

# Health Sector Economic Indicators<sup>SM</sup>

## Insights from Monthly Employment Data through January 2015

February 12, 2015

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**LABOR BRIEF**

### Surge in health sector job growth continues into 2015

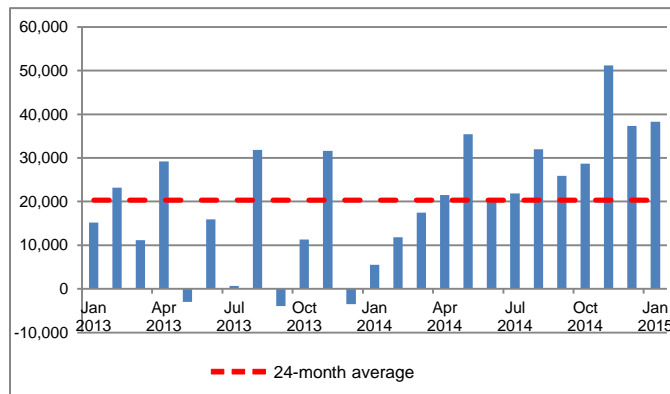
#### HIGHLIGHTS

- ▲ The health sector added 38,300 new jobs in January 2015, continuing the level of growth seen in fourth quarter (Q4) 2014.
- ▲ Job growth was seen across all settings, but was particularly strong in hospitals (9,600) and offices of physicians (13,400).
- ▲ The source of these figures, the monthly “establishment” survey, showed total nonfarm jobs in January growing by 257,000 jobs. Annual benchmark revisions raised previous estimates of overall employment by 245,000 jobs.
- ▲ The establishment survey benchmark revisions lowered estimates of health sector jobs in 2013, revealing some monthly losses in health jobs (Exhibit 1), and creating an even greater contrast to the 2014 acceleration.
- ▲ The monthly “household” survey showed a slight rise in the unemployment rate to 5.7%, but this was associated with more people entering the labor force.
- ▲ The health share of total employment is at 10.58%, below the high of 10.66% last seen in December 2012. Since mid-2013, nonhealth jobs have been growing faster than health jobs (Exhibit 7), but with the 2014 acceleration, health job growth has now caught up to nonhealth growth, at 2.3% year over year.

#### HEALTH CARE EMPLOYMENT

In January 2015, private-sector health care employment showed a gain of 38,300 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation released on February 6, 2015. This is above the 25,800 jobs per month added in 2014, and well above the 13,300 jobs per month added in 2013. Offices of physicians in particular gained an above-average 13,400 jobs, and hospitals gained nearly 10,000 jobs, compared to 3,000 per month in 2014. The health share of total employment rose slightly to 10.58% (Exhibit 8).

**Exhibit 1. Month-over-Month Change in Total Health Care Employment, Seasonally Adjusted, January 2013–January 2015**



Source: Altarum analysis of BLS data.

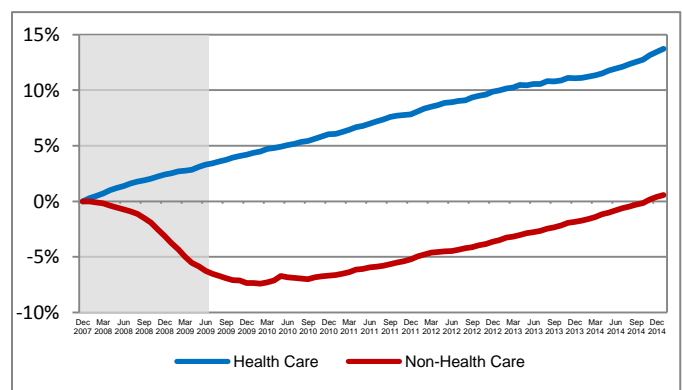
Seasonally Adjusted	Dec 2007	Jun 2009	Jan 2014	Jan 2015
Total Employment (000)	138,350	130,944	137,642	140,849
Nonhealth Employment (000)	125,247	117,410	123,082	125,947
Health Care Employment (000)	13,103	13,534	14,560	14,902
Health Share of Total Employment	9.47%	10.34%	10.58%	10.58%
Unemployment Rate	5.0%	9.5%	6.6%	5.7%

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 BLS data.

Over the last 12 months, total private-sector health care employment grew by 342,000 jobs, or 2.3%. During this period, total nonhealth payroll employment increased by 2,864,900 jobs, also 2.3% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 1.80 million jobs, for a cumulative gain of 13.7%, while nonhealth employment has grown by 700,000 jobs, for a cumulative gain of 0.6% (Exhibit 2). Nonhealth jobs continue to climb after finally reclaiming their pre-recession level in November 2014.

