

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

## Insights from Monthly Employment Data Through November 2015

December 11, 2015

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**LABOR BRIEF**

### Health job growth slows in November, driven by low growth in ambulatory care settings

#### HIGHLIGHTS

- ▲ The health sector added 23,800 jobs in November, a solid increase but much lower than the unusually large gains seen in each of the past 7 months (Exhibit 1). Revisions to historical estimates added 2,300 jobs, raising the estimate of job growth in October to more than 51,000 jobs.
- ▲ Lower health job growth in November was due to very low growth in ambulatory care settings, which added only 4,200 jobs compared to the 12-month average of about 21,000.
- ▲ Hospitals added 13,400 jobs in November—a strong gain, but consistent with a slight slowdown in the pace of hospital job growth since the peak of 22,000 new jobs in July.
- ▲ Nursing and residential care settings bounced back from a flat October to add 6,200 jobs in November.
- ▲ The source of these figures, the monthly “establishment” survey, showed total nonfarm jobs growing by 211,000 in November, with upward revisions of 35,000, bringing October’s growth to nearly 300,000 jobs.
- ▲ The monthly “household” survey showed the unemployment rate holding steady at 5.0%.
- ▲ The health share of total employment remained at 10.7% (Exhibit 8). Health jobs grew 3.2% year over year, while nonhealth jobs grew by 1.7% (Exhibit 7).

#### Cyclical Employment Big Picture

Seasonally Adjusted	Dec 2007	Jun 2009	Nov 2014	Nov 2015
Total Employment (000s)	138,350	130,944	140,263	142,900
Nonhealth Employment (000s)	125,247	117,410	125,436	127,604
Health Care Employment (000s)	13,103	13,534	14,827	15,296
Health Share of Total Employment	9.47%	10.34%	10.57%	10.70%
Unemployment Rate	5.0%	9.5%	5.8%	5.0%

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

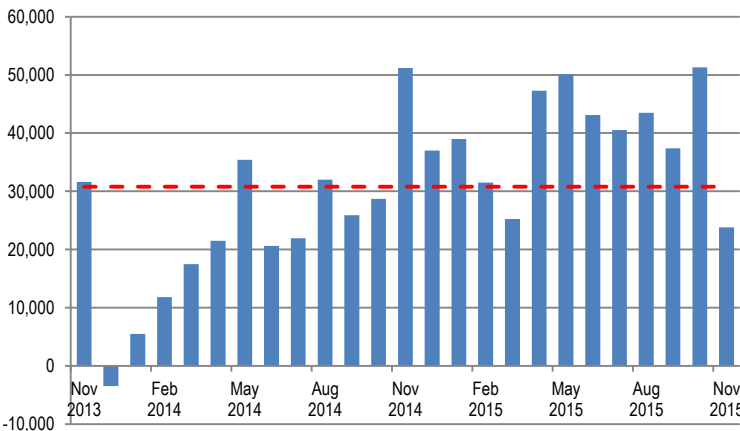
Source: Altarum Institute analysis of Bureau of Labor Statistics data.

#### HEALTH CARE EMPLOYMENT

In November 2015, private-sector health care employment showed a gain of 23,800 jobs (Exhibit 1), according to the Bureau of Labor Statistics Employment Situation report released on December 4, 2015. Hospitals gained a solid 13,400 jobs but ambulatory care settings added a low 4,200 jobs. The health share of total employment remained at 10.7% (Exhibit 8).

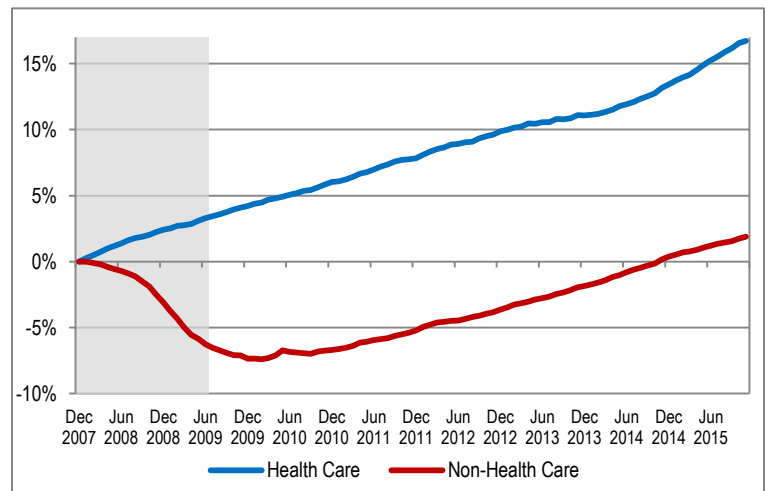
Over the last 12 months, total private-sector health care employment grew by 470,000 jobs or 3.2%. During this period, total nonhealth payroll employment increased by 2,167,000 jobs or 1.7% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 2.2 million jobs for a cumulative gain of 16.7%, while nonhealth employment has grown by 2.4 million jobs for a cumulative gain of 1.9% (Exhibit 2).

