

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

Insights from Monthly Employment Data through September 2014

October 9, 2014

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## LABOR BRIEF

### Health sector job growth up in past six months

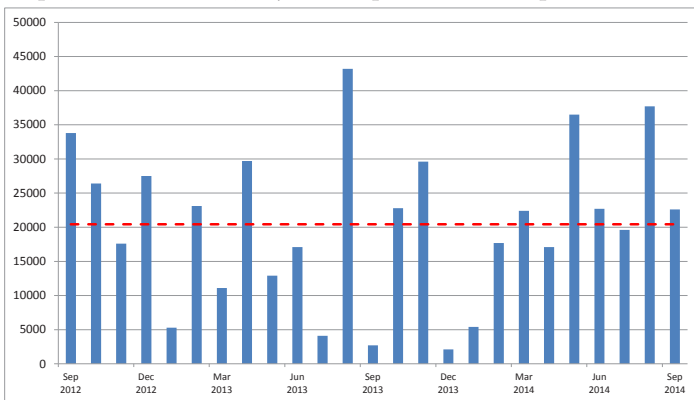
#### HIGHLIGHTS

- ▲ Health care gained a moderately strong 22,600 jobs in September 2014, and revisions to July and August showed a net increase of 3,300 jobs.
- ▲ Ambulatory care settings added a below-average 14,200 jobs, while hospitals gained an above-average 6,200 jobs.
- ▲ Over the past six months, the health sector has added an average of 26,000 new jobs, about 50% higher than the 17,500 average over the previous 12 months.
- ▲ The source of these figures, the monthly “establishment” survey, showed total nonfarm jobs in September growing by 248,000 jobs, with upward revisions to July and August of 69,000 jobs. The companion “household” survey showed a dip in the unemployment rate, from 6.1% to 5.9% (the first value below 6% reported since July 2008), as the labor force participation rate decreased slightly, to 62.7%.
- ▲ The health share of total employment held at 10.62%, down from the high of 10.66% last seen in December 2012. For the past year, non-health jobs have been growing slightly faster than health jobs (Exhibit 7).

#### HEALTH CARE EMPLOYMENT

In September 2014, private sector health care employment showed a gain of 22,600 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation released on October 3, 2014. This is above the 24-month average gain of 19,900 but about equal to the average gain in 2014. Ambulatory care settings gained a below-average 14,200 jobs. The health share of total employment remained at 10.62% (Exhibit 8).

**Exhibit 1. Month-Over-Month Change in Total Health Care Employment, Seasonally Adjusted, September 2011-September 2014**



Source: Altarum Analysis of BLS Data

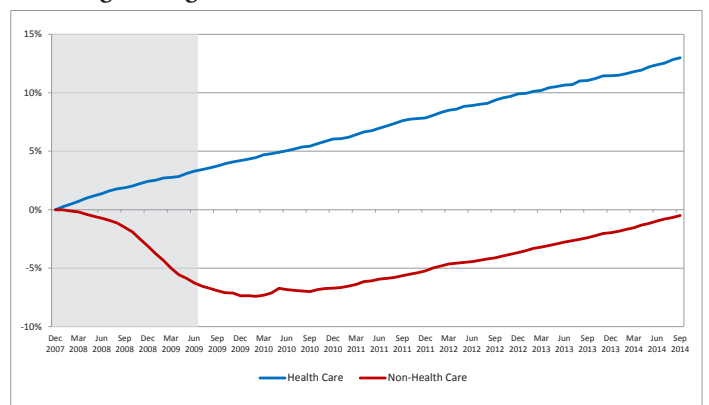
Seasonally Adjusted	Dec 2007	Jun 2009	Sep 2013	Sep 2014
<b>Total Employment (000)</b>	138,350	130,944	136,800	139,435
<b>Non-Health Employment (000)</b>	125,247	117,410	122,250	124,629
<b>Health Care Employment (000)</b>	13,103	13,534	14,550	14,806
<b>Health Share of Total Employment</b>	9.47%	10.34%	10.64%	10.62%
<b>Unemployment Rate</b>	5.0%	9.5%	7.2%	5.9%

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 Analysis of BLS Data

Over the last 12 months, total private sector health care employment grew by 256,200 jobs, or 1.8%. During this same period, total non-health payroll employment increased by 2,378,800 jobs, or 1.9% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 1.70 million jobs, for a cumulative growth of 13.0%, while non-health employment has fallen by 620,000 jobs, for a cumulative decline of 0.5% (Exhibit 2).

