

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data Through June 2015

July 9, 2015

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LABOR BRIEF

Hospital hiring powers health sector job growth in the first half of 2015

HIGHLIGHTS

- ▲ The health sector continued to show strong job growth in June, with the addition of 40,100 new jobs, above the 12- and 24-month average gains of about 35,600 and 25,300, respectively.
- ▲ Hospitals added 10,600 jobs in June and are averaging nearly 12,000 new jobs per month in the first half of 2015, twice the average of 6,000 per month seen in the last half of 2014.
- ▲ Ambulatory care settings gained 22,600 jobs in June, about the 12-month average. Nursing and residential care gained 6,900 jobs, higher than the 12-month average of 3,900 due to a gain of 2,900 in nursing homes, which have not been growing over the past 2 years.
- ▲ The source of these figures, the monthly “establishment” survey, showed total nonfarm jobs growing by 223,000 in June, consistent with expectations. Revisions lowered estimates through May by 60,000 jobs.
- ▲ The monthly “household” survey showed the unemployment rate falling to 5.3%, the lowest rate since April 2008, although this was associated with a drop in labor force participation.
- ▲ The health share of total employment increased to 10.64%, but remains below the high of 10.66% last seen in December 2012. For most of 2013 and all of 2014, nonhealth jobs were growing faster than health jobs; but health job growth has again pulled ahead in 2015, with June rates at 2.9% year over year for health versus 2.0% for nonhealth (Exhibit 7).

Cyclical Employment Big Picture

Seasonally Adjusted	Dec 2007	Jun 2009	Jun 2014	Jun 2015
Total Employment (000)	138,350	130,944	138,907	141,842
Nonhealth Employment (000)	125,247	117,410	124,240	126,748
Health Care Employment (000)	13,103	13,534	14,667	15,094
Health Share of Total Employment	9.47%	10.34%	10.56%	10.64%
Unemployment Rate	5.0%	9.5%	6.1%	5.3%

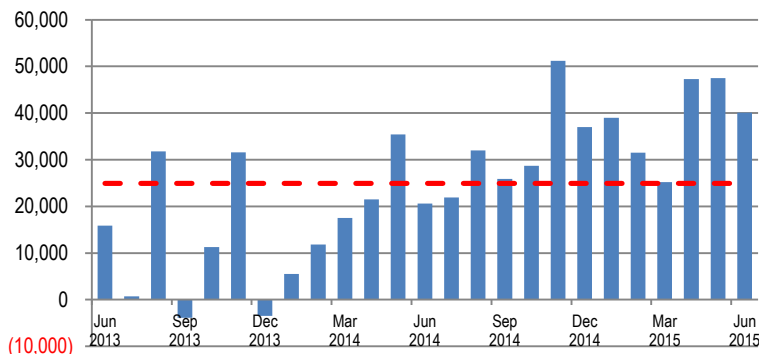
The recession officially began in December 2007 and ended in June 2009. Total employment excludes farm work. Health care employment is private only.

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

HEALTH CARE EMPLOYMENT

In June 2015, private-sector health care employment showed a gain of 40,100 jobs (Exhibit 1), according to the BLS Employment Situation released on July 2, 2015. This is well above the average of 25,800 jobs per month added in 2014 and the 13,300 per month added in 2013. Offices of physicians gained a below-average 2,700 jobs, and hospitals gained 10,600 jobs (above average). The health share of total employment increased to 10.64% (Exhibit 8).

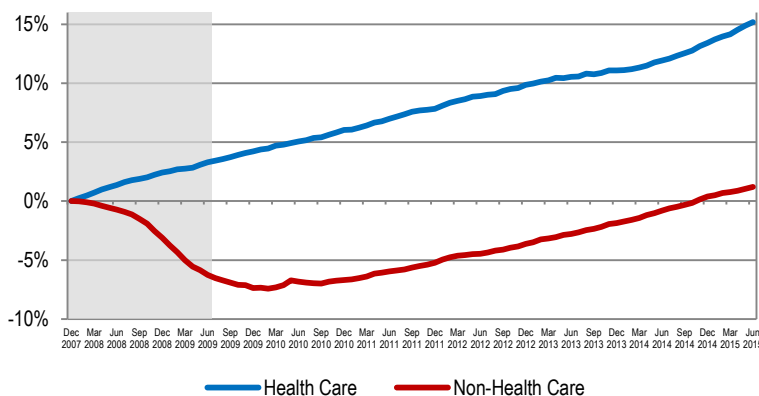
Exhibit 1. Month-over-Month Change in Total Health Care Employment, Seasonally Adjusted, June 2013–June 2015



Source: Altarum analysis of BLS data.

