

How Healthy is Montana's Healthcare Industry?

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The global pandemic has highlighted the important role a high-quality healthcare system has in the state's economy and population. Healthcare remains one of Montana's largest employing industries, with over 73,000 payroll employees. These employees work in a variety of jobs – as nursing assistants, accountants, medical coders, janitors, and physicians – each making an important contribution to the industry. This article summarizes the employment changes in healthcare over the last few years, and the demand for high-quality healthcare workers moving forward.

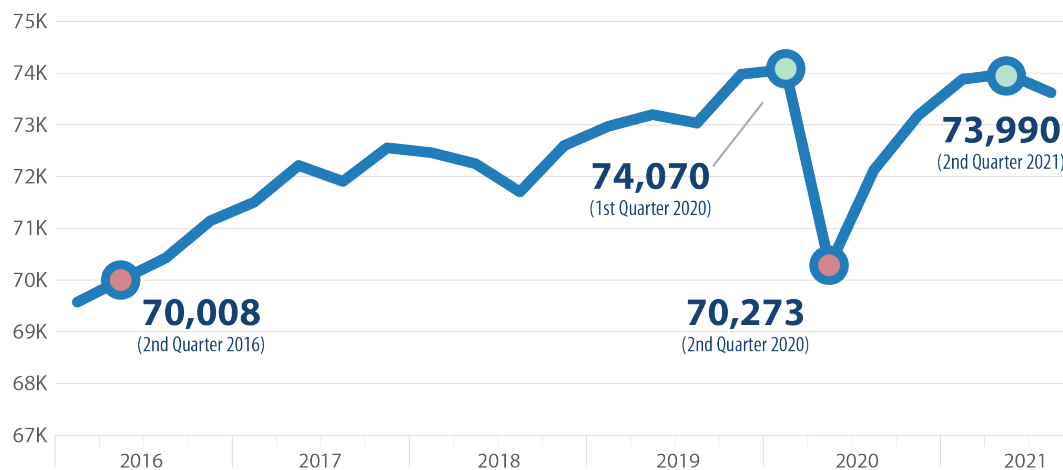
Stable Employment Growth Disrupted by Pandemic

The healthcare industry has been a stable driver of employment growth in the state over the last three decades. Since 1990 healthcare industry has averaged 2.1% employment growth per year, which is faster than the statewide average of 0.64%. Employment growth in healthcare has tapered slightly to 1.2% over the last five years, as tight labor markets have made recruitment and retention of workers increasingly difficult. The onset of the global pandemic brought with it significant employment losses in healthcare. Healthcare employment fell 8% in April 2020, which translated to

6,000 jobs. Most of these losses were in non-essential jobs, as many healthcare providers like dentists and eye doctors shut down or scaled back their operations. However, the industry's initial employment rebound was strong. By the second quarter of 2021 healthcare employment had regained roughly two-thirds of the jobs lost.

Figure 1 shows healthcare employment changes over the last five years. Employment peaked in the first quarter of 2020, with over 74,000 healthcare workers

FIGURE 1
Healthcare Employment by Quarter Since 2016



Source: Quarterly Census of Employment and Wages 2016 Q1 through 2021 Q3. Healthcare employment is defined as NAICS 62 and includes private and public employment.

employed in Montana. The following quarter employment fell to a pandemic low of nearly 72,000 – erasing four years of employment gains. By the second quarter of 2021, healthcare employment had essentially returned to its pre-pandemic peak. However, a slight dip in third quarter employment left the industry with about 400 fewer jobs (0.6%) than pre-pandemic.

Despite a third quarter dip in employment, pandemic-related healthcare employment losses are expected to be fully recovered by the end of 2021. The Montana Department of Labor and Industry (MTDLI) projects healthcare to continue to make up a significant portion of employment growth, adding an average of 1,330 jobs per year through 2030. Across all industries, Montana is projected to add an average of 5,170 jobs per year through 2030, with 25% of job growth occurring in the healthcare industry.¹






Healthcare Workforce Needs

As the largest-employing industry in the state, healthcare is projected to add 1,330 new jobs every year through 2030. These new jobs include healthcare practitioners and other occupations within the field, as well as jobs outside healthcare – like accountants, janitors, and administrative assistants. MTDLI anticipates healthcare occupations will grow by 980 jobs per year through 2030. However, new jobs are just a part of overall employment demand. Job openings occur for other reasons, such as workers retiring or changing careers. In total, MTDLI estimates 5,060 healthcare job openings annually in Montana.

