

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

## Insights from Monthly Employment Data Through May 2017

June 8, 2017

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**LABOR BRIEF**

### Health job growth consistent through first 5 months of 2017 at two-thirds of 2015 and 2016 pace

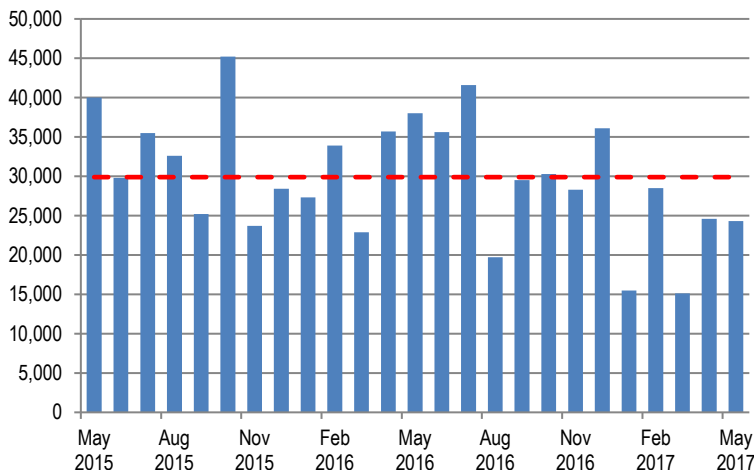
#### HIGHLIGHTS

- ▲ Health care added 24,300 new jobs in May 2017 (Exhibit 1). Small downward revisions lowered the estimate through March by 2,000 jobs.
- ▲ Health job growth through the first 5 months of 2017 is averaging just under 22,000 jobs per month, versus 32,000 per month in 2015 and 2016.
- ▲ The 2017 slowdown is occurring in both hospitals and ambulatory care. Hospitals added 5,500 jobs per month in early 2017, compared to 10,000 in 2016. Ambulatory settings (physician offices, clinics, home health) added 14,000 jobs per month in 2017, compared to 20,000 in 2016.
- ▲ Monthly “establishment” survey data show the economy added 138,000 jobs, with downward revisions of about 60,000 jobs through April.
- ▲ Labor market indicators from the monthly “household” survey show the unemployment rate dropping to 4.3%, the lowest rate in 16 years. The broadest measure of unemployment, the U-6, dropped to 8.4%, the rate seen prior to the recession.
- ▲ Health jobs grew 2.1% year over year, lower than the 2.5% average growth in 2016, but still faster than the pace of non-health job growth, at 1.6% (Exhibit 7). The health share of total employment is at an all-time high of 10.75%.

#### HEALTH CARE EMPLOYMENT

In May 2017, private-sector health care employment showed a gain of 24,300 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released on June 2, 2017. Hospitals gained 7,400 jobs, while ambulatory care settings added 12,600 jobs and nursing and residential care gained 4,300 jobs. The health care share of total employment reached an all-time high of 10.75% (Exhibit 8).

**Exhibit 1. Month-over-Month Change in Total Health Care Employment, Seasonally Adjusted, May 2015–May 2017**



Source: Altarum analysis of BLS data.

#### Cyclical Employment Big Picture

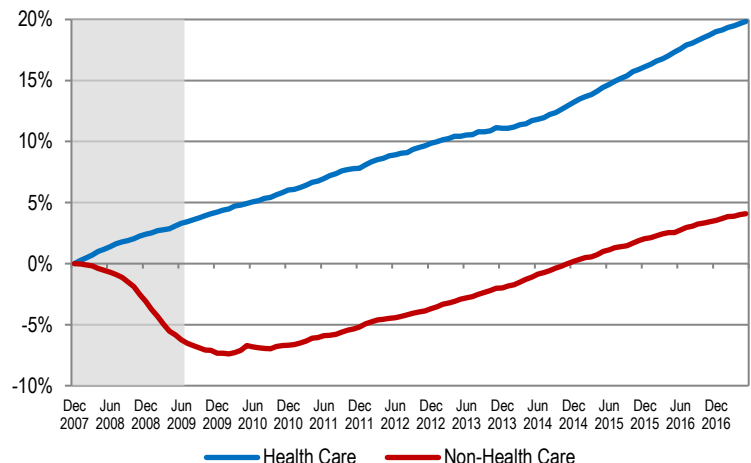
Seasonally Adjusted	Dec 2007	Jun 2009	May 2016	May 2017
Total Employment (000s)	138,413	131,021	143,869	146,135
Non-health Employment (000s)	125,310	117,487	128,496	130,433
Health Care Employment (000s)	13,103	13,534	15,373	15,703
Health Share of Total Employment	9.47%	10.33%	10.69%	10.75%
Unemployment Rate	5.0%	9.5%	4.7%	4.3%

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 329,000 jobs, or 2.1%. During this period, total non-health 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 2.6 million jobs for a cumulative gain of 19.8%, while non-health employment has grown by 5.1 million jobs for a cumulative gain of 4.1% (Exhibit 2).

