

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data Through June 2016

July 15, 2016

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LABOR BRIEF

Health sector job growth remains strong and steady through mid-year

HIGHLIGHTS

- ▲ Health care added 38,500 new jobs in June (Exhibit 1), consistent with the 12-month average of 40,100 new jobs per month. Revisions slightly lowered estimates through May by 3,000 jobs.
- ▲ Growth in both ambulatory care settings and hospitals was just under the pace seen over the past year, with ambulatory care adding 19,300 jobs and hospitals adding 15,000 jobs in June.
- ▲ Nursing and residential care settings added 4,200 jobs in June, slightly more than the 12-month average of 3,200.
- ▲ The source of these estimates, the monthly “establishment” survey, showed overall job growth rebounding from a very low May (revised to only 11,000 new jobs), adding 287,000 jobs in June.
- ▲ The monthly “household” survey showed the unemployment rate increasing slightly to 4.9%, with gains in labor force participation.
- ▲ Consistent with the pattern in recent months, health jobs grew 3.2% year over year while non-health jobs grew 1.6% (Exhibit 7), increasing the health share of total employment to a new high of 10.78% (Exhibit 8).

Cyclical Employment Big Picture

Seasonally Adjusted	Dec 2007	Jun 2009	Jun 2015	Jun 2016
Total Employment (000s)	138,413	131,020	141,724	144,175
Nonhealth Employment (000s)	125,310	117,486	126,668	128,638
Health Care Employment (000s)	13,103	13,534	15,056	15,537
Health Share of Total Employment	9.47%	10.33%	10.62%	10.78%
Unemployment Rate	5.0%	9.5%	5.3%	4.9%

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

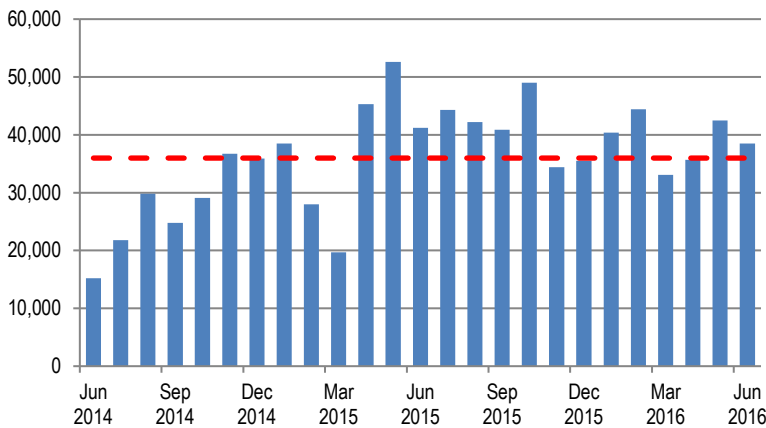
Source: Altarum Institute analysis of Bureau of Labor Statistics (BLS) data.

HEALTH CARE EMPLOYMENT

In June 2016, private-sector health care employment showed a gain of 38,500 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released on July 8, 2016. Hospitals gained 15,000 jobs, while ambulatory care settings added 19,300 jobs in June. The health share of total employment rose to a new high of 10.78% (Exhibit 8).

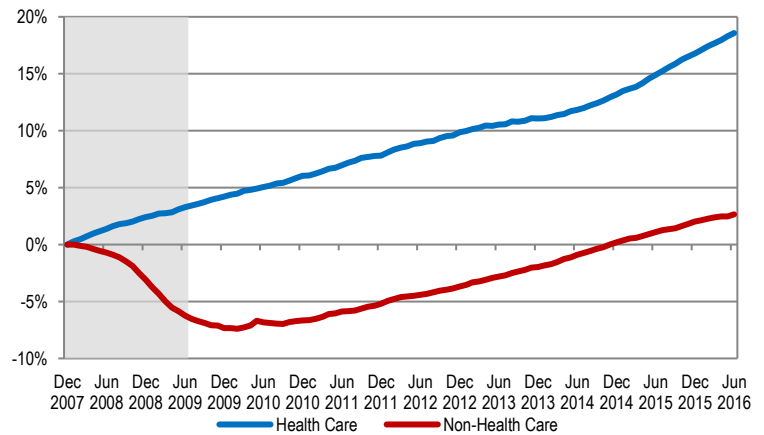
Over the last 12 months, total private-sector health care employment grew by 481,000 jobs or 3.2%. During this period, total non-health payroll employment increased by 1.97 million jobs or 1.6% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 2.4 million jobs for a cumulative gain of 18.6%, while non-health employment has grown by 3.3 million jobs for a cumulative gain of 2.7% (Exhibit 2).

