

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data Through July 2015

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LABOR BRIEF

August 13, 2015

Health job growth reaches 3% year over year for first time since 2002

HIGHLIGHTS

- ▲ The health sector added 27,900 new jobs in July, a bit off the pace of the previous 3 months but still a solid gain.
- ▲ More than half of July’s gains came from hospitals, which added 15,700 jobs and are averaging 12,000 new jobs per month in 2015, strong figures by historical standards.
- ▲ Health sector job gains were somewhat lower this month, because ambulatory care settings grew at about half the average pace—slightly fewer than 9,000 jobs—mainly due to losses in the “other ambulatory care” subcategory.
- ▲ Nursing and residential care gained 3,300 jobs, consistent with the modest gains seen in this setting over the past few years.
- ▲ The source of these figures, the monthly “establishment” survey, showed total nonfarm jobs growing by a solid 215,000 in July.
- ▲ The monthly “household” survey showed the unemployment rate holding steady at 5.3%.
- ▲ The health share of total employment increased to 10.65%, approaching the high of 10.66% last seen in December 2012. Health job growth reached 3.0% year over year for the first time since 2002, while nonhealth jobs grew at 2.0% (Exhibit 7).

Cyclical Employment Big Picture

Seasonally Adjusted	Dec 2007	Jun 2009	Jul 2014	Jul 2015
Total Employment (000)	138,350	130,944	139,156	142,071
Nonhealth Employment (000)	125,247	117,410	124,467	126,946
Health Care Employment (000)	13,103	13,534	14,689	15,125
Health Share of Total Employment	9.47%	10.34%	10.56%	10.65%
Unemployment Rate	5.0%	9.5%	6.2%	5.3%

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

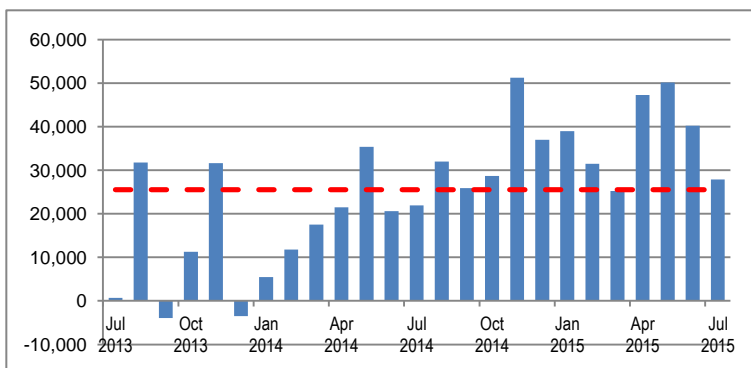
Source: Altarum Institute analysis of Bureau of Labor Statistics (BLS) data.

HEALTH CARE EMPLOYMENT

In July 2015, private-sector health care employment showed a gain of 27,900 jobs (Exhibit 1), according to the BLS Employment Situation released on August 7, 2015. Offices of physicians gained a below-average 4,500 jobs, but hospitals gained 15,700 jobs, well above average. The health share of total employment increased to 10.65% (Exhibit 8).

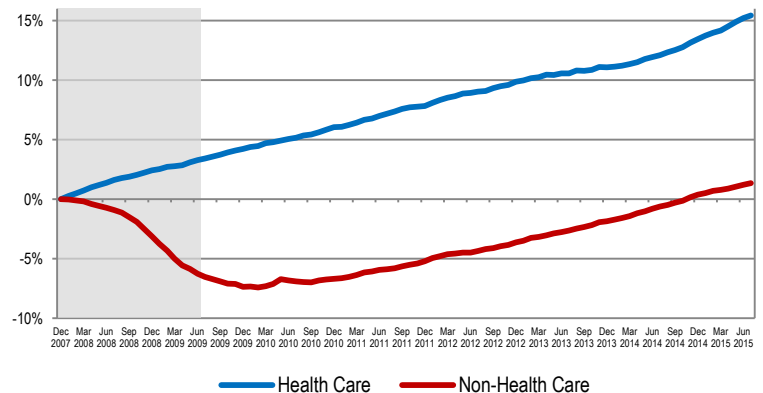
Over the last 12 months, total private-sector health care employment grew by 436,000 jobs or 3.0%. During this period, total nonhealth payroll employment increased by 2,479,000 jobs or 2.0% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 2.02 million jobs for a cumulative gain of 15.4%, while nonhealth employment has grown by 1.7 million jobs for a cumulative gain of 1.4% (Exhibit 2). Nonhealth jobs continue to climb after finally reclaiming their pre-recession level in November 2014.

