

EMPLOYMENT in New York State

David A. Paterson, Governor

November 2008

M. Patricia Smith, Commissioner

Wanted: More Primary Care MDs

Will the Doctor See You Now?

Finding a primary care physician is becoming increasingly difficult. In 2006, the American College of Physicians (ACP) warned that "primary care, the backbone of the nation's health care system, is at grave risk of collapse." Moreover, a February 2008 report from the U.S. Government Accountability Office (GAO) concluded that "the nation's over reliance on specialty care services at the expense of primary care leads to a health care system that is less efficient."

As the U.S. population ages and more people suffer from chronic diseases, the demand for primary care physicians has grown significantly in recent years. Forecasts from the RAND Institute expect this trend to continue, as the number of Americans with at least one chronic condition is projected to rise from 133 million in 2005 to 157 million in 2020.

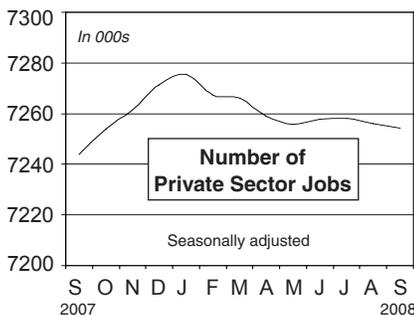
In the face of this strong increase in demand, it is paradoxical that fewer medical students now choose careers in primary care. Between 1998 and 2006, the proportion of medical school graduates in the U.S. selecting primary care (including the family practice, internal medicine and pediatric specialties) dropped from 50 percent to 38 percent. Data from the GAO found that the number of physician residents in primary care specialty training programs nationwide increased by about 6 percent between 1995 and 2006 -- about 2 percent less than other medical specialties.

Projections from the U.S. Health Resources and Services Administration indicate that while the nation's supply of primary care physicians should be sufficient to keep up with rising patient demand through 2018, demand is expected to outstrip supply by 2020.

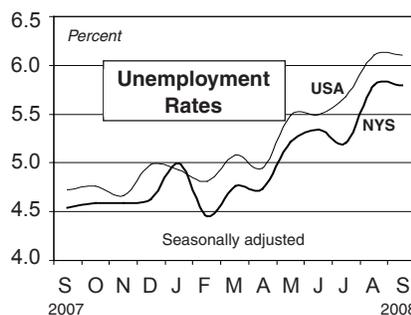
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IN SEPTEMBER...

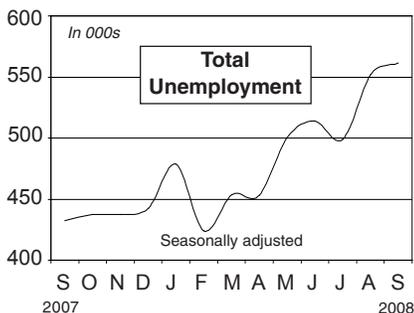
...NYS private sector jobs decreased



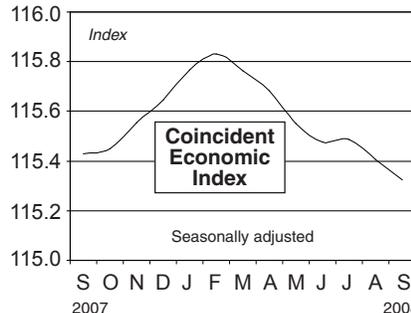
...NYS unemployment rate unchanged



...NYS unemployment increased



...NYS economic index decreased



At a Glance

In September 2008, New York's seasonally adjusted unemployment rate was 5.8 percent, unchanged from August 2008. (The nation's unemployment rate was 6.1 percent in September.) In September 2008, the state had 8,773,200 nonfarm jobs, including 7,254,300 private sector jobs, after seasonal adjustment. The number of private sector jobs in the state decreased by less than 0.1 percent from August, while the U.S. private sector job count decreased by 0.1 percent. From September 2007 to September 2008, the number of private sector jobs increased by 0.2 percent in the state and decreased by 0.8 percent in the U.S. (not seasonally adjusted). In addition, New York's Index of Coincident Economic Indicators decreased in September.

