

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data Through March 2017

April 13, 2017

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LABOR BRIEF

First quarter 2017 health job growth down significantly from 2015 and 2016

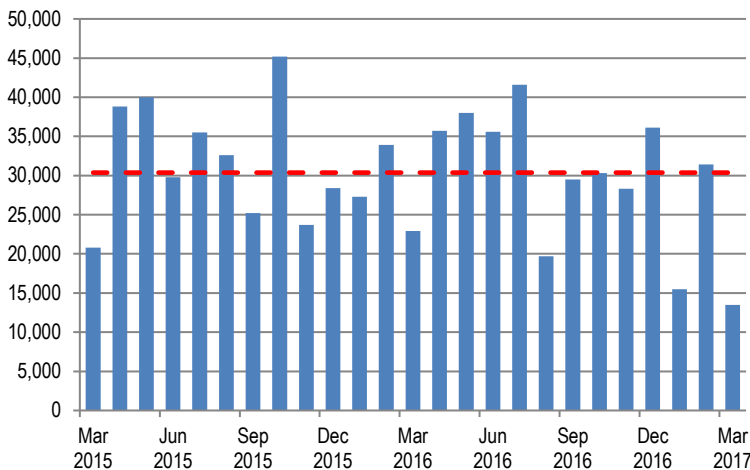
HIGHLIGHTS

- ▲ Health care added 13,500 new jobs in March (Exhibit 1), less than half the 12-month average of 30,000 jobs per month.
- ▲ Even with upward revisions through February of 8,000 health jobs, the low March reading kept first quarter (Q1) 2017 job growth at the slower pace seen so far in 2017, with an average of 20,000 new jobs per month compared to 32,000 per month in 2015 and 2016.
- ▲ March job growth was particularly slow in offices of physicians, home health, and other ambulatory care, which together added less than 1,000 jobs compared to a 12-month average of 14,000 new jobs per month across these settings.
- ▲ Lower health sector job growth was consistent with the lower overall job growth of 98,000, about half the 12-month average.
- ▲ Labor market indicators from the monthly “household” survey were positive, with the unemployment rate dipping down to 4.5%, the lowest rate since May 2007.
- ▲ Health jobs grew 2.3% year over year, lower than the 2.5% average growth in 2016, but still faster than the pace of non-health job growth, at 1.4% (Exhibit 7).

HEALTH CARE EMPLOYMENT

In March 2017, private-sector health care employment showed a gain of 13,500 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released on April 7, 2017. Hospitals gained 8,700 jobs, while ambulatory care settings added 6,800 jobs and nursing and residential care lost 2,000 jobs. The health share of total employment is holding steady at 10.73% (Exhibit 8).

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



Source: Altarum analysis of BLS data.

Cyclical Employment Big Picture

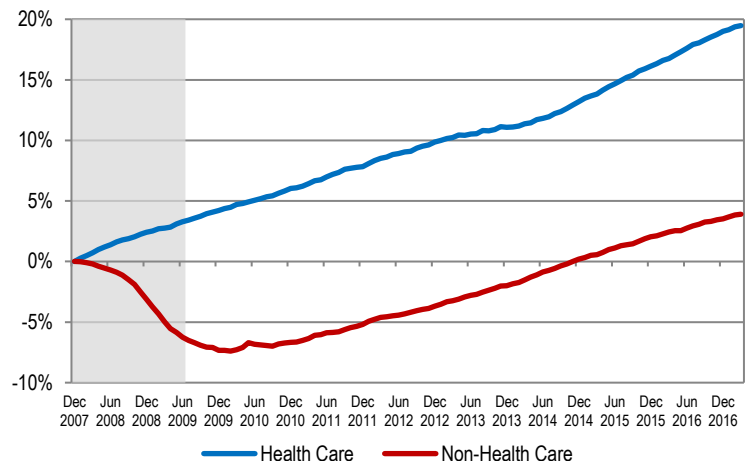
Seasonally Adjusted	Dec 2007	Jun 2009	Mar 2016	Mar 2017
Total Employment (000s)	138,413	131,021	143,673	145,858
Non-health Employment (000s)	125,310	117,487	128,373	130,203
Health Care Employment (000s)	13,103	13,534	15,300	15,655
Health Share of Total Employment	9.47%	10.33%	10.65%	10.73%
Unemployment Rate	5.0%	9.5%	5.0%	4.5%

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 Institute analysis of Bureau of Labor Statistics (BLS) data.

