

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data through February 2014

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LABOR BRIEF

March 13, 2014

Third straight month of slow health sector job growth, for lowest 3-month gain on record

HIGHLIGHTS

- ▲ Health care gained 9,500 jobs in February 2014, the third straight month of gains below 10,000, and the lowest 3-month gain (17,700) since our data series began in 1989.
- ▲ Ambulatory care added 8,400 jobs in February, many fewer than the 24-month average of 14,400. Hospitals lost 1,200 jobs, while nursing and residential care facilities gained 2,300 jobs.
- ▲ The source of these figures, the monthly “establishment” survey, showed total nonfarm jobs in February growing by a higher-than-expected 175,000 jobs. The more volatile “household” survey showed a slight rise in the unemployment rate, to 6.7%, with the labor force participation rate holding steady at 63.0%.
- ▲ The health share of total employment remained at 10.62%.

Seasonally Adjusted	Dec. 2007	June 2009	Feb. 2013	Feb. 2014
Total Employment (000)	138,350	130,944	135,541	137,699
Non-Health Care Employment (000)	125,247	117,410	121,112	123,079
Health Care Employment (000)	13,103	13,534	14,429	14,620
Health Share of Total Employment	9.47%	10.34%	10.65%	10.62%
Unemployment Rate	5.0%	9.5%	7.7%	6.7%

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

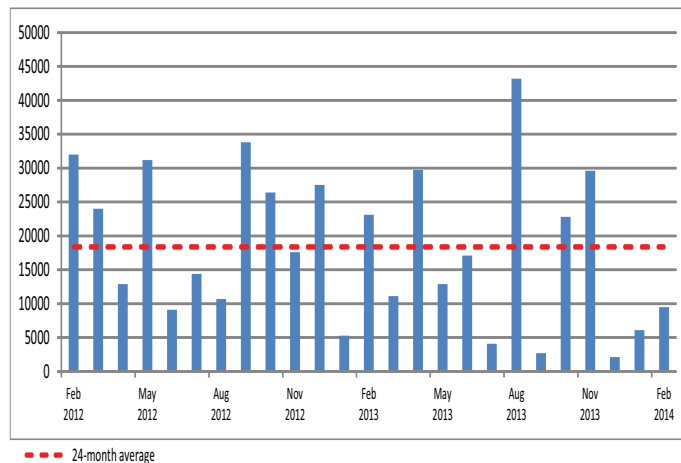
Source: Altarum Analysis of BLS Data

HEALTH CARE EMPLOYMENT

In February 2014, private sector health care employment showed a gain of 9,500 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation released on March 7, 2014. This is well below the 24-month average gain of 17,800. Most of the growth came in physician offices, which added 8,200 jobs. The health share of total employment held at 10.62% (Exhibit 8).

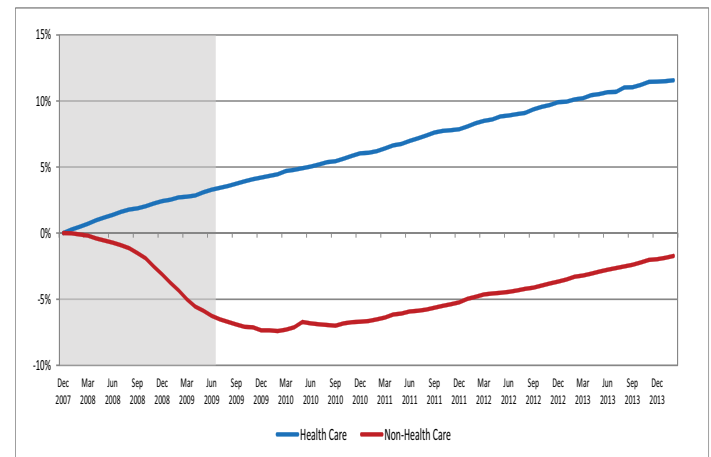
Over the last 12 months, total private sector health care employment grew by 190,900 jobs, or 1.3%. During this same period, total non-health payroll employment increased by 1,967,100 jobs, or 1.6% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 1.52 million jobs, for a cumulative growth of 11.6%, while non-health employment fell by 2.17 million jobs, for a cumulative decline of 1.7% (Exhibit 2).

