

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data Through September 2016

October 14, 2016

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LABOR BRIEF

Health care hiring rebounds from preliminary August estimates, but may still be moderating

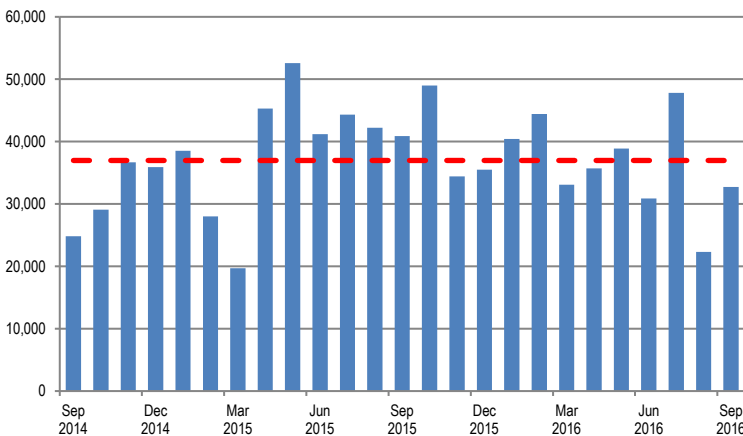
HIGHLIGHTS

- ▲ Health care added 32,700 new jobs in September (Exhibit 1), a bit less than the 12-month average of 37,000 jobs but up from last month’s low August reading.
- ▲ Revisions to July and August added 10,000 health jobs and bumped up health job growth in August from a very low initial estimate of 14,000 to a more moderate 22,000 new jobs.
- ▲ September job growth was similar to the 12-month average in all health care settings except hospitals, which grew by only 7,000 jobs compared to the 12-month average of 13,000.
- ▲ The source of these estimates, the monthly “establishment” survey, showed the economy adding a solid 156,000 new jobs in September.
- ▲ The companion monthly “household” survey showed the unemployment rate up slightly to 5.0% as more than 400,000 people entered the labor force. Average hourly earnings were up 2.6% on the year, representing real wage growth as inflation remains below 2.0%.
- ▲ Health jobs grew 2.9% year over year while non-health jobs grew 1.6% (Exhibit 7), causing the health share of total employment to reach a new high of 10.8% (Exhibit 8).

HEALTH CARE EMPLOYMENT

In September 2016, private-sector health care employment showed a gain of 32,700 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released on October 7, 2016. Hospitals gained 6,900 jobs, while ambulatory care settings added 23,900 jobs and nursing and residential care added 1,900 jobs in September. The health share of total employment hit a new high of 10.80% (Exhibit 8).

Exhibit 1. Month-over-Month Change in Total Health Care Employment, Seasonally Adjusted, September 2014–September 2016



Source: Altarum analysis of BLS data.

Cyclical Employment Big Picture

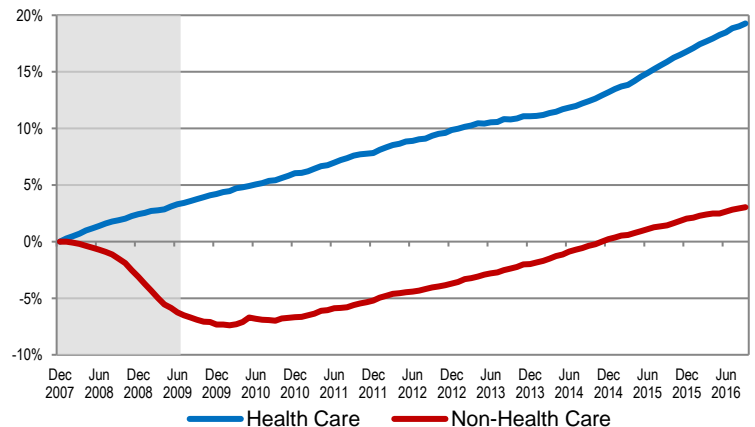
Seasonally Adjusted	Dec 2007	Jun 2009	Sep 2015	Sep 2016
Total Employment (000s)	138,413	131,020	142,300	144,747
Nonhealth Employment (000s)	125,310	117,486	127,116	129,118
Health Care Employment (000s)	13,103	13,534	15,184	15,629
Health Share of Total Employment	9.47%	10.33%	10.67%	10.80%
Unemployment Rate	5.0%	9.5%	5.1%	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 (BLS) data.

