

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

## Insights from Monthly Employment Data Through December 2016

January 13, 2017

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**LABOR BRIEF**

### More than 400,000 health care jobs added in 2016, one-fifth of the total growth

#### HIGHLIGHTS

- ▲ Health care added 43,000 new jobs in December (Exhibit 1), higher than the 12-month average of 35,000 jobs. Revisions to October and November added another 7,000 jobs.
- ▲ Strong December health job growth was led by ambulatory care settings, which added nearly 30,000 jobs (12-month average 22,000).
- ▲ Hospitals added 11,000 jobs and nursing homes added 3,000 jobs, both close to the 12-month average.
- ▲ A total of 422,000 health jobs were added in 2016, just off the 2015 pace of 472,000.
- ▲ The source of these estimates, the monthly “establishment” survey, showed the economy adding a solid 156,000 nonfarm jobs in December, for a 2016 average of 180,00 new jobs per month.
- ▲ The companion monthly “household” survey showed the unemployment rate up slightly to 4.7%, while labor force participation and wages rose.
- ▲ Health jobs grew 2.8% year over year, twice the pace of non-health job growth, at 1.4% (Exhibit 7), putting the health share of total employment at an all-time high of 10.82% (Exhibit 8).

#### Cyclical Employment Big Picture

Seasonally Adjusted	Dec 2007	Jun 2009	Dec 2015	Dec 2016
Total Employment (000s)	138,413	131,020	143,146	145,303
Nonhealth Employment (000s)	125,310	117,486	127,844	129,579
Health Care Employment (000s)	13,103	13,534	15,303	15,724
Health Share of Total Employment	9.47%	10.33%	10.69%	10.82%
Unemployment Rate	5.0%	9.5%	5.0%	4.7%

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

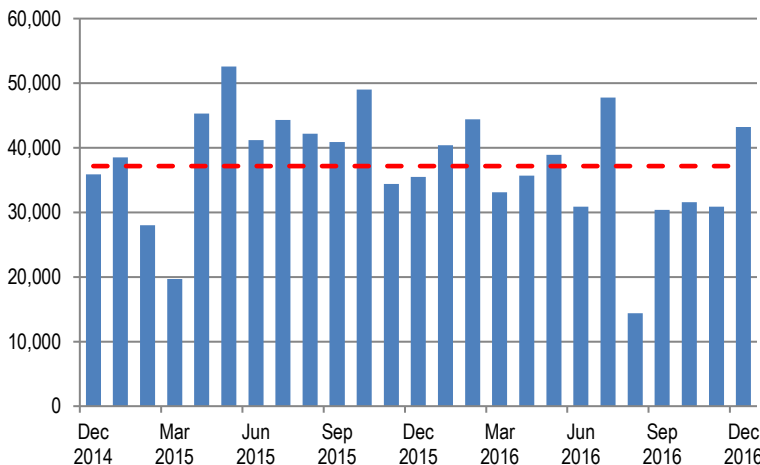
Source: Altarum Institute analysis of Bureau of Labor Statistics (BLS) data.

#### HEALTH CARE EMPLOYMENT

In December 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 January 6, 2017. Hospitals gained 10,700 jobs, while ambulatory care settings added 29,700 jobs and nursing and residential care added 2,800 jobs in December. The health share of total employment is at an all-time high of 10.82% (Exhibit 8).

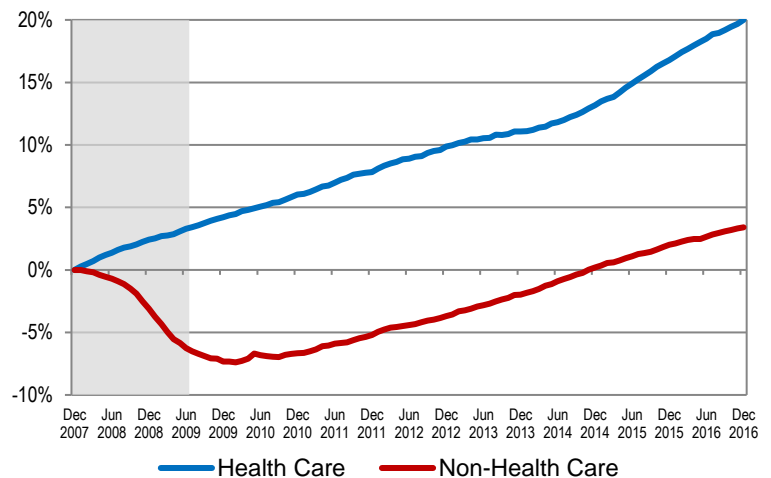
Over the last 12 months, total private-sector health care employment grew by 407,000 jobs or 2.8%. During this period, total non-health payroll employment increased by 1.8 million jobs or 1.4% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 2.6 million jobs for a cumulative gain of 20%, while non-health employment has grown by 4.3 million jobs for a cumulative gain of 3% (Exhibit 2).

