

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data Through June 2017

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LABOR BRIEF

July 14, 2017

Health care hiring jumps in June; first half of 2017 still three-quarters of 2015 and 2016 pace

HIGHLIGHTS

- ▲ Health care added 36,500 new jobs in June 2017, well above the average 21,000 per month seen in the first 5 months of 2017. (Exhibit 1). Small downward revisions lowered the estimate through May by 2,000 jobs.
- ▲ Hospitals added 11,700 jobs per month in June, more than twice as many as the 4,500 per month average seen in the first 5 months of 2017. Ambulatory settings (physician offices, clinics, home health) added 26,000 jobs in June, well above the 15,000 average seen in January through May, with higher levels of growth in all sub-settings.
- ▲ Monthly “establishment” survey data show the economy added a stronger-than-expected 222,000 jobs, while revisions through May added another 47,000 jobs.
- ▲ Labor market indicators from the monthly “household” survey show the unemployment rate up slightly to 4.4%, but for positive reasons as more than 360,000 people joined the labor force.
- ▲ Health jobs grew 2.1% year over year, while non-health jobs grew 1.6% (Exhibit 7); the health share of total employment is at an all-time high at 10.75%.

Cyclical Employment Big Picture

Seasonally Adjusted	Dec 2007	Jun 2009	Jun 2016	Jun 2017
Total Employment (000s)	138,413	131,021	144,166	146,404
Non-health Employment (000s)	125,310	117,487	128,757	130,667
Health Care Employment (000s)	13,103	13,534	15,409	15,737
Health Share of Total Employment	9.47%	10.33%	10.69%	10.75%
Unemployment Rate	5.0%	9.5%	4.9%	4.4%

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

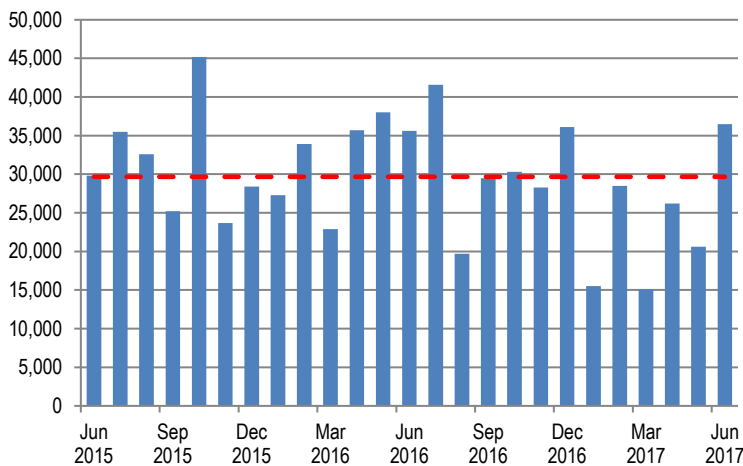
Source: Altarum Institute analysis of Bureau of Labor Statistics (BLS) data.

HEALTH CARE EMPLOYMENT

In June 2017, private-sector health care employment showed a gain of 36,500 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released on July 7, 2017. Hospitals gained 11,700 jobs, while ambulatory care settings added 26,000 jobs and nursing and residential care lost 1,200 jobs. The health care share of total employment is at an all-time high of 10.75% (Exhibit 8).

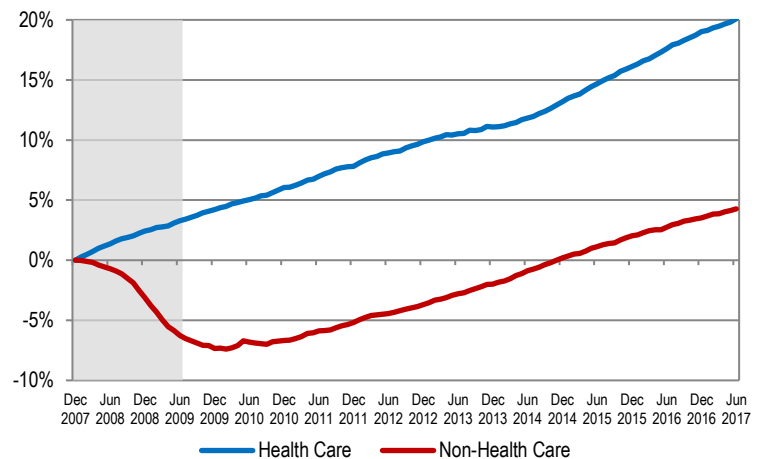
Over the last 12 months, total private-sector health care employment grew by 328,000 jobs, or 2.1%. During this period, total non-health payroll employment increased by 1.9 million jobs, or 1.5% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 2.6 million jobs for a cumulative gain of 19.8%, while non-health employment has grown by 5.4 million jobs for a cumulative gain of 4.3% (Exhibit 2).

