

ALASKA'S ECONOMY

It's everyone's business.

BRETT WATSON, RESEARCH PROFESSIONAL AT THE INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH AT THE UNIVERSITY OF ALASKA ANCHORAGE, SHARES HIS VIEWS ON THE ALASKA ECONOMY.



Dear reader,

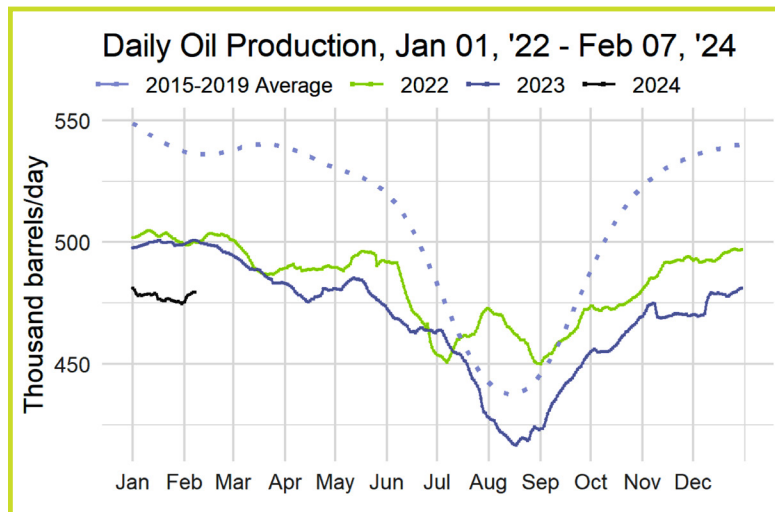
Alaska saw an average oil price of \$80 per barrel in January and continued to see lower-than-expected oil production.

For the last eight years, the healthcare industry has driven employment growth in Alaska. The state's expanded Medicaid program accelerated the industry's efforts to provide more healthcare facilities and services, causing an upsurge in aggregated healthcare expenditures. Alaska has some of the country's highest healthcare expenditures per capita, propelled by relatively high spending in federal healthcare programs for the Department of Defense and Indian Health Service.



Alaska oil production starts 2024 at historic January lows

Daily oil production in Alaska was 479,000 barrels on Feb. 7. In January, daily production averaged 475,181 barrels, compared to 499,000 in January 2023 and 500,000 in January 2022. ▼

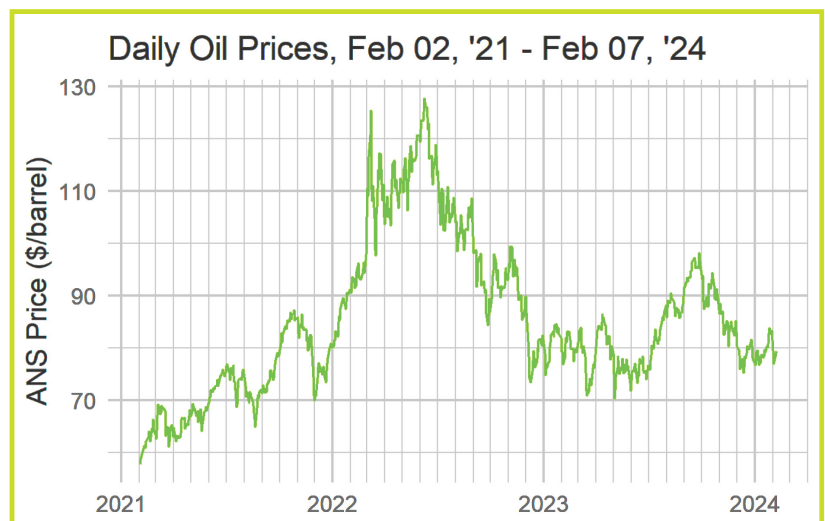


Data from the Alaska Department of Revenue



Alaska oil prices

Alaska's benchmark oil price, ANS West Coast, was \$79.41 per barrel on Feb. 7. In January, daily prices averaged \$79.65 per barrel, compared to \$80.87 in January 2023 and \$86.50 in January 2022. ►



