

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data Through December 2016

February 10, 2017

www.altarum.org
LABOR BRIEF

Benchmark revisions lower 2015 & 2016 health job growth; January 2017 lowers pace further

HIGHLIGHTS

- ▲ Health care added 18,000 new jobs in January (Exhibit 1), markedly less than the 12-month and 24-month average of 31,000 jobs per month.
- ▲ Jobs in both hospitals and ambulatory care settings grew at about half the average pace in January, with hospitals adding 4,200 jobs (12-month average: 9,000) and ambulatory settings adding 11,000 (average: 20,000).
- ▲ January data incorporate annual benchmarking of the monthly “establishment” survey. Revisions lowered estimates of total health care jobs through December 2016 by 125,000, including a 61,000 reduction in hospital jobs and a 54,000 reduction in ambulatory care jobs.
- ▲ The economy added a solid 227,000 total nonfarm jobs in January. Overall benchmark revisions were small; 24,000 total jobs were added to the December 2016 estimate, an increase of 0.1%.
- ▲ The monthly “household” survey showed the unemployment rate up slightly to a still very low 4.8%.
- ▲ Health jobs grew 2.5% year over year, faster than the pace of non-health job growth, at 1.5% (Exhibit 7). Benchmark revisions lowered the health share of total employment to 10.73%, the new high (Exhibit 8).

Seasonally Adjusted	Dec 2007	Jun 2009	Jan 2016	Jan 2017
Total Employment (000s)	138,413	131,021	143,211	145,554
Non-health Employment (000s)	125,310	117,487	127,968	129,937
Health Care Employment (000s)	13,103	13,534	15,243	15,617
Health Share of Total Employment	9.47%	10.33%	10.64%	10.73%
Unemployment Rate	5.0%	9.5%	4.9%	4.8%

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

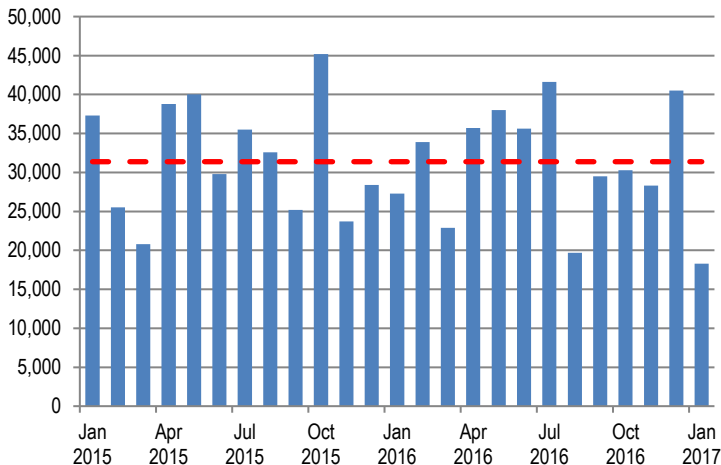
Source: Altarum Institute analysis of Bureau of Labor Statistics (BLS) data.

HEALTH CARE EMPLOYMENT

In January 2017, private-sector health care employment showed a gain of 18,300 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released on February 3, 2017. Hospitals gained 4,200 jobs, while ambulatory care settings added 11,000 jobs and nursing and residential care added 3,100 jobs. The health share of total employment is 10.73% (Exhibit 8).

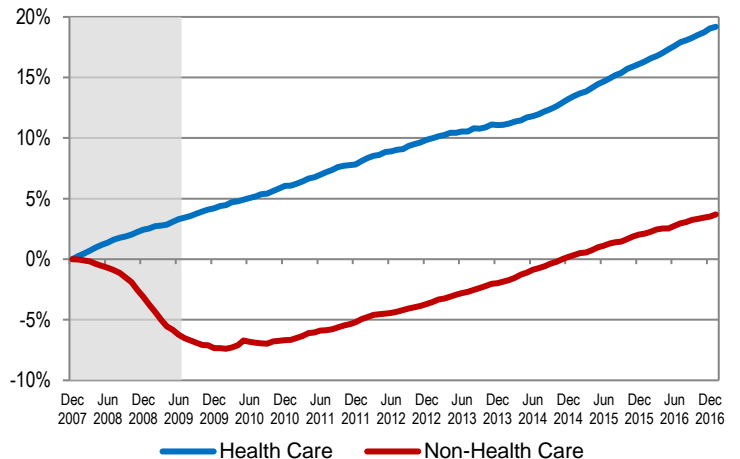
Over the last 12 months, total private-sector health care employment grew by 374,000 jobs or 2.5%. During this period, total non-health payroll employment increased by 1.97 million jobs or 1.5% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 2.5 million jobs for a cumulative gain of 19.2%, while non-health employment has grown by 4.6 million jobs for a cumulative gain of 3.7% (Exhibit 2).

