs every year through 2024.

The growth in demand for health care services, coupled with Montana's large baby-boomer generation exiting the workforce, has raised concern about an impending worker shortage in health care. Montana's widely dispersed population and diverse local economies intensify the challenge of unmet workforce development needs. Although increased demand for health care services in Montana stretches the resources of health care providers, it also presents a great opportunity for students and job seekers to find employment in a high-demand and high-wage industry. Montana's workforce training system needs to continue to identify and train health care workers to help them take advantage of this opportunity, and to help ensure there are enough workers to meet the needs of health care providers.

The Growing Demand for Health Care Services in Montana

Between 2008 and 2010, the national recession caused over 20,000 employment losses in Montana, leaving many Montana workers unemployed. The health care industry was the only private industry to experience job gains during this time. Montana's population continued to require more health care services even during the recession when their demand for other services dwindled. In general, the demand for health care services does not fluctuate with economic conditions as much as services in other industries. During

a time of economic hardship, people are more likely to postpone a new home purchase or vacation than they are to reduce the number of times they visit the doctor or hospital. Because health care services are often seen as a necessary expense, health care employment levels are more stable during economic downturns.

Health care employment grew by approximately 5,000 jobs during the recession. That pace continued through the recovery, adding another 4,800 jobs between 2010 and 2014. Estimates by MT DLI suggest health care employment will continue to grow by another thirteen thousand jobs over the next ten years, which is the largest projected growth of any industry in Montana. Figure 1 shows the total employment change from the recession and recovery, and the projected industry employment change over the next ten years.

The MT DLI projects health care employment will grow at a rate of 1.8% annually. Only the industries of construction and business services are estimated to grow at a faster rate than health care. Employment in the construction industry is estimated to grow the fastest, at 2.4% or 680 jobs per year. However, even with this rapid employment growth, the construction industry is not projected to reach pre-recession employment levels until 2022. By the end of 2014, the construction industry had recovered only approximately 2,200 of the 9,600 jobs lost during the recession. The fast

and sustained employment growth in health care represents a more immediate training need because there is not an existing supply of unemployed workers with experience in the industry.

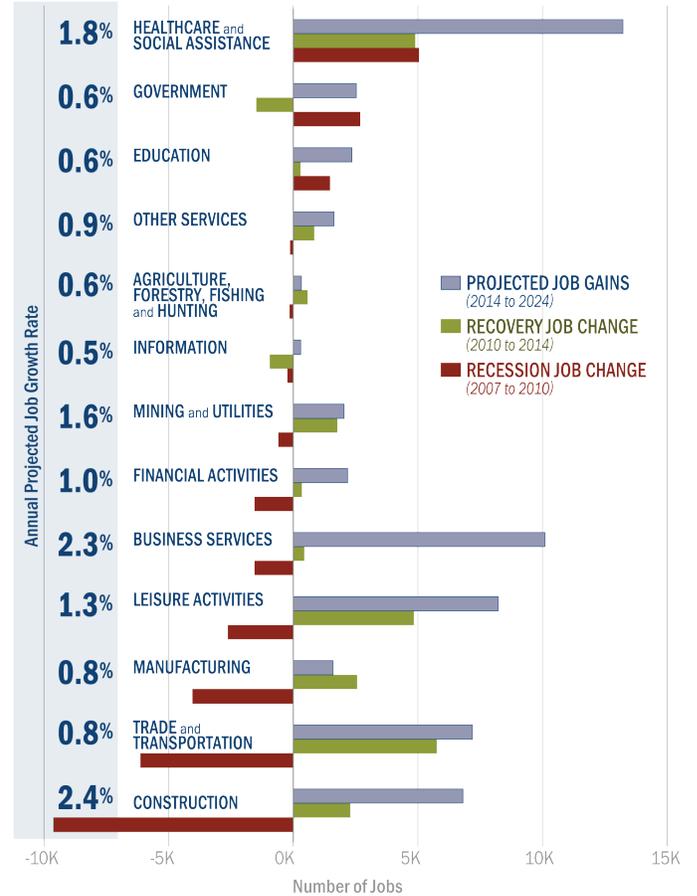
Regional Demand for Health Care Services