**Exhibit 2. Health and Non-Health Care Employment: Cumulative Percentage Change Since Dec. 2007**



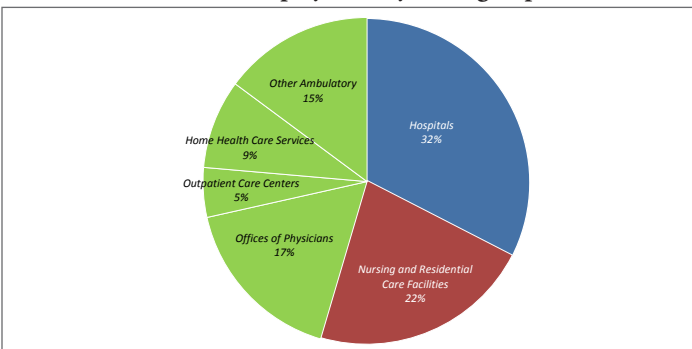
Source: Altarum Analysis of BLS Data  
Note: Shading indicates recession period

## HEALTH CARE EMPLOYMENT BY SETTING

In September 2014,

- ▲ Hospitals gained 6,200 jobs, compared with the 24-month average gain of 1,400.
- ▲ Ambulatory health care services added 14,200 jobs, below the 24-month average gain of 16,000.
  - Offices of physicians posted the only job loss among major categories, at 400 (24-month average: gain of 4,400);
  - Outpatient care centers added 2,400 jobs (24-month average: 2,900);
  - Home health care gained 6,800 jobs (24-month average: 4,500); and
  - Other categories of ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, added 5,400 jobs (24-month average: 4,300).
- ▲ Nursing and residential care facilities gained 2,200 jobs (24-month average: 2,400).
- ▲ Ambulatory services accounted for 45% of health care employment (Exhibit 3), hospitals another 33%, and nursing and residential care facilities the remaining 22%.

Exhibit 3. Health Care Employment by Setting, September 2014

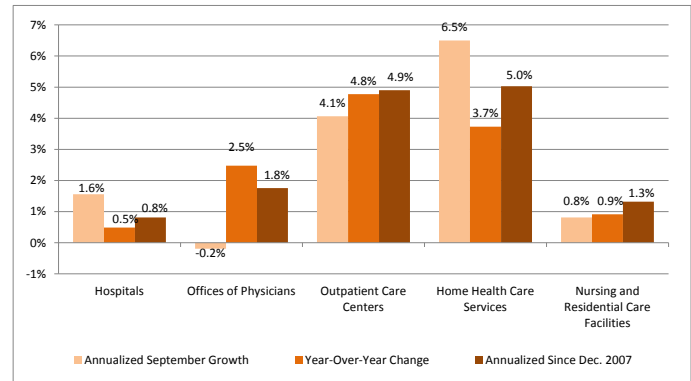


Source: Altarum Analysis of BLS Data

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

Over the past 12 months, outpatient care centers grew at the fastest rate, 4.8% (Exhibit 4), while adding 33,000 jobs. "Other" ambulatory services added the highest number of jobs, 62,800, a growth rate of 2.9%. Offices of physicians added 60,600 jobs, a growth rate of 2.5%. Home health care added 46,700 jobs, a growth rate of 3.7%. Hospital job growth was slow over the past 12 months, growing by 0.5% or 23,500 jobs, and nursing and residential care added 29,600 jobs, for a growth rate of 0.9%.

