Health Sector Economic IndicatorsSM



Insights from Monthly Employment Data Through September 2015

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LABOR BRIEF

October 8, 2015

Hospital hiring boom continues

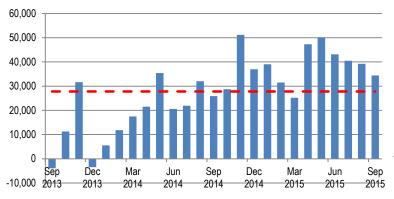
HIGHLIGHTS

- ▲ The health sector added a robust 34,400 new jobs in September, with minimal revisions to July and August.
- ▲ Hospitals added 15,500 jobs in September, for a total third quarter gain of 54,000 jobs. Hospitals have added 124,000 jobs through the first three quarters of 2015, a six-fold increase over the same period in 2014.
- ▲ Ambulatory care settings added 12,900 jobs, well below the average of 19,000 jobs due to a lack of growth in the somewhat volatile "other ambulatory care" category, which includes dental offices, labs, and offices of other nonphysician practitioners.
- ▲ Nursing and residential care gained an above-average 6,000 jobs.
- ▲ The source of these figures, the monthly "establishment" survey, showed total nonfarm jobs growing by a moderate 142,000 in September.
- ▲ The monthly "household" survey showed the unemployment rate holding steady at 5.1%.
- ▲ The health share of total employment has increased each month so far in 2015 and reached 10.69% in September, a new all-time high. Health jobs grew 3.2% year over year, while nonhealth job growth dipped from a post-recession peak of 2.3% at the beginning of 2015 to 1.8% in September (Exhibit 7).

HEALTH CARE EMPLOYMENT

In September 2015, private-sector health care employment showed a gain of 34,400 jobs (Exhibit 1), according to the BLS Employment Situation released on October 2, 2015. Offices of physicians gained a solid 6,800 jobs, and hospitals gained an above-average 15,500 jobs. The health share of total employment grew to an all-time high of 10.69% (Exhibit 8).

Exhibit 1. Month-over-Month Change in Total Health Care Employment, Seasonally Adjusted, September 2013–September 2015



Source: Altarum analysis of BLS data.

Cyclical Employment Big Picture

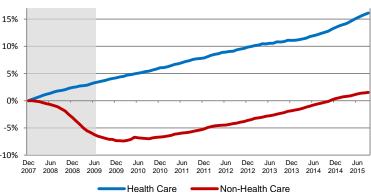
Seasonally Adjusted	Dec 2007	Jun 2009	Sep 2014	Sep 2015
Total Employment (000)	138,350	130,944	139,619	142,371
Nonhealth Employment (000)	125,247	117,410	124,872	127,157
Health Care Employment (000)	13,103	13,534	14,747	15,214
Health Share of Total Employment	9.47%	10.34%	10.56%	10.69%
Unemployment Rate	5.0%	9.5%	5.9%	5.1%

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 467,000 jobs or 3.2%. During this period, total nonhealth payroll employment increased by 2,285,000 jobs or 1.8% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 2.1 million jobs for a cumulative gain of 16.1%, while nonhealth employment has grown by 1.9 million jobs for a cumulative gain of 1.5% (Exhibit 2).

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



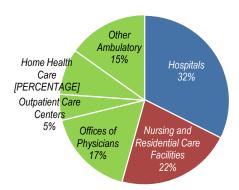
Source: Altarum analysis of BLS data. Note: Shading indicates the recession period.

HEALTH CARE JOBS BY CATEGORY

In September 2015, the following occurred:

- ▲ Hospitals gained 15,500 jobs, higher than the 24-month average gain of 6,600 and the 12-month average of 12,200.
- ▲ Ambulatory health care services added 12.900 jobs, lower than the 24-month average gain of 22,600 and the 12-month average of 19,000. These services include the following:
 - Offices of physicians added 6,800 jobs (24-month average: 5,800).
 - Outpatient care centers gained 2,700 jobs (24-month average: 2,700).
 - Home health care gained 2,500 jobs (24-month average: 3,900).
 - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained only 900 jobs (24-month average: 6,600).
- ▲ Nursing and residential care facilities gained 6,000 jobs (24-month average: 3,500).
- ▲ Ambulatory services accounted for 46% of health care employment, hospitals accounted for another 32%, and nursing and residential care facilities accounted for the remaining 22% (Exhibit 3).

Exhibit 3. Health Care Employment by Setting, September 2015

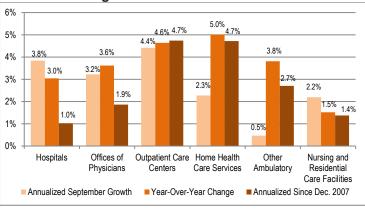


Source: Altarum analysis of BLS data.

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

Over the past 12 months, home health care grew at the fastest rate, 5.0%, adding 63,700 jobs. Outpatient care centers gained 33,300 jobs for a growth rate of 4.6%. Other ambulatory care settings gained 84,600 jobs for a growth rate of 3.8%. Offices of physicians added 89,900 jobs for a growth rate of 3.6%. Hospital jobs grew by 3.0% over the past 12 months, adding 145,900 jobs. Finally, nursing and residential care added 49,800 jobs for a growth rate of 1.5% (Exhibit 4).

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



Source: Altarum analysis of BLS data.

DISCUSSION

The health sector has added more than 350,000 jobs in the first three quarters of 2015, representing one-fifth of the 1.78 million jobs added economy-wide.

Hospitals are responsible for 35% of the growth in health sector jobs, adding 124,000 jobs in 2015. More than 50,000 hospital jobs have been added in the third quarter alone. For comparison, hospitals added only 20,000 jobs in the first three quarters of 2014.

