

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data through May 2014

June 12, 2014

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LABOR BRIEF

Health employment up sharply in May

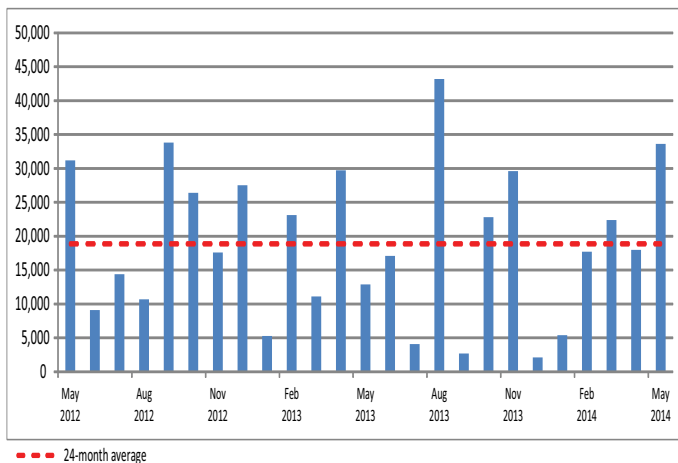
HIGHLIGHTS

- ▲ Health care gained 34,000 jobs in May 2014, over twice the average of 16,000 seen in the first four months of 2014. Revisions to March and April data showed no significant change.
- ▲ All health care delivery settings saw higher growth. Ambulatory care added 23,000 jobs in May (versus an average of 15,000 jobs per month over the past year), hospitals gained about 7,000 jobs (versus flat growth over the past year), and nursing and residential care facilities gained 3,600 jobs (versus growth of about 2,000 jobs per month over the past year).
- ▲ The source of these figures, the monthly “establishment” survey, showed total nonfarm jobs in May growing by a solid 217,000 jobs. The companion “household” survey showed the unemployment rate holding steady at 6.3%. The health share of total employment rose slightly, from 10.61% to 10.62%, still below the high of 10.66% last seen in December 2012. For the past year, non-health jobs have been growing slightly faster than health jobs (Exhibit 7), a pattern not seen since the late 1990s.

HEALTH CARE EMPLOYMENT

In May 2014, private sector health care employment showed a gain of 33,600 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation released on June 6, 2014. This is well above the 24-month average gain of 18,300. All settings saw higher growth. The health share of total employment rose slightly, to 10.62% (Exhibit 8).

Exhibit 1. Month-Over-Month Change in Total Health Care Employment, Seasonally Adjusted, May 2011-May 2014



Source: Altarum Analysis of BLS Data

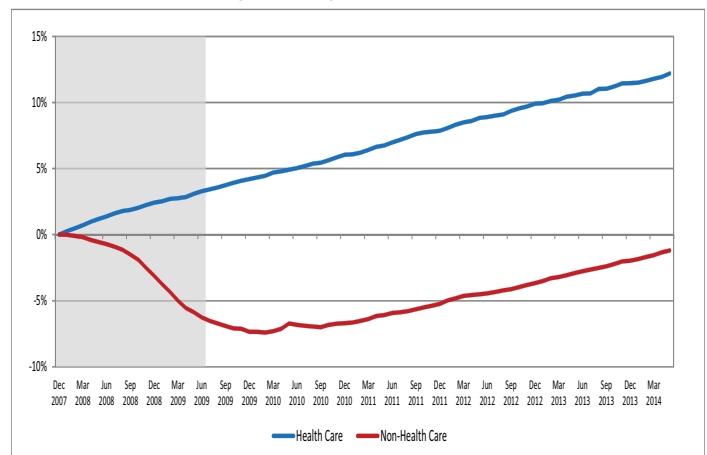
Seasonally Adjusted	Dec. 2007	June 2009	May 2013	May 2014
Total Employment (000)	138,350	130,944	136,084	138,463
Non-Health Care Employment (000)	125,247	117,410	121,601	123,761
Health Care Employment (000)	13,103	13,534	14,483	14,702
Health Share of Total Employment	9.47%	10.34%	10.64%	10.62%
Unemployment Rate	5.0%	9.5%	7.5%	6.3%

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

Source: Altarum Analysis of BLS Data

Over the last 12 months, total private sector health care employment grew by 218,700 jobs, or 1.5%. During this same period, total non-health payroll employment increased by 2,160,300 jobs, or 1.8% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 1.60 million jobs, for a cumulative growth of 12.2%, while non-health employment has fallen by 1.49 million jobs, for a cumulative decline of 1.2% (Exhibit 2).