Over the last 12 months, total private-sector health care employment grew by 427,000 jobs or 2.9%. During this period, total nonhealth payroll employment increased by 2,508,000 jobs or 2.0% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 1.99 million jobs, for a cumulative gain of 15.2%, while nonhealth employment has grown by 1.5 million jobs for a cumulative gain of 1.2% (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.

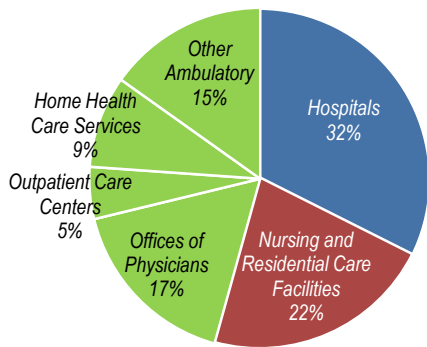
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY CATEGORY

In June 2015, the following occurred:

- ▲ Hospitals gained 10,600 jobs, higher than the 24-month average gain of 4,200 and the 12-month average of 9,000.
- ▲ Ambulatory health care services added 22,600 jobs, above the 24-month average gain of 17,900 and close to the 12-month average of 22,800. These services include the following:
 - Offices of physicians added 2,700 jobs (24-month average: 4,900).
 - Outpatient care centers gained 2,500 jobs (24-month average: 2,700).
 - Home health care gained 5,300 jobs (24-month average: 3,600).
 - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, added 12,100 jobs (24-month average: 6,700).
- ▲ Nursing and residential care facilities gained 6,900 jobs (24-month average: 3,200).
- ▲ Ambulatory services accounted for 46% of health care employment (Exhibit 3), hospitals accounted for another 32%, and nursing and residential care facilities accounted for the remaining 22%.

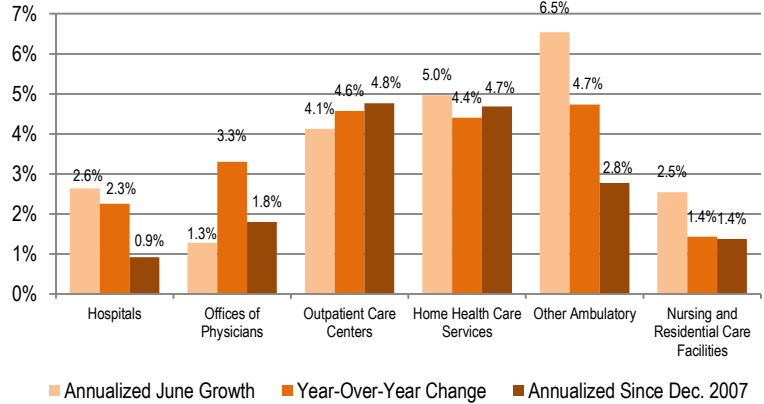
Exhibit 3. Health Care Employment by Setting, June 2015



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 103,800 jobs. Home health care gained 55,500 jobs for a growth rate of 4.4%. Offices of physicians added 81,300 jobs, a growth rate of 3.3%. Hospital jobs grew by 2.3% over the past 12 months, adding 107,600 jobs. Nursing and residential care added 46,600 jobs, for a growth rate of 1.4%. Finally, outpatient care centers added 32,500 jobs for a growth rate of 4.6%.

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



Source: Altarum analysis of BLS data.

DISCUSSION

In the first 6 months of 2015, the health sector added more than 230,000 jobs, as high a level of growth as we have seen in our data series going back to 1990. Health job growth doubled between 2014 and 2013 (26,000 versus 13,000 jobs per month) and is nearly three times higher in the first half of 2015 (38,000 per month) than it was in 2013.

As discussed in recent briefs, much of the acceleration in health job growth has been in hospitals, which have added nearly 12,000 jobs per month in the first half of 2015, compared to 6,000 per month in the last half of 2014 and 3,500 per month in all of 2014. Hospitals represent nearly one-third of the health sector job growth in 2015. For the first time since early in the recession, the proportion of job growth is consistent with the proportion of health jobs that hospitals represent.

