

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data through July 2014

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LABOR BRIEF

August 7, 2014

Ambulatory care settings continue to add jobs, but hospital and nursing home losses depress total health employment growth

HIGHLIGHTS

- ▲ Health care gained a modest 7,000 jobs in July 2014. Revisions to May and June showed a net decrease of 1,300 jobs.
- ▲ Ambulatory care settings added an above-average 21,300 jobs, but hospitals and nursing/residential care facilities showed job losses in July (7,100 and 7,200 jobs, respectively).
- ▲ The source of these figures, the monthly “establishment” survey, showed total nonfarm jobs in July growing by 209,000 jobs, with upward revisions to May and June of 15,000 jobs. The companion “household” survey showed a slight rise in the unemployment rate, from 6.1% to 6.2%, as the labor force participation rate increased to 62.9%.
- ▲ The health share of total employment fell from 10.61% to 10.60%, down from the high of 10.66% last seen in December 2012, and the lowest figure since October 2010. For the past year, non-health jobs have been growing slightly faster than health jobs (Exhibit 7).

Cyclical Employment Big Picture

Seasonally Adjusted	Dec. 2007	June 2009	July 2013	July 2014
Total Employment (000)	138,350	130,944	136,434	139,004
Non-Health Care Employment (000)	125,247	117,410	121,930	124,273
Health Care Employment (000)	13,103	13,534	14,504	14,731
Health Share of Total Employment	9.47%	10.34%	10.63%	10.60%
Unemployment Rate	5.0%	9.5%	7.3%	6.2%

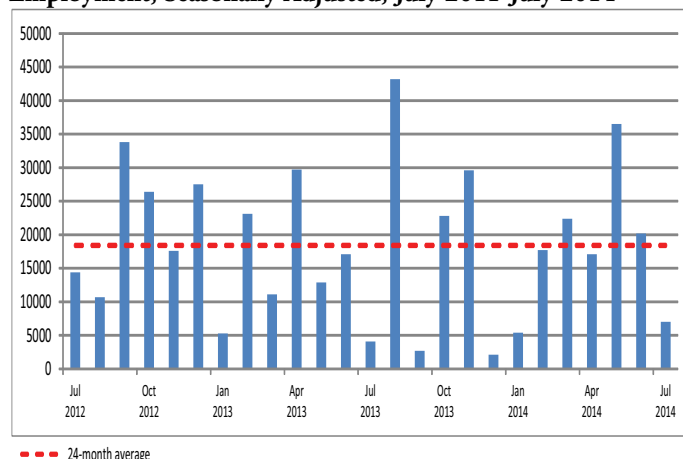
The recession officially began in December 2007 and ended in June 2009. Total employment excludes farm work. Health care employment is private sector only.

Source: Altarum Analysis of BLS Data

HEALTH CARE EMPLOYMENT

In July 2014, private sector health care employment showed a gain of 7,000 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation released on August 1, 2014. This is a well below the 24-month average gain of 18,600. Ambulatory care settings gained an above-average 21,300 jobs, but hospitals and nursing and residential care facilities lost over 7,000 jobs each. The health share of total employment fell to 10.6%, the lowest level since October 2010 (Exhibit 8).

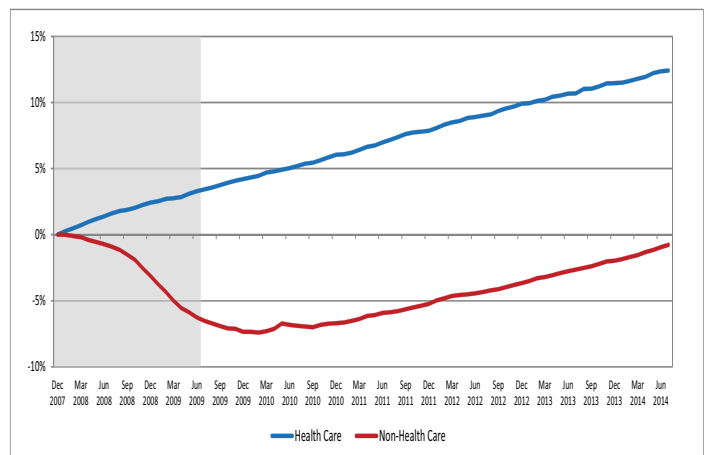
Exhibit 1. Month-Over-Month Change in Total Health Care Employment, Seasonally Adjusted, July 2011-July 2014



