

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

Insights from Monthly Employment Data through October 2014

November 12, 2014

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**LABOR BRIEF**

## Upturn in health sector job growth continues

### HIGHLIGHTS

- ▲ Health care gained a solid 24,500 jobs in October 2014. Revisions to August and September were minor, showing a net decrease of 1,000 jobs.
- ▲ Ambulatory care settings added an above-average 18,500 jobs, while hospitals gained an above-average 3,500 jobs, and nursing and residential care gained 2,500 jobs.
- ▲ The source of these figures, the monthly “establishment” survey, showed total nonfarm jobs in October growing by 214,000 jobs, with upward revisions to August and September of 31,000 jobs. The companion “household” survey showed a slight dip in the unemployment rate, from 5.9% to 5.8%, as the labor force participation rate increased slightly, to 62.8%.
- ▲ The health share of total employment held at 10.62%, down from the high of 10.66% last seen in December 2012. For the past year, non-health jobs have been growing slightly faster than health jobs (Exhibit 7).

### Cyclical Employment Big Picture

Seasonally Adjusted	Dec 2007	Jun 2009	Oct 2013	Oct 2014
Total Employment (000)	138,350	130,944	137,037	139,680
Non-Health Employment (000)	125,247	117,410	122,464	124,850
Health Care Employment (000)	13,103	13,534	14,573	14,830
Health Share of Total Employment	9.47%	10.34%	10.63%	10.62%
Unemployment Rate	5.0%	9.5%	7.2%	5.8%

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

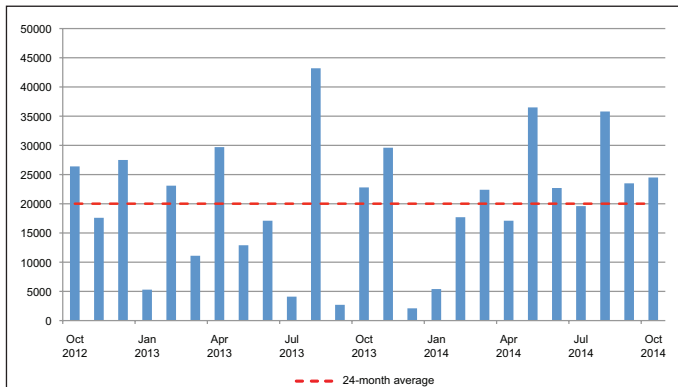
Source: Altarum Analysis of BLS Data

### HEALTH CARE EMPLOYMENT

In October 2014, private sector health care employment showed a gain of 24,500 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation released on November 7, 2014. This is above the 24-month average gain of 19,000, but it is about equal to the average gain in 2014. Ambulatory care settings gained an above-average 18,500 jobs. The health share of total employment remained at 10.62% (Exhibit 8).

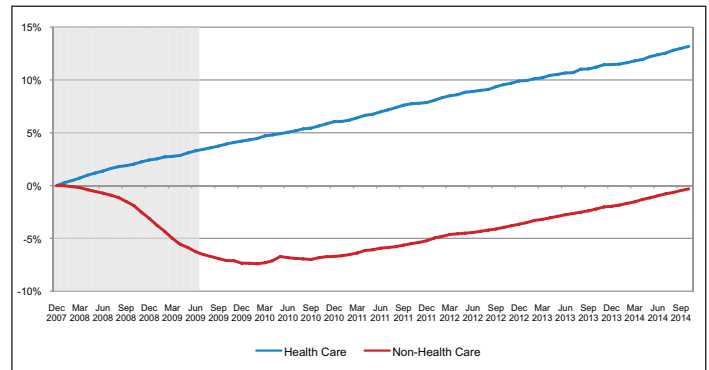
Over the last 12 months, total private-sector health care employment grew by 256,900 jobs, or 1.8%. During this same period, total non-health payroll employment increased by 2,386,100 jobs, or 1.9% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 1.73 million jobs, for a cumulative growth of 13.2%, while non-health employment has fallen by 397,000 jobs, for a cumulative decline of 0.3% (Exhibit 2).

