



New Jersey's Economic Health Depends on Health Care Industry

by Jason Timian, Labor Market Analyst

The overall health, both of New Jersey's economy and its people, is clearly tied to the capabilities of the evolving health care industry. New Jersey's health care industry continues to develop and transform itself to meet the needs of New Jersey's growing population; changing demographics



and, the Baby Boom generation which is putting additional stress on the system as it reaches its full maturity. Perhaps the health care industry's most daunting challenge may be balancing these demands while attempting to slow escalating health care costs. These challenges, however, also provide great opportunities for innovative minds to change the way health care is delivered and to maintain steady and meaningful employment growth along the way.

The latest data show that:

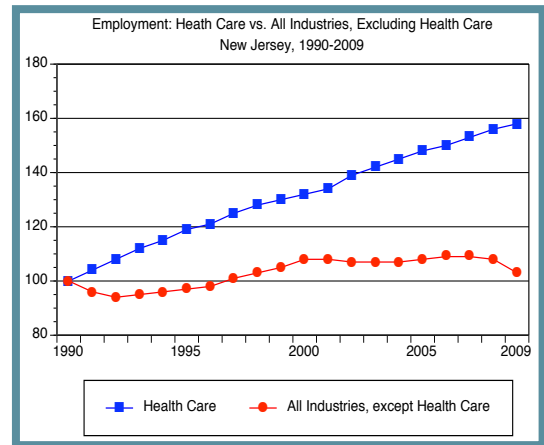
- The health care industry contributed over \$32 billion to New Jersey's

Gross Domestic Product in 2008 (roughly 7% of all output).

- New Jersey employers, across all health care industries, paid more than \$21 billion in wages in 2009.
- Nationally, the unemployment rate for workers in health care sector industries was estimated at 5.6 percent in February 2011, the lowest rate among all private sector industries. New Jersey tends to follow national trends; however, statewide data is not available.

Health Care Industry Demonstrates Strong Employment Growth Since 1990

Over the past two decades, the health care industry has added nearly 160,000 new jobs in New Jersey, while growing at an annual rate of 2.4 percent. This employment growth accounts for three of every five new jobs statewide since 1990. Its share of the total employment in New Jersey has increased from 7.5 percent in 1990 to 11.0 percent



Employment in the Health Care Cluster and Component industries, New Jersey : 1990 - 2009

	Employment		Employment Change 1990-2009	
	1990	2009	Number	Annual Rate
Health Care Cluster, Total	271,300	429,500	158,200	2.5
Ambulatory Health Care Services	94,600	186,800	92,200	3.6
Hospitals	128,600	155,500	26,900	1.0
Nursing and Residential Care Facilities	48,000	87,200	39,200	3.2

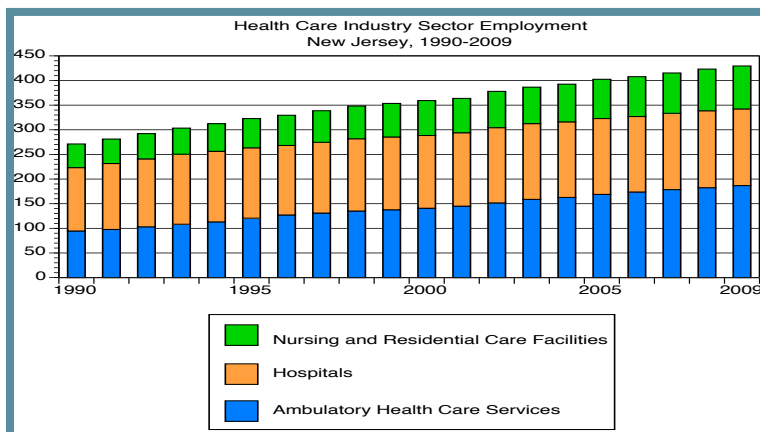
Source: NJ Department of Labor and Workforce Development, Division of Labor Market & Demographic Research

in 2009. In comparison, the remainder of all other industries combined added a total of 101,600 new jobs, while growing at an annual rate of only 0.2 percent. The economy as a whole averaged annual employment growth of 0.4 percent from 1990-2009.

Perhaps the most important facet of the marvelous growth in the health care industry over the last 20 years has been the consistency with which it has expanded. Despite three recessions and the so-called jobless recovery in New Jersey, the health care industry has never failed to grow by at least 1.2 percent year over year. This resilience from economic downturns, even during the most dire of times, proves that health care is the primary driver of the labor market in New Jersey.