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



Source: Altarum analysis of Bureau of Labor Statistics data.

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



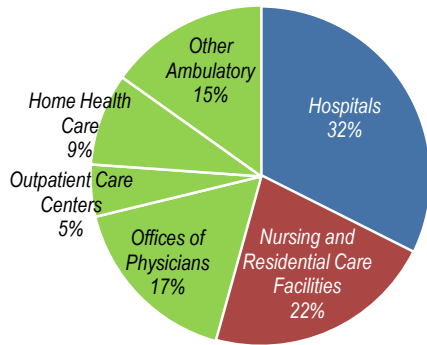
Source: Altarum analysis of Bureau of Labor Statistics data.  
Note: Shading indicates the recession period.

**HEALTH CARE JOBS BY CATEGORY**

In November 2015, the following occurred:

- ▲ Hospitals gained 13,400 jobs, close to the 12-month average gain of 13,900.
- ▲ Ambulatory health care services added only 4,200 jobs, much lower than the 12-month average gain of 21,100. These services include the following:
  - Offices of physicians added 2,700 jobs (12-month average: 7,400).
  - Outpatient care centers gained 2,100 jobs (12-month average: 2,700).
  - Home health care lost 1,600 jobs (12-month average: +4,700).
  - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained only 1,000 jobs (12-month average: 6,300).
- ▲ Nursing and residential care facilities gained 6,200 jobs (12-month average: 4,200).
- ▲ 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).

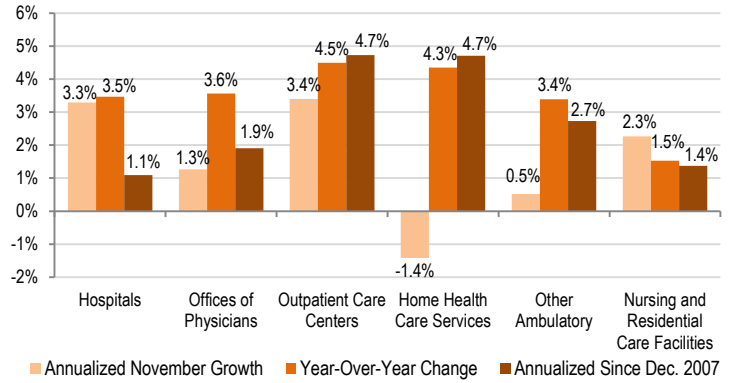
**Exhibit 3. Health Care Employment by Setting, November 2015**



Source: Altarum analysis of Bureau of Labor Statistics 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 care grew at the fastest rate, 4.5%, adding 32,500 jobs. Home health gained 55,900 jobs for a growth rate of 4.3%. Offices of physicians added 88,900 jobs for a growth rate of 3.6%. Other ambulatory care settings gained 75,900 jobs for a growth rate of 3.4%. Hospital jobs grew by 3.5% over the past 12 months, adding 166,600 jobs. Finally, nursing and residential care added 49,900 jobs for a growth rate of 1.5% (Exhibit 4).

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



Source: Altarum analysis of Bureau of Labor Statistics data.

**DISCUSSION**

Health sector job growth showed some moderation in November with a gain of 24,000 jobs compared to the previous 2015 average of 40,000 per month. Most of the slowdown was in ambulatory care settings, which added only about 4,000 jobs, one-fifth the average. Within ambulatory care, growth in physician offices, home health, and “other” ambulatory care settings (dental offices, labs, and other practitioner offices) was especially low.

Our monthly tracking shows that the growth in health services spending has moderated over the course of 2015, a trend we expected to see as the impact of expanded coverage leveled off. Our analyses have also shown that the recent acceleration in health jobs appears to be mostly due to expanded coverage, suggesting an eventual slowdown in the pace of health job growth as well. Based on only 1 month of preliminary jobs data, it is too soon to call November 2015 the start of a slowdown in health care hiring. Revisions to the estimates in ambulatory care settings could change the story next month. However, even hospitals, which are still growing at a strong pace, have added slightly fewer jobs in each of the past 5 months, from a peak of 22,000 in July, to 13,000 in November.

The overall labor market continues to improve, adding 211,000 jobs in November with upward revisions of 35,000, pushing average monthly gains for the year to 210,000. The unemployment rate held steady, but the labor force increased by 270,000. Average hourly earnings, which we would expect to rise as the labor market tightens, were up 2.3% year over year, not yet taking off, but an improvement over the 2.0% or so seen in recent years and higher than the low rates of overall inflation.

