

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

## Insights from Monthly Employment Data Through November 2016

December 13, 2016

www.altarum.org  
**LABOR BRIEF**

### Health sector job growth continues gradual deceleration, led by slower hospital hiring

#### HIGHLIGHTS

- ▲ Health care added 28,400 new jobs in November (Exhibit 1), less than the 12-month average of 34,000 jobs, and continuing a slow deceleration from the more than 40,000 new jobs per month added in mid-2015.
- ▲ Revisions to September and October estimates were minimal.
- ▲ Hospitals added 5,500 jobs in November, growing at half the pace of the past 12 months (average 11,000 per month).
- ▲ The source of these estimates, the monthly “establishment” survey, showed the economy adding a solid 178,000 nonfarm jobs in November, consistent with the 2016 average.
- ▲ The companion monthly “household” survey showed the unemployment rate dipping to 4.6%, the lowest rate in nine years. Labor force participation and wages were down slightly in November.
- ▲ Health jobs grew 2.7% year over year, down from rates above 3% seen in mid-2015 through mid-2016, but higher than non-health jobs at 1.4% (Exhibit 7), putting the health share of total employment at an all-time high of 10.8% (Exhibit 8).

#### Cyclical Employment Big Picture

Seasonally Adjusted	Dec 2007	Jun 2009	Nov 2015	Nov 2016
Total Employment (000s)	138,413	131,020	142,875	145,128
Nonhealth Employment (000s)	125,310	117,486	127,608	129,454
Health Care Employment (000s)	13,103	13,534	15,267	15,674
Health Share of Total Employment	9.47%	10.33%	10.69%	10.80%
Unemployment Rate	5.0%	9.5%	5.0%	4.6%

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

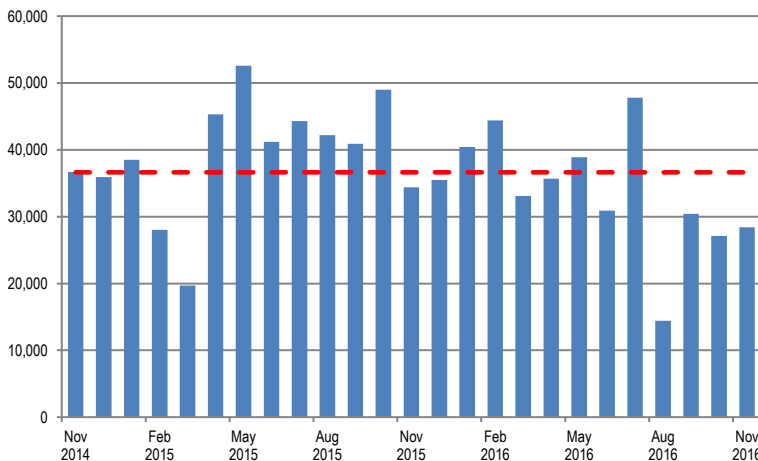
Source: Altarum Institute analysis of Bureau of Labor Statistics (BLS) data.

#### HEALTH CARE EMPLOYMENT

In November 2016, private-sector health care employment showed a gain of 28,400 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released on December 2, 2016. Hospitals gained 5,500 jobs, while ambulatory care settings added 22,200 jobs and nursing and residential care added 700 jobs in November. The health share of total employment is at an all-time high of 10.8% (Exhibit 8).

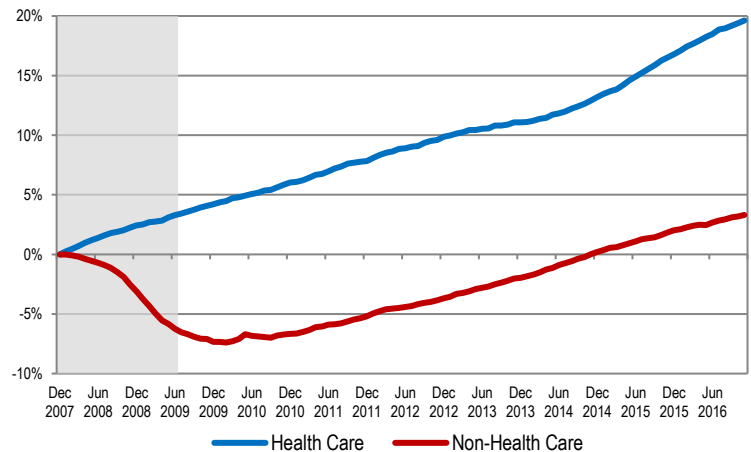
Over the last 12 months, total private-sector health care employment grew by 407,000 jobs or 2.7%. During this period, total non-health payroll employment increased by 1.8 million jobs or 1.4% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 2.6 million jobs for a cumulative gain of 20%, while non-health employment has grown by 4.1 million jobs for a cumulative gain of 3% (Exhibit 2).

