

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data Through February 2017

March 17, 2017

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LABOR BRIEF

Early 2017 health job growth slows from 2015 and 2016 pace

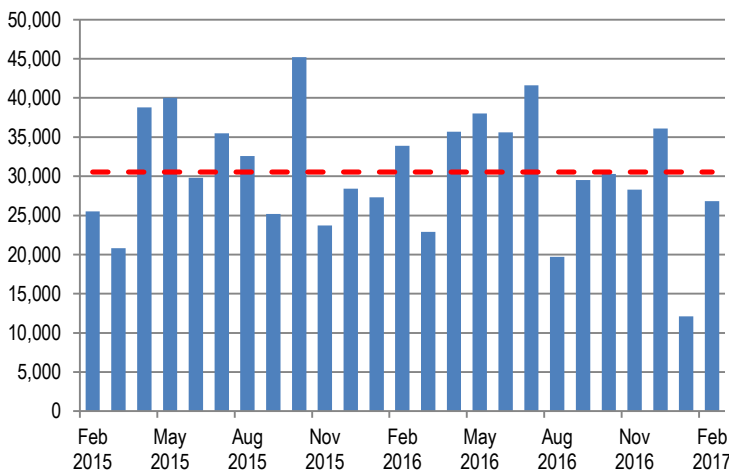
HIGHLIGHTS

- ▲ Health care added 27,000 new jobs in February (Exhibit 1), somewhat less than the 12-month average of 30,000 jobs per month.
- ▲ While February health job growth was nearer to average, the low growth recorded last month for January 2017 was revised down further, from 18,000 to 12,000 new jobs, so that average 2017 growth is starting well off the 2015 and 2016 pace (19,000 jobs per month versus 32,000).
- ▲ Hospital jobs grew at a slower-than-average pace in February, at 6,300 new jobs (12-month average: 8,700). Revised estimates show fewer than 2,000 hospital jobs added in January.
- ▲ The economy added a strong 235,000 total nonfarm jobs in February, the second month in a row of gains of more than 200,000.
- ▲ Labor market indicators from the monthly “household” survey were also positive, with the unemployment rate back down slightly to 4.7% even as labor force participation increased.
- ▲ Health jobs grew 2.3% year over year, lower than the 2.5% average growth in 2016, but still faster than the pace of non-health job growth, at 1.4% (Exhibit 7).

HEALTH CARE EMPLOYMENT

In February 2017, private-sector health care employment showed a gain of 26,800 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released on March 10, 2017. Hospitals gained 6,300 jobs, while ambulatory care settings added 18,300 jobs and nursing and residential care added 2,200 jobs. The health share of total employment is 10.72% (Exhibit 8).

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



Source: Altarum analysis of BLS data.

Cyclical Employment Big Picture

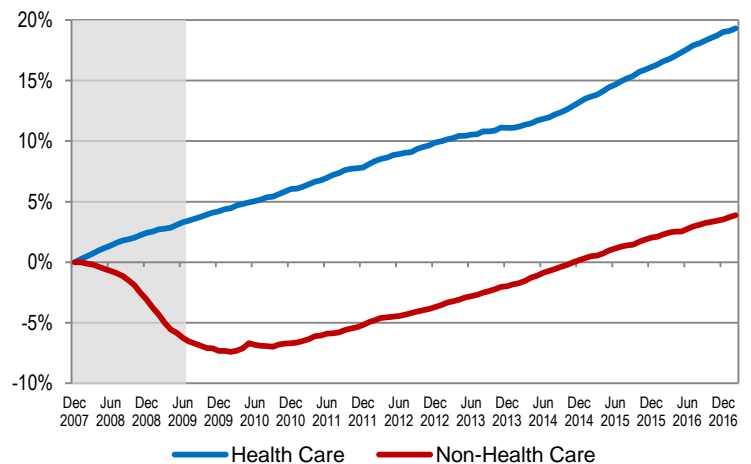
Seasonally Adjusted	Dec 2007	Jun 2009	Feb 2016	Feb 2017
Total Employment (000s)	138,413	131,021	143,448	145,798
Non-health Employment (000s)	125,310	117,487	128,171	130,165
Health Care Employment (000s)	13,103	13,534	15,277	15,633
Health Share of Total Employment	9.47%	10.33%	10.65%	10.72%
Unemployment Rate	5.0%	9.5%	4.9%	4.7%

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 357,000 jobs or 2.3%. During this period, total non-health payroll employment increased by 1.99 million jobs or 1.6% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 2.5 million jobs for a cumulative gain of 19.3%, while non-health employment has grown by 4.9 million jobs for a cumulative gain of 3.9% (Exhibit 2).

