



Health Care Sector Projected to Expand

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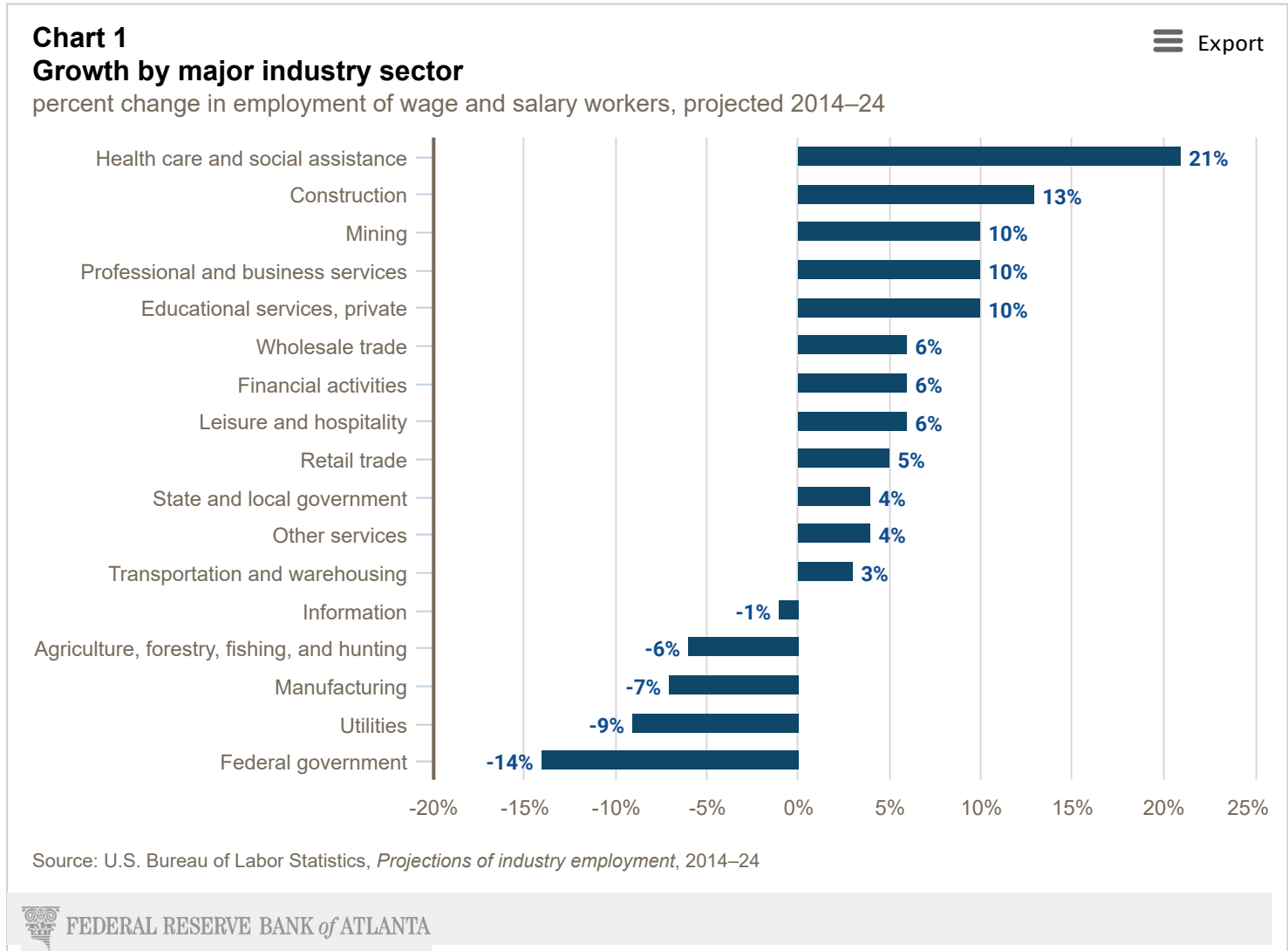
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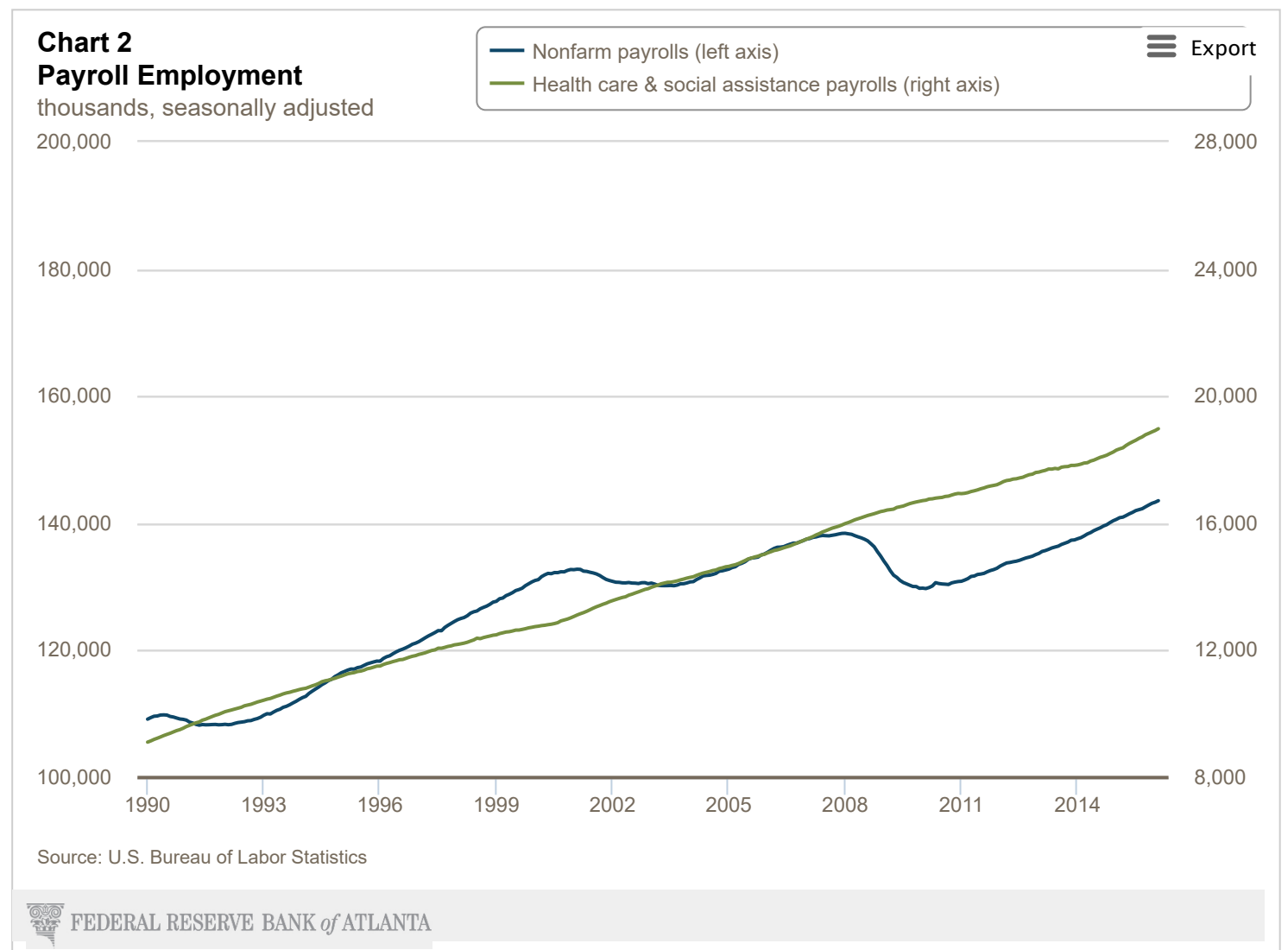
As the nation grows older, medical service needs are expected to rise. An expanding health and social assistance sector will create elevated demand for workers, even as some areas of the field are already facing shortages. According to the [industry employment projections](#) published by the U.S. Bureau of Labor Statistics (BLS), health care and social assistance is estimated to be the fastest-growing sector, with about 3.8 million jobs added between 2014 and 2024. (See chart 1.)



