

Business

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Health care is expected to fuel an economic upswing. Will you lift off or be left behind?

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TO MANY EXPERTS, HEALTH CARE IS going to do more than save Americans' lives — it's going to save the economy. Several economists predict that health care may play a bigger part than ever in the next economic expansion and help jumpstart growth out of the current recession as an aging baby boomer population — and anticipated technological and pharmaceutical advances — create more demand for physicians' services.

"I can see in 10 years health care will move from being a stabilizer of the economy to a driver of the economy," said Douglas Hough, PhD, assistant professor and director for business of medicine programs at Johns Hopkins University School of Professional Studies in Business and Education in Baltimore.

"It's largely impervious to the business cycle, so that when a recession hits, it stays fairly constant. One reason is that people still need health care, and a good number of people are able to retain health benefits for some time. What may be changing is that the pharmaceutical and biotech part of the industry represents more of the total amount of spending in health care. This could be a major driver for the health care industry and the U.S. economy in the next 10 to 20 years."



Does that mean physicians can expect to get greater reimbursements soon? The answer, it seems, is no. But no one is predicting what direction physician wages will go in the more distant future.

If one thing is clear for doctors, however, it's that the expansion in health care means physicians are spending more time hiring.

In December 2001, the number of health service jobs rose 33,800 from the previous month, with jobs in doctors' offices and clinics going up by 8,600. And this was while nonfarm payroll employment dropped by 124,000 in December, with job losses widespread throughout the economy. But not everyone sees this trend as a good thing.

Stuart Altman, PhD, an economist at Brandeis University's Heller School for Social Policy and Management, Waltham, Mass., and co-chair for the Massachusetts governor's health care task force, was skeptical that growth in health care could be positive for the entire economy.

"One needs to look back to the early 1990s, late 1980s when there was major growth in spending in health care," Dr. Altman said. "Some say it can pull money from other parts of

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