Over the last 12 months, total private-sector health care employment grew by 355,000 jobs or 2.3%. During this period, total non-health payroll employment increased by 1.83 million jobs or 1.4% (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 19.5%, while non-health employment has grown by 4.9 million jobs for a cumulative gain of 3.9% (Exhibit 2).

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



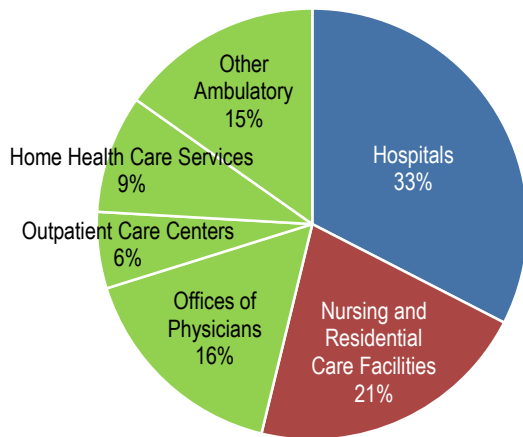
Source: Altarum analysis of BLS data.
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY SETTING

In March 2017, the following occurred:

- ▲ Hospitals gained 8,700 jobs, comparable to the 12-month average of 9,300.
- ▲ Ambulatory health care services added only 6,800 jobs, well below the 12-month average of 18,800. These services include the following:
 - Offices of physicians lost 1,500 jobs (12-month average: 4,800).
 - Outpatient care centers gained 5,900 jobs (12-month average: 4,600).
 - Home health care gained 1,500 jobs (12-month average: 3,200).
 - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained 900 jobs (12-month average: 6,100).
- ▲ Nursing and residential care facilities lost 2,000 jobs (12-month average: 1,500).
- ▲ 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).

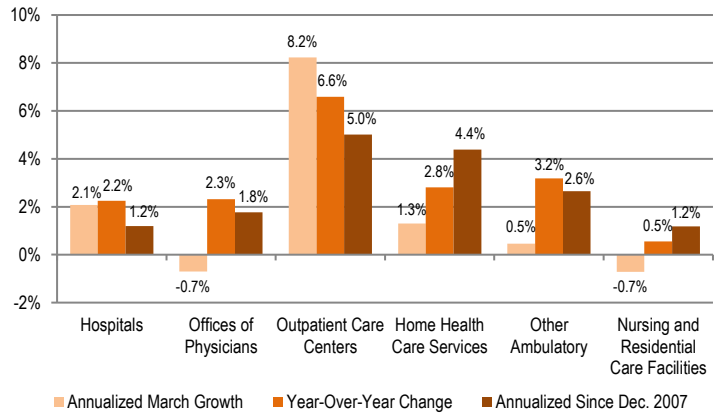
Exhibit 3. Health Care Employment by Setting, March 2017



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, 6.6%, adding 55,500 jobs. Other ambulatory care settings gained 73,500 jobs for a growth rate of 3.2%. Home health care gained 38,000 jobs for a growth rate of 2.8%. Offices of physicians added 58,000 jobs for a growth rate of 2.3%. Hospital jobs grew 2.2% over the past 12 months, adding 112,100 jobs. Finally, nursing and residential care added 18,100 jobs for a growth rate of 0.5% (Exhibit 4).

Exhibit 4. Growth in Health Care Employment by Selected Setting



Source: Altarum analysis of BLS data.

DISCUSSION

Even with slight upward revisions to January and February 2017, the low preliminary estimate of 13,500 new health jobs in March makes Q1 2017 the slowest quarter for health job growth since Q2 2014.

In fact, Q1 2017 looks a lot like Q2 2014 in terms of health sector job growth, with the period in between characterized by the accelerated growth that aligned with coverage expansion (see [our post on the Incidental Economist](#) for more on health sector job growth under expanded coverage). In both the most recent quarter, Q1 2017, and in Q2 2014, health care averaged 20,000 new jobs per month, ambulatory care settings added 13,000 new jobs per month, and hospitals added 5,000 to 6,000 jobs per month. In contrast, from the second half of 2014 through the end of 2016, health care averaged 31,000 new jobs per month and hospitals averaged 10,000 new jobs per month.

