

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

## Insights from Monthly Employment Data Through October 2015

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### LABOR BRIEF

November 12, 2015

## No moderation in hospital and health sector job growth

### HIGHLIGHTS

- ▲ The health sector added a robust 44,900 new jobs in October, with upward revisions to previous months of 11,400 jobs. More than 40,000 health jobs have been added each month since April 2015.
- ▲ Hospitals added 17,800 jobs in October, continuing the high level of growth seen in the third quarter of 2015. Hospitals have added 148,000 jobs from January through October 2015, a six-fold increase over the 23,000 jobs added over the same period in 2014 and representing 36% of health sector job growth in 2015.
- ▲ Ambulatory care settings added a strong 26,900 jobs, including 8,300 new jobs in physician offices and 8,100 new jobs in home health.
- ▲ Nursing and residential care employment was essentially flat, increasing by only 200 jobs in October.
- ▲ The source of these figures, the monthly “establishment” survey, showed total nonfarm jobs growing by 271,000 in October, the largest monthly gain so far in 2015.
- ▲ The monthly “household” survey showed the unemployment rate dropping slightly to 5.0%.
- ▲ The health share of total employment has increased each month so far in 2015 and reached 10.7% for the first time in October. Health jobs grew 3.3% year over year, while nonhealth jobs grew by 1.9% (Exhibit 7).

### Cyclical Employment Big Picture

Seasonally Adjusted	Dec 2007	Jun 2009	Oct 2014	Oct 2015
Total Employment (000s)	138,350	130,944	139,840	142,654
Nonhealth Employment (000s)	125,247	117,410	125,065	127,384
Health Care Employment (000s)	13,103	13,534	14,776	15,270
Health Share of Total Employment	9.47%	10.34%	10.57%	10.70%
Unemployment Rate	5.0%	9.5%	5.7%	5.0%

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

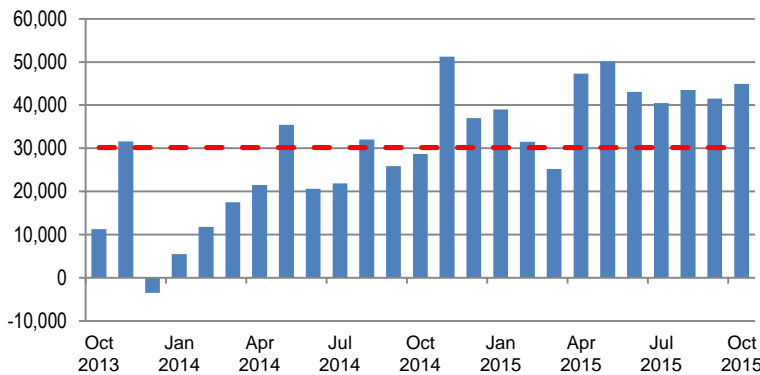
Source: Altarum Institute analysis of Bureau of Labor Statistics data.

### HEALTH CARE EMPLOYMENT

In October 2015, private-sector health care employment showed a gain of 44,900 jobs (Exhibit 1), according to the Bureau of Labor Statistics Employment Situation report released on November 6, 2015. Hospitals gained an above-average 17,800 jobs. The health share of total employment hit 10.7% for the first time (Exhibit 8).

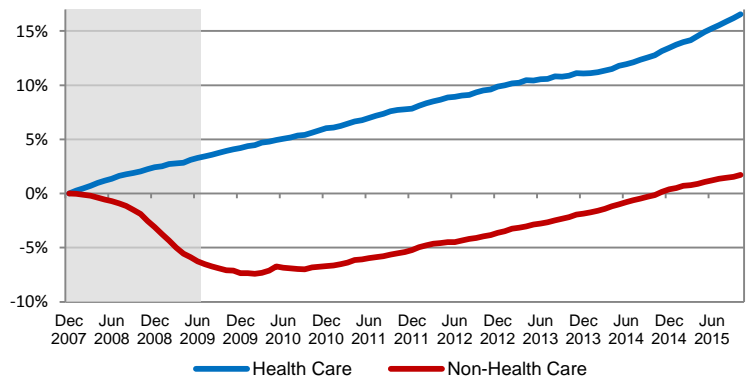
Over the last 12 months, total private-sector health care employment grew by 495,000 jobs or 3.3%. During this period, total nonhealth payroll employment increased by 2,319,000 jobs or 1.9% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 2.2 million jobs for a cumulative gain of 16.7%, while nonhealth employment has grown by 2.1 million jobs for a cumulative gain of 1.7% (Exhibit 2).

**Exhibit 1. Month-over-Month Change in Total Health Care Employment, Seasonally Adjusted, October 2013–October 2015**



Source: Altarum analysis of Bureau of Labor Statistics data.

