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Health jobs grow as factories slow

Medical field ripe and growing in region

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From the research lab to the hospital operating room, Northeast Ohio is all about health care.

At the rate manufacturing jobs are falling and health-care jobs are rising in the region, it might be only a few years before health-care workers outnumber their manufacturing peers - a ground-shaking event in industrial Northeast Ohio.

From 2000 to 2005, manufacturing jobs fell 23 percent to 193,503. In the same time, health-care jobs skyrocketed 39 percent to 170,503.

The region hosts the state's second- and fourth-largest employers - the Cleveland Clinic and University Hospitals, respectively. Together, the Cleveland hospital systems employ more than 58,000 people.

Northeast Ohio also is home to several large medical-equipment makers. Steris Corp. in Mentor makes medical instrument sterilizers, among other contamination-control equipment. Invacare Corp. in Elyria makes home health-care equipment. Together, the two employ about 2,000 people.

The state's largest and oldest health insurer, Medical Mutual of Ohio, is based in Cleveland.

Innovators from medical-device makers to pharmaceutical companies seem to spring up every day, often seeded by Northeast Ohio academic and medical institutions.

"We have a full range of participants here, through the entire supply chain, who are industry leaders, innovators, investors and users," said John Sideras, president and chief executive of MetroHealth System, the region's third-largest hospital system.

Community leaders see the health-care industry as a marketing tool for the region.

"The health-care industry here is a many-faceted diamond," said Joe Roman, president and chief executive of the Greater Cleveland Partnership, a Northeast Ohio business advocacy and economic development group.

The region's hospital systems are its largest employer.

The 35 hospital systems that are members of the Center for Health Affairs in Cleveland alone employ more than 70,000 people.

These Greater Cleveland hospitals paid wages and benefits of \$3.8 billion in 2004, according to a recent economic-impact study by the Economics Center for Education and Research at the University of Cincinnati's College of Business.

Including indirect effects - additional payroll taxes paid by newly hired employees or purchases made by

suppliers to produce goods or services for hospitals - these hospitals had a \$15.5 billion economic impact on the region in 2004, the study concludes.

The region's hospital industry is "growing rapidly," said Oliver "Pudge" Henkel, executive director of government, community and education relations for the Cleveland Clinic.

At the Clinic, employee rolls have grown 25 percent in just the last three years. The health system has \$1.2 billion worth of construction - 41 separate projects - on the drawing board for the next two years, Henkel said.

"Health-care providers spin off a lot of collateral economic activity," Henkel said. "People are looking to health care to provide the economic catalyst for the entire region."

University Hospitals is in the midst of a five-year strategic plan, called Vision 2010. The \$650 million plan includes construction of an outpatient health and urgent-care center in Twinsburg, as well as a 600-bed hospital in Beachwood.

The region's hospital systems also are beginning to attract more out-of-region dollars, said Bill Ryan, chief executive of the Center for Health Affairs, a local hospital trade organization.

"Northeast Ohio is unique in that health care has become an export product," Ryan said. About one in four dollars generated by hospital care comes from outside the region, he said.

Medical manufacturing

is strong here, too

The region also hosts many makers of health-care equipment and supplies.

In addition to housing Steris and Invacare, Northeast Ohio has operations of three of the world's top makers of diagnostic imaging equipment - Philips, Hitachi and General Electric.

Ben Venue Laboratories and its Bedford Laboratories develop and make generic drugs. The subsidiaries of German-owned Boehringer Ingelheim Corp. in Ridgefield, Conn., employ more than 1,200 people in Bedford.

Altogether, the region is home to more than 500 bioscience companies, said Baiju Shah, president and chief executive of BioEnterprise, the region's health-care developer. Those companies have attracted a total of \$584 million since 2002, when BioEnterprise began tracking venture capital investments.

Northeast Ohio's bioscience companies, from teleradiology provider Franklin & Seidelmann in Beachwood to spine-imaging company SpineMatrix near Akron, employ about 20,000 people, Shah said.

Health insurance

also a major employer

Health insurance also is a big employer in Northeast Ohio.

Medical Mutual employs 1,430 people at its Cleveland headquarters and 441 in Toledo.

Ohio's population is stagnant. So Medical Mutual is expanding by buying insurers or establishing businesses outside the state, said Jared Chaney, chief communications officer for the health insurer.

"We're dedicated to Ohio. But we know we have to diversify if we are going to continue to thrive," Chaney said.

One of Ohio's latest billion-dollar companies, MemberHealth, a provider of Medicare prescription drug

benefit plans nationwide, is in Solon. In June, Universal American Financial Corp. in Rye Brook, N.Y., agreed to acquire MemberHealth for \$630 million in cash and stock.

New companies

reflect innovations

The region also is giving birth to the next generation of biomedical and health-care companies.

The Cleveland Clinic's commercialization unit, CCF Innovations, has spun off 18 companies, largely based on inventions of its doctors, since 2003.

"We're developing new technologies all the time," the Clinic's Henkel said. Meanwhile, the Clinic invests more than \$200 million a year in research.

Case Western Reserve University's technology transfer office has helped create 15 companies based on that institution's research since 2001.

Spin-off companies are important to Northeast Ohio's economy because they often create wealth and jobs.

A measure of success for early-stage companies is the number of investment dollars they receive from venture-capital firms and other investors. Since the beginning of the year, the region's medical-device developers and health-care startups have received a total of \$199 million, BioEnterprise's Shah said.

That already is more than the \$171 million invested in the region's early-stage bioscience companies in all of 2005, the previous record year, he said.

A measure of future success could come from a growing diversity among health-care jobs in the regional economy, said Tom Campanella, a Baldwin-Wallace College professor who directs the Berea institution's health-care master's in business administration program.

"The more diverse we can get in health care - where the people we hire are not just people who work for hospitals - the better chance we have for long-term sustainability," Campanella said.

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