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



Source: Altarum Analysis of BLS Data

## DISCUSSION

The October jobs report presents a picture of solid health employment growth through the first three quarters of 2014 that is consistent with last month's findings. The 22,600 jobs added in September were about average for 2014, and the pattern of slowly accelerating growth held: first quarter (Q1) 2014 averaged 15,000 new jobs per month, Q2 averaged 25,000 jobs, and Q3 averaged 27,000 new jobs per month.

The 2014 average of just over 22,000 jobs per month is about one-third higher than the 17,000 jobs per month added in 2013, and the past two quarters have been particularly strong. Other data suggest that increased hiring in the health sector is likely to continue; the August job openings rate of 4.3% in health care and social assistance is the highest since before the recession.<sup>1</sup>

At first glance, the overall pattern of health sector job growth appears consistent with the pattern reported in our companion health spending brief,<sup>2</sup> which shows about a one-third increase in the year-over-year spending growth rate in August compared to 2013 (4.8% versus 3.6%). However, much of the increase in health spending growth is associated with retail prescription drugs, which are not represented in the health sector employment figures reported here. Growth in spending on hospital services has increased slightly in 2014, as has the growth in hospital jobs. But growth in spending on ambulatory services, where most of the health job growth is occurring (18,000 new jobs per month, compared to 15,000 in 2013), has actually slowed. Given the employment trends, it would not be surprising if preliminary Q3 spending estimates for physician and clinical services were revised upward for July and August when more complete survey data are incorporated later this year.

1 Bureau of Labor Statistics, Job Openings and Labor Turnover, August 2014, released October 7, 2014.

2 Health Sector Economic Indicators Spending Brief #14-10: August 2014 Data, Altarum Institute.

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 Institute'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). George Miller, PhD (principal author), Paul Hughes-Cromwick, Ani Turner, and Matt Daly, PhD, contributed to this brief.

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## DETAILED HEALTH CARE EMPLOYMENT DATA

Exhibit 5. Employment Data by Sector, Seasonally Adjusted

Employment (in thousands)	September 2014	August 2014	September 2013	September 2012	December 2007
<b>Non-Health Care</b>	124,629	124,403	122,250	120,093	125,247
<b>Health Care</b>	14,806	14,784	14,550	14,329	13,103
<b>Ambulatory Health Care Services</b>	6,727	6,712	6,524	6,342	5,555
<b>Offices of Physicians</b>	2,506	2,506	2,445	2,401	2,228
<b>Outpatient Care Centers</b>	724	722	691	655	524
<b>Home Health Care Services</b>	1,299	1,292	1,252	1,190	933
<b>Other Ambulatory</b>	2,198	2,193	2,135	2,096	1,871
<b>Hospitals</b>	4,819	4,813	4,796	4,785	4,564
<b>Nursing and Residential Care Facilities</b>	3,260	3,258	3,231	3,203	2,984
<b>Nursing Care Facilities</b>	1,653	1,654	1,650	1,661	1,612
<b>Other Nursing and Residential</b>	1,607	1,604	1,581	1,542	1,372
<b>Health Share of Employment</b>	10.62%	10.62%	10.64%	10.66%	9.47%