Data from the Alaska Department of Revenue

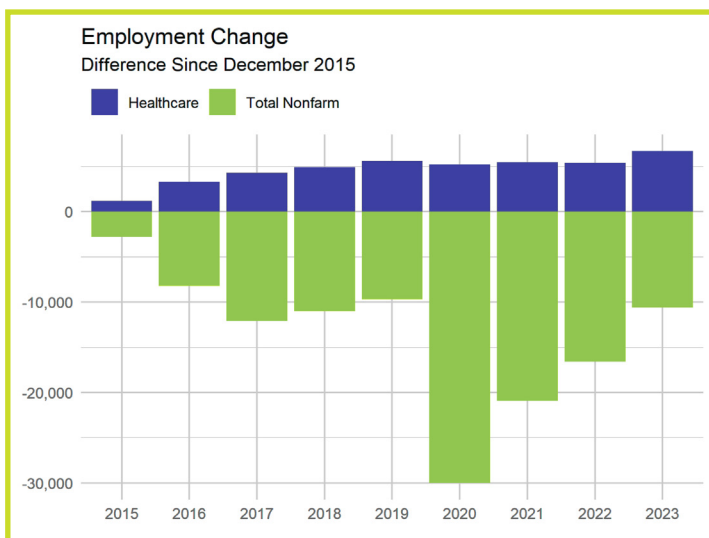
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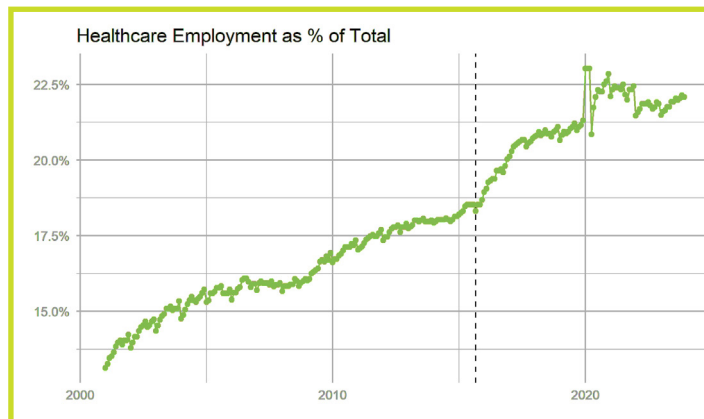
Healthcare employment boom

Employment in Alaska is lower today than in nearly a decade. In 2015, Alaska entered an oil-induced recession, which cost the state cumulative employment of nearly 10,000 jobs. The pandemic resulted in an additional 20,000 job loss. However, as of December 2023, the economy has recovered nearly all of the pandemic losses.

The healthcare industry has emerged as a key driver of employment and economic growth in the state for the last two decades. While many other industries were shedding jobs, healthcare has seen stable growth. ▼



Data from the Alaska Department of Labor and Workforce Development



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The dotted vertical line is the month Alaska expanded Medicaid.



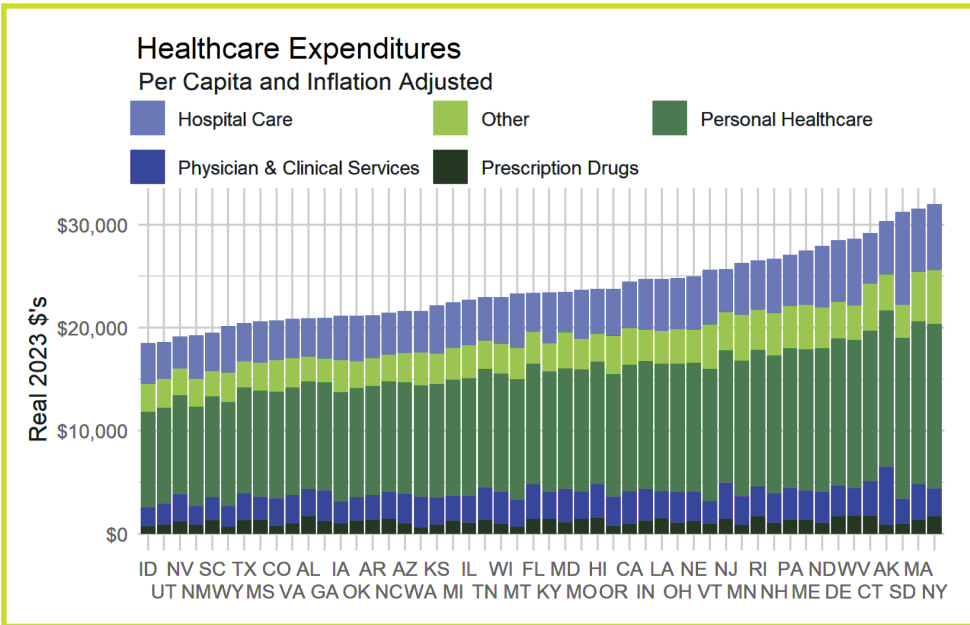
Alaska's Medicaid expansion

Alaska's healthcare employment growth and increased demand for healthcare services are due to several factors, such as the state's aging population and public policy. In 2015, the state expanded Medicaid with enhanced federal funding to cover all adults with incomes below 138% of the federal poverty level. At the same time, Alaska was experiencing the beginning of the 2015-2019 recession. Healthcare grew as the oil industry and the entire state economy contracted. The impact was significant – the state's healthcare workforce grew from 18% of total employment in Alaska in 2015 to 22% today. ◀

