

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data Through July 2016

August 12, 2016

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LABOR BRIEF

Another 40,000 new health care jobs contribute to a strong overall jobs report

HIGHLIGHTS

- ▲ Health care added 43,200 new jobs in July (Exhibit 1), a bit more than the 12-month average of 39,700 new jobs per month. Revisions slightly lowered estimates through June by 3,000 jobs.
- ▲ Growth in hospitals was a bit above the pace seen over the past year (17,100 new jobs versus 15,300), while ambulatory care settings grew just under the average pace (18,900 jobs versus 21,300).
- ▲ Nursing and residential care settings added 7,200 jobs in July, more than twice the 12-month average of 3,200.
- ▲ The source of these estimates, the monthly “establishment” survey, showed the economy adding 255,000 new jobs in July, with upward revisions of 18,000 putting the June growth estimate at 292,000.
- ▲ The monthly “household” survey showed the unemployment rate holding steady at 4.9% even with gains in the labor force. Other positive labor market indicators included growth in weekly hours and wages.
- ▲ Continuing the pattern of recent months, health jobs grew 3.2% year over year while non-health jobs grew 1.6% (Exhibit 7), for a health share of total employment of 10.78% (Exhibit 8).

Cyclical Employment Big Picture

Seasonally Adjusted	Dec 2007	Jun 2009	Jul 2015	Jul 2016
Total Employment (000s)	138,413	131,020	142,001	144,448
Nonhealth Employment (000s)	125,310	117,486	126,901	128,871
Health Care Employment (000s)	13,103	13,534	15,101	15,577
Health Share of Total Employment	9.47%	10.33%	10.63%	10.78%
Unemployment Rate	5.0%	9.5%	5.3%	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.

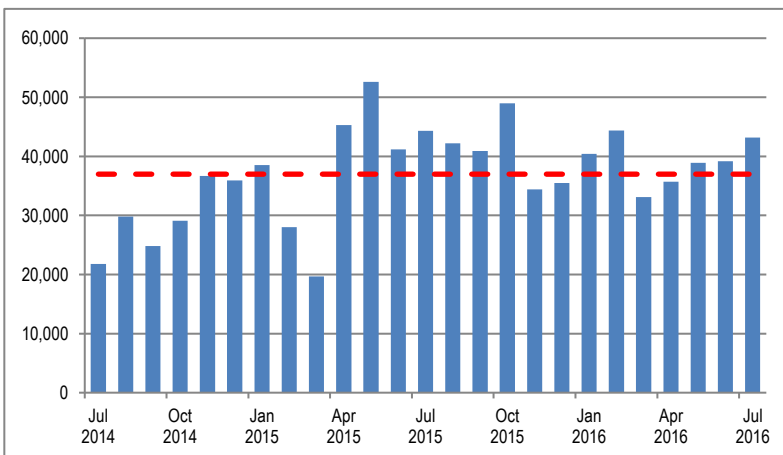
Source: Altarum Institute analysis of Bureau of Labor Statistics (BLS) data.

HEALTH CARE EMPLOYMENT

In July 2016, private-sector health care employment showed a gain of 43,200 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released on August 5, 2016. Hospitals gained 17,100 jobs, while ambulatory care settings added 18,900 jobs in July. The health share of total employment is at a high of 10.78% (Exhibit 8).

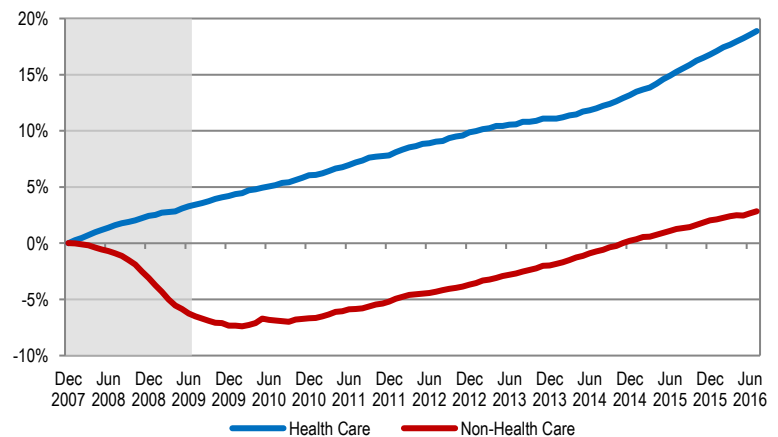
Over the last 12 months, total private-sector health care employment grew by 477,000 jobs or 3.2%. During this period, total non-health payroll employment increased by 1.97 million jobs or 1.6% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 2.5 million jobs for a cumulative gain of 18.9%, while non-health employment has grown by 3.6 million jobs for a cumulative gain of 2.8% (Exhibit 2).