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

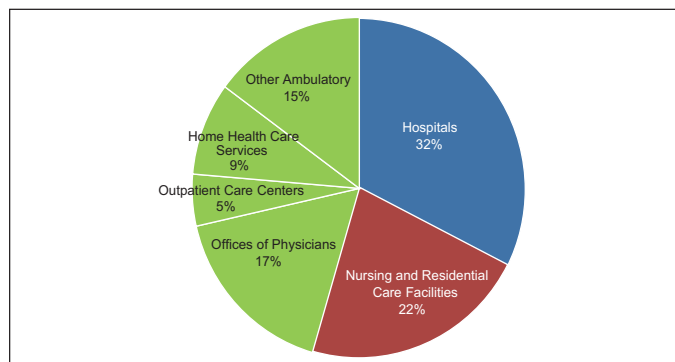
Note: Shading indicates recession period

## HEALTH CARE EMPLOYMENT BY SETTING

In October 2014,

- ▲ Hospitals gained 3,500 jobs, compared with the 24-month average gain of 1,300.
- ▲ Ambulatory health care services added 18,500 jobs, above the 24-month average gain of 15,900.
  - Offices of physicians added 3,500 jobs (24-month average: 4,200);
  - Outpatient care centers growth was flat (24-month average: 2,900);
  - Home health care gained 7,400 jobs (24-month average: 4,500); and
  - Other categories of ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, added 7,500 jobs (24-month average: 4,300).
- ▲ Nursing and residential care facilities gained 2,500 jobs (24-month average: 2,500).
- ▲ 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, October 2014**

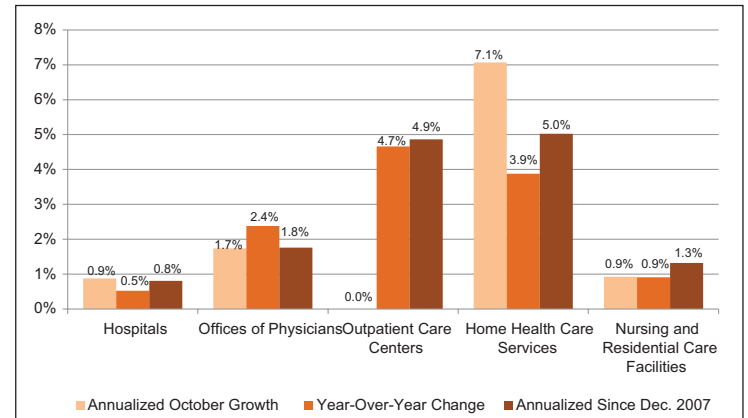


Source: Altarum Analysis of BLS Data

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, 4.7% (Exhibit 4), while adding 32,300 jobs. "Other" ambulatory services added the highest number of jobs, 62,900, a growth rate of 2.9%. Offices of physicians added 58,400 jobs, a growth rate of 2.4%. Home health care added 48,700 jobs, a growth rate of 3.9%. Hospital job growth was slow over the past 12 months, growing by 0.5% or 25,200 jobs, and nursing and residential care added 29,400 jobs, for a growth rate of 0.9%.

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



Source: Altarum Analysis of BLS Data

## DISCUSSION

As we enter the final quarter of 2014, we see a continuation of the upturn in health sector job growth begun in April. The health sector added an average of 15,000 new jobs per month in the first quarter (Q1) of 2014, influenced by a very low 5,000 new jobs in January. By Q2 and Q3, the health sector was adding an average of 26,000 jobs per month, which is consistent with October's 24,500 jobs.

Across all of 2014 so far, the average monthly growth of 23,000 jobs is about one-third higher than the 2013 average growth of 17,000 jobs. We are seeing the increase in both ambulatory care settings and in hospitals. Ambulatory care settings (e.g., physician offices, outpatient clinics, home health) are adding 18,000 jobs per month in 2014, compared with 15,000 a month in 2013. Hospitals are adding 3,000 jobs a month in 2014, compared with no new jobs in 2013. Growth in nursing and residential care facilities is remaining steady, at 2,000 jobs a month for both 2013 and 2014.

In the overall job market, the addition of 214,000 nonfarm jobs in October represented the 49<sup>th</sup> straight month of job gains and the ninth straight month of gains over 200,000. The unemployment rate dropped to 5.8%, the lowest rate since several months before the recession, and the drop was due to an increase in the number of people employed, rather than a fall in the labor force. The four-week moving average of initial jobless claims for the week ending November 1 was 279,000, the lowest reading since May 2000. This is all good news; however, little growth in wages suggests that there is still some slack in the labor market.

