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Vital Signs Strong for Vital Industry: Health Services in Northwest Indiana

The Bloomington Area Economy

Monthly Metrics: Indiana's Economic Dashboard

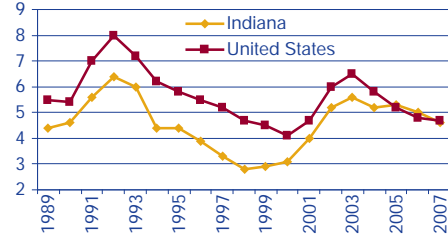
Regional Labor Force and Unemployment Rates

Population Change in Indiana Cities and Towns, 2000 to 2006

Hoosier Babies

June Unemployment Rates

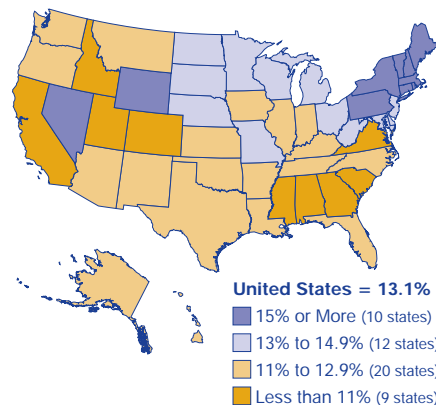
Indiana's 2007 June unemployment rate fell below the national level for the first time since 2004. The state's 4.6 percent was lower than the nation's 4.7 percent.



*not seasonally adjusted

Education and Health Care

Employment in the education and health care supersector was below average in Indiana, making up 12.8 percent of total nonfarm employment in June.



Source: IBRC, using not seasonally adjusted CES data

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Vital Signs Strong for Vital Industry Health Services in Northwest Indiana

When one hears or reads about the Gary metro area, or even northwest Indiana as a whole, he or she may think immediately of the steel industry. Major shifts in employment have occurred through industry consolidation, technology changes and global competition. But while headcounts at Indiana's steel mills have declined over time, other industries, including health services, have been quietly undergoing significant growth.

The health care industry is a major contributor to the vitality of northwest Indiana, defined for the purposes of this article by Economic Growth Region (EGR) 1. This includes Jasper, Lake, LaPorte, Newton, Porter, Pulaski and Starke counties. Within this region, health services made up 12.6 percent of all industry employment and 13.6 percent of the region's payroll in 2006. More than half of the area's

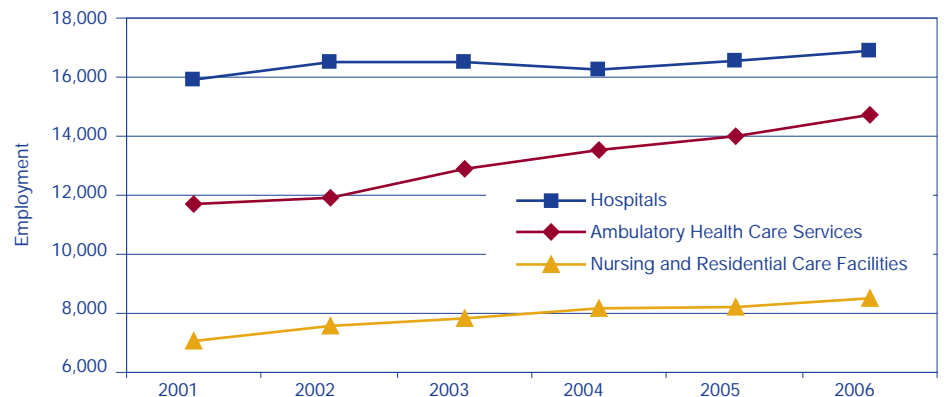
largest employers are in this industry. Of the 16 employers with more than 1,000 employees, nine are hospitals that provide well-paying jobs with benefits. Hospitals make up the largest employment segment within the health care sector (see **Figure 1**).

Northwest Indiana Industry Trends

While regional manufacturing employment has steadily declined, employment in health care has trended upward. Health care employment in the region has risen every year since at least 2001.

