

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data Through April 2016

May 12, 2016

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LABOR BRIEF

Hospitals drive another month of strong health sector job growth

HIGHLIGHTS

- ▲ Health care added 44,200 new jobs in April (Exhibit 1), slightly more than the robust 12-month average of 41,800 new jobs per month.
- ▲ More than half of these new health care jobs were in hospitals, which added an all-time high 22,900 jobs in April.
- ▲ Growth in ambulatory care settings was more moderate, with 19,300 new jobs in April, a bit below average.
- ▲ Nursing and residential care settings added 2,000 jobs in April, also a bit below average.
- ▲ The source of these figures, the monthly “establishment” survey, showed a moderate gain of 160,000 total nonfarm jobs in April; health care was more than one-quarter of this total job gain.
- ▲ The monthly “household” survey showed the unemployment rate steady at 5.0%, a decrease in the labor force, but a 2.5% rise in wages.
- ▲ Consistent with recent patterns, health jobs grew 3.4% year over year while nonhealth jobs grew 1.7% (Exhibit 7), increasing the health share of total employment to a new high of 10.75% (Exhibit 8).

Cyclical Employment Big Picture

Seasonally Adjusted	Dec 2007	Jun 2009	Apr 2015	Apr 2016
Total Employment (000s)	138,413	131,020	141,223	143,915
Nonhealth Employment (000s)	125,310	117,486	126,261	128,451
Health Care Employment (000s)	13,103	13,534	14,962	15,464
Health Share of Total Employment	9.47%	10.33%	10.59%	10.75%
Unemployment Rate	5.0%	9.5%	5.4%	0.0%

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

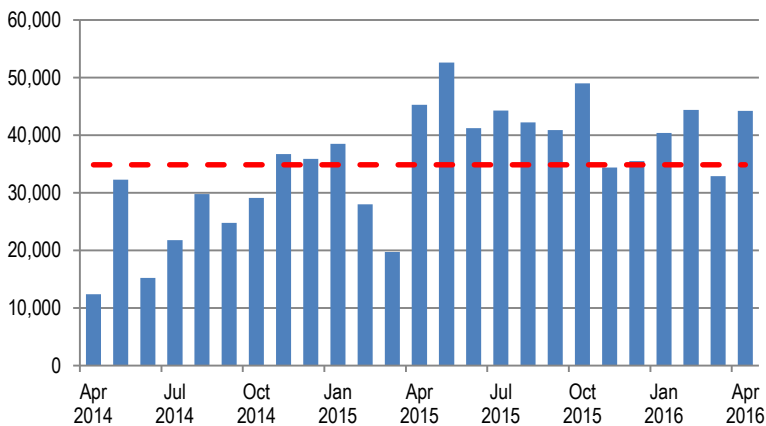
Source: Altarum Institute analysis of Bureau of Labor Statistics (BLS) data.

HEALTH CARE EMPLOYMENT

In April 2016, private-sector health care employment showed a gain of 44,200 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released on May 6, 2016. Hospitals gained 22,900 jobs while ambulatory care settings added 19,300 jobs in April. The health share of total employment rose to a new high of 10.75% (Exhibit 8).

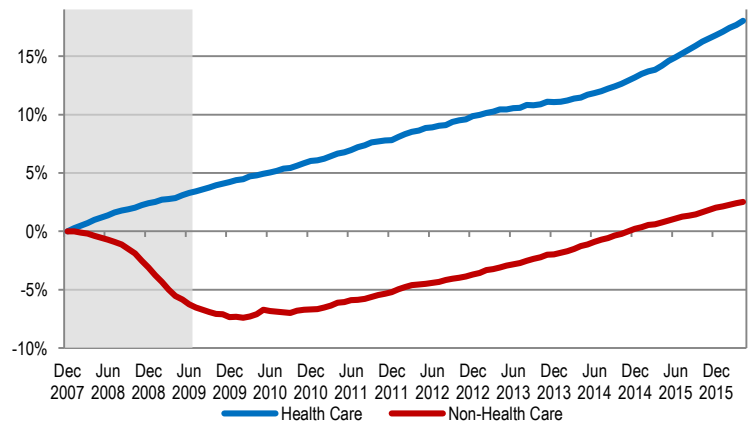
Over the last 12 months, total private-sector health care employment grew by 502,000 jobs or 3.4%. During this period, total nonhealth payroll employment increased by 2,190,000 jobs or 1.7% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 2.4 million jobs for 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 1. Month-over-Month Change in Total Health Care Employment, Seasonally Adjusted, April 2014–April 2016



Source: Altarum analysis of BLS data.

