

Chapter 16: Economic Fluctuations and Health

By:
Christopher Conover

Chapter 16: Economic Fluctuations and Health

By:

Christopher Conover

Online:

< <https://hub.mili.csom.umn.edu/content/col10012/1.1/> >

Medical Industry Leadership Institute Open Education Hub

This selection and arrangement of content as a collection is copyrighted by Christopher Conover. It is licensed under the Attribution 3.0 (<http://creativecommons.org/licenses/by/3.0/>).

Collection structure revised: September 25, 2013

PDF generated: November 5, 2013

For copyright and attribution information for the modules contained in this collection, see p. 14.

Table of Contents

1	16.1 Aggregate Health Spending Growth and Business Cycle Fluctuations	1
2	16.2 Medicaid Spending Tends to Be More Countercyclical among Components of NHE	5
3	16.3 Unemployment Rates for Male Workers in the Health Sector Are Lower than the Rest of the Economy	9
	Index	13
	Attributions	14

Chapter 1

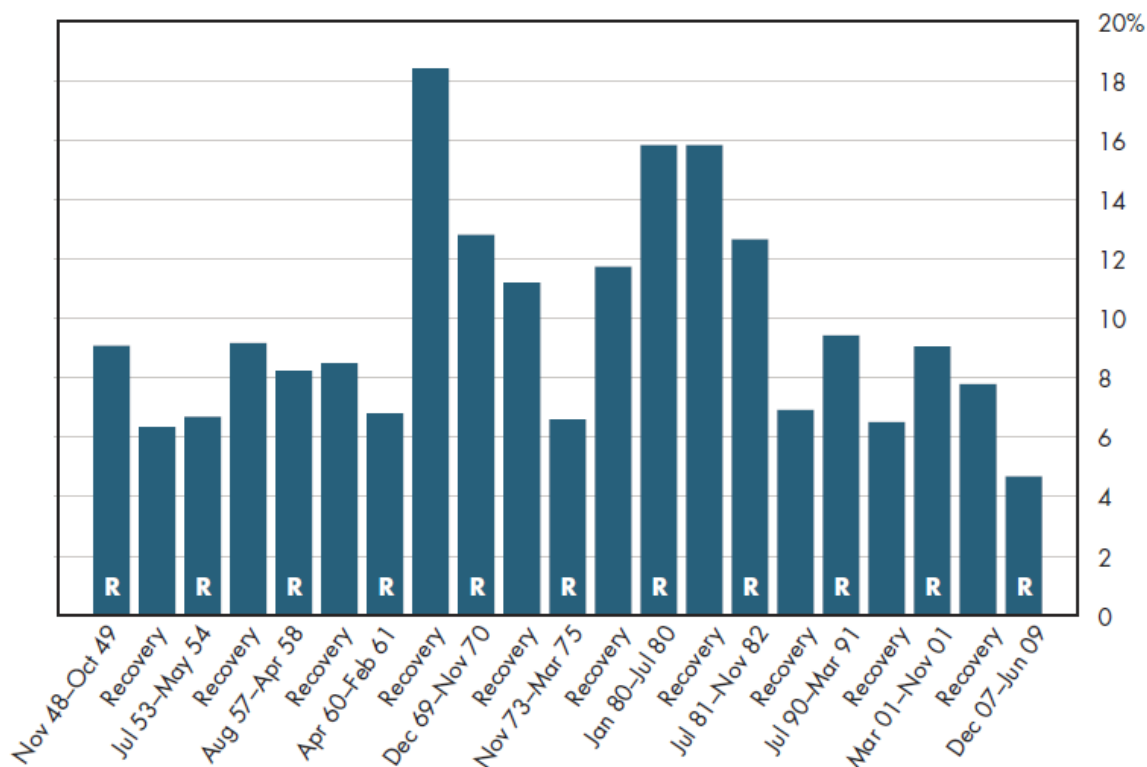
16.1 Aggregate Health Spending Growth and Business Cycle Fluctuations¹

Over the past 60 years, growth in health spending has persisted even during periods of economic contraction (figure 16.1). No particular pattern to its growth exists during periods of contraction relative to adjacent periods before or after a recession. During the 1990s, somewhat more regularity appeared in this pattern, with growth in health spending generally higher during downturns than during the periods that preceded or followed. Even this cycle appears to have been broken in the most recent downturn because Medicaid spending has grown less rapidly than during 2001-2007.

