

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

## Insights from Monthly Employment Data Through December 2015

January 15, 2016

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**LABOR BRIEF**

### Health sector adds nearly half a million jobs in 2015

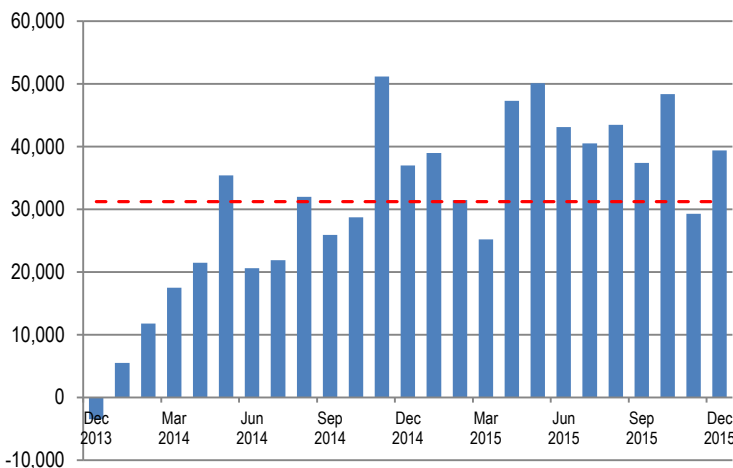
#### HIGHLIGHTS

- ▲ The health sector added 39,400 new jobs in December (Exhibit 1), for a total annual gain of 475,000 new jobs, 50% more than in 2014 (309,000).
- ▲ More than one-third (36%) of new health jobs in 2015 were in hospitals, which added 172,000 jobs.
- ▲ Hospitals added 12,300 jobs in December, a solid gain, but consistent with a steady slowdown in the pace of hospital job growth since it peaked at 22,000 new jobs in July.
- ▲ Ambulatory care settings rebounded from low growth in November to add 23,400 jobs, a bit higher than the 12-month average.
- ▲ Nursing and residential care settings gained 3,700 jobs in December, consistent with the 12-month average.
- ▲ The source of these figures, the monthly “establishment” survey, showed total nonfarm jobs growing by a robust 292,000 in December, with upward revisions adding 50,000 jobs to estimates through November.
- ▲ The monthly “household” survey showed the unemployment rate holding steady at 5.0%, even as 466,000 people joined the labor force.
- ▲ Health jobs grew 3.2% year over year, while nonhealth jobs grew by 1.7% (Exhibit 7), causing the health share of total employment to continue to grow, hitting 10.71% (Exhibit 8).

#### HEALTH CARE EMPLOYMENT

In December 2015, private-sector health care employment showed a gain of 39,400 jobs (Exhibit 1), according to the BLS Employment Situation report released on January 8, 2016. Hospitals gained a solid 12,300 jobs and ambulatory care settings rebounded from a slow November (8,800 new jobs, as revised) to add 23,400 jobs in December. The health share of total employment grew slightly to 10.71% (Exhibit 8).

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



Source: Altarum analysis of BLS data.

#### Cyclical Employment Big Picture

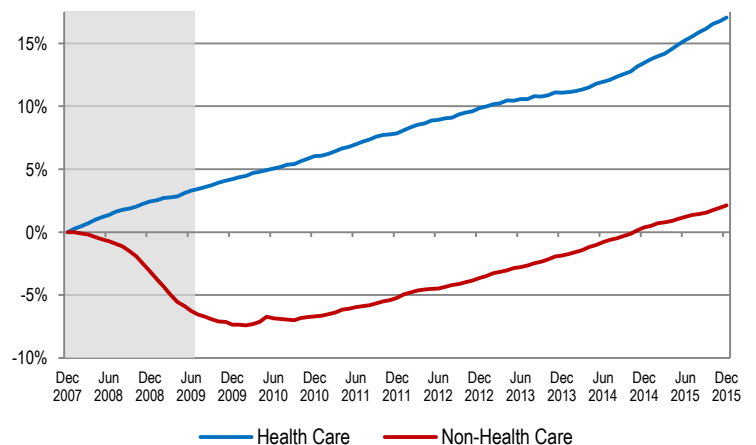
Seasonally Adjusted	Dec 2007	Jun 2009	Dec 2014	Dec 2015
Total Employment (000s)	138,350	130,944	140,952	143,242
Nonhealth Employment (000s)	125,247	117,410	125,728	127,904
Health Care Employment (000s)	13,103	13,534	14,864	15,338
Health Share of Total Employment	9.47%	10.34%	10.57%	10.71%
Unemployment Rate	5.0%	9.5%	5.6%	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 (BLS) data.