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



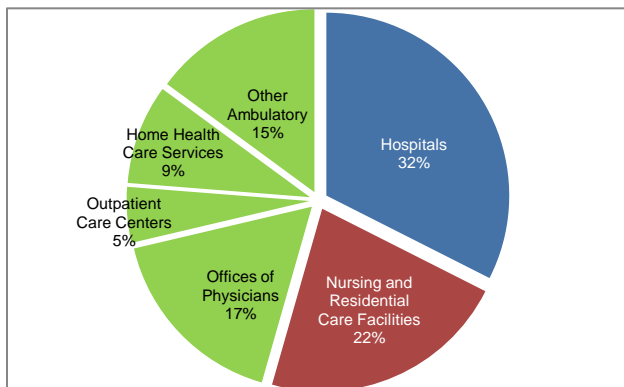
Source: Altarum analysis of BLS data.  
Note: Shading indicates the recession period.

### HEALTH CARE JOBS BY CATEGORY

In January 2015, the following happened:

- ▲ Hospitals gained 9,600 jobs, compared with the 24-month average gain of 1,400.
- ▲ Ambulatory health care services added 21,700 jobs, above the 24-month average gain of 15,700. These services include the following:
  - Offices of physicians added 13,400 jobs (24-month average: 3,900).
  - Outpatient care centers gained 1,600 jobs (24-month average: 2,600).
  - Home health care gained 4,100 jobs (24-month average: 3,600).
  - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, added 2,600 jobs (24-month average: 5,500).
- ▲ Nursing and residential care facilities gained 7,000 jobs (24-month average: 3,400).
- ▲ Ambulatory services accounted for 46% of health care employment (Exhibit 3), hospitals another 32%, and nursing and residential care facilities the remaining 22%.

**Exhibit 3. Health Care Employment by Setting, January 2015**

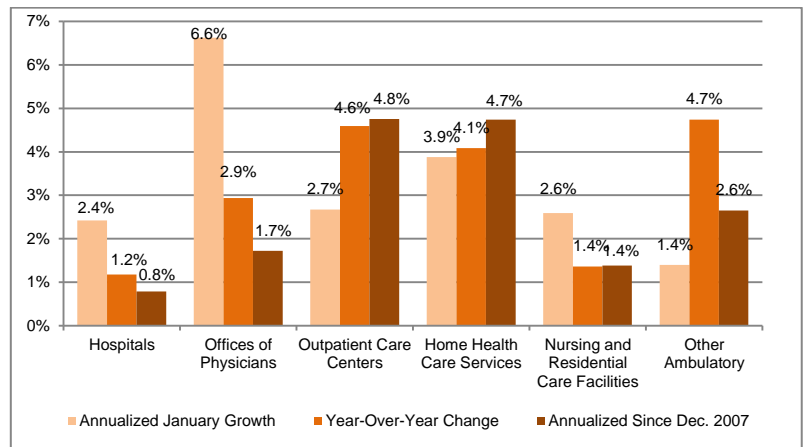


Source: Altarum analysis of BLS data.

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

Over the past 12 months, "other" ambulatory services grew at the fastest rate, 4.7% (Exhibit 4), adding 101,800 jobs – the most of the major categories. Offices of physicians added 71,800 jobs, a growth rate of 2.9%. Home health care added 50,800 jobs, a growth rate of 4.1%. Hospital jobs grew by 1.2% over the past 12 months, or 56,200 jobs. Nursing and residential care added 44,300 jobs, for a growth rate of 1.4%. Finally, outpatient care centers grew by 32,000 jobs, or 4.6%.

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



Source: Altarum analysis of BLS data.

### DISCUSSION

The pattern of accelerating health sector job growth seen in 2014 appears to have continued into 2015. January saw more than 38,000 new health jobs, consistent with the 39,000 per month seen in Q4 2014. The health sector has added 127,000 jobs over the past 3 months, the largest quarterly increase as far back as Altarum data go (January 1990). Similarly, the 6-month gain of 213,000 health jobs was the largest in nearly 25 years.

Annual benchmark revisions to the establishment survey increased estimates of overall jobs, but reduced estimates of health sector jobs, mostly in 2013. Revised figures show the health sector actually losing jobs in May, September, and December of 2013 (Exhibit 1), the first time that has happened since July 2003. The revised data now show health sector job growth doubled between 2013 and 2014, from about 13,000 to about 26,000 jobs per month.