¹This content is available online at <<https://hub.mili.csom.umn.edu/content/m10082/1.1/>>.

16.1 Aggregate health spending growth appears to be largely independent of fluctuations in the business cycle

Compound annual growth rate



Unlike the unemployment rate, government spending and other key economic indicators, health expenditures are not reported monthly (a notable exception is Medicaid spending, although monthly dollars are available only with a considerable time lag). Thus, the data shown have been generated assuming a uniform monthly rate of growth between years. This assumption permits a calculation of estimated spending at the start and end of each period of downturn or recovery, but it is quite possible that growth in spending was higher or lower during the months of an economic slowdown compared with the remaining months in a given year. The picture is only an approximate gauge of how spending actually changes on a monthly basis.

During recessions, mortality due to motor vehicle accidents (because people drive less), homicides (reflecting less crime in general), and workplace injuries all decline. To the extent such mortality reductions are matched by similar reductions in morbidity due to motor vehicle accidents, crime, and occupational injuries, these should reduce the amount of medical spending. However, any such reduction is not apparent in the numbers shown in figure 16.1.

1.1 Downloads

Download PowerPoint versions of figure.

- Figure 16.1 Image Slide (as it appears above)²
- Figure 16.1 Editable Slide (can be formatted as desired)³

²<https://hub.mili.csom.umn.edu/content/m10082/latest/16.1IMG.ppt>

³<https://hub.mili.csom.umn.edu/content/m10082/latest/16.1DATA.ppt>

1.2 References

- A. Author's calculations.
- B. Department of Commerce. Bureau of Economic Analysis.
- C. Department of Health and Human Services. Centers for Medicare and Medicaid Services.

*CHAPTER 1. 16.1 AGGREGATE HEALTH SPENDING GROWTH AND
BUSINESS CYCLE FLUCTUATIONS*

Chapter 2

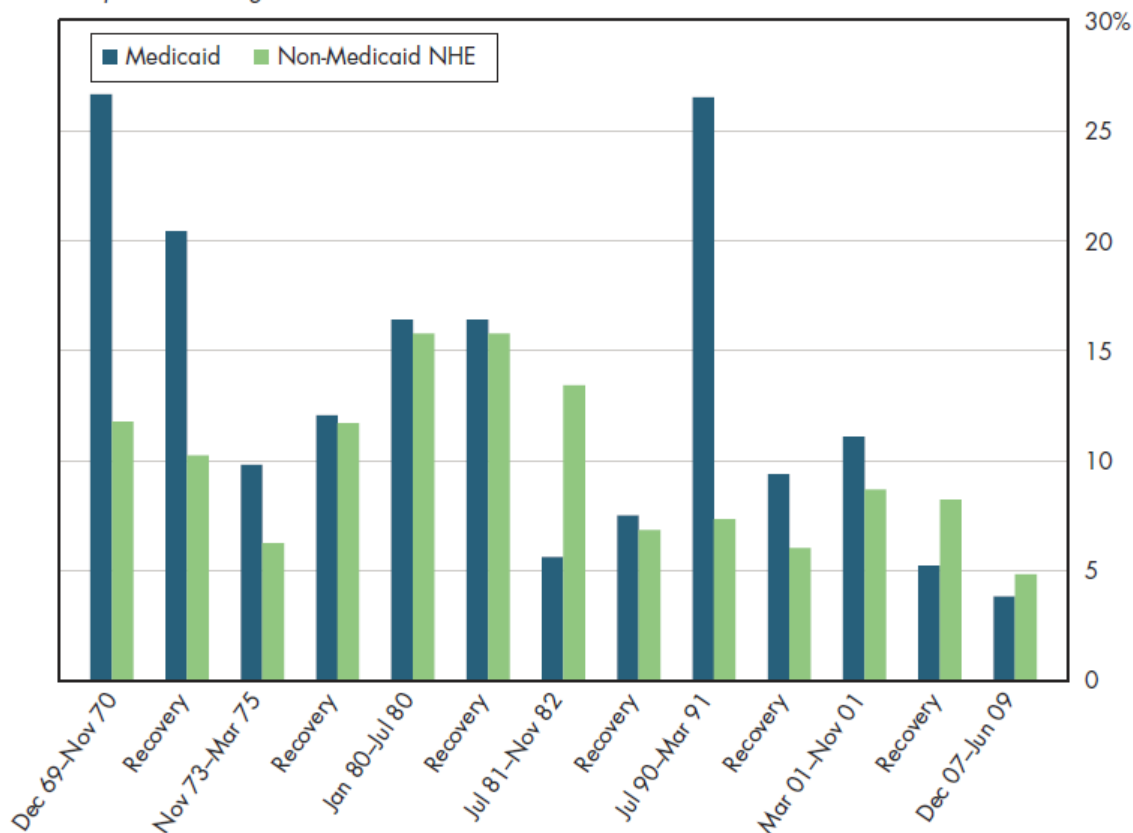
16.2 Medicaid Spending Tends to Be More Countercyclical among Components of NHE¹