Source: Altarum Analysis of Bureau of Labor Statistics (BLS) Data

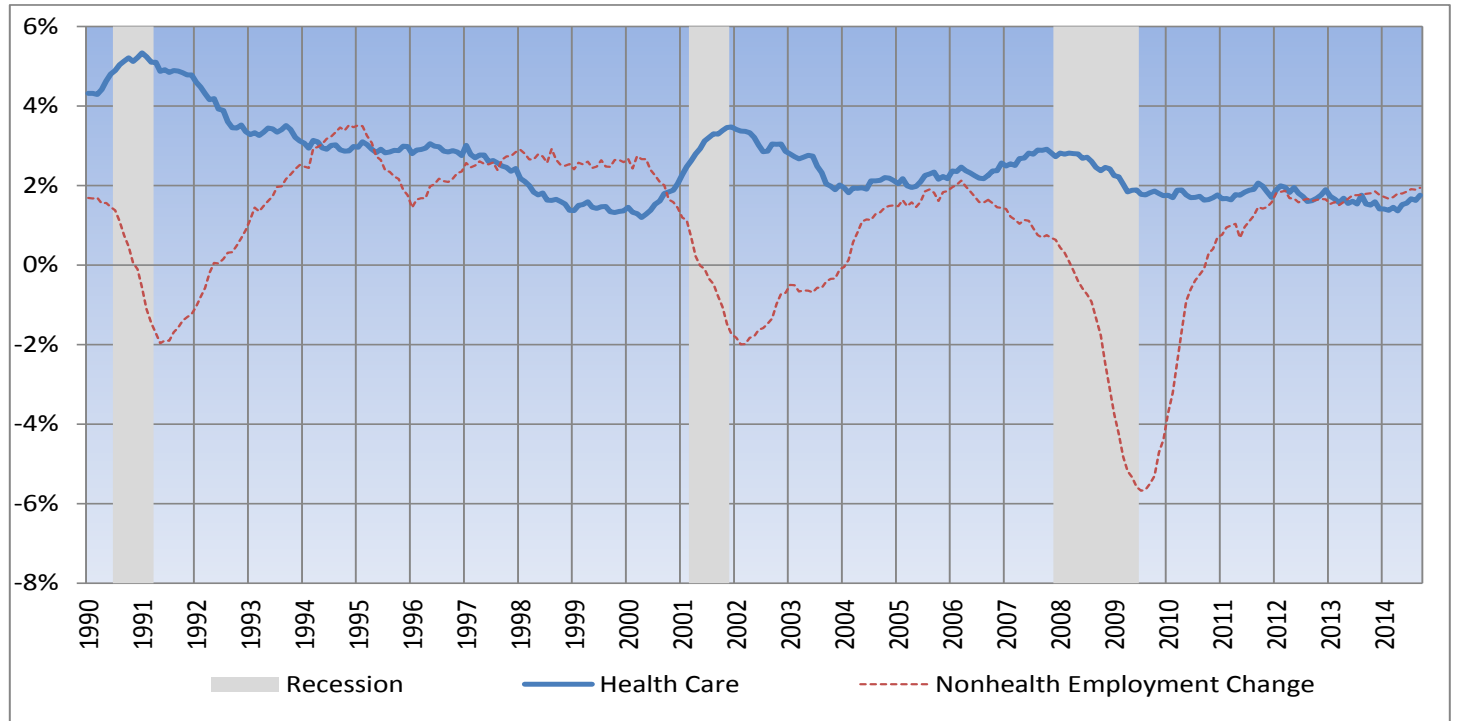
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
<b>Non-Health Care</b>	225.4	2,378.8	4,536.1	-618.1
<b>Health Care</b>	22.6	256.2	476.9	1,703.1
<b>Ambulatory Health Care Services</b>	14.2	203.1	384.8	1,171.2
<b>Offices of Physicians</b>	-0.4	60.6	104.7	277.8
<b>Outpatient Care Centers</b>	2.4	33.0	69.5	199.8
<b>Home Health Care Services</b>	6.8	46.7	108.6	366.1
<b>Other Ambulatory</b>	5.4	62.8	102.0	327.5
<b>Hospitals</b>	6.2	23.5	34.6	255.5
<b>Nursing and Residential Care Facilities</b>	2.2	29.6	57.5	276.4
<b>Nursing Care Facilities</b>	-1.0	3.1	-8.0	41.6
<b>Other Nursing and Residential</b>	3.2	26.5	65.5	234.8
<b>Annualized Percent Change</b>				
<b>Non-Health Care</b>	2.2%	1.9%	1.9%	-0.1%
<b>Health Care</b>	1.8%	1.8%	1.7%	1.8%
<b>Ambulatory Health Care Services</b>	2.6%	3.1%	3.0%	2.9%
<b>Offices of Physicians</b>	-0.2%	2.5%	2.2%	1.8%
<b>Outpatient Care Centers</b>	4.1%	4.8%	5.2%	4.9%
<b>Home Health Care Services</b>	6.5%	3.7%	4.5%	5.0%
<b>Other Ambulatory</b>	3.0%	2.9%	2.4%	2.4%
<b>Hospitals</b>	1.6%	0.5%	0.4%	0.8%
<b>Nursing and Residential Care Facilities</b>	0.8%	0.9%	0.9%	1.3%
<b>Nursing Care Facilities</b>	-0.7%	0.2%	-0.2%	0.4%
<b>Other Nursing and Residential</b>	2.4%	1.7%	2.1%	2.4%

