

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data Through May 2016

June 10, 2016

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LABOR BRIEF

Amid weak overall employment growth, health sector is still hiring

HIGHLIGHTS

- ▲ Health care added 45,700 new jobs in May (Exhibit 1), even more than the robust 12-month average of 40,600 new jobs per month. Revisions lowered estimates by 8,000 jobs, but the health sector still added 36,000 jobs in April.
- ▲ Growth in both ambulatory care settings and hospitals continued at the pace seen over the past year, with ambulatory care adding 23,500 jobs and hospitals adding 16,500 jobs in May.
- ▲ Nursing and residential care settings added 5,700 jobs in May, more than the 12-month average of 3,100.
- ▲ The source of these figures, the monthly “establishment” survey, showed a gain of only 38,000 total nonfarm jobs in May. Even accounting for the temporary loss of 35,000 striking Verizon workers who should return to the data in June, health care represented a large part of the May jobs gain.
- ▲ The monthly “household” survey showed the unemployment rate dropping to 4.7%, the lowest rate since before the recession, but the good news was associated with a decline in the labor force.
- ▲ Health jobs grew 3.2% year-over-year while nonhealth jobs grew 1.5% (Exhibit 7), increasing the health share of total employment to a new high of 10.77% (Exhibit 8).

Cyclical Employment Big Picture

Seasonally Adjusted	Dec 2007	Jun 2009	May 2015	May 2016
Total Employment (000s)	138,413	131,020	141,496	143,894
Nonhealth Employment (000s)	125,310	117,486	126,481	128,392
Health Care Employment (000s)	13,103	13,534	15,015	15,502
Health Share of Total Employment	9.47%	10.33%	10.61%	10.77%
Unemployment Rate	5.0%	9.5%	5.5%	4.7%

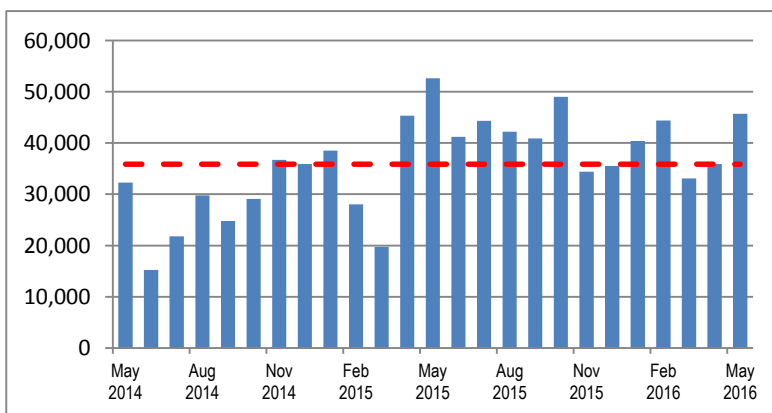
The recession officially began in December 2007 and ended in June 2009. Total employment excludes farm work. Health care employment is private only.

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

HEALTH CARE EMPLOYMENT

In May 2016, private-sector health care employment showed a gain of 45,700 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released on June 3, 2016. Hospitals gained 16,500 jobs, while ambulatory care settings added 23,500 jobs in May. The health share of total employment rose to a new high of 10.77% (Exhibit 8).

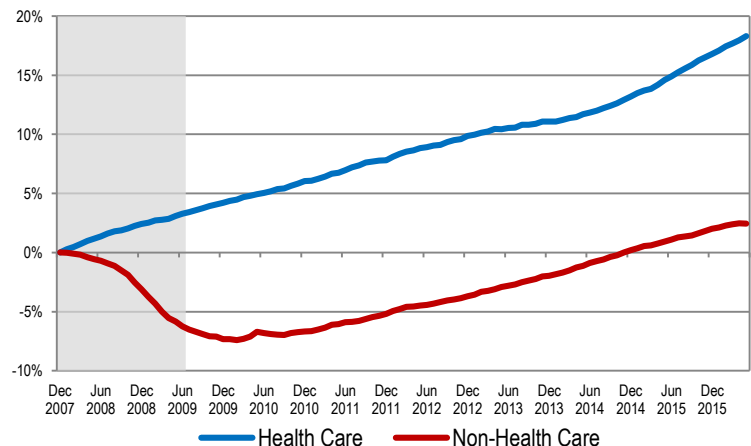
Exhibit 1. Month-over-Month Change in Total Health Care Employment, Seasonally Adjusted, May 2014–May 2016



Source: Altarum analysis of BLS data.

