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How Does Health Reform Affect the Health Care Workforce?

Lessons from Massachusetts

In 2006, Massachusetts passed sweeping health reforms designed to extend coverage to all residents of the state. Because the national policy changes contained in the 2010 Affordable Care Act (ACA) were modeled on the Massachusetts reforms, the effects of the Massachusetts law have been watched closely as an indication of how the national experience with ACA is likely to unfold. One area of impact in particular has been largely unexplored: how reform affects the health care workforce. Will increased demand for care require a larger health care workforce to meet the need? Will near-universal coverage intended to improve access to care strain the existing provider workforce? If so, then ACA may cause expected shortages of health care providers to become more severe, especially among primary care physicians and nurses, and increase costs.

To examine the impact of the Massachusetts law on the state's health care workforce, researchers from RAND, Dartmouth College, and Vanderbilt University analyzed data on health care industry employment before and after reform in Massachusetts and compared health care employment trends in Massachusetts with those in the rest of the nation. Findings showed that since 2006, health care employment in Massachusetts has grown more rapidly than in the rest of the United States.

- From January 2001 to December 2005, health care employment per capita grew by just over 8 percent in both Massachusetts and rest of the country.
- Subsequently, health care employment grew more quickly in Massachusetts, increasing by 9.5 percent from December 2005 through September 2010, while the rate of growth in the rest of the country was 5.5 percent.
- Most of this divergence in health care employment growth occurred in 2006 and 2007, when Massachusetts was phasing in reforms.

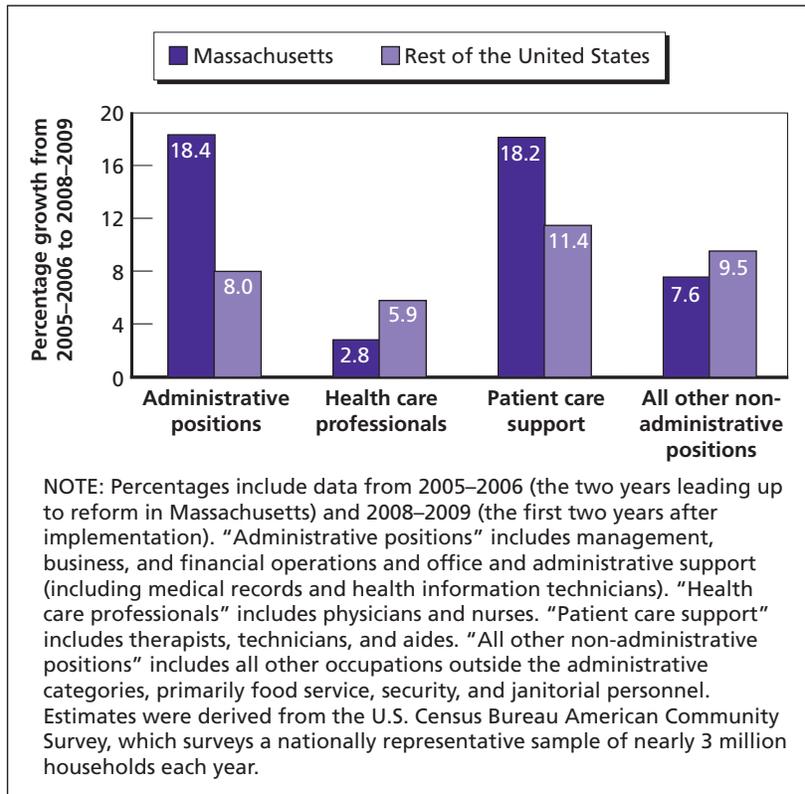
Most of the health care job growth occurred not among physicians and nurses, but among administrative personnel (such as health information technicians) and patient care support staff (such as therapists and aides; see figure). Though the causes of this trend are uncertain, it is plausible that additional administrative and support personnel were needed to handle the demands of the estimated 400,000 newly covered Massachusetts residents. In addition, the growth in administrative positions is consistent with a recent survey of Massachusetts doctors that found the main downside of reform to be coping with a heavier administrative burden.

It is uncertain whether trends in Massachusetts predict what will happen on the national stage. Unlike many states, Massachusetts had a low proportion of uninsured residents before reform, as well as high per capita rates of physicians and nurses, and this sizable workforce may have been able to absorb

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This fact sheet is based on Staiger DO, Auerbach DI, and Buerhaus PI, "Health Care Reform and the Health Care Workforce—The Massachusetts Experience," *New England Journal of Medicine*, Vol. 365, No. 12, pp. e24(1)–e24(3), September 22, 2011 (EP-201100-185, http://www.rand.org/pubs/external_publications/EP201100185.html).

Massachusetts Has Added Health Care Jobs at a Faster Rate Than the Rest of the United States, Mainly Administrative and Patient Care Support Positions



high numbers of new patients without compromising access. In addition, the results are not necessarily causal; changes in the health care workforce could have been influenced by other changes in the insurance market. Nonetheless, the researchers draw three implications from the Massachusetts experience for the likely impact of ACA:

1. Health reform may accelerate the trend toward health care becoming a dominant employment sector in the economy.
2. Reform may require greater increases in administrative and health care support personnel rather than in physicians and nurses.
3. Provider concerns about the increased administrative burden from reform appear to have some justification, at least in the short run, an issue that implementation of ACA will need to address.

This fact sheet was written by David M. Adamson. The RAND Corporation is a nonprofit institution that helps improve policy and decisionmaking through research and analysis. RAND’s publications do not necessarily reflect the opinions of its research clients and sponsors. RAND® is a registered trademark.

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