When health spending is separated into Medicaid and "everything else," a slightly more cyclical pattern emerges (figure 16.2). In some recessions—notably those during the late 1960s and early 1990s, growth in Medicaid spending has far outpaced spending for other health care services. The size of this growth differential was much larger during the downturn than in the period either before or after. Other social welfare spending, certainly unemployment benefits, but also Food Stamps and other forms of cash or in-kind assistance, tend to be more cyclical than Medicaid is.

¹This content is available online at <<https://hub.mili.csom.umn.edu/content/m10083/1.1/>>.

16.2 Medicaid spending occasionally is more countercyclical than other health spending is, increasing relatively faster in downturns

Compound annual growth rate



Some of the program's tendency to serve a countercyclical function has been masked by some large changes in Medicaid policy that had the effect of escalating Medicaid spending during years of economic growth rather than during downturns. Arguably, the political will to enact such Medicaid expansions was greater during times of relative "plenty." For example, starting in the mid-1980s, a series of expansions over many years targeted children, pregnant women, and infants. Likewise, enactment of SCHIP in 1997 to expand further the coverage of children occurred during a period of rapid economic expansion. This had the effect of exaggerating Medicaid's relative rate of growth (compared with all other health spending) during the 1990s and thereby making it appear larger than the growth differential that occurred during the 2001 economic slowdown.

2.1 Downloads

Download PowerPoint versions of figure.

- Figure 16.2 Image Slide (as it appears above)²
- Figure 16.2 Editable Slide (can be formatted as desired)³

²<https://hub.mili.csom.umn.edu/content/m10083/latest/16.2IMG.ppt>

³<https://hub.mili.csom.umn.edu/content/m10083/latest/16.2DATA.ppt>

2.2 References

- A. Author's calculations.
- B. Department of Health and Human Services. Centers for Medicare and Medicaid Services.