Exhibit 2. Health and Non-Health Care Employment: Cumulative Percentage Change Since Dec. 2007



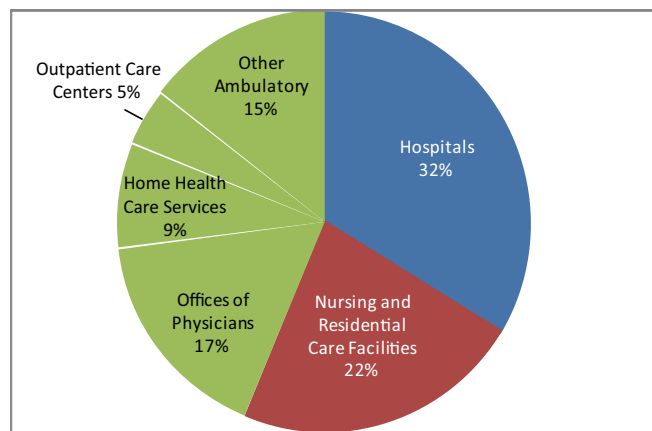
Source: Altarum Analysis of BLS Data
Note: Shading indicates recession period

HEALTH CARE EMPLOYMENT BY SETTING

In May 2014,

- ▲ Hospitals gained 6,900 jobs, above the 24-month average gain of 1,200.
- ▲ Ambulatory health care services added 23,100 jobs, above the 24-month average gain of 14,700.
 - Offices of physicians added 3,600 jobs (24-month average: 4,000);
 - Outpatient care centers added 4,200 jobs (24-month average: 2,900);
 - Home health care gained 6,700 jobs (24-month average: 4,000); and
 - Other categories of ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, added 8,600 jobs (24-month average: 3,800).
- ▲ Nursing and residential care facilities gained 3,600 jobs (24-month average: 2,500).
- ▲ Ambulatory services accounted for 45% of health care employment (Exhibit 3), hospitals another 33%, and nursing and residential care facilities the remaining 22%.

Exhibit 3. Health Care Employment by Setting, May 2014

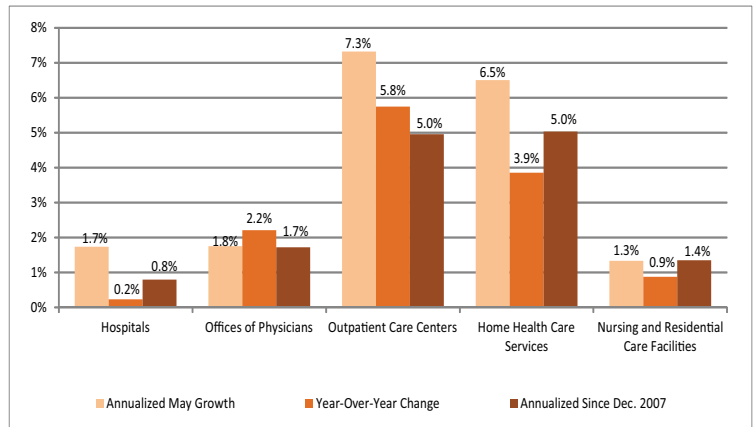


Source: Altarum Analysis of BLS Data

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

Over the past 12 months, outpatient care centers grew at the fastest rate, 5.8%, while adding 38,900 jobs. Offices of physicians added the highest number of jobs, 53,800 (Exhibit 4), a growth rate of 2.2%. Home health care added 47,500 jobs, a growth rate of 3.9%. Hospitals added 11,100 jobs (growth rate: 0.2%), and nursing and residential care added 28,400 (growth rate: 0.9%).

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



Source: Altarum Analysis of BLS Data

DISCUSSION

Health employment growth declined between 2012 (average 22,000 new jobs per month) and 2013 (average 17,000), and again in the first four months of 2014 (average 16,000) – until this month. Over twice as many health jobs were added in May 2014, compared with the average for January through April 2014, and the increase was seen across all settings.

As always, we caution that the most recent month's data are preliminary and will be revised twice more before the end of the year. The spike in job growth may last only one month, as seen most recently in August 2013. But if the May level of growth holds and continues into the summer, it could reflect the impact on employment of a second quarter increase in services or in reimbursements for services (reductions in uncompensated care) associated with millions of people gaining health insurance in the early part of the year. We will continue to report on the most recent data and data revisions for health employment and, separately, spending and prices, as this first year of Affordable Care Act (ACA) expanded coverage unfolds.

The big headline for the overall job market is that the total number of non-farm jobs (138,463,000) finally topped the previous peak (138,365,000) seen in January 2008, early in the recession. Viewed another way, since the start of the recession, health jobs increased by about 1.6 million, while non-health jobs decreased by about 1.5 million, and the combination is finally a net increase.

