

Health Care in the New Jersey Economy: Life Boat or Albatross?

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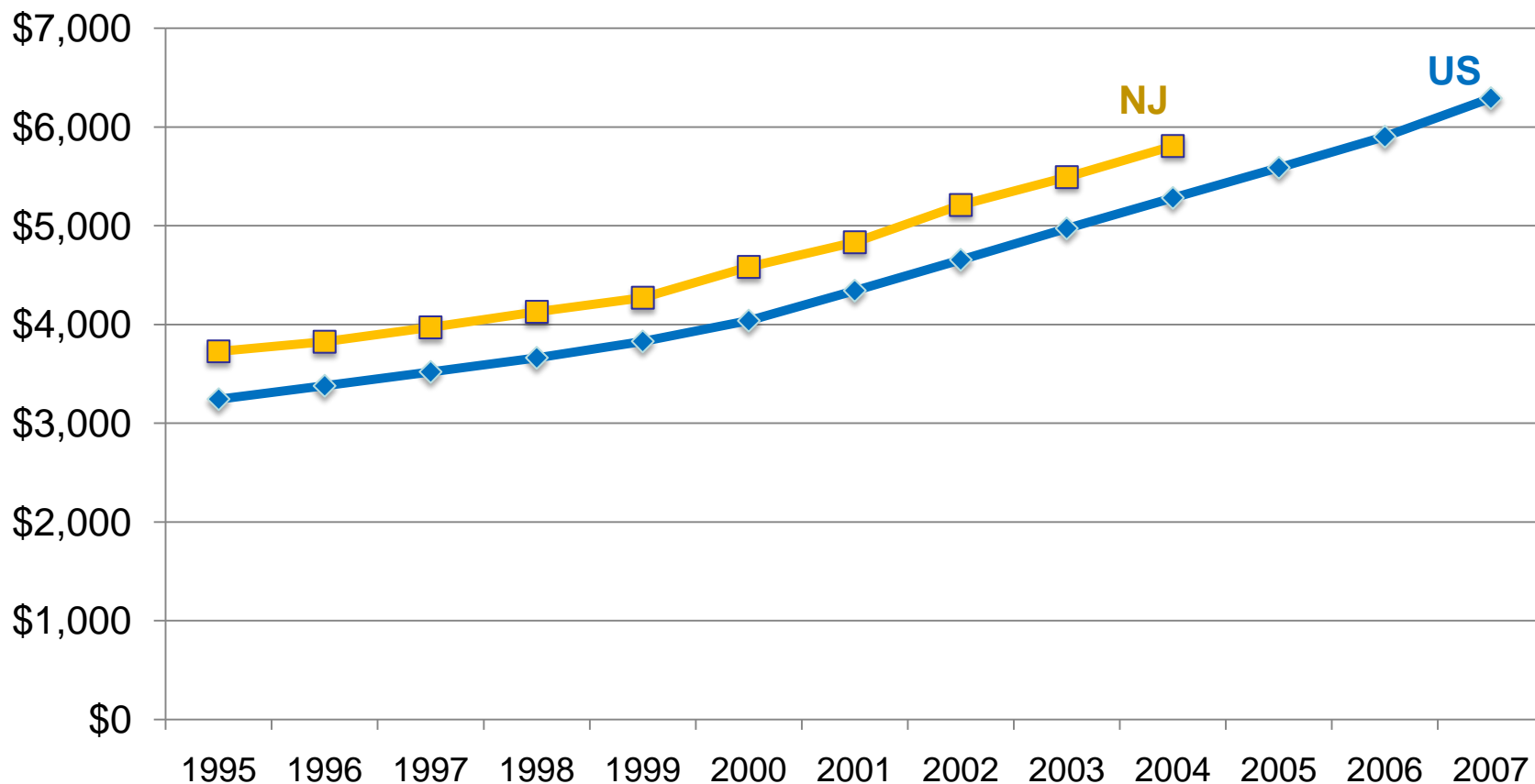
Health Care in the New Jersey Economy

Outline

- Health care spending
 - High and rising
 - Burden on businesses and families
- Health services and the economy
 - Health care buoys a stressed economy
- Looking ahead

Higher Spending in New Jersey, Trends with US

Personal Health Care Spending Per Capita, by Residence of Consumer



Source: Centers for Medicare and Medicaid Services, State & National Health Expenditure Accounts, Available at:

