

# Health Sector Economic Indicators<sup>SM</sup>

## Insights from Monthly Employment Data Through February 2016

March 11, 2016

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**LABOR BRIEF**

### Strong pace of health job growth seen in 2015 continues into 2016

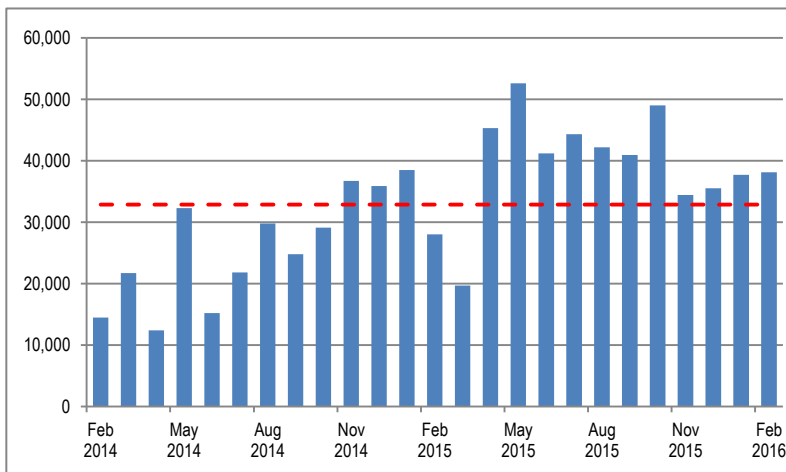
#### HIGHLIGHTS

- ▲ The health sector added 38,100 new jobs in February (Exhibit 1), the sixth straight month of growth above 3% (year over year).
- ▲ Hospitals added 10,600 jobs, comparable to the 24-month average but lower than the 12-month average of 15,000.
- ▲ Ambulatory care settings added 24,600 jobs, rebounding from lower than average growth in January.
- ▲ Revisions had little impact on total health jobs but shifted growth among settings to more a typical distribution; growth in hospitals in January was revised down from 23,600 to 18,900, and growth in ambulatory settings was revised up from 10,700 to 15,300.
- ▲ Nursing and residential care settings gained 3,900 jobs in February, similar to the 12-month average.
- ▲ The source of these figures, the monthly “establishment” survey, showed a gain of 242,000 nonfarm jobs in February, exceeding consensus expectations.
- ▲ The monthly “household” survey showed the unemployment rate holding steady at 4.9%, with an increase in the labor force.
- ▲ Consistent with recent patterns, health jobs grew 3.2% year over year while nonhealth jobs grew 1.7% (Exhibit 7), putting the health share of total employment at 10.71% (Exhibit 8).

#### HEALTH CARE EMPLOYMENT

In February 2016, private-sector health care employment showed a gain of 38,100 jobs (Exhibit 1), according to the BLS Employment Situation report released on March 4, 2016. Hospitals gained 10,600 jobs while ambulatory care settings added 24,600 jobs in February. The health share of total employment is 10.71% (Exhibit 8).

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



Source: Altarum analysis of BLS data.

#### Cyclical Employment Big Picture

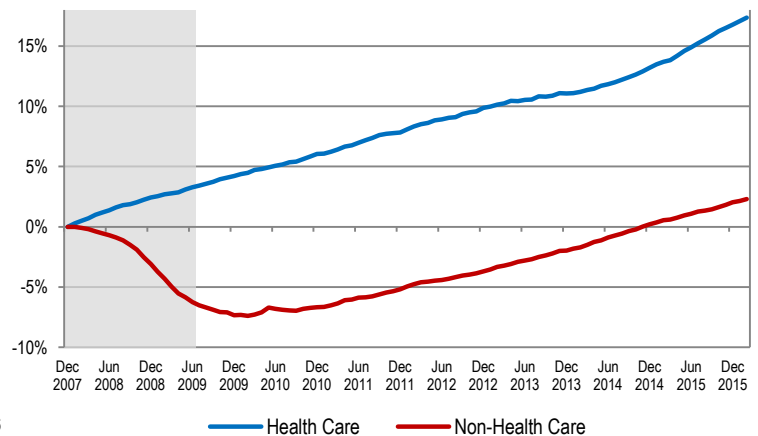
Seasonally Adjusted	Dec 2007	Jun 2009	Feb 2015	Feb 2016
Total Employment (000s)	138,413	131,020	140,888	143,560
Nonhealth Employment (000s)	125,310	117,486	125,991	128,182
Health Care Employment (000s)	13,103	13,534	14,897	15,378
Health Share of Total Employment	9.47%	10.33%	10.57%	10.71%
Unemployment Rate	5.0%	9.5%	5.5%	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.