There are a variety of jobs within healthcare, including practitioner, technical, and support occupations. **Figure 2** shows projected openings in healthcare, as well as the top four healthcare jobs with the most openings. Over half of all the projected openings in healthcare occur in these four occupations.

¹ Montana Employment and Labor Force Projections: Job Growth from 2020 to 2030. MTDLI.

FIGURE 2
Projected Employment Demand for Healthcare Occupations, 2020-2030

	Annual Openings			Median Wage 2020	
	Total Openings	Exits	Transfers		New Jobs
 Total Health Care Occupations	5,060	2,050	2,030	980	
 Home Health & Personal Care AIDES	1,170	510	420	230	\$27,090
 Certified Nursing Assistants CNAs	770	350	320	100	\$31,720
 Registered Nurses RNs	710	310	240	160	\$70,530
 Licenced Practical Nurses LPNs	210	80	90	40	\$46,010

Source: MTDLI Occupational Employment Projections 2020-2030. Healthcare occupations are defined as the sum of SOC code 29 Healthcare Practitioners and Technical occupations, and 31 Healthcare Support occupations.

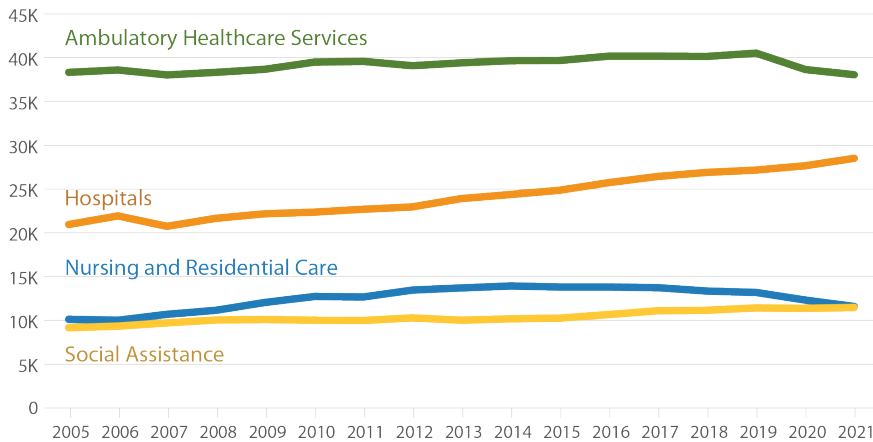
Home health and personal care aides have the greatest workforce needs of any healthcare occupation, with an estimated 1,170 job openings per year. Many of these job openings occur within nursing and residential care facilities, which have sustained significant employment losses over the last several years.²

Figure 3 shows employment in nursing and residential care facilities over the last fifteen years, compared to the other subindustries within healthcare. Employment peaked in nursing and residential care facilities back in 2014, at nearly 14,000 workers. Since then, employment has steadily declined, averaging 1.1% employment losses over the next five years.

Employment losses accelerated in 2020 at nursing and residential care facilities. The onset of the COVID-19 pandemic brought with a host of challenges for these facilities as they sought to reduce the likelihood of exposure to the virus for one of the most vulnerable

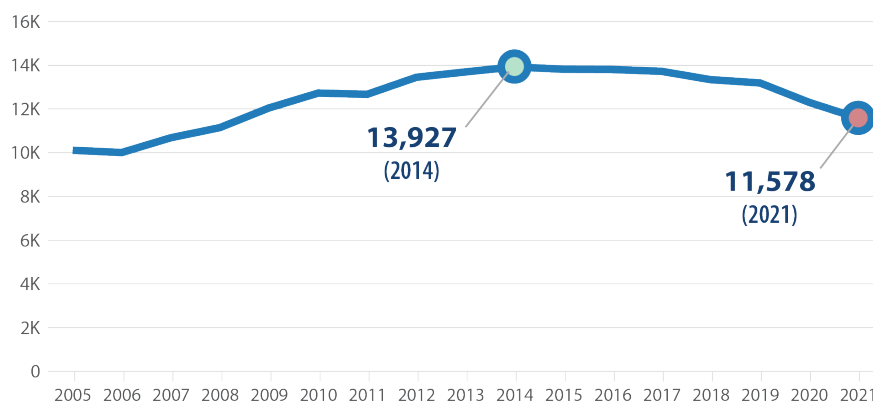
² Approximately 42% of home health and personal care aides are employed in nursing home and residential care facilities, another 43% are employed in the social assistance industry. 2020 Occupational Employment Statistics.