Source: Altarum Analysis of BLS Data

Over the last 12 months, total private sector health care employment grew by 226,700 jobs, or 1.6%. During this same period, total non-health payroll employment increased by 2,343,300 jobs, or 1.9% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 1.63 million jobs, for a cumulative growth of 12.4%, while non-health employment has fallen by 974,000 jobs, for a cumulative decline of 0.8% (Exhibit 2).

Exhibit 2. Health and Non-Health Care Employment: Cumulative Percentage Change Since Dec. 2007



Source: Altarum Analysis of BLS Data

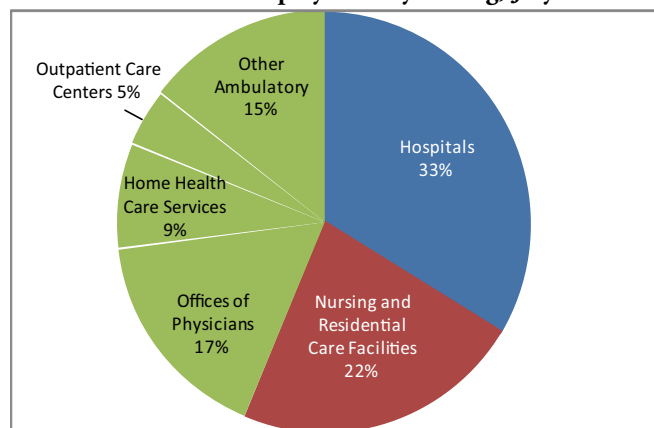
Note: Shading indicates recession period

HEALTH CARE EMPLOYMENT BY SETTING

In July 2014,

- ▲ Hospitals lost 7,100 jobs, compared with the 24-month average gain of 700.
- ▲ Ambulatory health care services added 21,300 jobs, above the 24-month average gain of 16,000.
 - Offices of physicians added 7,500 jobs (24-month average: 4,400);
 - Outpatient care centers added 500 jobs (24-month average: 2,800);
 - Home health care gained 5,200 jobs (24-month average: 4,500); and
 - Other categories of ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, added 8,100 jobs (24-month average: 4,300).
- ▲ Nursing and residential care facilities lost 7,200 jobs (24-month average: gain of 1,900).
- ▲ Ambulatory services accounted for 45% of health care employment (Exhibit 3), hospitals another 33%, and nursing and residential care facilities the remaining 22%.

Exhibit 3. Health Care Employment by Setting, July 2014



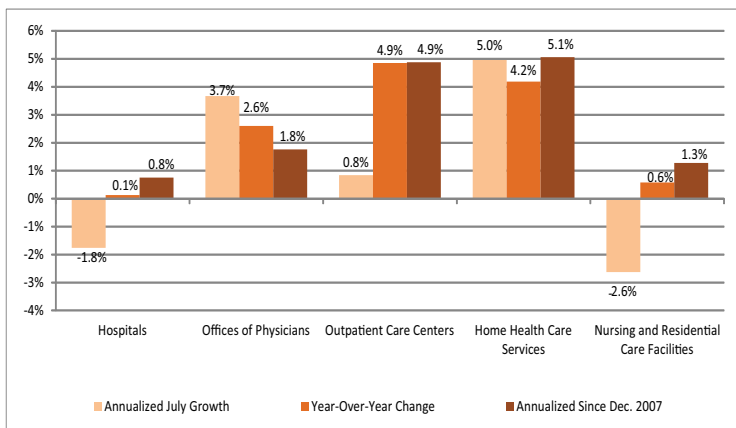
Source: Altarum Analysis of BLS Data

Note: "Other Ambulatory" includes offices of dentists, chiropractors, optometrists, other specialties, and medical and diagnostic labs.