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



Source: Altarum analysis of BLS data.

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



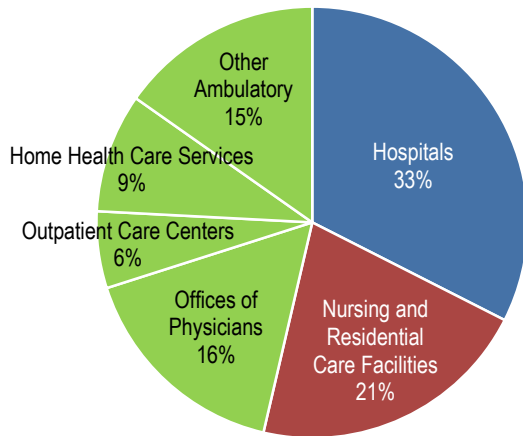
Source: Altarum analysis of BLS data.
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY SETTING

In June 2017, the following occurred:

- ▲ Hospitals gained 11,700 jobs, higher than the 12-month average of 7,600.
- ▲ Ambulatory health care services added 26,000 jobs, higher than the 12-month average of 18,600. These services include the following:
 - Offices of physicians gained 8,000 jobs (12-month average: 5,300).
 - Outpatient care centers gained 5,600 jobs (12-month average: 4,300).
 - Home health care gained 6,600 jobs (12-month average: 3,700).
 - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained 5,800 jobs (12-month average: 5,300).
- ▲ Nursing and residential care facilities lost 1,200 jobs (12-month average: +1,200), with nursing homes losing 2,600 jobs while other nursing and residential care facilities gained 1,400 jobs.
- ▲ Ambulatory services accounted for 46% of health care employment, hospitals comprised another 33%, and nursing and residential care facilities accounted for the remaining 21% (Exhibit 3).

Exhibit 3. Health Care Employment by Setting, June 2017

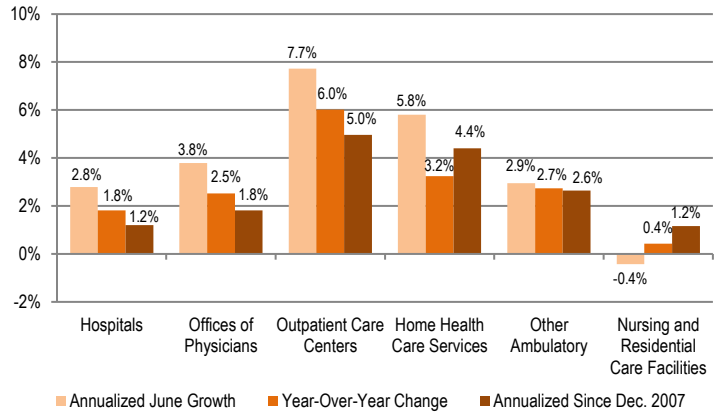


Source: Altarum analysis of BLS data.

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, 6.0%, adding 48,200 jobs. Home health care gained 44,100 jobs for a growth rate of 3.2%. Other ambulatory care settings gained 63,800 jobs for a growth rate of 2.7%. Offices of physicians added 63,500 jobs for a growth rate of 2.4%. Hospital jobs grew 1.8% over the past 12 months, adding 90,900 jobs. Finally, nursing and residential care added 14,200 jobs for a growth rate of 0.4% (Exhibit 4).

Exhibit 4. Growth in Health Care Employment by Selected Setting



Source: Altarum analysis of BLS data.

DISCUSSION

After 5 months of health sector job growth at two-thirds the pace of 2015 and 2016, June hiring was unexpectedly strong. With this June reading, health jobs in the first half of 2017 are now growing at three-quarters the pace of 2015 and 2016, averaging 24,000 jobs per month compared to 32,000. We will be watching with interest to see if June represents just a fluctuation in the monthly data or the start of an unanticipated upturn in health sector hiring.

Strong job growth in June was seen in both hospitals and ambulatory care settings. In fact, above average job gains were seen across all of the ambulatory care sub-settings, including home health, physician offices, clinics, and other ambulatory services.