Over the last 12 months, total private-sector health care employment grew by 475,000 jobs or 3.2%. During this period, total nonhealth payroll employment increased by 2,175,000 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 17.1%, while nonhealth employment has grown by 2.7 million jobs for a cumulative gain of 2.1% (Exhibit 2).

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



Source: Altarum analysis of BLS data.

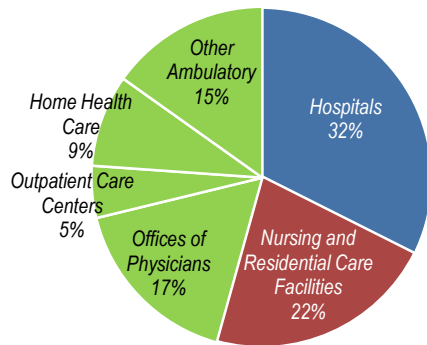
Note: Shading indicates the recession period.

### HEALTH CARE JOBS BY CATEGORY

In December 2015, the following occurred:

- ▲ Hospitals gained 12,300 jobs, slightly less than the 12-month average gain of 14,400, but more than the 24-month average of 9,000.
- ▲ Ambulatory health care services bounced back from a low November gain to add 23,400 jobs, a bit more than the 12-month average gain of 21,500. These services include the following:
  - Offices of physicians gained 3,800 jobs (12-month average: 7,500).
  - Outpatient care centers gained 3,500 jobs (12-month average: 2,700).
  - Home health care gained 3,700 (12-month average: 4,900).
  - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained 12,400 jobs (12-month average: 6,500).
- ▲ Nursing and residential care facilities gained 3,700 jobs (12-month average: 3,700).
- ▲ 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, December 2015

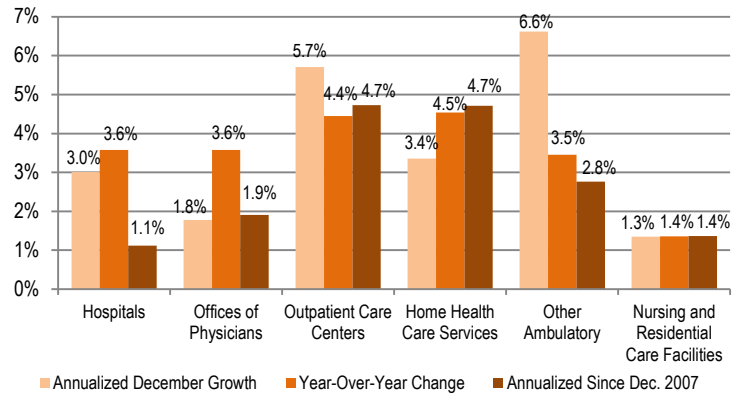


Source: Altarum analysis of BLS data.

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, 4.5%, adding 58,500 jobs. Outpatient care centers gained 32,300 jobs for a growth rate of 4.4%. Offices of physicians added 89,500 jobs for a growth rate of 3.6%. Other ambulatory care settings gained 77,700 jobs for a growth rate of 3.5%. Hospital jobs grew by 3.6% over the past 12 months, adding 172,200 jobs. Finally, nursing and residential care added 49,900 jobs for a growth rate of 1.4% (Exhibit 4).

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



Source: Altarum analysis of BLS data.

### DISCUSSION

The health sector added 475,000 jobs in 2015, 50% more than the 309,000 jobs added in 2014. On a monthly basis, health averaged 40,000 new jobs per month in 2015 versus 26,000 in 2014. Health care is 10.7% of all jobs but generated 18% of all job growth in 2015.

Most of the acceleration in health jobs came from hospitals, which added 172,000 jobs in 2015 (14,000 per month) compared to 42,000 in 2014 (3,500 per month), a four-fold increase. While hospital job growth remained solid through December, it is moderating from the mid-year peak of 22,000 new jobs in July, declining each month since then and averaging 15,000 new jobs a month in Q4.

Job growth in ambulatory settings, including physician offices, clinics, and home health, averaged 22,000 per month in 2015, 10% higher than 2014. Job growth in nursing and residential care averaged 4,000 jobs per month, about 20% higher than 2014.

Growth in hospitals appears to be slowing, but the health care hiring boom may not be over. [BLS JOLTS data](#) show the job openings rate (active recruiting for immediate positions) in healthcare and social assistance at 5.1%, the highest rate since 2001.

The overall job market ended 2015 strongly, with 292,000 new jobs and upward revisions of 50,000. Average monthly gains for 2015 were 221,000 a month, lower than the 260,000 seen in 2014 but representing 2.65 million new jobs. While the unemployment rate held at 5.0% through Q4, nearly a million people joined the labor force (966,000) and become employed (987,000) during the quarter. Average hourly wages ended 2015 growing 2.5% year over year—not explosive, but with the CPI at less than 1%, representing real wage growth.