Over the past 12 months, outpatient care centers grew at the fastest rate, 4.9% (Exhibit 4), while adding 33,200 jobs. Offices of physicians added the highest number of jobs, 63,400, a growth rate of 2.6%. Home health care added 51,900 jobs, a growth rate of 4.2%. Hospital job growth was nearly flat over the past 12 months, and nursing and residential care added 18,700 jobs, for a growth rate of 0.6%.

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Exhibit 4. Growth in Health Care Employment, by Selected Setting



Source: Altarum Analysis of BLS Data

DISCUSSION

After a strong second quarter averaging 25,000 new jobs per month, the health sector added only 7,000 jobs in July. Ambulatory care settings continued to grow, adding 21,000 jobs in July, for a 2014 average gain of 18,000 jobs per month. Within ambulatory care settings, physician offices have added nearly 6,000 jobs per month in 2014, and home health another 4,000 jobs per month.

Hospitals and nursing and residential care facilities, on the other hand, both lost over 7,000 jobs in July, erasing earlier 2014 gains and causing 2014 job growth to be flat in these settings. Overall, the health sector has added about 18,000 jobs per month in 2014, all in ambulatory care settings, while in 2013, the health sector added 17,000 jobs per month, with 15,000 in ambulatory care and 2,000 in nursing and residential care.

While hospital job growth has been flat in both 2013 and 2014, several recent reports have highlighted an uptick in hospital utilization and operating margins, especially in states that have expanded their Medicaid programs.¹ We hypothesized that beneath the national trends there were differences in hospital job growth by state, depending on the degree of insurance expansion. However, our examination of state-level establishment survey data did not reveal higher hospital job growth in Medicaid-expansion versus non-expansion states, at least through June 2014. These data did show that total "health care and social assistance" jobs appear to be growing slightly faster in expansion states. Note that not all states report the same level of industry detail. While hiring will most likely rise as Affordable Care Act (ACA) coverage leads to increased health care utilization, there may yet be efficiencies that depress employment growth in the medium term.

¹ Hancock, Jay, *Hospital, Insurer Earnings Show Mixed Messages about Health Spending*, Kaiser Health News, August 4, 2014.

Altarum Institute is a 501(c)(3) nonprofit health care research and consulting organization. Altarum integrates independent research and client-centered consulting to deliver comprehensive, system-based solutions that improve health and health care.

The Center for Sustainable Health Spending (CSHS) was launched in 2011 to lead Altarum Institute's research on investigating 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, 571-733-5709, ken.schwartz@altarum.org. Please visit www.altarum.org/cshs.

DETAILED HEALTH CARE EMPLOYMENT DATA

Exhibit 5. Employment Data by Sector, Seasonally Adjusted

Employment (in thousands)	July 2014	June 2014	July 2013	July 2012	December 2007
Non-Health Care	124,273	124,071	121,930	119,826	125,247
Health Care	14,731	14,724	14,504	14,285	13,103
Ambulatory Health Care Services	6,692	6,670	6,490	6,308	5,555
Offices of Physicians	2,500	2,492	2,436	2,394	2,228
Outpatient Care Centers	717	717	684	650	524
Home Health Care Services	1,291	1,286	1,239	1,183	933
Other Ambulatory	2,183	2,175	2,130	2,080	1,871
Hospitals	4,795	4,802	4,789	4,778	4,564
Nursing and Residential Care Facilities	3,244	3,252	3,226	3,199	2,984
Nursing Care Facilities	1,646	1,652	1,651	1,664	1,612
Other	1,598	1,599	1,575	1,535	1,372
Health Care Share of Total	10.60%	10.61%	10.63%	10.65%	9.47%