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



Source: Altarum analysis of BLS data.

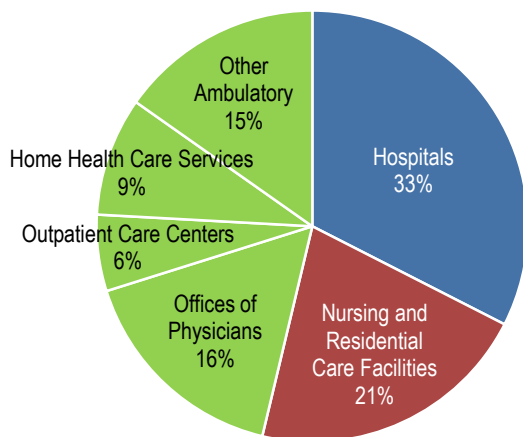
Note: Shading indicates the recession period.

### HEALTH CARE JOBS BY SETTING

In May 2017, the following occurred:

- ▲ Hospitals gained 7,400 jobs, a bit under the 12-month average of 8,000.
- ▲ Ambulatory health care services added 12,600 jobs, somewhat lower than the 12-month average of 17,700. These services include the following:
  - Offices of physicians gained 3,200 jobs (12-month average: 5,100).
  - Outpatient care centers gained only 700 jobs (12-month average: 4,000).
  - Home health care gained 2,500 jobs (12-month average: 3,200).
  - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained 6,200 jobs (12-month average: 5,400).
- ▲ Nursing and residential care facilities gained 4,300 jobs (12-month average: 1,800), with nursing homes losing 900 jobs while other nursing and residential care facilities gained 5,200 jobs.
- ▲ 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 2017

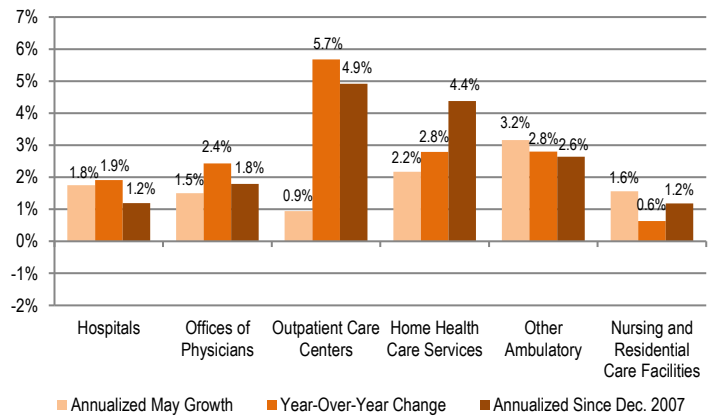


Source: Altarum analysis of BLS data.

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, 5.7%, adding 48,200 jobs. Home health care gained 37,900 jobs for a growth rate of 2.8%. Other ambulatory care settings gained 65,200 jobs for a growth rate of 2.8%. Offices of physicians added 61,200 jobs for a growth rate of 2.4%. Hospital jobs grew 1.9% over the past 12 months, adding 95,500 jobs. Finally, nursing and residential care added 21,100 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

Health sector job growth in 2017 has been quite consistent at about two-thirds the level of growth seen in the previous two calendar years. Health care has been adding an average of 22,000 jobs per month in 2017, compared to 32,000 a month in 2015 and 2016.

The moderation in health care job growth is being seen in both hospitals and ambulatory care settings. Hospitals are adding 5,500 jobs per month in 2017, compared to 10,000 jobs per month in 2016 and 11,000 in 2015. Ambulatory care is adding 14,000 jobs per month in 2017, compared to 18,000 in 2016 and 20,000 in 2015. Measures of momentum that incorporate a three-month moving average have not been as low since 2014 for both settings and health care overall.

On a year-over-year basis, health job growth is steadily trending down from the recent peak of 2.7% in October 2015, to 2.1% in May 2017. Again, the pattern is similar by broad setting. Year-over-year growth in hospitals is 1.9%, down from a peak of 2.9% in November 2015, and in ambulatory care settings it is 3.0%, down from 3.7% in July 2015.