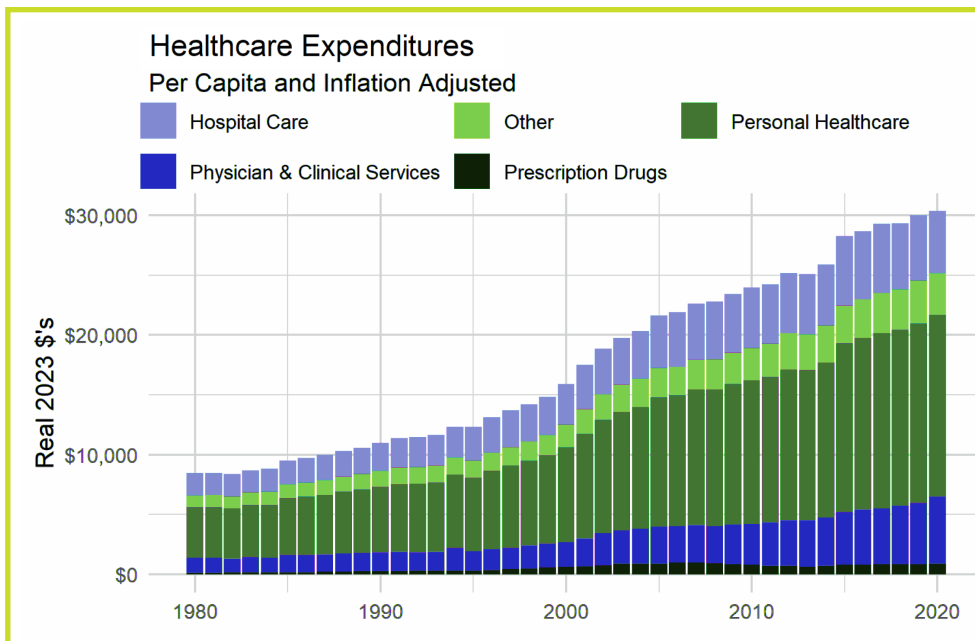


National healthcare spending growth

Alaska ranks fourth highest nationwide in healthcare spending per capita, after South Dakota, Massachusetts, and New York. Alaska's average annual healthcare spending for Alaskans with employer-sponsored insurance is \$5,630 per person, nearly 60% more than New Jersey. This category encompasses increased federal spending on healthcare programs for the Department of Defense and the Indian Health Service. Conversely, Alaska's prescription drug spending is \$875 per person, compared to West Virginia's \$1,770 per person. ▼



Data from the Centers for Medicare and Medicaid Services



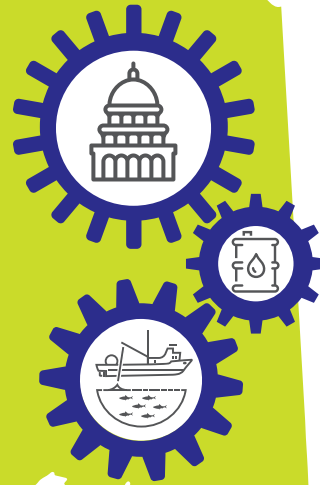
Data from the Centers for Medicare and Medicaid Services



Alaska healthcare spending growth

Healthcare expenditures, such as delivery of care and medical products, have been growing in Alaska. Inflation-adjusted healthcare costs increased by 30% between 1980 and 1990, 45% between 1990 and 2000, and 50% between 2000 and 2010. Healthcare expenditures grew by 27% between 2010 and 2020, the slowest inter-decade pace in the last forty years. The largest spending category in most states, including Alaska, is personal healthcare, which includes a number of health services hospitals or physicians do not provide. This category comprises home healthcare visits and ambulances, among other services. Conversely, there has been limited growth in prescription drug expenditures in Alaska. ◀

Did you know...
the healthcare industry is a key driver of employment and economic growth in Alaska?
Learn more in this issue of *Alaska's Economy*.



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