

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data Through March 2016

April 8, 2016

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LABOR BRIEF

First quarter (Q1) 2016 health job growth comparable to Q4 2015, but momentum slowing

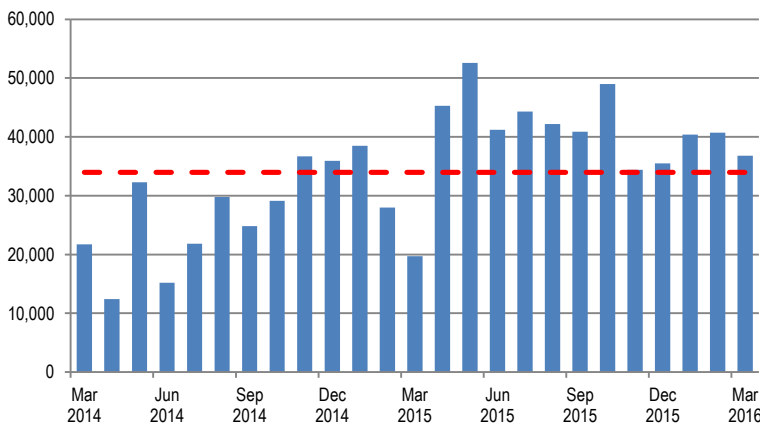
HIGHLIGHTS

- ▲ The health sector added 36,800 new jobs in March (Exhibit 1), consistent with the Q1 2016 average of 39,000 new jobs per month and the Q4 2015 average of 40,000.
- ▲ Hospitals added 10,200 jobs, lower than the 12-month average of 15,000.
- ▲ Ambulatory care settings added 27,400 jobs, higher than the 12-month average of 23,500. Home health care in particular added 10,000 jobs in March and in each month of Q1 2016, higher than the 12-month average of 7,000 jobs.
- ▲ Nursing and residential care settings lost 800 jobs in March, compared to the 12-month average gain of 3,200 jobs.
- ▲ The source of these figures, the monthly “establishment” survey, showed a solid gain of 215,000 total nonfarm jobs in March for a Q1 2016 average of 209,000 new jobs per month.
- ▲ The monthly “household” survey showed a slight increase in the unemployment rate to 5.0%, but for the positive reason of an increase in the labor force.
- ▲ Consistent with recent patterns, health jobs grew 3.4% year over year while nonhealth jobs grew 1.8% (Exhibit 7), increasing the health share of total employment to a new high of 10.73% (Exhibit 8).

HEALTH CARE EMPLOYMENT

In March 2016, private-sector health care employment showed a gain of 36,800 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released on April 1, 2016. Hospitals gained 10,200 jobs while ambulatory care settings added 27,400 jobs in March. The health share of total employment rose to a new high of 10.73% (Exhibit 8).

Exhibit 1. Month-over-Month Change in Total Health Care Employment, Seasonally Adjusted, March 2014–March 2016



Source: Altarum analysis of BLS data.

Cyclical Employment Big Picture

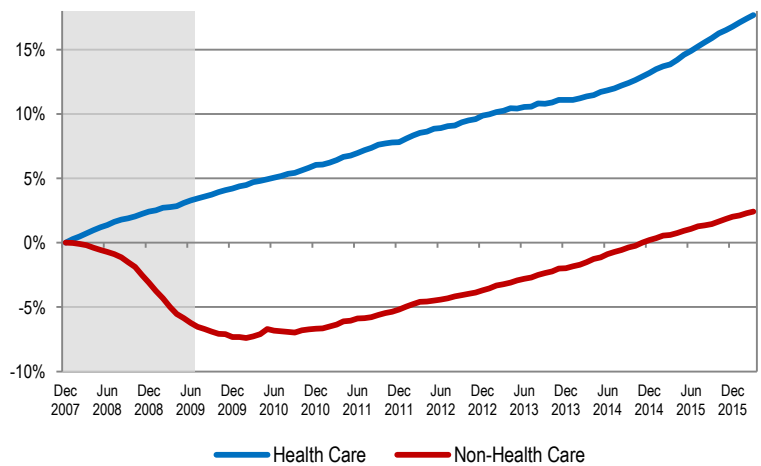
Seasonally Adjusted	Dec 2007	Jun 2009	Mar 2015	Mar 2016
Total Employment (000s)	138,413	131,020	140,972	143,774
Nonhealth Employment (000s)	125,310	117,486	126,055	128,354
Health Care Employment (000s)	13,103	13,534	14,917	15,420
Health Share of Total Employment	9.47%	10.33%	10.58%	10.73%
Unemployment Rate	5.0%	9.5%	5.5%	5.0%

