

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data Through March 2015

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LABOR BRIEF

April 10, 2015

Health job growth moderates, but hospital growth remains strong

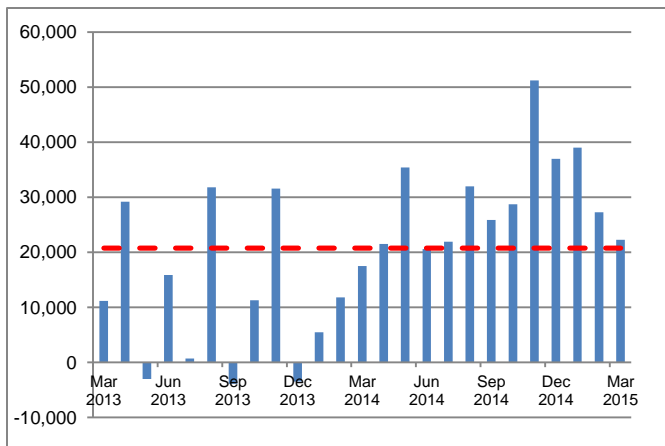
HIGHLIGHTS

- ▲ The health sector added 22,000 new jobs in March 2015, close to the 24-month average but below the 12-month average gain of about 30,000.
- ▲ Hospitals added 8,000 jobs in March and are averaging 10,000 new jobs per month in the first quarter (Q1) of 2015.
- ▲ Ambulatory care settings gained more than 19,000 jobs, close to the 12-month average. However, nursing and residential care lost nearly 5,000 jobs this month and is showing no growth in 2015.
- ▲ The source of these figures, the monthly “establishment” survey, showed total nonfarm jobs growing by a lower-than-expected 126,000 in March, the first sub-200,000 figure in more than a year. Revisions lowered estimates through February by 69,000 jobs.
- ▲ The monthly “household” survey showed the unemployment rate holding at 5.5%, with a slight drop in the labor force participation rate but a slight increase in wages.
- ▲ The health share of total employment increased slightly to 10.59%, below the high of 10.66% last seen in December 2012. Health job growth is once again exceeding nonhealth growth at 2.5% year over year versus 2.2%. (Exhibit 7).

HEALTH CARE EMPLOYMENT

In March 2015, private-sector health care employment showed a gain of 22,300 jobs (Exhibit 1), according to the BLS Employment Situation released on April 3, 2015. This is a bit below the average of 25,800 jobs per month added in 2014 but significantly above the 13,300 per month added in 2013. Offices of physicians gained an above-average 6,100 jobs, and hospitals gained 7,900 jobs. The health share of total employment increased slightly to 10.59% (Exhibit 8).

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



Source: Altarum analysis of BLS data.

Cyclical Employment Big Picture

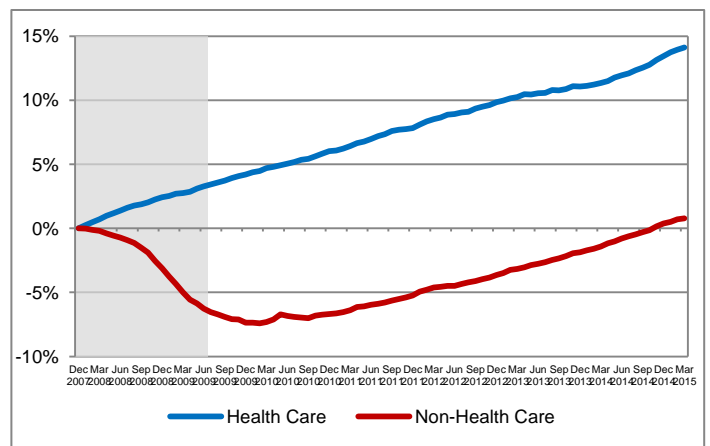
Seasonally Adjusted	Dec 2007	Jun 2009	Mar 2014	Mar 2015
Total Employment (000)	138,350	130,944	138,055	141,183
Nonhealth Employment (000)	125,247	117,410	123,466	126,231
Health Care Employment (000)	13,103	13,534	14,590	14,952
Health Share of Total Employment	9.47%	10.34%	10.57%	10.59%
Unemployment Rate	5.0%	9.5%	6.6%	5.5%

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 Bureau of Labor Statistics (BLS) data.

Over the last 12 months, total private-sector health care employment grew by 362,800 jobs, or 2.5%. During this period, total nonhealth payroll employment increased by 2,765,200 jobs, or 2.2% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 1.85 million jobs, for a cumulative gain of 14.1%, while nonhealth employment has grown by 984,000 jobs, for a cumulative gain of 0.8% (Exhibit 2). Nonhealth jobs continue to climb after finally reclaiming their pre-recession level in November 2014.

