

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data Through April 2017

May 11, 2017

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LABOR BRIEF

Health job growth consistent through first 4 months of 2017 at 60% of 2015 and 2016 pace

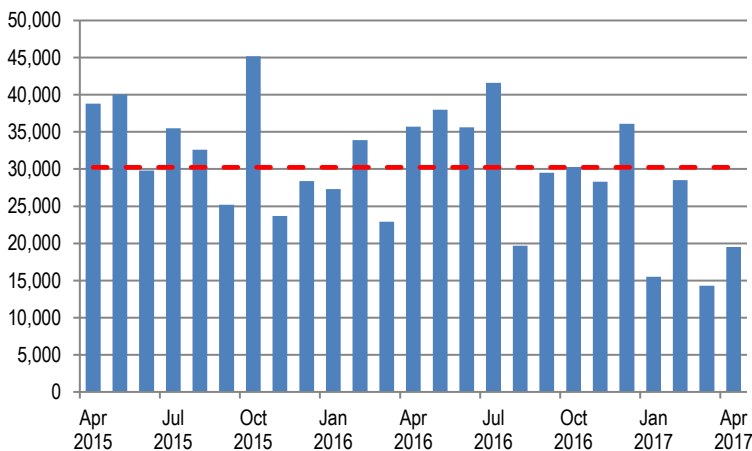
HIGHLIGHTS

- ▲ Health care added 19,500 new jobs in April 2017 (Exhibit 1). Small downward revisions lowered the estimate through March by 2,000 jobs.
- ▲ Health job growth through the first 4 months of 2017 is averaging just under 20,000 jobs per month, versus 32,000 per month in 2015 and 2016.
- ▲ The 2017 slowdown is occurring in both hospitals and ambulatory care. Hospitals added 5,000 jobs per month in early 2017, compared to 10,000 in 2016. Ambulatory settings (physician offices, clinics, home health) added 13,000 jobs per month in 2017, compared to 20,000 in 2016.
- ▲ Monthly “establishment” survey data show the economy overall added a strong 211,000 jobs, bouncing back from only 79,000 new jobs in March.
- ▲ Labor market indicators from the monthly “household” survey are positive, with the unemployment rate dropping slightly to 4.4% and the broadest measure of unemployment, the U-6, dropping to 8.6%. Both rates are now lower than at the start of the recession.
- ▲ Health jobs grew 2.2% year over year, lower than the 2.5% average growth in 2016, but still faster than the pace of non-health job growth, at 1.5% (Exhibit 7). The health share of total employment has remained steady over the past 5 months at its all-time high of 10.73%.

HEALTH CARE EMPLOYMENT

In April 2017, private-sector health care employment showed a gain of 19,500 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released on May 5, 2017. Hospitals gained 4,200 jobs, while ambulatory care settings added 14,200 jobs and nursing and residential care gained 1,100 jobs. The health care share of total employment held steady at 10.73% (Exhibit 8).

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



Source: Altarum analysis of BLS data.

Cyclical Employment Big Picture

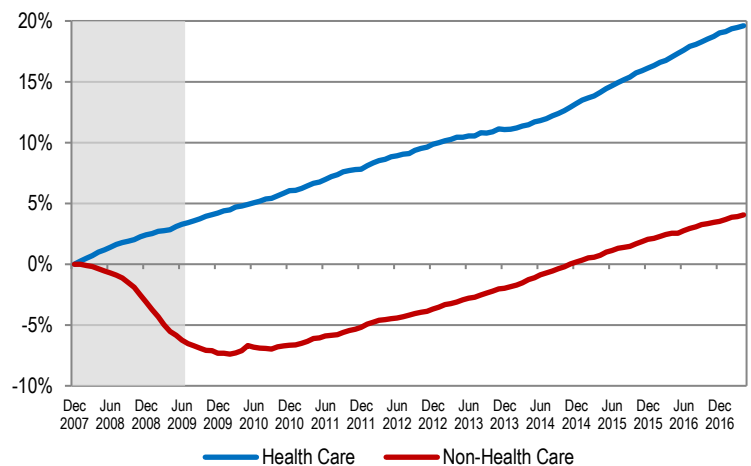
Seasonally Adjusted	Dec 2007	Jun 2009	Apr 2016	Apr 2017
Total Employment (000s)	138,413	131,021	143,826	146,063
Non-health Employment (000s)	125,310	117,487	128,491	130,391
Health Care Employment (000s)	13,103	13,534	15,335	15,672
Health Share of Total Employment	9.47%	10.33%	10.66%	10.73%
Unemployment Rate	5.0%	9.5%	5.0%	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.

