

Health Care in Montana's Economy

For years, the conventional wisdom has been that Montana's economy is built around agriculture and the natural resources industries. While that was certainly true at one time, it is no longer the case.

In today's economy, health care is arguably the most powerful economic force in Montana's economy and a key ingredient in any recipe for future economic growth.

According to a 2005 analysis by the [University of Montana's Bureau of Business and Economic Research](#), health care spending totaled \$4.9 billion and accounted for more than 16 percent of the State Domestic Product.

The health care industry also is one of the state's largest employers, accounting for more than 45,000 jobs, according to the [Montana Department of Labor and Industry's Research and Analysis Bureau](#).

Anecdotal evidence reinforces these findings. In most communities with a medical facility, health care is the cornerstone of the local economy. The facility usually is one of the largest employers in town – often the largest – and its jobs the highest paying.

Hospitals in Montana's larger communities have become regional centers for specialty medicine, fueling even more economic growth.

The charts in this section illustrate that:

- Hospitals are the largest part of Montana's health care economy, accounting for more than 20,000 jobs.
- Jobs in hospitals grew by 9.6 percent between 2001 and 2005 and jobs in ambulatory settings grew by 10.2 percent during this period. Jobs in health care are projected to continue to grow at this rapid pace for the next decade.
- Average annual wages in ambulatory care and hospital settings are significantly higher than the average for all jobs in the state.

Health Care & Economic Development

Too often we think of health care as just another cost of doing business. While that's certainly true, health care must play another role in our state's economy: as a key element in Montana's economic development strategy.

A sound health care infrastructure is essential to economic development. Businesses won't locate in Montana or expand once they're here if the health care system is substandard. Nor will retirees locate here if the health care system doesn't provide the kinds of medical services they need.

For these reasons, MHA continues to urge policymakers to invest in the state's health care infrastructure – it's good for business and good for our seniors.

The charts show that nearly 45,500 Montanans are employed in the three main sectors of the state's health care delivery system. These workers collect more than \$1.5 billion in wages.

In addition, as the second chart indicates, the average annual wage for workers in ambulatory health care and hospital settings is well above the state average for all jobs. Workers earning these wages are critical to the economic health of their communities.

Employment & Payroll for the Montana Health Care Industry (2005)

Sector	Employment	Payroll (in Millions)
Ambulatory health care	14,387	\$576
Hospitals	20,962	819
Nursing & residential care	10,120	204
All health care jobs in Montana	45,469	\$1,599

Average Annual Wages

Industry	Average Annual Wage
Ambulatory health care	\$40,010
Hospitals	\$39,062
Nursing & residential care	\$20,131
All jobs in Montana	\$29,156

Source: Research and Analysis Bureau, Montana Department of Labor and Industry.

Montana's Largest Employers

Industry	Number of Jobs
Education services	38,037
Food services & drinking places	35,019
Hospitals	20,962
Executive, legislative, & other government support	18,416
Professional & technical services	17,738
Administrative & support services	15,644
Specialty trade contractors	14,459
Ambulatory health care services	14,387
General merchandise stores	10,450
Accommodation	10,155
Nursing & residential care facilities	10,120

In the aggregate, health care is the largest employer in the state, and health care employment is among the fastest-growing sectors of the state's economy.

As the chart on the next page indicates, jobs in health care fuel job creation in the non-health care sectors of our state's economy. Using a Department of Labor and Industry model, these charts indicate that an additional 30,000 jobs are created in the state as a result of the jobs in health care.

Growth Rates of Montana's Largest Employers

Industry	Percent Change in Employment (2001-2005)
Specialty trade contractors	37.6%
Professional & technical services	12.9%
Ambulatory health care services	10.2%
Food services & drinking places	10.1%
Administrative & support services	9.7%
Hospitals	9.6%
Educational services	6.8%
General merchandise stores	6.5%
Nursing & residential care facilities	4.3%
Accommodation	3.2%
Executive, legislative, & other government support	2.5%

Source: Research and Analysis Bureau, Montana Department of Labor and Industry.

Total Employment Impact of Montana's Hospitals

Hospital Employment	20,962
Hospital multiplier	1.79
Jobs created in other businesses	16,560
Total Jobs	37,522

Total Employment Impact of Montana's Nursing & Residential Care Facilities

Nursing & residential care facilities employment	10,120
Nursing & residential care facilities multiplier	1.38
Jobs created in other businesses	3,846
Total Jobs	13,966

Total Employment Impact of Montana's Ambulatory Health Care Services

Jobs from home health care services

Home health care services jobs	2,154
Home health care services multiplier	1.30
Jobs created in other businesses	646
Total Jobs	2,800

Jobs from offices of physicians, dentists, etc.

Jobs in physicians, dentists, etc. offices	9,518
Offices of physicians, dentists, etc. multiplier	1.66
Jobs created in other businesses	6,282
Total Jobs	15,800

Jobs from other ambulatory health care services

Other ambulatory services employment	2,714
Other ambulatory services multiplier	1.90
Jobs created in other businesses	2,443
Total Jobs	5,157

Source: Research and Analysis Bureau, Montana Department of Labor and Industry.