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



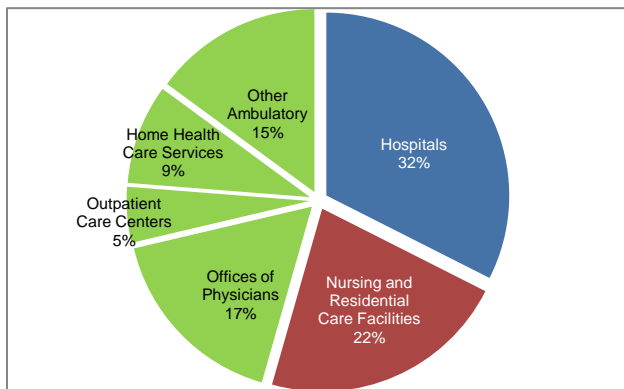
Source: Altarum analysis of BLS data.
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY CATEGORY

In March 2015, the following occurred:

- ▲ Hospitals gained 7,900 jobs, higher than the 24-month average gain of 2,200 and the 12-month average of 6,400.
- ▲ Ambulatory health care services added 19,200 jobs, above the 24-month average gain of 16,400 and consistent with the 12-month average of 21,100. These services include the following:
 - Offices of physicians added 6,100 jobs (24-month average: 4,600).
 - Outpatient care centers gained 3,300 jobs (24-month average: 2,600).
 - Home health care gained 6,000 jobs (24-month average: 3,600).
 - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, added 3,800 jobs (24-month average: 5,700).
- ▲ Nursing and residential care facilities lost 4,800 jobs (24-month average: gain of 2,600).
- ▲ Ambulatory services accounted for 46% of health care employment (Exhibit 3), hospitals another 32%, and nursing and residential care facilities the remaining 22%.

Exhibit 3. Health Care Employment by Setting, February 2015

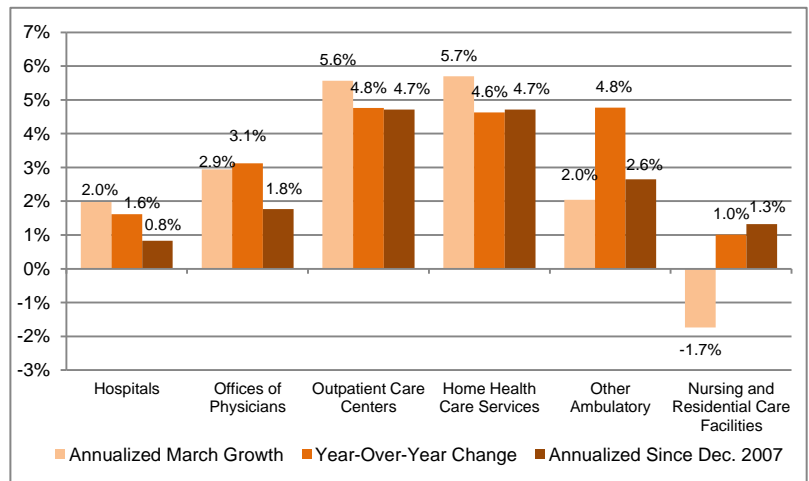


Source: Altarum analysis of BLS data.

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

Over the past 12 months, the outpatient care centers and other ambulatory categories grew at the fastest rate, 4.8% (Exhibit 4), adding 33,300 and 102,900 jobs, respectively. Home health gained 57,600 jobs for a growth rate of 4.6%. Offices of physicians added 76,700 jobs, a growth rate of 3.1%. Hospital jobs grew by 1.6% over the past 12 months, adding 77,200 jobs. Finally, nursing and residential care added 32,900 jobs, for a growth rate of 1.0%.

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



Source: Altarum analysis of BLS data.

DISCUSSION

The pattern of health sector job growth in March 2015 was similar to that seen in February. Hospital hiring was strong, growth in ambulatory care settings was steady, but nursing and residential care lost jobs for the second month in a row, combining to produce a moderate level of overall health sector growth.

Hospitals have averaged 10,000 new jobs per month in Q1 2015, continuing the acceleration seen in 2014. Hospitals lost jobs in 2013 and started 2014 slowly but built to an average of 7,000 new jobs per month in Q4 2014. As reported in this month's Health Sector Economic Indicators Spending Brief, the most recent Quarterly Services Survey data confirm that hospital spending growth also accelerated at the end of 2014.