FIGURE 3.A
Healthcare Employment by Subindustry



Healthcare Annual Employment Change:	
Year	% Change
2015	1.5%
2016	3.0%
2017	2.5%
2018	0.3%
2019	1.4%
2020	-1.2%
2021	2.0%

FIGURE 3.B
Nursing and Residential Facility Employment



Nursing & Residential Care Annual Emp. Change:	
Year	% Change
2015	-0.8%
2016	-0.1%
2017	-0.6%
2018	-2.8%
2019	-1.2%
2020	-6.7%
2021	-5.9%

Source: Quarterly Census of Employment and Wages, 2005 Q1 through 2021 Q3. Nursing and residential facility employment is defined as NAICS 623 and includes private and public employment.

populations in the state. Employment fell by 6.7% at nursing and residential care facilities, which translates to about 880 jobs – more than the job losses in the last five years combined. Unlike the rest of the healthcare industry, nursing and residential care facilities have yet to experience a rebound in employment. Employment in these facilities continued to fall in 2021. Most recent employment estimates suggest there are 11,500 people working in nursing and residential facilities, which is down significantly from its peak of 13,900 in 2014.

Workforce demand for home health and personal care aides partially stems from the need to replace workers leaving the occupation, either due to retirements or

transfers to another career. About 80% of the 1,170 projected annual job openings for home health and personal care aides are generated from retirements and worker turnover, while the remaining 20% comes from an increase in demand for the home health services. The state’s growing elderly population has driven much of the demand for home health aides.

While home health and personal care aides have the greatest workforce demand among healthcare occupations, recruitment and retention of qualified staff is challenging in the face of significant statewide worker shortages. The occupation’s below average wages make competition for workers difficult. The

median wage for home health aides was \$27,090 in 2020, which is less than the average for healthcare support occupations and significantly below the statewide average of \$37,860.³ Montanans have experienced rapid wage growth in 2021, averaging 12% growth for the year ending third quarter of 2021.⁴ Some of this wage growth has occurred in nursing and residential care facilities. However, whether that translates to an increase in wages for home health workers has yet to be observed.

High-Demand Nursing Occupations

Montana’s healthcare system relies on a highly skilled nursing workforce. Three of the top four healthcare occupations with the most projected job openings are in nursing. The demand for nursing assistants, registered nurses, and practical nurses comprise an estimated 34% of total demand for healthcare occupations in the state. Certified nursing assistants (CNA) are estimated to have the most job openings, followed closely by registered nurses (RN), and then licensed practical nurses (LPN). **Figure 4** shows the employment level and projected job openings for each of these high-demand nursing occupation in the state.

MTDLI estimates 770 annual openings for CNAs every year through 2030. Significant workforce turnover drives much of the demand for CNAs. Eighty-seven percent of the 770 annual CNA job openings are estimated to occur due to labor force exits and transfers. Nursing assistant is an entry-level occupation offering low wages relative to other nursing occupations, which leads to higher turnover rates. The median wage for nursing assistants was \$31,720 in 2020, less than practical and registered nursing wages in the state. Many nursing assistant job openings occur as CNAs move up the career ladder into more advanced and higher-paying nursing occupations.

Registered Nurses

Registered nursing demand is the next largest among healthcare occupations, with an estimated 710 annual openings. About 77% of these openings are due to retirements or worker

³ Occupational Employment and Wage Statistics (OEWS), 2020.
⁴ Quarterly Census of Employment and Wages, Q3 2021.




What is the National Council of State Boards of Nursing Survey?



The National Nursing Workforce Survey focuses on providing an overview of the nursing workforce. The survey, conducted by the National Council of State Boards of Nursing and the National Forum of State Nursing Workforce Centers, is sent out to a random sample of individuals that hold either an active Registered Nurse (RN) license or an active Licensed Practical/Vocational Nurse (LPN/LVN) license. In Montana, 2,161 RN licensees were mailed a survey, and 843 responded, while 1,629 LPN/LVN licensees received a survey, with 595 responses. 2020 survey responses were collected from Feb. 19, 2020 to June 30, 2020. For most survey questions, pre-pandemic responses did not differ from post-pandemic responses.

The analysis presented here focuses on the responses of just Montana licensee respondents, after weighting the data by Montana’s age distribution to appropriately represent the state’s nursing population. More information on the state-specific survey results are available in the Status of the Nursing Workforce report found on the publications page of lmi.mt.gov under special reports and studies.