The increase in health job growth has been particularly marked in hospitals. Altarum had been reporting no hospital job growth in 2013; this month's revised figures show hospitals actually lost 18,000 jobs in 2013. Job losses in hospitals continued into Q1 2014, but turned around in Q2 2014, with 3,500 new jobs per month, and accelerated in Q3 (4,700 new jobs per month) and Q4 (7,000 new jobs per month). Over the past 6 months, hospitals have added 47,000 new jobs.

The acceleration in health sector job growth is consistent with an upturn in the overall labor market. The 3.1 million jobs added in 2014 is the highest number since 1999, and represents a 35% increase over the 2.3 million jobs added in 2013. The economy has seen 59 straight months of job growth, the longest streak on record. Both health and nonhealth jobs enter 2015 growing at 2.3% year over year. Other positive signs in the overall employment data include an increase in the labor force, evidence of some increase in real wages, and the highest number of job openings (5 million) since 2001.

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The Center for Sustainable Health Spending (CSHS) was launched in 2011 to lead Altarum Institute'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<sup>SM</sup>** 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](mailto: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](mailto:ken.schwartz@altarum.org). For more information, visit [www.altarum.org/cshs](http://www.altarum.org/cshs).

**DETAILED HEALTH CARE EMPLOYMENT DATA**

Exhibit 5. Employment Data by Sector, Seasonally Adjusted

Employment (in thousands)	January 2015	December 2014	January 2014	January 2013	December 2007
Non-Health Care	125,947	125,728	123,082	120,883	125,247
Health Care	14,902	14,864	14,560	14,410	13,103
Ambulatory Health Care Services	6,788	6,767	6,547	6,413	5,555
Offices of Physicians	2,514	2,500	2,442	2,420	2,228
Outpatient Care Centers	729	727	697	665	524
Home Health Care Services	1,295	1,291	1,244	1,210	933
Other Ambulatory	2,251	2,248	2,149	2,118	1,871
Hospitals	4,824	4,814	4,768	4,790	4,564
Nursing and Residential Care Facilities	3,290	3,283	3,246	3,208	2,984
Nursing Care Facilities	1,658	1,654	1,649	1,655	1,612
Other Nursing and Residential	1,632	1,629	1,597	1,553	1,372
Health Share of Employment	10.58%	10.57%	10.58%	10.65%	9.47%

Source: Altarum analysis of BLS data.

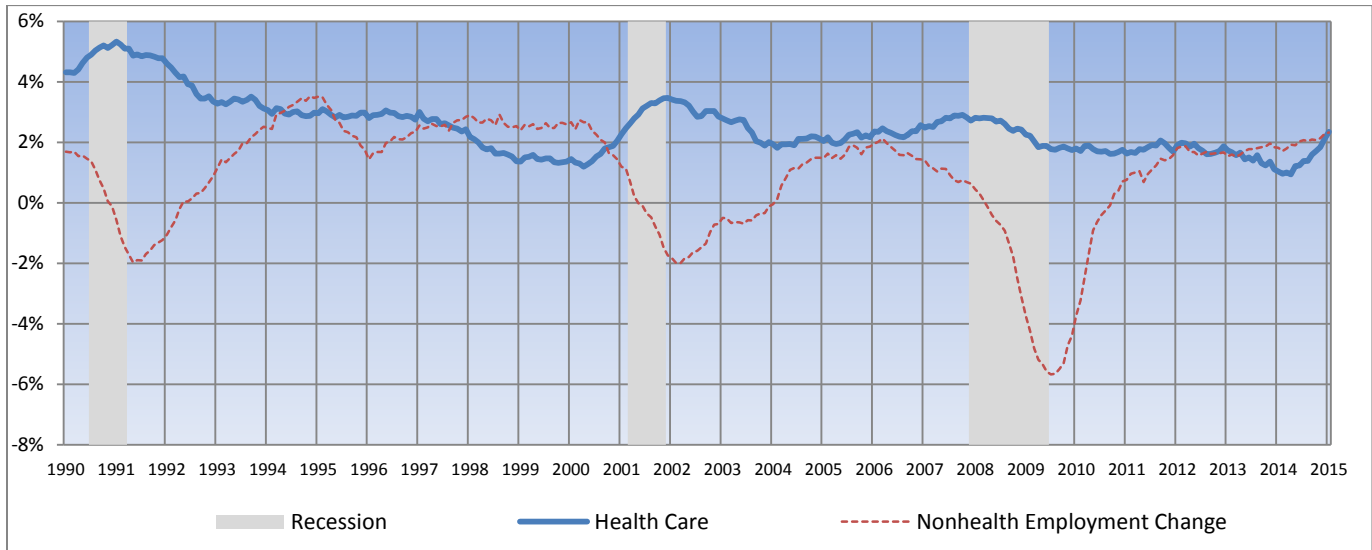
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	1 Month	12 Months	24 Months	Since Dec 2007
Non-Health Care	218.7	2,864.9	5,063.9	699.8
Health Care	38.3	342.1	492.1	1,799.2
Ambulatory Health Care Services	21.7	241.6	375.7	1,233.0
Offices of Physicians	13.4	71.8	94.3	286.0
Outpatient Care Centers	1.6	32.0	63.1	204.2
Home Health Care Services	4.1	50.8	85.5	362.4
Other Ambulatory	2.6	101.8	133.0	380.4
Hospitals	9.6	56.2	34.4	260.1
Nursing and Residential Care Facilities	7.0	44.3	82.0	306.1
Nursing Care Facilities	3.5	8.4	2.2	45.9
Other Nursing and Residential	3.5	35.9	79.8	260.2
<b>Annualized Percentage Change</b>				
Non-Health Care	2.1%	2.3%	2.1%	0.1%
Health Care	3.1%	2.3%	1.7%	1.8%
Ambulatory Health Care Services	3.9%	3.7%	2.9%	2.9%
Offices of Physicians	6.6%	2.9%	1.9%	1.7%
Outpatient Care Centers	2.7%	4.6%	4.6%	4.8%
Home Health Care Services	3.9%	4.1%	3.5%	4.7%
Other Ambulatory	1.4%	4.7%	3.1%	2.6%
Hospitals	2.4%	1.2%	0.4%	0.8%
Nursing and Residential Care Facilities	2.6%	1.4%	1.3%	1.4%
Nursing Care Facilities	2.6%	0.5%	0.1%	0.4%
Other Nursing and Residential	2.6%	2.2%	2.5%	2.5%