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



Source: Altarum analysis of BLS data.

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



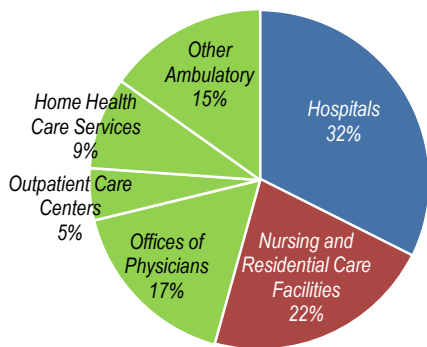
Source: Altarum analysis of BLS data.
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY CATEGORY

In July 2015, the following occurred:

- ▲ Hospitals gained 15,700 jobs, much higher than the 24-month average gain of 4,900 and the 12-month average of 10,200.
- ▲ Ambulatory health care services added 8,900 jobs, well below the 24-month average gain of 18,600 and the 12-month average of 22,600. These services include the following:
 - Offices of physicians added 4,500 jobs (24-month average: 5,400).
 - Outpatient care centers gained 1,700 jobs (24-month average: 2,700).
 - Home health care gained 3,400 jobs (24-month average: 3,800).
 - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, lost 700 jobs (24-month average: 6,700).
- ▲ Nursing and residential care facilities gained 3,300 jobs (24-month average: 3,100).
- ▲ 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, July 2015

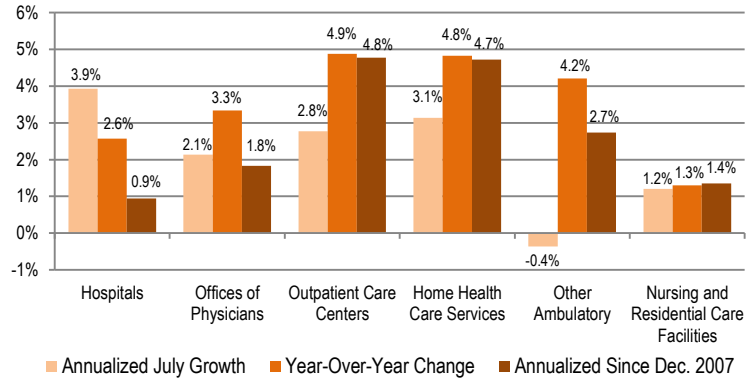


Source: Altarum analysis of BLS data.

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

Over the past 12 months, outpatient care centers grew at the fastest rate, 4.9%, adding 34,700 jobs. Home health care gained 60,900 jobs for a growth rate of 4.8%. Other ambulatory care settings gained 92,700 jobs for a growth rate of 4.2%. Offices of physicians added 82,600 jobs for a growth rate of 3.3%. Hospital jobs grew by 2.6% over the past 12 months, adding 122,800 jobs. Finally, nursing and residential care added 42,300 jobs for a growth rate of 1.3% (Exhibit 4).

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



Source: Altarum analysis of BLS data.

DISCUSSION

The health sector added slightly fewer than 28,000 new jobs in July, a bit off the pace of the previous 3 months but still above the 24-month average of 26,600. In the first 7 months of 2015, the health sector has averaged more than 37,000 new jobs per month. Year over year (comparing July 2015 to July 2014), health job growth reached 3.0% for the first time since 2002.

Health sector job gains were somewhat lower in July than in recent months, because ambulatory care settings grew at about half the average pace, adding slightly fewer than 9,000 jobs. The low growth was mainly due to a loss of nearly 1,000 jobs in the "other ambulatory care" subcategory, a diverse group that includes dental offices, offices of nonphysician practitioners, and labs. This subcategory can fluctuate significantly (it grew by 12,700 jobs just last month) and is often revised in subsequent months.

More than half the growth in health sector jobs in July came from hospitals, which added slightly fewer than 16,000 jobs, a level of growth seen only a few times in the past 25 years. The year-over-year growth rate for hospitals was 2.6%, the highest since May 2008. Hospitals have added an average of 12,000 new jobs per month so far in 2015.

Nursing and residential care gained 3,300 jobs, consistent with the modest gains seen in this setting over the past few years, with most of the growth coming in "other nursing and residential care" settings rather than traditional nursing homes.

