

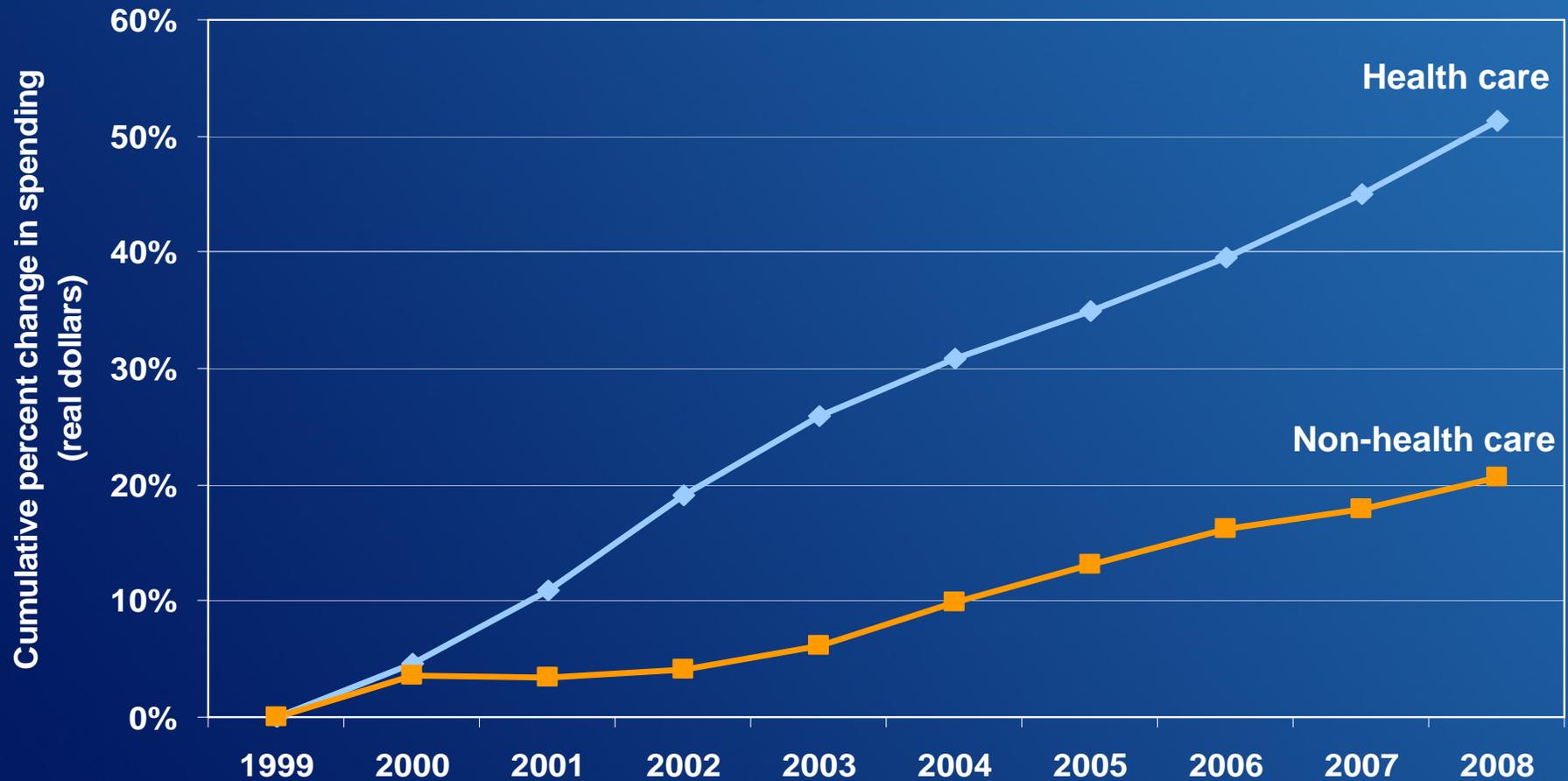


Advising the Congress on Medicare issues

Health care sector growth

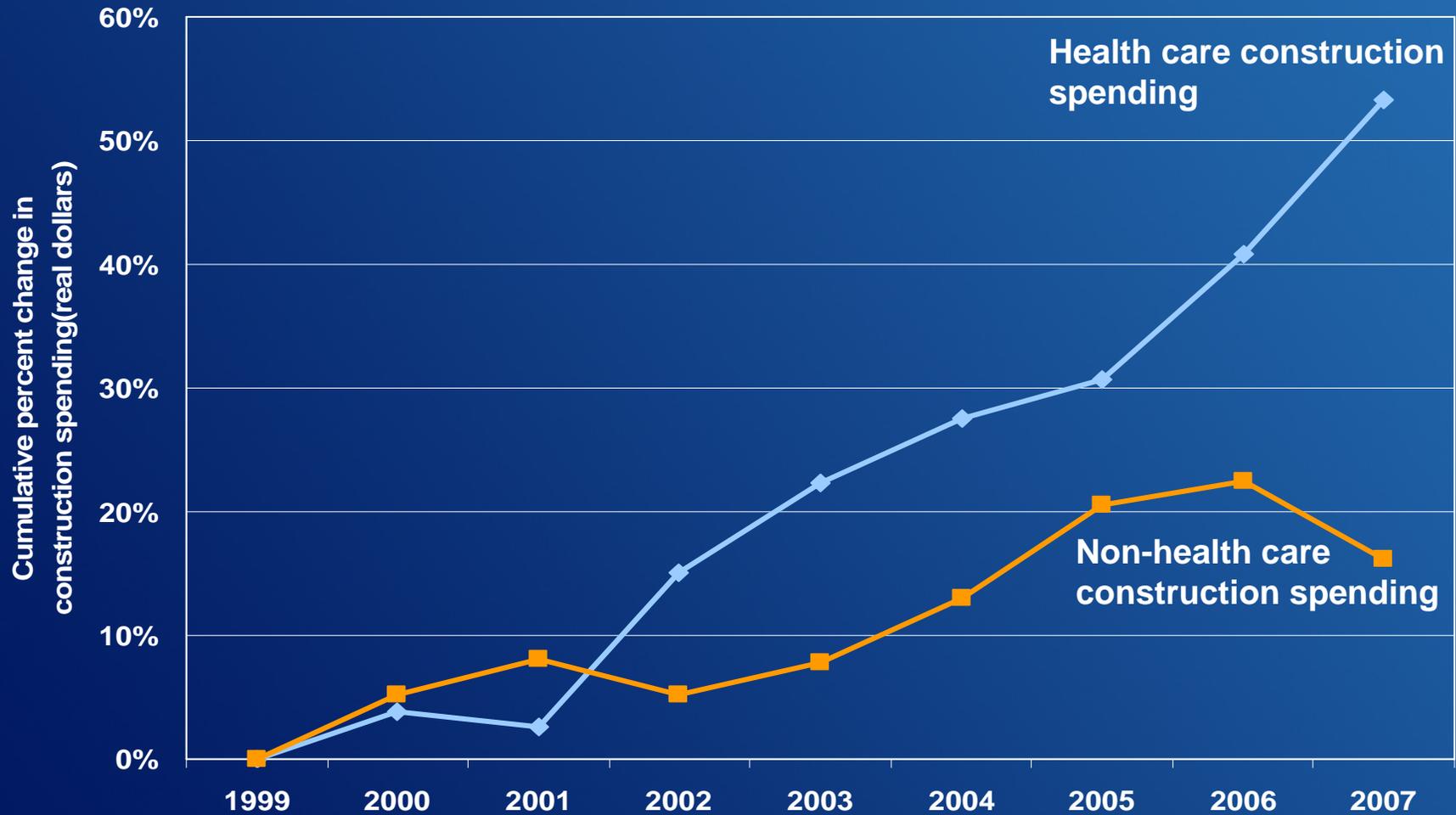
Zachary Gaumer and David Glass
October 3, 2008

Health care sector spending increased at twice the rate of all other sectors combined



Note: Data represent real dollars indexed to their value in the year 2000.