All Montanans have some need for health care services, regardless of where they live. The health care industry is present in every region of the state comprising at least 11% of total employment in each region. However, health care employment is concentrated in the more populous Western and South Central regions of the state where there are more people to demand services. The annual projected healthcare employment growth rate for each region is shown in the map in Figure 2, below. Figure 2 also shows the regional distribution of the projected healthcare employment growth in the side bar.”

Of the estimated 1,300 annual growth in health care employment, most of the growth is concentrated in the Western regions of the state. Health care employment in the Northwest and Southwest Regions are estimated to grow at 2% annually. Combined, the two regions account for approximately 63% of the state’s annual employment growth in health care. Health care employment in the South Central region is projected to grow at 1.9%, slightly above the state average. The North Central and Eastern regions are projected to grow the slowest, at 1.3% and 1.2%, respectively.

There are some unique challenges to providing health care services in a state as predominantly rural as Montana. In less densely populated areas of the state significant travel is often

Figure 1 Montana Recession, Recovery, and Projected Employment Growth by Industry

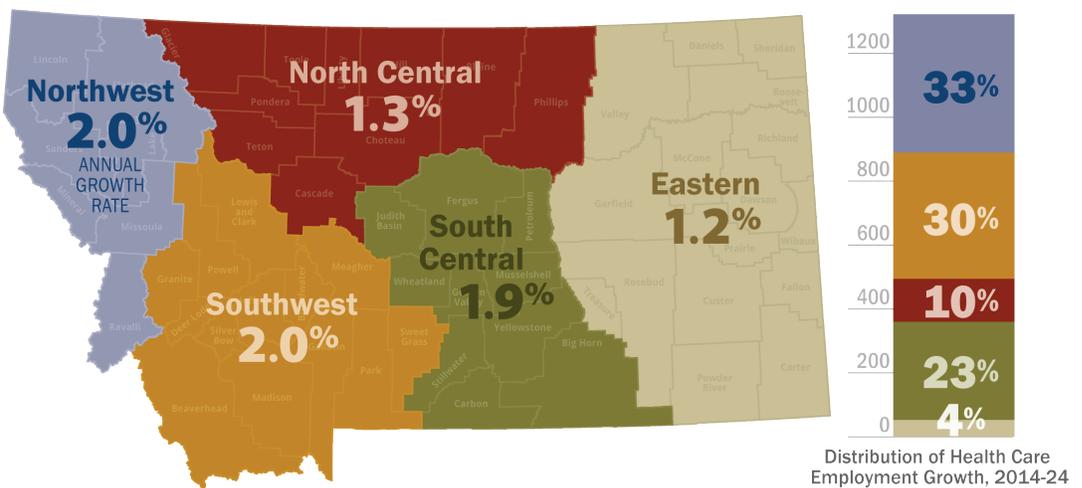


Source: Quarterly Census of Employment and Wages, MT DLI. Projections data: Montana Department of Labor & Industry Employment Projections, 2014 to 2024.

Figure 2

Montana Average Annual Employment Growth in Health Care Industry by Region

Source: Montana Department of Labor & Industry Employment Projections 2014 to 2024



Distribution of Health Care Employment Growth, 2014-24

required to reach a health care provider. Because the distance to a health care provider can be large, projected health care employment growth in a region does not necessarily represent growth in demand for health care services in that region. For example, if a health care provider from the Billings Clinic travels once a month to provide services to the residence of Glasgow, the employment would be captured in the South Central region even though the demand is coming from the Eastern Region. The employment is captured in the employer’s location, not where the patient resides. The employment projections do not measure any current unmet demand for health care workers, and they do not always capture health care employment in the same region where it is demanded.

