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’s slice of the pie increased as the economy contracted.

Health Care Private Employment Share of Total Montana Economy, 2009

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

Only a few of states devote more of their GDP to health care...
Health care growth rates appear countercyclical but always positive.
Composition of health care employment in Yellowstone County

- Social Assistance
- Nursing & Residential
- Hospitals
- 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

2008: 53.5% Government, 46.5% Private
2011: 50.6% Government, 49.4% Private
2019: 47.9% Government, 52.1% Private

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Source: Unpublished data, Montana DPHHS.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Source: Unpublished data, Montana DPHHS.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%
- Transportation, 6%
- DoD, incl. Homeland Security, 8%
- 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.
From the Montana hospital perspective...

- PPACA environment uncertain (64%)
- Increase in use of mid levels (90%)
- Mergers and/or bankruptcies (59%)
- Marcus Welby Effect (92%)
- Move to ACO’s uncertain (64%)
- Staffing
  - Increase need for nurses, physicians, paraprofessionals and laboratory
  - No changes in imaging and ancillary
- Challenges ahead: workforce, capital
Questions?

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