

# Is Growth in the Health Sector Correlated With Later-Life Migration?

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## Introduction

Declines in traditional sources of economic activity have prompted rural communities to search for alternative sources of economic development. Many have seized upon “retiree recruitment” in part because of the size, health, and wealth of the Baby Boomer generation.

Later-life migrants make significant expenditures in local economies, although some suggest that these expenditures primarily create low skill, low wage, service sector jobs. However, later-life migrants likely consider the availability of health care services in selecting their relocation destination.

Therefore, later-life migrants could disproportionately contribute to growth in the high-skill, high-wage health care sector as they tend to be older, have higher expectations of care, and a greater ability to pay than other rural residents. Then, over time, a location with an established retirement community could exploit agglomeration economies and grown into a regional medical center.

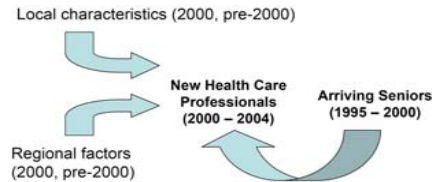
## Research Question

Was later-life migration to the Southeastern US between 1995 and 2000 correlated with a change in the number of persons working in the health care sector from 2000 to 2004?

## Conceptual Model



## Empirical Model



The relationship between local control factors and migrating cohorts on change in the employment concentration of medical professions was estimated using a linear model (Eq. 1).

$${}^k \Delta LQ_{2000}^{2004} = f(W^k \Delta LQ_{2000}^{2004}, {}^k LQ_{2000}, IS_{2000}, LM_{2000}, HS_{2000}, DC_{2000}, SC_{2000}, \Delta MIG_{1995-2000}^k, RI_{2000}) \quad (\text{Eq. 1})$$

## Data

**Jobs:** Measured as change in employment concentration of MDs and RNs (2000 – 2004) using location quotients ( $LQ$ ) with a spatial lag ( $W$ ), Jobs included: MDs, MD specialists, RNs and Other Specialists.

**People:** Percent change in age cohort (35 – 54, 55 – 69, and 70+ years old) proportions of in-migrants, 1995 – 2000 ( $MIG$ )

**Local Control Factors:** County-level (2000)

- Industry structure ( $IS$ ), Labor market characteristics ( $LM$ ), Local health care resources ( $HS$ ), Demographic characteristics ( $DS$ ), Settlement characteristics ( $SC$ )

**Urban-rural heterogeneity:** County-level (2000)

- Waldorf’s Rurality Index ( $RI$ ), interacted with exogenous variables

## Results

**Limited evidence to support the hypothesis that senior migration from 1995 – 2000 was associated with county-level change in the concentration of health care professionals.**

- 1995 – 2000 arrival of the 70+ cohort was correlated with changes in MDs
- Effect was different moving from “more urban” to “more rural” locations (negative to positive, “urban” to “rural”)

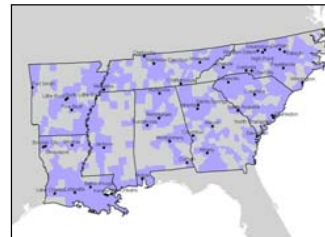
**Control variables were more often associated with changes in concentration of health care professionals, e.g.,**

- Median HH income (MD specialists, +)
- Hospital beds per capita (RNs, +)
- Employment in AG (MDs, +)
- Manufacturing (MD specialists, +)
- % population above 65 (MD specialists, +)

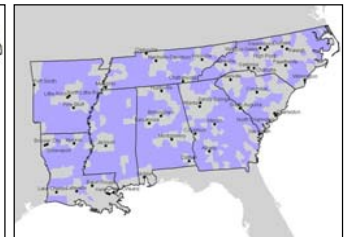
## Caveats

- Time period covered was relatively short
- County-level information may be too aggregated
- Feedback between health care sector and migrating seniors absent
- Model specification with respect to variables included in the model

**Fig 1.** Unshaded counties: % of 1995 – 2000 in-migrating population that was 65 & over positively correlated with growth in MDs



**Fig 2.** Unshaded counties: % of the 1995 – 2000 in-migrating population 70 & over was positively associated with office-based MDs



## A Case Study Perspective

### Cumberland County: A Tennessee Retirement Destination

Case study on Cumberland County was completed in 2007. Cumberland County was chosen as the focus area because it is rural, not located near a major metropolitan area, and has experienced substantial in-migration of retirees since the 1960s. Residents (locals and in-migrant retirees (IMR)) were surveyed and secondary data was accessed to determine how Cumberland County has evolved, compared to peer counties, since 1970.

There is ample evidence that this relatively large influx of IMRs has stimulated expansion of the local health care system in Cumberland County. The number of physicians and office-based specialists relative to total county population has grown much more rapidly between 1970 and 2004 in Cumberland County than in peer counties. As a result, Cumberland County has increasingly become a regional medical center, with the current extent of medical services available in the county far exceeding that available in surrounding rural counties and the peer counties more generally.

A few concerns about IMRs and the health care system were identified in the study. Cumberland County has fewer nursing home beds relative to its total population than peer counties. The lack of assisted living facilities was a concern voiced by some focus group respondents and clearly leads some retirees who develop serious health problems to move out of Cumberland County.