

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

*Insights from Monthly Employment Data through May 2015*

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**LABOR BRIEF**

June 11, 2015

**Hospitals lead continued acceleration in health sector hiring**

**HIGHLIGHTS**

- ▲ The health sector continued its climb above 15 million jobs in May, with the addition of 46,800 new jobs, well above the 12- and 24-month average gains of about 34,000 and 24,000, respectively.
- ▲ Hospitals added a strong 15,700 jobs in April and are averaging nearly 13,000 new jobs per month so far in 2015, after little growth in 2013 and early 2014.
- ▲ Ambulatory care settings gained more than 27,000 jobs, just above the 12-month average of about 22,000. Nursing and residential care gained 3,500 jobs, close to average.
- ▲ The source of these figures, the monthly “establishment” survey, showed total nonfarm jobs growing by 280,000 in May, while revisions raised estimates through April by 32,000 jobs.
- ▲ The monthly “household” survey showed the unemployment rate rising slightly to 5.5% but with an increase in the labor force of nearly 400,000.
- ▲ The health share of total employment increased to 10.63%, but remains below the high of 10.66% last seen in December 2012. As seen in recent months, health job growth exceeded nonhealth job growth at 2.8% year over year versus 2.1% (Exhibit 7).

**Cyclical Employment Big Picture**

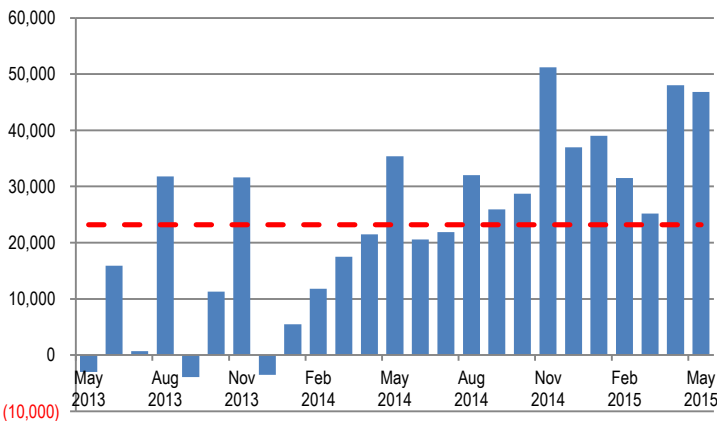
Seasonally Adjusted	Dec 2007	Jun 2009	May 2014	May 2015
Total Employment (000)	138,350	130,944	138,621	141,679
Nonhealth Employment (000)	125,247	117,410	123,975	126,625
Health Care Employment (000)	13,103	13,534	14,646	15,054
Health Share of Total Employment	9.47%	10.34%	10.57%	10.63%
Unemployment Rate	5.0%	9.5%	6.3%	5.5%

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 May 2015, private-sector health care employment showed a gain of 46,800 jobs (Exhibit 1), according to the BLS Employment Situation released on June 5, 2015. This is well above the average of 25,800 jobs per month added in 2014 and the 13,300 per month added in 2013. Offices of physicians gained 5,900 jobs (close to average), and hospitals gained a strong 15,700 jobs. The health share of total employment increased to 10.63% (Exhibit 8).

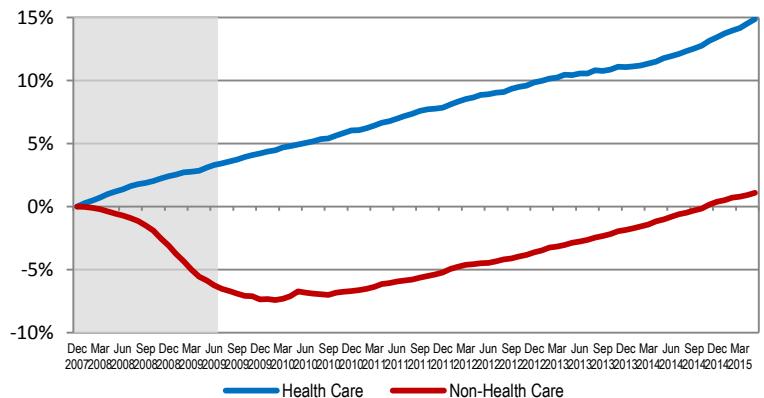
**Exhibit 1. Month-over-Month Change in Total Health Care Employment, Seasonally Adjusted, May 2013–May 2015**



Source: Altarum analysis of BLS data.