Health care employment rose at a faster rate in northwest Indiana than it did in the state overall. The area's health care employment rose by 15.8 percent through 2006 while the statewide health care workforce went up by 10.4 percent (see **Table 1**). By 2006, EGR 1 health care employers

FIGURE 1: EMPLOYMENT IN SELECTED HEALTH CARE SUBSECTORS IN EGR 1, 2001 TO 2006



Note: Data are based on quarterly reports of employers covered by Indiana unemployment insurance laws
Source: Indiana Department of Workforce Development

TABLE 1: HEALTH CARE INDUSTRY EMPLOYMENT TRENDS IN EGR 1 AND INDIANA, 2001 TO 2006

		2001	2002	2003	2004	2005	2006	Change	Percent Change
EGR 1	Health Care Industry Employment	34,666	36,033	37,251	37,934	38,783	40,145	5,479	15.8%
	Health Care Employment as a Percent of Total Employment	10.9%	11.6%	11.9%	12.1%	12.2%	12.6%	1.7%	
	Health Care Employment as a Percent of Indiana's Health Care Employment	12.2%	12.4%	12.6%	12.7%	12.7%	12.8%	0.6%	
	Total Employment	318,723	311,432	311,849	313,315	317,133	319,168	445	0.1%
Indiana	Health Care Industry Employment	283,910	289,942	295,762	299,718	306,241	313,434	29,524	10.4%
	Health Care Employment as a Percent of Total Employment	9.9%	10.2%	10.5%	10.5%	10.7%	10.8%	0.9%	
	Total Employment	2,871,216	2,832,563	2,821,665	2,848,803	2,873,769	2,892,146	20,930	0.7%

Note: Data are based on quarterly reports of employers covered by Indiana unemployment insurance laws
Source: Indiana Department of Workforce Development

added 5,479 jobs to the 2001 average of 34,666. Regional health care also increased as a percent of all industry employment in the region, from 10.9 percent in 2001 to 12.6 percent in 2006. Although the region's total industry employment had a net increase of only 445 jobs, increases in the health care industry alleviated the regional losses in down years and were a large component of the area's incremental increases in the better years.

Payroll in the health care industry has also risen significantly between 2001 and 2006, increasing in the tens of millions of dollars each year. Total health care payroll numbers in EGR 1 jumped by 33 percent over the 2001 to 2006 period. At the same time, the area's total industry payroll went up by just 15.2 percent, in keeping with the statewide average of 15.9 percent. Reasons for the 33 percent jump in health care are likely to include increased hiring of skilled workers at various levels, cost of living adjustments and good profitability.

As health care employment climbed over the period, the number of employing units also rose, going from 1,344 to 1,445—an increase of 101 units. The increase was primarily in the number of ambulatory health care services units. This segment of the industry added 95 units while hospitals added two units and nursing and residential care facilities added four units between 2001 and 2006.

As a percentage of the 2006 health care payroll, ambulatory health care services made up 44.4 percent, hospitals were 43.1 percent, and nursing and residential care facilities were 12.6 percent. Data on wages for the three sectors show annual averages of \$46,513; \$39,410; and \$22,767, respectively.

Occupational Marketplace

As employment in goods-producing industries has declined in northwest Indiana, area workers continue to seek employment in the higher-paying service-producing industries. Over the years, the health care industry has provided better compensation than a number of other service industries. With regional health care employment growing, job opportunities also grow. Shortages in skilled occupations in the region serve to provide solid employment opportunities for trained and experienced workers in the areas of need.

The Indiana Department of Workforce Development's recent Strategic Skills Initiative (SSI) identified at least three occupations in EGR 1 projected to have shortages through 2007. They include registered nurses (RNs), pharmacists and pharmacist technicians. The greatest shortage, consistent with national trends, is expected to be of registered nurses, with an estimated deficit of 250 workers in the seven-county area.

As a result, SSI is providing funds for additional faculty in the schools of nursing at Indiana University and Purdue University regional campuses. Beyond the SSI findings, other sources have indicated health care worker shortages. In 2006, the Indiana State Department of Health designated parts of Lake and Jasper counties, and all of Newton and Starke counties as "Health Professional Shortage Areas" in the primary care designation. That agency has also listed areas and populations in Lake, Porter, and Starke counties as being "medically underserved" according to criteria established by the federal government (www.in.gov/isdh/publications/llo/shortages/shortage.htm).

To illustrate area industry pay levels, a sampling of average wages for selected high volume health care occupations is presented in **Table 2** from the latest wage survey (2006) of the Indiana Department of Workforce Development. The survey divided the occupations into two categories: practitioner/technical jobs and support jobs. Typically, support jobs require fewer skills and pay less—sometimes far less—than practitioner and technical jobs. Twenty-three occupations with wage survey employment estimates of more than 200 each were chosen to represent high-volume jobs, since they are likely to have larger numbers of workers in the region's health care industry. In fact, their total makes up 86

percent of the total workers estimate. **Table 2** lists these occupations with their corresponding average annual wages. The Chicago metro area survey wages are listed for comparison since northwest Indiana borders suburban Chicago. (The same 23 occupations represent 81 percent of the workers in the Chicago total industry estimate, indicating their importance there as well.)