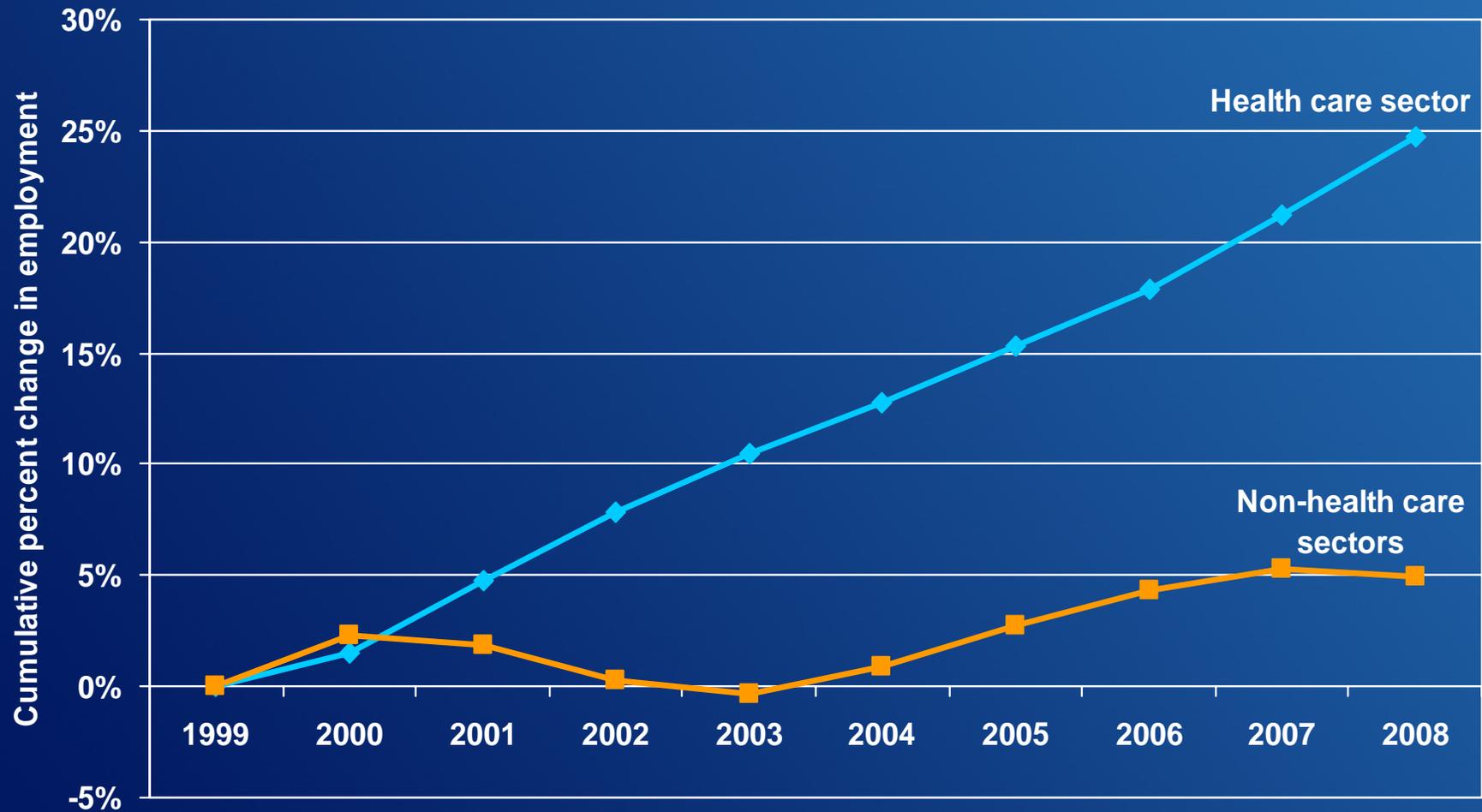
Health care sector construction spending grew faster than rest of economy