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



Source: Altarum analysis of BLS data.

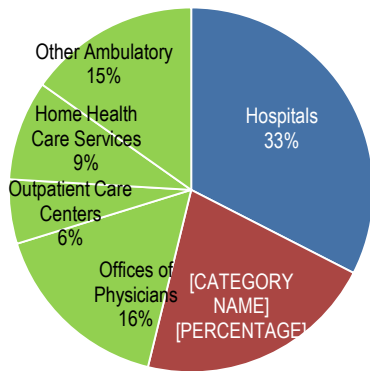
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY SETTING

In February 2017, the following occurred:

- ▲ Hospitals gained 6,300 jobs, lower than the 12-month average of 8,700.
- ▲ Ambulatory health care services added 18,300 jobs, just under the 12-month average of 19,200. These services include the following:
 - Offices of physicians gained 6,900 jobs (12-month average: 5,300).
 - Outpatient care centers gained 5,200 jobs (12-month average: 4,400).
 - Home health care gained 4,200 jobs (12-month average: 3,400).
 - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained 2,000 jobs (12-month average: 6,100).
- ▲ Nursing and residential care facilities gained 2,200 jobs (12-month average: 1,800).
- ▲ 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).

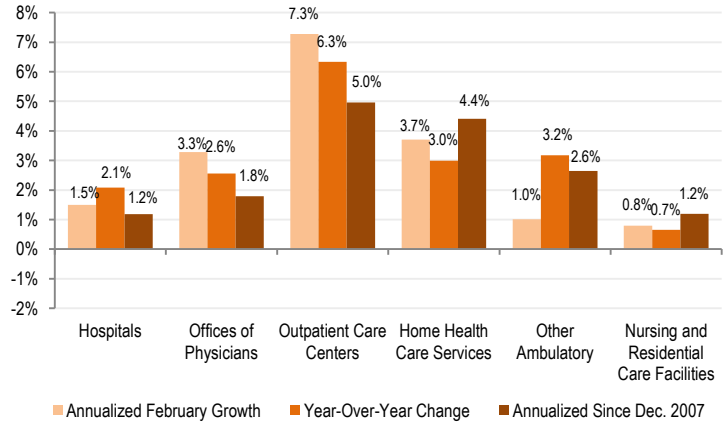
Exhibit 3. Health Care Employment by Setting, February 2017



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, 6.3%, adding 53,100 jobs. Other ambulatory care settings gained 73,300 jobs for a growth rate of 3.2%. Home health care gained 40,300 jobs for a growth rate of 3.0%. Offices of physicians added 64,100 jobs for a growth rate of 2.6%. Hospital jobs grew 2.1% over the past 12 months, adding 104,000 jobs. Finally, nursing and residential care added 21,800 jobs for a growth rate of 0.7% (Exhibit 4).

Exhibit 4. Growth in Health Care Employment by Selected Setting



Source: Altarum analysis of BLS data.

DISCUSSION

February’s health job growth of 27,000 was not dramatically lower than the 32,000 average job growth seen in both 2015 and 2016. However, the low January reading seen last month was revised down further to only 12,000 new jobs, putting the 2017 average growth at 19,000 jobs per month.

Hospitals have added 4,000 jobs per month in 2017, less than half the pace of 2015 and 2016. Within ambulatory care settings, “other ambulatory services,” a diverse and relatively volatile category (e.g., gaining 14,000 jobs in one month, then losing 2,000 jobs the next), has seen next to no growth in 2017 compared to 5,000 to 6,000 jobs per month in 2015 and 2016. Had this category grown at the 2016 average pace, total ambulatory care jobs would be growing at about the pace seen in 2015 and 2016.

