

# Iowa

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## Department of Public Health

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### **Center for Health Workforce Planning**

#### **Issue Brief: Economic Impact and Opportunities Created by the Health Sector & Workforce**

Health care continues to be among the fastest growing sectors of the U.S. economy. From 1970 to 2002, the health care consumption percentage of the U.S. Gross Domestic Product (GDP) doubled from 7 to greater than 14 percent. Employment in health occupations is projected to increase from 10.9 million in 2000 to greater than 14 million by 2010. In that same period, the growth rate for new job creation in health care occupations is expected to be 28.8%, more than double the growth projected for non-health occupations. Greater than 5.3 million people will be needed to fill health occupations positions resulting from departures and increases in new positions in the health workforce. Health occupations account for 15 of the 30 predicted fastest growing occupations in the U.S. from 2000 to 2010.

Iowa Workforce Development data show health services to be one of Iowa's top industries for job creation (23,440 jobs) from 1998 to 2008, second only to business services. A 2003 study released by the Iowa Hospital Association places the annual economic impact of the health sector at \$9.5 billion with health care generating 1 in 5 jobs statewide. This study estimated that the health care sector directly and indirectly employs 317,000 Iowans, or 21% of Iowa's workforce. In addition to the \$5.8 billion in salaries paid by the health care sector, its employees produce \$3.3 billion in annual retail sales, generating \$167 million in state sales tax.

The Iowa Department of Public Health has partnered with Iowa State University to do an economic assessment of the health sector in each of Iowa's ninety-nine counties. As Iowa seeks opportunities to further develop its economy, it must look for opportunities to maximize existing resources, not the least of which is its human capital. A viable health sector is the key to community economic development for the following reasons: 1) access to health care results in a healthy, more productive labor force; 2) a quality health sector is important in attracting and retaining job-creating businesses and industries; and 3) corporations may give site location preference to a community which can provide health care to its employees at a lower cost. Iowa is a state frequently cited as having relatively low health care costs.

Rural communities have demonstrated a unique capacity to respond to health workforce shortages and strengthen the viability of the workforce by: developing sustainable career ladders in local health care institutions; directing displaced workers into health care careers; finding employment opportunities for



*Promoting and protecting the health of Iowans.*

spouses of health care workers; cross-training and sharing workers among institutions and providing training opportunities within communities to ‘grow their own’ workforce. Iowa must capitalize on the existing creativity and collaboration of the health sector in rural communities as part of a comprehensive plan for economic development.

Projected demographic changes in Iowa’s population create an unprecedented need for a viable, diverse and sustainable health workforce. Iowa has the nation’s third highest percentage of residents aged 65 and over, the second highest percentage of those over 75, and the highest percentage of people over 85 years of age. Iowa has had a significant increase in immigration from Latin America and other parts of the world. For example, the U.S. Bureau of the Census counted an increase of 49,826 in Iowa’s Hispanic or Latino residents from 1990 to 2000. Iowa should seek opportunities to train and employ immigrants to meet the increasing health care needs of its aging population.

Iowa also has the opportunity to develop its economy by improving the wages of its health care workforce. On average, Iowa’s registered nurses earn \$9,000 less than their national peers and \$11,000 less than registered nurses in the border state of Minnesota. The Iowa Policy Project predicts that an increase in nurses’ wages would: 1) establish a baseline of fair and equitable compensation; 2) slow the “brain drain” of Iowa’s college graduates leaving the state and 3) diminish the substantial gender wage gap among Iowa professionals. The result is a positive impact on Iowa’s economy, which begins with, but extends beyond, the health sector.

#### **Actions Recommended by the Center for Health Workforce Planning in 2003/2004**

- Establish linkages to Iowa Department of Economic Development to promote the health sector and the health workforce as a key variable in economic development.
- Partner with Iowa Workforce Development to create opportunities for building the health workforce through regional Workforce Investment Boards.
- Update and enhance economic impact assessments of the health sector for each of Iowa’s 99 counties through partnerships with Iowa Department of Public Health, Iowa State University and Iowa Hospital Association.
- Promote collaboration among health services, businesses, schools and community planners to enhance economic development at the local level.
- Adopt strategies that support educational preparation of racial and ethnic minorities, including immigrants and refugees, for entry into the health sector of the labor force.
- Incorporate data about health workforce supply and demand into all statewide economic development initiatives.

*The Center for Health Workforce Planning was created in the Iowa Department of Public Health, Bureau of Health Care Access, to assess and forecast health workforce supply and demand, address barriers to recruitment and retention, support strategies developed at the local level that prevent shortages, and engage in activities that assure a competent, diverse health workforce in Iowa. Funding for the center, fueled through the efforts of U.S. Senator Tom Harkin, is administered through the Bureau of Health Professions, Health Resources and Services Administration, U.S. Department of Health and Human Services.*