

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data Through July 2017

August 11, 2017

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LABOR BRIEF

Unexpected swell in health care hiring in June and July 2017, led by ambulatory care settings

HIGHLIGHTS

- ▲ Health care added 39,400 new jobs in July 2017, the second straight month of robust gains. Revisions through June were minimal (+1,000).
- ▲ With the strong growth in June and July, health care hiring in 2017 is now running at about 80% of the 2016 pace. (Exhibit 1).
- ▲ Most of the July growth in health sector jobs was in ambulatory settings (physician offices, clinics, home health), where 30,000 jobs were added. Ambulatory care job growth in 2017 is now averaging 19,000 jobs per month, comparable to the 20,000 seen in 2016 and 18,000 in 2015.
- ▲ Hospitals added 7,300 jobs in July, for a 2017 average of about 6,000 jobs per month, about two-thirds the 2015 and 2016 pace of about 10,000.
- ▲ Monthly “establishment” survey data show solid growth in the overall economy as well, with an increase of 209,000 nonfarm jobs in July and minimal revisions through June (+2,000).
- ▲ Labor market indicators from the monthly “household” survey were also positive, with the unemployment rate dropping to 4.3% and 349,000 people joining the labor force.
- ▲ Health jobs grew 2.1% year over year, while non-health jobs grew 1.4% (Exhibit 7), slightly increasing the health share of total employment to a new all-time high of 10.76%.

Cyclical Employment Big Picture

Seasonally Adjusted	Dec 2007	Jun 2009	Jul 2016	Jul 2017
Total Employment (000s)	138,413	131,021	144,457	146,615
Non-health Employment (000s)	125,310	117,487	129,006	130,838
Health Care Employment (000s)	13,103	13,534	15,451	15,777
Health Share of Total Employment	9.47%	10.33%	10.70%	10.76%
Unemployment Rate	5.0%	9.5%	4.9%	4.3%

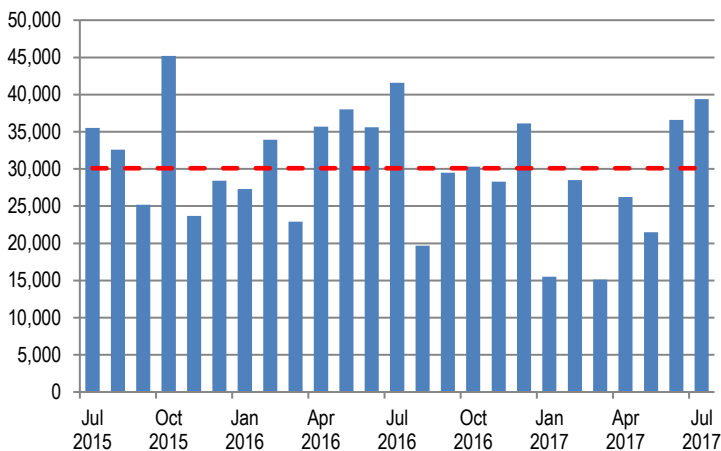
The recession officially began in December 2007 and ended in June 2009. Total employment excludes farm work. Health care employment is private only.

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

HEALTH CARE EMPLOYMENT

In July 2017, private-sector health care employment showed a gain of 39,400 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released on August 4, 2017. Hospitals gained 7,300 jobs, while ambulatory care settings added 30,000 jobs and nursing and residential care added 2,100 jobs. The health care share of total employment is at an all-time high of 10.76% (Exhibit 8).

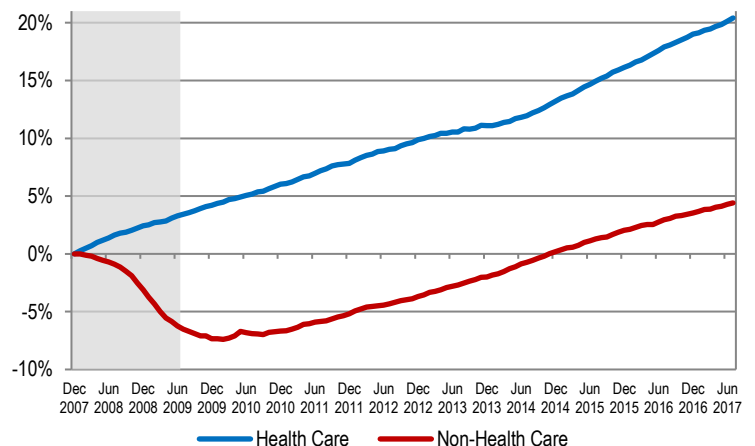
Exhibit 1. Month-over-Month Change in Total Health Care Employment, Seasonally Adjusted, July 2015–July 2017



Source: Altarum analysis of BLS data.