The overall economy added 138,000 new jobs in May, bringing the 2017 average growth to 162,000 per month. While this is lower than the 2016 average of 187,000, it is consistent with the level of growth seen through May of last year. It is also still well above the 80,000 to 100,000 jobs per month economists estimate are needed to maintain a stable unemployment rate, given demographic trends. The unemployment rate dipped to 4.3% in May, the lowest rate since 2001. The broadest measure of unemployment, the U-6, fell to 8.4%, a rate last seen just prior to the recession.

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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: Sarah Litton, 202-772-5062, [press@altarum.org](mailto:press@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 2017	April 2017	May 2016	May 2015	December 2007
Non–Health Care	130,433	130,319	128,496	126,541	125,310
Health Care	15,703	15,678	15,373	14,995	13,103
Ambulatory Health Care Services	7,266	7,253	7,053	6,832	5,556
Offices of Physicians	2,579	2,575	2,517	2,465	2,181
Outpatient Care Centers	898	897	850	802	571
Home Health Care Services	1,397	1,395	1,359	1,307	933
Other Ambulatory	2,392	2,386	2,327	2,258	1,871
Hospitals	5,104	5,097	5,009	4,878	4,564
Nursing and Residential Care Facilities	3,332	3,328	3,311	3,286	2,984
Nursing Care Facilities	1,640	1,641	1,644	1,647	1,612
Other Nursing and Residential	1,693	1,687	1,667	1,639	1,372
Health Share of Employment	10.75%	10.74%	10.69%	10.59%	9.47%

Source: Altarum analysis of BLS data.

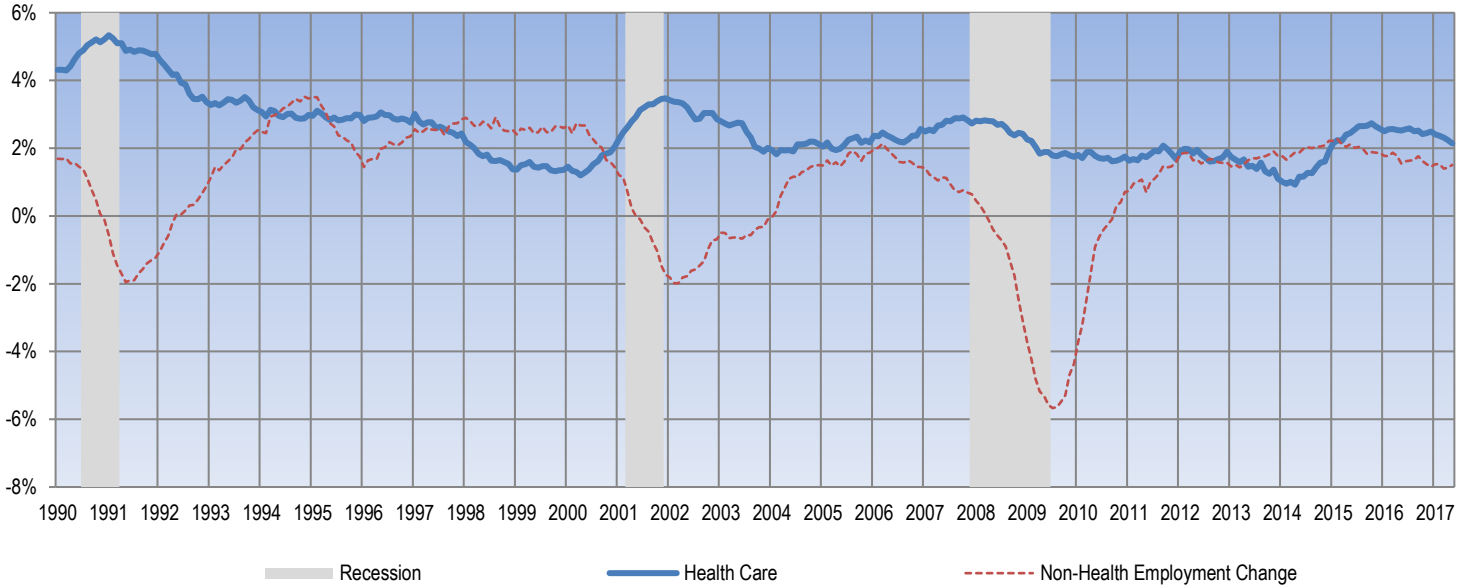
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non–Health Care	113.7	1,936.9	3,891.7	5,122.6
Health Care	24.3	329.1	707.3	2,599.4
Ambulatory Health Care Services	12.6	212.5	434.3	1,709.9
Offices of Physicians	3.2	61.2	113.2	397.9
Outpatient Care Centers	0.7	48.2	96.2	326.7
Home Health Care Services	2.5	37.9	90.7	464.0
Other Ambulatory	6.2	65.2	134.2	521.3
Hospitals	7.4	95.5	226.4	540.5
Nursing and Residential Care Facilities	4.3	21.1	46.6	348.5
Nursing Care Facilities	-0.9	-4.2	-6.8	28.1
Other Nursing and Residential	5.2	25.3	53.4	320.4
<b>Annualized Percentage Change</b>				
Non–Health Care	1.1%	1.5%	1.5%	0.4%
Health Care	1.9%	2.1%	2.3%	1.9%
Ambulatory Health Care Services	2.1%	3.0%	3.1%	2.9%
Offices of Physicians	1.5%	2.4%	2.3%	1.8%
Outpatient Care Centers	0.9%	5.7%	5.8%	4.9%
Home Health Care Services	2.2%	2.8%	3.4%	4.4%
Other Ambulatory	3.2%	2.8%	2.9%	2.6%
Hospitals	1.8%	1.9%	2.3%	1.2%
Nursing and Residential Care Facilities	1.6%	0.6%	0.7%	1.2%
Nursing Care Facilities	-0.7%	-0.3%	-0.2%	0.2%
Other Nursing and Residential	3.8%	1.5%	1.6%	2.3%