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



Source: Altarum analysis of BLS data.

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



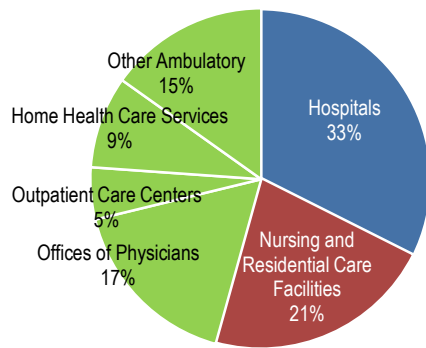
Source: Altarum analysis of BLS data.
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY CATEGORY

In July 2016, the following occurred:

- ▲ Hospitals gained 17,100 jobs, more than the 12-month average of 15,300.
- ▲ Ambulatory health care services added 18,900 jobs, less than the 12-month average of 21,300. These services include the following:
 - Offices of physicians gained 8,900 jobs (12-month average: 6,600).
 - Outpatient care centers gained 2,200 jobs (12-month average: 2,500).
 - Home health care gained 2,700 jobs (12-month average: 5,600).
 - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained 5,100 jobs (12-month average: 6,600).
- ▲ Nursing and residential care facilities gained 7,200 jobs (12-month average: 3,200).
- ▲ 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).

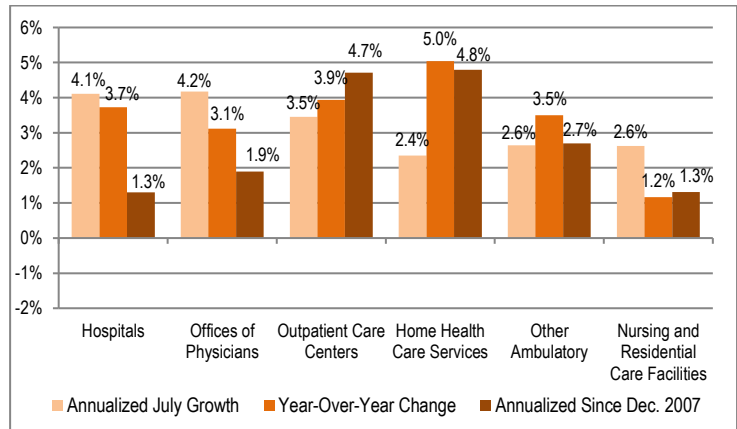
Exhibit 3. Health Care Employment by Setting, July 2016



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, home health care grew at the fastest rate, 5.0%, adding 66,900 jobs. Outpatient care centers gained 29,500 jobs for a growth rate of 3.9%. Offices of physicians added 79,100 jobs for a growth rate of 3.1%. Other ambulatory care settings gained 79,500 jobs for a growth rate of 3.5%. Hospital jobs grew 3.7% over the past 12 months, adding 183,400 jobs. Finally, nursing and residential care added 38,500 jobs for a growth rate of 1.2% (Exhibit 4).

Exhibit 4. Growth in Health Care Employment by Selected Setting



Source: Altarum analysis of BLS data.

DISCUSSION

Health sector hiring continues to defy our expectation of an impending slowdown. With July's gain of more than 40,000 jobs, we have seen twelve straight months of year-over-year health job growth at or above 3%, a sustained rate of growth not seen since the early 2000s. Measures of momentum based on a three-month moving average are slowly declining after peaking in mid-2015, but this has not yet translated into substantial declines in monthly job growth.

For the first five years of this economic recovery (mid-2009 through mid-2014), the majority of health sector job growth (about three-quarters) was in ambulatory care settings such as home health and outpatient care centers. Hospitals, which hold one-third of health sector jobs, accounted for only about 10% of the growth in health jobs, averaging only 1,900 out of 19,000 new jobs per month. In the past two years (mid-2014 to present), as coverage has expanded and hospital margins have improved, hospitals have averaged 13,000 new jobs per month, or more than a third of the 38,000 average gain. While job growth picked up in all major health care settings, an important factor in the acceleration has been that hospital hiring is now keeping pace with ambulatory settings.

In terms of the overall labor market, the July jobs report was consistently positive. Employment estimates exceeded expectations, showing the economy adding more than half a million jobs over the past two months. Average weekly hours worked increased, average hourly earnings continued to grow faster than inflation, and the unemployment rate remained under 5%, even as 400,000 people joined the labor force.

