

## Altarum Institute Center for Sustainable Health Spending Health Sector Trend Report

April 2017

This report provides a monthly summary of key trends in U.S. health care spending, prices, utilization, and employment, based primarily upon data from Altarum's [Health Sector Economic Indicators<sup>SM</sup> briefs \(HSEI\)](#). Every March, June, September, and December, we issue an expanded version to coincide with the incorporation of the latest U.S. Census Bureau's [Quarterly Services Survey \(QSS\)](#) in the HSEI data.<sup>1</sup> In this April 2017 report, spending estimates are available through February 2017, while prices and labor are available through March 2017.

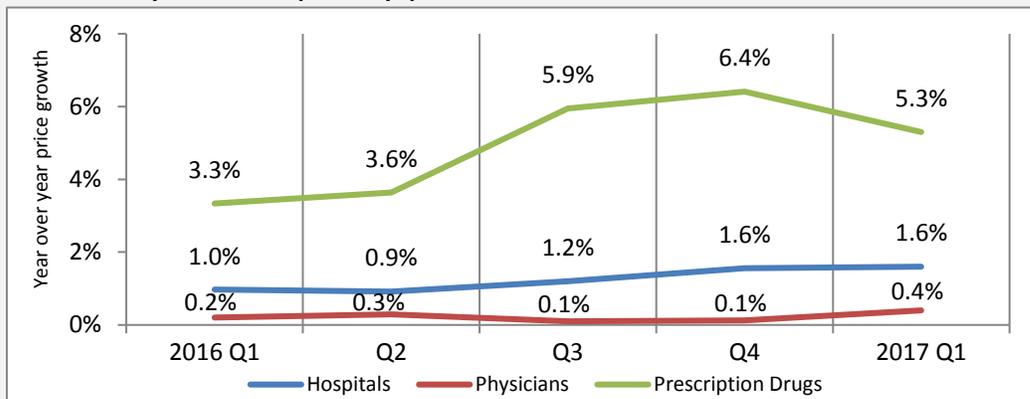
**Estimates for the first two months of 2017 put health spending growth at 5.4%, slightly higher than the 5.2% seen in 2016; however, the 2017 data are preliminary and will be revised next month with the release of the Advance QSS data for Q1 2017.**

- Preliminary estimates show health spending growth of 5.4% for January and February 2017, but Advance QSS data released next month will provide a more solid Q1 estimate.
- Health care hiring has slowed significantly in Q1 2017 (see next page), suggesting that the Advance QSS data will lead to downward revisions to Q1 spending growth.
- Growth in spending on prescription drugs is estimated at 4.9% for January and February 2017, about the same as 2016. This estimate will not be impacted by QSS data, which are limited to health care services.

**Health care prices grew by 2.0% in Q1, compared to 1.7% growth in 2016.**

- Health care prices trended up during 2016 with Q1 2017 growth similar to Q4 2016.
- Prescription drug price growth is well above price growth for hospital and physician services (see chart) and seems at odds with relatively low growth in prescription drug spending.

**Growth in key health care prices by quarter for 2016 and Q1 2017**



Source: Altarum Center for Sustainable Health Spending analysis of Bureau of Labor Statistics price indexes.

This report was authored by Charles Roehrig of Altarum's Center for Sustainable Health Spending (CSHS), [charles.roehrig@altarum.org](mailto:charles.roehrig@altarum.org), with assistance from Ani Turner, Paul Hughes-Cromwick, Corwin Rhyhan, and George Miller.