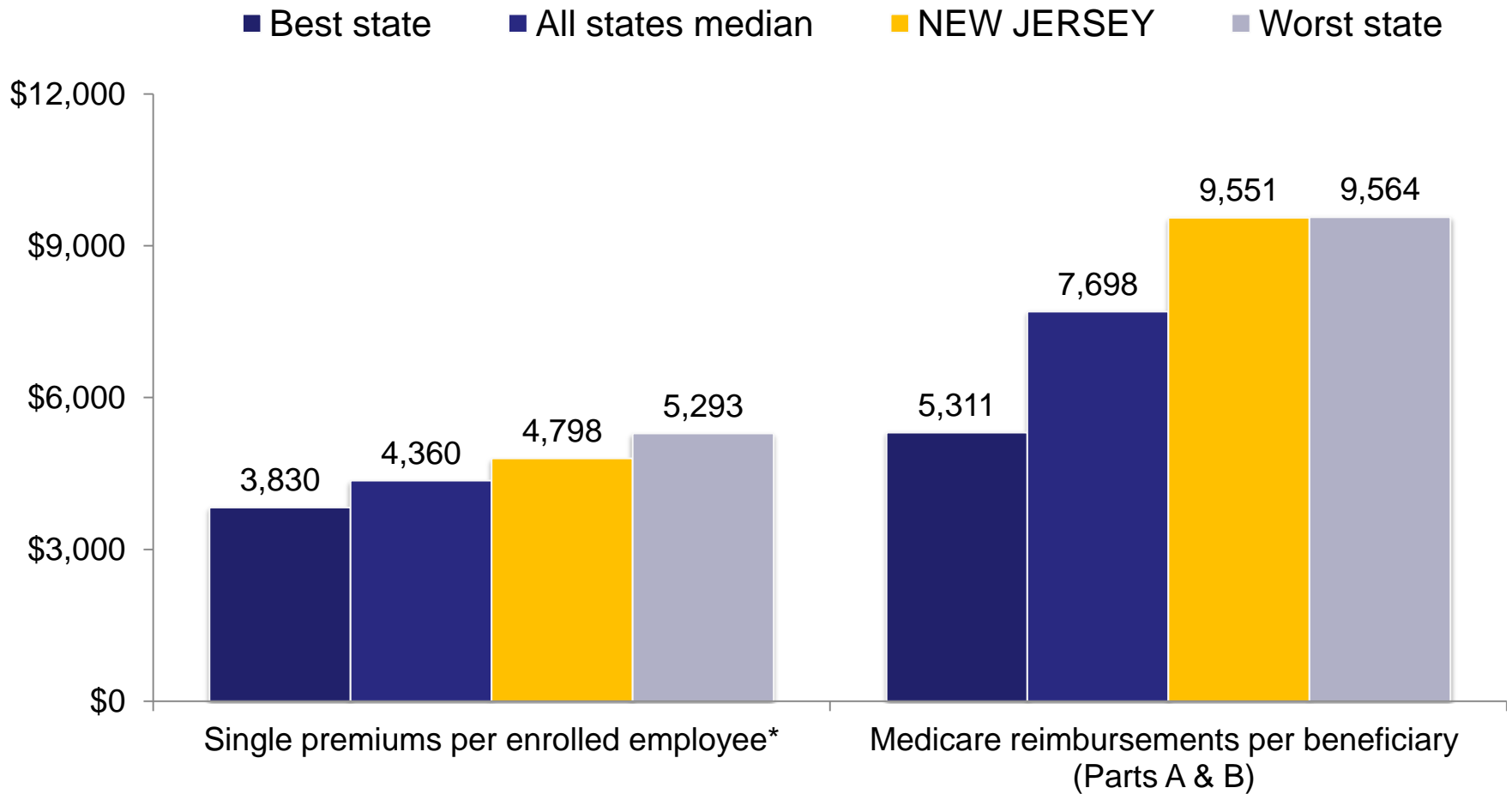
<http://www.cms.hhs.gov/NationalHealthExpendData/>

Note: All payers, current dollars

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New Jersey Among Highest Costs of Care



*NOTE: Premiums at private-sector establishments that offer health insurance.

DATA: Medical Expenditure Panel Survey, Insurance Component—2008; Dartmouth Atlas of Health Care—2006.

SOURCE: Commonwealth Fund State Scorecard on Health System Performance, 2009

New Jersey Employer Responses to Rising Premiums

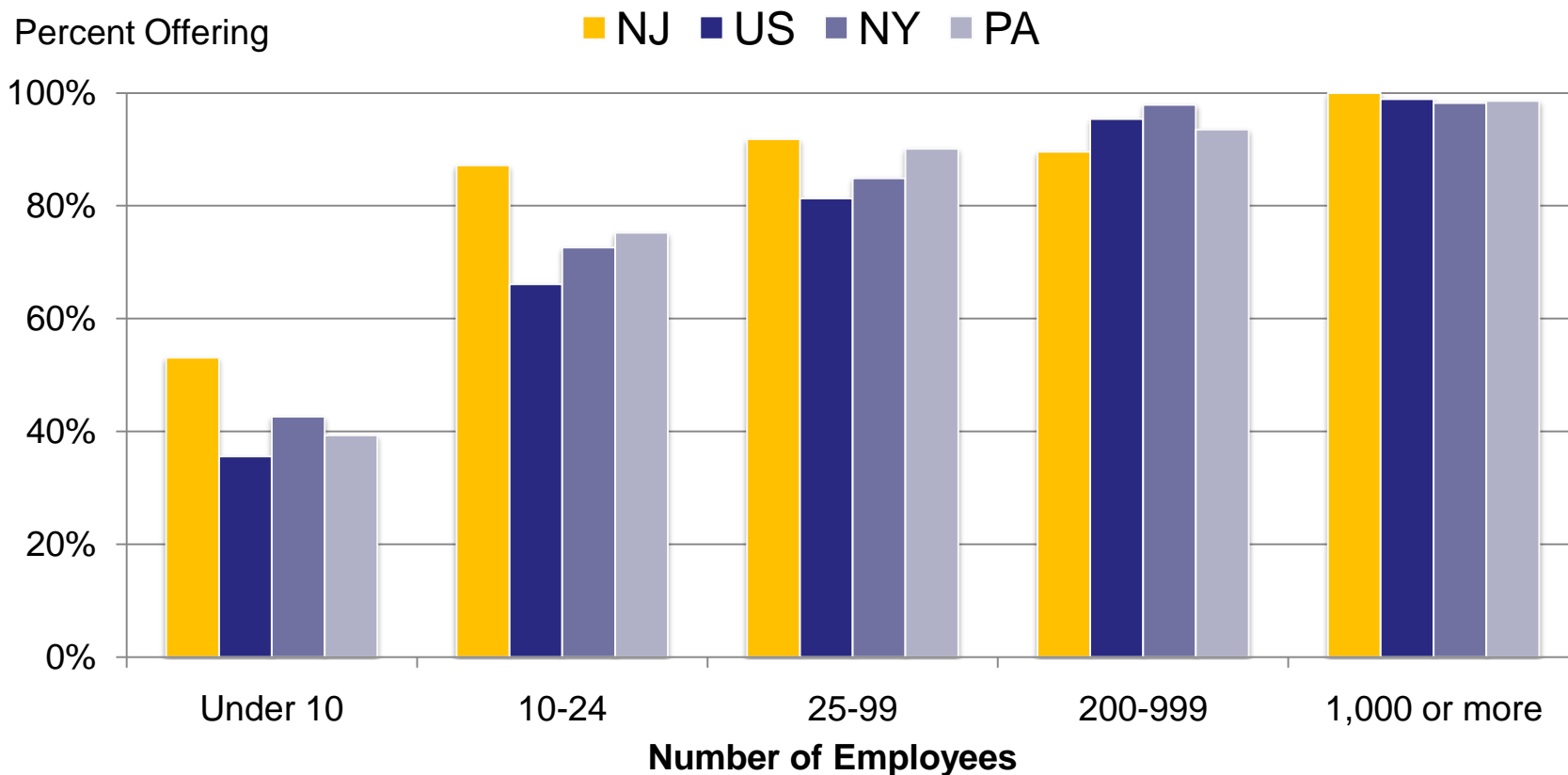
2008 NJ Business and Industry Association Member Survey