Change in Nonfarm Jobs Sept. 2007 - Sept. 2008 (Data not seasonally adjusted, numbers in thousands)

	Net	%
Total Nonfarm Jobs	17.7	0.2
Private Sector	11.2	0.2
Goods-producing	-19.5	-2.1
Nat. res. & mining	0.1	1.5
Construction	-2.0	-0.5
Manufacturing	-17.6	-3.2
Durable gds.	-7.6	-2.3
Nondurable gds.	-10.0	-4.4
Service-providing	37.2	0.5
Trade, trans., & util.	-3.3	-0.2
Wholesale trade	-2.9	-0.8
Retail trade	-3.1	-0.3
Trans., whrs., & util.	2.7	1.0
Information	2.1	0.8
Financial activities	-10.4	-1.4
Prof. & bus. svcs.	4.6	0.4
Educ. & health svcs.	25.0	1.6
Leisure & hospitality	9.1	1.3
Other services	3.6	1.0
Government	6.5	0.4

Focus on New York City

Global Headlines with a Local Impact

by James Brown, Labor Market Analyst, New York City

Many of New York City's largest employers have played prominent, if unwanted, roles in the financial chaos that dominates the evening news. Whether it was mergers of necessity (Bear Stearns and Merrill Lynch), bankruptcy (Lehman Brothers) or de-facto nationalization (AIG), firms headquartered in the City have felt a negative impact. While it is difficult to forecast the final outcome, it is painfully clear that New York City's economy will suffer significant fallout.

In September 2007, troubles in mortgage-related securities started to make news. That month the City's nonfarm employment count showed an over-the-year gain of 2.1 percent and the unemployment rate was 5.0 percent. Fast forward to September 2008: over-the-year job growth was just 0.5 percent and unemployment stood at 5.7 percent. With the very large layoffs ongoing at the City's financial giants and an undeclared national recession, the local job market should shift into reverse over the next few months. We can expect job losses, rather than modest gains, and a continued rise in the unemployment rate in 2009.

Financial activities is currently the weakest local sector, with employment falling by 9,000 (-1.9 percent) over the 12-month period ending in September 2008. The securities industry is the prime culprit; shedding 13,200 jobs. Most other financial industries suffered only modest losses, while the real estate industry is still growing. Although expected heavy job losses on Wall Street dominate the headlines, insurance companies, banks and other providers of credit have also suffered major financial losses and are expected to ratchet up their layoffs as time goes on. The real estate industry should weaken in 2009, given slowdowns in both



“With City workers and businesses facing extreme economic turmoil, the Department of Labor must pursue every opportunity to get the most from our resources by joining forces in both private and public sector partnerships.”

Bruce Herman, Deputy Commissioner for Workforce Development

the residential and commercial segments. Adding to the pain in the financial activities sector is the expected drop in bonuses, which could plummet by as much as 20-50 percent across the industry from last year's level, according to several published reports. This decline would rival or surpass even the wage falloff after the World Trade Center attacks in 2001.

New York City's construction industry is still adding jobs, growing by 1,400 (+1.1 percent) for the year ending September 2008. However, this is well below the 7.0 percent growth rate achieved for the same period last year. Until now, the City's residential and commercial real estate markets have avoided the sharp declines seen in most other parts of the country. Construction activity is expected to decline next year, and the continuing turmoil in credit markets will compound the problem.

Employment in professional and business services increased by 0.8 percent over the year, well below last year's 3.2 percent gain. While professional services

continued to grow, two component industries -- consulting and legal services -- started to lose jobs. Administrative and support services also lost jobs, primarily due to a sharp turnaround at employment services. Employment services are highly sensitive to economic growth in other sectors, and often foretell shifts in the overall job market. Generally, jobs in this sector, while in a long-term uptrend, are highly cyclical and swing from strong gains to losses when the economy turns down.

The information sector was the only sector to grow faster this year than last, with employment climbing 3.2 percent for the year ending in September 2008. Strength in motion pictures, broadcasting and telecommunications outweighed losses in publishing. While the information industries have benefited from generous tax credits for film and TV work, this sector will be hurt if economic weakness leads to declines in advertising expenditures.