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



Source: Altarum analysis of BLS data.

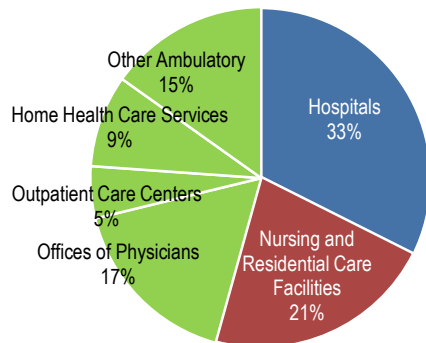
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY CATEGORY

In April 2016, the following occurred:

- ▲ Hospitals gained 22,900 jobs, higher than both the 24-month average gain of 12,300 and lower than the 12-month average of 16,200.
- ▲ Ambulatory health care services added 19,300 jobs, a bit below the 12-month average of 22,600 and the 24-month average of 20,700. These services include the following:
 - Offices of physicians gained 2,000 jobs (12-month average: 6,200).
 - Outpatient care centers gained 6,400 jobs (12-month average: 2,900).
 - Home health care gained 3,500 jobs (12-month average: 6,700).
 - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained 7,400 jobs (12-month average: 6,800).
- ▲ Nursing and residential care facilities gained 2,000 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, April 2016

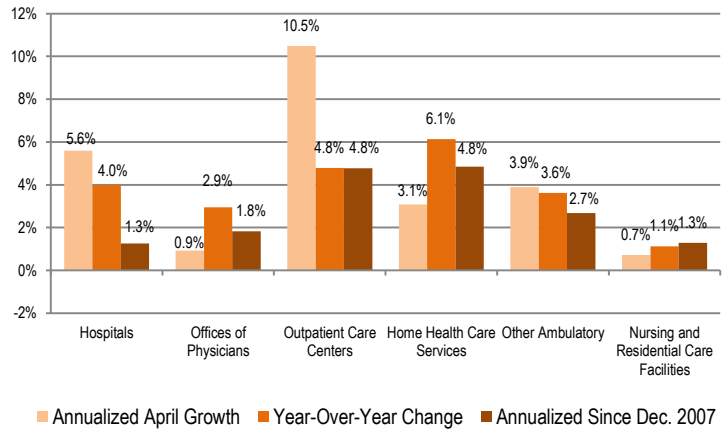


Source: Altarum analysis of BLS data.

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, 6.1%, adding 79,900 jobs. Outpatient care centers gained 35,300 jobs for a growth rate of 4.8%. Offices of physicians added 74,100 jobs for a growth rate of 2.9%. Other ambulatory care settings gained 81,500 jobs for a growth rate of 3.6%. Hospital jobs grew 4.0% over the past 12 months, adding 194,400 jobs. Finally, nursing and residential care added 36,800 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

Given the moderation we are seeing in the growth in spending on health care services (see Altarum’s companion HSEI Spending Brief), we continue to expect to see moderation in the pace of health care job growth. Yet each time we start to see signs of slowing momentum, health job growth seems to bounce back, especially in hospitals. April’s 22,900 new hospital jobs (if this figure stands after revisions) represent not only the highest monthly increase in hospital jobs over the 25 years of our data series, but a record high 4% year-over-year rate of growth.

2016 job growth in ambulatory care settings and nursing and residential care, while not at record highs, is similar to the solid growth seen in 2015. Altogether, health care has added an average of more than 40,000 jobs per month in 2016, a bit more than the already high growth of 39,000 jobs per month seen in 2015. More than one-quarter of all job gains in April and more than one-fifth of all jobs created in 2016 so far have been in health care.

The overall labor market continues to show the continual if unspectacular progress that has characterized this recovery. The economy added 160,000 jobs in April, somewhat lower than consensus expectations, but comfortably more than the estimated 80,000 jobs per month needed to accommodate demographic trends and maintain the unemployment rate. After gains last month, the labor force dropped by 362,000 people, but wages are up 2.5% over the previous 12 months.