Over the last 12 months, total private-sector health care employment grew by 408,000 jobs or 2.8%. During this period, total nonhealth payroll employment increased by 2,650,000 jobs or 2.1% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 1.95 million jobs, for a cumulative gain of 14.9%, while nonhealth employment has grown by 1.38 million jobs for a cumulative gain of 1.1% (Exhibit 2). Nonhealth jobs continue to climb after finally reclaiming their pre-recession level in November 2014.

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



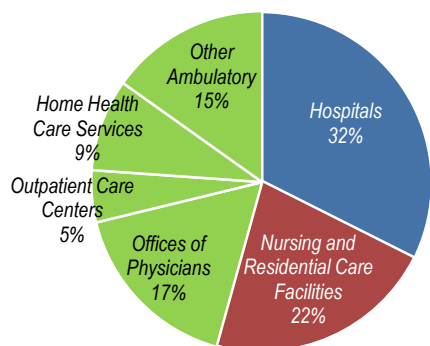
Source: Altarum analysis of BLS data.  
Note: Shading indicates the recession period.

### HEALTH CARE JOBS BY CATEGORY

In May 2015, the following occurred:

- ▲ Hospitals gained 15,700 jobs, higher than the 24-month average gain of 3,900 and the 12-month average of 8,500.
- ▲ Ambulatory health care services added 27,600 jobs, above the 24-month average gain of 17,400 and the 12-month average of 22,300. These services include the following:
  - Offices of physicians added 5,900 jobs (24-month average: 4,800).
  - Outpatient care centers gained 4,500 jobs (24-month average: 2,800).
  - Home health care gained 8,400 jobs (24-month average: 3,600).
  - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, added 8,800 jobs (24-month average: 6,300).
- ▲ Nursing and residential care facilities gained 3,500 jobs (24-month average: 3,000).
- ▲ Ambulatory services accounted for 46% of health care employment (Exhibit 3), hospitals accounted for another 32%, and nursing and residential care facilities accounted for the remaining 22%.

Exhibit 3. Health Care Employment by Setting, May 2015

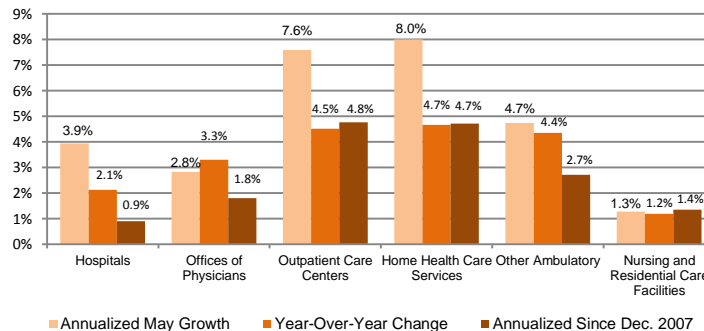


Source: Altarum analysis of BLS data.

Note: “Other Ambulatory” includes offices of dentists, chiropractors, optometrists, other specialties, and medical and diagnostic labs.

Over the past 12 months, home health services grew at the fastest rate, 4.7% (Exhibit 4), adding 58,600 jobs. Other ambulatory care gained 95,200 jobs for a growth rate of 4.4%. Offices of physicians added 81,300 jobs, a growth rate of 3.3%. Hospital jobs grew by 2.1% over the past 12 months, adding 101,800 jobs. Nursing and residential care added 38,900 jobs, for a growth rate of 1.2%. Finally, outpatient care centers added 32,000 jobs for a growth rate of 4.5%.

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



Source: Altarum analysis of BLS data.

### DISCUSSION

May was another strong month for health sector job growth, led by continued acceleration in hospital hiring. Health care has added more than 400,000 jobs in the past 12 months, a level of growth not seen since 1991. Hospitals have added over 100,000 jobs in the past 12 months, more than 30,000 in the past 2 months alone.

Job growth in ambulatory care settings, averaging 22,000 a month in 2015, has also accelerated over the past year, but not as dramatically, since there was some growth in ambulatory care even in 2013 and early 2014, when other health settings were flat or declining. Job growth in nursing and residential care settings remains steady at about 3,000 new jobs per month, all coming from “other nursing and residential care” (e.g., assisted-living facilities) rather than traditional nursing homes.