Over the last 12 months, total private-sector health care employment grew by 327,000 jobs, or 2.1%. During this period, total non-health payroll employment increased by 1.8 million jobs, or 1.4% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 2.7 million jobs for a cumulative gain of 20.4%, while non-health employment has grown by 5.5 million jobs for a cumulative gain of 4.4%.

Exhibit 2. Health and Non-health Employment: Cumulative Percentage Change Since December 2007



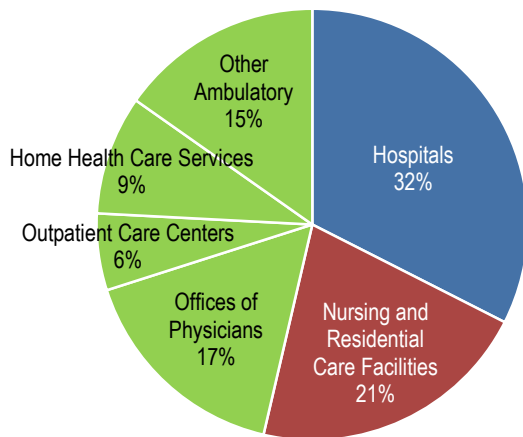
Source: Altarum analysis of BLS data.
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY SETTING

In July 2017, the following occurred:

- ▲ Hospitals gained 7,300 jobs, exactly the 12-month average.
- ▲ Ambulatory health care services added 30,000 jobs, considerably higher than the 12-month average of 19,300. These services include the following:
 - Offices of physicians gained 6,800 jobs (12-month average: 5,300).
 - Outpatient care centers gained 7,300 jobs (12-month average: 4,400).
 - Home health care posted a large gain of 11,300 jobs (12-month average: 4,100).
 - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained 4,600 jobs (12-month average: 5,400).
- ▲ Nursing and residential care facilities added 2,100 jobs (12-month average: 700), with nursing homes losing 1,000 jobs while other nursing and residential care facilities gained 3,100 jobs.
- ▲ Ambulatory services accounted for 47% of health care employment, hospitals comprised another 32%, and nursing and residential care facilities accounted for the remaining 21% (Exhibit 3).

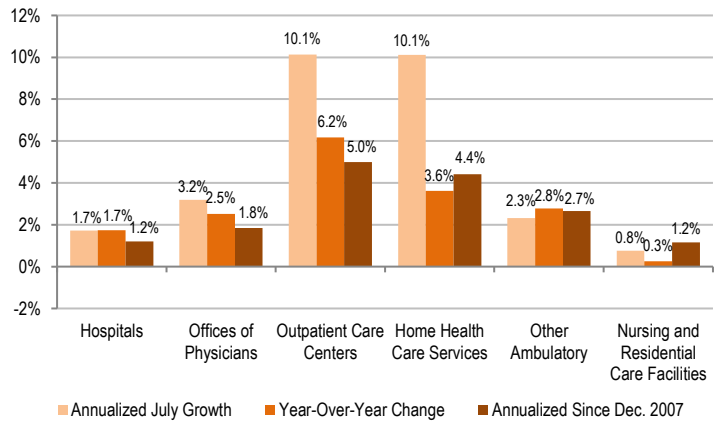
Exhibit 3. Health Care Employment by Setting, July 2017



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, outpatient care centers grew at the fastest rate, 6.2%, adding 53,000 jobs. Home health care gained 49,300 jobs for a growth rate of 3.6%. Other ambulatory care settings gained 65,000 jobs for a growth rate of 2.8%. Offices of physicians added 63,700 jobs for a growth rate of 2.5%. Hospital jobs grew 1.7% over the past 12 months, adding 87,300 jobs. Finally, nursing and residential care added only 8,400 jobs for a growth rate of 0.3% (Exhibit 4).

Exhibit 4. Growth in Health Care Employment by Selected Setting



Source: Altarum analysis of BLS data.

DISCUSSION

Last month, we wondered whether the June spike in health care hiring (more than 36,000 new jobs) would be revised downward, and whether July hiring would return to the level of growth seen in the first 5 months of 2017 (21,000 new jobs per month). In fact, we see the opposite: jobs through June were revised upward slightly (1,000 jobs) and July saw an even greater number of health jobs added (more than 39,000). Health care is now averaging 26,000 new jobs per month in 2017, about 80% of the 2015 and 2016 pace of 32,000.