FIGURE 4
Employment & Projected Job Openings by High-Demand Nursing Occupation

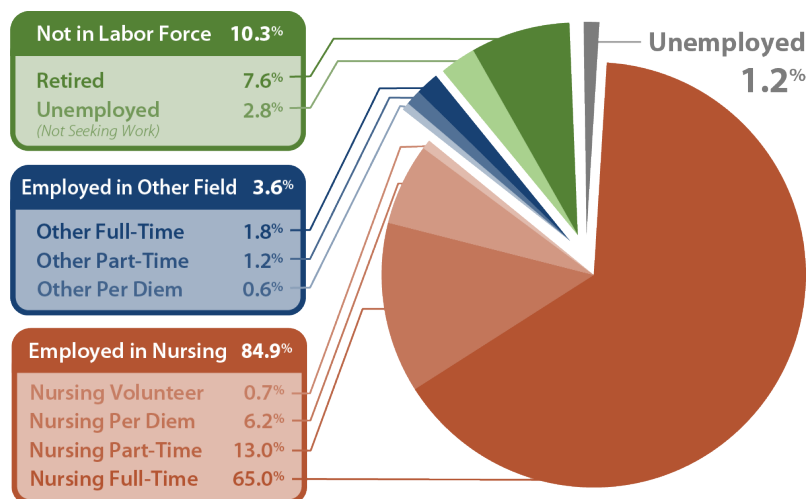
	Annual Openings	% from Turnover	2020 Total Employment	Median Wage 2020
 Registered Nurses RNs	710	77%	9,980	\$70,530
 Licenced Practical Nurses LPNs	210	81%	1,850	\$46,010
 Certified Nursing Assistants CNAs	770	87%	5,110	\$31,720

Source: 2020 Occupational Employment and Wages (OEWS), MTDLI 2020-2030 Occupational Employment Projections.

turnover. The MTDLI projections estimate 550 nurses will leave their job each year over the next ten years, with 44% of those leaving for a career change and 56% dropping out of the labor force entirely. While nursing turnover is a significant driver of job openings for RNs, high wages help keep turnover below the rate experienced by nursing assistants and practical nurses.

The supply of nurses to fill these job openings is limited by the number of actively licensed registered nurses. In 2021, there were an average of 17,490 actively licensed RNs in Montana. However, as the employment data in **Figure 4** suggests, not all these nurses were working as RNs. **Figure 5** shows the employment status of actively licensed RNs, according to the National Council State Board of Nursing (NCSBN) survey conducted in 2020.

FIGURE 5
Employment Status of Actively Licensed RNs in Montana



Source: National Council State Board of Nursing (NCSBN) 2020 Survey compiled by MTDLI

The NCSBN survey results indicate approximately 85% of registered nurses are working in nursing, with 65% working full-time.⁵ An additional 14% of licensed RNs are either working in other fields or are not participating in the labor force. There are many reasons an individual may choose not to participate in the labor force. They may be retired (8% of all actively licensed RNs) or they may have family or school commitments. Among those not retired, family commitments like caring for children or adults with illnesses or disabilities was the most common reason

⁵ Trautman, Emily; Watson, Amy. "Status of the Nursing Workforce: A Summary of the Results from the National Council State Board of Nursing 2020 Survey." MTDLI. November 2021.

that RNs were not actively seeking work. Only 1.2% of licensed RNs indicated they are unemployed and actively seeking work.

In order to recruit and retain enough qualified registered nurses to meet workforce demand, healthcare providers will have to look outside the population of unemployed RNs. Healthcare providers could also entice licensed registered nurses working in other fields to change careers, or attract actively licensed RNs into the labor force who are retired or at home taking care of family responsibilities. The Montana post-secondary education system produces an average of 720 registered nursing graduates per year, 67% of whom hold a bachelor's degree or higher.⁶ New labor force entrants will also help meet the growing demand for registered nurses in the state.

Licensed Practical Nurses

Licensed practical nursing is the fourth most in-demand healthcare occupation, with an estimated 210 job openings per year through 2030. About 80% of these job openings are generated by worker turnover and labor force exits. According to the 2020 NCSBN survey, nearly 48.5% of LPNs actively employed in nursing indicated plans to retire or leave the nursing workforce within five years, which translates to 175 LPNs each year. MTDLI estimates 53% will leave due to a career change and the other 47% to exit the labor force.

As with registered nursing, the supply of nurses to fill LPN job openings is limited by the number of actively licensed practical nurses. In 2021, there were an average of 2,280 actively licensed LPNs in Montana. However, only an estimated 68.7% were working as nurses, and only 50.8% were working full-time as practical nurses.