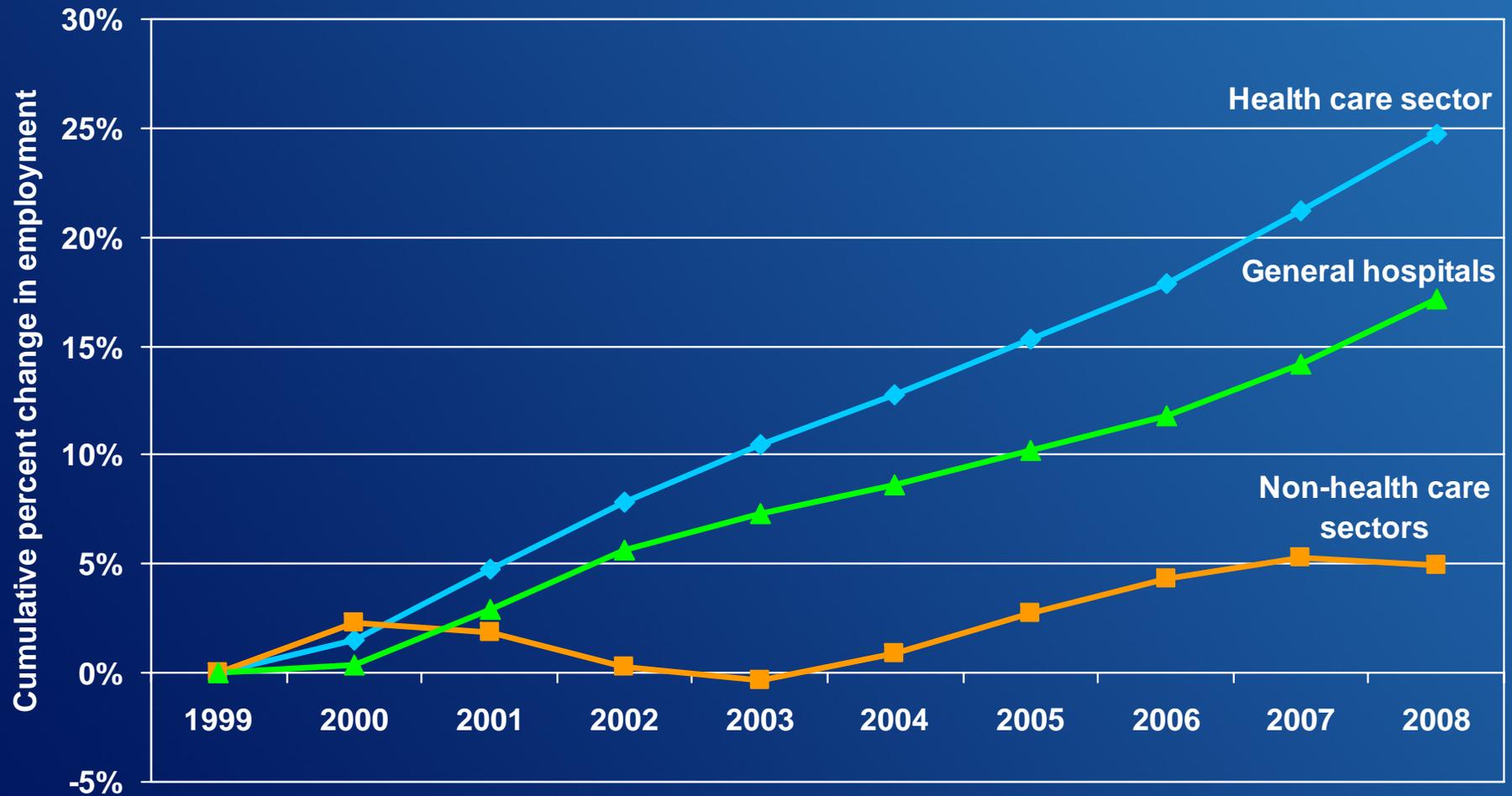
Note: Data represent real dollars indexed to their value in the year 2007 using McGraw-Hill construction cost index.

Source: U.S Census Bureau and McGraw-Hill

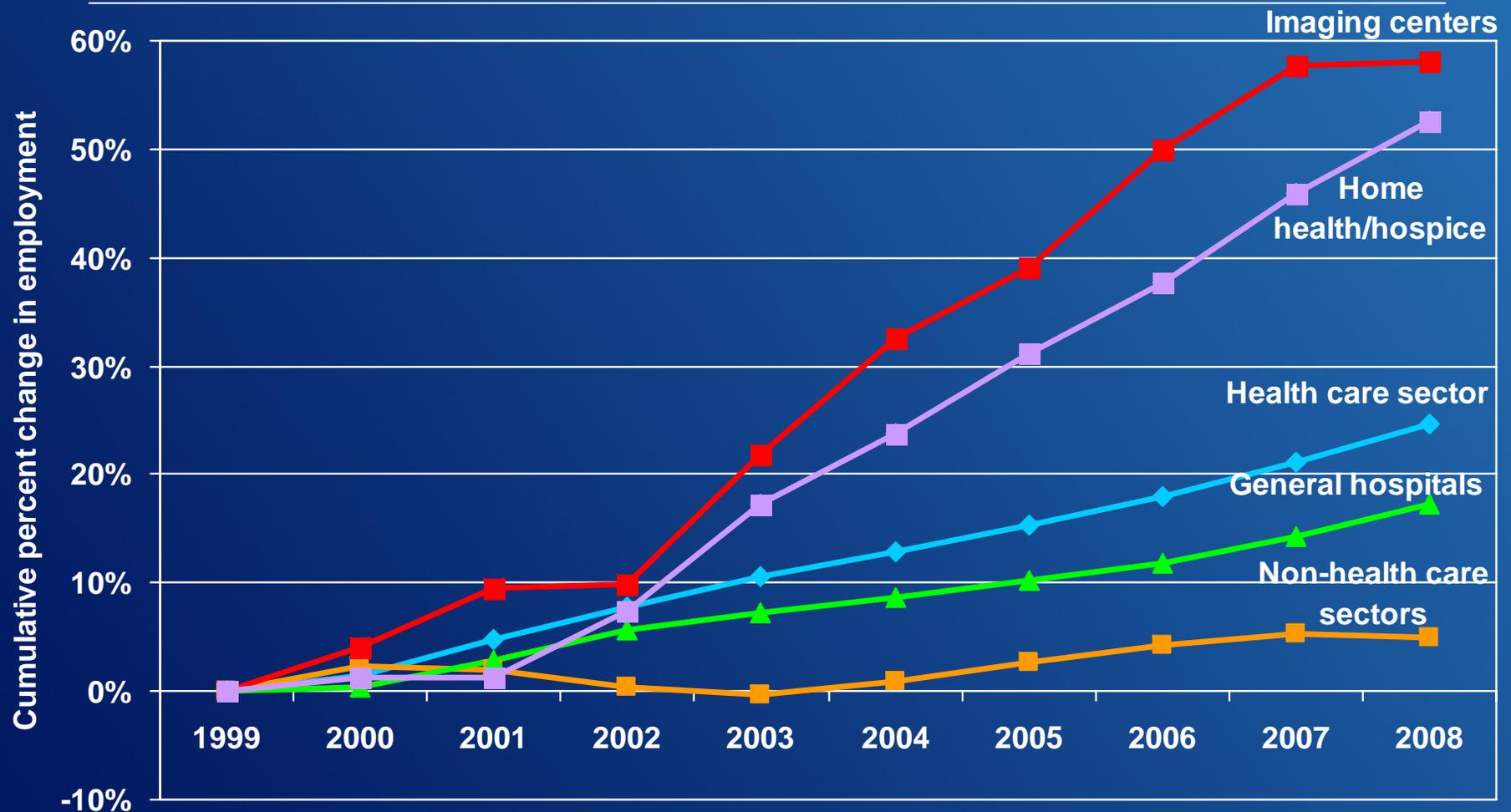
Health care sector employment grew faster than non-health care sectors