Leisure and hospitality remains one of the City's strongest sectors. Employment grew 2.8 percent between the September 2007 and September 2008, putting the sector on track for its fifth straight year of record-high employment. The outlook for 2009, however, is cloudy and a sixth straight year of record employment may depend on how fast the economic storm blows over.

In summary, the outlook for 2009 is decidedly negative, with a high probability of large job losses in a variety of sectors. The combination of a national recession and a downturn in the financial sector has historically cost the City hundreds of thousands of jobs. An added question is to what degree the ongoing reshaping of the City's key financial industries will impact any eventual recovery.

Will the doctor see you now? *from page 1*

The composition of physician residents in primary care in this country has also changed. From 1998 to 2006, the number of physician residents who graduated from U.S. medical schools declined by 1,655. However, this decrease was more than offset by a 2,540 increase in the number of graduates of foreign medical schools -- who can be U.S. citizens or citizens of other countries.

Why Fewer Primary Care MDs?

Financial disincentives help to explain much of the current shortage in primary care. Published research confirms a strong statistical connection between the starting salaries of physicians in a specialty and the percent of medical school graduates

Concentration of Primary Care Physicians (FTEs per 100,000 people), by Region, New York State, 2006

Region	Concentration	% Change, 2002-06
New York City	97	2%
Long Island	94	3%
Hudson Valley	91	3%
New York State	89	2%
Finger Lakes	82	1%
Southern Tier	81	7%
Capital District	79	7%
Western New York	74	1%
Mohawk Valley	72	0%
Central New York	69	-4%

Source: NYSDOL analysis of CHWS data.

Continued on page 3...

Unemployment Rates in New York State

Data Not Seasonally Adjusted

	SEPT '07	SEPT '08		SEPT '07	SEPT '08		SEPT '07	SEPT '08
New York State	4.5	5.6	Hudson Valley	4.0	5.5	Finger Lakes	4.2	5.8
Capital District	3.8	5.2	Dutchess	3.9	5.6	Genesee	4.0	5.3
Albany	3.9	5.2	Orange	4.4	5.8	Livingston	4.2	5.6
Columbia	3.8	5.1	Putnam	3.4	4.8	Monroe	4.4	6.1
Greene	4.4	6.2	Rockland	4.1	5.3	Ontario	3.6	5.1
Rensselaer	3.9	5.3	Sullivan	4.7	6.6	Orleans	4.5	6.3
Saratoga	3.4	4.7	Ulster	4.3	5.8	Seneca	3.8	5.3
Schenectady	4.2	5.4	Westchester	3.8	5.3	Wayne	4.1	5.7
Warren	3.7	5.3	Mohawk Valley	4.3	5.9	Wyoming	3.8	5.2
Washington	3.8	5.6	Fulton	5.1	7.3	Yates	3.6	4.6
Central New York	4.1	5.9	Herkimer	3.8	5.5	Western New York	4.4	6.0
Cayuga	3.9	5.8	Montgomery	5.3	7.0	Allegany	4.7	6.0
Cortland	4.1	5.9	Oneida	4.0	5.6	Cattaraugus	4.6	6.1
Madison	4.0	5.4	Otsego	3.8	5.5	Chautauqua	4.1	5.6
Onondaga	3.9	5.8	Schoharie	4.9	6.2	Erie	4.4	5.9
Oswego	4.8	6.4	North Country	4.6	6.4	Niagara	4.6	6.5
Southern Tier	4.2	5.6	Clinton	4.8	6.4	Long Island	3.9	5.2
Broome	4.1	5.8	Essex	4.3	5.8	Nassau	3.9	5.2
Chemung	4.3	5.9	Franklin	4.8	6.5	Suffolk	3.9	5.3
Chenango	4.5	6.5	Hamilton	2.7	3.7	New York City	5.0	5.7
Delaware	3.8	5.9	Jefferson	4.4	6.3	Bronx	6.8	7.7
Schuyler	4.2	5.2	Lewis	4.1	6.0	Kings	5.5	6.2
Steuben	5.1	5.9	St. Lawrence	5.0	7.0	New York	4.4	5.1
Tioga	4.0	5.2				Queens	4.5	5.1
Tompkins	3.3	4.5				Richmond	4.6	5.1

Will the Doctor See You Now?... from page 2

entering that field. Compared with doctors who are specialists, primary care physicians receive relatively low reimbursement payments from insurers and government programs (i.e., Medicare). This makes it difficult for many medical school graduates to pay off their student loans. The ACP found that the median indebtedness for students graduating from U.S. public medical schools in 2006 was \$120,000, while the comparable figure for those from private medical schools was \$160,000.