Ambulatory care settings added between 19,000 and 20,000 new jobs per month in 2014 and again in Q1 2015. Within ambulatory care, physician offices added over 9,000 jobs per month in Q1 2015, nearly double the 2014 pace. Offsetting that increase, "other ambulatory services," including dental care and labs, grew at about half the 2014 pace, from about 8,000 jobs per month in 2014 to about 4,000 jobs per month in Q1 2015.

The moderation in health sector job growth seen in the past few months is due largely to a downturn in nursing and residential care, which had added 5,000 jobs per month in Q4 2014 but has been flat over Q1 2015.

Overall job creation (126,000) was down this month to below 200,000 for the first time in over a year. While the unemployment rate was steady, the labor force participation rate was down. Other labor market indicators are more positive. Initial jobless claims for the week were 268,000, the second lowest reading since 2000, and wages were up slightly by 0.3%, for a 12-month increase of 2.1%.

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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 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, 571-733-5709, ken.schwartz@altarum.org. For more information, visit www.altarum.org/cshs.

DETAILED HEALTH CARE EMPLOYMENT DATA

Exhibit 5. Employment Data by Sector, Seasonally Adjusted

Employment (in thousands)	March 2015	February 2015	March 2014	March 2013	December 2007
Non-Health Care	126,231	126,127	123,466	121,277	125,247
Health Care	14,952	14,930	14,590	14,445	13,103
Ambulatory Health Care Services	6,825	6,806	6,573	6,432	5,555
Offices of Physicians	2,530	2,524	2,453	2,420	2,228
Outpatient Care Centers	732	729	699	670	524
Home Health Care Services	1,302	1,296	1,245	1,217	933
Other Ambulatory	2,261	2,257	2,158	2,124	1,871
Hospitals	4,846	4,838	4,769	4,793	4,564
Nursing and Residential Care Facilities	3,281	3,286	3,248	3,219	2,984
Nursing Care Facilities	1,648	1,654	1,649	1,657	1,612
Other Nursing and Residential	1,633	1,631	1,599	1,562	1,372
Health Share of Employment	10.59%	10.58%	10.57%	10.64%	9.47%

Source: Altarum analysis of BLS data.

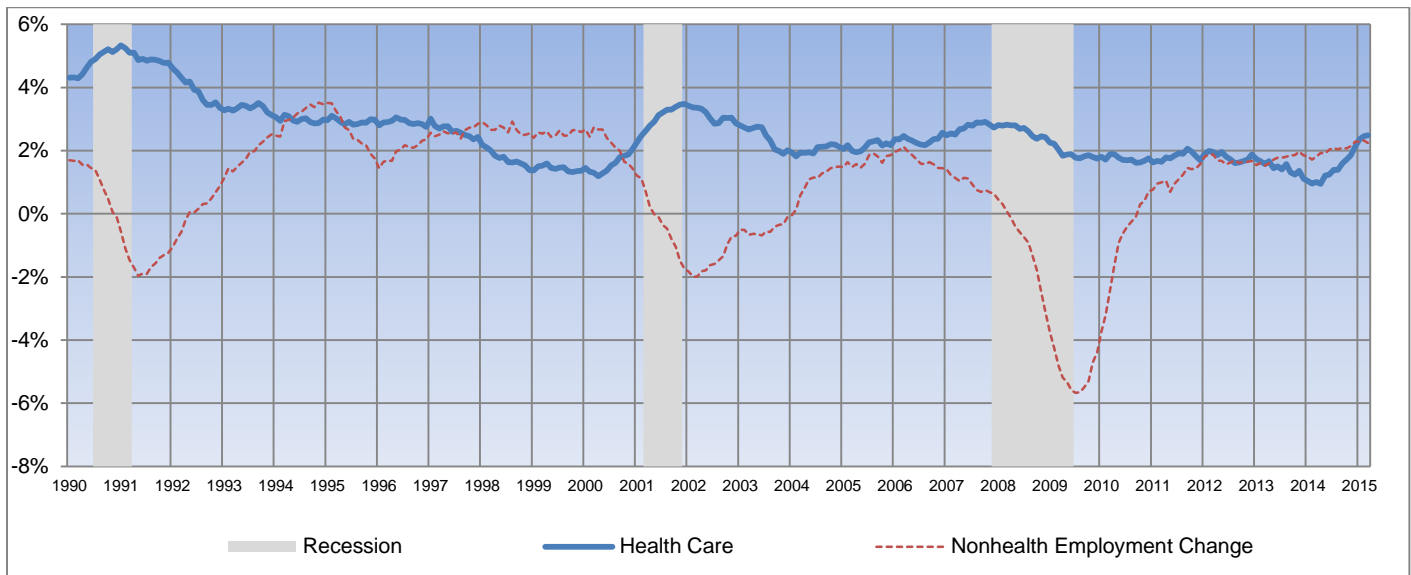
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	1 Month	12 Months	24 Months	Since December 2007
Non-Health Care	103.7	2,765.2	4,953.3	983.8
Health Care	22.3	362.8	507.7	1,849.2
Ambulatory Health Care Services	19.2	252.7	393.0	1,269.9
Offices of Physicians	6.1	76.7	110.0	302.0
Outpatient Care Centers	3.3	33.3	62.0	208.0
Home Health Care Services	6.0	57.6	85.4	369.6
Other Ambulatory	3.8	102.9	137.2	390.3
Hospitals	7.9	77.2	52.8	282.3
Nursing and Residential Care Facilities	-4.8	32.9	61.9	297.0
Nursing Care Facilities	-6.0	-0.4	-9.0	36.7
Other Nursing and Residential	1.2	33.3	70.9	260.3
Annualized Percentage Change				
Non-Health Care	1.0%	2.2%	2.0%	0.1%
Health Care	1.8%	2.5%	1.7%	1.8%
Ambulatory Health Care Services	3.4%	3.8%	3.0%	2.9%
Offices of Physicians	2.9%	3.1%	2.2%	1.8%
Outpatient Care Centers	5.6%	4.8%	4.5%	4.7%
Home Health Care Services	5.7%	4.6%	3.4%	4.7%
Other Ambulatory	2.0%	4.8%	3.2%	2.6%
Hospitals	2.0%	1.6%	0.5%	0.8%
Nursing and Residential Care Facilities	-1.7%	1.0%	1.0%	1.3%
Nursing Care Facilities	-4.3%	0.0%	-0.3%	0.3%
Other Nursing and Residential	0.9%	2.1%	2.2%	2.4%