Over the last 12 months, total private-sector health care employment grew by 337,000 jobs, or 2.2%. 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 19.6%, while non-health employment has grown by 5.1 million jobs for a cumulative gain of 4.1% (Exhibit 2).

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



Source: Altarum analysis of BLS data.

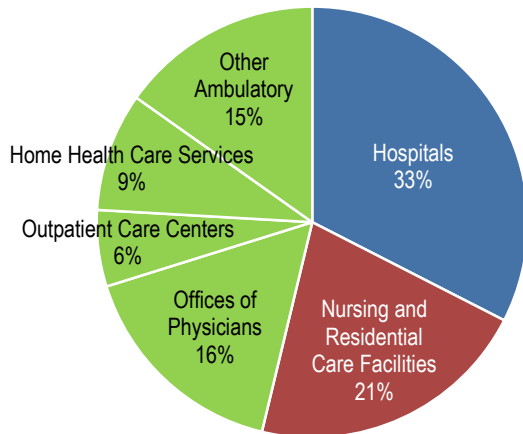
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY SETTING

In April 2017, the following occurred:

- ▲ Hospitals gained 4,200 jobs, lower than the 12-month average of 7,900.
- ▲ Ambulatory health care services added 14,200 jobs, somewhat lower than the 12-month average of 18,400. These services include the following:
 - Offices of physicians gained 6,900 jobs (12-month average: 5,500).
 - Outpatient care centers gained only 400 jobs (12-month average: 4,300).
 - Home health care gained 4,700 jobs (12-month average: 3,300).
 - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained 2,200 jobs (12-month average: 5,300).
- ▲ Nursing and residential care facilities gained 1,100 jobs (12-month average: 1,800), with nursing homes losing 1,800 jobs while other nursing and residential care facilities gained 2,900 jobs.
- ▲ 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).

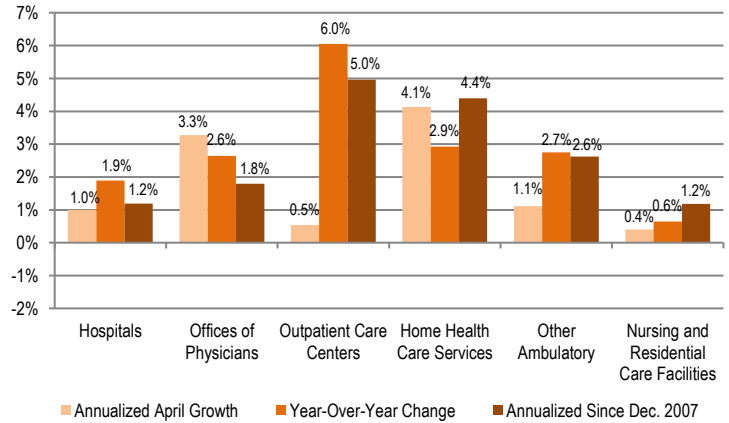
Exhibit 3. Health Care Employment by Setting, April 2017



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 51,200 jobs. Home health care gained 39,600 jobs for a growth rate of 2.9%. Other ambulatory care settings gained 63,700 jobs for a growth rate of 2.7%. Offices of physicians added 66,200 jobs for a growth rate of 2.6%. Hospital jobs grew 1.9% over the past 12 months, adding 94,800 jobs. Finally, nursing and residential care added 21,400 jobs for a growth rate of 0.6% (Exhibit 4).

Exhibit 4. Growth in Health Care Employment by Selected Setting



Source: Altarum analysis of BLS data.

DISCUSSION

Health sector job growth in April 2017 was consistent with first quarter 2017 job growth, both overall and by health care delivery setting. We continue to see a moderation in health care hiring in 2017, compared to the accelerated job growth seen in late 2014 through 2016.

As we highlighted last month, health sector job growth in the first 4 months of 2017 looks very much like the second quarter of 2014, before the accelerated growth that aligned with coverage expansion. In both periods, health care averaged just under 20,000 new jobs per month, ambulatory care settings added 13,000 new jobs per month, and hospitals added 5,000 jobs per month. This symmetry reinforces the notion that we are seeing a leveling off of the jump in hiring due to increased demand for services and less uncompensated care under expanded coverage. Providers may also be more cautious about hiring given uncertainty about the coverage and compensation provisions of potential health reform legislation.