Job growth in physician offices and home health has accelerated somewhat, with the level of growth up 60% over last year through the first three quarters of the year. Outpatient care centers and "other ambulatory services" are growing at a pace similar to last year, although growth in the "other" category, which includes dental offices and labs, has fluctuated widely, growing by fewer than 1,000 jobs in January and September and as many as 12,800 jobs in June 2015.

Media headlines have labeled this month's overall jobs report as "tepid," "disappointing," and even "grim." Grim seems a bit strong; the economy did add 142,000 jobs, marking more than 5½ years of private-sector job creation and more than 3 years of monthly job growth above 100,000. However, the pace of job growth has dropped in the past 2 months compared to earlier in the year, and concerns about declines in workforce participation and slow wage growth remain as indicators that the labor market has not yet fully tightened.

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Altarum Institute is a 501(c)(3) nonprofit health care research and consulting organization. Altarum integrates independent research and client-centered consulting to deliver comprehensive, system-based solutions that improve health and health care.

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 IndicatorsSM 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, 202-772-5062, 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)	September 2015	August 2015	September 2014	September 2013	December 2007
Non-Health Care	127,157	127,049	124,872	122,310	125,247
Health Care	15,214	15,180	14,747	14,515	13,103
Ambulatory Health Care Services	6,957	6,944	6,685	6,502	5,555
Offices of Physicians	2,571	2,565	2,481	2,432	2,228
Outpatient Care Centers	751	748	718	687	524
Home Health Care Services	1,334	1,332	1,270	1,240	933
Other Ambulatory	2,301	2,300	2,216	2,143	1,871
Hospitals	4,939	4,924	4,794	4,780	4,564
Nursing and Residential Care Facilities	3,318	3,312	3,268	3,234	2,984
Nursing Care Facilities	1,662	1,660	1,652	1,650	1,612
Other Nursing and Residential	1,656	1,652	1,616	1,584	1,372
Health Share of Employment	10.69%	10.67%	10.56%	10.61%	9.47%

Source: Altarum analysis of BLS data.

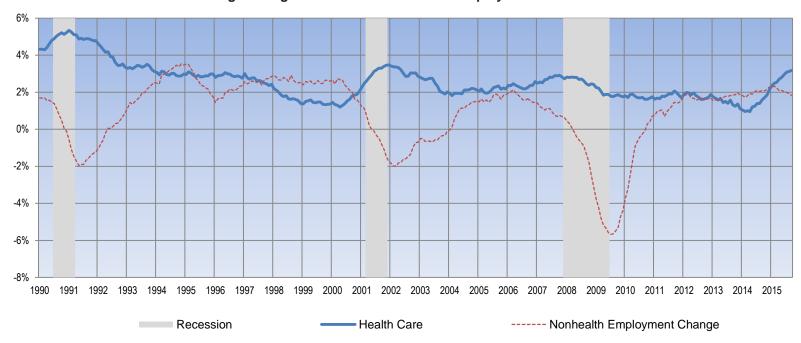
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	107.6	2,284.8	4,847.3	1,910.1
Health Care	34.4	467.2	698.7	2,110.9
Ambulatory Health Care Services	12.9	271.5	455.1	1,401.5
Offices of Physicians	6.8	89.9	139.3	343.5
Outpatient Care Centers	2.7	33.3	63.7	226.7
Home Health Care Services	2.5	63.7	94.2	401.2
Other Ambulatory	0.9	84.6	157.9	430.1
Hospitals	15.5	145.9	159.5	375.5
Nursing and Residential Care Facilities	6.0	49.8	84.1	333.9
Nursing Care Facilities	2.3	9.5	11.9	50.3
Other Nursing and Residential	3.7	40.3	72.2	283.6
Annualized Percentage Change				
Non-Health Care	1.0%	1.8%	2.0%	0.2%
Health Care	2.8%	3.2%	2.4%	1.9%
Ambulatory Health Care Services	2.3%	4.1%	3.4%	2.9%
Offices of Physicians	3.2%	3.6%	2.8%	1.9%
Outpatient Care Centers	4.4%	4.6%	4.5%	4.7%
Home Health Care Services	2.3%	5.0%	3.7%	4.7%
Other Ambulatory	0.5%	3.8%	3.6%	2.7%
Hospitals	3.8%	3.0%	1.7%	1.0%
Nursing and Residential Care Facilities	2.2%	1.5%	1.3%	1.4%
Nursing Care Facilities	1.7%	0.6%	0.4%	0.4%
Other Nursing and Residential	2.7%	2.5%	2.3%	2.5%

Source: Altarum analysis of BLS data.

TIME SERIES TRACKER

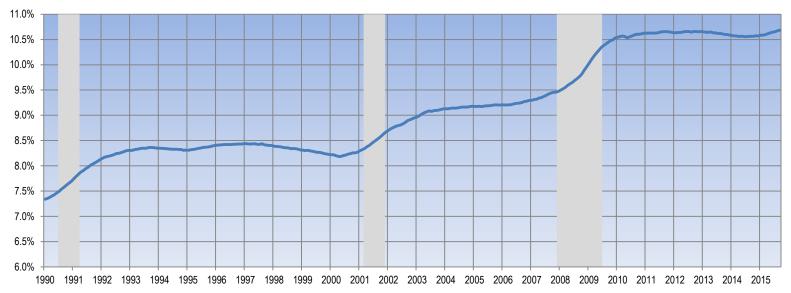
Exhibit 7. Year-over-Year Percentage Change in Health and Nonhealth Employment



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.