Overall labor market indicators are mixed but mostly positive. The economy added more than 1.2 million jobs in the first half of 2015, extending the longest period of private-sector job growth to 64 months. The unemployment rate dropped to 5.3%, although this was accompanied by a drop in the labor force as fewer workers than usual entered the job market in June. Economists continue to watch for sustained growth in wages as an indication of labor market tightening. After a modest increase in wages last month, establishment survey data showed no growth in hourly wages between May and June and only 2% growth in wages for the year. However, other wage measures such as the employment cost index are showing a bit more improvement.¹

¹ Sparshott, J. (2015, July 6). Wages Reports Send Mixed Signals. *The Wall Street Journal*, p. A-2.

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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 IndicatorsSM 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. 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)	June 2015	May 2015	June 2014	June 2013	December 2007
Non-Health Care	126,748	126,565	124,240	121,768	125,247
Health Care	15,094	15,054	14,667	14,487	13,103
Ambulatory Health Care Services	6,902	6,879	6,629	6,472	5,555
Offices of Physicians	2,546	2,544	2,465	2,429	2,228
Outpatient Care Centers	743	741	711	678	524
Home Health Care Services	1,315	1,310	1,260	1,230	933
Other Ambulatory	2,297	2,285	2,193	2,136	1,871
Hospitals	4,887	4,876	4,779	4,786	4,564
Nursing and Residential Care Facilities	3,305	3,299	3,259	3,228	2,984
Nursing Care Facilities	1,656	1,654	1,653	1,652	1,612
Other Nursing and Residential	1,649	1,645	1,606	1,576	1,372
Health Share of Employment	10.64%	10.63%	10.56%	10.63%	9.47%

Source: Altarum analysis of BLS data.

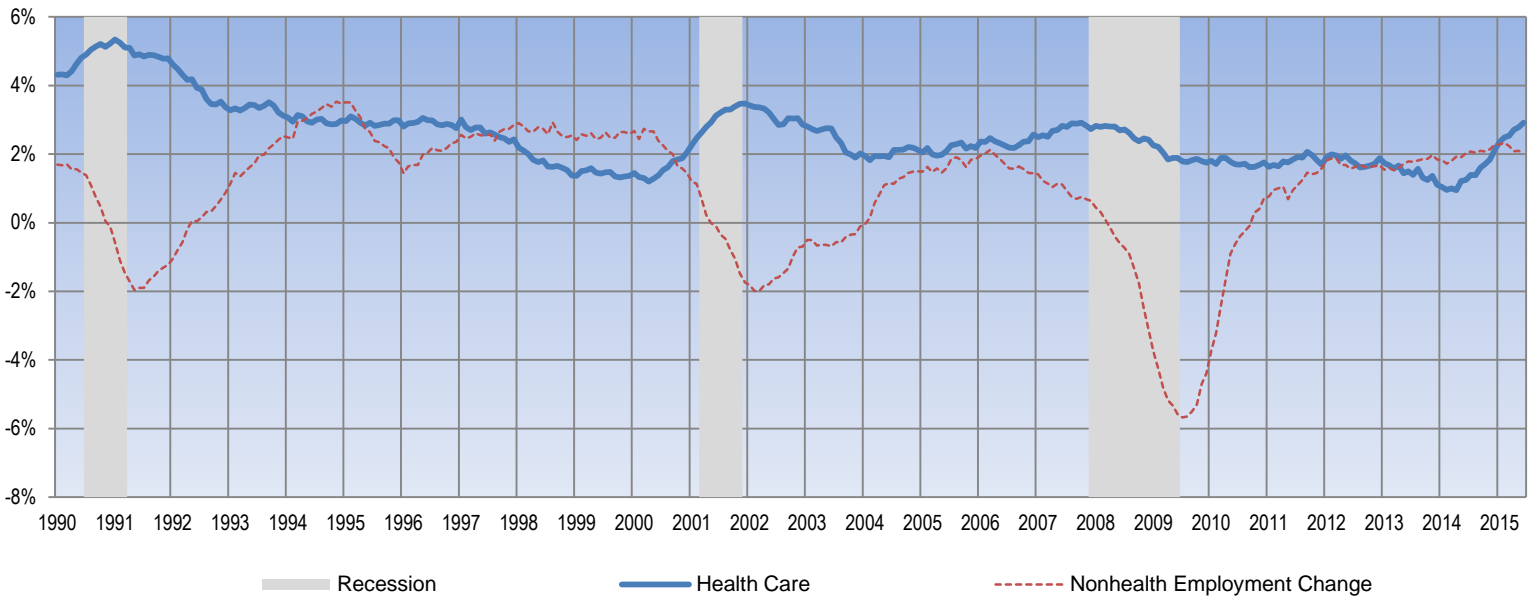
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	1 Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	182.9	2,507.7	4,979.4	1,500.8
Health Care	40.1	427.3	607.6	1,991.2
Ambulatory Health Care Services	22.6	273.1	429.5	1,346.5
Offices of Physicians	2.7	81.3	117.2	318.5
Outpatient Care Centers	2.5	32.5	65.4	218.9
Home Health Care Services	5.3	55.5	85.5	382.4
Other Ambulatory	12.1	103.8	161.4	426.7
Hospitals	10.6	107.6	101.1	323.1
Nursing and Residential Care Facilities	6.9	46.6	77.0	321.6
Nursing Care Facilities	2.9	3.2	4.0	44.8
Other Nursing and Residential	4.0	43.4	73.0	276.8
Annualized Percentage Change				
Non-Health Care				
Health Care	1.7%	2.0%	2.0%	0.2%
Ambulatory Health Care Services	3.2%	2.9%	2.1%	1.9%
Offices of Physicians	4.0%	4.1%	3.3%	2.9%
Outpatient Care Centers	1.3%	3.3%	2.4%	1.8%
Home Health Care Services	4.1%	4.6%	4.7%	4.8%
Other Ambulatory	5.0%	4.4%	3.4%	4.7%
Hospitals	6.5%	4.7%	3.7%	2.8%
Nursing and Residential Care Facilities	2.6%	2.3%	1.1%	0.9%
Nursing Care Facilities	2.5%	1.4%	1.2%	1.4%
Other Nursing and Residential	2.1%	0.2%	0.1%	0.4%