The pattern of health care job growth in 2017 has been driven mostly by ambulatory care, including physician offices, clinics, and home health. Starting the year with slower growth, ambulatory care settings now average 19,000 new jobs per month in 2017, comparable to the 20,000 seen in 2016 and 18,000 in 2015. Hospital jobs are continuing to grow in 2017, but at about two-thirds the 2015 and 2016 pace (6,000 versus 10,000-11,000 new jobs per month). Nursing and residential care jobs have been nearly flat for several years, adding only 1,000 to 2,000 jobs per month, with an underlying shift in employment from skilled nursing facilities to other types of residential care.

Overall labor market indicators remain positive. The economy added a solid 209,000 nonfarm jobs in July, for 2017 monthly average (184,000) in line with 2016 (187,000). After a slight increase last month, the unemployment rate dropped back down one-tenth to 4.3% as 349,000 people joined the labor force. Average earnings were up 2.5% on the year, growing faster than overall inflation as measured by the Consumer Price Index at 1.6%.

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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: Sarah Litton, 202-772-5062, press@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)	July 2017	June 2017	July 2016	July 2015	December 2007
Non-Health Care	130,838	130,668	129,006	126,936	125,310
Health Care	15,777	15,738	15,451	15,061	13,103
Ambulatory Health Care Services	7,325	7,295	7,094	6,868	5,556
Offices of Physicians	2,597	2,590	2,534	2,474	2,181
Outpatient Care Centers	911	904	858	810	571
Home Health Care Services	1,413	1,401	1,363	1,318	933
Other Ambulatory	2,404	2,400	2,339	2,267	1,871
Hospitals	5,119	5,112	5,032	4,899	4,564
Nursing and Residential Care Facilities	3,333	3,330	3,324	3,293	2,984
Nursing Care Facilities	1,635	1,636	1,650	1,648	1,612
Other Nursing and Residential	1,698	1,695	1,674	1,646	1,372
Health Share of Employment	10.76%	10.75%	10.70%	10.61%	9.47%

Source: Altarum analysis of BLS data.

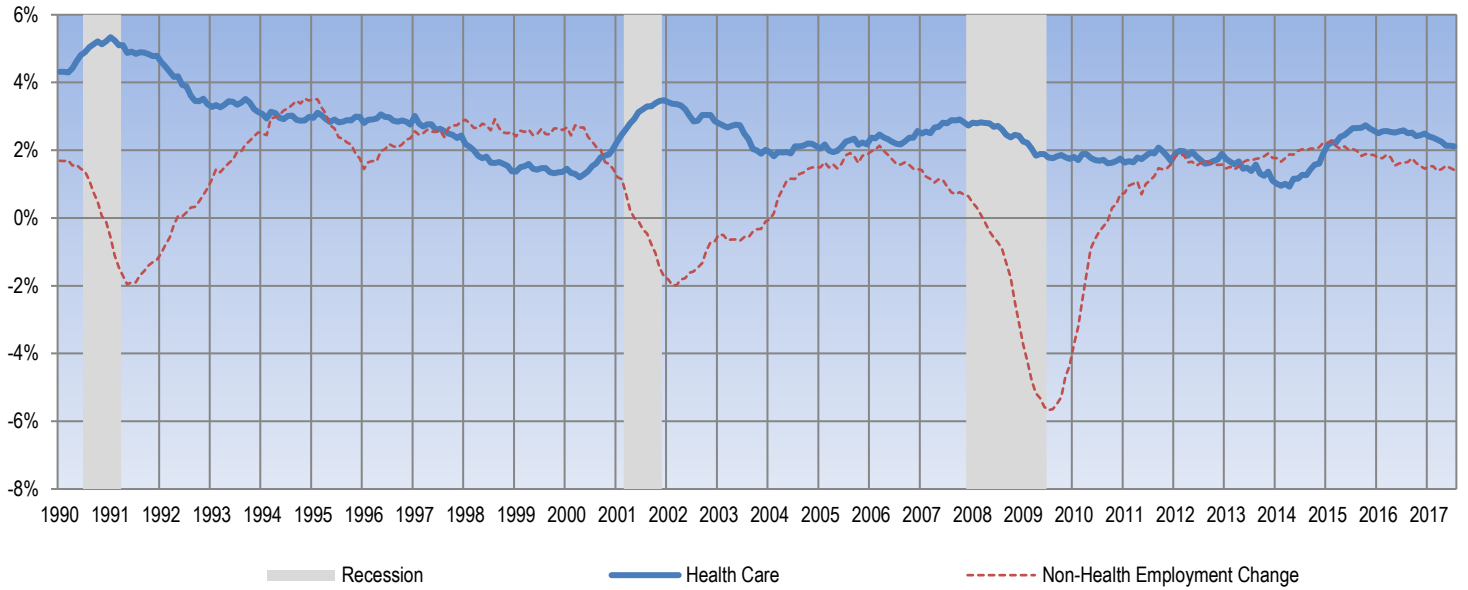
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	169.6	1,831.3	3,902.2	5,527.8
Health Care	39.4	326.7	716.8	2,674.2
Ambulatory Health Care Services	30.0	231.0	457.4	1,769.5
Offices of Physicians	6.8	63.7	123.4	416.6
Outpatient Care Centers	7.3	53.0	101.7	340.0
Home Health Care Services	11.3	49.3	94.5	479.4
Other Ambulatory	4.6	65.0	137.8	533.5
Hospitals	7.3	87.3	220.0	555.5
Nursing and Residential Care Facilities	2.1	8.4	39.4	348.7
Nursing Care Facilities	-1.0	-15.6	-13.0	22.9
Other Nursing and Residential	3.1	24.0	52.4	325.8
Annualized Percentage Change				
Non-Health Care	1.6%	1.4%	1.5%	0.5%
Health Care	3.0%	2.1%	2.4%	2.0%
Ambulatory Health Care Services	5.0%	3.3%	3.3%	2.9%
Offices of Physicians	3.2%	2.5%	2.5%	1.8%
Outpatient Care Centers	10.1%	6.2%	6.1%	5.0%
Home Health Care Services	10.1%	3.6%	3.5%	4.4%
Other Ambulatory	2.3%	2.8%	3.0%	2.7%
Hospitals	1.7%	1.7%	2.2%	1.2%
Nursing and Residential Care Facilities	0.8%	0.3%	0.6%	1.2%
Nursing Care Facilities	-0.7%	-0.9%	-0.4%	0.1%
Other Nursing and Residential	2.2%	1.4%	1.6%	2.2%