Changes Made in 2007	Small Businesses (2-50 employees)	Large Businesses (51 or more)
Increase employee co-payments	31%	42%
Increase employee deductibles	32%	26%
Increase employee premium share	15%	42%
Limit pay increases	16%	9%
Scale back hiring plans	10%	3%

Source: C. Biddle, *Small Companies Hardest Hit as Health Plan Costs Double in Six Years for NJ Employers*. NJBIA 2008 Health Benefits Survey. Undated. Available at: <http://www.njbia.org/pdf/hbs2008.pdf>

Despite High Cost, More NJ Employers Offer Coverage

Percentage of Private Enterprises Offering Health Insurance, 2008

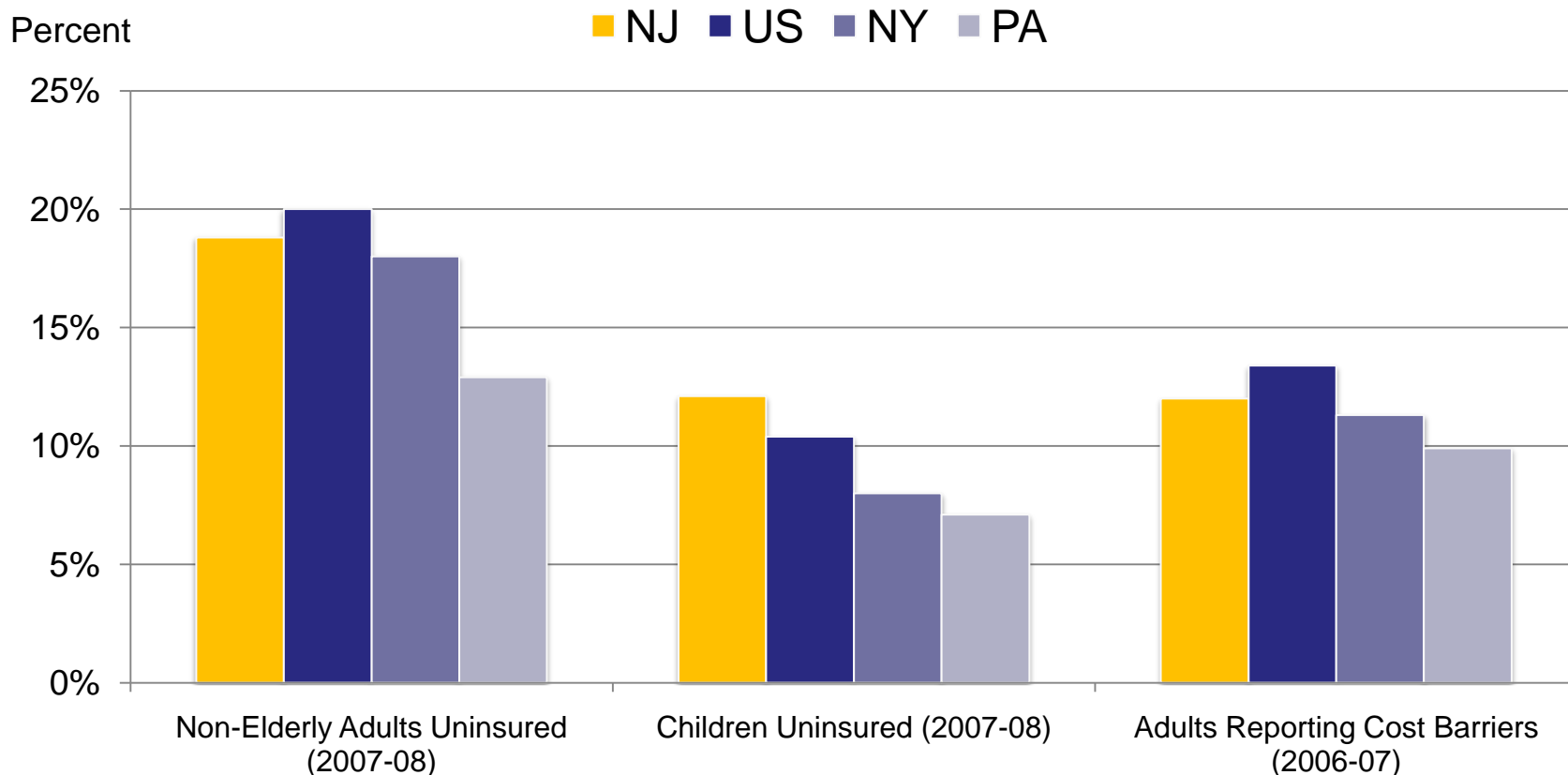


Source: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey-Insurance Component. Available at: <http://www.meps.ahrq.gov>

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Uninsured Rate, Access Barriers Substantial in NJ



Source: Commonwealth Fund State Scorecard on Health System Performance, 2009, Table A6. Available at www.cmwf.org.