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



Source: Altarum analysis of BLS data.

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



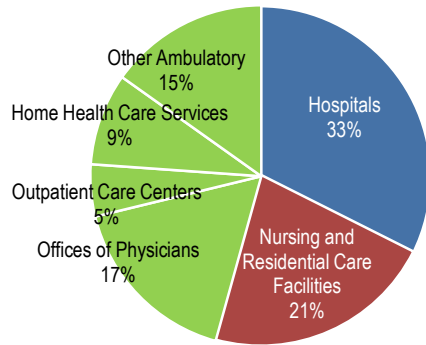
Source: Altarum analysis of BLS data.  
Note: Shading indicates the recession period.

**HEALTH CARE JOBS BY CATEGORY**

In November 2016, the following occurred:

- ▲ Hospitals gained 5,500 jobs, half the 12-month average of 11,000.
- ▲ Ambulatory health care services added 22,200 jobs, comparable to the 12-month average of 21,200. These services include the following:
  - Offices of physicians gained 7,400 jobs (12-month average: 6,100).
  - Outpatient care centers gained 5,300 jobs (12-month average: 3,500).
  - Home health care gained 2,200 jobs (12-month average: 4,600).
  - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained 7,300 jobs (12-month average: 7,000).
- ▲ Nursing and residential care facilities gained 700 jobs (12-month average: 1,700).
- ▲ 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).

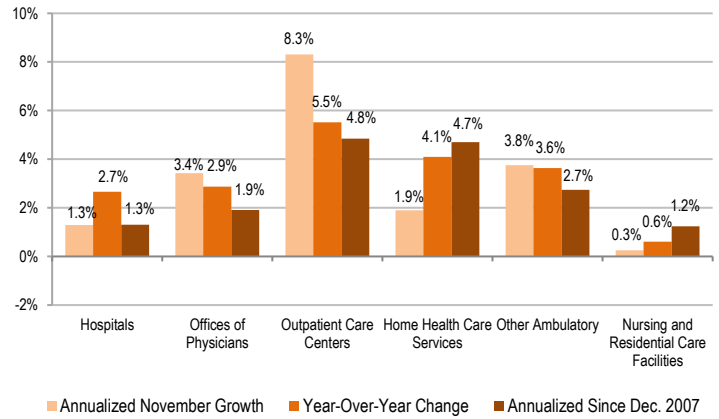
**Exhibit 3. Health Care Employment by Setting, November 2016**



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, outpatient care centers grew at the fastest rate, 5.5%, adding 41,800 jobs. Home health care gained 55,200 jobs for a growth rate of 4.1%. Offices of physicians added 73,500 jobs for a growth rate of 2.9%. Other ambulatory care settings gained 83,500 jobs for a growth rate of 3.6%. Hospital jobs grew 2.7% over the past 12 months, adding 133,000 jobs. Finally, nursing and residential care added 20,000 jobs for a growth rate of 0.6% (Exhibit 4).

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



Source: Altarum analysis of BLS data.

**DISCUSSION**

The monthly jobs data continue to show a gradual decline in the pace of health care hiring, from a peak of more than 40,000 new jobs per month in mid-2015, to less than 30,000 per month over the past six months. Year-over-year health job growth peaked at 3.4% in March 2016 and has steadily declined to the current rate of 2.7% (Exhibit 7).

The moderation in health care job growth is being led by a slowdown in hospital hiring. Hospitals averaged 15,000 new jobs per month in 2015, 13,000 per month in the first half of 2016, and 9,000 per month in the last half of 2016. Year-over-year hospital growth peaked at 3.9% in April 2016 and gradually declined to the current reading of 2.7%. Hospitals have represented one-third of the health sector job growth in 2016, proportional to the hospital share of health employment.