The recession officially began in December 2007 and ended in June 2009. Total employment excludes farm work. Health care employment is private only.

Source: Altarum Institute analysis of Bureau of Labor Statistics (BLS) data.

Over the last 12 months, total private-sector health care employment grew by 503,000 jobs or 3.4%. During this period, total nonhealth payroll employment increased by 2,299,000 jobs or 1.8% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 2.3 million jobs for a cumulative gain of 17.7%, while nonhealth employment has grown by 3.0 million jobs for a cumulative gain of 2.4% (Exhibit 2).

Exhibit 2. Health and Nonhealth Employment: Cumulative Percentage Change Since December 2007



Source: Altarum analysis of BLS data.

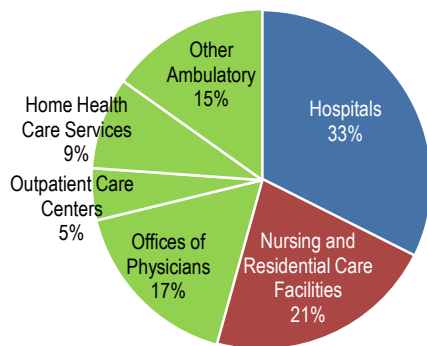
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY CATEGORY

In March 2016, the following occurred:

- ▲ Hospitals gained 10,200 jobs, a bit lower than the 24-month average gain of 11,300 and lower than the 12-month average of 15,300.
- ▲ Ambulatory health care services added 27,400 jobs, a bit above the 12-month average of 23,500 and the 24-month average of 20,500. These services include the following:
 - Offices of physicians gained 6,000 jobs (12-month average: 6,800).
 - Outpatient care centers gained 2,600 jobs (12-month average: 2,600).
 - Home health care gained 9,600 jobs (12-month average: 7,000).
 - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained 9,200 jobs (12-month average: 7,000).
- ▲ Nursing and residential care facilities lost 800 jobs (12-month average: 3,200).
- ▲ Ambulatory services accounted for 46% of health care employment, hospitals accounted for another 33%, and nursing and residential care facilities accounted for the remaining 21% (Exhibit 3).

Exhibit 3. Health Care Employment by Setting, March 2016

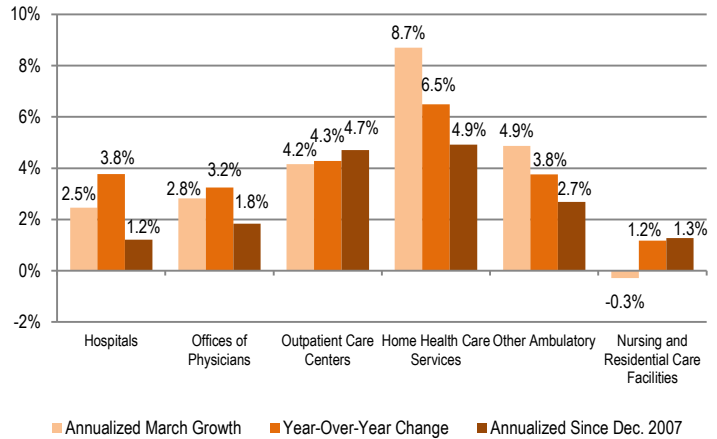


Source: Altarum analysis of BLS data.

Note: “Other Ambulatory” includes offices of dentists, chiropractors, optometrists, and other specialists as well as medical and diagnostic labs.