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



Source: Altarum analysis of BLS data.

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



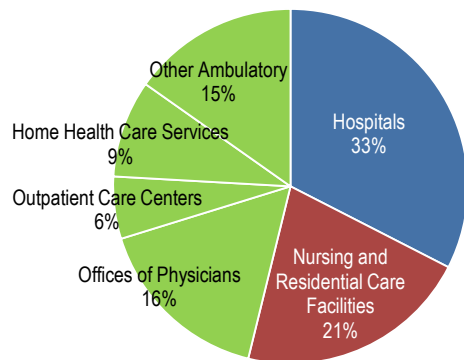
Source: Altarum analysis of BLS data.
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY SETTING

In January 2017, the following occurred:

- ▲ Hospitals gained 4,200 jobs, less than half the 12-month average of 9,000.
- ▲ Ambulatory health care services added 11,000 jobs, slightly more than half the 12-month average of 20,300. These services include the following:
 - Offices of physicians gained only 800 jobs (12-month average: 5,200).
 - Outpatient care centers gained 4,800 jobs (12-month average: 4,400).
 - Home health care gained 4,500 jobs (12-month average: 3,900).
 - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained only 900 jobs (12-month average: 6,800).
- ▲ Nursing and residential care facilities gained 3,100 jobs (12-month average: 1,900).
- ▲ 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, January 2017

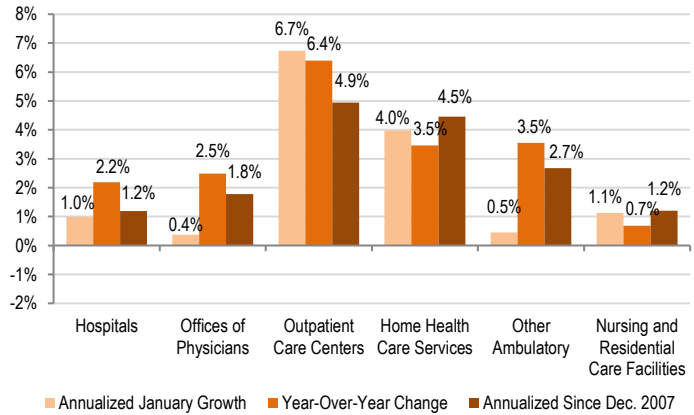


Source: Altarum analysis of BLS data.

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, 6.4%, adding 53,200 jobs. Home health care gained 46,400 jobs for a growth rate of 3.5%. Other ambulatory care settings gained 81,400 jobs for a growth rate of 3.5%. Offices of physicians added 62,200 jobs for a growth rate of 2.5%. Hospital jobs grew 2.2% over the past 12 months, adding 108,600 jobs. Finally, nursing and residential care added 22,500 jobs for a growth rate of 0.7% (Exhibit 4).

Exhibit 4. Growth in Health Care Employment by Selected Setting



Source: Altarum analysis of BLS data.

DISCUSSION

We highlight two types of data comparisons from this jobs report—the impact of the annual benchmark revisions on estimates through 2016, and the drop in growth seen in January 2017.

Benchmark revisions to the establishment survey flattened the estimates of health job growth in 2015 and 2016. Previous estimates showed year-over-year health job growth peaking at 3.4% in March 2016, and dropping to 2.7% by the end of the year. Revised estimates show growth peaking at 2.7% in late 2015 and hovering around 2.5% through 2016 (Exhibit 7). This still represents an acceleration in growth from rates around 1% in early 2014, but estimates of jobs added in health care dropped from 472,000 in 2015 and 422,000 in 2016 to 383,000 in both years.

2017 began with growth of only 18,000 health jobs in January, compared to an average of 32,000 jobs a month in both 2015 and 2016. Hospitals gained about 4,000 jobs, less than half the pace of 2015 and 2016. Within ambulatory care settings, outpatient care centers and home health continued to show solid growth, but there was essentially no growth in physician offices and "other ambulatory services." Of course, one month of preliminary data is not yet a trend. Health jobs grew by only 20,000 as recently as August 2016, only to rebound.