Over the last 12 months, total private-sector health care employment grew by 487,000 jobs or 3.2%. During this period, total nonhealth payroll employment increased by 1.9 million jobs or 1.5% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 2.4 million jobs for a cumulative gain of 18.0%, while nonhealth employment has grown by 3.1 million jobs for a cumulative gain of 2.5% (Exhibit 2).

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



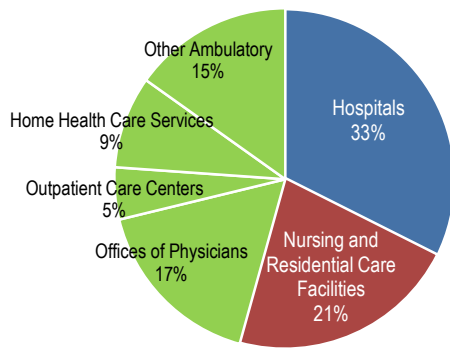
Source: Altarum analysis of BLS data.
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY CATEGORY

In May 2016, the following occurred:

- ▲ Hospitals gained 16,500 jobs, just above the 12-month average of 16,000.
- ▲ Ambulatory health care services added 23,500 jobs, a bit more than the 12-month average of 21,400. These services include the following:
 - Offices of physicians gained 9,000 jobs (12-month average: 6,400).
 - Outpatient care centers gained 2,000 jobs (12-month average: 2,300).
 - Home health care gained 5,600 jobs (12-month average: 6,200).
 - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained 6,900 jobs (12-month average: 6,400).
- ▲ Nursing and residential care facilities gained 5,700 jobs (12-month average: 3,100).
- ▲ 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).

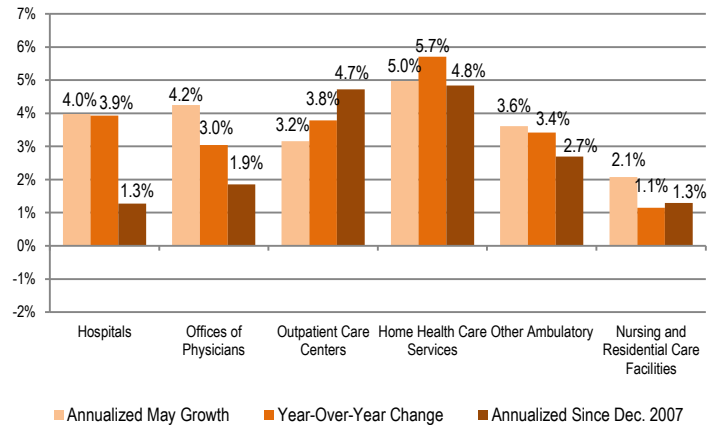
Exhibit 3. Health Care Employment by Setting, May 2016



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, home health care grew at the fastest rate, 5.7%, adding 74,900 jobs. Outpatient care centers gained 28,200 jobs for a growth rate of 3.8%. Offices of physicians added 76,800 jobs for a growth rate of 3.0%. Other ambulatory care settings gained 77,300 jobs for a growth rate of 3.4%. Hospital jobs grew 3.9% over the past 12 months, adding 192,100 jobs. Finally, nursing and residential care added 37,700 jobs for a growth rate of 1.1% (Exhibit 4).

Exhibit 4. Growth in Health Care Employment by Selected Setting



Source: Altarum analysis of BLS data.

DISCUSSION

The addition of more than 45,000 health care jobs in May was particularly striking given the entire economy grew by only 38,000 jobs. Health care continues to average about 40,000 new jobs per month in 2016, maintaining the strong pace of hiring seen throughout 2015.

Hospitals, representing about one-third of health jobs, have been about 40% of the health sector job growth over the past year and a half. Ambulatory care settings, representing 46% of health jobs, represented more than half the health job growth over this period. Gains have been particularly strong in home health care, but have also been solid across physician offices, outpatient clinics, and other ambulatory settings. Nursing and residential care settings, currently 21% of health care jobs, are growing more slowly, representing only 8% of health job growth.