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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'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: Ken Schwartz, 202-772-5062, 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)	July 2016	June 2016	July 2015	July 2014	December 2007
Non-Health Care	128,871	128,659	126,901	124,400	125,310
Health Care	15,577	15,534	15,101	14,675	13,103
Ambulatory Health Care Services	7,139	7,120	6,884	6,638	5,555
Offices of Physicians	2,616	2,608	2,537	2,466	2,228
Outpatient Care Centers	778	776	749	712	524
Home Health Care Services	1,395	1,392	1,328	1,263	933
Other Ambulatory	2,350	2,345	2,271	2,197	1,871
Hospitals	5,101	5,084	4,918	4,779	4,564
Nursing and Residential Care Facilities	3,337	3,330	3,299	3,257	2,984
Nursing Care Facilities	1,665	1,662	1,653	1,651	1,612
Other Nursing and Residential	1,672	1,668	1,646	1,606	1,372
Health Share of Employment	10.78%	10.77%	10.63%	10.55%	9.47%

Source: Altarum analysis of BLS data.

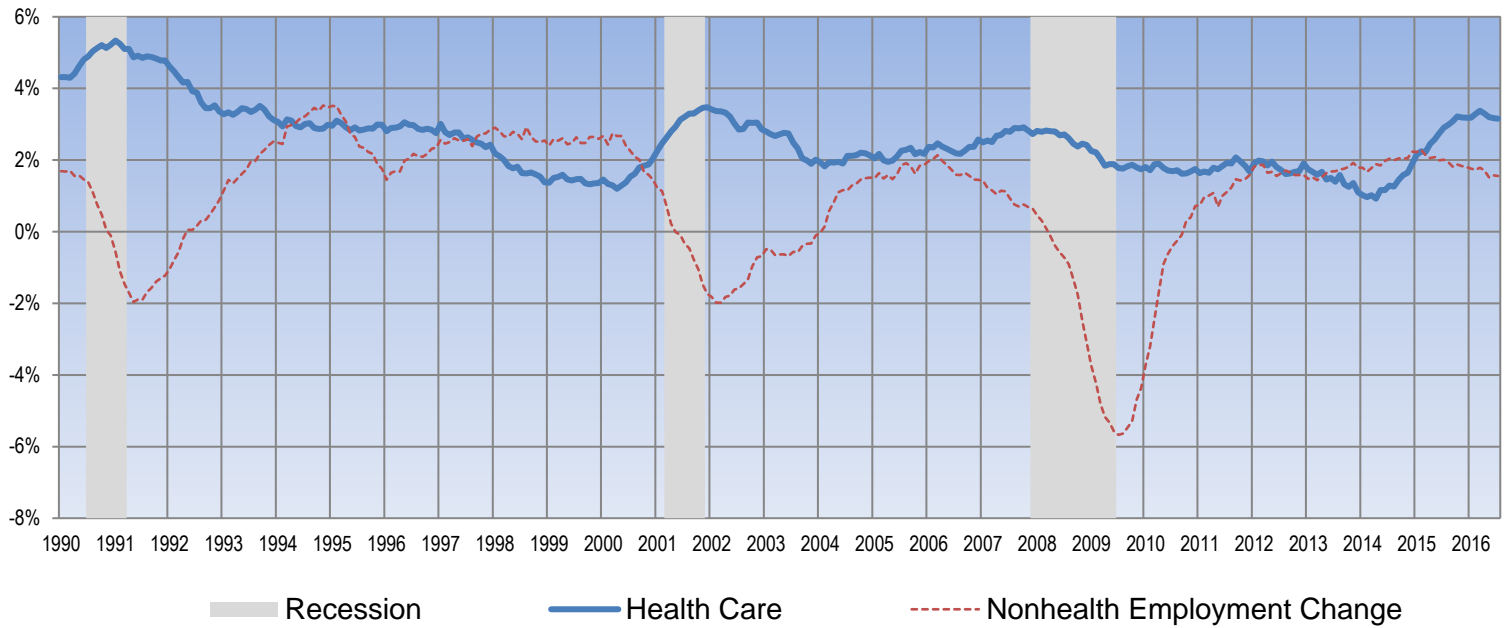
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	211.8	1,970.1	4,470.2	3,560.7
Health Care	43.2	476.9	902.8	2,474.3
Ambulatory Health Care Services	18.9	255.0	501.3	1,583.9
Offices of Physicians	8.9	79.1	150.3	388.6
Outpatient Care Centers	2.2	29.5	65.8	253.9
Home Health Care Services	2.7	66.9	132.1	461.9
Other Ambulatory	5.1	79.5	153.1	479.5
Hospitals	17.1	183.4	321.6	537.0
Nursing and Residential Care Facilities	7.2	38.5	79.9	353.4
Nursing Care Facilities	3.3	12.0	13.6	53.3
Other Nursing and Residential	3.9	26.5	66.3	300.1
Annualized Percentage Change				
Non-Health Care	2.0%	1.6%	1.8%	0.3%
Health Care	3.4%	3.2%	3.0%	2.0%
Ambulatory Health Care Services	3.2%	3.7%	3.7%	3.0%
Offices of Physicians	4.2%	3.1%	3.0%	1.9%
Outpatient Care Centers	3.5%	3.9%	4.5%	4.7%
Home Health Care Services	2.4%	5.0%	5.1%	4.8%
Other Ambulatory	2.6%	3.5%	3.4%	2.7%
Hospitals	4.1%	3.7%	3.3%	1.3%
Nursing and Residential Care Facilities	2.6%	1.2%	1.2%	1.3%
Nursing Care Facilities	2.4%	0.7%	0.4%	0.4%
Other Nursing and Residential	2.8%	1.6%	2.0%	2.3%