January data continue to show a strong overall labor market amid shifts in some metrics due to annual revisions to the population counts. The economy added a higher-than-expected 227,000 jobs and the unemployment rate rose slightly to 4.8%. Wage growth fell after a strong December reading.

Follow us on Twitter: @ALTARUM_CSHS

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’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)	January 2017	December 2016	January 2016	January 2015	December 2007
Non-Health Care	129,937	129,728	127,968	125,736	125,310
Health Care	15,617	15,599	15,243	14,870	13,103
Ambulatory Health Care Services	7,209	7,198	6,966	6,754	5,556
Offices of Physicians	2,559	2,559	2,497	2,446	2,181
Outpatient Care Centers	885	881	832	783	571
Home Health Care Services	1,387	1,383	1,341	1,291	933
Other Ambulatory	2,378	2,377	2,296	2,233	1,871
Hospitals	5,081	5,077	4,972	4,833	4,564
Nursing and Residential Care Facilities	3,327	3,324	3,305	3,283	2,984
Nursing Care Facilities	1,645	1,647	1,646	1,652	1,612
Other Nursing and Residential	1,682	1,677	1,659	1,630	1,372
Health Share of Employment	10.73%	10.73%	10.64%	10.58%	9.47%

Source: Altarum analysis of BLS data.

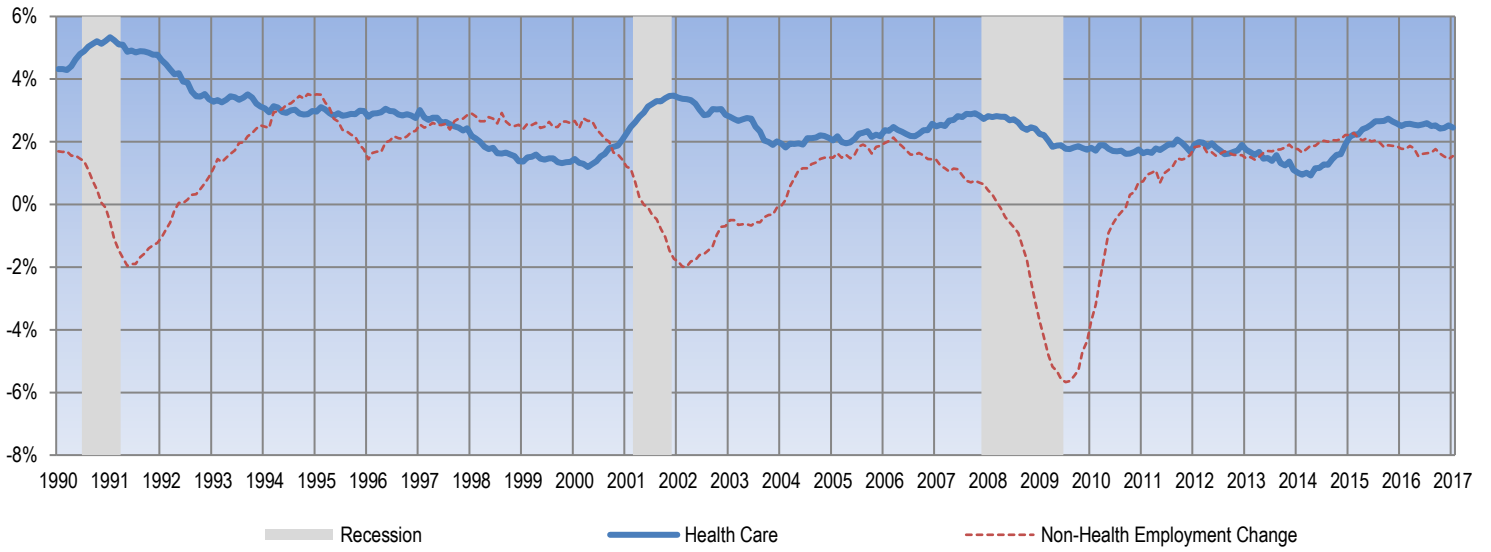
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	208.7	1,968.7	4,200.9	4,626.9
Health Care	18.3	374.3	747.1	2,514.1
Ambulatory Health Care Services	11.0	243.2	455.3	1,653.5
Offices of Physicians	0.8	62.2	113.0	378.7
Outpatient Care Centers	4.8	53.2	102.1	314.1
Home Health Care Services	4.5	46.4	95.8	453.7
Other Ambulatory	0.9	81.4	144.4	507.0
Hospitals	4.2	108.6	247.3	516.8
Nursing and Residential Care Facilities	3.1	22.5	44.5	343.3
Nursing Care Facilities	-1.2	-0.3	-7.0	33.8
Other Nursing and Residential	4.3	22.8	51.5	309.5
Annualized Percentage Change				
Non-Health Care	1.9%	1.5%	1.7%	0.4%
Health Care	1.4%	2.5%	2.5%	2.0%
Ambulatory Health Care Services	1.8%	3.5%	3.3%	2.9%
Offices of Physicians	0.4%	2.5%	2.3%	1.8%
Outpatient Care Centers	6.7%	6.4%	6.3%	4.9%
Home Health Care Services	4.0%	3.5%	3.6%	4.5%
Other Ambulatory	0.5%	3.5%	3.2%	2.7%
Hospitals	1.0%	2.2%	2.5%	1.2%
Nursing and Residential Care Facilities	1.1%	0.7%	0.7%	1.2%
Nursing Care Facilities	-0.9%	0.0%	-0.2%	0.2%
Other Nursing and Residential	3.1%	1.4%	1.6%	2.3%