Source: Altarum analysis of BLS data.

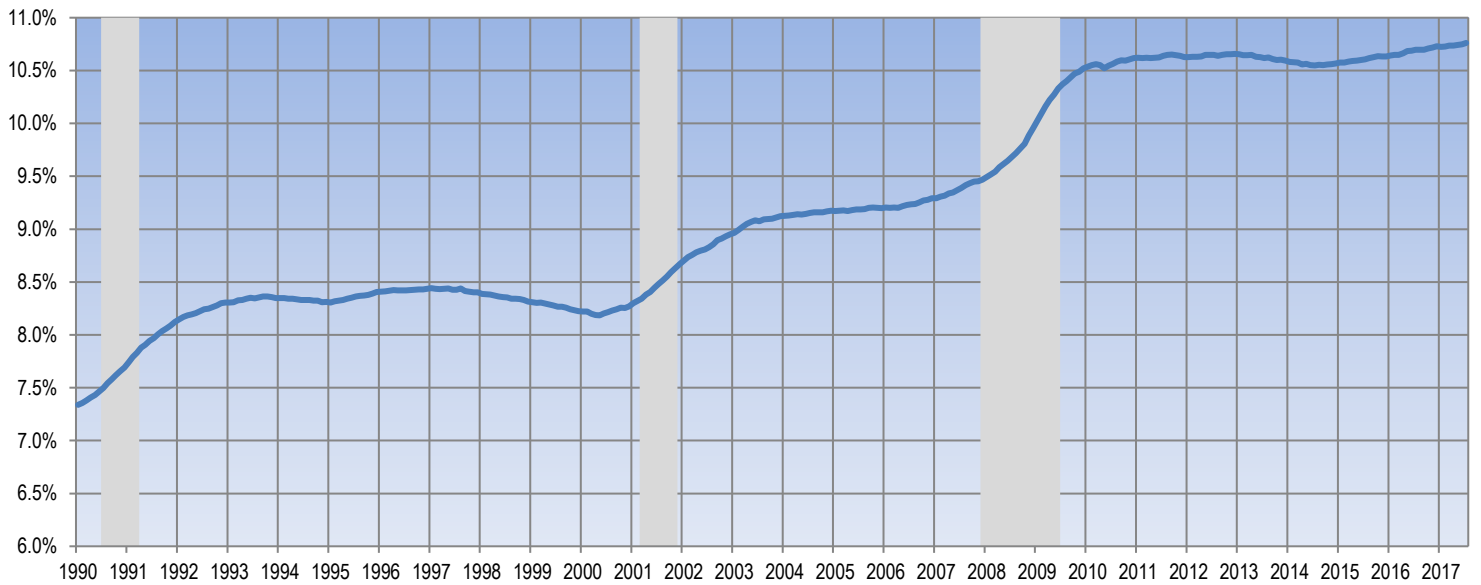
TIME SERIES TRACKER

Exhibit 7. Year-over-Year Percentage Change in Health and Non-Health 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.