Over the past 12 months, home health care grew at the fastest rate, 5.8%, adding 74,900 jobs. Outpatient care centers gained 30,800 jobs for a growth rate of 4.2%. Offices of physicians added 78,500 jobs for a growth rate of 3.1%. Other ambulatory care settings gained 76,300 jobs for a growth rate of 3.4%. Hospital jobs grew 3.7% over the past 12 months, adding 181,200 jobs. Finally, nursing and residential care added 39,200 jobs for a growth rate of 1.2% (Exhibit 4).

Exhibit 4. Growth in Health Care Employment by Selected Setting



Source: Altarum analysis of BLS data.

DISCUSSION

The health sector added 118,000 jobs in Q1 2016, nearly identical to the 119,000 jobs added in Q4 2015. However, measures of “momentum” (which highlight the latest 3 months of data and may be leading indicators) are declining, particularly for hospitals, which were the primary driver of the 2015 hiring acceleration. Hospital job growth in Q1 2016 (41,000 new jobs) was comparable to Q4 2015 (43,000 new jobs), but nearly half of these jobs were added in January.

Job growth in ambulatory care settings in Q1 2016 (76,000 new jobs) was also comparable to Q4 2015 (72,000 new jobs). However, more of the 2016 growth came from home health care, which added 30,000 jobs in Q1 2016. Job growth in nursing and residential care was slower in Q1 2016 (1,000 new jobs) than in Q4 2015 (4,000 new jobs). Beneath the total, in Q1 2016, nursing homes have lost 12,000 jobs while the less medically intensive residential care facilities have gained 13,000 jobs.

While we may be overly straining our eyes to read the tealeaves, we do expect the job growth pace in the health sector to cool from its recent, brisk pace.

The overall job market saw another month of solid gains, adding 215,000 jobs in March for a Q1 2016 average of 209,000 new jobs per month. Gains in labor force participation also continued, with an average of half a million workers per month joining the labor force in Q1 2016.

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The Center for Sustainable Health Spending (CSHS) was launched in 2011 to lead Altarum’s research on the cost growth trends and key drivers of U.S. health spending and to formulate policy strategies to help bend the cost growth curve.

The *Health Sector Economic Indicators*SM reports are a monthly publication of Altarum’s CSHS and provide an analysis of health spending, employment, and prices. For more information, contact **Charles Roehrig, PhD**, at 734-302-4600 or charles.roehrig@altarum.org. Ani Turner (principal author), Paul Hughes-Cromwick, George Miller, PhD, and Matt Daly, PhD, contributed to this brief. Media Contact: Ken Schwartz, 202-772-5062, ken.schwartz@altarum.org. For more information, visit <http://www.altarum.org/cshs>.

DETAILED HEALTH CARE EMPLOYMENT DATA

Exhibit 5. Employment Data by Sector, Seasonally Adjusted

Employment (in thousands)	March 2016	February 2016	March 2015	March 2014	December 2007
Non-Health Care	128,354	128,175	126,055	123,421	125,310
Health Care	15,420	15,384	14,917	14,593	13,103
Ambulatory Health Care Services	7,068	7,040	6,786	6,575	5,555
Offices of Physicians	2,588	2,582	2,507	2,453	2,228
Outpatient Care Centers	767	764	735	699	524
Home Health Care Services	1,386	1,376	1,301	1,246	933
Other Ambulatory	2,327	2,318	2,243	2,176	1,871
Hospitals	5,040	5,030	4,856	4,769	4,564
Nursing and Residential Care Facilities	3,313	3,314	3,275	3,249	2,984
Nursing Care Facilities	1,648	1,651	1,645	1,649	1,612
Other Nursing and Residential	1,665	1,663	1,630	1,600	1,372
Health Share of Employment	10.73%	10.72%	10.58%	10.57%	9.47%

Source: Altarum analysis of BLS data.