In the remaining major health care setting, nursing and residential care, there has been little movement in jobs in recent years. This setting is averaging about 1,000 new jobs per month in 2017, and averaged 2,000 per month in 2015 and 2016. All of this modest growth has been in "other nursing and residential care" facilities such as assisted living, while jobs in nursing homes proper have been flat or slightly declining.

As in the health sector, job growth in the overall economy was unexpectedly strong in June. The economy added 222,000 jobs, and upward revisions to April and May figures added another 44,000 jobs. More than 360,000 people joined the labor force. Finally, while economists continue to look for stronger wage growth as a signal of labor market tightening, both average hours worked and average hourly wages did increase, by 0.1 hour per week and 0.2 percent, respectively.

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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: Sarah Litton, 202-772-5062, press@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 2017	May 2017	June 2016	June 2015	December 2007
Non-Health Care	130,667	130,482	128,757	126,717	125,310
Health Care	15,737	15,700	15,409	15,025	13,103
Ambulatory Health Care Services	7,296	7,270	7,074	6,856	5,556
Offices of Physicians	2,587	2,579	2,524	2,469	2,181
Outpatient Care Centers	905	899	854	806	571
Home Health Care Services	1,406	1,399	1,362	1,313	933
Other Ambulatory	2,398	2,393	2,335	2,268	1,871
Hospitals	5,111	5,099	5,020	4,882	4,564
Nursing and Residential Care Facilities	3,330	3,331	3,315	3,287	2,984
Nursing Care Facilities	1,635	1,638	1,646	1,644	1,612
Other Nursing and Residential	1,694	1,693	1,669	1,643	1,372
Health Share of Employment	10.75%	10.74%	10.69%	10.60%	9.47%

Source: Altarum analysis of BLS data.

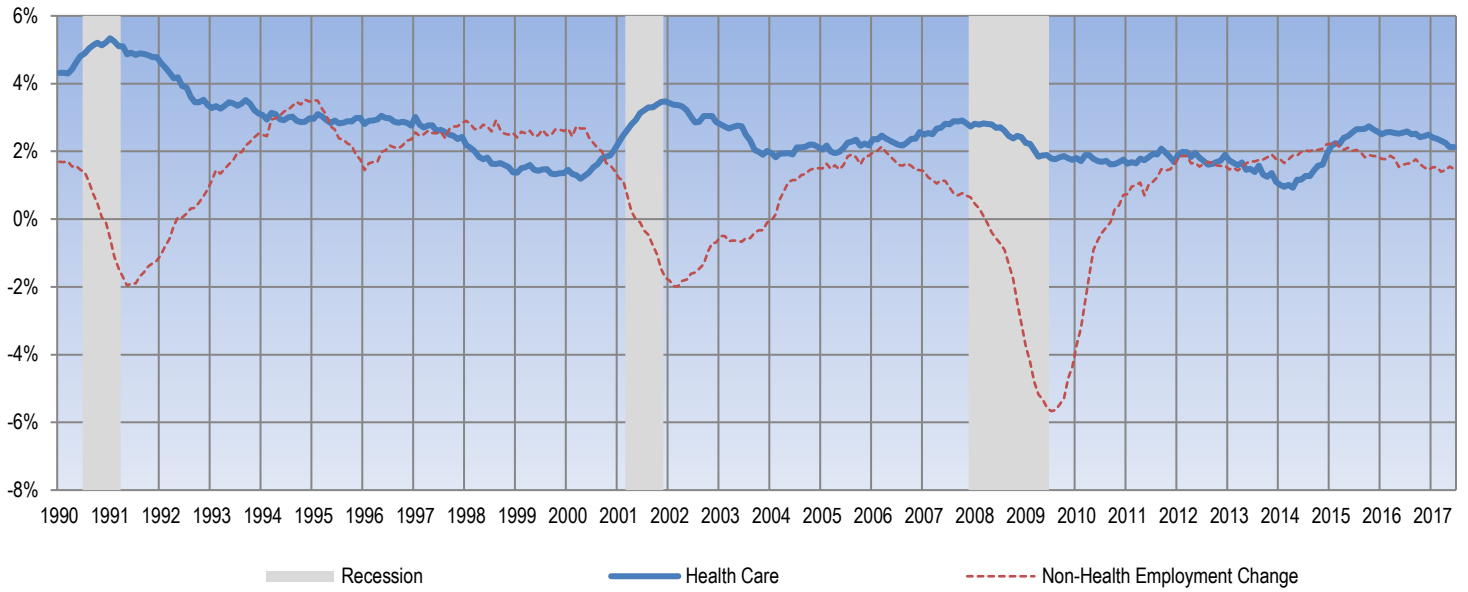
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	185.5	1,910.1	3,950.1	5,357.2
Health Care	36.5	327.9	711.9	2,633.8
Ambulatory Health Care Services	26.0	222.8	440.0	1,740.5
Offices of Physicians	8.0	63.5	118.4	406.8
Outpatient Care Centers	5.6	51.4	99.2	333.8
Home Health Care Services	6.6	44.1	92.5	472.4
Other Ambulatory	5.8	63.8	129.9	527.5
Hospitals	11.7	90.9	229.0	547.1
Nursing and Residential Care Facilities	-1.2	14.2	42.9	345.7
Nursing Care Facilities	-2.6	-10.7	-8.7	23.8
Other Nursing and Residential	1.4	24.9	51.6	321.9
Annualized Percentage Change				
Non-Health Care	1.7%	1.5%	1.5%	0.4%
Health Care	2.8%	2.1%	2.3%	1.9%
Ambulatory Health Care Services	4.4%	3.1%	3.2%	2.9%
Offices of Physicians	3.8%	2.5%	2.4%	1.8%
Outpatient Care Centers	7.7%	6.0%	6.0%	5.0%
Home Health Care Services	5.8%	3.2%	3.5%	4.4%
Other Ambulatory	2.9%	2.7%	2.8%	2.6%
Hospitals	2.8%	1.8%	2.3%	1.2%
Nursing and Residential Care Facilities	-0.4%	0.4%	0.7%	1.2%
Nursing Care Facilities	-1.9%	-0.7%	-0.3%	0.2%
Other Nursing and Residential	1.0%	1.5%	1.6%	2.2%