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



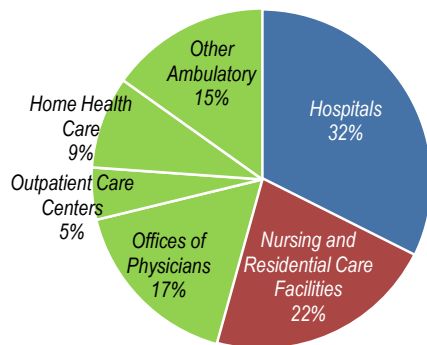
Source: Altarum analysis of Bureau of Labor Statistics data.  
Note: Shading indicates the recession period.

**HEALTH CARE JOBS BY CATEGORY**

In October 2015, the following occurred:

- ▲ Hospitals gained 17,800 jobs, significantly higher than the 24-month average gain of 7,700 and the 12-month average of 13,900.
- ▲ Ambulatory health care services added 26,900 jobs, somewhat higher than the 24-month average gain of 19,000 and the 12-month average gain of 23,500. These services include the following:
  - Offices of physicians added 8,300 jobs (24-month average: 6,100).
  - Outpatient care centers gained 1,700 jobs (24-month average: 2,600).
  - Home health care gained 8,100 jobs (24-month average: 4,400).
  - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained only 8,800 jobs (24-month average: 6,800).
- ▲ Nursing and residential care facilities gained 200 jobs (24-month average: 3,400).
- ▲ Ambulatory services accounted for 46% of health care employment, hospitals accounted for another 32%, and nursing and residential care facilities accounted for the remaining 22% (Exhibit 3).

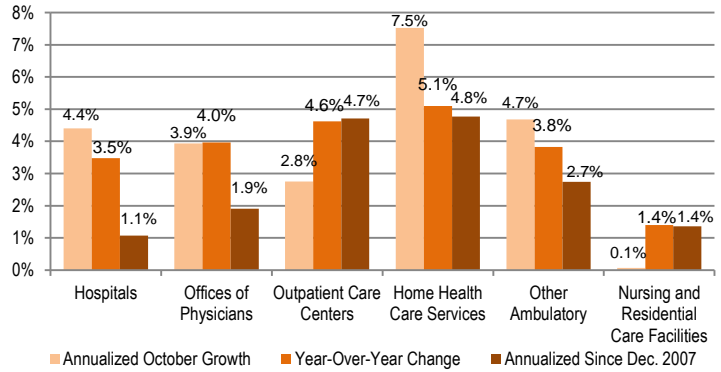
**Exhibit 3. Health Care Employment by Setting, October 2015**



Source: Altarum analysis of Bureau of Labor Statistics data.  
 Note: "Other Ambulatory" includes offices of dentists, chiropractors, optometrists, other specialties, and medical and diagnostic labs.

Over the past 12 months, home health care grew at the fastest rate, 5.1%, adding 65,200 jobs. Outpatient care centers gained 33,200 jobs for a growth rate of 4.6%. Offices of physicians added 98,600 jobs for a growth rate of 4.0%. Other ambulatory care settings gained 85,200 jobs for a growth rate of 3.8%. Hospital jobs grew by 3.5% over the past 12 months, adding 166,800 jobs. Finally, nursing and residential care added 45,800 jobs for a growth rate of 1.4% (Exhibit 4).

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



Source: Altarum analysis of Bureau of Labor Statistics data.

**DISCUSSION**

With October's strong showing and upward revisions to previous months, the health sector has added more than 40,000 jobs per month since April. More than 400,000 health jobs have been added in 2015, one-fifth of the more than 2 million jobs created economy-wide.

Hospitals continue to drive the acceleration in health care hiring, adding nearly 150,000 jobs in 2015, or more than one-third of the health jobs created this year. While hospitals represent 3.5% of all nonfarm jobs, they represent 7.2% of the economy-wide job growth in 2015.

Exhibit 7 shows the pattern of growth in health and nonhealth jobs in recent decades. During the Great Recession (and the other recessions shown), health jobs grew while nonhealth jobs plummeted. Nonhealth job growth caught up in 2012 and surpassed health job growth in 2013, when hospitals were shedding jobs. Health job growth picked up again in mid-2014 and has continued to rise steadily, with no sign yet of moderation.<sup>1</sup>

The overall labor market bounced back from disappointing readings in August and September with the strongest report this year. The economy added 271,000 jobs in October, enough to push the 2015 average monthly gain above 200,000. Average hourly earnings were up 2.5% year over year, the highest increase since July 2009. The unemployment rate dropped to 5.0%, and the broader U-6 "underemployment" rate fell below 10% for the first time since 2008.