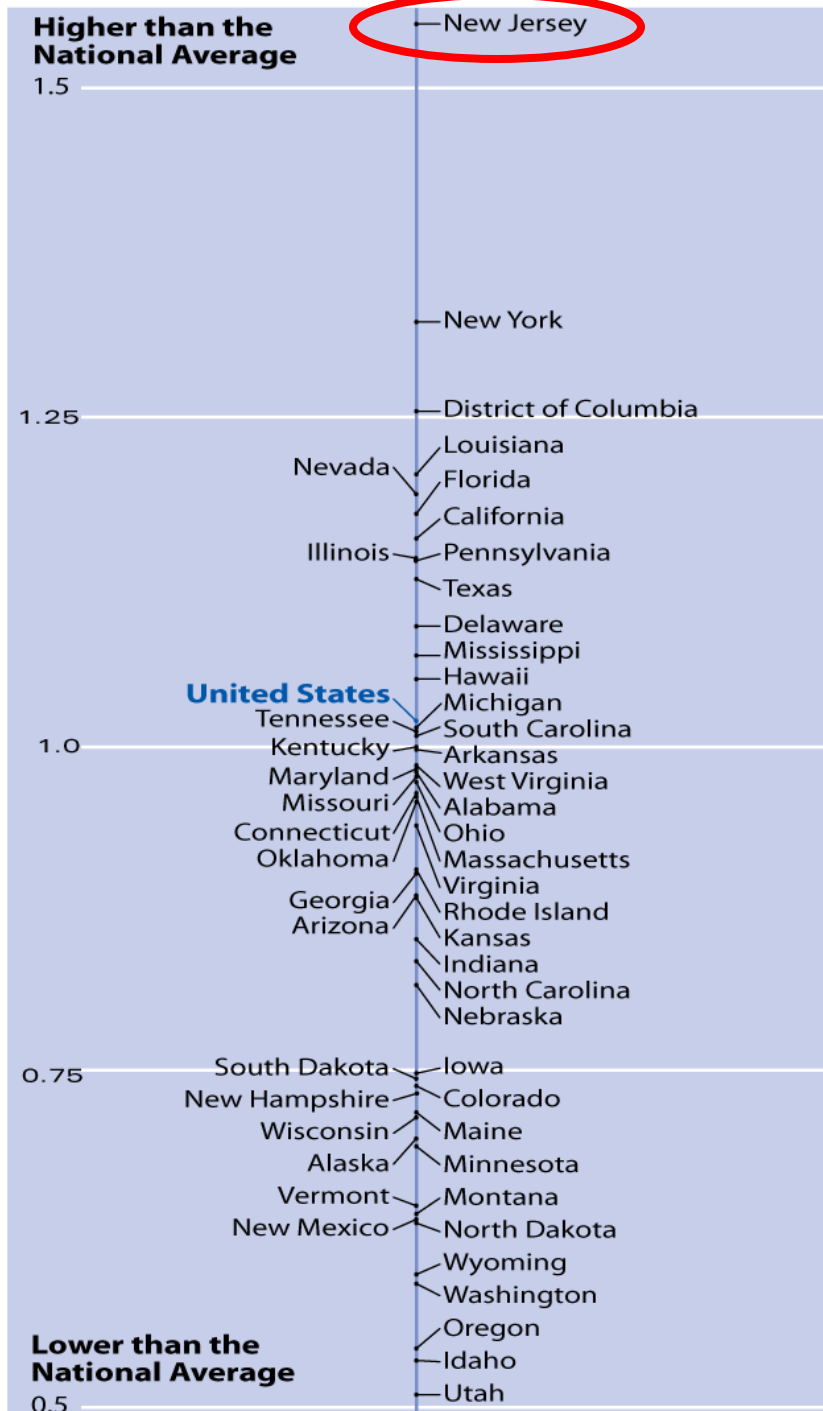
Why are New Jersey Health Care Costs So High?

- Higher input costs
 - Wages, everything else costs more here
- Higher demand
 - High income state
- Skewed delivery system
 - Physician supply skewed to specialty/subspecialty
 - Many solo medical practices
 - Culture of excessive use of low-value but expensive care

State Variation: Hospital Care Intensity Index, 2005

Note: The Hospital Care Intensity Index was calculated as the average of the number of inpatient days by state divided by the national rate and the number of inpatient physician visits by state divided by the national rate, for chronically ill Medicare beneficiaries in the last two years of life. All rates were age-sex-race-illness standardized. The national average was set to 1.0 for the base year 2001, so that ratios in subsequent years reflect the national trend in this composite measure of inpatient utilization.

SOURCE: Commonwealth Fund State Scorecard on Health System Performance, 2009



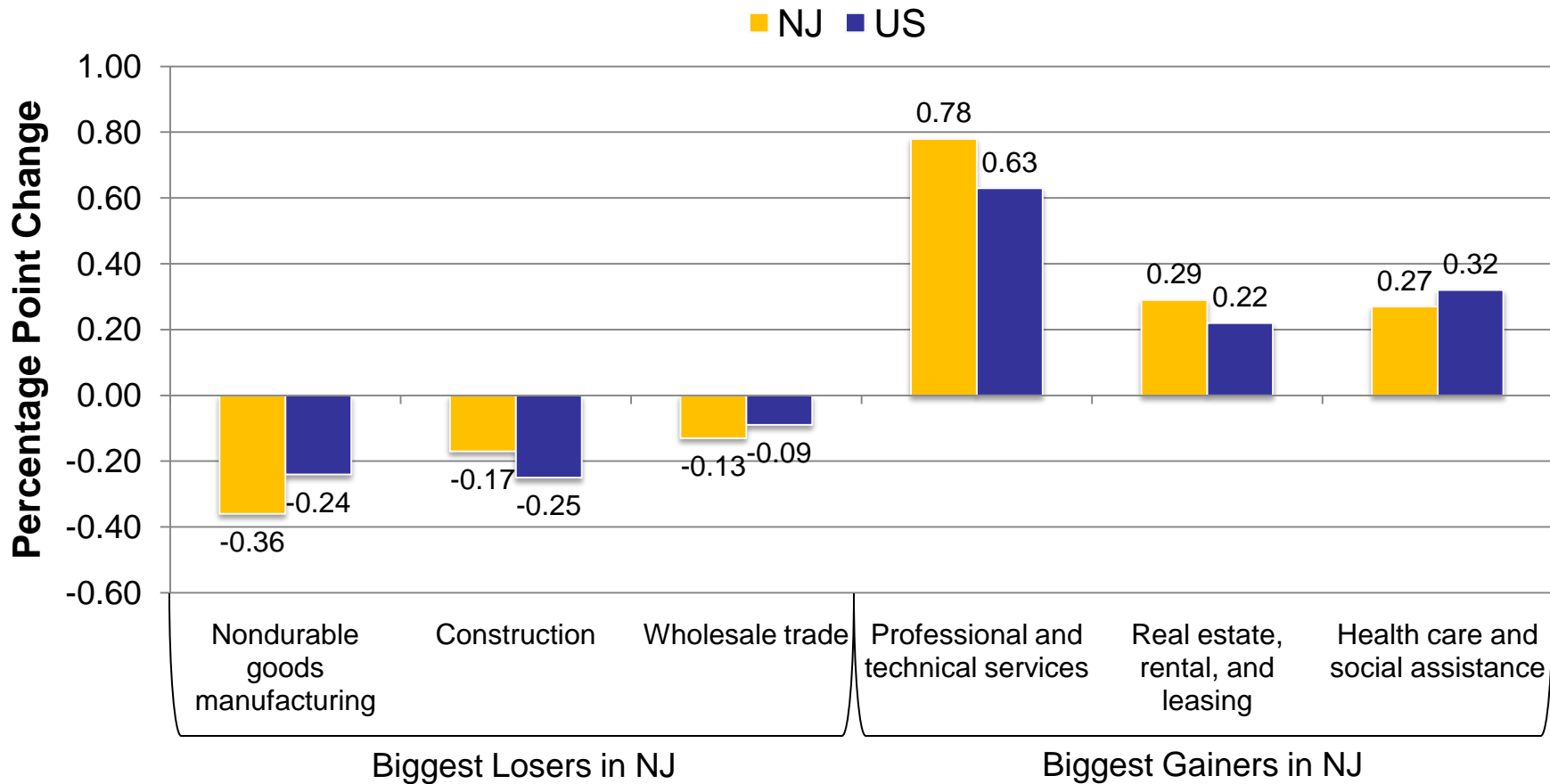
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Health Care Contributes to Growth