Early 2017 health sector job growth looks more like 2014—when hospitals added 4,000 jobs per month and health care added 23,000 per month—than the faster-growing 2015 and 2016. As a share of total economy-wide job growth, health care was 9% in 2014, 14% in 2015, 17% in 2016, and 8% so far in 2017. While still very early in the year, 2017 so far is showing a tapering off of the acceleration in health job growth that aligned with expanded health insurance coverage. Providers may also be more cautious given uncertainty about changes to Medicaid and insurance markets.

Overall labor market indicators remain strong, with 235,000 new jobs in February, nearly identical to the growth in January. The unemployment rate dropped slightly to 4.7%, even as more people joined the labor force.

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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)	February 2017	January 2017	February 2016	February 2015	December 2007
Non-Health Care	130,165	129,956	128,171	125,948	125,310
Health Care	15,633	15,607	15,277	14,896	13,103
Ambulatory Health Care Services	7,220	7,202	6,989	6,769	5,556
Offices of Physicians	2,566	2,559	2,502	2,451	2,181
Outpatient Care Centers	891	886	838	785	571
Home Health Care Services	1,386	1,382	1,346	1,295	933
Other Ambulatory	2,377	2,375	2,304	2,239	1,871
Hospitals	5,085	5,079	4,981	4,846	4,564
Nursing and Residential Care Facilities	3,328	3,326	3,307	3,280	2,984
Nursing Care Facilities	1,645	1,644	1,642	1,652	1,612
Other Nursing and Residential	1,683	1,682	1,664	1,629	1,372
Health Share of Employment	10.72%	10.72%	10.65%	10.58%	9.47%

Source: Altarum analysis of BLS data.

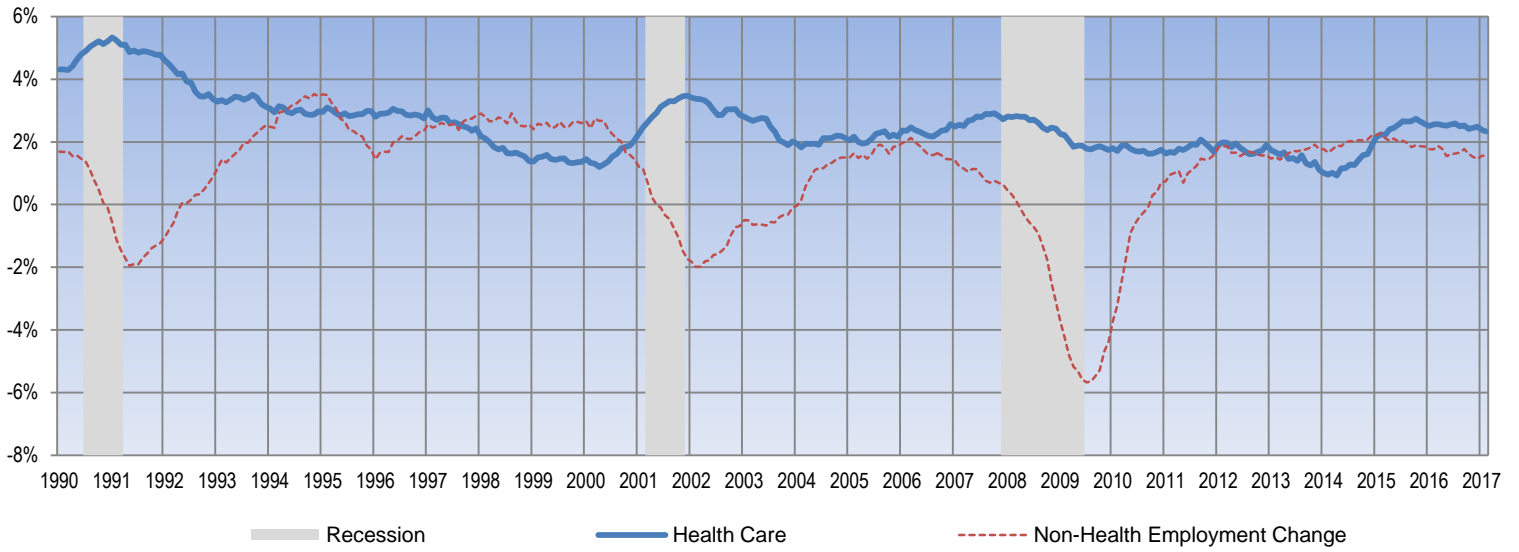
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	208.2	1,993.4	4,216.2	4,854.7
Health Care	26.8	356.6	737.8	2,530.3
Ambulatory Health Care Services	18.3	230.8	450.7	1,664.2
Offices of Physicians	6.9	64.1	115.8	385.7
Outpatient Care Centers	5.2	53.1	105.5	319.5
Home Health Care Services	4.2	40.3	90.9	452.5
Other Ambulatory	2.0	73.3	138.5	506.5
Hospitals	6.3	104.0	239.2	521.1
Nursing and Residential Care Facilities	2.2	21.8	47.9	344.5
Nursing Care Facilities	0.9	3.0	-6.7	33.6
Other Nursing and Residential	1.3	18.8	54.6	310.9
Annualized Percentage Change				
Non-Health Care	1.9%	1.6%	1.7%	0.4%
Health Care	2.1%	2.3%	2.4%	1.9%
Ambulatory Health Care Services	3.1%	3.3%	3.3%	2.9%
Offices of Physicians	3.3%	2.6%	2.3%	1.8%
Outpatient Care Centers	7.3%	6.3%	6.5%	5.0%
Home Health Care Services	3.7%	3.0%	3.5%	4.4%
Other Ambulatory	1.0%	3.2%	3.0%	2.6%
Hospitals	1.5%	2.1%	2.4%	1.2%
Nursing and Residential Care Facilities	0.8%	0.7%	0.7%	1.2%
Nursing Care Facilities	0.7%	0.2%	-0.2%	0.2%
Other Nursing and Residential	0.9%	1.1%	1.7%	2.3%