Source: Altarum analysis of BLS data.

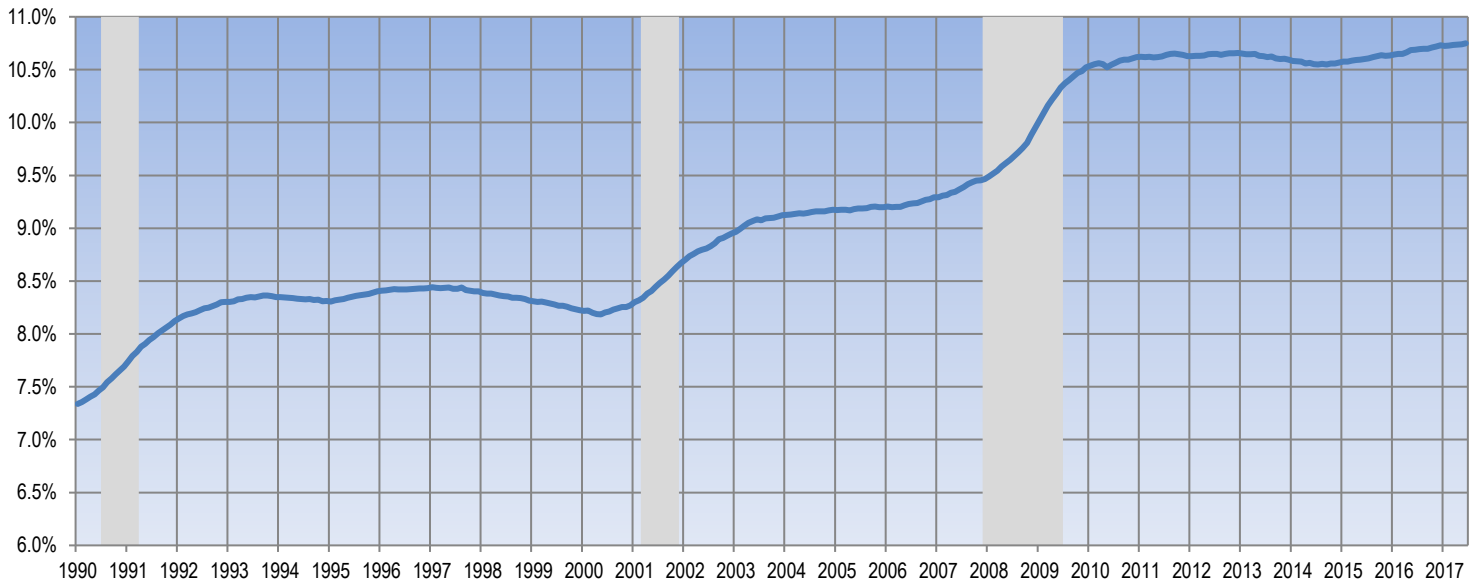
TIME SERIES TRACKER

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.