In terms of the overall labor market, the May jobs report was regarded as disappointing, due to both low job gains and reductions in the labor force, despite a notable drop in the unemployment rate to 4.7%. Adding back in the temporary loss of 35,000 striking Verizon workers, the May gain would have been more like 70,000 jobs – still well below consensus expectations, but not far from the 84,000 recorded as recently as March 2015, and the 80,000 analysts estimate is needed on average to keep pace with population growth. Next month's June figures and revisions to April and May will shed light on whether this month was an outlier like March 2015, or the start of a slowdown in job creation. We will also continue to look for a deceleration in health care hiring as expanded coverage plateaus, and to better align with moderate health spending 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*SM 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)	May 2016	April 2016	May 2015	May 2014	December 2007
Non-Health Care	128,392	128,400	126,481	123,899	125,310
Health Care	15,502	15,456	15,015	14,638	13,103
Ambulatory Health Care Services	7,099	7,076	6,842	6,604	5,555
Offices of Physicians	2,600	2,591	2,523	2,458	2,228
Outpatient Care Centers	773	771	745	708	524
Home Health Care Services	1,388	1,383	1,313	1,255	933
Other Ambulatory	2,339	2,332	2,262	2,182	1,871
Hospitals	5,078	5,061	4,886	4,778	4,564
Nursing and Residential Care Facilities	3,325	3,319	3,287	3,256	2,984
Nursing Care Facilities	1,658	1,653	1,648	1,652	1,612
Other Nursing and Residential	1,667	1,666	1,639	1,604	1,372
Health Share of Employment	10.77%	10.74%	10.61%	10.57%	9.47%

Source: Altarum analysis of BLS data.

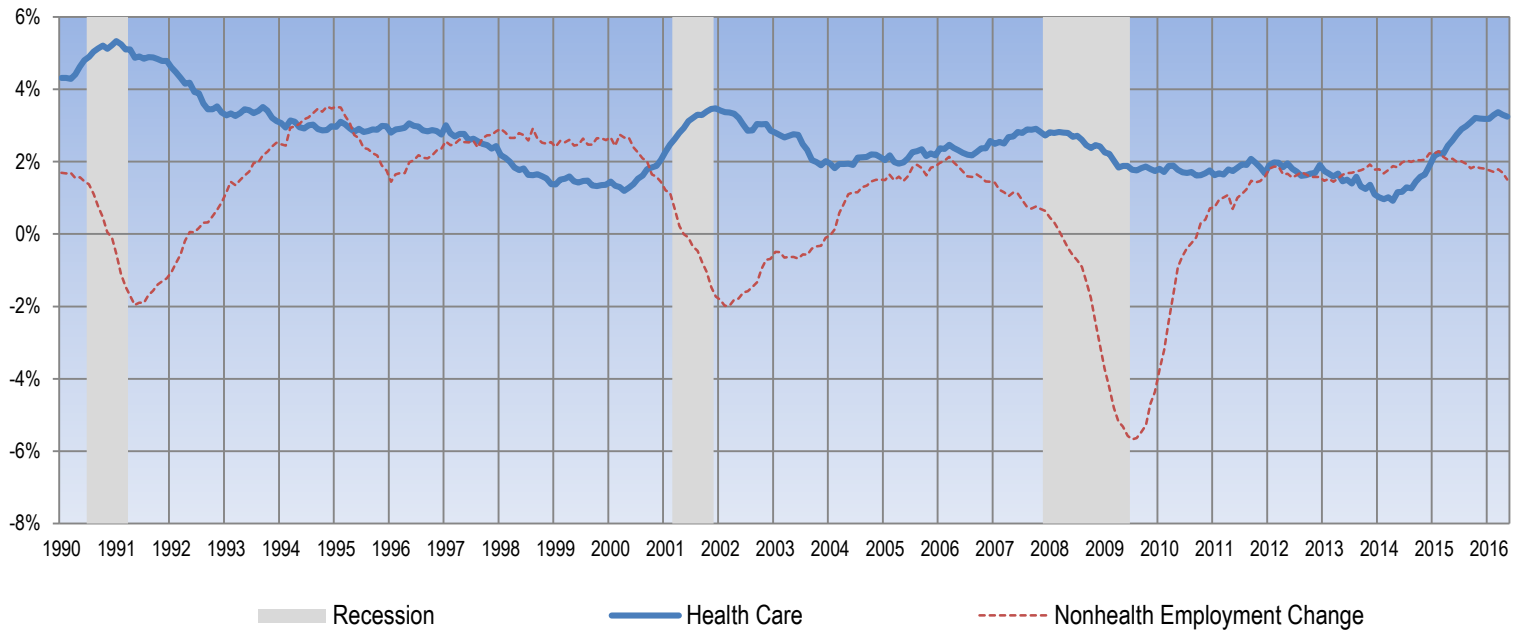
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	-7.7	1,911.0	4,492.6	3,082.1
Health Care	45.7	487.0	864.4	2,398.9
Ambulatory Health Care Services	23.5	257.2	495.9	1,544.0
Offices of Physicians	9.0	76.8	141.3	371.8
Outpatient Care Centers	2.0	28.2	64.5	248.5
Home Health Care Services	5.6	74.9	133.1	455.3
Other Ambulatory	6.9	77.3	157.0	468.4
Hospitals	16.5	192.1	299.6	513.8
Nursing and Residential Care Facilities	5.7	37.7	68.9	341.1
Nursing Care Facilities	4.7	10.0	6.1	46.5
Other Nursing and Residential	1.0	27.7	62.8	294.6
Annualized Percentage Change				
Non-Health Care	-0.1%	1.5%	1.8%	0.3%
Health Care	3.6%	3.2%	2.9%	2.0%
Ambulatory Health Care Services	4.1%	3.8%	3.7%	3.0%
Offices of Physicians	4.2%	3.0%	2.8%	1.9%
Outpatient Care Centers	3.2%	3.8%	4.5%	4.7%
Home Health Care Services	5.0%	5.7%	5.2%	4.8%
Other Ambulatory	3.6%	3.4%	3.5%	2.7%
Hospitals	4.0%	3.9%	3.1%	1.3%
Nursing and Residential Care Facilities	2.1%	1.1%	1.1%	1.3%
Nursing Care Facilities	3.5%	0.6%	0.2%	0.3%
Other Nursing and Residential	0.7%	1.7%	1.9%	2.3%