About 6% of actively licensed LPNs report they are working outside of nursing, which is nearly twice as high as the rate among registered nurses. Lower wages for practical nurses relative to RNs may be contributing to the higher rates of LPNs employed in other fields.

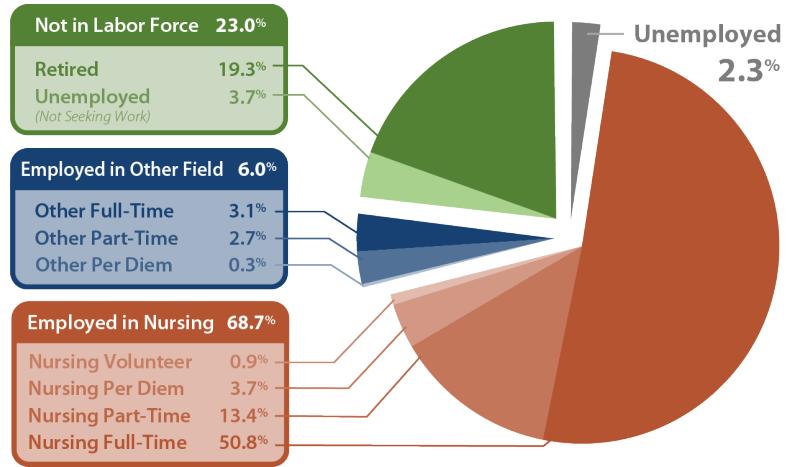
⁶ Integrated Post-Secondary Education Data System (IPEDS) 2017 - 2020 graduate data.

The median wage for practical nurses was \$46,000 in 2020, compared to \$70,000 for registered nurses.

Figure 6 shows the employment status of actively licensed LPNs, according to the 2020 NCSBN survey.

The number of licensed LPNs who are out of the labor force has increased over the last five years from 15% to 23%, primarily driven by an increase in retirements. The population of LPNs in Montana is aging along with the rest of the state, with the median age at 53.5 years compared with 50.9 in 2015.⁷ The aging population has resulted in an increase in retirements, and therefore an increase in workforce demand for LPNs. Only an estimated 2.3% of LPNs are unemployed and actively seeking work, meaning healthcare providers will most likely need to encourage those outside the labor force or working in other fields to fill job openings for practical nurses.

FIGURE 6
Employment Status of Actively Licensed LPNs in Montana



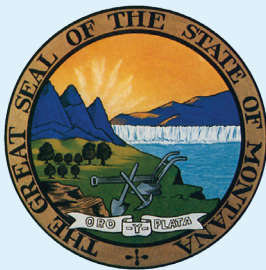
Source: National Council State Board of Nursing (NCSBN) 2020 Survey compiled by MTDLI

Conclusion

The demand for healthcare services has continued to grow along with the state’s aging population. In 2020 Montana’s population surpassed 1,000,000 after having grown by 9.6% over the last ten years. An estimated 20% of Montanans are over the age of 65, helping to drive the increase in demand for healthcare services in the state.⁸ One of the highest-need areas in healthcare is for home health aides in nursing home and residential care facilities. Nursing occupations also continue to demand a significant number of workers each year. Home health aides and nurses account for the majority of healthcare workforce demand in the state.

Tight labor markets have made recruiting and retaining a qualified healthcare workforce increasingly challenging. Healthcare providers will likely need to recruit workers employed in other occupations, or who have exited the labor force to help fill projected job openings. Governor Gianforte has also launched an initiative to recruit healthcare workers from across the country to Montana. CARE Montana promotes in-migration of healthcare workers to help alleviate the workforce shortage, and improve care for all Montanans.

CARE in Montana Program



To address the state’s critical health care workforce needs, Governor Greg Gianforte announced in November an initiative to recruit health care workers from across the country to Montana. Known as CARE In Montana and administered by the Department of Labor & Industry, the program offers participants up to \$12,500 for moving expenses when they relocate to Montana from out of state for an eligible health care job. “With this innovative new program, we’re inviting qualified doctors, nurses, and other health care providers to move to Montana, serve in our communities, alleviate some of the burden on existing workers, and help us build capacity so Montanans have greater access to care,” Gov. Gianforte said.

To learn more about the CARE in Montana initiative, visit CAREinMontana.com.

⁷ Trautman, Emily; Watson, Amy. “Status of the Nursing Workforce: A Summary of the Results from the Natl Council State Board of Nursing 2020 Survey.” MTDLI. Nov. 2021.

⁸ Census Bureau Montana Quick Facts, 2020 Census.