Will there be a doctor in the house?

36th Annual Economic Outlook
Gregg Davis, Health Policy Analysis
Health care as a “jobs machine”

Health Care Private Employment Share of Total Montana Economy, 2007

All Industries, 85%

Health Care, 15%

Health Care Private Employment Share of Total Montana Economy, 2009

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

Only a few states devote more of their GDP to health care.
Health care employment growth remains positive
Composition of health care employment in Flathead
Where Do We Spend?

Distribution of $6.1 Billion Personal Health Care Expenditures, 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 is changing...

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Source: Unpublished data, Montana DPHHS.
Changes in Medicare will have differential impacts...

Share Hospital Revenue from Medicare, 2009

Source: Unpublished data, Montana DPHHS.
Medicare and “the experienced” 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%
- Transportation, Homeland Security, 8%
- DoD, incl. Homeland Security, 6%
- Veteran's Affairs, 5%
- Education, 4%

Source: Consolidated Federal Funds Report, U.S. Census Bureau.
Medicare Spending in Montana was $1.8 billion in 2009

- 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 Supports...

- 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.
Montana Hospital Outlook

- PPACA impact: 64% uncertain, 28% unfavorable
- Increased use of mid-levels (90%)
- Marcus Welby effect (92%)
- Future of ACO’s uncertain (64%)
- Staffing
  - Increase need for nurses, physicians, paraprofessionals and laboratory
  - No change in imaging and ancillary
- Challenges: workforce, capital
Think apples. Up next, Agriculture

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