Wage data for graduating medical residents from the Center for Health Workforce Studies (CHWS) at the University at Albany underscore a disparity in reimbursement payment rates between primary care and specialty care. In 2007, New York State medical residents in primary care expected to earn a median salary of \$144,400 upon graduation. In contrast, residents specializing in orthopedics and cardiology expected to earn an average of \$259,700 and \$241,900, respectively.

CHWS data indicate that between 2002 and 2006 the statewide concentration of primary care MDs (expressed on a full-time equivalent (FTE) basis per 100,000 people) grew by 2 percent. This was less than one-half the comparable growth rate for non-primary care physicians (+5 percent).

Regional Variation in NYS

There is wide regional variation in the concentration of primary care physicians across New York State (see table). The highest concentrations (FTEs per 100,000

people) are found Downstate. In 2006, the North Country and Central New York had the lowest concentrations. The concentration in New York City was about 50 percent higher than in the North Country. From 2002 to 2006, the most rapid growth occurred in the Capital District and Southern Tier. In contrast, the North Country, Central New York and Mohawk Valley experienced flat or negative growth over that time span. (Note: These figures differ somewhat from published CHWS data due to changes in regional definitions and revisions to population estimates.)

Re-emphasizing Primary Care

Various strategies have been put forth to re-emphasize primary care. For example, many areas of New York State have increased their utilization of physician assistants (PAs) and nurse practitioners (NPs). This has helped to provide many patients with greater access to primary health care, especially in many underserved areas. Over time, the roles of PAs and NPs in the health care system have greatly expanded.

Another idea is a new medical delivery model called the *medical home*, in which a single health care professional coordinates all of a patient's required medical services. In recognition of the additional time required to perform this service, primary care MDs would receive higher reimbursements.

Here in New York, several innovative programs are underway. For example, SUNY Upstate Medical University in Syracuse has initiated several programs that place doctors in rural areas. A joint pilot effort from Albany Medical College and Bassett Hospital in Cooperstown immerses third-year medical students in primary care settings. In addition, the State of New York has recently established a new \$6.9 million program -- *Doctors Across New York* -- which has loan forgiveness provisions (up to \$150,000) for doctors agreeing to work five years in underserved areas.

by Kevin Jack

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FINGER LAKES Tammy Marino 585-258-8870

Private sector jobs in the Rochester metro area declined over the year by 4,300, or 1.0 percent, to 432,400 in September 2008. Employment gains occurred in educational and health services (+1,300). Declines were largest in manufacturing (-2,600), trade, transportation and utilities (-1,200), and professional and business services (-900).

CENTRAL NY Roger Evans 315-479-3388

For the 12-month period ending September 2008, the private sector job count in the Syracuse metro area rose 800, or 0.3 percent, to 270,000. Job growth was concentrated in educational and health services (+600) and trade, transportation and utilities (+300). The largest job loss occurred in manufacturing (-500).

MOHAWK VALLEY Mark Barbano 315-793-2282

For the 12-month period ending September 2008, the private sector job count in the Utica-Rome metro area decreased by 400, or 0.4 percent, to 99,600. Job gains were centered in educational and health services (+500). Losses were greatest in financial activities (-400) and manufacturing (-400).

NORTH COUNTRY Alan Beideck 518-891-6680

Private sector employment in the North Country rose over the year by 600, or 0.5 percent, to 120,000 in September 2008. The largest gains were in trade, transportation and utilities (+500), educational and health services (+400), and professional and business services (+300). Manufacturing (-400) suffered a loss over the year.

CAPITAL DISTRICT James Ross 518-462-7600

Over the last year, the number of private sector jobs in the Albany-Schenectady-Troy area rose 300, or 0.1 percent, to 343,300 in September 2008. Gains were largest in professional and business services (+1,100) and educational and health services (+900). The biggest job losses were in trade, transportation and utilities (-700) and leisure and hospitality (-500).