Change in Real GDP 2007-2008



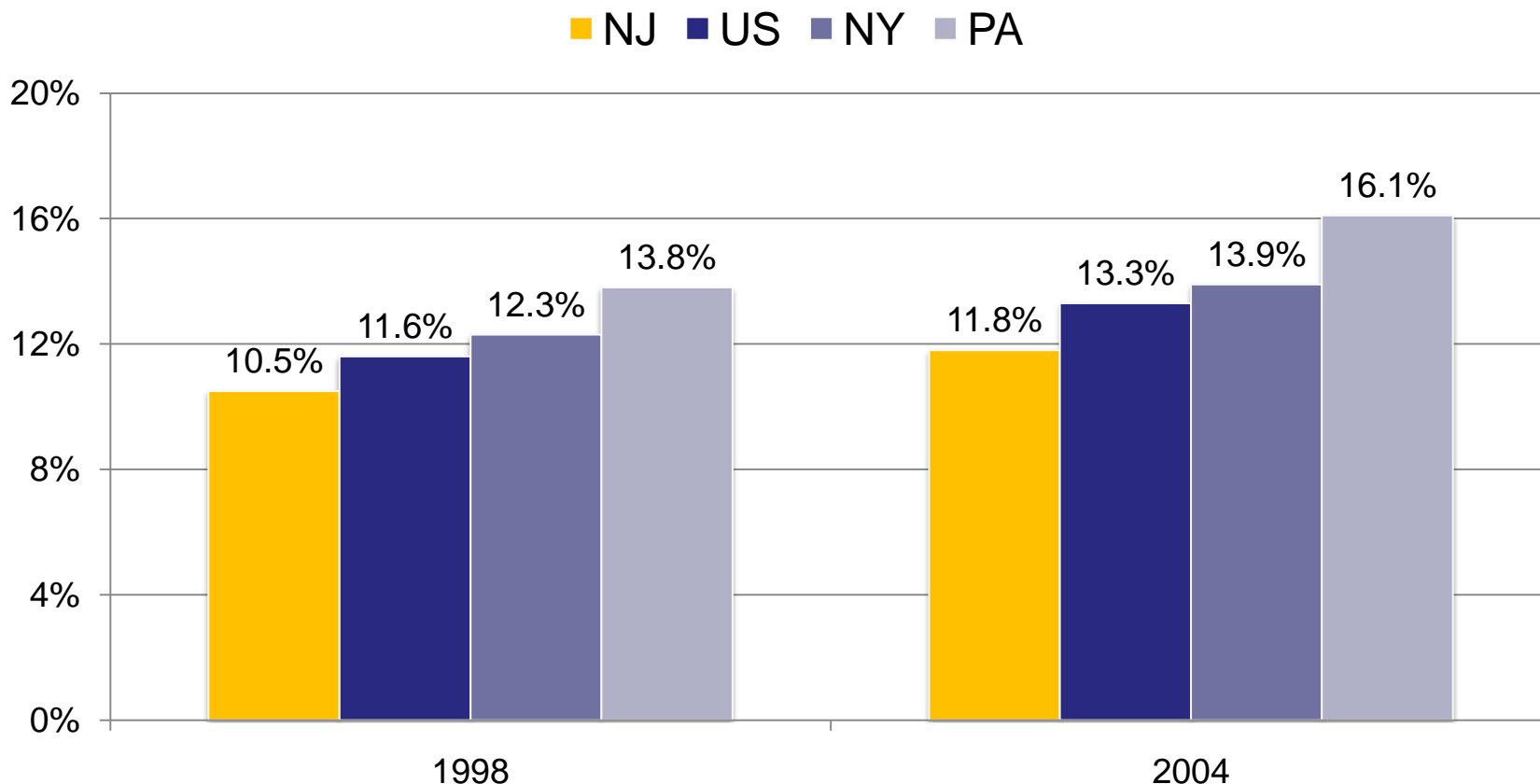
Source: U.S. Bureau of Economic Analysis, Department of Commerce, News Release BEA 09-22

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Health Care Sector Smaller in NJ Economy

