

# Business Case for Diversity Healthcare

## Section 1

### OVERVIEW

Medical Devices and Health Care industries is one of the five largest industries in the state.<sup>1</sup> Minnesota is ranked second nationwide in the number of people involved in the manufacture of medical instruments. Registered nurses are the fourth largest occupation in the state. Home health care services are one of the top 5 industries in Minnesota for employment growth, having grown by 110% between 2000 and 2010.<sup>2</sup>

#### Minnesota Health Care Workforce (2010)

Healthcare Practitioner and Technical Occupations	152,680
Pharmacists	5,660
Dentists	1,250
Optometrists	720
Family and General Practitioners	3,280
Psychiatrists	370
Registered nurses	56,010

Source: U.S. Bureau of Labor Statistics | Division of Occupational Employment Statistics

In Olmsted County, the health care industry is the largest employer with more than 37,000 employees in 2005.<sup>3</sup>

## Section 2

### MARKETPLACE

#### Rising Costs

The U.S. spends a high percentage of its GDP on health care relative to other developed countries.<sup>4</sup> Although the U.S. has fewer physicians, hospital beds, and acute care days per capita than most developed nations, the US has a higher ratio of specialist to primary care physicians and invests heavily in ongoing research and innovation<sup>5</sup>.

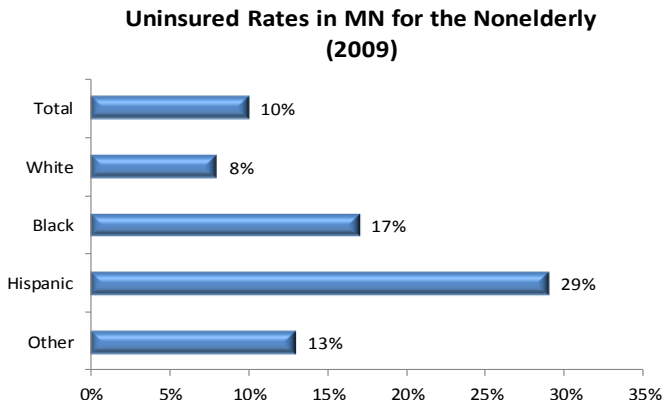
Rising costs and cultural barriers prevent some from receiving effective care. From 2000 to 2009, workers' earnings increased 37% across the board while health care costs rose 149%, making affordable health insurance a critical issue for consumers.<sup>6</sup> Minority populations are at particular risk, with much higher rates of uninsured (see table on following page). The rise in health care expenditures will place additional pressure on the Medicaid and Medicare programs and on private insurers to control costs. These pressures could lead to significant healthcare reform or to increasing demands for cost-cutting measures.

The number of people age 65 and older will grow by over 50% between 2000 and 2020 (US Census Bureau projections). The greatest increase will be among the "oldest elderly," with the number of people age 85 and over increasing from 4.2 million in 2000 to 7 million in 2020.

## Aging Population, Rising Demand

“The aging of the population and the subsequent increase of the size of the elderly population is perhaps the most important demographic trend that will affect the future health workforce. The aging of the population will increase the total amount of health care services demanded, will change the mix of services demanded, and will have profound economic implications,” says the National Center for Health Workforce Analysis.<sup>7</sup>

- The demand for physicians per thousand population will increase from 2.8 in 2000 to 3.1 in 2020. The demand for RNs will increase from 7 to 7.5 per thousand in the same period.
- In 2000, physicians spent an estimated 32% of patient care hours on people 65 years or older; by 2020 this will be 39%.
- An aging health workforce raises concerns that many will retire at the same time that demands for services are increasing.
- The types of services needed for the 65 and over population may change, as trends indicate lower disability rates for today’s elderly.



Source: Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on Census Bureau data

## Changing Racial Demographics Impacts Service Delivery

Demands for health care services by minorities is increasing as minorities grow as a percentage of the population. Between 2000 and 2020 the percentage of total patient care hours physicians spend with minority patients will rise from approximately 31 to 40 percent<sup>8</sup>.

In addition, Hispanics and racial minorities have different patterns of health care consumption than non-Hispanic whites. “Irrespective of income, and no matter how well educated, and regardless of health insurance status, if you are a member of a racial or ethnic minority in America you have demonstrably less chance than if you are white of receiving optimal care for a host of medical conditions,” writes AAMC President Jordan J. Cohen, M.D., in the *Reporter* (June 15, 2005). Multiple studies document that members of minority and ethnic communities not only have higher incidence of serious disease, but that they also have greater barriers to overcome when accessing health services. The American Medical Students Association lists primary causes which affect health care consumption:

1. Barriers to access, such as language, living in underserved areas, level of insurance or financial support,
2. Physician bias resulting in disproportionately less physician time devoted to minority patients (or patient belief of such), and

- Greater clinical uncertainty in diagnosis and treatment, such as lack of clinical research within specific groups, physician uncertainty about symptoms presenting.