Source: Altarum Analysis of BLS Data

## TIME SERIES TRACKER

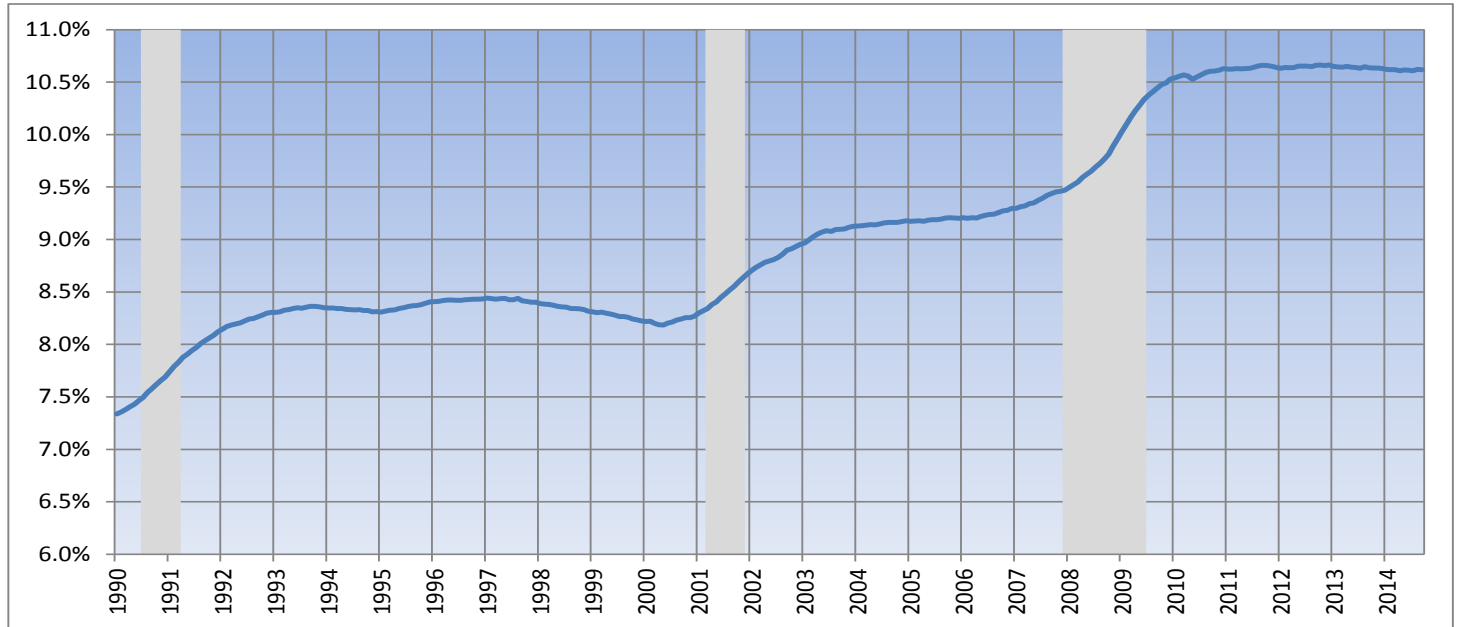
Exhibit 7. Year-Over-Year Percentage Change in Health and Non-Health Care Employment



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