Source: Altarum analysis of BLS data.

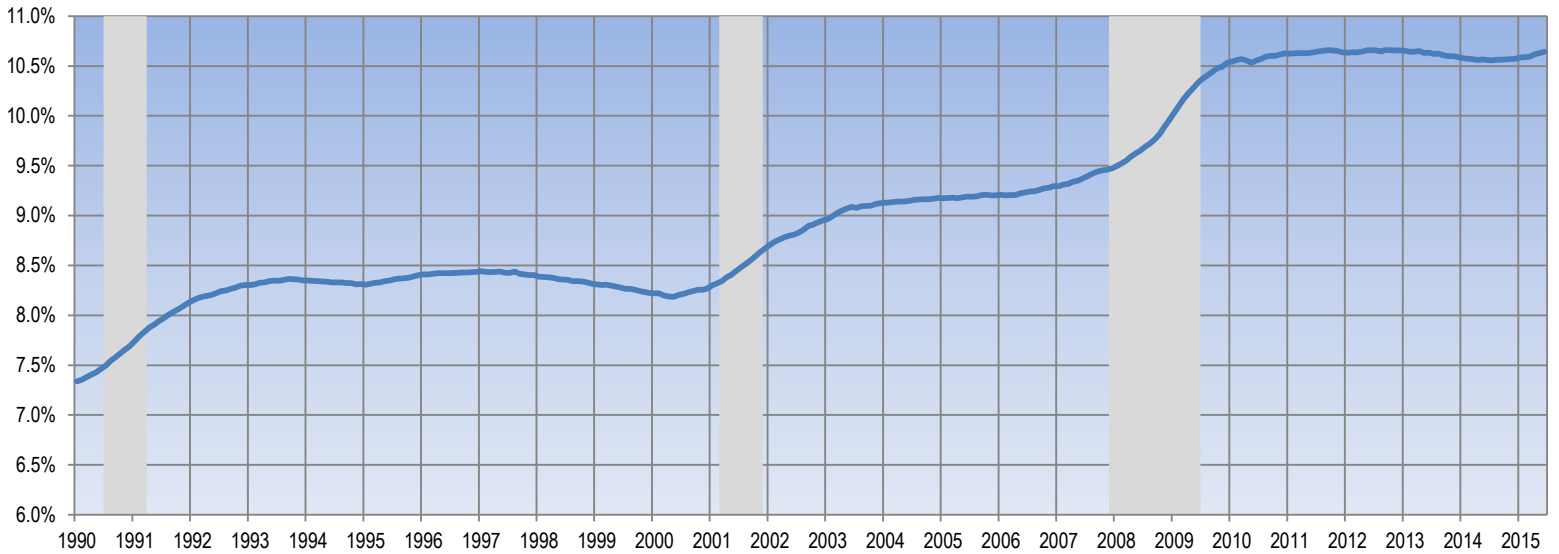
TIME SERIES TRACKER

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.