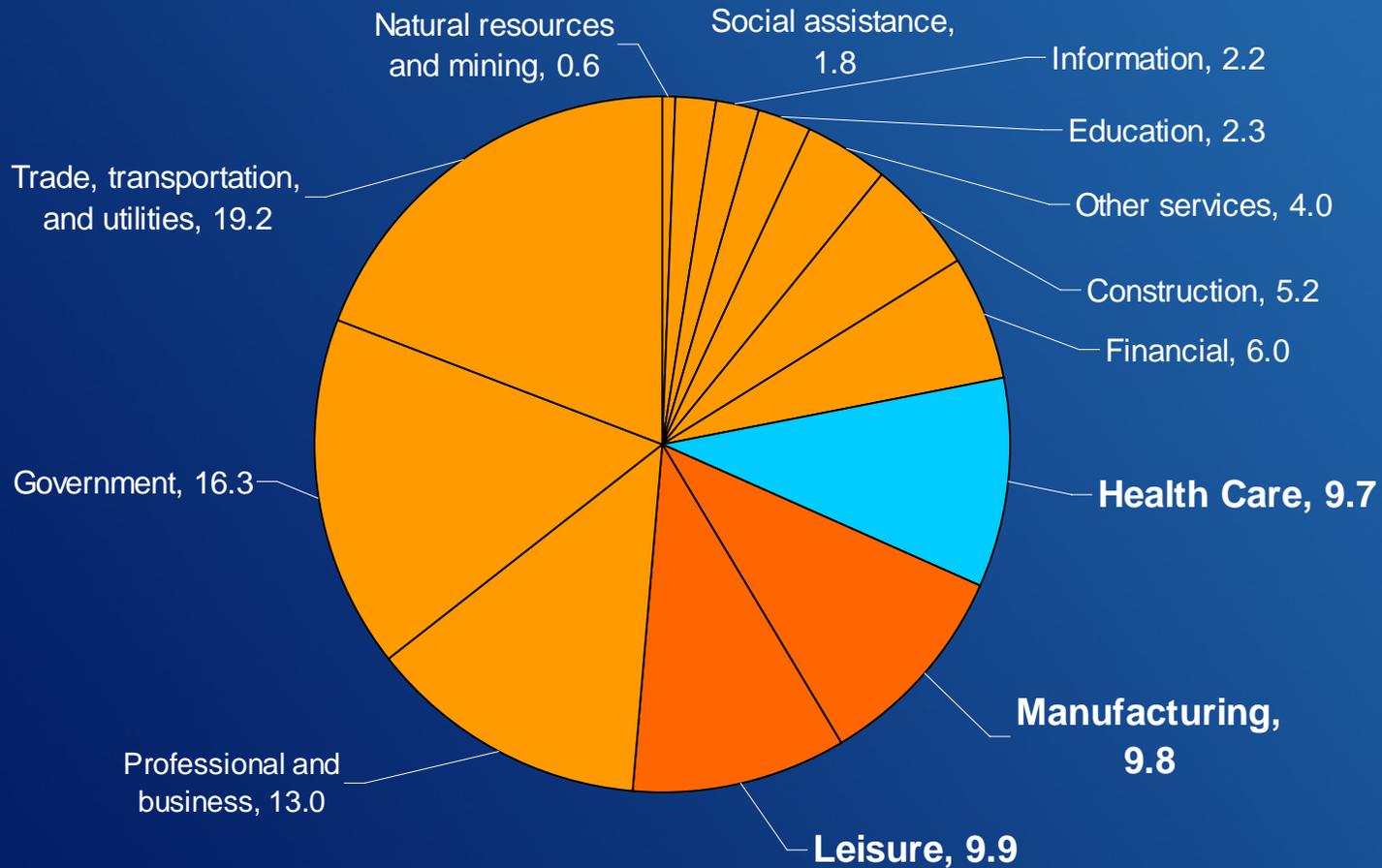
General hospital employment grew faster than non-health care sectors