May indicators were positive for the overall labor market. The addition of 280,000 jobs in May and upward revisions to historical data through April combined for an increase of more than 300,000 jobs. The unemployment rate rose slightly to 5.5%, but for positive reasons, as 397,000 people joined the labor force. Hourly wages were up 0.3%, a potential sign of long-awaited tightening in the labor market. Finally, the Job Openings and Labor Turnover Survey data show 5.376 million overall job openings in April and 910,000 openings in health care and social assistance, both the highest readings since the survey began in 2000.

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The Center for Sustainable Health Spending (CSHS) was launched in 2011 to lead Altarum Institute’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, 571-733-5709, [ken.schwartz@altarum.org](mailto:ken.schwartz@altarum.org). For more information, visit [www.altarum.org/cshs](http://www.altarum.org/cshs).

**DETAILED HEALTH CARE EMPLOYMENT DATA**

Exhibit 5. Employment Data by Sector, Seasonally Adjusted

Employment (in thousands)	May 2015	April 2015	May 2014	May 2013	December 2007
Non-Health Care	126,625	126,392	123,975	121,657	125,247
Health Care	15,054	15,007	14,646	14,471	13,103
Ambulatory Health Care Services	6,878	6,851	6,611	6,461	5,555
Offices of Physicians	2,544	2,538	2,462	2,428	2,228
Outpatient Care Centers	741	736	709	674	524
Home Health Care Services	1,313	1,305	1,254	1,227	933
Other Ambulatory	2,282	2,273	2,186	2,131	1,871
Hospitals	4,879	4,864	4,778	4,785	4,564
Nursing and Residential Care Facilities	3,297	3,293	3,258	3,225	2,984
Nursing Care Facilities	1,654	1,653	1,652	1,654	1,612
Other Nursing and Residential	1,643	1,640	1,606	1,572	1,372
Health Share of Employment	10.63%	10.61%	10.57%	10.63%	9.47%

Source: Altarum analysis of BLS data.

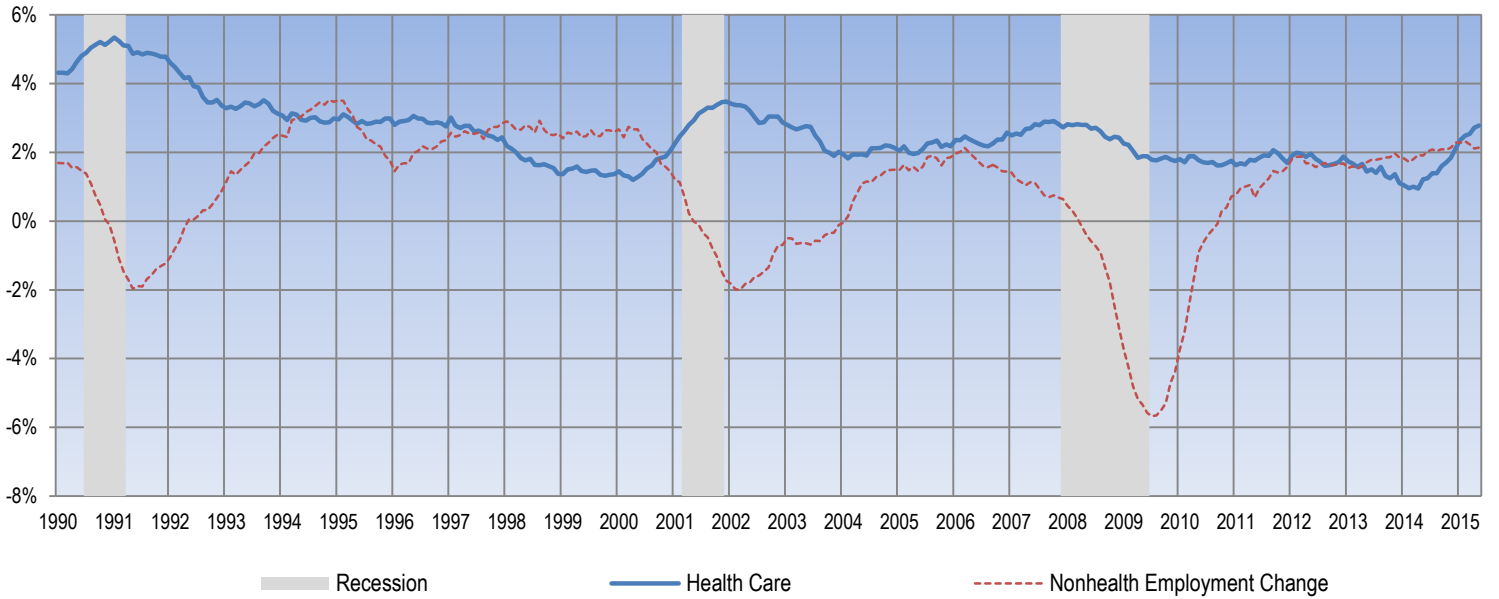
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	1 Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	233.2	2,650.2	4,967.6	1,377.9
Health Care	46.8	407.8	583.4	1,951.1
Ambulatory Health Care Services	27.6	267.1	417.9	1,323.0
Offices of Physicians	5.9	81.3	115.4	315.7
Outpatient Care Centers	4.5	32.0	66.4	216.2
Home Health Care Services	8.4	58.6	85.8	380.1
Other Ambulatory	8.8	95.2	150.3	411.0
Hospitals	15.7	101.8	94.4	315.4
Nursing and Residential Care Facilities	3.5	38.9	71.1	312.7
Nursing Care Facilities	0.6	1.9	0.3	42.3
Other Nursing and Residential	2.9	37.0	70.8	270.4
<b>Annualized Percentage Change</b>				
Non-Health Care	2.2%	2.1%	2.0%	0.1%
Health Care	3.8%	2.8%	2.0%	1.9%
Ambulatory Health Care Services	4.9%	4.0%	3.2%	2.9%
Offices of Physicians	2.8%	3.3%	2.3%	1.8%
Outpatient Care Centers	7.6%	4.5%	4.8%	4.8%
Home Health Care Services	8.0%	4.7%	3.4%	4.7%
Other Ambulatory	4.7%	4.4%	3.5%	2.7%
Hospitals	3.9%	2.1%	1.0%	0.9%
Nursing and Residential Care Facilities	1.3%	1.2%	1.1%	1.4%
Nursing Care Facilities	0.4%	0.1%	0.0%	0.3%
Other Nursing and Residential	2.1%	2.3%	2.2%	2.5%