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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<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. 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)	November 2015	October 2015	November 2014	November 2013	December 2007
Non-Health Care	127,604	127,416	125,436	122,809	125,247
Health Care	15,296	15,273	14,827	14,558	13,103
Ambulatory Health Care Services	6,998	6,994	6,745	6,536	5,555
Offices of Physicians	2,586	2,583	2,497	2,441	2,228
Outpatient Care Centers	756	754	723	693	524
Home Health Care Services	1,342	1,344	1,286	1,248	933
Other Ambulatory	2,314	2,313	2,239	2,155	1,871
Hospitals	4,974	4,960	4,807	4,779	4,564
Nursing and Residential Care Facilities	3,325	3,318	3,275	3,243	2,984
Nursing Care Facilities	1,665	1,663	1,653	1,650	1,612
Other Nursing and Residential	1,659	1,655	1,622	1,592	1,372
Health Share of Employment	10.70%	10.70%	10.57%	10.60%	9.47%

Source: Altarum analysis of Bureau of Labor Statistics data.

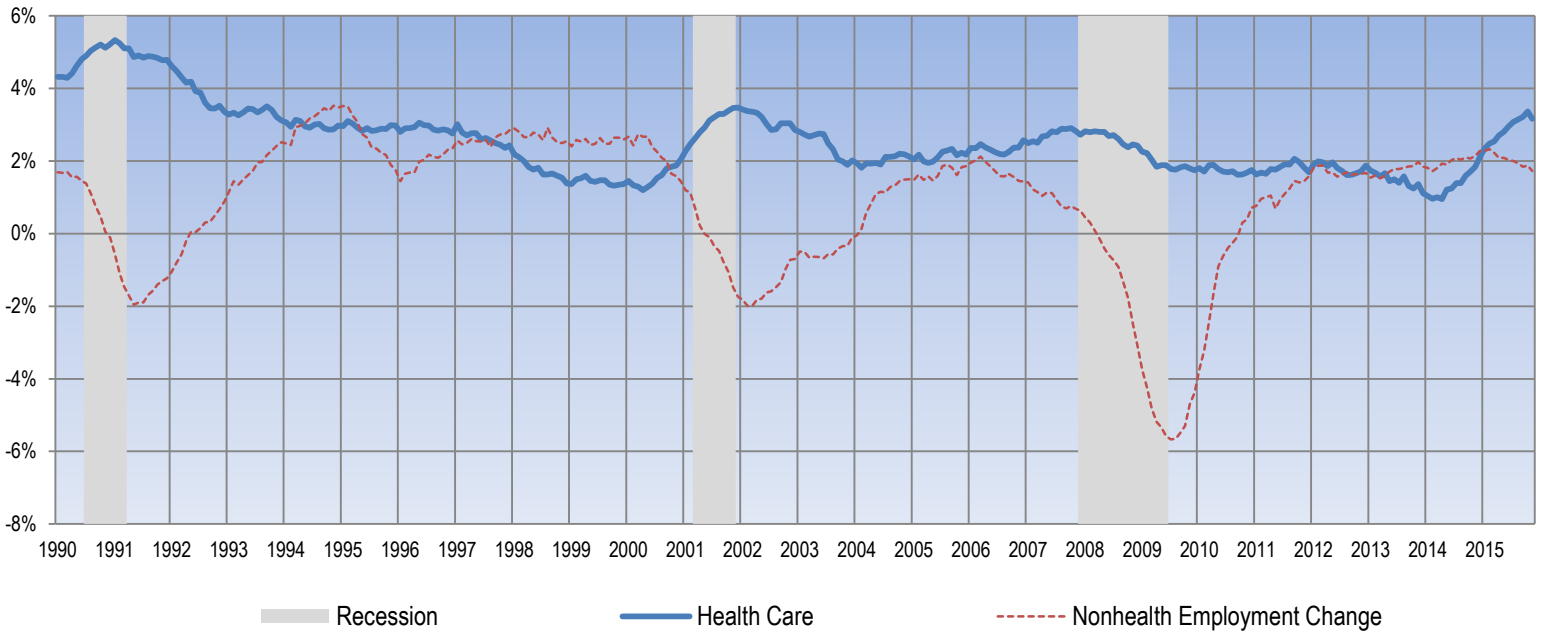
**Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted**