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<sup>1</sup> We have been investigating the relationship between health job growth and expanded insurance coverage and will be publishing findings in a forthcoming blog.

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*<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, 202-772-5062, [ken.schwartz@altarum.org](mailto: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)	October 2015	September 2015	October 2014	October 2013	December 2007
Non-Health Care	127,384	127,158	125,065	122,523	125,247
Health Care	15,270	15,225	14,776	14,527	13,103
Ambulatory Health Care Services	6,990	6,963	6,708	6,512	5,555
Offices of Physicians	2,583	2,575	2,484	2,437	2,228
Outpatient Care Centers	752	750	719	689	524
Home Health Care Services	1,344	1,336	1,278	1,238	933
Other Ambulatory	2,311	2,302	2,226	2,148	1,871
Hospitals	4,963	4,945	4,796	4,778	4,564
Nursing and Residential Care Facilities	3,317	3,317	3,272	3,237	2,984
Nursing Care Facilities	1,663	1,662	1,652	1,652	1,612
Other Nursing and Residential	1,654	1,655	1,620	1,585	1,372
Health Share of Employment	10.70%	10.69%	10.57%	10.60%	9.47%

Source: Altarum analysis of Bureau of Labor Statistics data.

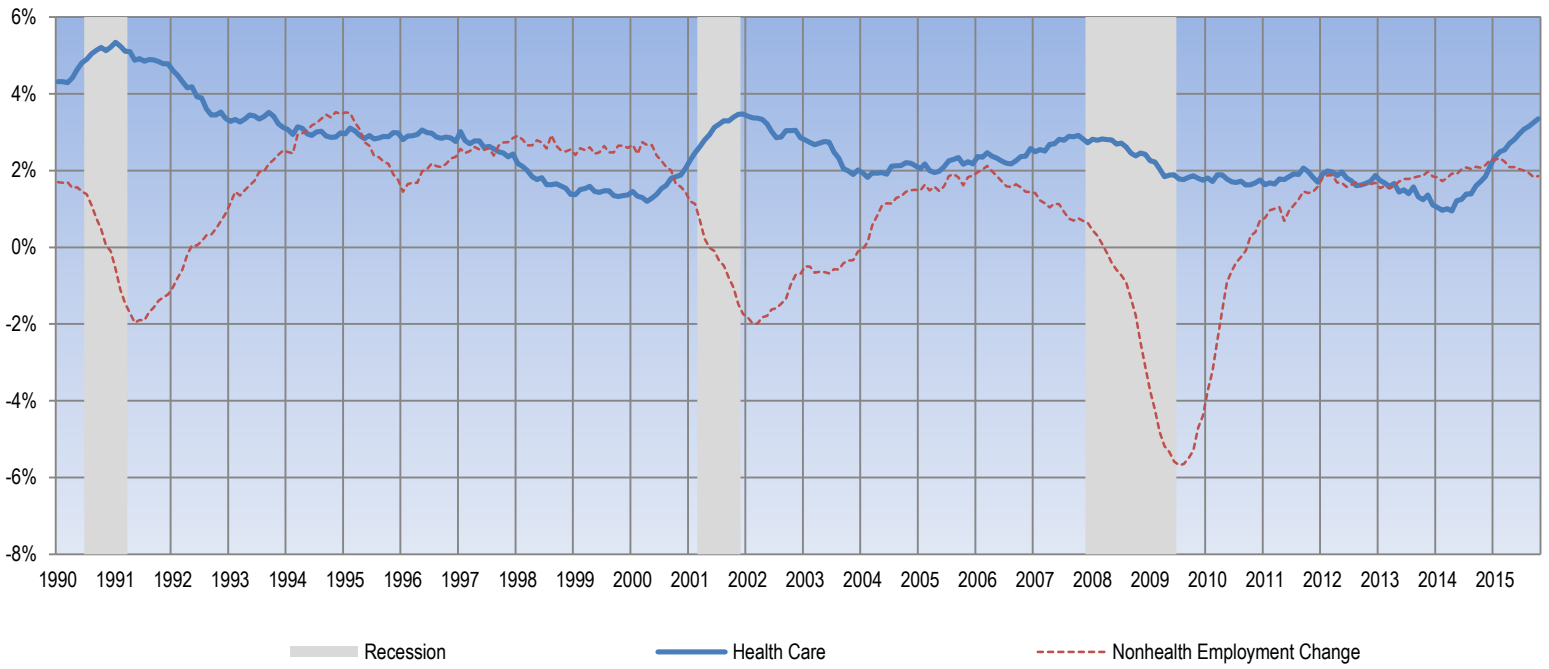
**Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted**