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

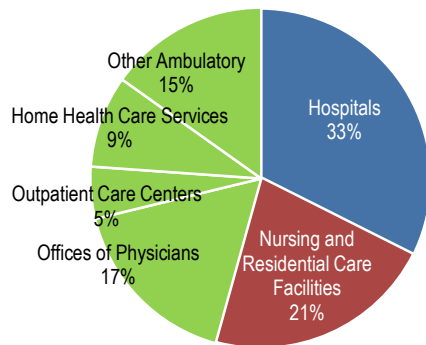
Note: Shading indicates the recession period.

### HEALTH CARE JOBS BY CATEGORY

In December 2016, the following occurred:

- ▲ Hospitals gained 10,700 jobs, just under the 12-month average of 11,600.
- ▲ Ambulatory health care services added 29,700 jobs, higher than the 12-month average of 21,700. These services include the following:
  - Offices of physicians gained 8,200 jobs (12-month average: 6,400).
  - Outpatient care centers gained 7,000 jobs (12-month average: 3,700).
  - Home health care gained 5,800 jobs (12-month average: 4,600).
  - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained 8,700 jobs (12-month average: 7,000).
- ▲ Nursing and residential care facilities gained 2,800 jobs (12-month average: 1,800).
- ▲ 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, December 2016**

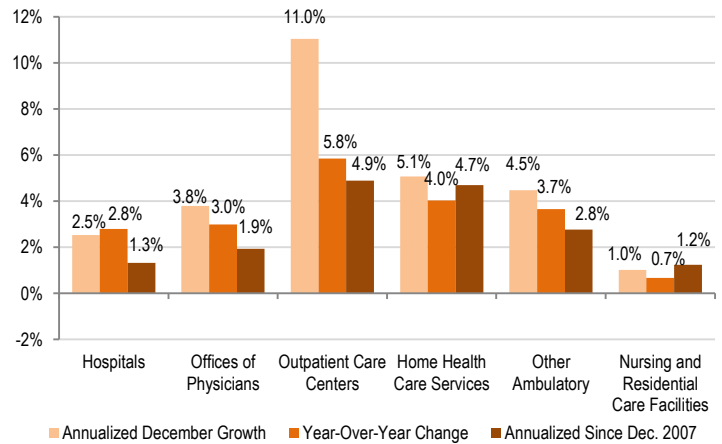


Source: Altarum analysis of BLS data.

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, 5.8%, adding 44,500 jobs. Home health care gained 54,700 jobs for a growth rate of 5.1%. Offices of physicians added 76,600 jobs for a growth rate of 3.0%. Other ambulatory care settings gained 84,300 jobs for a growth rate of 3.7%. Hospital jobs grew 2.8% over the past 12 months, adding 139,500 jobs. Finally, nursing and residential care added 22,100 jobs for a growth rate of 0.7% (Exhibit 4).

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



Source: Altarum analysis of BLS data.

### DISCUSSION

Year-over-year health job growth peaked in March 2016 at 3.4%, before declining to the current rate of 2.8% (Exhibit 7). The decline, however, has been a gradual one, and the 422,000 total health jobs added in 2016 is only slightly below the 472,000 added in 2015. Since non-health job growth slowed a bit more in 2016, health care played the largest role in overall job growth since 2010, representing 20% of the total gains.

The modest slowing in health job growth between 2016 and 2015 was primarily in hospitals. Hospital job growth rebounded slightly in Q4 2016, averaging 11,000 new jobs per month compared to 9,000 in Q3 2016, but this was still a decline from 2015, when hospitals averaged 15,000 new jobs per month. Ambulatory care settings added roughly 21,000 jobs per month in both of the past 2 years, and nursing and residential care has averaged 2,000 to 3,000 new jobs per month for the past 3 years.

December data indicate an overall labor market approaching full employment. The economy added 156,000 jobs, below the 2016 average of 180,000, but well above the 80,000 to 100,000 estimated requirement to hold the unemployment rate steady given demographic trends. The year closes by continuing the longest period of job growth on record, 75 consecutive months. The unemployment rate rose slightly to 4.7%, but labor force participation increased. Perhaps the most encouraging indicator was the increase in average hourly earnings of 2.9% over the year, the highest increase since the start of the recovery.