Source: Altarum analysis of BLS price data.

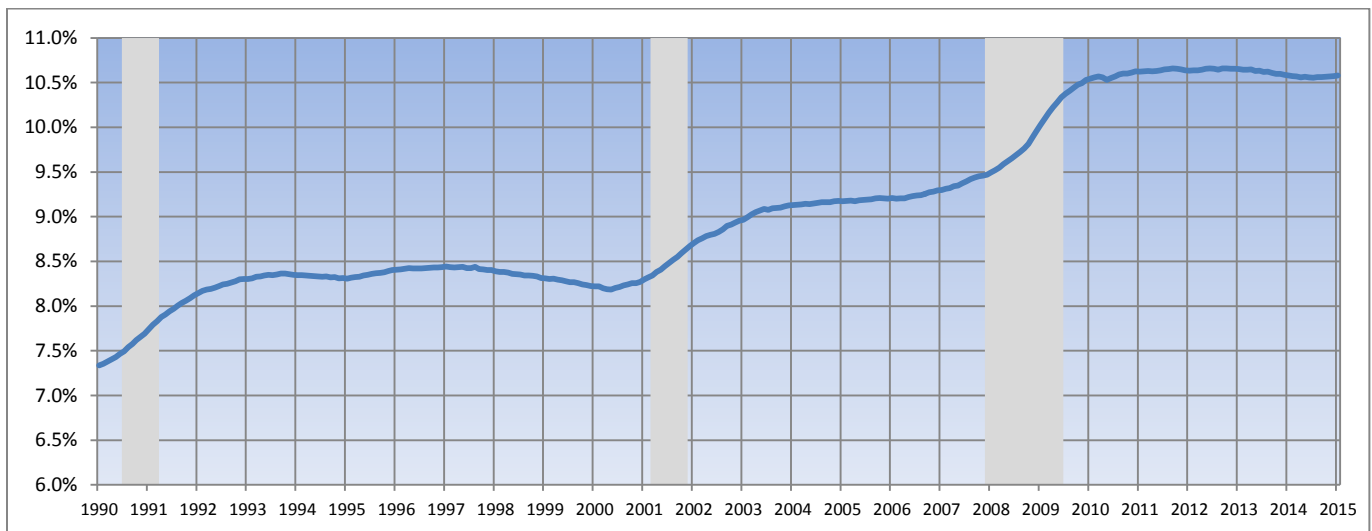
**TIME SERIES TRACKER**

**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.