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	226.1	2,319.2	4,860.3	2,136.8
Health Care	44.9	494.8	743.7	2,167.2
Ambulatory Health Care Services	26.9	282.2	478.1	1,434.4
Offices of Physicians	8.3	98.6	145.9	355.1
Outpatient Care Centers	1.7	33.2	63.0	227.8
Home Health Care Services	8.1	65.2	105.7	410.8
Other Ambulatory	8.8	85.2	163.5	440.7
Hospitals	17.8	166.8	185.2	399.3
Nursing and Residential Care Facilities	0.2	45.8	80.4	333.5
Nursing Care Facilities	1.0	11.2	11.3	51.6
Other Nursing and Residential	-0.8	34.6	69.1	281.9
<b>Annualized Percentage Change</b>				
Non-Health Care	2.2%	1.9%	2.0%	0.2%
Health Care	3.6%	3.3%	2.5%	2.0%
Ambulatory Health Care Services	4.7%	4.2%	3.6%	3.0%
Offices of Physicians	3.9%	4.0%	2.9%	1.9%
Outpatient Care Centers	2.8%	4.6%	4.5%	4.7%
Home Health Care Services	7.5%	5.1%	4.2%	4.8%
Other Ambulatory	4.7%	3.8%	3.7%	2.7%
Hospitals	4.4%	3.5%	1.9%	1.1%
Nursing and Residential Care Facilities	0.1%	1.4%	1.2%	1.4%
Nursing Care Facilities	0.7%	0.7%	0.3%	0.4%
Other Nursing and Residential	-0.6%	2.1%	2.2%	2.4%

Source: Altarum analysis of Bureau of Labor Statistics data.

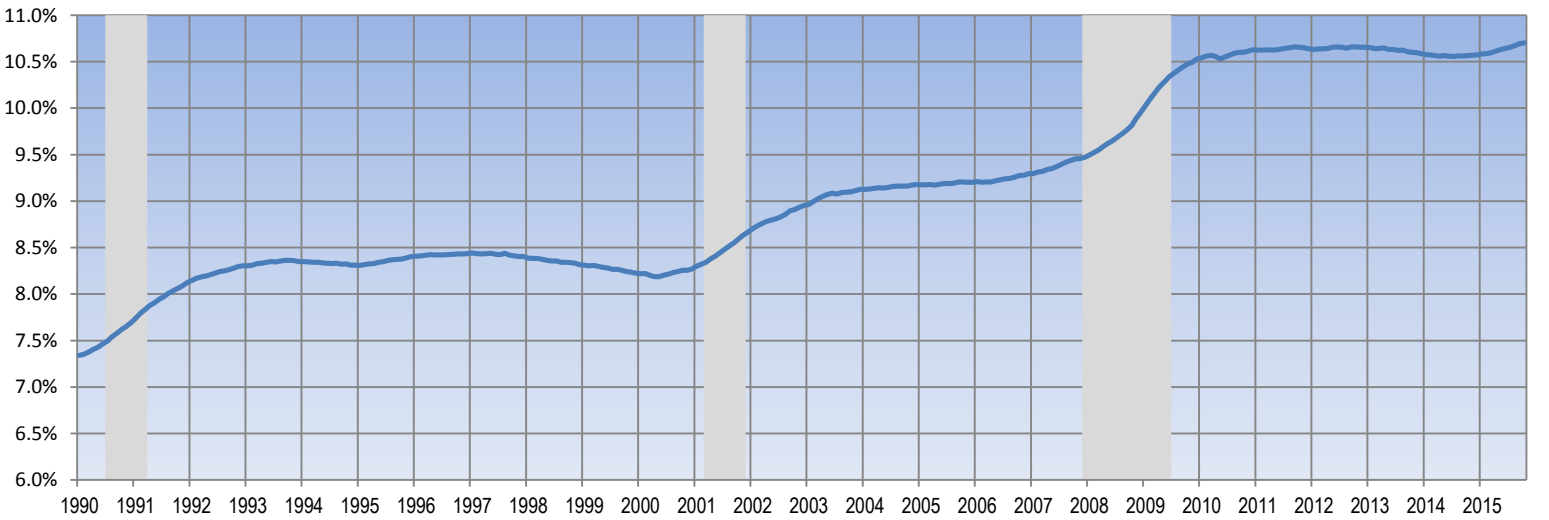
**TIME SERIES TRACKER**

**Exhibit 7. Year-over-Year Percentage Change in Health and Nonhealth Employment**



Source: Altarum analysis of Bureau of Labor Statistics data.  
 Note: Lightly shaded bars denote recession periods.

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



Source: Altarum analysis of Bureau of Labor Statistics data.  
 Note: Lightly shaded bars denote recession periods.