Employment growth most rapid for imaging centers and home health / hospice



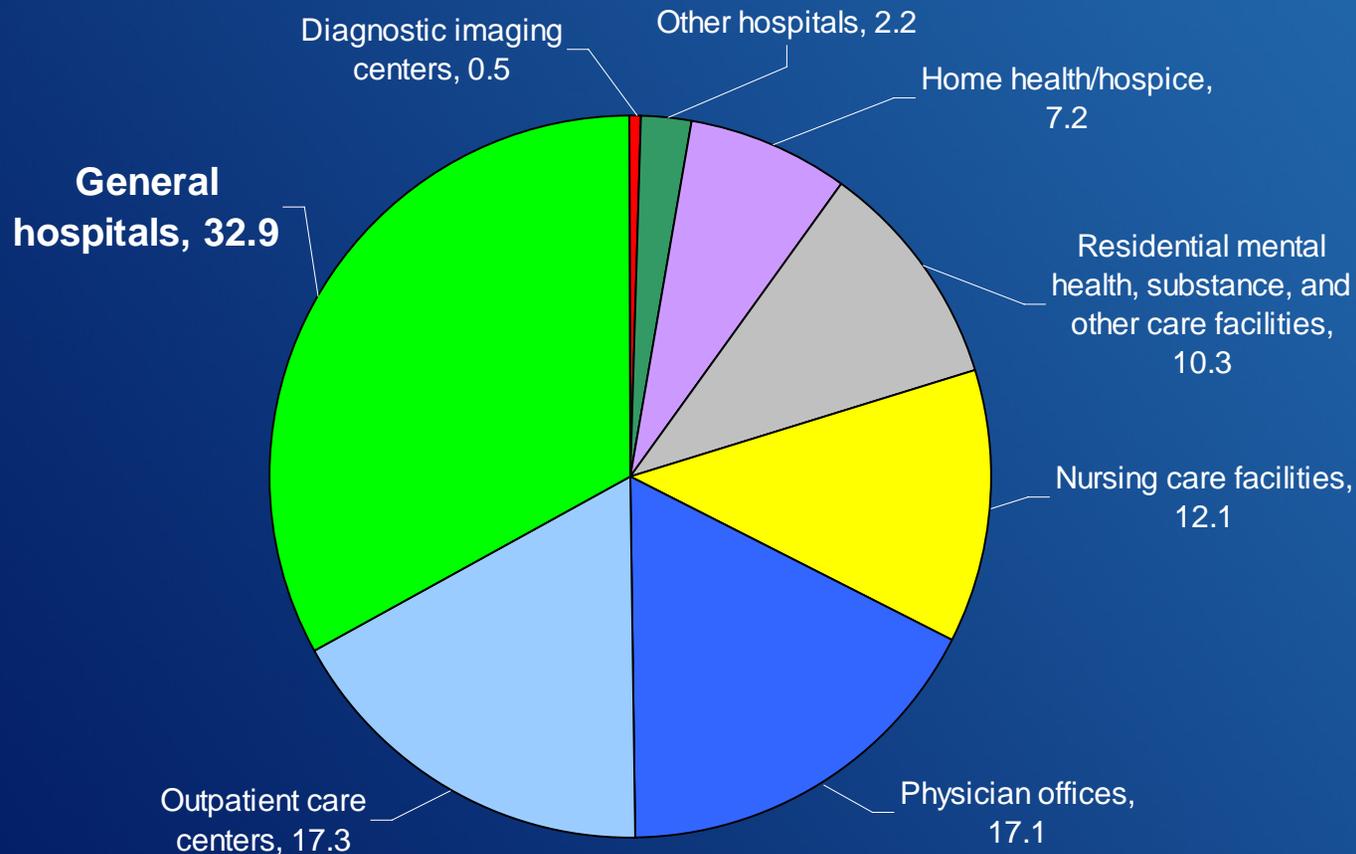
Health care sector accounted for 9.7 percent of US labor market