The overall economy added 215,000 jobs in July and has added nearly 1.5 million jobs so far in 2015. Perhaps it is a measure of the steadiness of the recovery that another month of gains of more than 200,000 generates little excitement, even though private sector jobs over the past two years have grown at the fastest pace since the late 1990s. However, wage growth continues to be modest, indicating some remaining slack in the labor market.

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DETAILED HEALTH CARE EMPLOYMENT DATA

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 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 <http://www.altarum.org/cshs>.

Exhibit 5. Employment Data by Sector, Seasonally Adjusted

Employment (in thousands)	July 2015	June 2015	July 2014	July 2013	December 2007
Non-Health Care	126,946	126,759	124,467	121,932	125,247
Health Care	15,125	15,097	14,689	14,487	13,103
Ambulatory Health Care Services	6,922	6,913	6,651	6,476	5,555
Offices of Physicians	2,556	2,551	2,473	2,427	2,228
Outpatient Care Centers	747	745	712	682	524
Home Health Care Services	1,323	1,320	1,262	1,232	933
Other Ambulatory	2,296	2,296	2,203	2,135	1,871
Hospitals	4,900	4,884	4,777	4,783	4,564
Nursing and Residential Care Facilities	3,303	3,300	3,261	3,228	2,984
Nursing Care Facilities	1,654	1,654	1,653	1,650	1,612
Other Nursing and Residential	1,649	1,646	1,608	1,579	1,372
Health Share of Employment	10.65%	10.64%	10.56%	10.62%	9.47%

Source: Altarum analysis of BLS data.

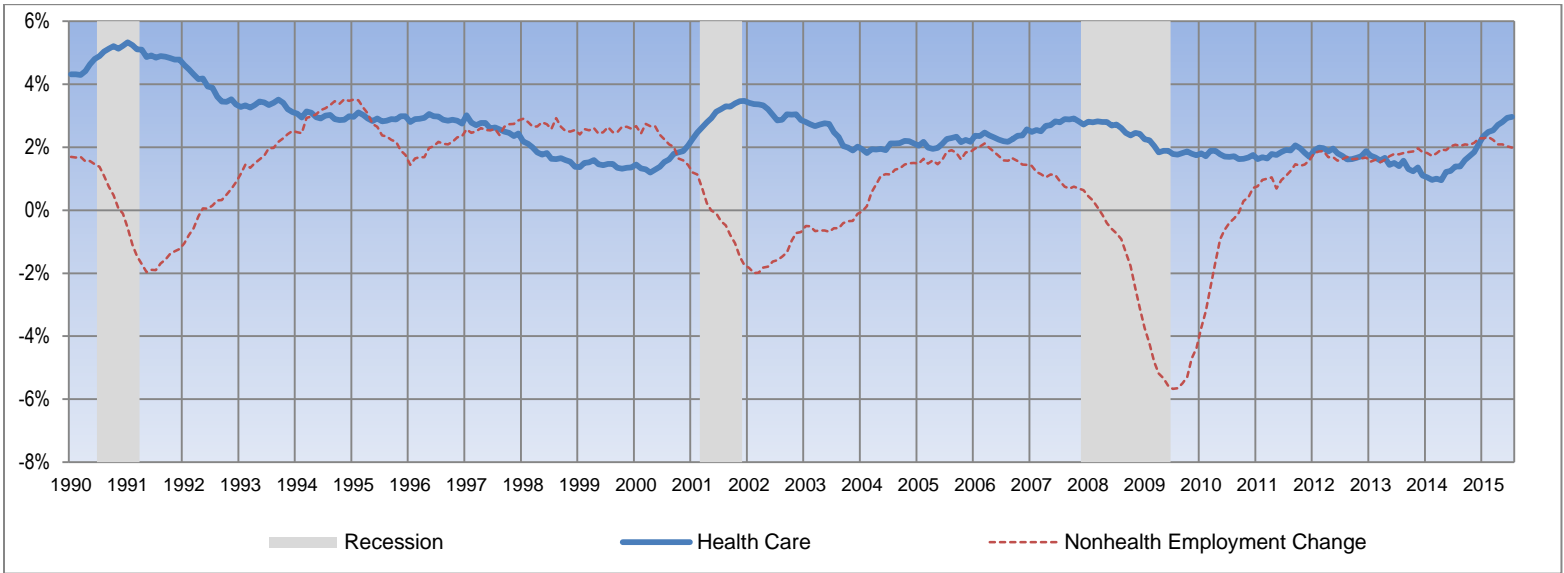
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	187.1	2,479.0	5,014.5	1,699.2
Health Care	27.9	436.0	637.5	2,021.8
Ambulatory Health Care Services	8.9	270.9	445.7	1,366.3
Offices of Physicians	4.5	82.6	128.8	328.1
Outpatient Care Centers	1.7	34.7	65.1	222.5
Home Health Care Services	3.4	60.9	91.1	390.5
Other Ambulatory	-0.7	92.7	160.7	425.2
Hospitals	15.7	122.8	116.8	335.9
Nursing and Residential Care Facilities	3.3	42.3	75.0	319.6
Nursing Care Facilities	0.6	1.3	4.8	42.7
Other Nursing and Residential	2.7	41.0	70.2	276.9
Annualized Percentage Change				
Non-Health Care	1.8%	2.0%	2.0%	0.2%
Health Care	2.2%	3.0%	2.2%	1.9%
Ambulatory Health Care Services	1.6%	4.1%	3.4%	2.9%
Offices of Physicians	2.1%	3.3%	2.6%	1.8%
Outpatient Care Centers	2.8%	4.9%	4.7%	4.8%
Home Health Care Services	3.1%	4.8%	3.6%	4.7%
Other Ambulatory	-0.4%	4.2%	3.7%	2.7%
Hospitals	3.9%	2.6%	1.2%	0.9%
Nursing and Residential Care Facilities	1.2%	1.3%	1.2%	1.4%
Nursing Care Facilities	0.4%	0.1%	0.1%	0.3%
Other Nursing and Residential	2.0%	2.5%	2.2%	2.5%