Overall, labor market indicators remain quite positive. While the establishment survey's estimate of 98,000 new nonfarm jobs in March came in at about half the pace of the past 12 months (average 182,000), and below consensus expectations, the household survey showed continued labor market tightening. The unemployment rate dropped to 4.5%, the lowest level since May 2007, and the broadest measure of unemployment, the U-6, dropped below 9% for the first time since the start of the recession.

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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)	March 2017	February 2017	March 2016	March 2015	December 2007
Non-Health Care	130,203	130,119	128,373	126,014	125,310
Health Care	15,655	15,641	15,300	14,916	13,103
Ambulatory Health Care Services	7,233	7,227	7,008	6,784	5,556
Offices of Physicians	2,565	2,567	2,507	2,454	2,181
Outpatient Care Centers	898	892	842	788	571
Home Health Care Services	1,388	1,387	1,350	1,300	933
Other Ambulatory	2,383	2,382	2,309	2,243	1,871
Hospitals	5,096	5,087	4,984	4,856	4,564
Nursing and Residential Care Facilities	3,326	3,328	3,308	3,277	2,984
Nursing Care Facilities	1,642	1,644	1,641	1,647	1,612
Other Nursing and Residential	1,683	1,684	1,667	1,629	1,372
Health Share of Employment	10.73%	10.73%	10.65%	10.58%	9.47%

Source: Altarum analysis of BLS data.

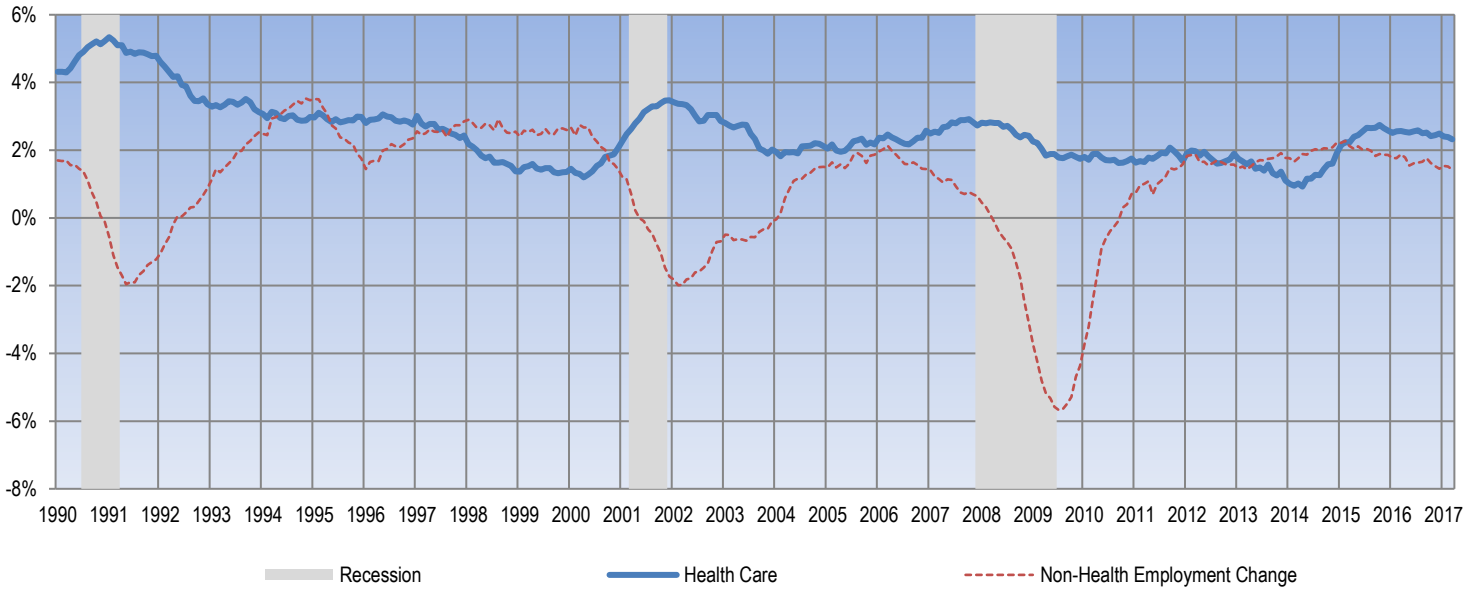
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	84.5	1,829.8	4,189.5	4,893.2
Health Care	13.5	355.2	738.5	2,551.8
Ambulatory Health Care Services	6.8	225.0	449.5	1,677.5
Offices of Physicians	-1.5	58.0	111.5	384.5
Outpatient Care Centers	5.9	55.5	109.6	326.5
Home Health Care Services	1.5	38.0	88.5	454.8
Other Ambulatory	0.9	73.5	139.9	511.7
Hospitals	8.7	112.1	239.9	531.9
Nursing and Residential Care Facilities	-2.0	18.1	49.1	341.9
Nursing Care Facilities	-1.8	1.4	-5.1	30.7
Other Nursing and Residential	-0.2	16.7	54.2	311.2
Annualized Percentage Change				
Non-Health Care	0.8%	1.4%	1.6%	0.4%
Health Care	1.0%	2.3%	2.4%	1.9%
Ambulatory Health Care Services	1.1%	3.2%	3.3%	2.9%
Offices of Physicians	-0.7%	2.3%	2.2%	1.8%
Outpatient Care Centers	8.2%	6.6%	6.7%	5.0%
Home Health Care Services	1.3%	2.8%	3.3%	4.4%
Other Ambulatory	0.5%	3.2%	3.1%	2.6%
Hospitals	2.1%	2.2%	2.4%	1.2%
Nursing and Residential Care Facilities	-0.7%	0.5%	0.7%	1.2%
Nursing Care Facilities	-1.3%	0.1%	-0.2%	0.2%
Other Nursing and Residential	-0.1%	1.0%	1.6%	2.2%