Note: Includes all non-farm jobs within the U.S. labor market as of July 2008

Source: U.S. Department of Labor, Bureau of Labor Statistics

General hospitals accounted for the largest share of health care sector employment



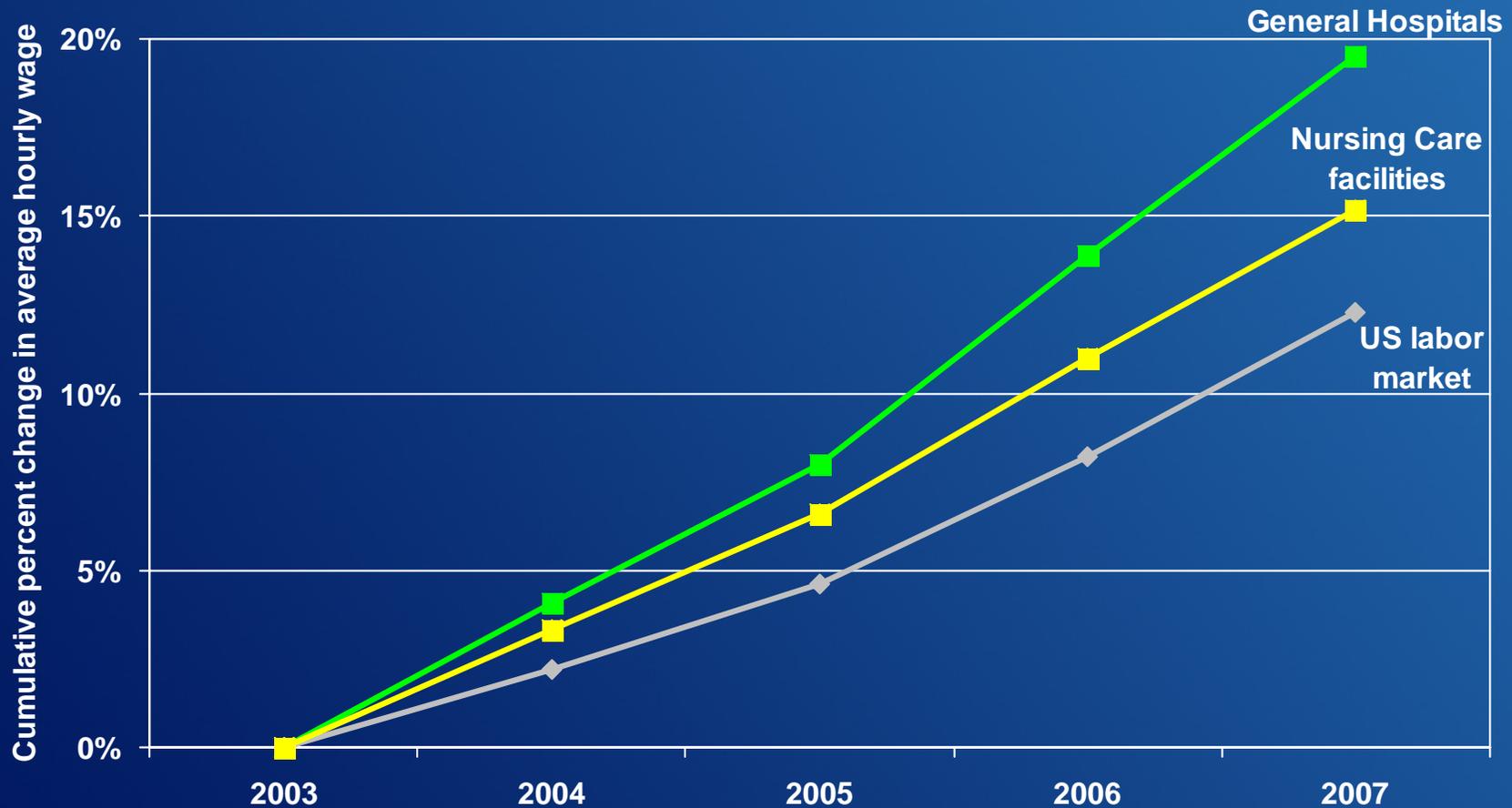
Source: U.S. Department of Labor, Bureau of Labor Statistics, as of July 2008.