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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)	December 2015	November 2015	December 2014	December 2013	December 2007
Non-Health Care	127,904	127,651	125,728	122,921	125,247
Health Care	15,338	15,299	14,864	14,555	13,103
Ambulatory Health Care Services	7,025	7,002	6,767	6,537	5,555
Offices of Physicians	2,591	2,588	2,502	2,443	2,228
Outpatient Care Centers	759	755	727	696	524
Home Health Care Services	1,348	1,344	1,290	1,243	933
Other Ambulatory	2,327	2,314	2,249	2,156	1,871
Hospitals	4,988	4,976	4,816	4,773	4,564
Nursing and Residential Care Facilities	3,326	3,322	3,281	3,245	2,984
Nursing Care Facilities	1,667	1,664	1,653	1,648	1,612
Other Nursing and Residential	1,659	1,658	1,628	1,596	1,372
Health Share of Employment	10.71%	10.70%	10.57%	10.59%	9.47%

Source: Altarum analysis of BLS data.

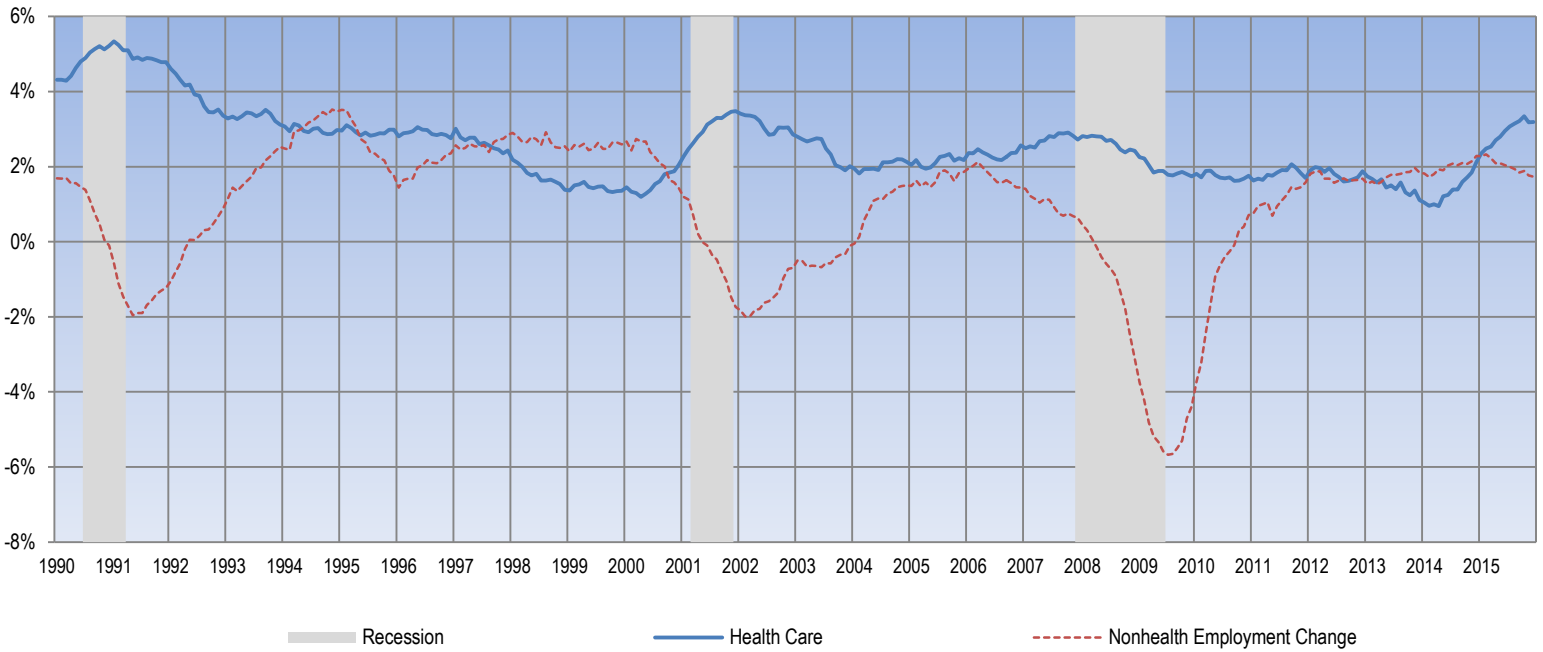
**Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted**