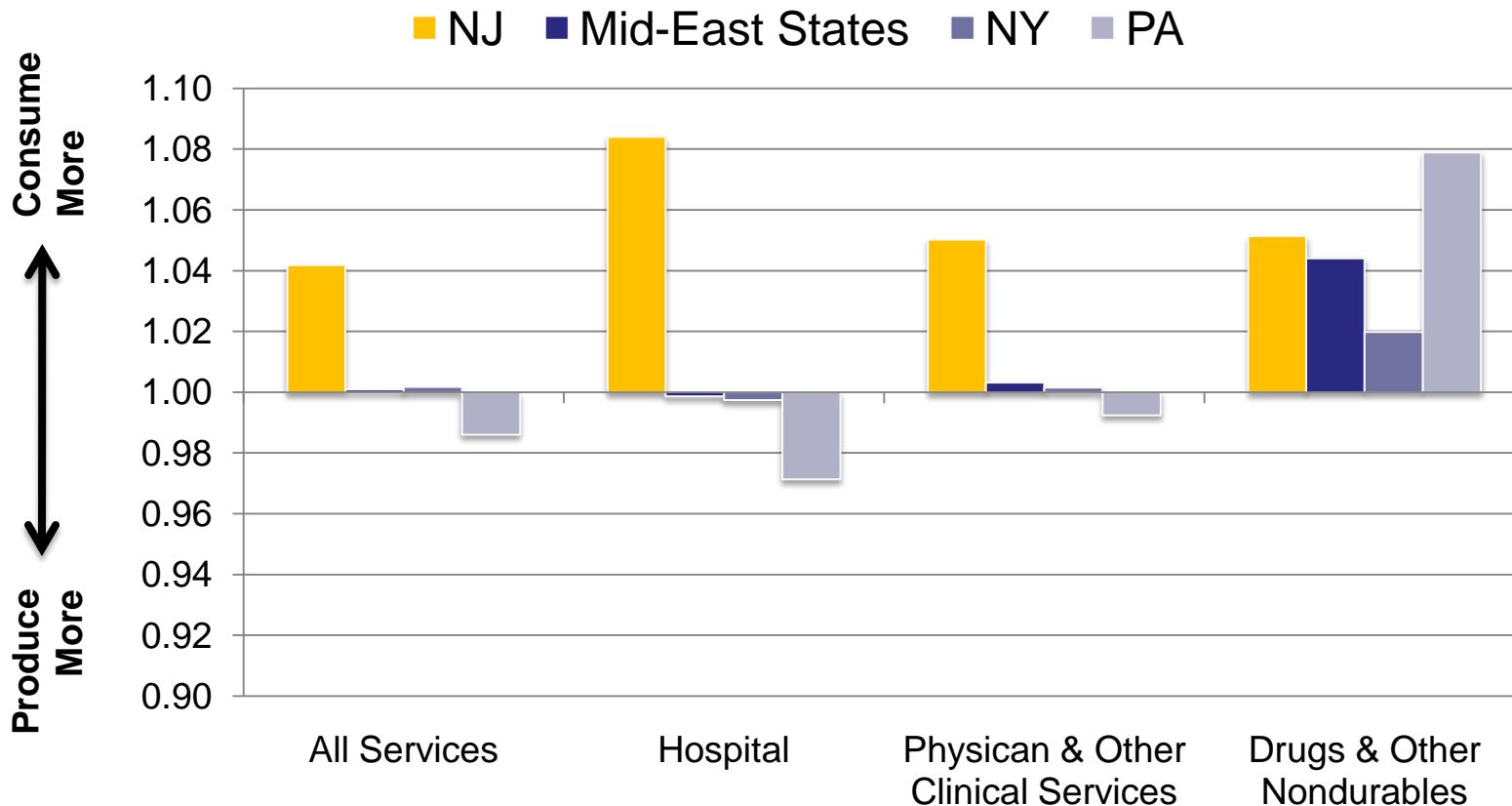
Personal Health Care as Percent of GDP, by *State of Production*



Source: Centers for Medicare and Medicaid Services, State & National Health Expenditure Accounts, Available at (accessed 10/13/09): <http://www.cms.hhs.gov/NationalHealthExpendData/>

New Jersey is a Net Importer of Health Care

Ratio of Personal Health Care Consumed to Produced in the States, 2004*



Source: Centers for Medicare and Medicaid Services, State Health Expenditure Accounts, Available at (accessed 10/13/09):