Source: Altarum Analysis of Bureau of Labor Statistics (BLS) Data

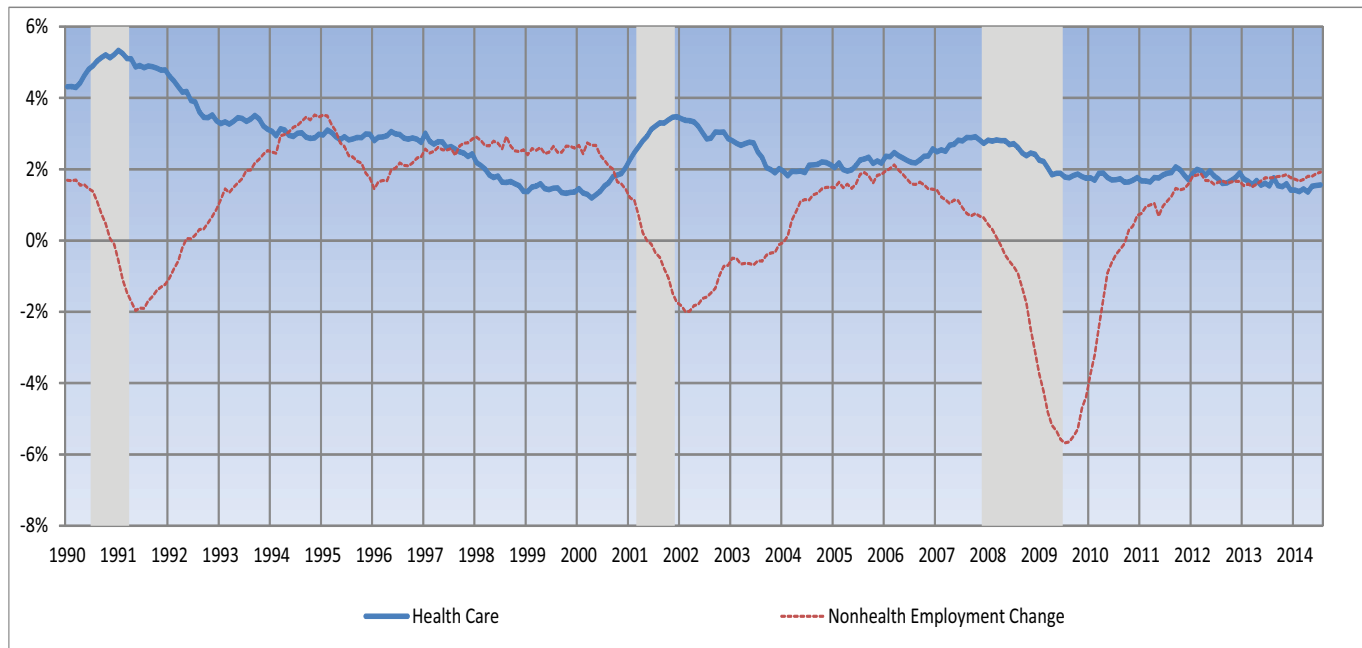
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	1 Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	202.0	2,343.3	4,447.0	-973.7
Health Care	7.0	226.7	446.0	1,627.7
Ambulatory Health Care Services	21.3	201.8	383.6	1,136.1
Offices of Physicians	7.5	63.4	105.9	272.0
Outpatient Care Centers	0.5	33.2	67.1	193.1
Home Health Care Services	5.2	51.9	107.9	358.5
Other Ambulatory	8.1	53.3	102.7	312.5
Hospitals	-7.1	6.2	16.6	231.1
Nursing and Residential Care Facilities	-7.2	18.7	45.8	260.5
Nursing Care Facilities	-5.9	-4.1	-17.5	34.8
Other	-1.3	22.8	63.3	225.7
Annualized Percentage Change				
Non-Health Care	2.0%	1.9%	1.8%	-0.1%
Health Care	0.6%	1.6%	1.5%	1.8%
Ambulatory Health Care Services	3.9%	3.1%	3.0%	2.9%
Offices of Physicians	3.7%	2.6%	2.2%	1.8%
Outpatient Care Centers	0.8%	4.9%	5.0%	4.9%
Home Health Care Services	5.0%	4.2%	4.5%	5.1%
Other Ambulatory	4.6%	2.5%	2.4%	2.4%
Hospitals	-1.8%	0.1%	0.2%	0.8%
Nursing and Residential Care Facilities	-2.6%	0.6%	0.7%	1.3%
Nursing Care Facilities	-4.2%	-0.2%	-0.5%	0.3%
Other	-1.0%	1.4%	2.0%	2.3%