November was another solid report for the overall job market. Total nonfarm employment grew by 176,000 jobs, consistent with the 2016 average of 180,000. The unemployment rate fell to 4.6%, the lowest rate since June 2007, although labor force participation dipped slightly. Average hourly earnings are up 2.5% over the year. The broadest measure of unemployment (the "U-6"), which includes those marginally attached to the labor force and those working part time for economic reasons, fell two-tenths to 9.3%, edging closer to the 8.8% rate seen in December 2007 at the start of the recession. This is the last measure of unemployment to remain above its pre-recession level.

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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**<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](mailto: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](mailto: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 2016	October 2016	November 2015	November 2014	December 2007
Non–Health Care	129,454	129,304	127,608	125,315	125,310
Health Care	15,674	15,646	15,267	14,795	13,103
Ambulatory Health Care Services	7,222	7,199	6,968	6,716	5,555
Offices of Physicians	2,638	2,630	2,564	2,481	2,228
Outpatient Care Centers	799	794	757	725	524
Home Health Care Services	1,405	1,403	1,350	1,285	933
Other Ambulatory	2,380	2,373	2,296	2,225	1,871
Hospitals	5,121	5,115	4,988	4,812	4,564
Nursing and Residential Care Facilities	3,332	3,331	3,312	3,268	2,984
Nursing Care Facilities	1,657	1,657	1,659	1,649	1,612
Other Nursing and Residential	1,675	1,674	1,653	1,619	1,372
Health Share of Employment	10.80%	10.79%	10.69%	10.56%	9.47%

Source: Altarum analysis of BLS data.

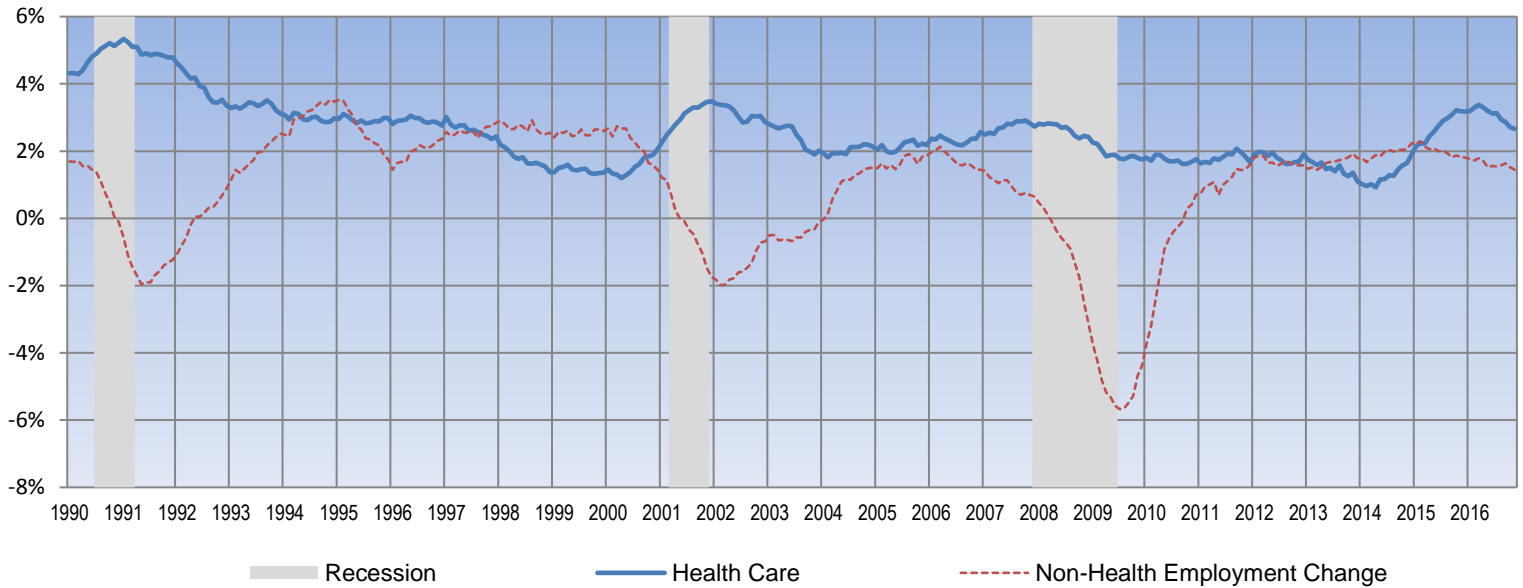
**Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted**

