

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

## Insights from Monthly Employment Data Through August 2016

September 9, 2016

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**LABOR BRIEF**

### Low health job growth in August – the start of a slowdown in health sector hiring?

#### HIGHLIGHTS

- ▲ Health care added 14,400 new jobs in August (Exhibit 1), significantly less than the 12-month average of about 40,000 jobs. Revisions also lowered estimates through July by 6,000 jobs.
- ▲ The low growth was propelled by the loss of 9,200 jobs in nursing and residential care (compared to the 12-month average gain of 2,000). Growth in ambulatory care settings was also low, especially physician offices and home health, which together added about 2,000 jobs compared to the 12-month average of 11,000.
- ▲ Growth in hospitals was below the pace seen over the past year (10,700 new jobs versus 13,900), but not dramatically lower.
- ▲ The source of these estimates, the monthly “establishment” survey, showed the economy adding a solid 151,000 new jobs in August.
- ▲ The companion monthly “household” survey showed the unemployment rate holding steady at 4.9%.
- ▲ Health jobs grew 2.9% year over year while non-health jobs grew 1.6% (Exhibit 7); the health share of total employment remained at 10.78% (Exhibit 8).

#### Cyclical Employment Big Picture

| Seasonally Adjusted              | Dec 2007 | Jun 2009 | Aug 2015 | Aug 2016 |
|----------------------------------|----------|----------|----------|----------|
| Total Employment (000s)          | 138,413  | 131,020  | 142,151  | 144,598  |
| Nonhealth Employment (000s)      | 125,310  | 117,486  | 127,008  | 129,012  |
| Health Care Employment (000s)    | 13,103   | 13,534   | 15,143   | 15,586   |
| Health Share of Total Employment | 9.47%    | 10.33%   | 10.65%   | 10.78%   |
| Unemployment Rate                | 5.0%     | 9.5%     | 5.1%     | 4.9%     |

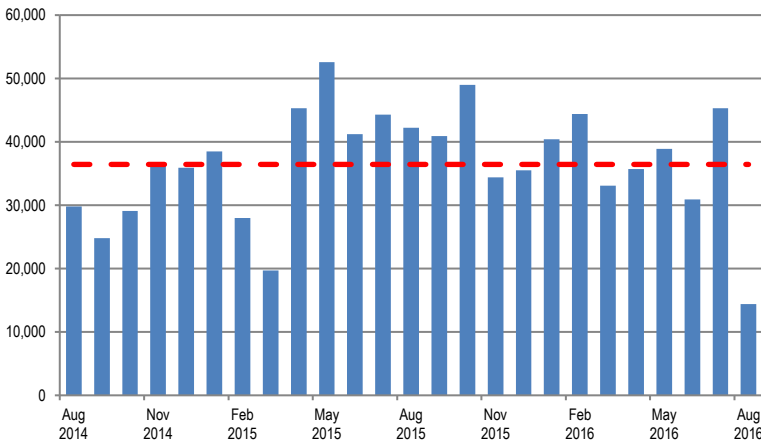
The recession officially began in December 2007 and ended in June 2009. Total employment excludes farm work. Health care employment is private only.

Source: Altarum Institute analysis of Bureau of Labor Statistics (BLS) data.

#### HEALTH CARE EMPLOYMENT

In August 2016, private-sector health care employment showed a gain of only 14,400 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released on September 2, 2016. Hospitals gained 10,700 jobs, while ambulatory care settings added 12,900 jobs and nursing and residential care lost 9,200 jobs in August. The health share of total employment hold steady at its high of 10.78% (Exhibit 8).