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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). 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)	October 2014	September 2014	October 2013	October 2012	December 2007
Non-Health Care	124,850	124,661	122,464	120,291	125,247
Health Care	14,830	14,805	14,573	14,356	13,103
Ambulatory Health Care Services	6,744	6,725	6,541	6,362	5,555
Offices of Physicians	2,510	2,506	2,452	2,409	2,228
Outpatient Care Centers	725	725	693	657	524
Home Health Care Services	1,304	1,297	1,255	1,196	933
Other Ambulatory	2,204	2,198	2,141	2,100	1,871
Hospitals	4,822	4,819	4,797	4,790	4,564
Nursing and Residential Care Facilities	3,264	3,262	3,235	3,204	2,984
Nursing Care Facilities	1,651	1,652	1,652	1,659	1,612
Other	1,613	1,609	1,583	1,545	1,372
Health Care Share of Total	10.62%	10.62%	10.63%	10.66%	9.47%

Source: Altarum Analysis of BLS Data

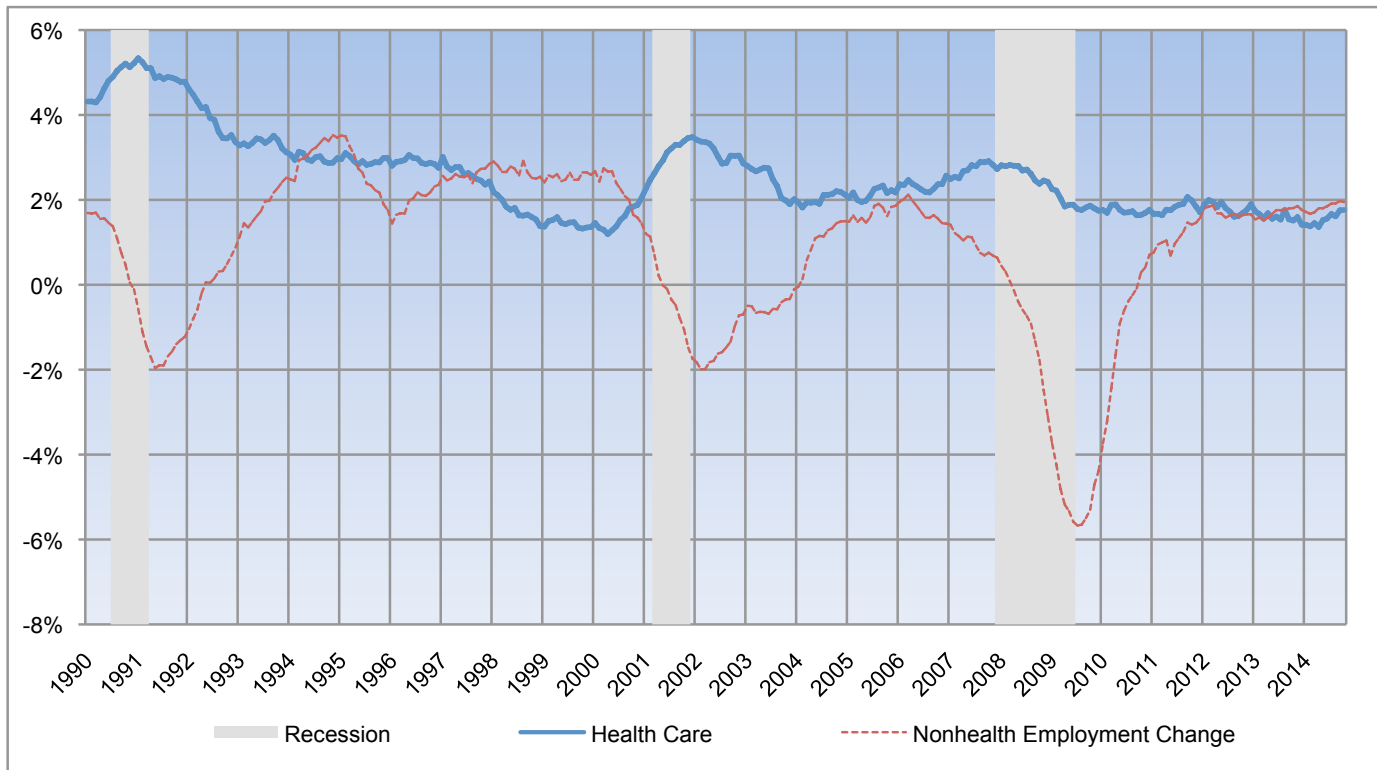
**Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted**