Source: Altarum analysis of BLS data.

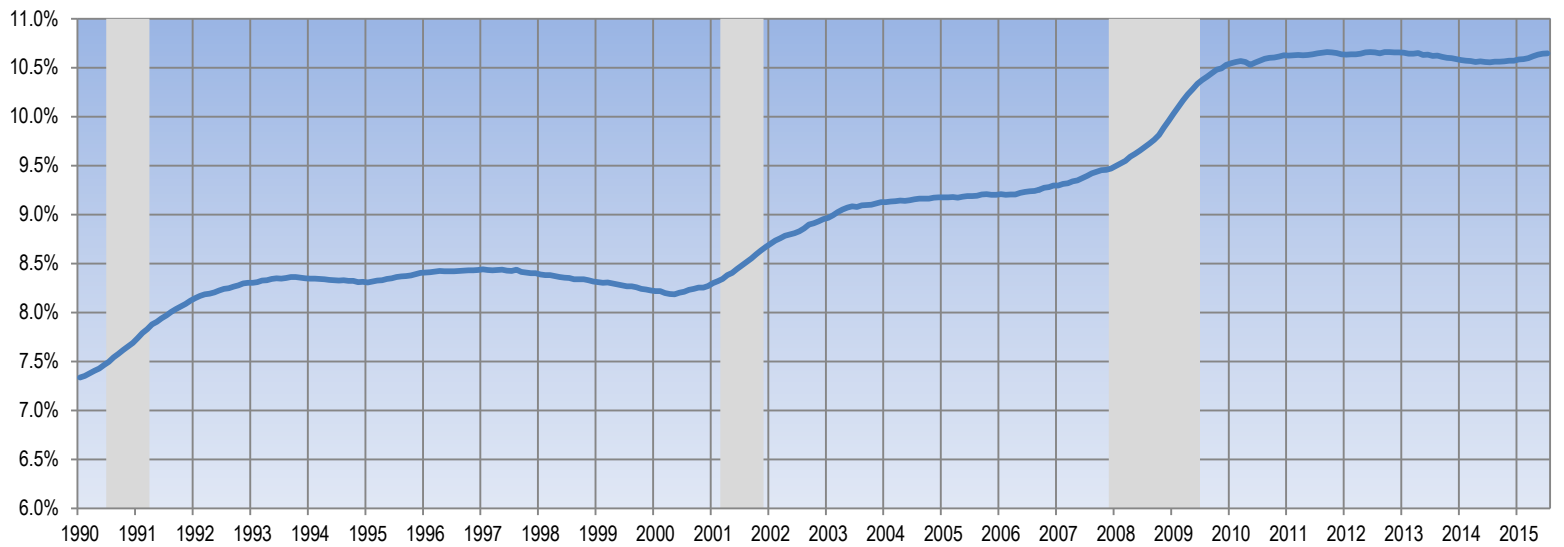
TIME SERIES TRACKER

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.