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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’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)	April 2016	March 2016	April 2015	April 2014	December 2007
Non–Health Care	128,451	128,335	126,261	123,719	125,310
Health Care	15,464	15,420	14,962	14,605	13,103
Ambulatory Health Care Services	7,078	7,059	6,808	6,582	5,555
Offices of Physicians	2,590	2,588	2,516	2,456	2,228
Outpatient Care Centers	774	767	738	704	524
Home Health Care Services	1,383	1,380	1,303	1,248	933
Other Ambulatory	2,332	2,324	2,250	2,174	1,871
Hospitals	5,065	5,043	4,871	4,771	4,564
Nursing and Residential Care Facilities	3,321	3,319	3,284	3,253	2,984
Nursing Care Facilities	1,654	1,652	1,648	1,651	1,612
Other Nursing and Residential	1,667	1,667	1,636	1,601	1,372
Health Share of Employment	10.75%	10.73%	10.59%	10.56%	9.47%

Source: Altarum analysis of BLS data.

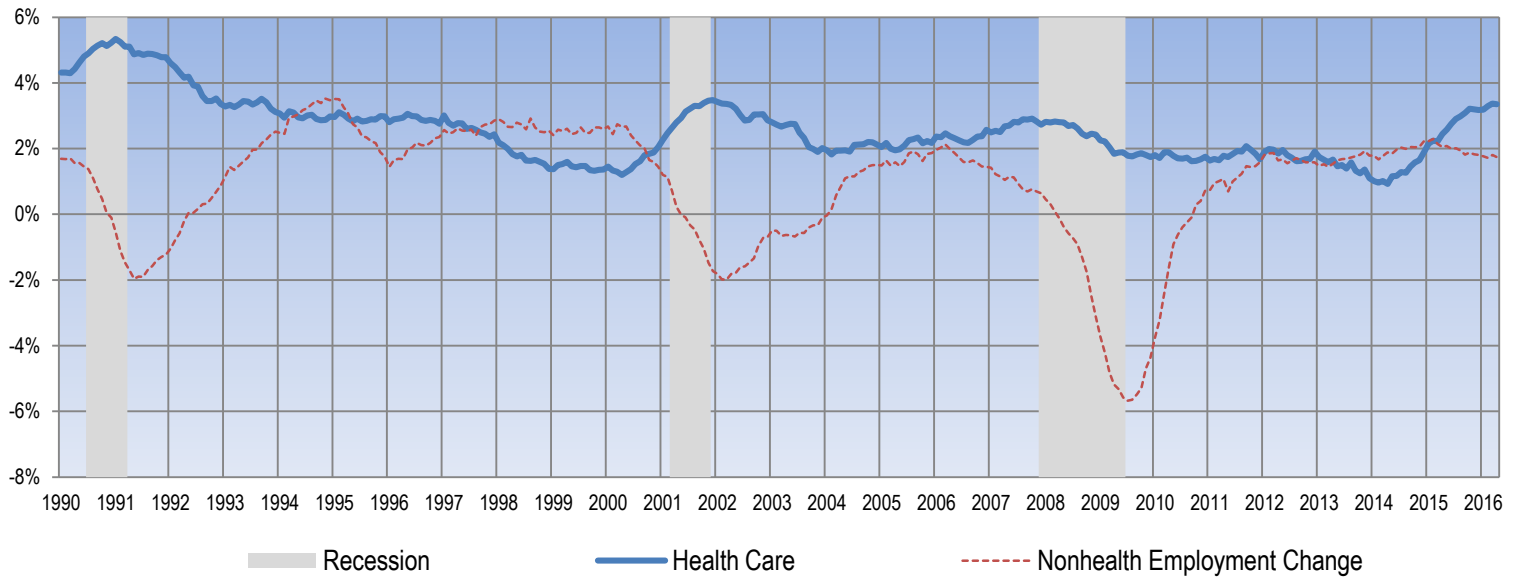
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non–Health Care	115.8	2,190.0	4,731.9	3,140.7
Health Care	44.2	502.0	859.1	2,361.3
Ambulatory Health Care Services	19.3	270.8	496.9	1,523.0
Offices of Physicians	2.0	74.1	134.2	362.2
Outpatient Care Centers	6.4	35.3	69.5	249.2
Home Health Care Services	3.5	79.9	135.5	450.5
Other Ambulatory	7.4	81.5	157.7	461.1
Hospitals	22.9	194.4	294.3	501.5
Nursing and Residential Care Facilities	2.0	36.8	67.9	336.8
Nursing Care Facilities	1.8	5.9	2.4	42.2
Other Nursing and Residential	0.2	30.9	65.5	294.6
Annualized Percentage Change				
Non–Health Care	1.1%	1.7%	1.9%	0.3%
Health Care	3.5%	3.4%	2.9%	2.0%
Ambulatory Health Care Services	3.3%	4.0%	3.7%	3.0%
Offices of Physicians	0.9%	2.9%	2.7%	1.8%
Outpatient Care Centers	10.5%	4.8%	4.8%	4.8%
Home Health Care Services	3.1%	6.1%	5.3%	4.8%
Other Ambulatory	3.9%	3.6%	3.6%	2.7%
Hospitals	5.6%	4.0%	3.0%	1.3%
Nursing and Residential Care Facilities	0.7%	1.1%	1.0%	1.3%
Nursing Care Facilities	1.3%	0.4%	0.1%	0.3%
Other Nursing and Residential	0.1%	1.9%	2.0%	2.4%