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	187.2	2,167.3	4,794.8	2,356.7
Health Care	23.8	469.7	738.2	2,193.3
Ambulatory Health Care Services	4.2	253.2	462.1	1,443.0
Offices of Physicians	2.7	88.9	145.2	358.2
Outpatient Care Centers	2.1	32.5	63.1	231.6
Home Health Care Services	-1.6	55.9	94.1	409.3
Other Ambulatory	1.0	75.9	159.7	443.9
Hospitals	13.4	166.6	194.1	409.6
Nursing and Residential Care Facilities	6.2	49.9	82.0	340.7
Nursing Care Facilities	2.1	12.0	14.9	53.5
Other Nursing and Residential	4.1	37.9	67.1	287.2
<b>Annualized Percentage Change</b>				
Non-Health Care	1.8%	1.7%	1.9%	0.2%
Health Care	1.9%	3.2%	2.5%	2.0%
Ambulatory Health Care Services	0.7%	3.8%	3.5%	3.0%
Offices of Physicians	1.3%	3.6%	2.9%	1.9%
Outpatient Care Centers	3.4%	4.5%	4.5%	4.7%
Home Health Care Services	-1.4%	4.3%	3.7%	4.7%
Other Ambulatory	0.5%	3.4%	3.6%	2.7%
Hospitals	3.3%	3.5%	2.0%	1.1%
Nursing and Residential Care Facilities	2.3%	1.5%	1.3%	1.4%
Nursing Care Facilities	1.5%	0.7%	0.5%	0.4%
Other Nursing and Residential	3.0%	2.3%	2.1%	2.4%

Source: Altarum analysis of Bureau of Labor Statistics data.

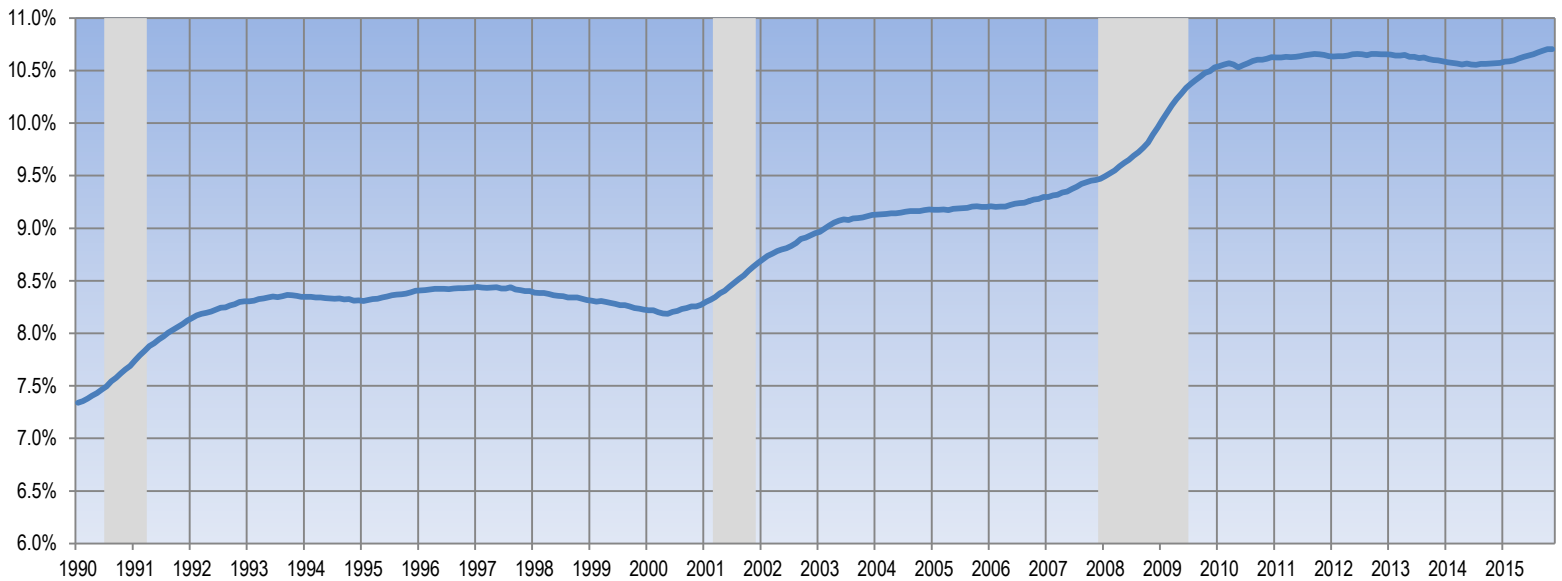
**TIME SERIES TRACKER**

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



Source: Altarum analysis of Bureau of Labor Statistics data.  
 Note: Lightly shaded bars denote recession periods.

**Exhibit 8. Health Care Sector Share of Total Employment**



Source: Altarum analysis of Bureau of Labor Statistics data.  
 Note: Lightly shaded bars denote recession periods.