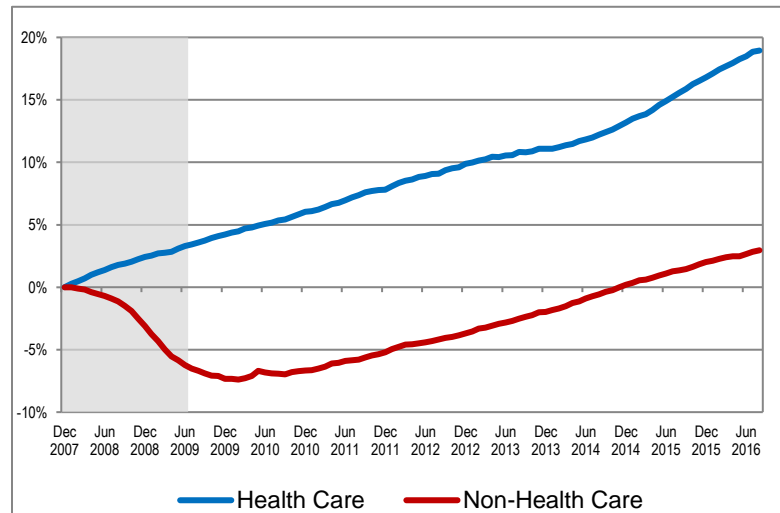
**Exhibit 1. Month-over-Month Change in Total Health Care Employment, Seasonally Adjusted, August 2014–August 2016**



Source: Altarum analysis of BLS data.

Over the last 12 months, total private-sector health care employment grew by 443,000 jobs or 2.9%. During this period, total non-health payroll employment increased by 2.0 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%, while non-health employment has grown by 3.7 million jobs for a cumulative gain of 3% (Exhibit 2).

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



Source: Altarum analysis of BLS data.

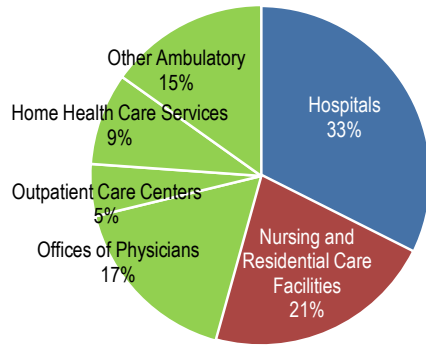
Note: Shading indicates the recession period.

### HEALTH CARE JOBS BY CATEGORY

In August 2016, the following occurred:

- ▲ Hospitals gained 10,700 jobs, less than the 12-month average of 13,900.
- ▲ Ambulatory health care services added 12,900 jobs, much less than the 12-month average of 20,900. These services include the following:
  - Offices of physicians gained 200 jobs (12-month average: 6,200).
  - Outpatient care centers gained 3,100 jobs (12-month average: 2,900).
  - Home health care gained 1,900 jobs (12-month average: 5,000).
  - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained 7,700 jobs (12-month average: 6,800).
- ▲ Nursing and residential care facilities lost 9,200 jobs (12-month average: 2,100).
- ▲ 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, August 2016

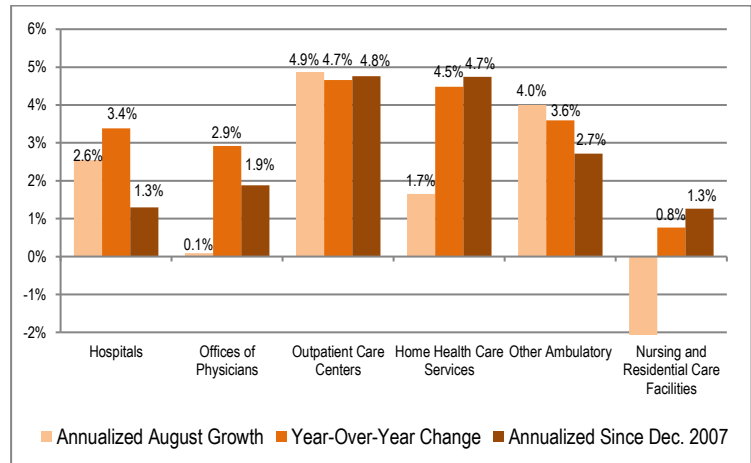


Source: Altarum analysis of BLS data.