**Organizations will need increasing skills to remove barriers to care and increase quality of care for racial and ethnic minorities.**

### Section 3

#### WORKPLACE

In 2000, minorities constituted 27% of the population age 18-34—the age group that reflects the population entering the workforce. By 2020, minorities will constitute approximate 45% of this age group. Minorities are currently significantly underrepresented among physician and nurse populations, but the demographics of health care workforce will have to change along with every other profession (See tables for current demographics).

Racial and ethnic composition of the physician workforce varies substantially by specialty, from 62.2% of physicians being non-Hispanic whites in physical medicine and rehabilitation, to 91.1% of physicians being non-Hispanic whites in aerospace medicine.

Nursing and physician shortages nationally are a cause for concern for many in the health care industry. In the fourth quarter of 2010, 21% of all job vacancies in Minnesota were in the healthcare industry.<sup>9</sup>

Historically, the female population age 18-34 has been the primary source of new nurses. As the ethnic makeup of this population changes (by 2020 only half of all women 18-34 will be non-Hispanic white), recruitment of minority nurses should undergo a significant increase. Projected nursing shortages may also increase recruitment among the male population.

The recruitment of a more racially and ethnically diverse workforce will especially relieve demand for health care workers in underserved areas. Numerous studies have shown that minority physicians and health care workers are much more likely than whites to work in underserved areas.<sup>10</sup>

#### Physician Demographics (2008)

By Race	%
Blacks	3.5
Asian	12
Hispanic	5.0
Native American	.02
White (non-Hispanic)	55.8
Other	1.4
Unknown	22
By Gender	
Female	25.8
Male	74.2

Source: American Medical Association

#### Nursing Demographics (2008)

By Race	%
African American	5.4
Asian	5.8
Hispanic	3.6
White	83.2
Other	2.0
By Gender	
Female	93.8
Male	6.2

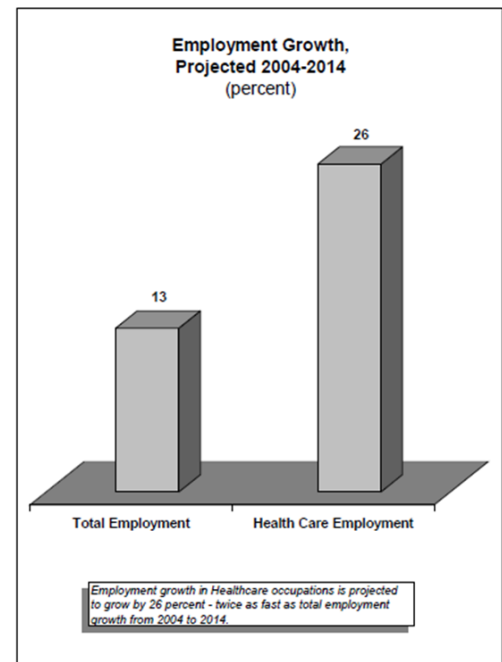
Source: National Sample Survey of Registered Nurses

The recruitment of a more racially and ethnically diverse workforce may also help to address disparities in access for minority groups. Research has shown that patient trust, participation in health decisions, and adherence to medical advice increases when the patient and physician or nurse share racial or ethnic background.<sup>11</sup>

## Section 4

### THREATS & OPPORTUNITIES

- Consistently rising health care costs and limits in government support will place health care institutions under increasing pressure to cut costs.
- Health care is one of the largest and fastest growing industries in Minnesota. Current shortages of physicians, nurses, and other health care workers are expected to continue.
- The baby boom population will increase demand for health care services in the next 20 years.
- Many current health care staff will become eligible for retirement during this time.
- Current health care workforce does not proportionally represent the demographics of the patient population, which is one cause of disparities in quality and access to care for minority populations.
- New diverse healthcare workers will help relieve shortages, address growing demands to become more culturally proficient, and serve in underserved areas.



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## Sources

- <sup>1</sup> *Healthcare Workers—A Shortage Revisited*, Minnesota Economic Trends Bulletin
- <sup>2</sup> U.S. Bureau of Labor Statistics, Division of Occupational Employment Statistics
- <sup>3</sup> www.Justia.com
- <sup>4</sup> Reinhardt, Hussey & Anderson, 2002, Cross-national comparisons of health systems using OECD data, *Health Aff.* 21:169-81
- <sup>5</sup> Starfield, B. (1998) *Primary Care*, Oxford University Press
- <sup>6</sup> Towers Perrin 2010 Health Care Cost Survey
- <sup>7</sup> *Changing Demographics: Implications for Physicians, Nurses, and Other Health Workers*, Spring 2003, National Center for Health Workforce Analysis.
- <sup>8</sup> Hillman and Tietema, *Healthcare Workers—A Shortage Revisited*, Minnesota Economic Trends—Bulletin.
- <sup>9</sup> MN Dept. of Economic Development, Job Vacancy Survey.
- <sup>10</sup> Kington, "Increasing Racial and Ethnic Diversity," 64,68
- <sup>11</sup> www.americanprogress.org