*CHAPTER 2. 16.2 MEDICAID SPENDING TENDS TO BE MORE
COUNTERCYCLICAL AMONG COMPONENTS OF NHE*

Chapter 3

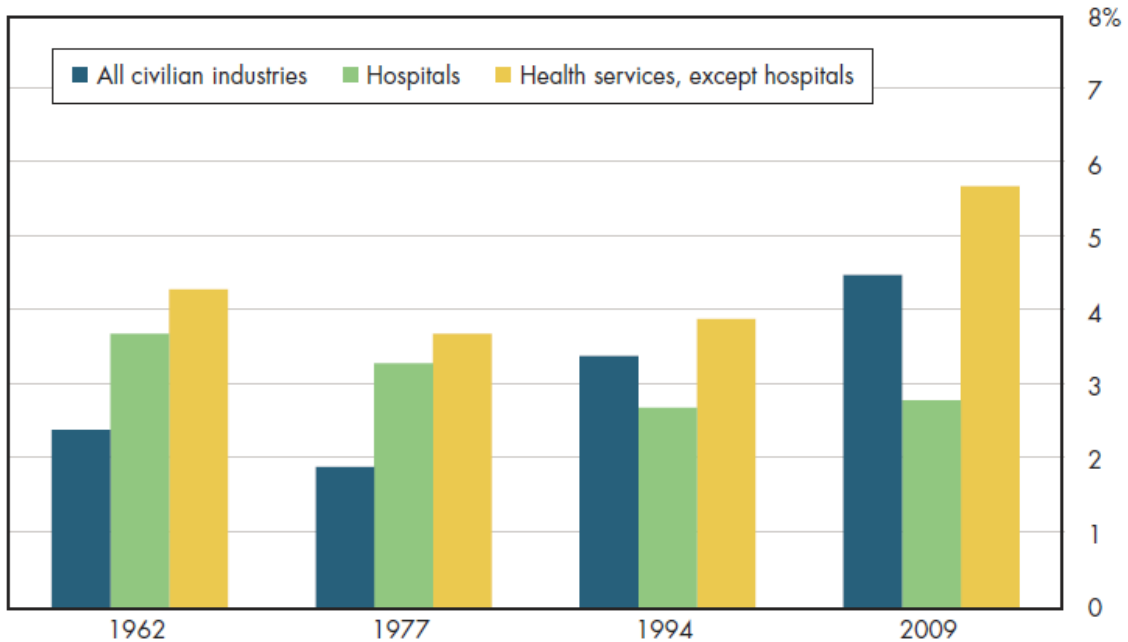
16.3 Unemployment Rates for Male Workers in the Health Sector Are Lower than the Rest of the Economy¹

For almost 50 years, unemployment rates among males working in hospitals or other parts of the health services industry have been lower than for their counterparts in the rest of the economy (figure 16.3a). Since at least 1994, male unemployment rates in non-hospital health settings have been somewhat higher than for those working in hospitals. Before, the reverse was true. For these data, non-hospital health settings include nursing homes in addition to physician offices or other ambulatory settings. Note also that the unemployment rates shown are for experienced workers only, not for new workers or those reported as being "not in labor force" because of school, an inability to find work, or other reasons.

¹This content is available online at <<https://hub.mili.csom.umn.edu/content/m10084/1.1/>>.

16.3a Unemployment rates among males who work in health services are lower than for males overall; this has been true for decades

Average annual unemployment rate within industry

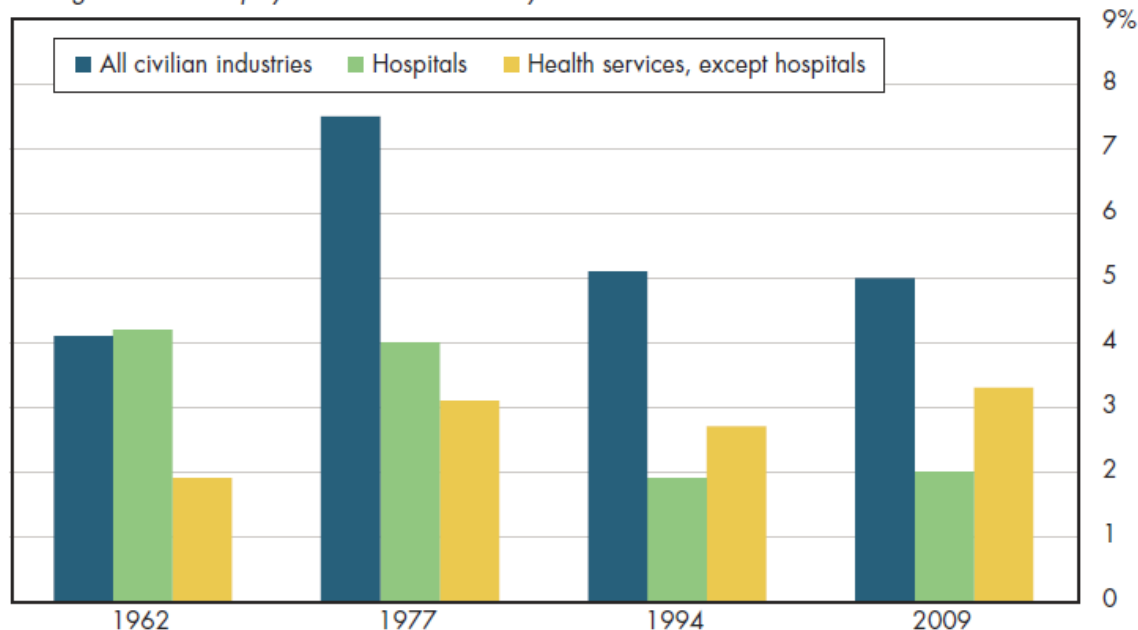


Note: Unemployment figures are for experienced workers only, not new workers or those reported as being “Not in Labor Force” because of school, an inability to find work, or other reasons.