Source: Altarum analysis of BLS data.

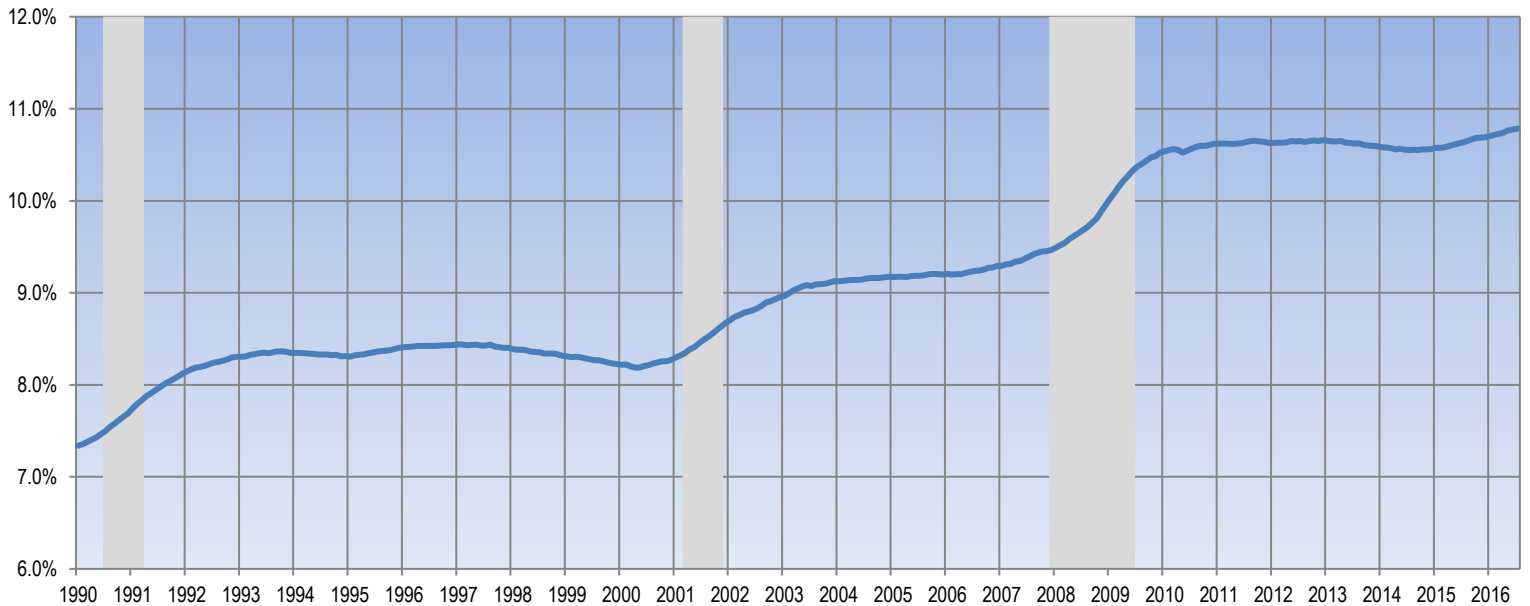
TIME SERIES TRACKER

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.