Overall labor market indicators point to an economy at or very close to full employment. The establishment survey reported 211,000 new jobs in April, bouncing back from a revised estimate of 79,000 new jobs in March, and in line with January and February 2017 gains of more than 200,000 jobs. The unemployment rate dropped to 4.4% in April, the lowest rate in a decade, and the broadest measure of unemployment, the U-6, fell to 8.6%, finally dropping below the rate seen at the start of the recession (8.8% in December 2007). April's 2.5% annualized wage growth is not quite the upward pressure on wages economists are looking for to signal a tightened labor market, but it is at least keeping pace with inflation.

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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)	April 2017	March 2017	April 2016	April 2015	December 2007
Non-Health Care	130,391	130,199	128,491	126,237	125,310
Health Care	15,672	15,653	15,335	14,955	13,103
Ambulatory Health Care Services	7,247	7,233	7,027	6,805	5,556
Offices of Physicians	2,574	2,567	2,508	2,461	2,181
Outpatient Care Centers	898	897	847	794	571
Home Health Care Services	1,394	1,389	1,354	1,300	933
Other Ambulatory	2,382	2,379	2,318	2,251	1,871
Hospitals	5,097	5,093	5,002	4,865	4,564
Nursing and Residential Care Facilities	3,328	3,327	3,307	3,285	2,984
Nursing Care Facilities	1,641	1,643	1,640	1,648	1,612
Other Nursing and Residential	1,687	1,684	1,667	1,636	1,372
Health Share of Employment	10.73%	10.73%	10.66%	10.59%	9.47%

Source: Altarum analysis of BLS data.

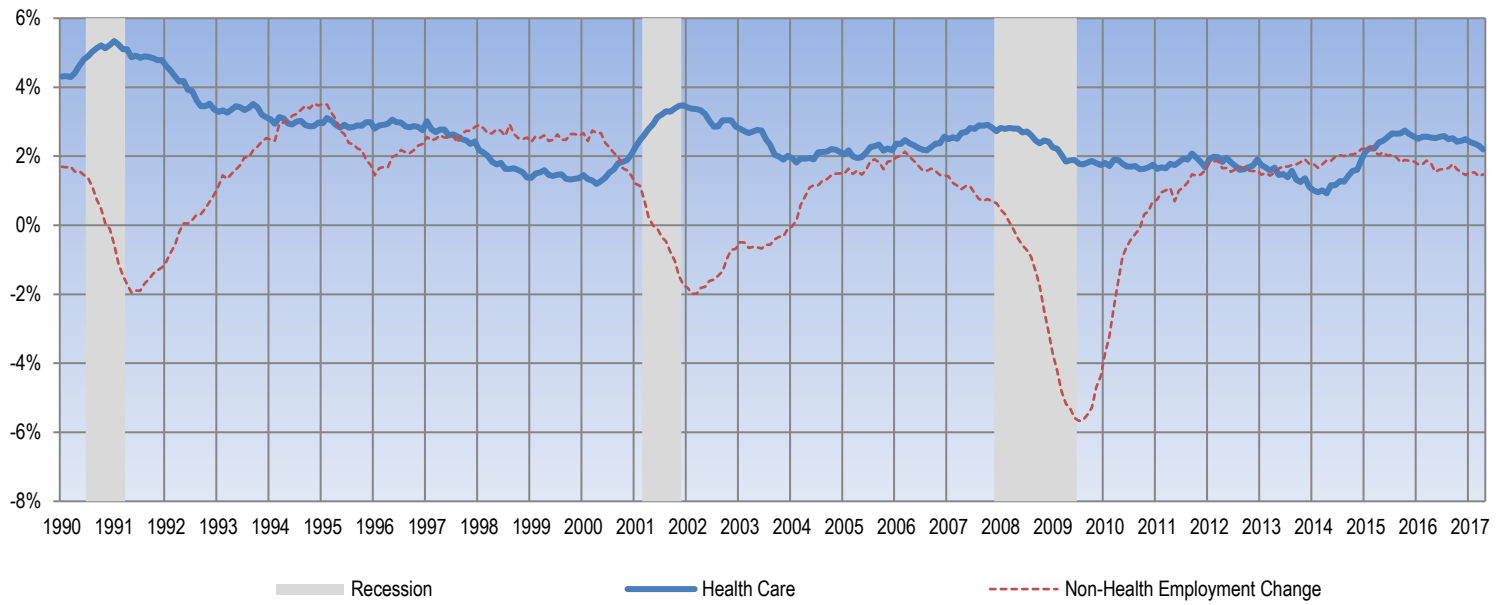
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	191.5	1,900.1	4,153.9	5,080.8
Health Care	19.5	336.9	717.1	2,569.2
Ambulatory Health Care Services	14.2	220.7	442.0	1,691.4
Offices of Physicians	6.9	66.2	113.0	393.5
Outpatient Care Centers	0.4	51.2	104.2	326.5
Home Health Care Services	4.7	39.6	93.7	460.6
Other Ambulatory	2.2	63.7	131.1	510.8
Hospitals	4.2	94.8	231.6	533.0
Nursing and Residential Care Facilities	1.1	21.4	43.5	344.3
Nursing Care Facilities	-1.8	0.8	-7.4	29.3
Other Nursing and Residential	2.9	20.6	50.9	315.0
Annualized Percentage Change				
Non-Health Care	1.8%	1.5%	1.6%	0.4%
Health Care	1.5%	2.2%	2.4%	1.9%
Ambulatory Health Care Services	2.4%	3.1%	3.2%	2.9%
Offices of Physicians	3.3%	2.6%	2.3%	1.8%
Outpatient Care Centers	0.5%	6.0%	6.4%	5.0%
Home Health Care Services	4.1%	2.9%	3.5%	4.4%
Other Ambulatory	1.1%	2.7%	2.9%	2.6%
Hospitals	1.0%	1.9%	2.4%	1.2%
Nursing and Residential Care Facilities	0.4%	0.6%	0.7%	1.2%
Nursing Care Facilities	-1.3%	0.0%	-0.2%	0.2%
Other Nursing and Residential	2.1%	1.2%	1.5%	2.2%