Exhibit 1. Month-over-Month Change in Total Health Care Employment, Seasonally Adjusted, June 2014–June 2016



Source: Altarum analysis of BLS data.

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



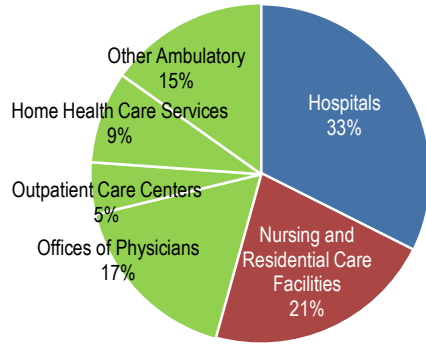
Source: Altarum analysis of BLS data.
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY CATEGORY

In June 2016, the following occurred:

- ▲ Hospitals gained 15,000 jobs, slightly less than the 12-month average of 16,100.
- ▲ Ambulatory health care services added 19,300 jobs, also slightly less than the 12-month average of 20,800. These services include the following:
 - Offices of physicians gained 6,600 jobs (12-month average: 6,200).
 - Outpatient care centers gained 2,900 jobs (12-month average: 2,400).
 - Home health care gained 4,400 jobs (12-month average: 6,000).
 - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained 5,400 jobs (12-month average: 6,200).
- ▲ Nursing and residential care facilities gained 4,200 jobs (12-month average: 3,200).
- ▲ 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).

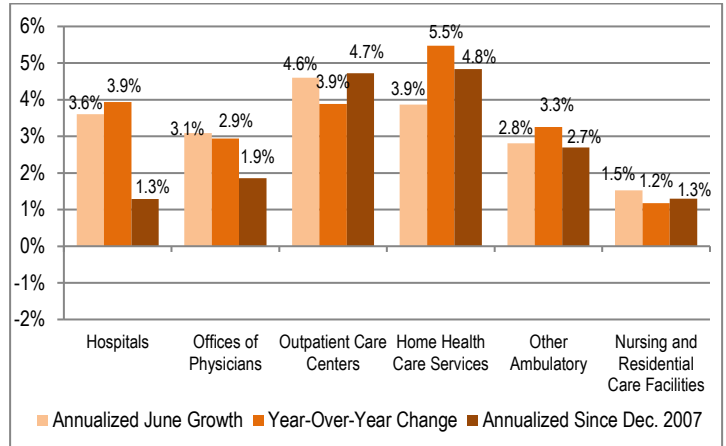
Exhibit 3. Health Care Employment by Setting, June 2016



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, home health care grew at the fastest rate, 5.5%, adding 72,300 jobs. Outpatient care centers gained 29,000 jobs for a growth rate of 3.9%. Offices of physicians added 74,400 jobs for a growth rate of 2.9%. Other ambulatory care settings gained 73,900 jobs for a growth rate of 3.3%. Hospital jobs grew 3.9% over the past 12 months, adding 192,700 jobs. Finally, nursing and residential care added 38,600 jobs for a growth rate of 1.2% (Exhibit 4).

Exhibit 4. Growth in Health Care Employment by Selected Setting



Source: Altarum analysis of BLS data.

DISCUSSION

Health sector job growth as of June 2016 looked very similar to the first half of 2016 and to what we have seen over the past year—just under 40,000 new jobs, with about half added in ambulatory care settings, about 40% in hospitals, and about 10% in nursing and residential care.

Amidst this steadiness, there are a few indications that health job growth may have peaked. A measure of momentum in health sector hiring based on a three-month moving average peaked in August 2015 at 3.7% and has declined steadily to 3.0% in June. Similarly, momentum in hospital hiring peaked at 4.6% in October 2015 and is down to 3.5% in June. Year over year, growth in health jobs peaked in March 2016 at 3.4%, and has dropped slightly to 3.2% in May and June. However, year over year hospital job growth remains at 3.9%, the highest reading since our series began in 1990, and has been between 3.8% and 3.9% for all of 2016.

Job growth in the overall labor market bounced back in June with a much higher than expected 287,000 new jobs, while May was revised to an even lower reading of only 11,000 new jobs. As highlighted by the [Council of Economic Advisors in July](#), the monthly jobs data have been less volatile over the past several years than is typical, but the past two months underscore the importance of looking at longer trends. Averaging across the first half of 2016, the economy is adding a solid 172,000 jobs per month. Wages grew 2.6% over the year, not dramatic growth but continuing the pattern of a gradual increase in wage growth and a rate of growth higher than the increase in consumer prices, which has been closer to 1%.

