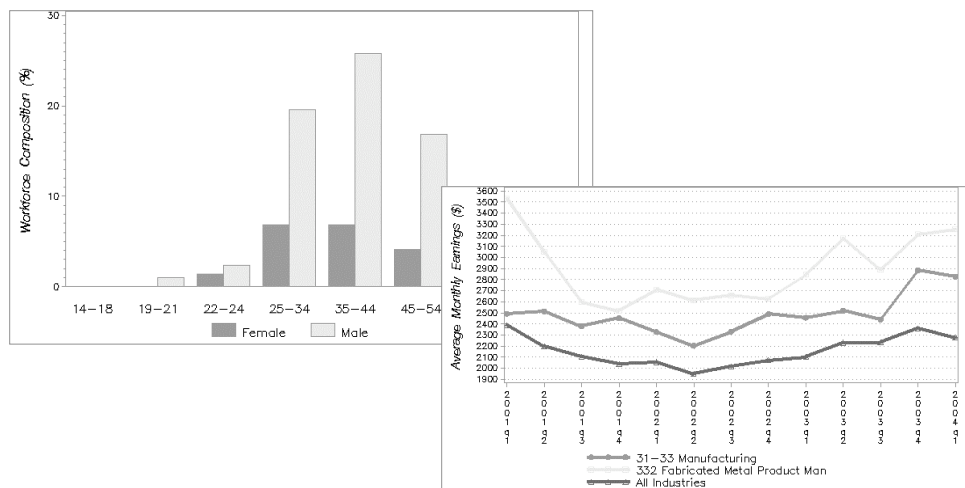


How National Health Care Spending Affects Pennsylvania Health Care Employment



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today...



**REMI forecasts of health
employment under high
& low national health care
spending scenarios**

remember the health care reform debate in the 1990s?

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**created uncertainties
about employment
&, as a result,
uncertainties and risks
in training investment**

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over

Our aim...

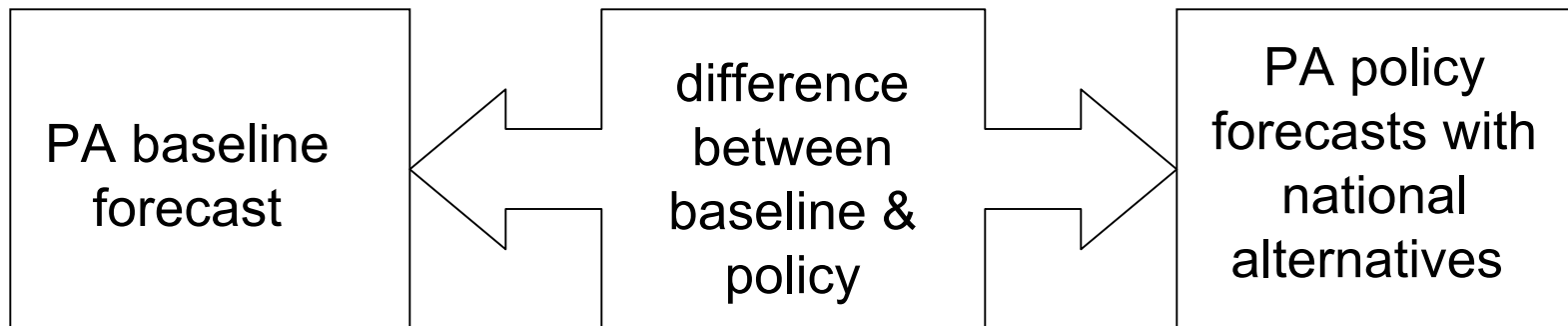
...examine sensitivity of Pennsylvania health care & service employment to alternative national spending patterns in health-related industries

our general modeling approach...

Step 1: forecast baseline & policy alternatives



Step 2: calculate policy effects



our specific modeling approach...

- < REMI baseline employment forecast for 29 PA occupations
 - < diagnosis
 - < assessment/treatment
 - < technology
 - < service
- < REMI policy forecasts
 - < “low” & “high” spending conditions
 - < REMI national model pushed to PA model
 - < under constrained & unconstrained output
- < forecast alternative spending impact, *ceteris paribus*
 - < deviations in occupational employment between baseline & forecast
 - < under assumptions of no labor-labor substitution & absent other health care & spending reforms
- < forecast net openings for selected occupations under two conditions

our findings, with industry output *not constant*...

Table 1. Health-Related Industry Spending (Millions \$75) In 1990 & Forecast To 2005 Under Alternate Bureau Of Labor Statistics Spending Scenarios

Industry	1990	2005		
		Moderate Growth	Low Spending	High Spending
Total, Health-Related Industries	\$491,206	\$783,282	\$659,894	\$964,352
Offices of health practitioners	153,187	232,939	106,233	286,789
Nursing & personal health care facilities	32,750	54,074	42,936	66,575
Private hospitals	100,426	253,981	209,606	323,008
Health services not elsewhere classified	33,408	68,038	72,581	85,512
New hospital construction	14,426	16,707	12,207	16,780
Medical instruments and supplies	13,093	31,944	20,921	40,136
X-ray and other electromedical apparatus	5,599	10,737	8,525	13,401
Drugs	24,689	41,796	35,235	52,515
Health insurance	24,986	30,191	29,610	37,170
State & local hospitals	28,642	32,105	26,040	49,376

Source: Phisicop, J. & Wallace, P. (1994). Health care alternatives: Employment and expenditures in 2005. Monthly Labor Review, 117(4), 29-37.

Note: Spending scenarios are described in Figure 1.

- < both low & high scenarios show health care & service employment growth (complex outcome)
- < occupational employment differs by 244k between low and high scenarios

our findings, with industry output *not constant*...

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- < low spending employment does not grow at same pace as baseline
- < generally, wide variation in occupational employment results from low & high spending scenarios

our findings, with industry output *constant*...

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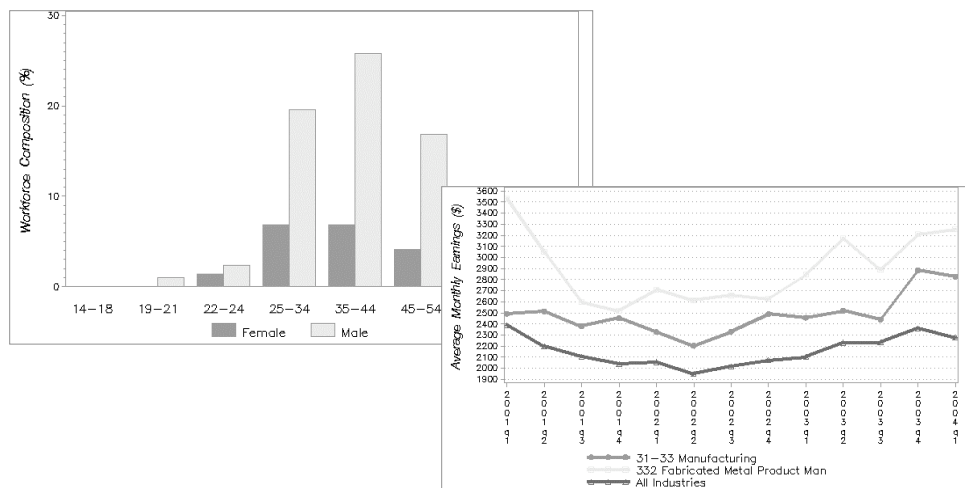
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- < constrained output by offsetting health care spending changes by changes to other industries
- < employment still grows
- < again, low spending employment not at same pace as baseline

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