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

Over the past 12 months, outpatient care centers grew at the fastest rate, 4.7%, adding 34,900 jobs. Home health care gained 59,800 jobs for a growth rate of 4.5%. Offices of physicians added 74,200 jobs for a growth rate of 2.9%. Other ambulatory care settings gained 81,800 jobs for a growth rate of 3.6%. Hospital jobs grew 3.4% over the past 12 months, adding 166,800 jobs. Finally, nursing and residential care added 25,400 jobs for a growth rate of 0.8% (Exhibit 4).

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



Source: Altarum analysis of BLS data.

### DISCUSSION

The health sector added 14,000 jobs in August, the lowest level of growth since April 2014 when the acceleration in hiring fueled by expanded coverage began.<sup>1</sup> Year-over-year health job growth peaked in March 2016 (3.4%) and fell below 3.0% in August for the first time in more than a year (Exhibit 7). While one month of preliminary data cannot yet be labeled a slowdown, August growth was quite a bit below the 40,000 jobs per month added over the past two years, and the decline in growth was seen to varying degrees in all major health care settings.

A significant contributor to the low August figure was the loss of 9,000 jobs in nursing and residential care. This setting gained 9,000 jobs just last month, so we don't want to draw conclusions about health care hiring that are driven by this fluctuation alone. But growth in ambulatory care settings also slowed this month, with 13,000 new jobs compared to an average of 21,000 per month over the past two years. Physician offices and home health, representing more than half of the jobs in ambulatory care, showed little growth. The slowdown in hospital job growth was less pronounced than in the other settings, but the 11,000 new hospital jobs seen in August was still less than the 13,000 to 14,000 new jobs per month seen over the past two years.

The economy overall added 151,000 nonfarm jobs in August, somewhat less than the 2016 average gain of 182,000, while labor force participation and the unemployment rate held steady.

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<sup>1</sup> See our [blog](#) on expanded coverage and the acceleration in health care hiring.

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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)               | August 2016 | July 2016 | August 2015 | August 2014 | December 2007 |
|---|-------------|-----------|-------------|-------------|---------------|
| Non-Health Care                         | 129,012     | 128,876   | 127,008     | 124,589     | 125,310       |
| Health Care                             | 15,586      | 15,571    | 15,143      | 14,704      | 13,103        |
| Ambulatory Health Care Services         | 7,156       | 7,143     | 6,905       | 6,655       | 5,555         |
| Offices of Physicians                   | 2,617       | 2,617     | 2,543       | 2,472       | 2,228         |
| Outpatient Care Centers                 | 784         | 781       | 749         | 716         | 524           |
| Home Health Care Services               | 1,394       | 1,392     | 1,334       | 1,265       | 933           |
| Other Ambulatory                        | 2,360       | 2,352     | 2,278       | 2,202       | 1,871         |
| Hospitals                               | 5,102       | 5,091     | 4,935       | 4,791       | 4,564         |
| Nursing and Residential Care Facilities | 3,328       | 3,337     | 3,303       | 3,259       | 2,984         |
| Nursing Care Facilities                 | 1,657       | 1,664     | 1,655       | 1,650       | 1,612         |
| Other Nursing and Residential           | 1,671       | 1,673     | 1,648       | 1,609       | 1,372         |
| Health Share of Employment              | 10.78%      | 10.78%    | 10.65%      | 10.56%      | 9.47%         |

Source: Altarum analysis of BLS data.