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)	June 2016	May 2016	June 2016	June 2014	December 2007
Non–Health Care	128,638	128,389	126,668	124,190	125,310
Health Care	15,537	15,499	15,056	14,653	13,103
Ambulatory Health Care Services	7,119	7,100	6,869	6,613	5,555
Offices of Physicians	2,605	2,598	2,530	2,459	2,228
Outpatient Care Centers	776	773	747	711	524
Home Health Care Services	1,394	1,389	1,322	1,260	933
Other Ambulatory	2,345	2,339	2,271	2,184	1,871
Hospitals	5,088	5,073	4,896	4,783	4,564
Nursing and Residential Care Facilities	3,330	3,326	3,291	3,257	2,984
Nursing Care Facilities	1,661	1,658	1,649	1,653	1,612
Other Nursing and Residential	1,669	1,668	1,643	1,604	1,372
Health Share of Employment	10.78%	10.77%	10.62%	10.55%	9.47%

Source: Altarum analysis of BLS data.

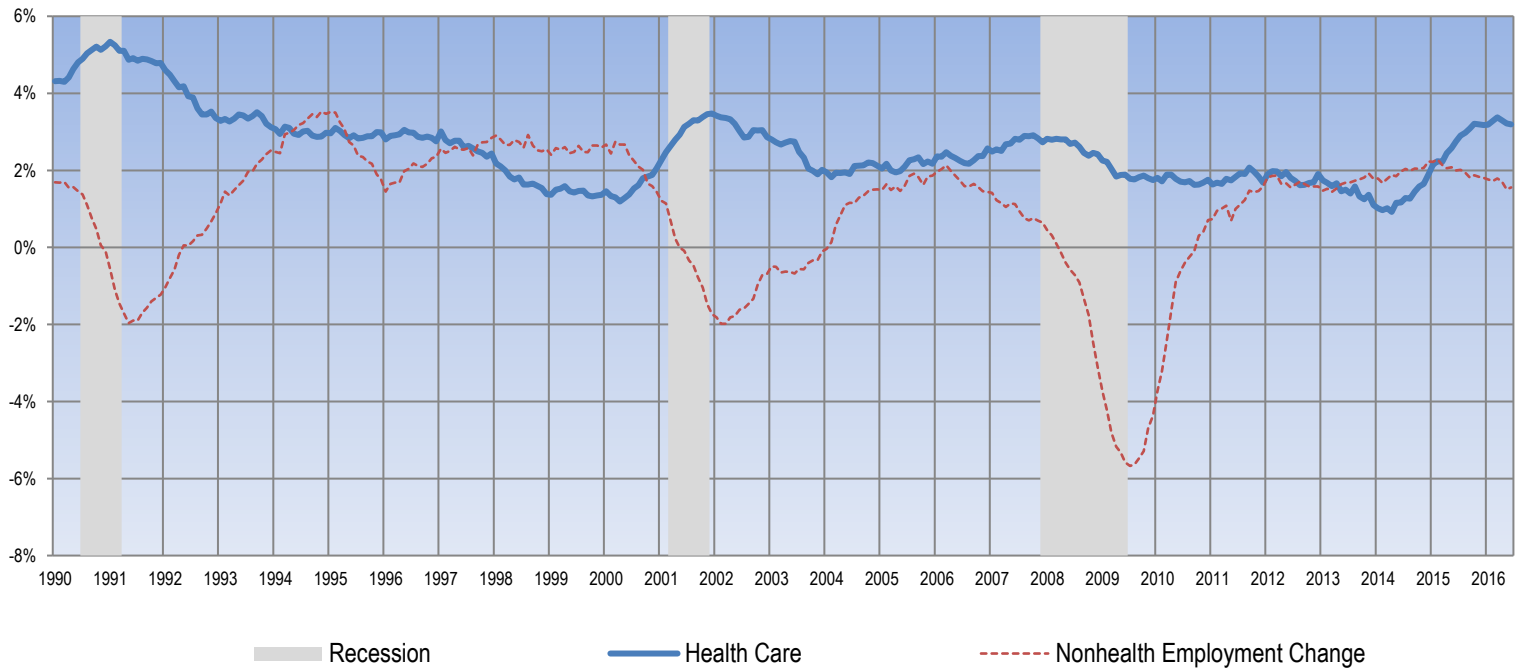
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non–Health Care	248.5	1,970.1	4,447.7	3,328.0
Health Care	38.5	480.9	884.3	2,434.0
Ambulatory Health Care Services	19.3	249.6	506.0	1,563.4
Offices of Physicians	6.6	74.4	145.6	376.7
Outpatient Care Centers	2.9	29.0	65.2	251.6
Home Health Care Services	4.4	72.3	134.3	461.0
Other Ambulatory	5.4	73.9	160.9	474.1
Hospitals	15.0	192.7	305.6	524.4
Nursing and Residential Care Facilities	4.2	38.6	72.7	346.2
Nursing Care Facilities	3.1	12.4	8.1	49.7
Other Nursing and Residential	1.1	26.2	64.6	296.5
Annualized Percentage Change				
Non–Health Care	2.3%	1.6%	1.8%	0.3%
Health Care	3.0%	3.2%	3.0%	2.0%
Ambulatory Health Care Services	3.3%	3.6%	3.8%	3.0%
Offices of Physicians	3.1%	2.9%	2.9%	1.9%
Outpatient Care Centers	4.6%	3.9%	4.5%	4.7%
Home Health Care Services	3.9%	5.5%	5.2%	4.8%
Other Ambulatory	2.8%	3.3%	3.6%	2.7%
Hospitals	3.6%	3.9%	3.1%	1.3%
Nursing and Residential Care Facilities	1.5%	1.2%	1.1%	1.3%
Nursing Care Facilities	2.3%	0.8%	0.2%	0.4%
Other Nursing and Residential	0.8%	1.6%	2.0%	2.3%