Over the last 12 months, total private-sector health care employment grew by 481,000 jobs or 3.2%. During this period, total nonhealth payroll employment increased by 2,191,000 jobs or 1.7% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 2.3 million jobs for a cumulative gain of 17.4%, while nonhealth employment has grown by 2.9 million jobs for a cumulative gain of 2.3% (Exhibit 2).

**Exhibit 2. Health and Nonhealth Employment: Cumulative Percentage Change Since December 2007**



Source: Altarum analysis of BLS data.

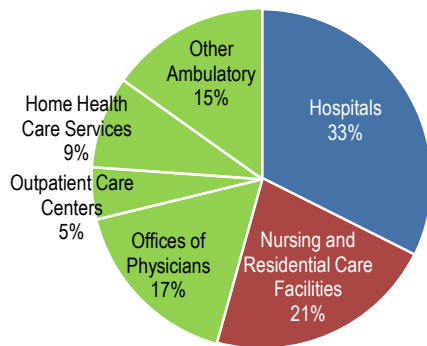
Note: Shading indicates the recession period.

**HEALTH CARE JOBS BY CATEGORY**

In February 2016, the following occurred:

- ▲ Hospitals gained 10,600 jobs, consistent with the 24-month average gain of 10,900 but lower than the 12-month average of 21,700.
- ▲ Ambulatory health care services added 23,600 jobs, close to the 12-month average of 21,700 and a bit above the 24-month average of 19,800. These services include the following:
  - Offices of physicians gained 7,500 jobs (12-month average: 6,500).
  - Outpatient care centers gained 2,000 jobs (12-month average: 2,600).
  - Home health care gained 7,100 jobs (12-month average: 6,200).
  - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained 7,000 jobs (12-month average: 6,400).
- ▲ Nursing and residential care facilities gained 3,900 jobs (12-month average: 3,300).
- ▲ 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, February 2016**

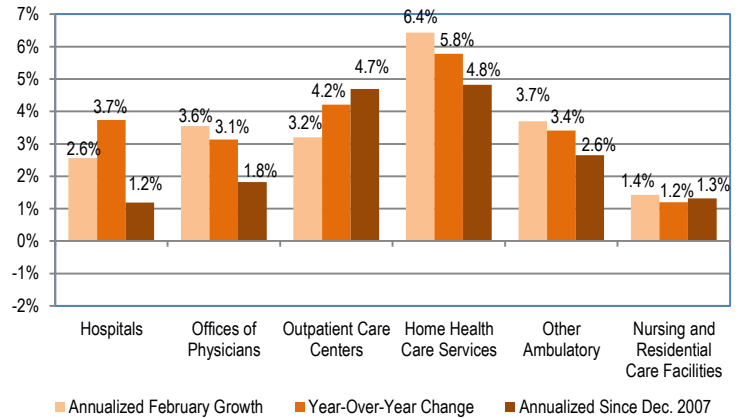


Source: Altarum analysis of BLS data.

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, 5.8%, adding 74,900 jobs. Outpatient care centers gained 30,800 jobs for a growth rate of 4.2%. Offices of physicians added 78,500 jobs for a growth rate of 3.1%. Other ambulatory care settings gained 76,300 jobs for a growth rate of 3.4%. Hospital jobs grew 3.7% over the past 12 months, adding 181,200 jobs. Finally, nursing and residential care added 39,200 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**

The first 2 months of 2016 show health sector hiring continuing at the robust pace seen in 2015. Hospitals are adding an average of 15,000 new jobs per month, even though revisions this month knocked 6,000 jobs off the January hospital total. Ambulatory care settings are adding nearly 20,000 jobs per month, and the entire health sector is adding an average of 38,000 jobs per month, just under the 39,000 or so seen in the fourth quarter of 2015 and on average for all of 2015.

For the past year, health jobs have been growing at a faster rate than non-health jobs, increasing the health share of total jobs to more than 10.7%. Health jobs have grown by more than 3% (year over year) in each of the past 6 months, a rate of growth not seen since the early 2000s.

The overall job market added 242,000 new jobs in February, surpassing consensus expectations. The unemployment rate held steady at 4.9% because an increase in the labor force added to the ranks of both the employed and the unemployed. Somewhat disappointing was a drop in wage growth to 2.2% over the year. While analysts continue to view slow wage growth as an indication of remaining weakness in the labor market, [recent studies](#) suggest that it may be more a reflection of shifts in the composition of workers. The combination of higher-wage baby boomers now retiring and lower-wage workers coming back from outside the labor force to take new full-time jobs is likely to be holding down overall measures of wage growth.