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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 2016	November 2016	December 2015	December 2014	December 2007
Non–Health Care	129,579	129,466	127,844	125,571	125,310
Health Care	15,724	15,681	15,303	14,831	13,103
Ambulatory Health Care Services	7,252	7,222	6,992	6,736	5,555
Offices of Physicians	2,645	2,637	2,569	2,485	2,228
Outpatient Care Centers	805	798	761	728	524
Home Health Care Services	1,410	1,404	1,356	1,290	933
Other Ambulatory	2,391	2,383	2,307	2,233	1,871
Hospitals	5,138	5,127	4,999	4,821	4,564
Nursing and Residential Care Facilities	3,334	3,331	3,312	3,274	2,984
Nursing Care Facilities	1,660	1,658	1,660	1,649	1,612
Other Nursing and Residential	1,675	1,674	1,652	1,625	1,372
Health Share of Employment	10.82%	10.80%	10.69%	10.56%	9.47%

Source: Altarum analysis of BLS data.

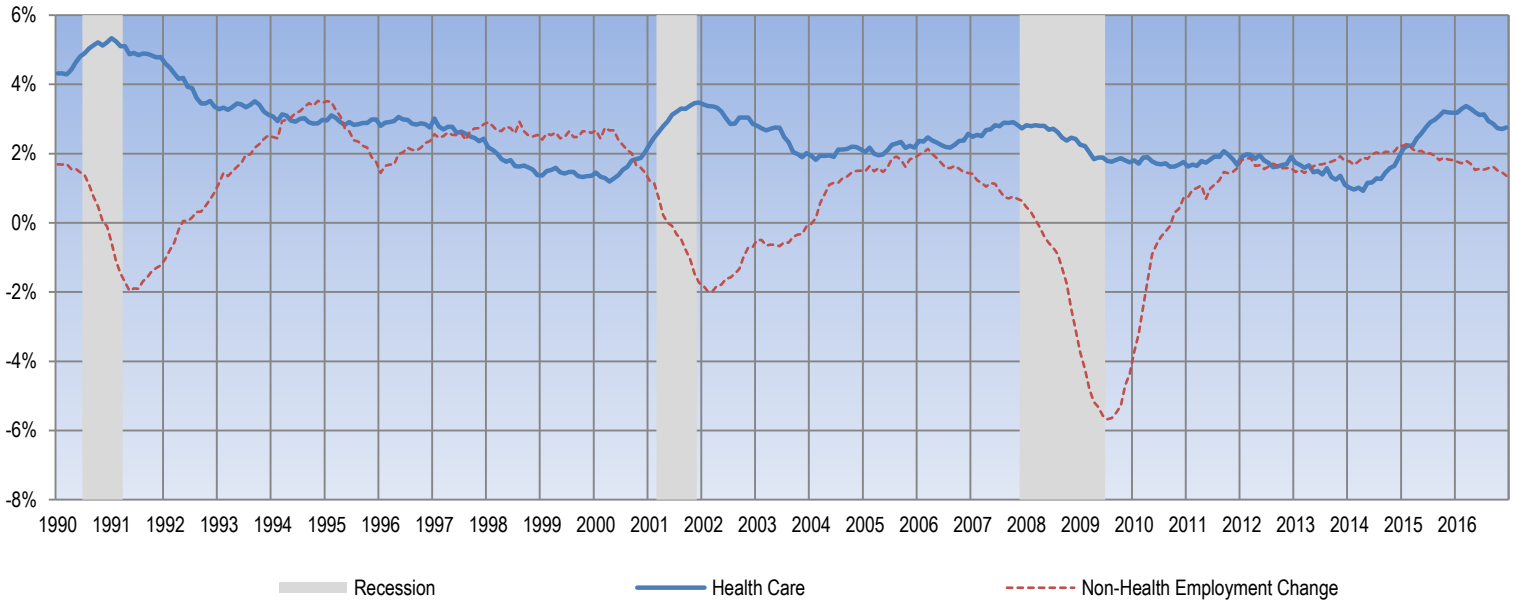
**Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted**