More than 50,000 residents, or about 10 percent, of the northwest Indiana workforce commute to jobs in Illinois. Wage comparisons with the Chicago metro area illustrate one of the problems in attracting and retaining higher skilled health care workers in EGR 1. In addition to Chicago's generally higher wages, employers there can often offer more advanced equipment, more specialization, better education and research facilities, and other qualities that lure workers to jobs in Illinois. For illustration, most of EGR 1's trauma patients are stabilized at local hospitals but transferred to Chicago trauma centers since northwest Indiana does not have a trauma center.

Northwest Indiana's Competitive Edge

Indiana's northwest corner does offer its own incentives. Health professionals may be attracted by its somewhat slower pace, shorter commutes, lower cost of living, and proximity to Chicago. Health service improvements are also being made. The Indiana University medical education center renamed its regional campus to "IU School of Medicine-Northwest" and is offering area students the first two years of medical school. A mission of this new school is to increase the number of local primary care physicians. In fact, there has been

a 70 percent increase in practicing physicians in EGR 1 during the last 20 years. Ongoing activities to create a regional trauma center in northwest Indiana should serve to attract more health professionals. Also, some area hospitals have recently consolidated to take advantage of economies of scale.

Northwest Indiana's expansion of health services employment mirrors national and statewide trends, as demographic shifts in the population

swell the size of the middle-aged-and-over population. The aging of the Baby Boomers will create ongoing demand for services in this industry sector, signaling long-term growth for the related occupations.

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TABLE 2: HEALTH CARE INDUSTRY WAGE TRENDS IN EGR 1 AND INDIANA, 2001 TO 2006

	EGR 1 Worker Estimates	Annual Average Wage	Chicago Metro Annual Average Wage	Chicago Difference from EGR 1	Percent Difference
Health Care Occupational Categories					
Health Care Practitioner and Technical Occupations	16,630	\$58,630	\$60,470	\$1,840	3.1%
Health Care Support Occupations	7,230	\$23,850	\$25,610	\$1,760	7.4%
High Volume Health Care Occupations					
Registered Nurses	6,260	\$54,280	\$60,100	\$5,820	10.7%
Nursing Aides, Orderlies, and Attendants	2,700	\$21,750	\$22,500	\$750	3.4%
Licensed Practical and Licensed Vocational Nurses	1,820	\$36,390	\$40,640	\$4,250	11.7%
Home Health Aides	1,290	\$19,290	\$21,830	\$2,540	13.2%
Medical Assistants	1,040	\$23,900	\$29,930	\$6,030	25.2%
Pharmacy Technicians	840	\$26,310	\$27,960	\$1,650	6.3%
Emergency Medical Technicians and Paramedics	740	\$28,220	\$32,510	\$4,290	15.2%
Dental Assistants	740	\$29,710	\$30,180	\$470	1.6%
Pharmacists	570	\$89,810	\$100,390	\$10,580	11.8%
Radiologic Technologists and Technicians	500	\$46,750	\$51,280	\$4,530	9.7%
Medical Records and Health Information Technicians	500	\$27,070	\$29,490	\$2,420	8.9%
Respiratory Therapists	490	\$48,830	\$46,550	-\$2,280	-4.7%
Physical Therapists	360	\$77,370	\$69,400	-\$7,970	-10.3%
Dental Hygienists	350	\$59,220	\$65,230	\$6,010	10.1%
Health Care Support Workers, All Other	350	\$25,690	\$26,350	\$660	2.6%
Physicians and Surgeons, All Other*	310	\$194,000	\$150,320	-\$43,680	-22.5%**
Occupational Therapists	300	\$49,820	\$68,930	\$19,110	38.4%
Health Diagnosing and Treating Practitioners, All Other	280	\$132,380	\$62,210	-\$70,170	-53.0%**
Medical and Clinical Laboratory Technicians	270	\$35,290	\$38,020	\$2,730	7.7%
Opticians, Dispensing	270	\$24,500	\$32,000	\$7,500	30.6%
Medical and Clinical Laboratory Technologists	240	\$48,650	\$48,620	-\$30	-0.1%
Medical Transcriptionists	220	\$28,630	\$33,730	\$5,100	17.8%
Surgical Technologists	210	\$36,200	\$41,160	\$4,960	13.7%

*Other physicians and surgeons, listed in the wage survey by their general specialty, taken together are a high volume group with wages exceeding \$100,000 in every case.

**The occupations in this category vary widely, making area comparisons inexact

Sources: Indiana Department of Workforce Development and Bureau of Labor Statistics