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	189.5	2,386.1	4,559.0	-396.6
Health Care	24.5	256.9	474.0	1,726.6
Ambulatory Health Care Services	18.5	202.3	381.5	1,188.1
Offices of Physicians	3.6	58.4	100.6	282.2
Outpatient Care Centers	0.0	32.3	68.5	201.0
Home Health Care Services	7.4	48.7	108.2	371.1
Other Ambulatory	6.3	62.9	104.2	333.8
Hospitals	3.5	25.2	32.2	258.1
Nursing and Residential Care Facilities	2.5	29.4	60.3	280.4
Nursing Care Facilities	-1.0	-0.7	-7.9	39.8
Other	3.5	30.1	68.2	240.6
<b>Annualized Percentage Change</b>				
Non-Health Care	1.8%	1.9%	1.9%	0.0%
Health Care	2.0%	1.8%	1.6%	1.8%
Ambulatory Health Care Services	3.4%	3.1%	3.0%	2.9%
Offices of Physicians	1.7%	2.4%	2.1%	1.8%
Outpatient Care Centers	0.0%	4.7%	5.1%	4.9%
Home Health Care Services	7.1%	3.9%	4.4%	5.0%
Other Ambulatory	3.5%	2.9%	2.5%	2.4%
Hospitals	0.9%	0.5%	0.3%	0.8%
Nursing and Residential Care Facilities	0.9%	0.9%	0.9%	1.3%
Nursing Care Facilities	-0.7%	0.0%	-0.2%	0.4%
Other	2.6%	1.9%	2.2%	2.4%

Source: Altarum Analysis of BLS Data

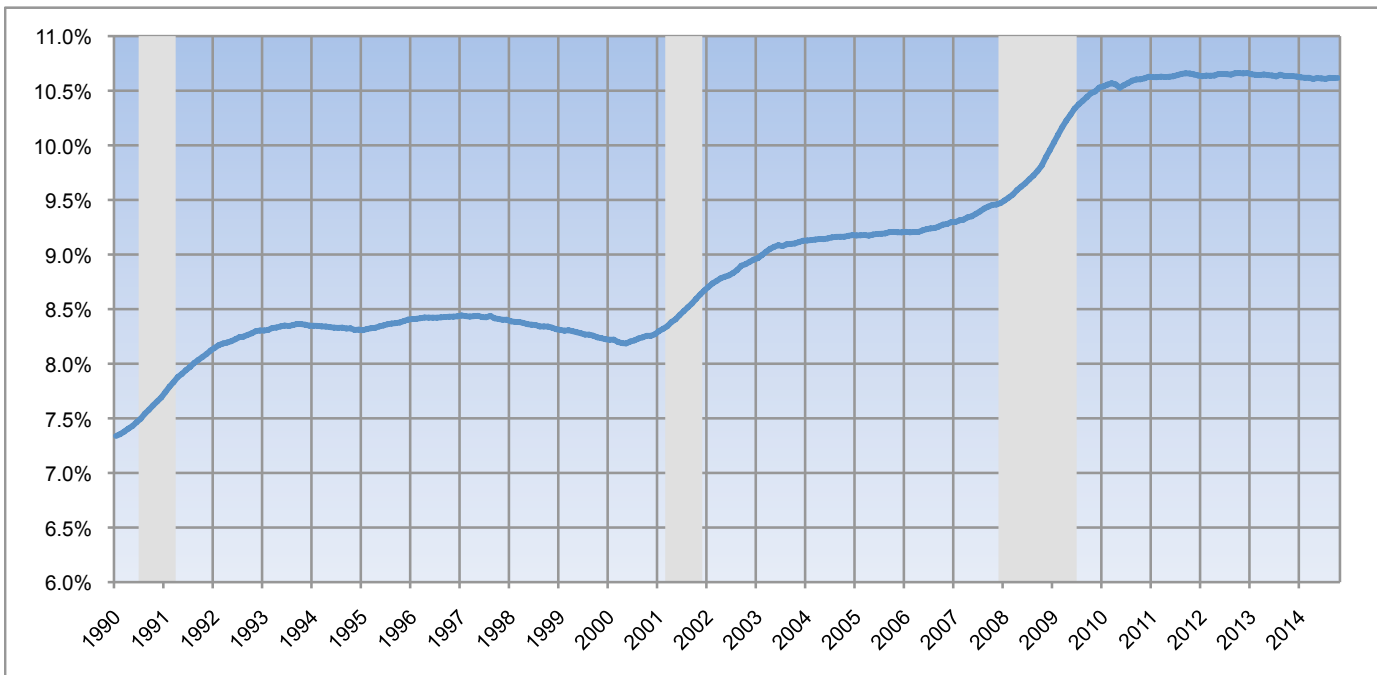
**TIME SERIES TRACKER**

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



Source: Altarum Analysis of BLS Data

**Exhibit 8. Health Care Sector Share of Total Employment**



Source: Altarum Analysis of BLS Data

Note: Lightly shaded bars denote recession periods