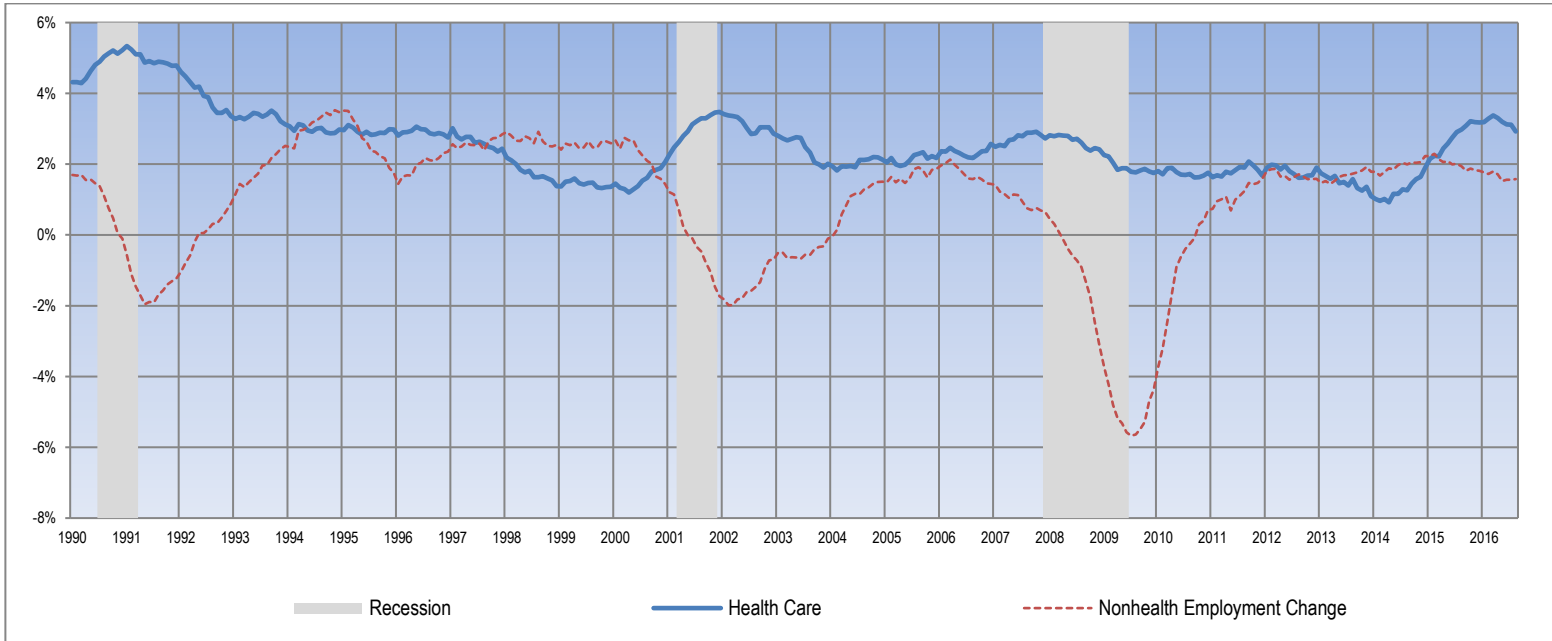
**Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted**

| Employment Change (in thousands)        | One Month | 12 Months | 24 Months | Since Dec. 2007 |
|---|-----------|-----------|-----------|-----------------|
| Non-Health Care                         | 136.6     | 2,004.1   | 4,423.8   | 3,702.5         |
| Health Care                             | 14.4      | 442.9     | 881.2     | 2,482.5         |
| Ambulatory Health Care Services         | 12.9      | 250.7     | 500.7     | 1,600.1         |
| Offices of Physicians                   | 0.2       | 74.2      | 145.7     | 389.4           |
| Outpatient Care Centers                 | 3.1       | 34.9      | 68.0      | 260.0           |
| Home Health Care Services               | 1.9       | 59.8      | 129.1     | 461.3           |
| Other Ambulatory                        | 7.7       | 81.8      | 157.9     | 489.4           |
| Hospitals                               | 10.7      | 166.8     | 311.3     | 538.2           |
| Nursing and Residential Care Facilities | -9.2      | 25.4      | 69.2      | 344.2           |
| Nursing Care Facilities                 | -7.0      | 1.8       | 7.2       | 45.3            |
| Other Nursing and Residential           | -2.2      | 23.6      | 62.0      | 298.9           |
| <b>Annualized Percentage Change</b>     |           |           |           |                 |
| Non-Health Care                         | 1.3%      | 1.6%      | 1.8%      | 0.3%            |
| Health Care                             | 1.1%      | 2.9%      | 3.0%      | 2.0%            |
| Ambulatory Health Care Services         | 2.2%      | 3.6%      | 3.7%      | 3.0%            |
| Offices of Physicians                   | 0.1%      | 2.9%      | 2.9%      | 1.9%            |
| Outpatient Care Centers                 | 4.9%      | 4.7%      | 4.6%      | 4.8%            |
| Home Health Care Services               | 1.7%      | 4.5%      | 5.0%      | 4.7%            |
| Other Ambulatory                        | 4.0%      | 3.6%      | 3.5%      | 2.7%            |
| Hospitals                               | 2.6%      | 3.4%      | 3.2%      | 1.3%            |
| Nursing and Residential Care Facilities | -3.3%     | 0.8%      | 1.1%      | 1.3%            |
| Nursing Care Facilities                 | -4.9%     | 0.1%      | 0.2%      | 0.3%            |
| Other Nursing and Residential           | -1.6%     | 1.4%      | 1.9%      | 2.3%            |