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non–Health Care	149.6	1,846.0	4,139.0	4,144.1
Health Care	28.4	407.0	879.0	2,570.9
Ambulatory Health Care Services	22.2	254.0	506.0	1,666.1
Offices of Physicians	7.4	73.5	156.6	409.9
Outpatient Care Centers	5.3	41.8	74.4	274.9
Home Health Care Services	2.2	55.2	119.9	472.0
Other Ambulatory	7.3	83.5	155.1	509.3
Hospitals	5.5	133.0	308.7	556.7
Nursing and Residential Care Facilities	0.7	20.0	64.3	348.1
Nursing Care Facilities	-0.2	-2.0	8.2	45.6
Other Nursing and Residential	0.9	22.0	56.1	302.5
<b>Annualized Percentage Change</b>				
Non–Health Care				
Health Care	1.4%	1.4%	1.6%	0.4%
Ambulatory Health Care Services	2.2%	2.7%	2.9%	2.0%
Offices of Physicians	3.8%	3.6%	3.7%	3.0%
Outpatient Care Centers	3.4%	2.9%	3.1%	1.9%
Home Health Care Services	8.3%	5.5%	5.0%	4.8%
Other Ambulatory	1.9%	4.1%	4.6%	4.7%
Hospitals	3.8%	3.6%	3.4%	2.7%
Nursing and Residential Care Facilities	1.3%	2.7%	3.2%	1.3%
Nursing Care Facilities	0.3%	0.6%	1.0%	1.2%
Other Nursing and Residential	-0.1%	-0.1%	0.2%	0.3%

Source: Altarum analysis of BLS data.

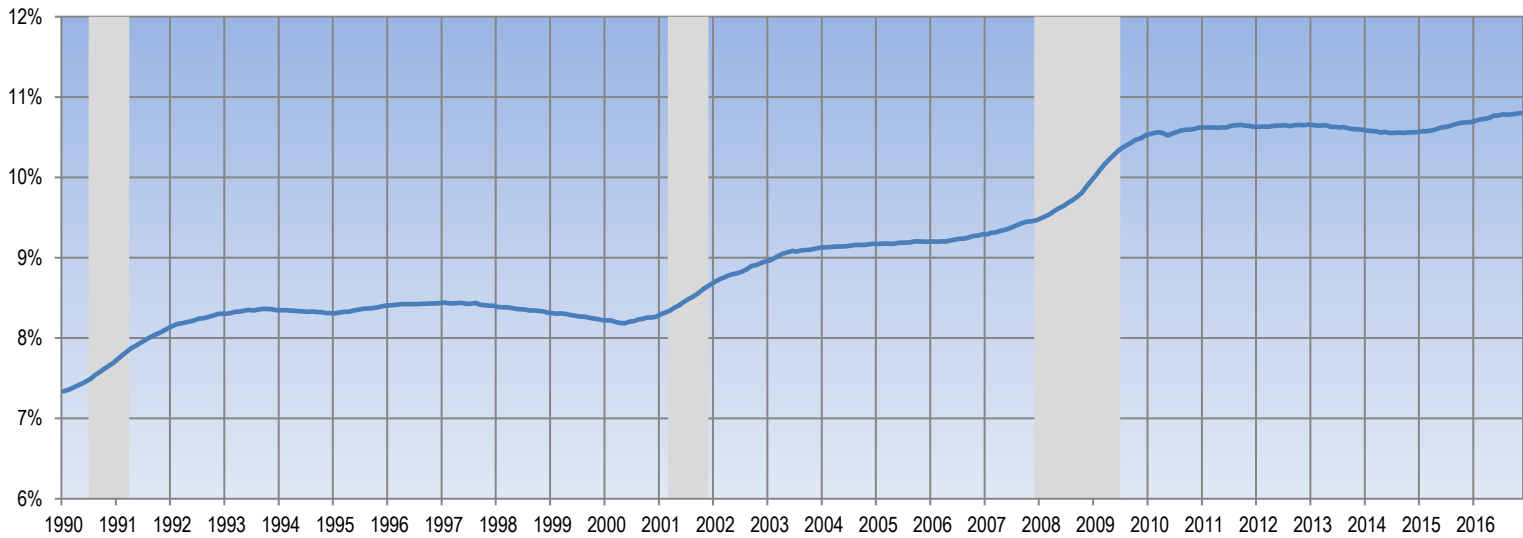
**TIME SERIES TRACKER**

**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.