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

- Health Care, 15%
- All Industries, 85%

And the health care slice just got bigger

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.
Composition of health care employment in Gallatin County
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

<table>
<thead>
<tr>
<th>Year</th>
<th>Government</th>
<th>Private</th>
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</thead>
<tbody>
<tr>
<td>2008</td>
<td>46.5%</td>
<td>53.5%</td>
</tr>
<tr>
<td>2011</td>
<td>49.4%</td>
<td>50.6%</td>
</tr>
<tr>
<td>2019</td>
<td>52.1%</td>
<td>47.9%</td>
</tr>
</tbody>
</table>

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

- Hospital: 30% Medicare, 19% Medicaid, 51% Other
- Physician & Clinical: 20% Medicare, 9% Medicaid, 71% Other
- Home Health: 39% Medicare, 40% Medicaid, 21% Other
- Nursing Home: 20% Medicare, 43% Medicaid, 37% Other
- Durable Medical Equipment: 33% Medicare, 30% Medicaid, 67% Other
- Prescription Drugs: 24% Medicare, 9% Medicaid, 67% Other

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

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Source: Unpublished data, Montana DPHHS.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Source: Unpublished data, Montana DPHHS.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

- **Montana Medicare Part A & B**
- **Population 65 and Older**

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.
The Montana hospital perspective...

- PPACA environment uncertain (64%)
- Increase in 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 changes in imaging and ancillary
- Challenges: workforce, capital
Questions?

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