Top Industries in Health Care

The health care industry is comprised of three primary components: ambulatory health care services (facilities



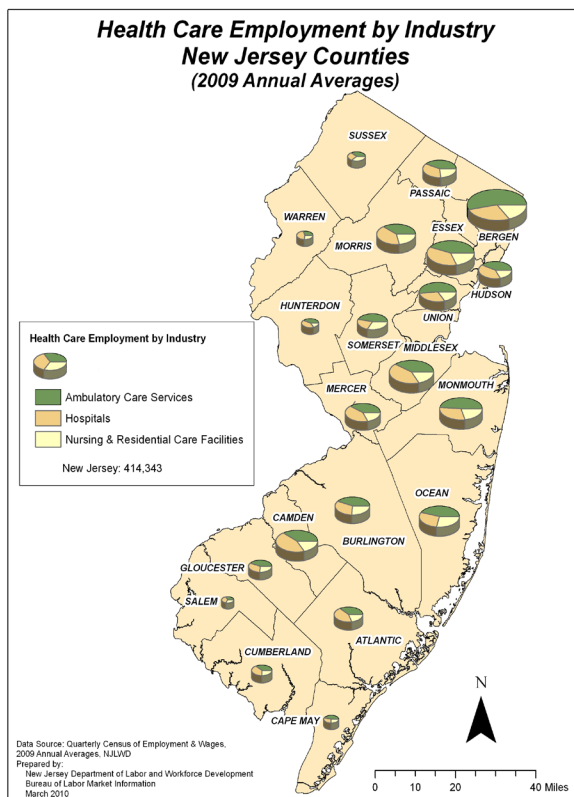
providing out patient services; doctors offices for example) nursing and residential care facilities, and hospitals. The first two categories have experienced substantial employment growth since 1990, averaging 3.2 and 3.6 percent annual growth, respectively. Hospitals have seen more modest growth, averaging 1.0 percent annually, which is still more than twice the rate of the overall labor market.

The methods by which health care is administered to the general public have been evolving for years, and will continue to evolve. In 2003, the ambulatory health care component surpassed hospitals as the primary employer. The gap has widened every year since, and in 2009, there were over 30,000 more jobs in the former than the latter.

Health Care Industry Wages in New Jersey Surpass National Average

In 2009, the health care sector in New Jersey paid an average wage of \$50,845. This figure is 8.4 percent more than the health care sector in the United States, and 13.7 percent more than the average

The 2009 annual average wage for health care workers in New Jersey was \$50,845

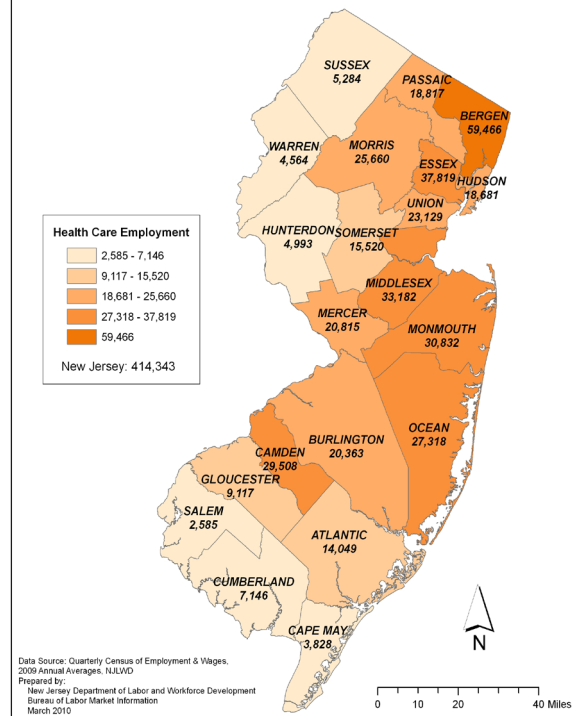


wage of the health care sector in New Jersey in 2004.

Offices of physicians, the second largest industry by employment in the health care sector, behind general medical and surgical hospitals, paid the highest average wage in 2009 at \$79,268. Medical laboratories (\$66,795) and diagnostic imaging centers (\$61,731) also paid average salaries greater than 120 percent of the sector's mean.

Many of the health care sector's lower paying industries are part of the nursing and residential care component. Several of the occupations present in this component have lesser educational and training requirements for entry. The average wage in New Jersey in 2009 was nearly \$32,000.

Health Care Employment - New Jersey Counties (2009 Annual Averages)



Health Care Industry Occupations

The health care industry employs perhaps the broadest array of occupations of any major industry. The general public usually receives their health care services from several health care professionals who provide the necessary care. These "teams" may consist

of the most specialized physicians and surgeons to their aides and technicians, and everything in between. Administrative, educational, and food service staff are also essential to the operation of the health care system. Below are a few highlights in occupations where opportunity for employment and advancement exists.