Source: Altarum analysis of BLS data.

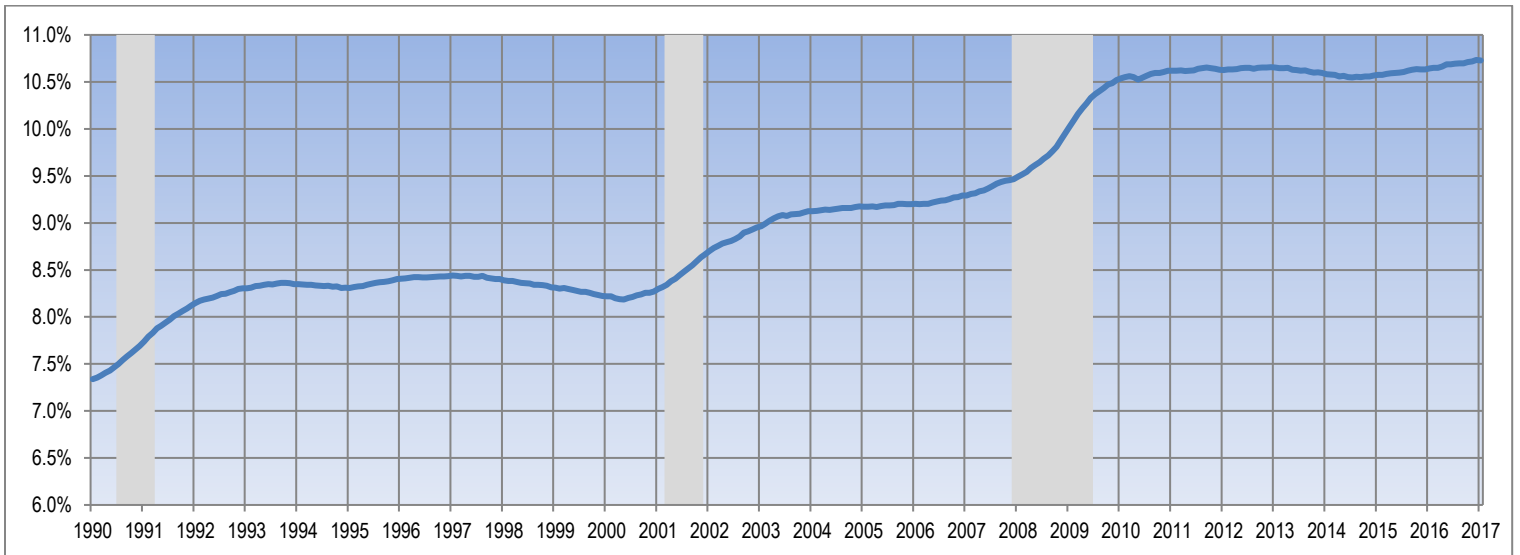
TIME SERIES TRACKER

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.