Health Care Workforce Supply

Montana has experienced four years of employment growth since the recession. The unemployment rate has fallen from its recessionary peak of 7.8% in 2010 to below 4% in 2015. As Montana’s unemployment rate continues to fall, concern has risen about an impending worker shortage statewide. Montana’s large baby-boomer generation is moving into retirement age, and Montana’s overall population is aging and exiting the workforce. Without a sufficient supply of labor, Montana businesses may have a difficult time finding the workers they need to continue to produce goods and services. Within the health care industry, a worker shortage could mean a reduction in health care services, which has the potential to negatively impact the quality of care for Montanans. A reduction in health care services could result in longer wait times, a reduction in the availability of care, and an increase in the cost of care. To prevent, this, it is important that significant effort is made to ensure there are enough trained workers to fill open positions.

One of the primary sources of new health care workers comes from the Montana University System. The Montana University System has data on graduation counts by program for all four-year and two-year colleges and universities in the state, with the exception of Flathead Valley Community College and the tribal colleges. Initially, the graduation data suggests there should be enough students from the Montana University System to fill most of the projected job growth in the health care industry. The Montana University System graduated approximately 9,500 students across all fields of study between 2011 and 2013. Health care was the most common field of study. There were about 1,100 new health

care graduates each year, which is just slightly below the MT DLI projected annual employment growth in health care. Interestingly, about 82% of health care graduates were female, which is much higher than the average of 55% across all fields of study. Health care graduates were also slightly older than the rest of the graduates. The average age of health care graduates was 32 years, compared to 28 years across all fields of study.

Approximately 75% of health care graduates from the Montana University System found employment in Montana within one year of graduation, compared to only 68% across all graduates. Health care graduates who found employment in Montana reported an average annual wage of \$35,486, which was the highest of any field of study. The increased likelihood of employment in Montana among health care students could suggest they have a shorter time to employment than other graduates. The data could also suggest that health care graduates are more likely to stay in Montana than other graduates because the wages

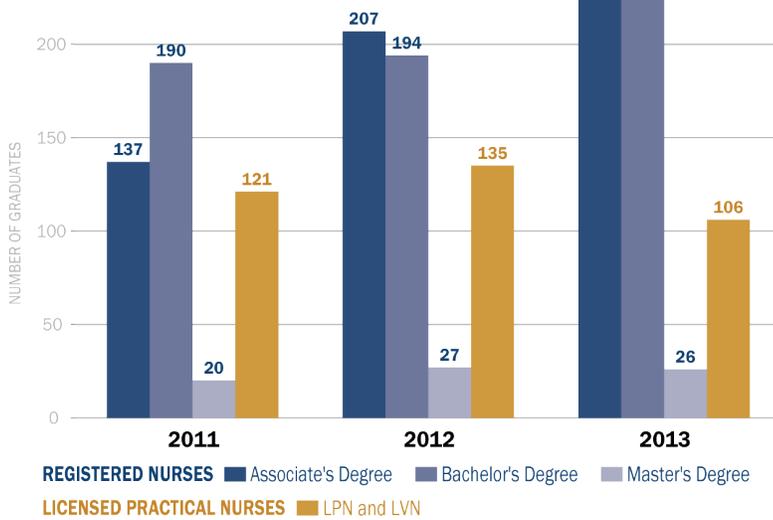
Figure 3 Top 10 Health Care Jobs with the Most Annual Openings, 2014-2024