Source: Altarum analysis of BLS data.

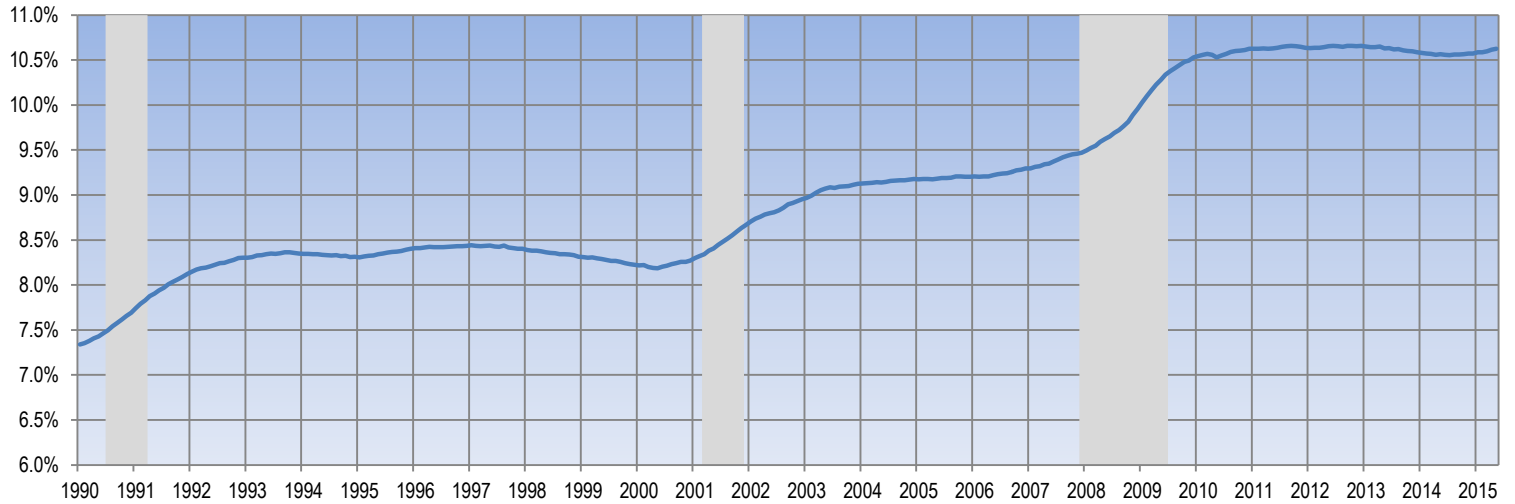
**TIME SERIES TRACKER**

**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.