Source: Altarum Analysis of BLS Data

TIME SERIES TRACKER

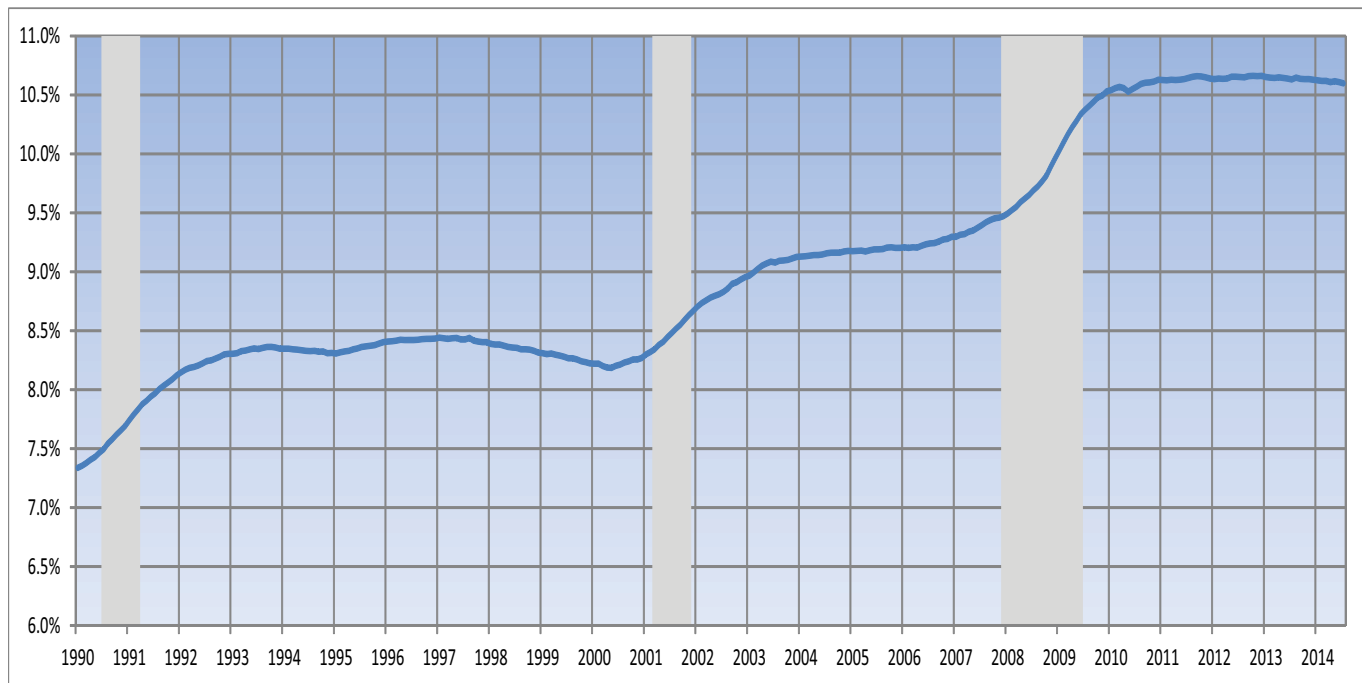
Exhibit 7. Year-Over-Year Percentage Change in Health and Non-Health Care Employment



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