<http://www.cms.hhs.gov/NationalHealthExpendData/>

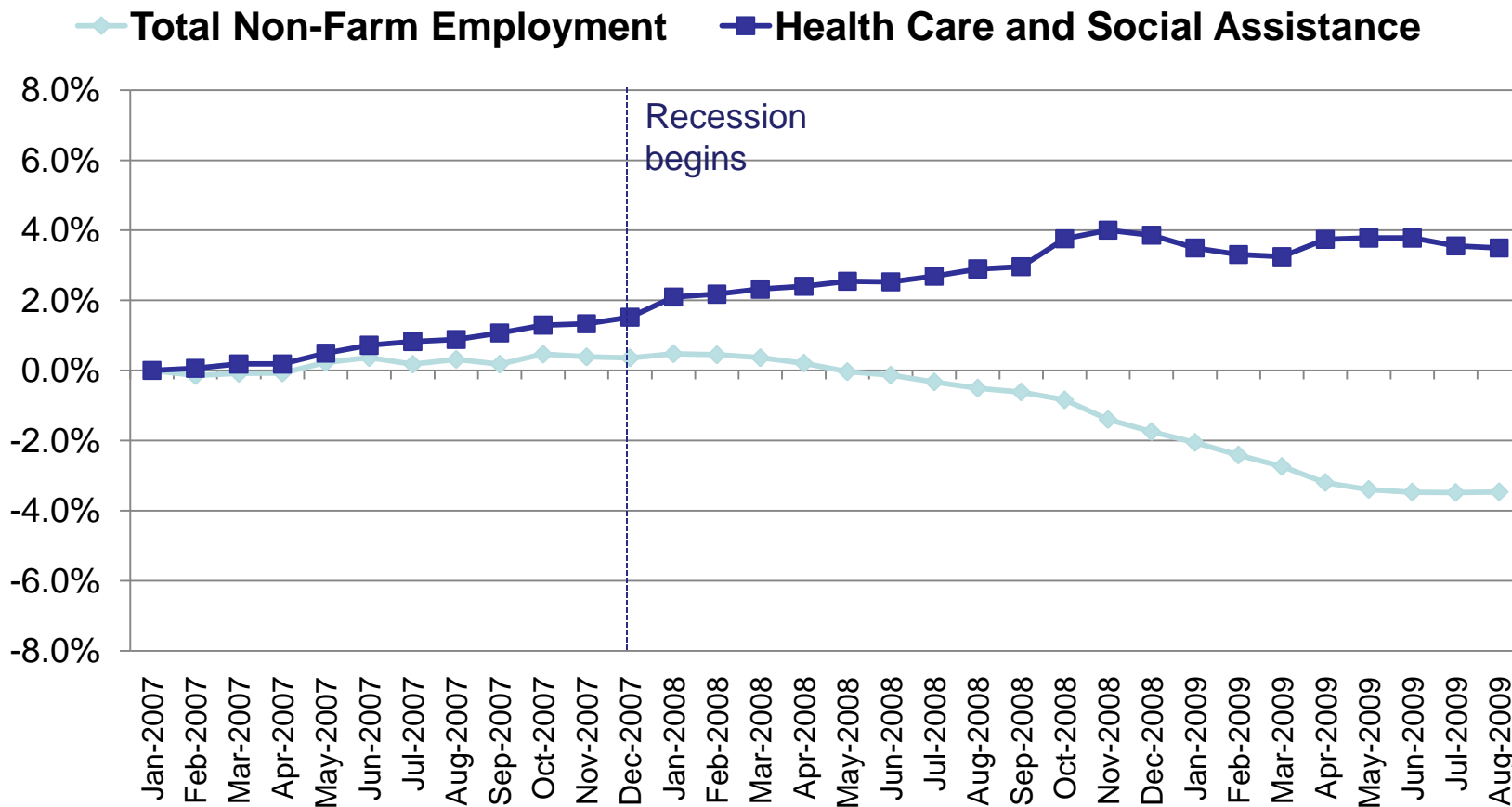
*Notes: 2004 dollars, includes all payers. "Produced" based on state of retail sale and "consumed" based on state of residence. Excludes international flows.

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New Jersey Health Care Service Jobs Buck Trend

Seasonally Adjusted, Percent Change from January 2007



Source: U.S. Department of Labor available at <http://www.bls.gov/data/>

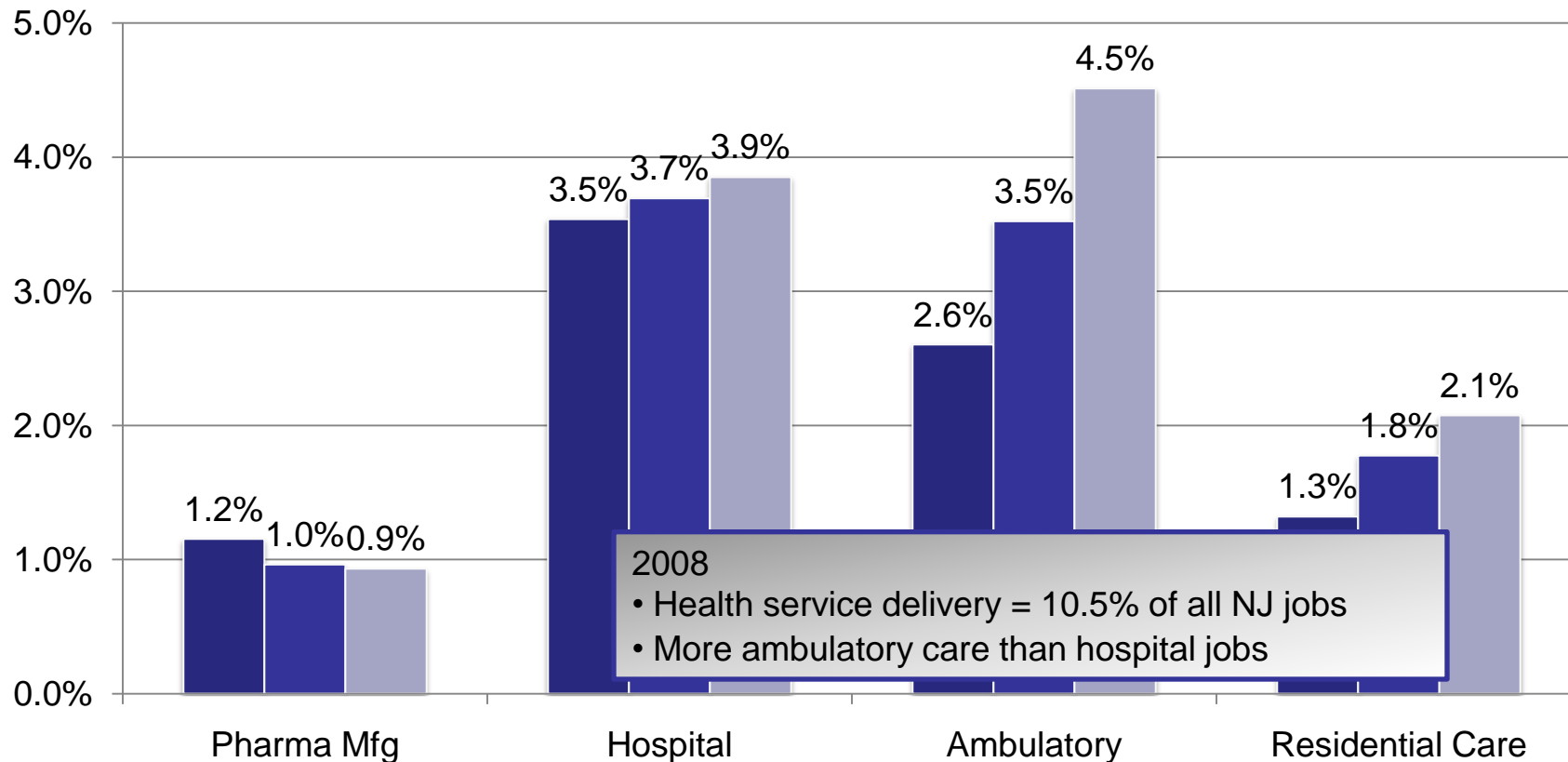
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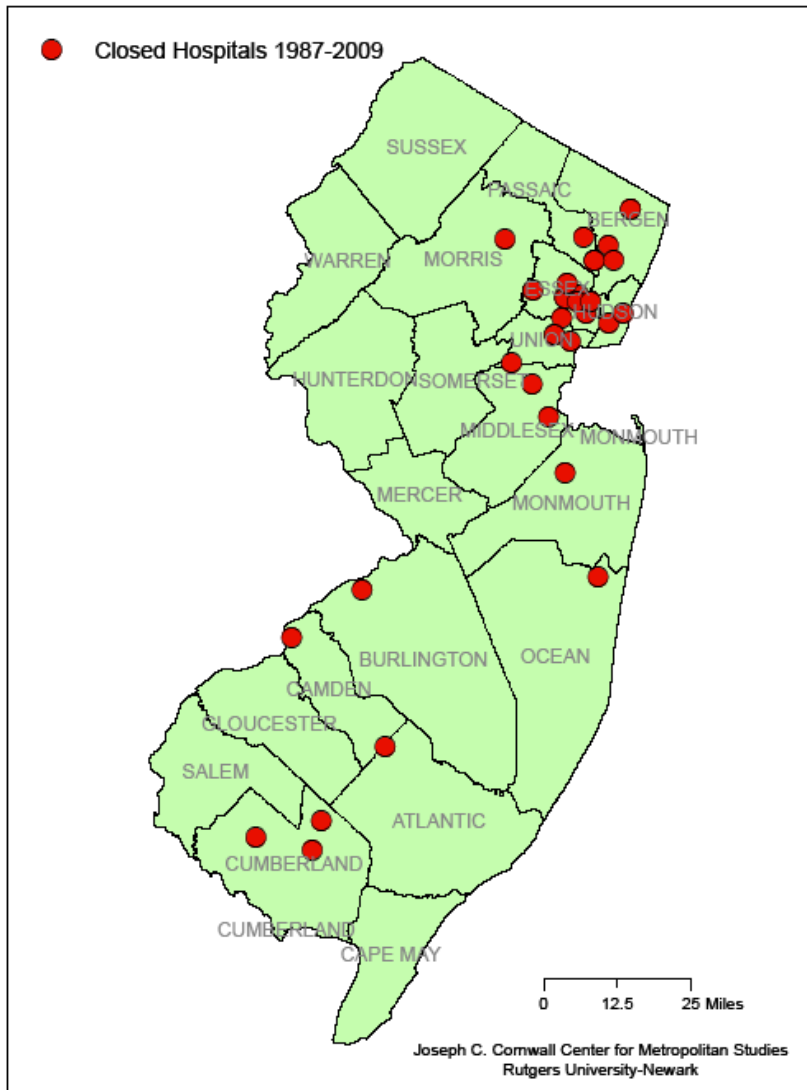
Health Services Growing Share of New Jersey Jobs, Ambulatory Care Growing Rapidly