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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*<sup>SM</sup> 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](mailto: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](mailto: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)	February 2016	January 2016	February 2015	February 2014	December 2007
Non-Health Care	128,182	127,978	125,991	123,171	125,310
Health Care	15,378	15,340	14,897	14,571	13,103
Ambulatory Health Care Services	7,031	7,007	6,770	6,557	5,555
Offices of Physicians	2,582	2,574	2,503	2,448	2,228
Outpatient Care Centers	763	761	732	698	524
Home Health Care Services	1,371	1,363	1,296	1,241	933
Other Ambulatory	2,316	2,309	2,240	2,170	1,871
Hospitals	5,028	5,017	4,847	4,766	4,564
Nursing and Residential Care Facilities	3,320	3,316	3,280	3,249	2,984
Nursing Care Facilities	1,658	1,658	1,651	1,650	1,612
Other Nursing and Residential	1,662	1,658	1,630	1,598	1,372
Health Share of Employment	10.71%	10.70%	10.57%	10.58%	9.47%

Source: Altarum analysis of BLS data.

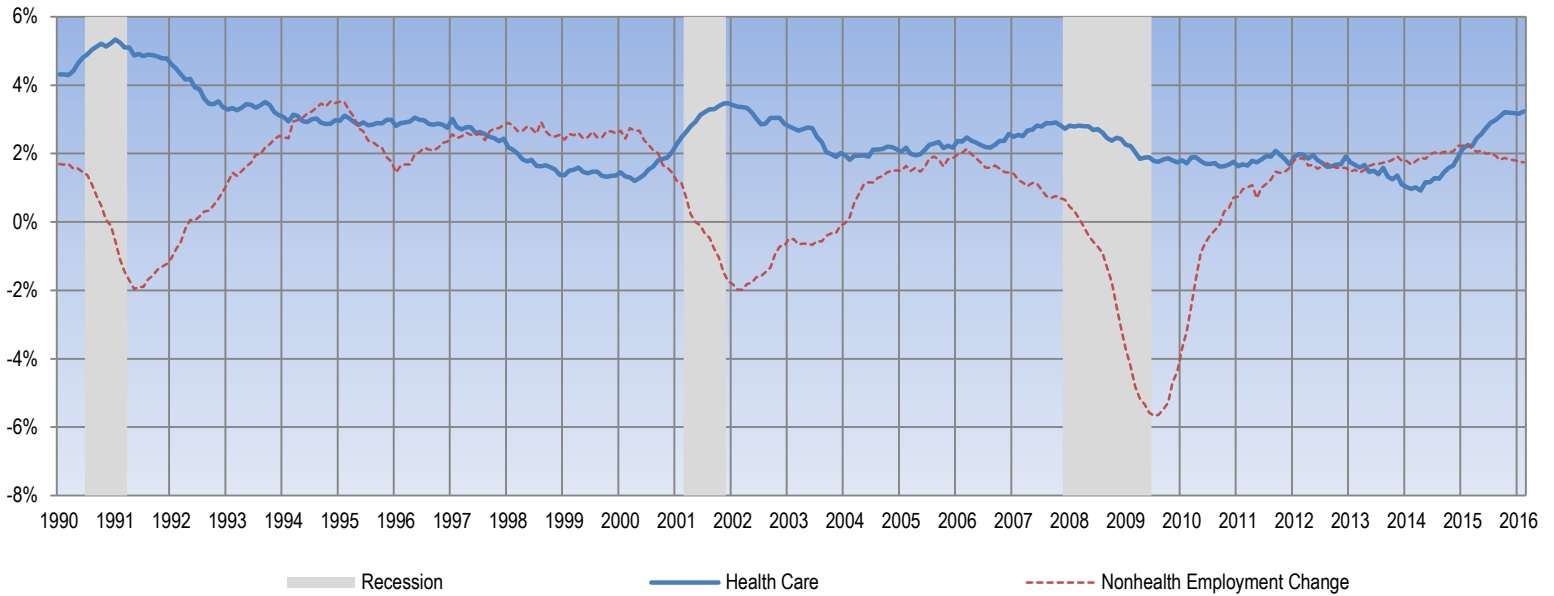
**Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted**