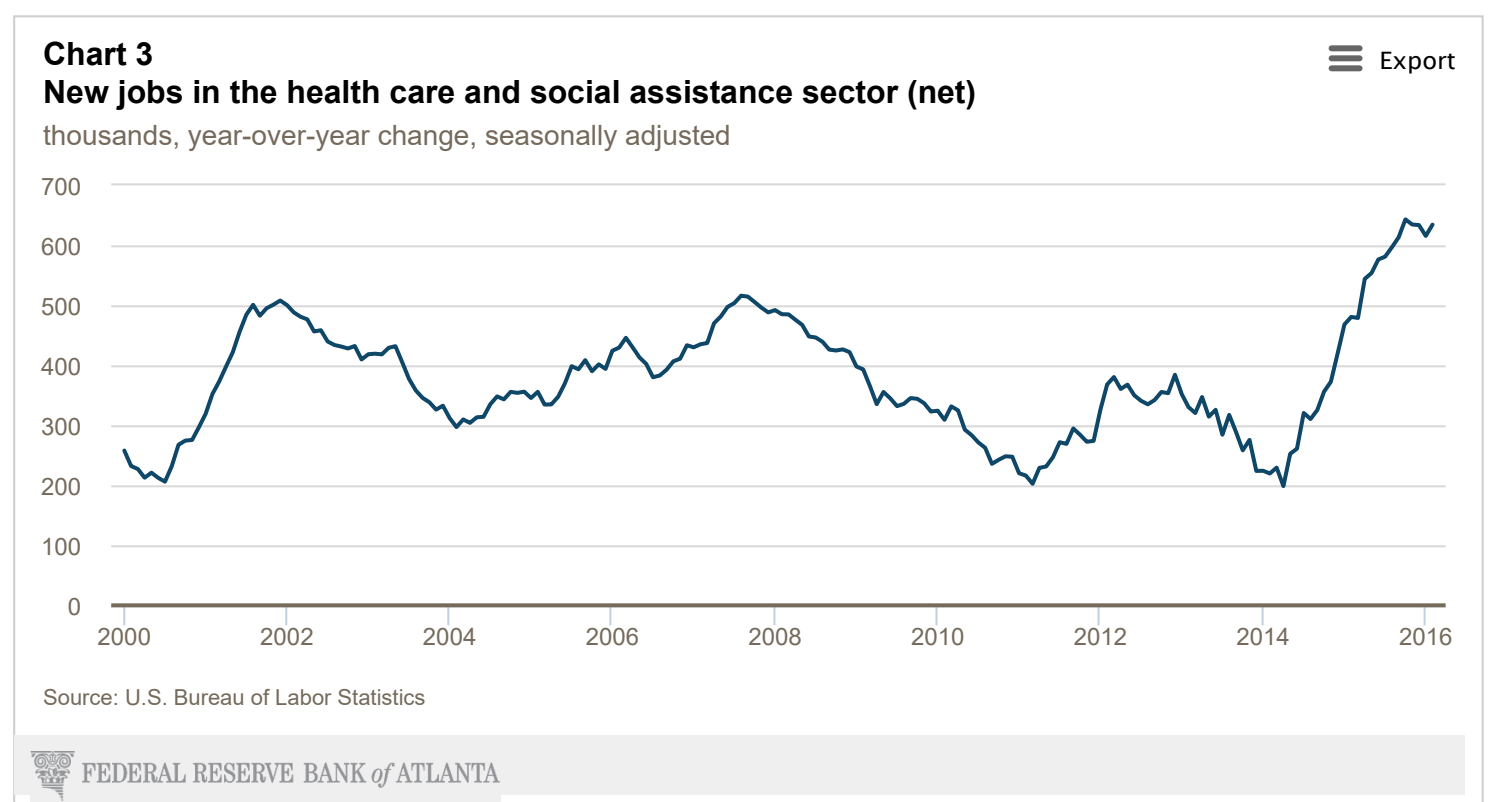
An increasing level of health care jobs isn't a new phenomenon. Health care and social assistance employment has grown