Source: Altarum analysis of BLS price data.

TIME SERIES TRACKER

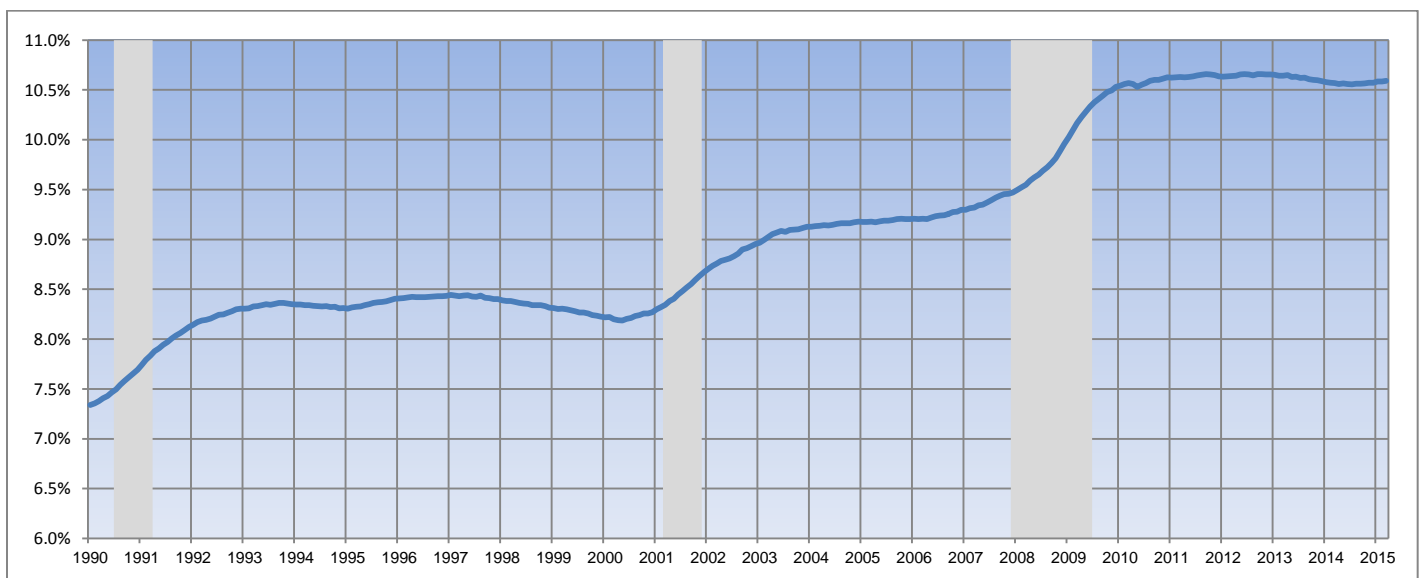
Exhibit 7. Year-over-Year Percentage Change in Health and Nonhealth Employment



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.