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	203.9	2,191.1	5,010.9	2,871.8
Health Care	38.1	480.9	807.1	2,275.2
Ambulatory Health Care Services	23.6	260.5	474.3	1,475.4
Offices of Physicians	7.5	78.5	134.2	353.9
Outpatient Care Centers	2.0	30.8	64.6	238.4
Home Health Care Services	7.1	74.9	129.5	437.7
Other Ambulatory	7.0	76.3	146.0	445.4
Hospitals	10.6	181.2	262.1	464.1
Nursing and Residential Care Facilities	3.9	39.2	70.7	335.7
Nursing Care Facilities	-0.2	6.8	7.2	46.0
Other Nursing and Residential	4.1	32.4	63.5	289.7
<b>Annualized Percentage Change</b>				
Non-Health Care	1.9%	1.7%	2.0%	0.3%
Health Care	3.0%	3.2%	2.7%	2.0%
Ambulatory Health Care Services	4.1%	3.8%	3.6%	2.9%
Offices of Physicians	3.6%	3.1%	2.7%	1.8%
Outpatient Care Centers	3.2%	4.2%	4.5%	4.7%
Home Health Care Services	6.4%	5.8%	5.1%	4.8%
Other Ambulatory	3.7%	3.4%	3.3%	2.6%
Hospitals	2.6%	3.7%	2.7%	1.2%
Nursing and Residential Care Facilities	1.4%	1.2%	1.1%	1.3%
Nursing Care Facilities	-0.1%	0.4%	0.2%	0.3%
Other Nursing and Residential	3.0%	2.0%	2.0%	2.4%

Source: Altarum analysis of BLS data.

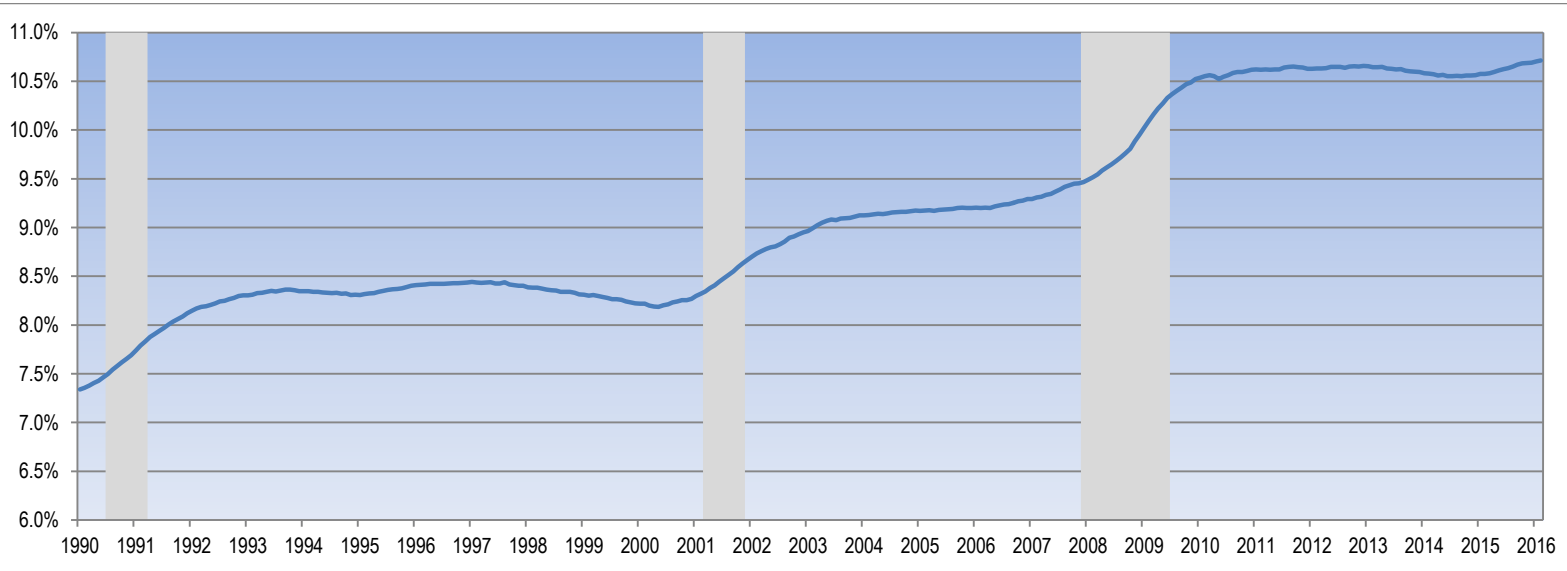
**TIME SERIES TRACKER**

**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.