Source: Altarum analysis of BLS data.

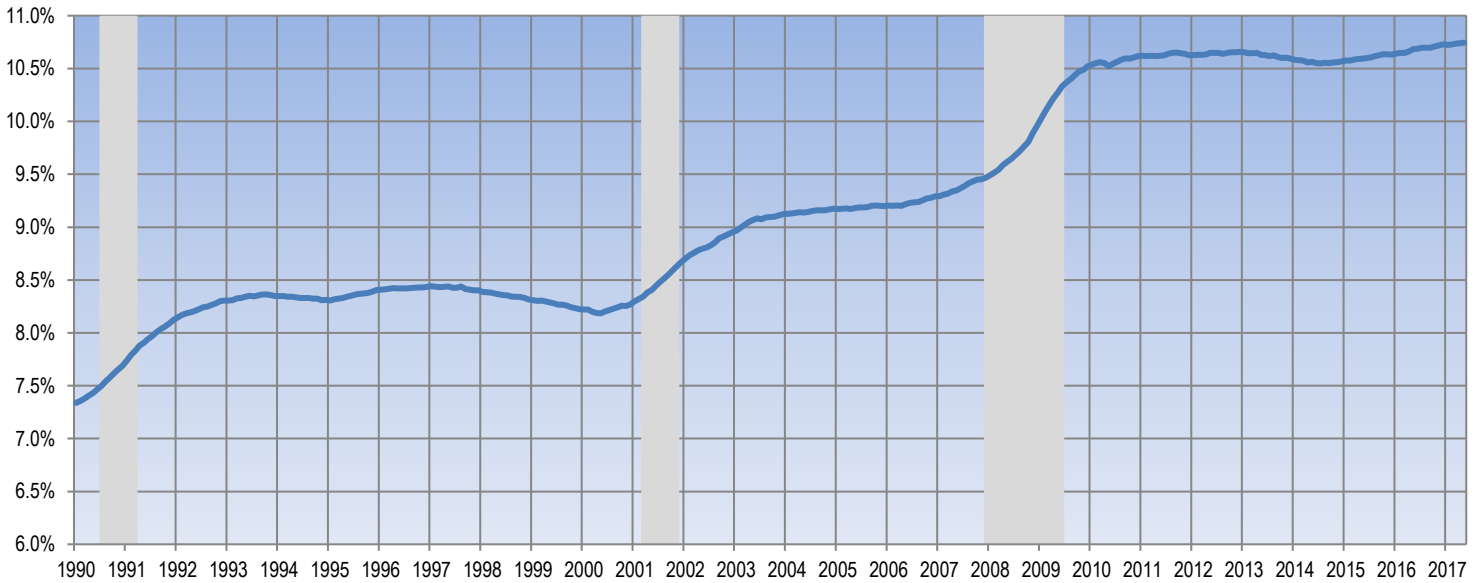
**TIME SERIES TRACKER**

**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.