Will there be a doctor in the house?

36th Annual Economic Outlook
Gregg Davis, Health Policy Analysis
How Big is Health Care?

Health Care Employment Share of Total Montana Economy, 2007

All Industries, 85%

Health Care, 15%

Just Got Bigger...

Health Care Employment Share of Total Montana Economy, 2009

- All Industries, 83%
- Health Care, 17%

Where Do We Spend?

Percent Distribution of $6.1 Billion PHCE, Montana

- Hospitals, 41%
- Physician & Clinical, 25%
- Rx & Other Nondurables, 11%
- Nursing Home, 7%
- Dental, 5%
- All Other, 11%

Source: BBER-UM, Centers for Medicare and Medicaid Services.
Who Pays for our Spending?

Distribution of PHCE by Funding Source

Source: Centers for Medicare and Medicaid Services.
Who Pays Depends on What We’re Buying

Medicare’s Share of Total Personal Health Care Spending, est. 2011

Source: Centers for Medicare and Medicaid Services.
Most Health Care Employment is in Hospitals

Share Total Health Care Employment, by Sector, 2009 (61,569)

- Hospitals, 36%
- Ambulatory Care Services, 28%
- Nursing & Residential Care, 20%
- Social Assistance, 16%

Source: Montana Department of Labor and Industry.
Where Do Montana Hospitals Get Their Revenue?

Hospital Revenues by Funding Source, Montana, 2009

- Private, 55%
- Medicare, 34%
- Medicaid, 8%
- Other Government, 3%

Source: Unpublished data, Montana DPHHS.
But Big Differences in Medicare Revenues Emerge Based on Location

Share Hospital Revenue from Medicare, 2009

Source: Unpublished data, Montana DPHHS.
Medicare and “Late Adulthood” Population Match Almost Perfectly

Medicare Funding by County

Source: Consolidated Federal Funds Report, U.S. Census Bureau.
But Big Differences in Spending per Capita

Medicare Spending/65 and Older Population

Source: Consolidated Federal Funds Report, U.S. Census Bureau.
Dept. of Health and Human Services
Big Player in Federal Funding

Share Federal Expenditures to Montana by Agency, $10.9 Billion

- All Other, 49%
- Dept. of Health and Human Services, 28%
- DoD, incl. Homeland Security, 8%
- Transportation, 6%
- Veteran's Affairs, 5%
- Education, 4%

Source: Consolidated Federal Funds Report, U.S. Census Bureau.
Medicare Spending in Montana

- Jobs created: 21,000
- Labor income generated: $1.1 Billion
- Average wage: $52,000
- Sales by businesses: $2.3 Billion

Source: BBER-UM.
Medicare Spending Responsible For...

8% of jobs in Ambulatory Services
43% of jobs in Hospitals
12% of jobs in Nursing & Residential Care Services
1% of jobs in Social Assistance

Source: BBER-UM.
Throw in Medicaid Spending...

- Over 52,000 jobs
- $2.4 billion in labor income
- $4.3 billion in sales
- 11% of Montana total
- 14% of Montana total
- 5% of Montana total

Source: BBER-UM.
And for Health Care Specifically...

37% of all health care jobs
21% of all ambulatory care jobs
71% of all hospital jobs
51% of all nursing & residential care jobs
3% of all social assistance jobs

Source: BBER-UM.
Health Care: Cascade

[Graph showing trends in health care and employment from 2006 to 2010]

- All Employment-Montana
- Health Care-Montana
- All Employment-Cascade
- Health Care-Cascade
Composition of health care employment

- Social Assistance
- Nursing & Residential
- Hospitals
- Ambulatory
Montana Hospital Outlook

- Environment under PPACA uncertain
- Changes in provider mix likely
- MD’s under hospital management to continue
- Future of ACO’s uncertain
- Staffing
  - Increase need for nurses, physicians, paraprofessionals and laboratory
  - No changes in imaging, ancillary
Questions?

Gregg Davis
gregg.davis@business.umt.edu