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	252.6	2,175.3	4,982.3	2,656.7
Health Care	39.4	474.7	783.7	2,235.3
Ambulatory Health Care Services	23.4	258.0	487.9	1,469.5
Offices of Physicians	3.8	89.5	148.8	363.5
Outpatient Care Centers	3.5	32.3	63.2	234.5
Home Health Care Services	3.7	58.5	105.3	415.3
Other Ambulatory	12.4	77.7	170.6	456.2
Hospitals	12.3	172.2	214.6	423.9
Nursing and Residential Care Facilities	3.7	44.5	81.2	341.9
Nursing Care Facilities	2.5	13.5	18.5	55.3
Other Nursing and Residential	1.2	31.0	62.7	286.6
<b>Annualized Percentage Change</b>				
Non-Health Care	2.4%	1.7%	2.0%	0.3%
Health Care	3.1%	3.2%	2.7%	2.0%
Ambulatory Health Care Services	4.1%	3.8%	3.7%	3.0%
Offices of Physicians	1.8%	3.6%	3.0%	1.9%
Outpatient Care Centers	5.7%	4.4%	4.4%	4.7%
Home Health Care Services	3.4%	4.5%	4.2%	4.7%
Other Ambulatory	6.6%	3.5%	3.9%	2.8%
Hospitals	3.0%	3.6%	2.2%	1.1%
Nursing and Residential Care Facilities	1.3%	1.4%	1.2%	1.4%
Nursing Care Facilities	1.8%	0.8%	0.6%	0.4%
Other Nursing and Residential	0.9%	1.9%	1.9%	2.4%

Source: Altarum analysis of BLS data.

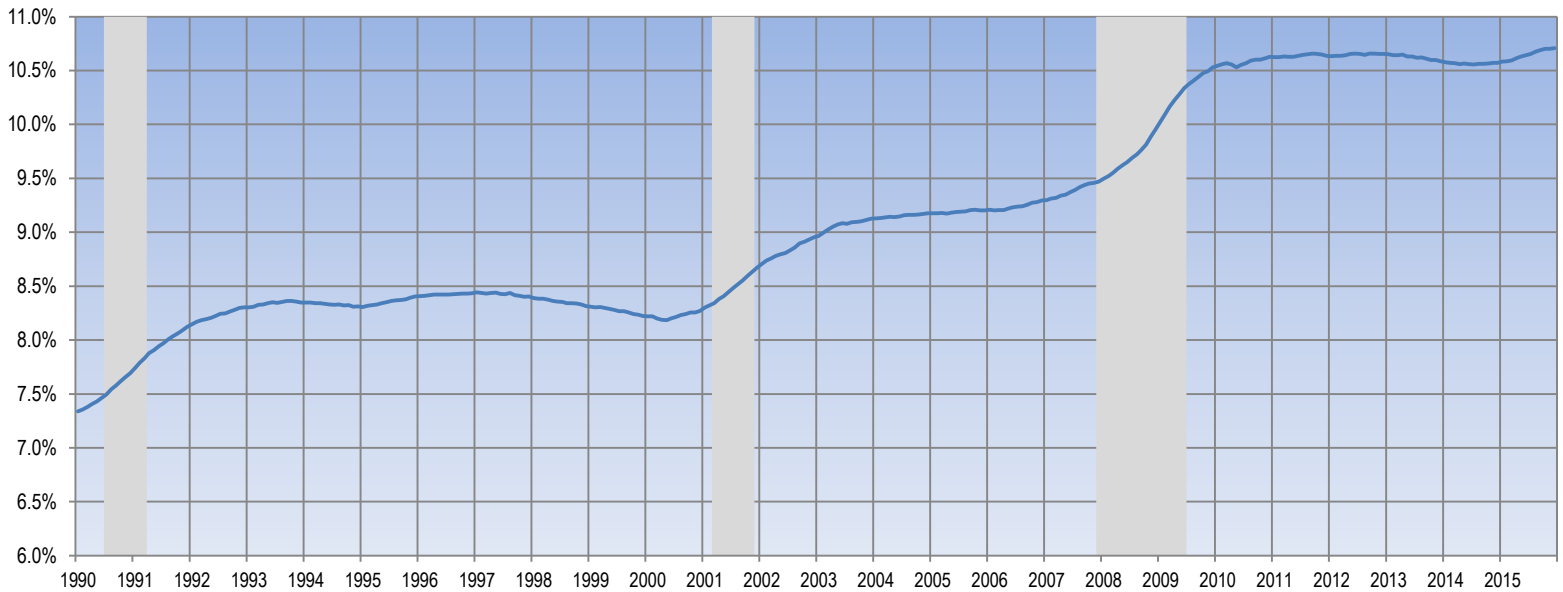
**TIME SERIES TRACKER**

**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.