Exhibit 1. Month-Over-Month Change in Total Health Care Employment, Seasonally Adjusted, Feb. 2011-Feb. 2014



Source: Altarum Analysis of BLS Data

Exhibit 2. Health and Non-Health Care Employment: Cumulative Percentage Change Since Dec. 2007



Source: Altarum Analysis of BLS Data

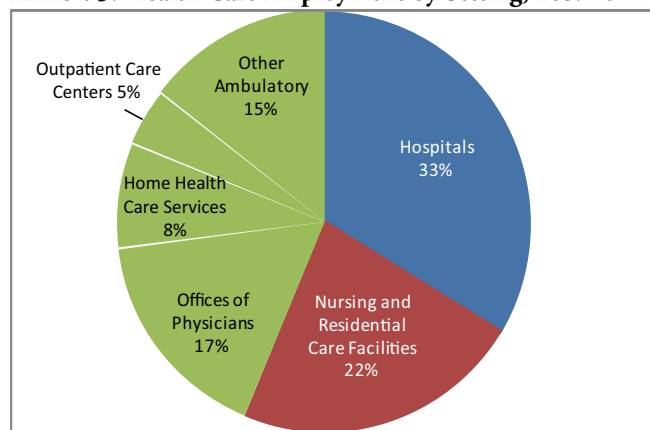
Note: Shading indicates recession period

HEALTH CARE EMPLOYMENT BY SETTING

In February 2014,

- ▲ Hospitals lost 1,200 jobs, compared with the 24-month average gain of 800.
- ▲ Ambulatory health care services added 8,400, well below the 24-month average gain of 14,400.
 - Offices of physicians added 8,200 jobs;
 - Outpatient care centers added 1,500 jobs;
 - Home health care lost 3,800 jobs; and
 - Other categories of ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, added 2,500 jobs.
- ▲ Nursing and residential care facilities added 2,300.
- ▲ Ambulatory services accounted for 45% of health care employment (Exhibit 3), hospitals another 33%, and nursing and residential care facilities the remaining 22%.

Exhibit 3. Health Care Employment by Setting, Feb. 2014

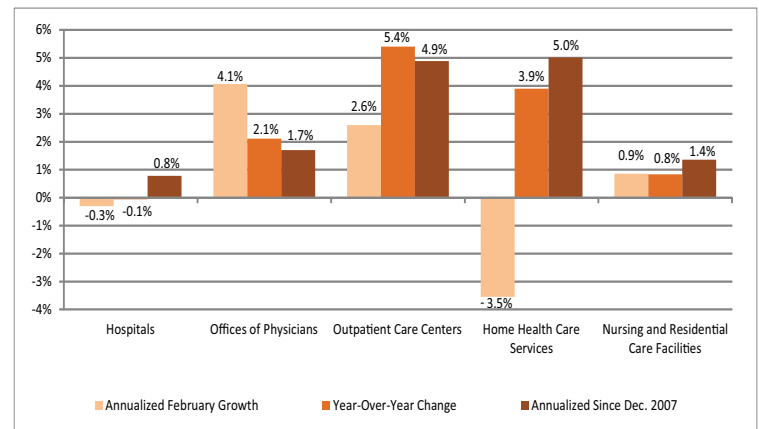


Source: Altarum Analysis of BLS Data

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

Over the past 12 months, outpatient care centers grew at the fastest rate, 5.4%, while adding 36,100 jobs. Home health care added 47,300 (Exhibit 4), a growth rate of 3.9%. Offices of physicians added the highest number of jobs, 51,100, a growth rate of 2.1%. Hospital job growth was flat over the past 12 months, and nursing and residential care added 26,900 jobs, for a growth rate of 0.8%.

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



Source: Altarum Analysis of BLS Data

DISCUSSION

Preliminary data for both December 2013 and January 2014 showed that the health sector had lost jobs, but upward revisions pushed job growth positive for these two months. Still, the revisions were not large, and monthly gains in the past 3 months have all been below 10,000 jobs, for the lowest 3-month gain (about 18,000) on record.

Hospitals have lost nearly 10,000 jobs in the past 3 months. Nursing homes have lost 1,000 jobs. Even ambulatory care, which was the primary driver of new health jobs through the recession and recovery, grew at half the previous pace over the past 3 months (8,000 jobs per month versus 16,000 per month for the previous year). Within ambulatory care, home health, which had been growing at an annualized rate of 5% since December 2007, lost 5,000 jobs in the past 3 months. Health settings that are still growing include offices of physicians (15,000 in the past 3 months), outpatient care centers (6,000) and "other nursing and residential care" (5,000).

Estimates for calendar year 2013 are now final (until January 2015 benchmarking), and they show that the health sector added an average of 17,000 jobs per month in 2013, for a total of 204,000 jobs. Most of this growth was in ambulatory care (178,000). Hospitals added no jobs in 2013. Nursing homes lost 12,000 jobs while "other nursing and residential care" gained 38,000. For comparison, from 2010 through 2012, the health sector added an average of about 250,000 jobs per year, with about 40,000 of these coming in hospitals.

We will be watching carefully to see if health care utilization and employment pick up as the number of people with health insurance increases in 2014.