HUDSON VALLEY John Nelson 914-997-8798

Private sector jobs in the Hudson Valley increased over the year by 2,500, or 0.3 percent, to 759,700 in September 2008. Employment gains were largest in educational and health services (+3,100), natural resources, mining and construction (+1,000), and professional and business services (+1,000). Job losses were centered in manufacturing (-1,700) and financial activities (-900).

WESTERN NY John Slenker 716-851-2742

Private sector employment in the Buffalo-Niagara Falls metro area was unchanged at 457,600 over the 12 months ending September 2008. Job gains were centered in leisure and hospitality (+4,500) and financial activities (+1,100). Losses were largest in trade, transportation and utilities (-2,300), manufacturing (-2,000), and natural resources, mining and construction (-1,300).

SOUTHERN TIER Christian Harris 607-741-4485

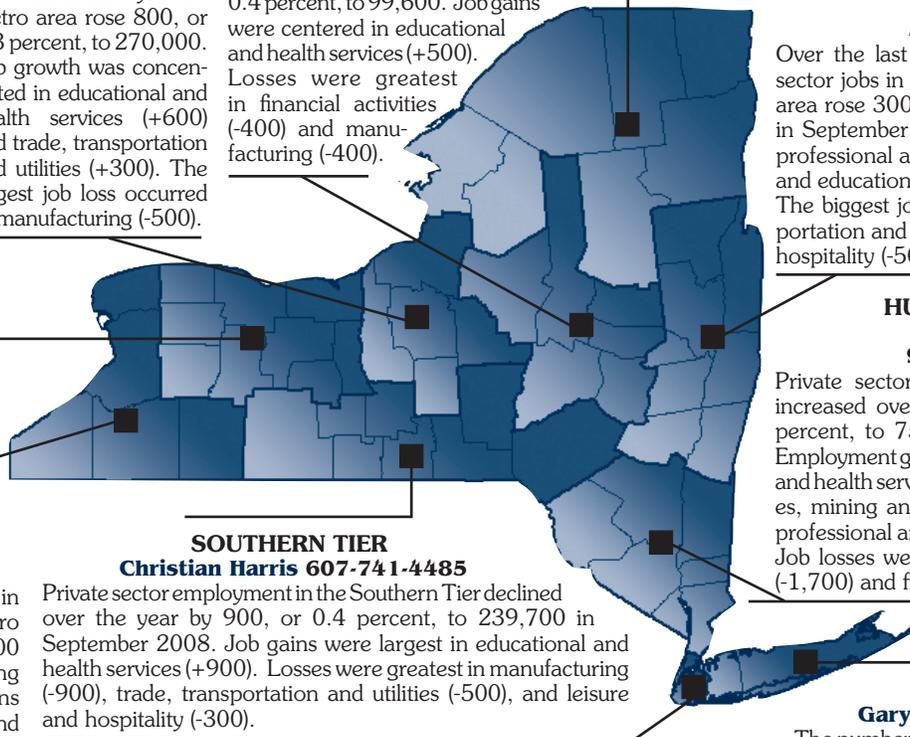
Private sector employment in the Southern Tier declined over the year by 900, or 0.4 percent, to 239,700 in September 2008. Job gains were largest in educational and health services (+900). Losses were greatest in manufacturing (-900), trade, transportation and utilities (-500), and leisure and hospitality (-300).

NEW YORK CITY James Brown 212-775-3330

Private sector jobs in New York City rose 20,100, or 0.6 percent, to 3,213,200 for the 12-month period ending September 2008. Growth was largest in leisure and hospitality (+8,400), trade, transportation and utilities (+6,800), educational and health services (+5,700), and information (+5,300). Financial activities (-9,000) and manufacturing (-5,100) lost jobs over the year.

LONG ISLAND Gary Huth 516-934-8533

The number of private sector jobs on Long Island increased over the year by 800, or 0.1 percent, to 1,073,300 in September 2008. The largest gain occurred in educational and health services (+5,600). The greatest job losses were in manufacturing (-2,100), financial activities (-1,700), and professional and business services (-1,300).



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