Percent of NJ Employment

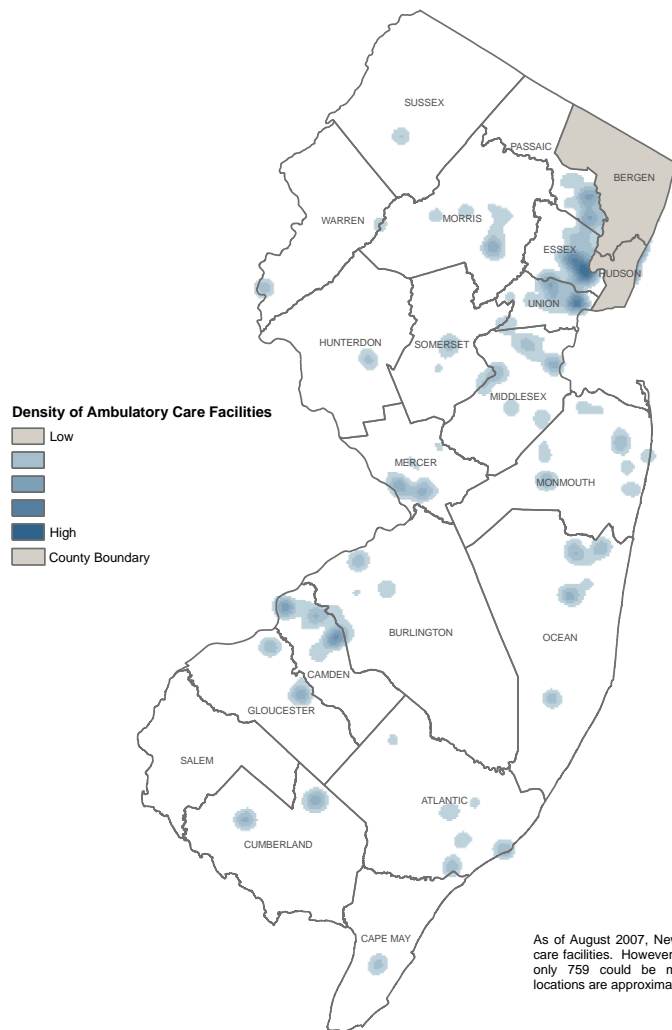
■ 1990 ■ 2000 ■ 2008



Hospitals Closed 1987-2009



Ambulatory Care Facilities, New Jersey



As of August 2007, New Jersey has 766 ambulatory care facilities. However, due to geocoding limitations, only 759 could be mapped, and several facility locations are approximate.

CONCLUSIONS

Where We Are

- Rising cost burden, skew to high-cost/low-value services
- But, robust employment in a down economy
- Growing share of employment in NJ (now over 10%)
- Growing divide between haves and have-nots

CONCLUSIONS

Looking Ahead

- Health care is countercyclical, will help NJ out of recession
- Costs will continue upward trend
 - Rising burden for businesses and families
- National reform
 - Hundreds of thousands may gain coverage, many will remain uninsured
 - Stress on primary care infrastructure
 - Reduce hospital financial distress
 - “Bending the cost curve” likely only in the long run