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 health care slice just got bigger...

Health Care Private Employment Share of Total Montana Economy, 2009

All Industries, 83%

Health Care, 17%

Only a few states devote more of their GDP to health care...

Source: U.S. Bureau of Economic Analysis, data released on 11/18/2010
Health Care: Butte-Silver Bow

- All Employment-Montana
- Health Care-Montana
- All Employment-Butte/Silver Bow
- Health Care-Butte/Silver Bow
Composition of health care in Butte Silver Bow

![Bar chart showing the composition of health care in Butte Silver Bow from 2005 to 2010. The chart uses colors to represent different categories: purple for Social Assistance, green for Nursing & Residential, red for Hospitals, and blue for Ambulatory.]

Legend:
- Purple: Social Assistance
- Green: Nursing & Residential
- Red: Hospitals
- Blue: Ambulatory
Where Do We Spend?

Percent Distribution of $6.1 Billion PHCE, Montana

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

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>53.5%</td>
<td>46.5%</td>
</tr>
<tr>
<td>2011</td>
<td>50.6%</td>
<td>49.4%</td>
</tr>
<tr>
<td>2019</td>
<td>47.9%</td>
<td>52.1%</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, 21% Medicaid, 40% 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%
- 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

- Dept. of Health and Human Services, 28%
- All Other, 49%
- 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?

Gregg Davis

gregg.davis@business.umt.edu