Source: Altarum analysis of BLS data.

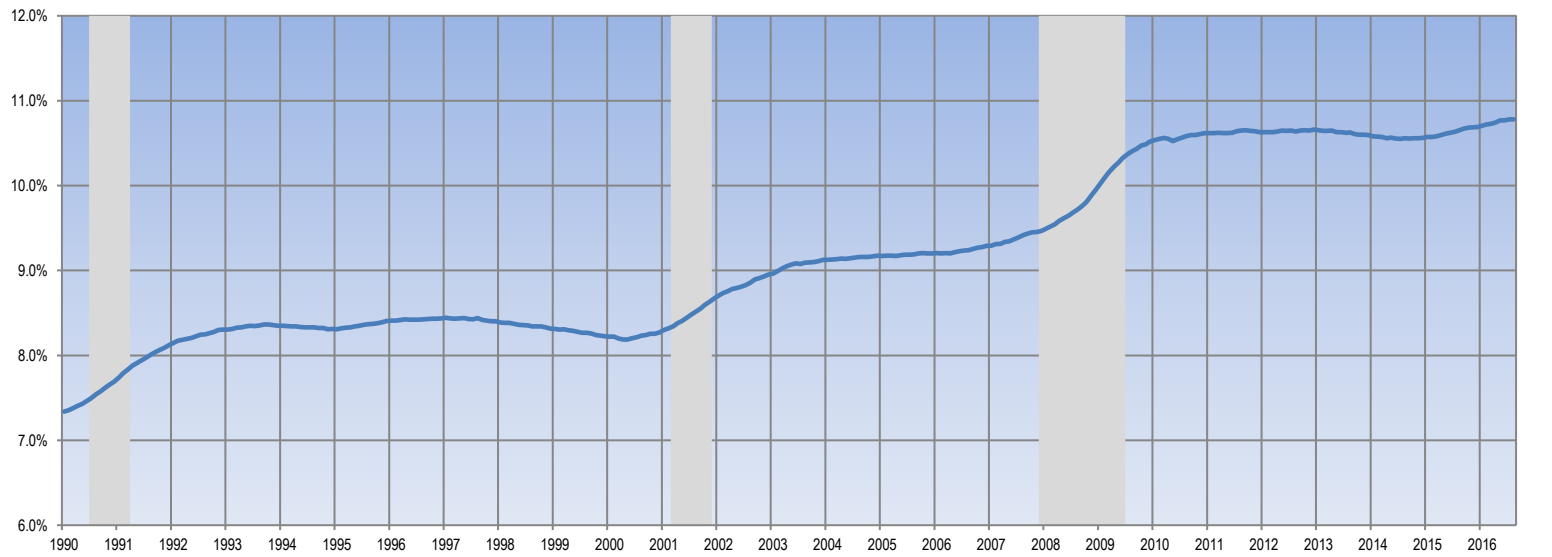
**TIME SERIES TRACKER**

**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.