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The Center for Sustainable Health Spending (CSHS) was launched in 2011 to lead Altarum Institute's research on investigating 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, 571-733-5709, ken.schwartz@altarum.org. Please visit www.altarum.org/cshs.

DETAILED HEALTH CARE EMPLOYMENT DATA

Exhibit 5. Employment Data by Sector, Seasonally Adjusted

Employment (in thousands)	May 2014	April 2014	May 2013	May 2012	December 2007
Non-Health Care	123,761	123,578	121,601	119,602	125,247
Health Care	14,702	14,668	14,483	14,261	13,103
Ambulatory Health Care Services	6,646	6,623	6,467	6,294	5,555
Offices of Physicians	2,486	2,482	2,432	2,390	2,228
Outpatient Care Centers	715	711	676	646	524
Home Health Care Services	1,278	1,272	1,231	1,183	933
Other Ambulatory	2,167	2,158	2,128	2,076	1,871
Hospitals	4,803	4,796	4,792	4,775	4,564
Nursing and Residential Care Facilities	3,252	3,249	3,224	3,193	2,984
Nursing Care Facilities	1,652	1,652	1,654	1,665	1,612
Other	1,600	1,597	1,570	1,528	1,372
Health Care Share of Total	10.62%	10.61%	10.64%	10.65%	9.47%

Source: Altarum Analysis of Bureau of Labor Statistics (BLS) Data

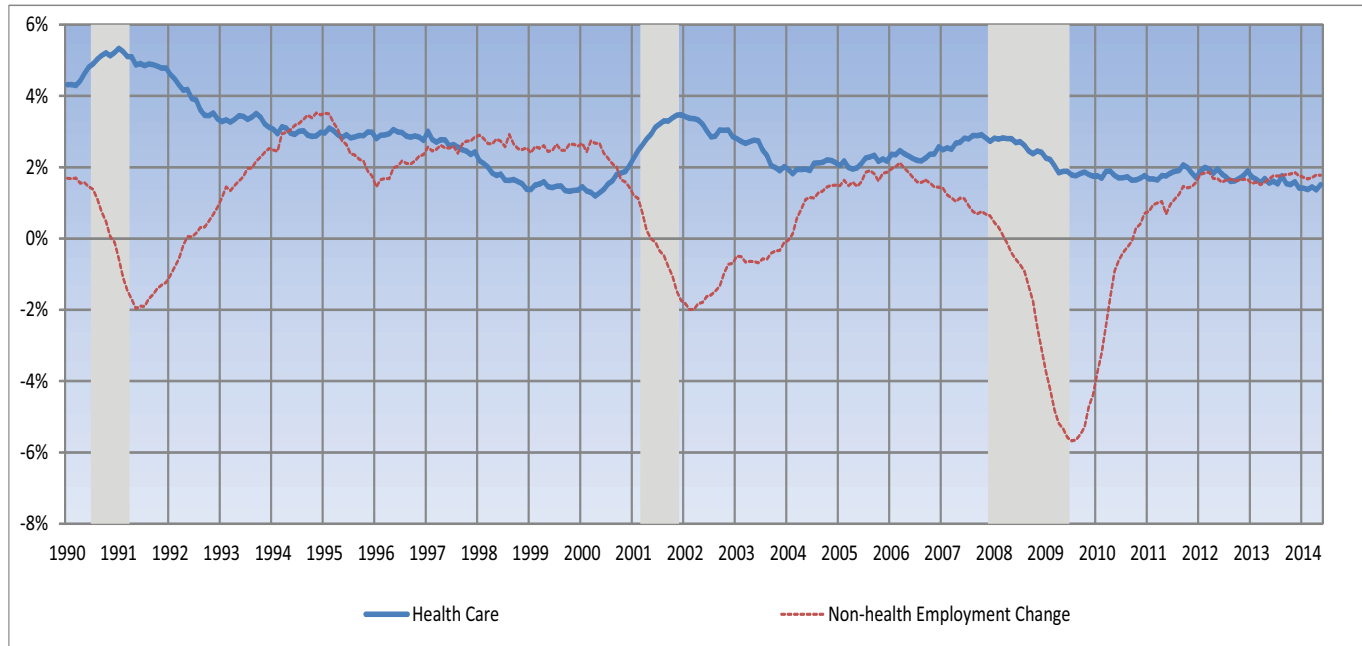
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	1 Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	183.4	2,160.3	4,159.7	-1,485.5
Health Care	33.6	218.7	440.3	1,598.5
Ambulatory Health Care Services	23.1	179.2	352.2	1,090.7
Offices of Physicians	3.6	53.8	96.2	257.9
Outpatient Care Centers	4.2	38.9	69.4	190.9
Home Health Care Services	6.7	47.5	95.9	345.6
Other Ambulatory	8.6	39.0	90.7	296.3
Hospitals	6.9	11.1	28.4	239.2
Nursing and Residential Care Facilities	3.6	28.4	59.7	268.6
Nursing Care Facilities	0.5	-1.4	-12.4	40.7
Other	3.1	29.8	72.1	227.9
Annualized Percentage Change				
Non-Health Care	1.8%	1.8%	1.7%	-0.2%
Health Care	2.8%	1.5%	1.5%	1.8%
Ambulatory Health Care Services	4.3%	2.8%	2.8%	2.8%
Offices of Physicians	1.8%	2.2%	2.0%	1.7%
Outpatient Care Centers	7.3%	5.8%	5.2%	5.0%
Home Health Care Services	6.5%	3.9%	4.0%	5.0%
Other Ambulatory	4.9%	1.8%	2.2%	2.3%
Hospitals	1.7%	0.2%	0.3%	0.8%
Nursing and Residential Care Facilities	1.3%	0.9%	0.9%	1.4%
Nursing Care Facilities	0.4%	-0.1%	-0.4%	0.4%
Other	2.4%	1.9%	2.3%	2.4%