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Altarum Institute is a 501(c)(3) nonprofit health care research and consulting organization. Altarum integrates independent research and client-centered consulting to deliver comprehensive, system-based solutions that improve health and health care.

The Center for Sustainable Health Spending (CSHS) was launched in 2011 to lead Altarum Institute's research on investigating 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, 571-733-5709, ken.schwartz@altarum.org.

Please visit www.altarum.org/cshs.

DETAILED HEALTH CARE EMPLOYMENT DATA

Exhibit 5. Employment Data by Sector, Seasonally Adjusted

Employment (in thousands)	February 2014	January 2013	February 2013	February 2012	December 2007
Non-Health Care	123,079	122,913	121,112	119,221	125,247
Health Care	14,620	14,611	14,429	14,193	13,103
Ambulatory Health Care Services	6,589	6,581	6,422	6,245	5,555
Offices of Physicians	2,472	2,464	2,421	2,368	2,228
Outpatient Care Centers	704	702	668	638	524
Home Health Care Services	1,261	1,265	1,214	1,172	933
Other Ambulatory	2,153	2,150	2,120	2,067	1,871
Hospitals	4,788	4,789	4,791	4,769	4,564
Nursing and Residential Care Facilities	3,243	3,241	3,216	3,180	2,984
Nursing Care Facilities	1,648	1,647	1,658	1,663	1,612
Other	1,595	1,594	1,558	1,517	1,372
Health Care Share of Total	10.62%	10.62%	10.65%	10.64%	9.47%

Source: Altarum Analysis of Bureau of Labor Statistics (BLS) Data

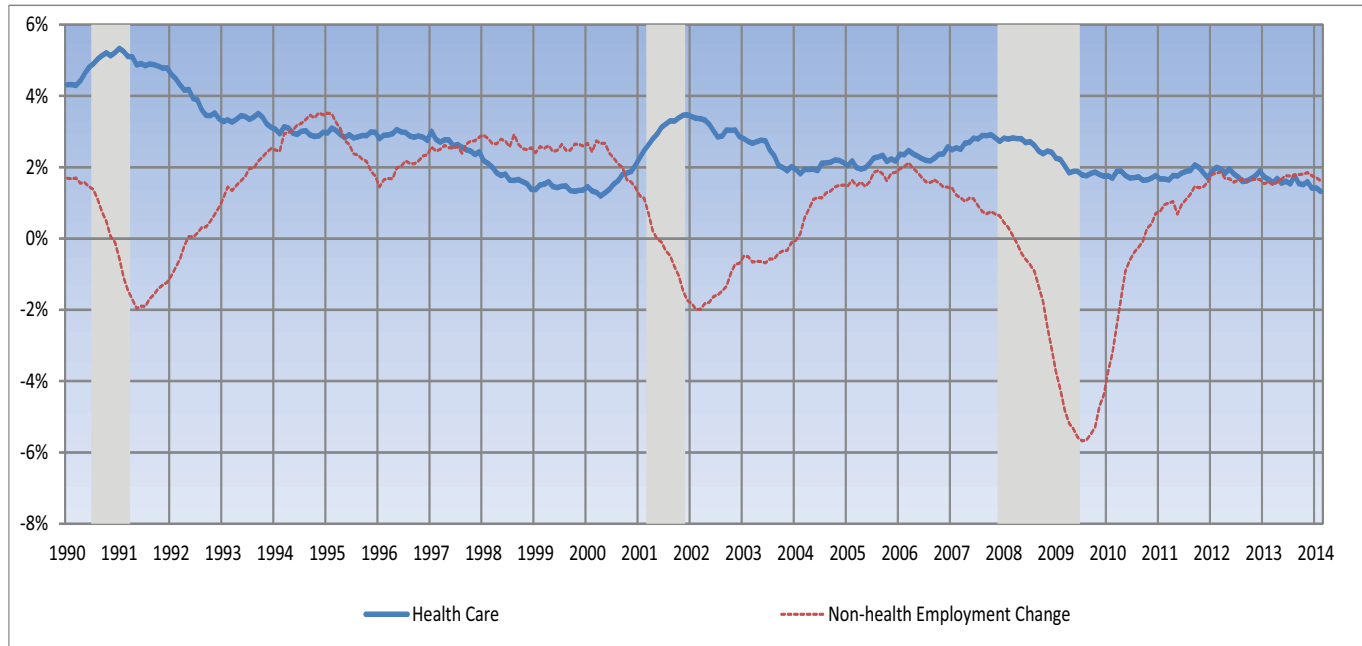
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	1 Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	165.5	1,967.1	3,858.1	-2,168.0
Health Care	9.5	190.9	426.9	1,517.0
Ambulatory Health Care Services	8.4	166.8	344.6	1,033.7
Offices of Physicians	8.2	51.1	103.7	243.9
Outpatient Care Centers	1.5	36.1	65.8	179.5
Home Health Care Services	-3.8	47.3	89.6	328.3
Other Ambulatory	2.5	32.3	85.5	282.0
Hospitals	-1.2	-2.8	18.8	224.0
Nursing and Residential Care Facilities	2.3	26.9	63.5	259.3
Nursing Care Facilities	1.1	-9.9	-14.7	36.8
Other	1.2	36.8	78.2	222.5
Annualized Percentage Change				
Non-Health Care	1.6%	1.6%	1.6%	-0.3%
Health Care	0.8%	1.3%	1.5%	1.8%
Ambulatory Health Care Services	1.5%	2.6%	2.7%	2.8%
Offices of Physicians	4.1%	2.1%	2.2%	1.7%
Outpatient Care Centers	2.6%	5.4%	5.0%	4.9%
Home Health Care Services	-3.5%	3.9%	3.8%	5.0%
Other Ambulatory	1.4%	1.5%	2.0%	2.3%
Hospitals	-0.3%	-0.1%	0.2%	0.8%
Nursing and Residential Care Facilities	0.9%	0.8%	1.0%	1.4%
Nursing Care Facilities	0.8%	-0.6%	-0.4%	0.4%
Other	0.9%	2.4%	2.5%	2.5%