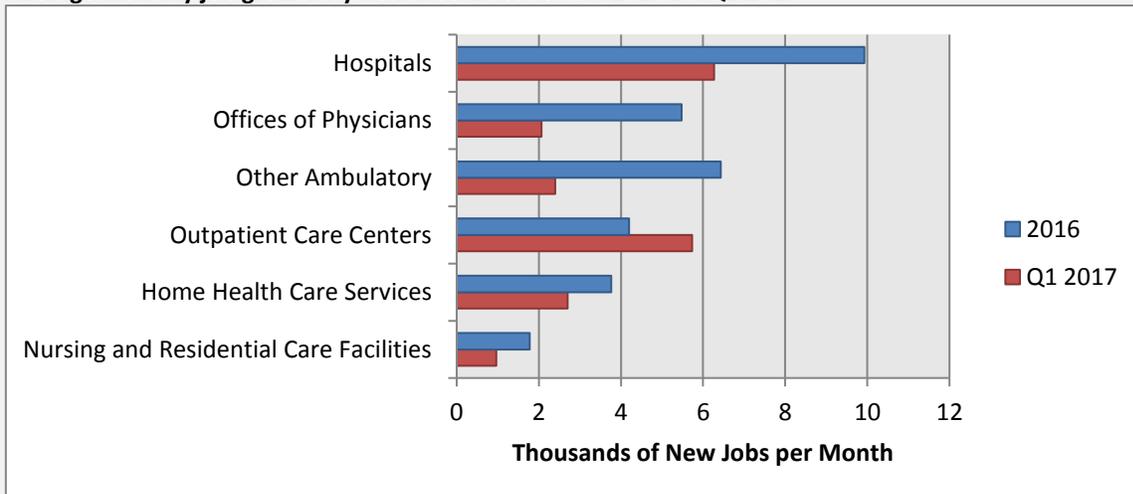
Support for this report was provided by a grant from the Robert Wood Johnson Foundation.

<sup>1</sup> To be precise, these are the months in which the Bureau of Economic Analysis (BEA) incorporates the most recent QSS data into their spending estimates. HSEI incorporates QSS data indirectly via these BEA spending estimates.

**The average monthly increase in health care services jobs slowed from 32,000 in 2016 to 20,000 in Q1 2017.**

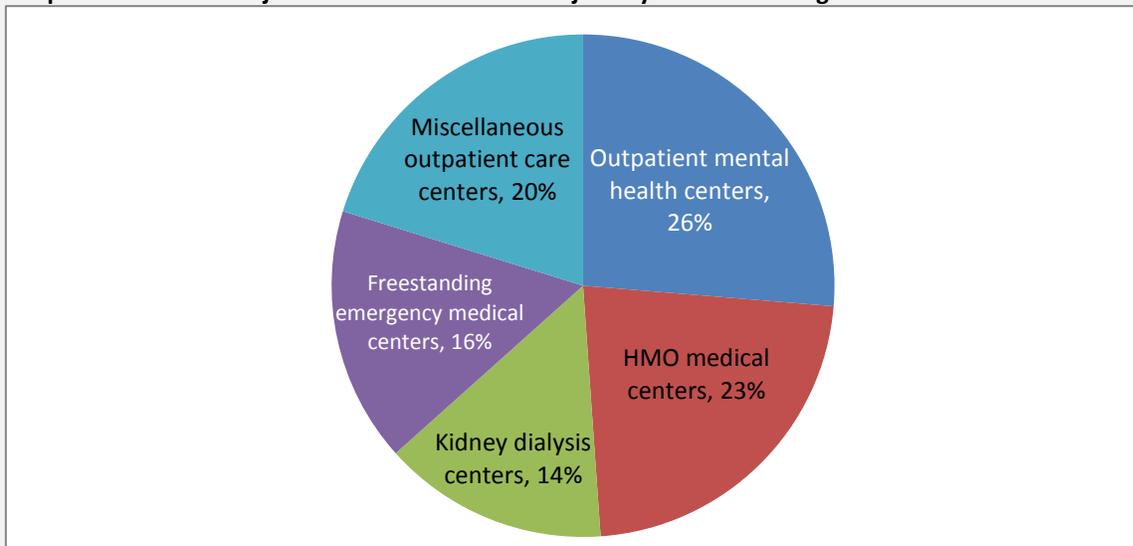
- As shown in the first chart below, the slowdown in health care job growth was particularly pronounced in physician offices and other ambulatory settings (consisting mainly of offices of dentists and other health practitioners).
- Outpatient care centers were the only major subsector to show higher job growth in Q1 2017 than in 2016. This subsector includes freestanding ambulatory surgery and emergency medical centers, outpatient mental health, Health Maintenance Organization (HMO) clinics, and dialysis centers, as shown in the second chart below.

**Average monthly job growth by health services sector: 2016 vs. Q1 2017**



Source: Altarum Center for Sustainable Health Spending analysis of BLS Current Employment Statistics data.

**Outpatient care center jobs in 2016: distribution of jobs by detailed setting**



Source: Altarum Center for Sustainable Health Spending analysis of BLS Current Employment Statistics data.