The picture for females is quite different. For female health services workers outside of hospitals, the unemployment rate has routinely been higher than for females elsewhere in the economy—typically by two to three percentage points (figure 16.3b). For female hospital workers, the pattern is the same as just described for males. Since at least 1994, female hospital workers have had a somewhat lower unemployment rate than have all females. In the limited data from the 1960s and 1970s, the reverse was true, with female unemployment among hospital workers being one to two percentage points higher than the rate for women generally.

16.3b Unemployment rates among females who work in health services, but not hospitals, are higher than for females overall; this has not always been true

Average annual unemployment rate within industry



Both worker hours and employment have been increasing in the hospital sector in recent years (refer to figure 10.1b). This indicates the strong demand for hospital labor, which is reflected in their lower unemployment rate. The reason is less clear as to why the pattern for women has diverged so significantly from that of men. In all periods, women have a lower general unemployment rate than men. However, unemployment in non-hospital health services is routinely higher for women than for men in all of the annual data. Within the hospital industry, female unemployment rates were somewhat higher than were men's decades ago. More recently, female unemployment rates have been less than male unemployment rates by approximately 1 percent. Why women now have attained a margin of advantage over men in the hospital sector but not in the rest of the health services industry is not well understood.

3.1 Downloads

Download PowerPoint versions of both figures.

- Figure 16.3a Image Slide (as it appears above)²
- Figure 16.3a Editable Slide (can be formatted as desired)³
- Figure 16.3b Image Slide (as it appears above)⁴
- Figure 16.3b Editable Slide (can be formatted as desired)⁵

3.2 References

A. Author's calculations.

²<https://hub.mili.csom.umn.edu/content/m10084/latest/16.3aIMG.ppt>

³<https://hub.mili.csom.umn.edu/content/m10084/latest/16.3aDATA.ppt>

⁴<https://hub.mili.csom.umn.edu/content/m10084/latest/16.3bIMG.ppt>

⁵<https://hub.mili.csom.umn.edu/content/m10084/latest/16.3bDATA.ppt>

B. Department of Commerce. Bureau of the Census.

Index of Keywords and Terms

Keywords are listed by the section with that keyword (page numbers are in parentheses). Keywords do not necessarily appear in the text of the page. They are merely associated with that section. *Ex.* apples, § 1.1 (1) **Terms** are referenced by the page they appear on. *Ex.* apples, 1

H health spending, § 1(1), § 2(5), § 3(9)

Attributions

Collection: *Chapter 16: Economic Fluctuations and Health*

Edited by: Christopher Conover

URL: <https://hub.mili.csom.umn.edu/content/col10012/1.1/>

License: <http://creativecommons.org/licenses/by/3.0/>

Module: "16.1 Aggregate Health Spending Growth and Business Cycle Fluctuations"

By: Christopher Conover

URL: <https://hub.mili.csom.umn.edu/content/m10082/1.1/>

Pages: 1-3

Copyright: Christopher Conover

License: <http://creativecommons.org/licenses/by/3.0/>

Module: "16.2 Medicaid Spending Tends to Be More Countercyclical among Components of NHE"

By: Christopher Conover

URL: <https://hub.mili.csom.umn.edu/content/m10083/1.1/>

Pages: 5-7

Copyright: Christopher Conover

License: <http://creativecommons.org/licenses/by/3.0/>

Module: "16.3 Unemployment Rates for Male Workers in the Health Sector Are Lower than the Rest of the Economy"

By: Christopher Conover

URL: <https://hub.mili.csom.umn.edu/content/m10084/1.1/>

Pages: 9-12

Copyright: Christopher Conover

License: <http://creativecommons.org/licenses/by/3.0/>

About Medical Industry Leadership Institute Open Education Hub

Rhaptos is a web-based collaborative publishing system for educational material.