Source: Altarum analysis of BLS data.

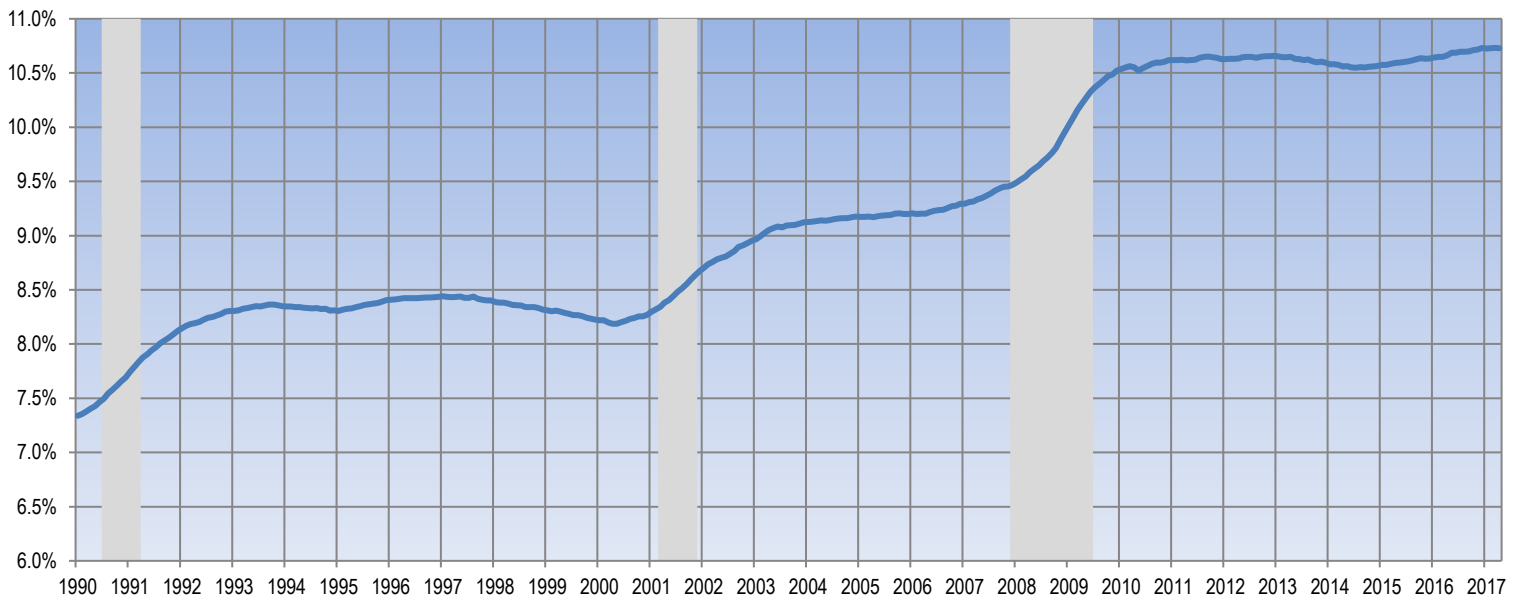
TIME SERIES TRACKER

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.