consistently (at least since the BLS began reporting the data in 1990), even during recessions when overall employment dipped. (See chart 2).

Regardless of the state of the economy, we all need medical services. People of all ages get sick or disabled, have to make occasional trips to the emergency room, and require long-term care—increasingly so as we age.



However, net *new* jobs in health care surged in 2014. (See chart 3.) Growth has remained at elevated levels, and net new jobs are projected to rise at an even faster pace through 2024.



The millions of health care jobs the BLS projects will be added from 2014 to 2024 account for more than a third of the U.S. economy's entire job growth during that period. The aging population is the primary source of this growth, considering that the elderly population demands more medical care and spends more on medical services than any other age group.

In 2010, spending from the 65+ age group comprised 34 percent of all health care expenditures in the economy, followed by 45- to 64-year-olds with 31 percent, according to [data](#) compiled by the Centers for Medicare and Medicaid. The BLS also cited increased access to health insurance, medical advances, and increasing chronic conditions as other contributors to past and expected future growth of health care and social assistance sector employment.

The health care and social assistance sector is also expected to contribute the five fastest-growing industries in the labor market, with the home health care services industry projected to experience the most growth. Declining costs, improving technology, and changing preferences will continue to cause more people to choose to receive care in their homes. In its projections report, the BLS noted that the increase in home health services will shift people away from hospitals. According to Terrie P. Sterling, executive vice president and chief operating officer of Our Lady of the Lake Regional Medical Center, the hospital industry is

preparing for this shift in the aging population's preferences by incorporating the home health model into hospital service offerings, including the use of patient home visits. She noted that the industry is generally providing greater access to physicians as well as improving collaboration among medical service agencies that formally operated independently.

The home health care services industry includes fields such as nursing care, personal care, and physical therapy. The two occupations expected to add the most new jobs with the fastest growth are health care practitioners and technical occupations, and health care support occupations. Both include primarily registered nurses, nurse aides, and nurse practitioners. With an aging population placing greater demand on the health care and social assistance sector over the next decade, it is unclear whether there will be enough workers to fill these roles. The Institute of Medicine (IOM) [described](#) it as an "impending health care crisis as the number of older patients with more complex health needs increasingly outpaces the number of health care providers with the knowledge and skills to adequately care for them."

In fact, for decades, the United States has been [challenged with a nursing shortage](#), which is expected to intensify as the population ages. Exacerbating that challenge, according to the American Nurses Association, about a third of the current nursing workforce will reach retirement age in the next 10 to 15 years. Sterling cites a [report](#) created by an IOM-led national initiative to respond to the shortage concern, as well as other challenges facing the nursing profession. The report presents several recommendations for industry partners, including promoting and encouraging nursing education and continued education programs, removing limitations on registered nurses' ability to practice to the full extent of their training, increasing nurse residency programs, and enhancing medical workforce data collection to identify needs and gaps.

Medical demands of the increasingly aging population in coming years will give a sizable boost to the health care and social assistance sector and contribute substantially to the U.S. labor market. But as the patient population ages, so does the workforce, creating a delicate balance between demand and supply.

Editor's note: For an in-depth discussion of the economic implications of an aging population—including changes in the labor market—please [read the Atlanta Fed's 2015 annual report](#).



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