Source: Altarum analysis of BLS data.

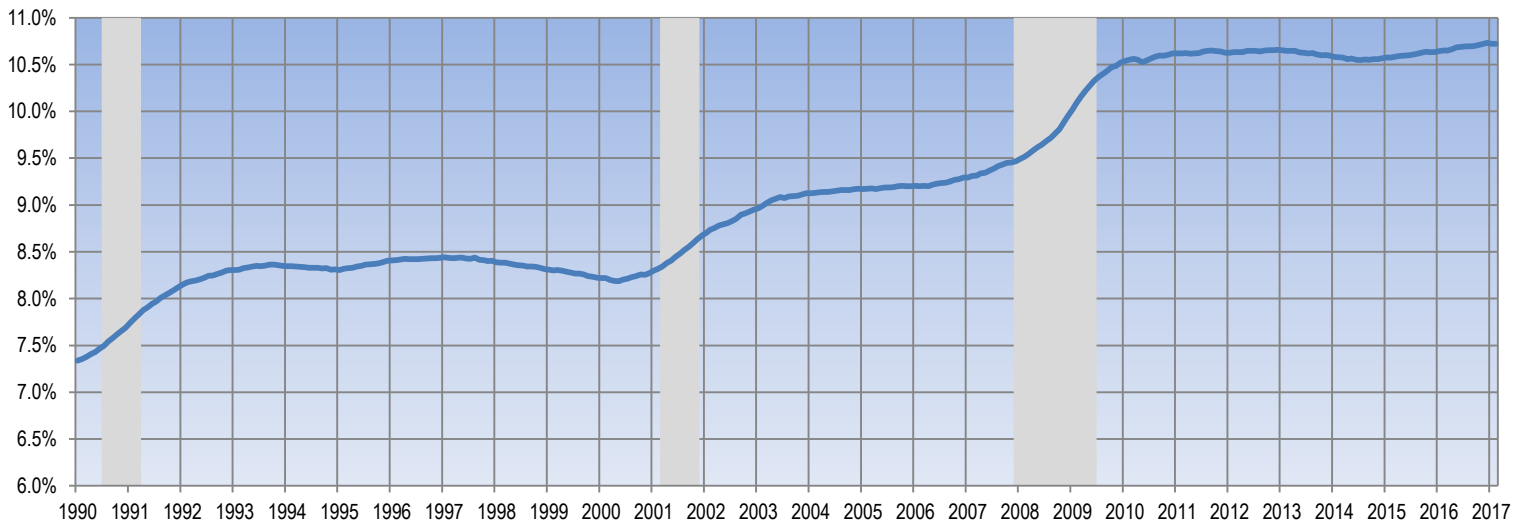
TIME SERIES TRACKER

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.