Source: Altarum analysis of BLS data.

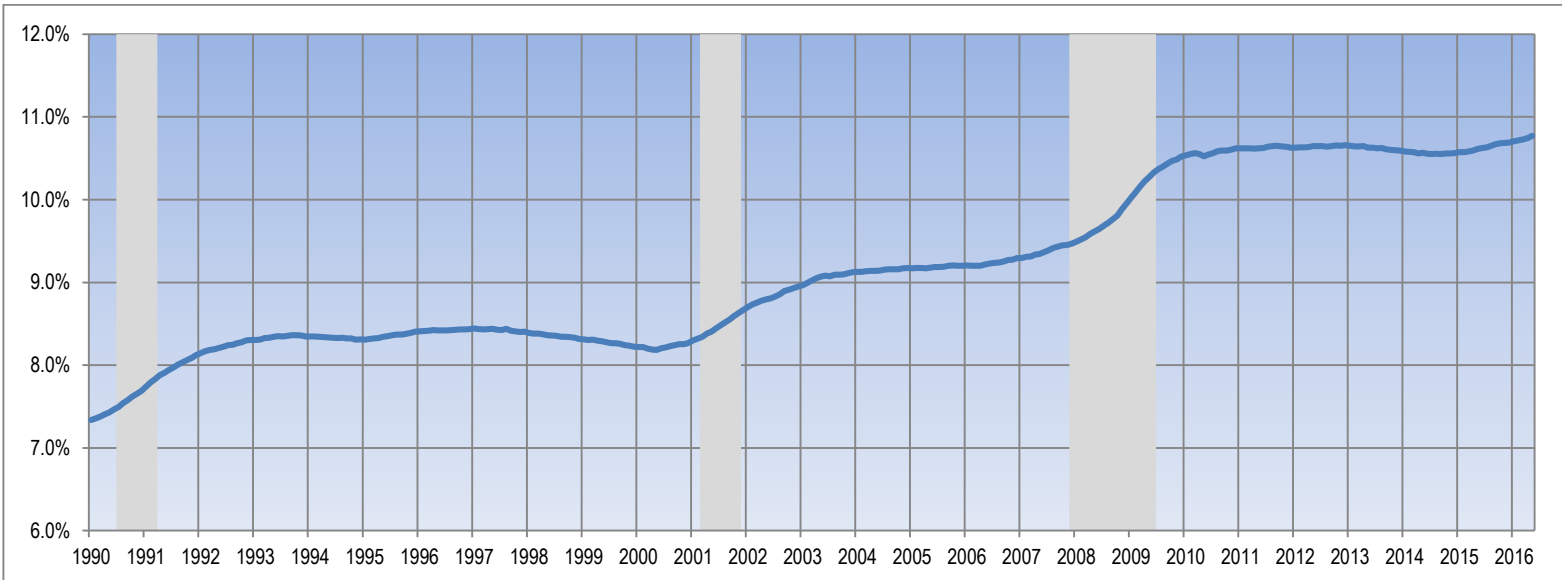
TIME SERIES TRACKER

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.