Source: Altarum Analysis of BLS Data

TIME SERIES TRACKER

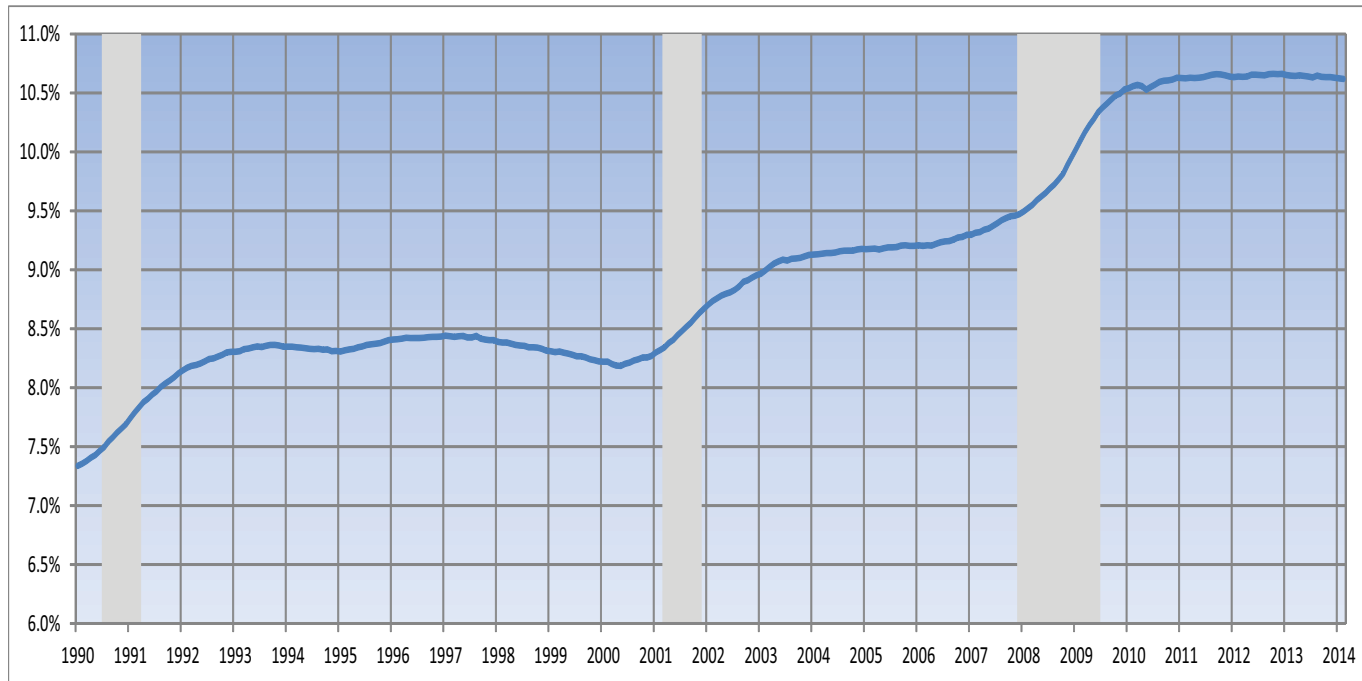
Exhibit 7. Year-Over-Year Percentage Change in Health and Non-Health Care Employment



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