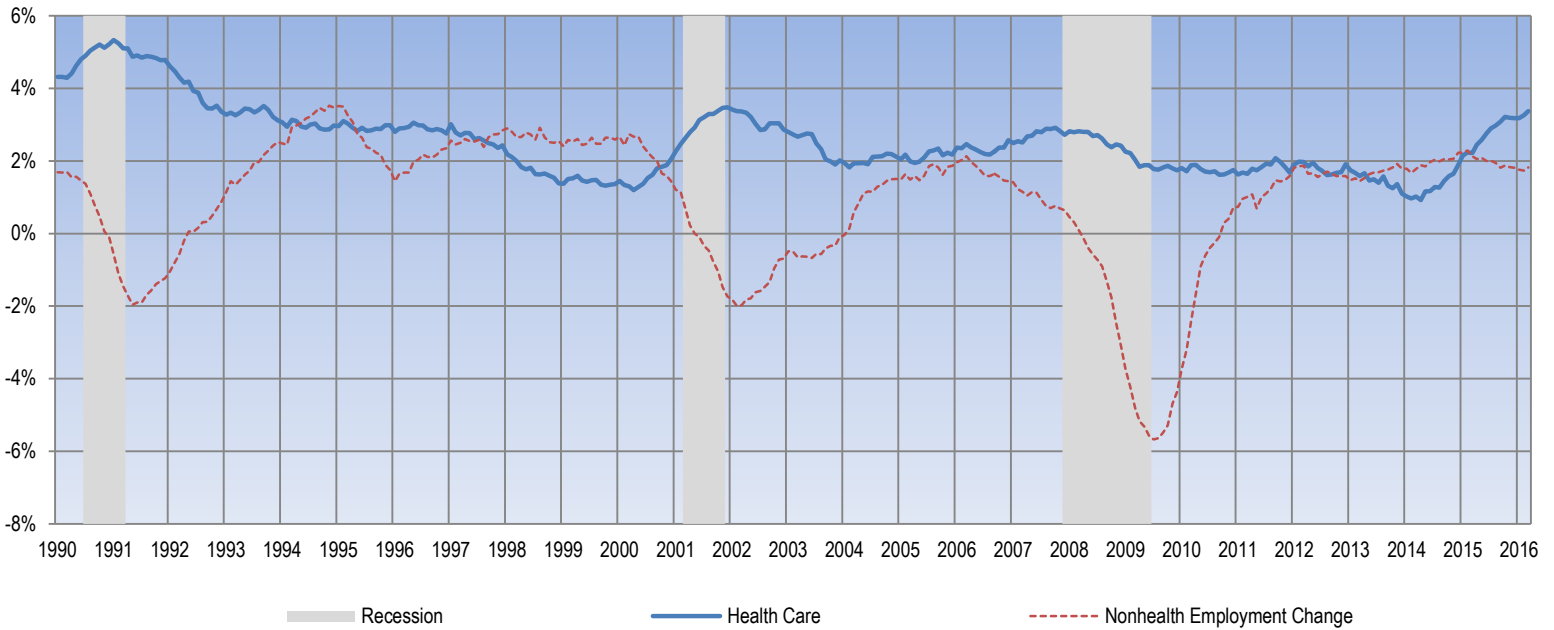
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	178.2	2,298.7	4,932.5	3,043.7
Health Care	36.8	503.3	827.5	2,317.3
Ambulatory Health Care Services	27.4	281.6	492.9	1,512.3
Offices of Physicians	6.0	81.3	134.9	360.4
Outpatient Care Centers	2.6	31.5	67.2	242.3
Home Health Care Services	9.6	84.5	140.1	453.0
Other Ambulatory	9.2	84.3	150.7	456.6
Hospitals	10.2	183.4	270.8	475.8
Nursing and Residential Care Facilities	-0.8	38.3	63.8	329.2
Nursing Care Facilities	-3.2	3.0	-1.4	36.0
Other Nursing and Residential	2.4	35.3	65.2	293.2
Annualized Percentage Change				
Non-Health Care	1.7%	1.8%	2.0%	0.3%
Health Care	2.9%	3.4%	2.8%	2.0%
Ambulatory Health Care Services	4.8%	4.1%	3.7%	3.0%
Offices of Physicians	2.8%	3.2%	2.7%	1.8%
Outpatient Care Centers	4.2%	4.3%	4.7%	4.7%
Home Health Care Services	8.7%	6.5%	5.5%	4.9%
Other Ambulatory	4.9%	3.8%	3.4%	2.7%
Hospitals	2.5%	3.8%	2.8%	1.2%
Nursing and Residential Care Facilities	-0.3%	1.2%	1.0%	1.3%
Nursing Care Facilities	-2.3%	0.2%	0.0%	0.3%
Other Nursing and Residential	1.7%	2.2%	2.0%	2.4%