Source: Altarum analysis of BLS data.

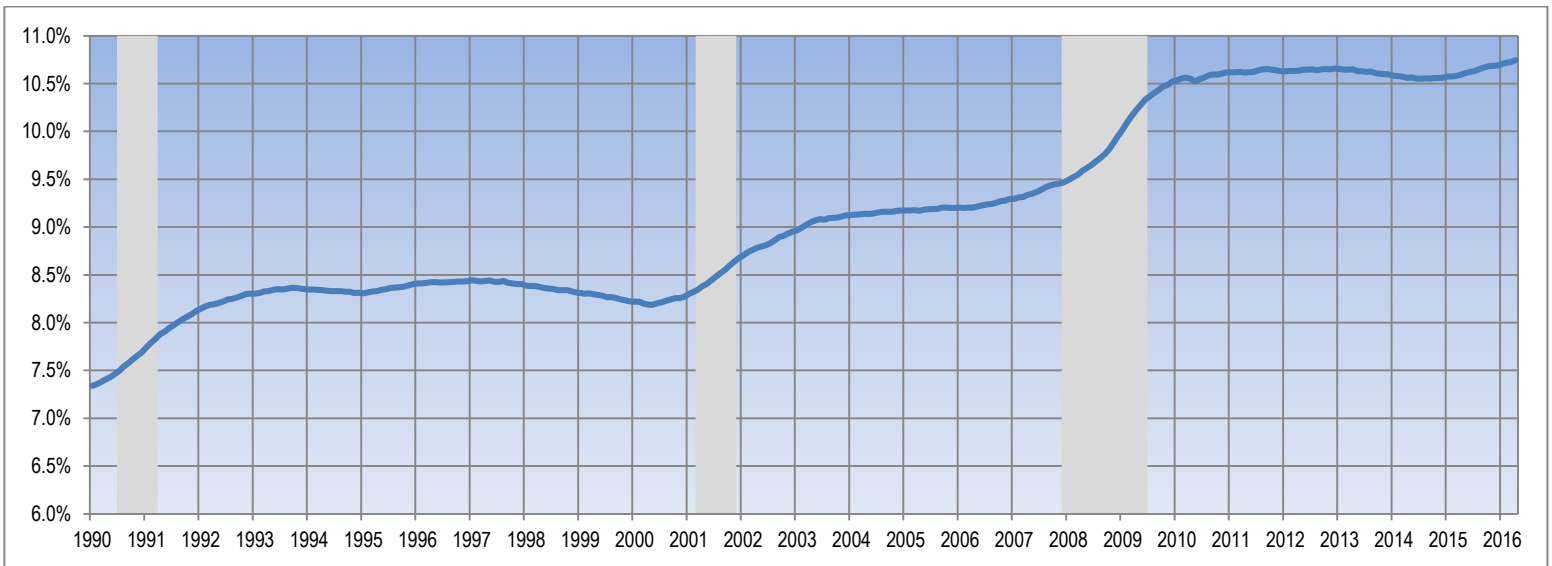
TIME SERIES TRACKER

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.