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non–Health Care	112.8	1,735.3	4,007.7	4,268.9
Health Care	43.2	421.7	893.3	2,621.1
Ambulatory Health Care Services	29.7	260.1	516.5	1,696.6
Offices of Physicians	8.2	76.6	160.5	417.5
Outpatient Care Centers	7.0	44.5	77.0	281.0
Home Health Care Services	5.8	54.7	120.5	477.4
Other Ambulatory	8.7	84.3	158.5	520.7
Hospitals	10.7	139.5	316.8	574.1
Nursing and Residential Care Facilities	2.8	22.1	60.0	350.4
Nursing Care Facilities	2.2	0.0	10.4	48.1
Other Nursing and Residential	0.6	22.1	49.6	302.3
<b>Annualized Percentage Change</b>				
Non–Health Care	1.1%	1.4%	1.6%	0.4%
Health Care	3.4%	2.8%	3.0%	2.0%
Ambulatory Health Care Services	5.0%	3.7%	3.8%	3.0%
Offices of Physicians	3.8%	3.0%	3.2%	1.9%
Outpatient Care Centers	11.0%	5.8%	5.2%	4.9%
Home Health Care Services	5.1%	4.0%	4.6%	4.7%
Other Ambulatory	4.5%	3.7%	3.5%	2.8%
Hospitals	2.5%	2.8%	3.2%	1.3%
Nursing and Residential Care Facilities	1.0%	0.7%	0.9%	1.2%
Nursing Care Facilities	1.6%	0.0%	0.3%	0.3%
Other Nursing and Residential	0.4%	1.3%	1.5%	2.2%

Source: Altarum analysis of BLS data.

**TIME SERIES TRACKER**

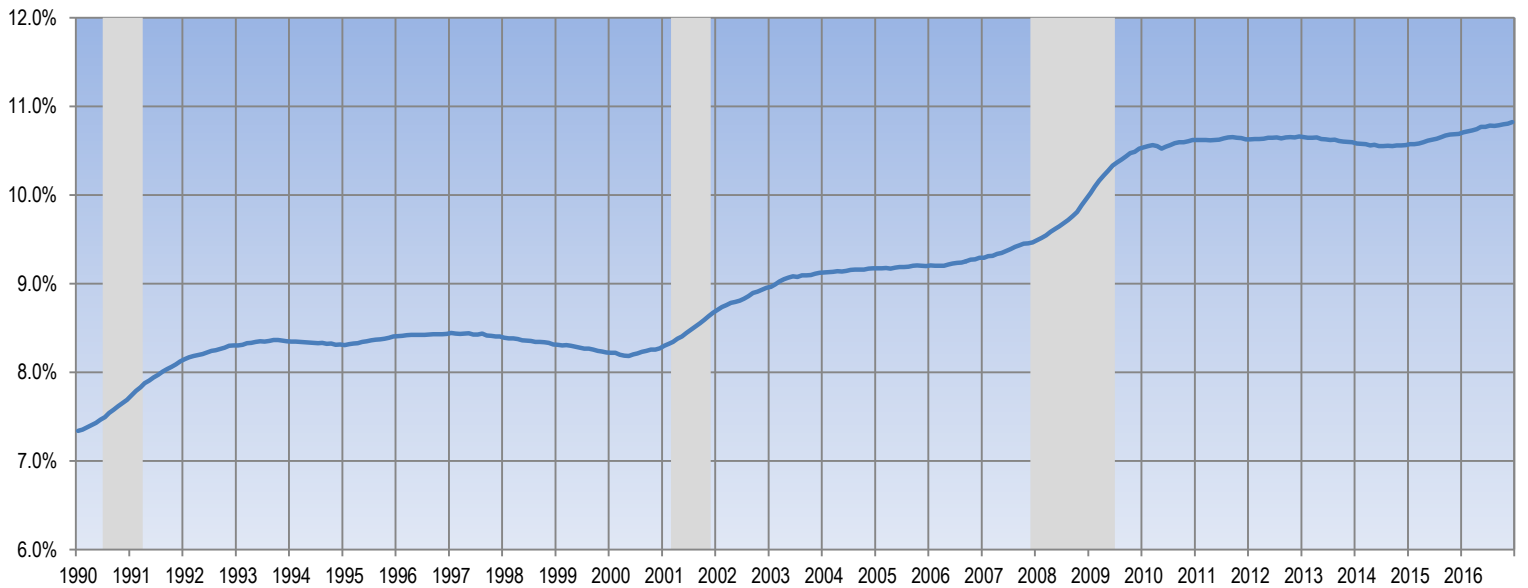
**Exhibit 7. Year-over-Year Percentage Change in Health and Non-Health Employment**



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.