Top Occupations in the Health Care Cluster, New Jersey: 2009

Occupation	Cluster Employment 2009	Average Wage	Education and Training Requirements
Registered Nurses	64,450	\$74,990	Associate Degree
Nursing Aides, Orderlies and Attendants	44,950	\$26,850	Postsecondary Vocational Training
Home Health Aides	23,150	\$22,850	Short-Term on-the-job Training
Licensed Practical and Licensed Vocational Nurses	12,050	\$50,360	Postsecondary Vocational Training
Medical Assistants	11,700	\$32,760	Moderate-Term on-the-job Training

Source: New Jersey Department of Labor and Workforce Development, Division of Labor Market and Demographic Research

Registered nurses (RN), who may have a broad range of specialties, are the most prevalent occupations in the health care industry. In 2009, there were an estimated 65,000 RNs in New Jersey, earning an average salary of nearly \$75,000. There is a strong short- and long-term demand for more qualified nurses to enter the workplace to not only serve the widely



documented aging population, but also to replace the current nursing workforce, whose average age is over 50 years old. There are obstacles, however, such as a lack of qualified nursing instructors and curriculum issues, which will need to be resolved to meet this demand.

Medical assistants are an integral part of health care delivery. They serve a wide variety of roles, ranging from clinical to administrative functions. In 2009, there were over 12,000 medical assistants employed in New Jersey earning an average salary of roughly \$33,000.

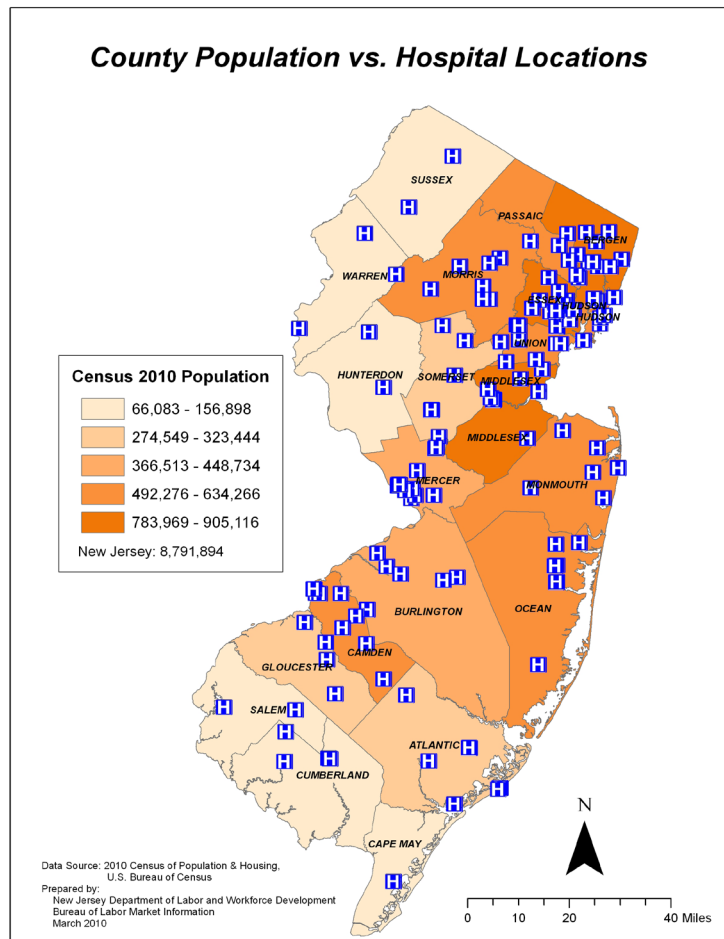
Diagnostic technician occupations also offer many opportunities for entrance to the health care industry. These jobs typically pay above-average salaries, but do not require advanced education beyond an associate's degree. This group includes occupations such as ultrasound technologists, X-Ray technicians and magnetic resonance imaging (MRI) technologists, among many others. These functions are essential as technology continues to improve and creates less invasive methods for early detection of disease.

Outlook

The outlook for employment in the health care industry in New Jersey is bright. From 2008 through 2018, it is projected that more than 56,000 additional jobs will be added, an annual increase of 1.3 percent. Nearly 70 per-

cent of the new jobs will be found in the ambulatory health care services component of the industry.

These projections estimate that there will be an additional 10,000 registered nurses, which will remain the top occupation by employment in 2018. Home health aides are projected to grow the fastest of any occupation, increasing by over 40 percent to roughly 40,000 in employment by 2018. Medical and dental assistants are also both projected to experience robust growth, each adding more than 20 percent to their 2008 estimate by 2018.



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