Source: Altarum analysis of BLS data.

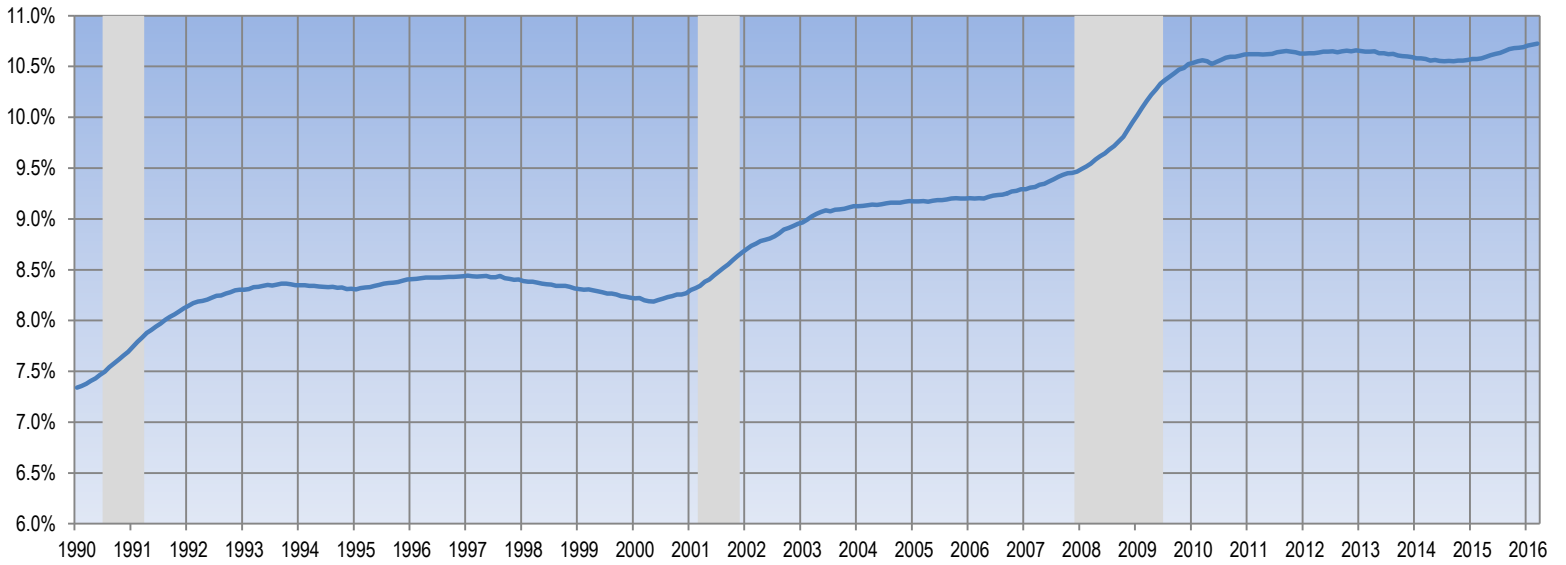
TIME SERIES TRACKER

Exhibit 7. Year-over-Year Percentage Change in Health and Nonhealth Employment



Source: Altarum analysis of BLS data.
 Note: Lightly shaded bars denote recession periods.

Exhibit 8. Health Care Sector Share of Total Employment



Source: Altarum analysis of BLS data.
 Note: Lightly shaded bars denote recession periods.