Source: Altarum analysis of BLS data.

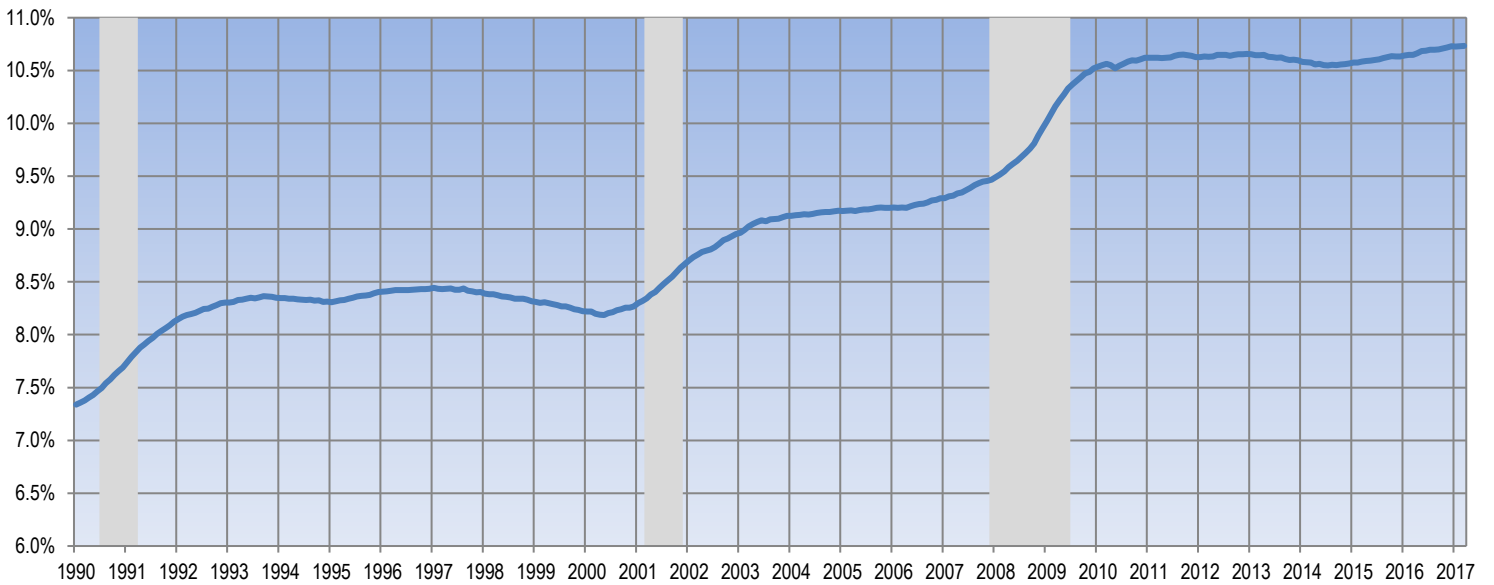
TIME SERIES TRACKER

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.