Source: Altarum Analysis of BLS Data

TIME SERIES TRACKER

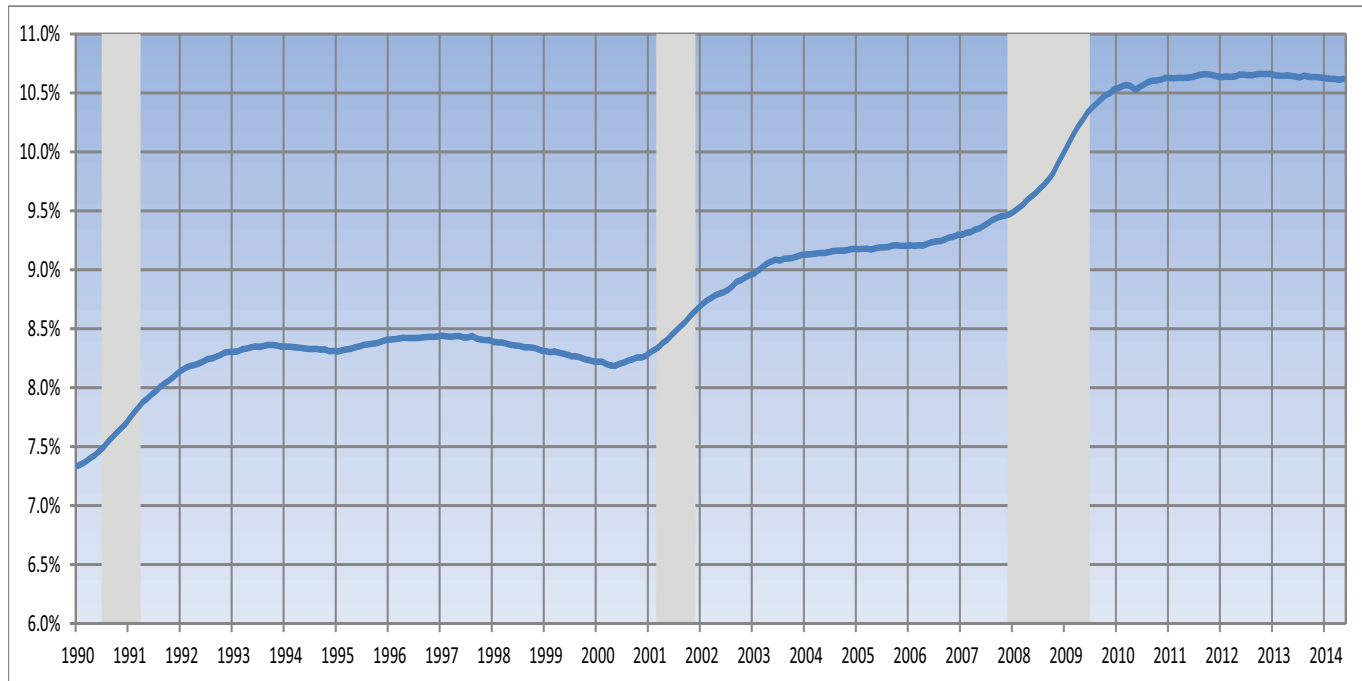
Exhibit 7. Year-Over-Year Percentage Change in Health and Non-Health Care Employment



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