Occupation	Education & Experience	Annual Openings			2014 MT Average Annual Wage
		New Jobs	Replacement Needs	Total	
1 Registered Nurses	Associate's	199	177	376	\$61,814
2 Nursing Assistants	PS	107	111	218	\$24,890
3 Licensed Practical & Licensed Vocational Nurses	PS	50	69	119	\$38,762
4 Home Health Aides	< HS + ST-OJT	59	34	93	\$22,368
5 Medical Records & Health Info Techs	PS	24	34	57	\$34,727
6 Physical Therapists	Prof	27	25	52	\$69,587
7 Pharmacists	Prof	16	27	43	\$106,667
8 Dental Assistants	PS	13	25	37	\$33,202
9 Physicians & Surgeons	Prof + Int/Res	13	22	35	\$228,882
10 EMTs & Paramedics	PS	13	21	34	\$29,591

Abbreviations: PS= postsecondary non-degree award, <HS =Less than high school diploma, ST-OJT=Short-term on the job training, Prof= Doctoral or Professional degree, Int/Res = Internship or Residency

Source: The Montana Department of Labor & Industry 2014 to 2024 Occupational Employment Forecasts.

Figure 4 Registered Nursing and Licensed Practical Nursing Graduates by Degree Type



Source: Montana University System Micro Data from the Office of Commissioner of Higher Education 2011 to 2013.

they receive here are close to what they might receive in other states. Graduates in other fields of study may be finding jobs just as quickly as health care graduates, but they are more likely to leave Montana in pursuit of higher wages. Regardless, the greater likelihood of employment in Montana and high wages are characteristics consistent with a high demand for workers in health care.

Tight labor markets caused by worker shortages can provide economic benefits for workers because jobs are easy to find and wages increase rapidly. Figure 3 details the top 10 health care occupations with the most projected annual openings according to the Montana Department of Labor & Industry. These occupations represent a great opportunity for students and current workers to find employment in high-demand and high-wage occupations. Registered Nurses (RN) top the list, with an estimated 376 annual openings every year through 2024. The average wage for an RN was \$61,814 in 2014, well above the statewide average of \$38,879.

The education and work experience listed in Figure 3 are the minimum required to enter the profession. At these minimums, the worker will likely be earning less than the average wage for the industry. Many hospitals now require RNs to have a bachelor's degree before hire, but there are still some workers filling RN positions with an associate's degree. Therefore, the minimum education requirement listed for an RN is an associate's degree.

Graduation data from the Montana University System suggests there should be enough nursing graduates to fill the projected employment openings in nursing. The Montana University System graduated approximately 420 RNs and 120 licensed practical nurses (LPNs) every year between 2011 and 2013. During this time, RN and LPN graduates accounted for 47% of the total number of health care graduates in Montana. Figure 4 shows the number of RN and LPN graduates from 2011 to 2013 by degree type.

Many hospitals are now requiring their RNs to hold a bachelor's degree, amidst the national push to raise the education requirements for RNs. However, the Montana University System data does not suggest there are enough bachelor's degree RNs graduating each year to fill projected employment growth over the next ten years.

Although the number of bachelor's degree RNs has been growing, in 2013 there were only 220 RN graduates with a bachelor's degree. In fact, Associate degree RN graduates grew the fastest of all degree types between 2011 and 2013. Workers are looking for quicker training programs in Montana's tight labor market, because it allows them to return to the workforce quickly. Without a wage premium in the labor market for bachelor's RN degrees, it is likely associate's RN degrees will continue to rise in popularity because of the shorter training time.

Ensuring that there are enough workers to fill the future demand in health care will be essential for the long-term health of Montanans. Significant effort is being made through the HealthCARE Montana grant to address potential worker shortages in health care. The HealthCARE Montana grant is a statewide, industry-driven partnership comprised of a 15-college consortium, the Montana Department of Labor & Industry, the Office of the Commissioner of Higher Education, and the Montana Area Health Education Center (a US HHS funded program). The goal of the HealthCARE Montana grant is to facilitate the provision of high-quality, locally accessible, and industry-relevant training opportunities in the high-demand, high-skill area of health care. The Montana Department of Labor & Industry is committed to identifying and training more Montanans to ensure there are enough workers to meet the demands of Montana health care employers.