Health care occupations projected to grow twice as fast as all occupations by 2016

US Department of Labor projections for occupational employment growth from 2006 to 2016

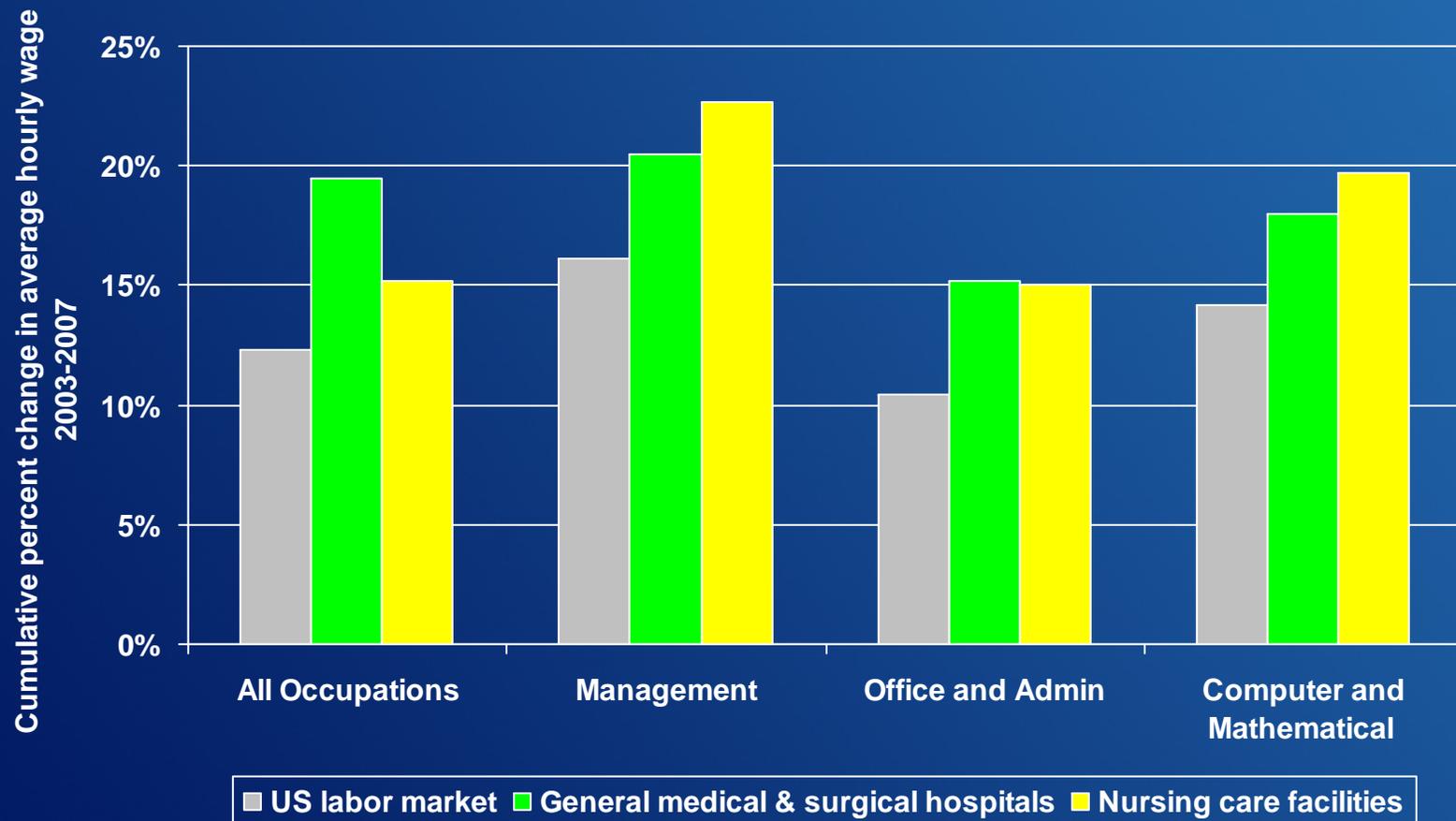
- All occupations: 10 percent increase
- Health care practitioners: 20 percent increase
- Health care support staff: 27 percent increase

General hospital wages increased faster than national average



Source: U.S. Department of Labor, Bureau of Labor Statistics

Wages at hospitals and nursing facilities increased faster for non-clinical occupations than the US labor market overall



Source: U.S. Department of Labor, Bureau of Labor Statistics

Health care sector growth exceeded the national average

- Grew as a percent of US GDP
- Construction spending increased rapidly in last decade
- Employment grew faster than other sectors
 - Larger share of US labor force in 2008 than in 1999
 - Growth fastest at diagnostic imaging facilities and home health care
- Wages grew faster than rest of economy
 - Wages for non-clinical occupations grew faster within hospitals and nursing facilities than national average
 - Faster rate of wage growth for non-clinical occupations suggests less financial pressure

Summary

- Health care sector growing much more rapidly than rest of economy
- Absorbing capital and labor; building capacity
- At the margin, are we getting value for this investment?
- Is this growth rate sustainable over time?