Source: Altarum analysis of BLS data.

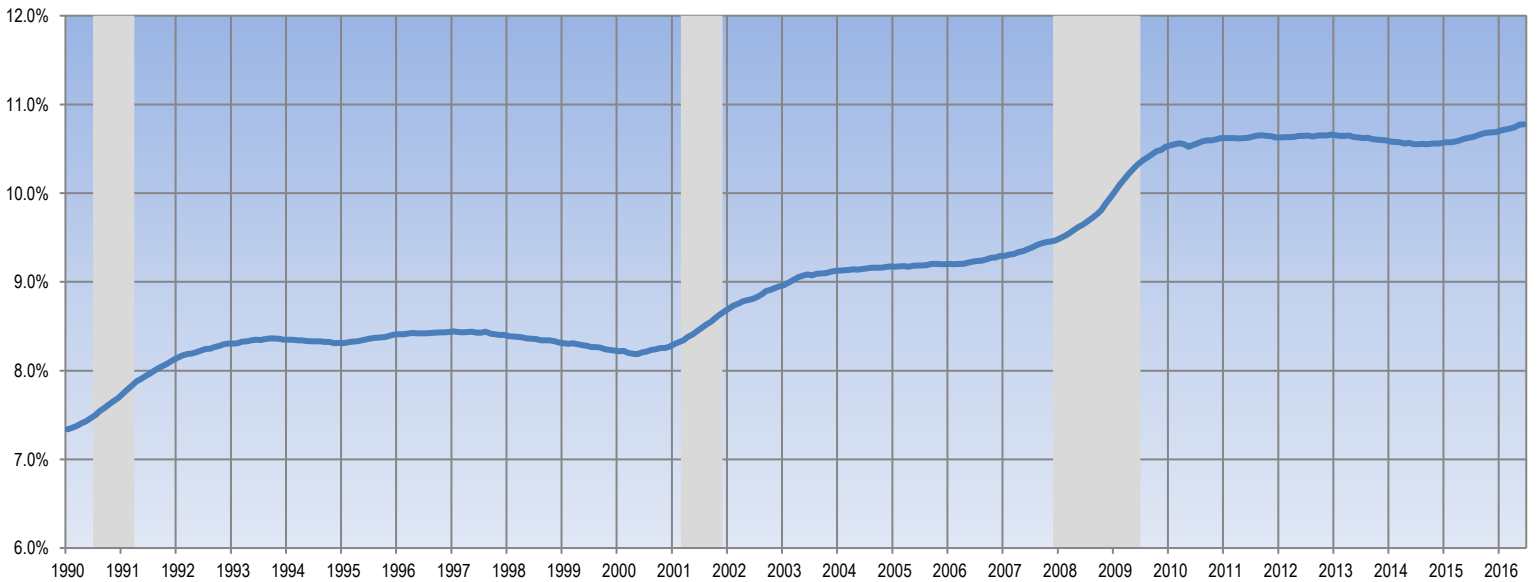
TIME SERIES TRACKER

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.