Over the last 12 months, total private-sector health care employment grew by 445,000 jobs or 2.9%. During this period, total non-health payroll employment increased by 2.0 million jobs or 1.6% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 2.5 million jobs for a cumulative gain of 19%, while non-health employment has grown by 3.8 million jobs for a cumulative gain of 3% (Exhibit 2).

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



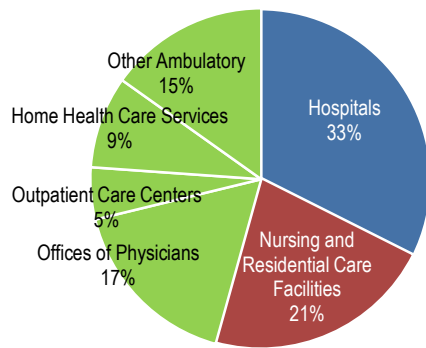
Source: Altarum analysis of BLS data.
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY CATEGORY

In September 2016, the following occurred:

- ▲ Hospitals gained 6,900 jobs, less than the 12-month average of 12,900.
- ▲ Ambulatory health care services added 23,900 jobs, similar to the 12-month average of 22,300. These services include the following:
 - Offices of physicians gained 9,700 jobs (12-month average: 6,700).
 - Outpatient care centers gained 4,300 jobs (12-month average: 3,100).
 - Home health care gained 5,800 jobs (12-month average: 5,400).
 - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained 4,100 jobs (12-month average: 7,000).
- ▲ Nursing and residential care facilities gained 1,900 jobs (12-month average: 1,900).
- ▲ 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).

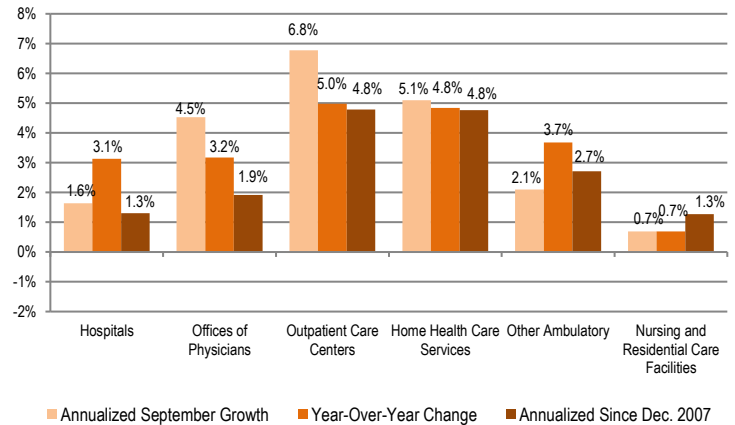
Exhibit 3. Health Care Employment by Setting, September 2016



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, outpatient care centers grew at the fastest rate, 5.0%, adding 37,400 jobs. Home health care gained 64,700 jobs for a growth rate of 4.8%. Offices of physicians added 80,900 jobs for a growth rate of 3.2%. Other ambulatory care settings gained 84,000 jobs for a growth rate of 3.7%. Hospital jobs grew 3.1% over the past 12 months, adding 155,000 jobs. Finally, nursing and residential care added 23,000 jobs for a growth rate of 0.7% (Exhibit 4).

Exhibit 4. Growth in Health Care Employment by Selected Setting



Source: Altarum analysis of BLS data.

DISCUSSION

Health sector job growth was back up to 33,000 new jobs in September, only somewhat off the average pace of around 40,000 new jobs per month seen since the second quarter (Q2) of 2015. Upward revisions also increased the August 2016 job growth estimate from a very low 14,000 to a low, but less remarkable, 22,000. The initial August loss of 9,000 nursing and residential care jobs was revised to a loss of 7,000 jobs, and September showed a more typical gain of 2,000 jobs in this setting.

Even with September’s rebound in health job growth, there are early signs that the very robust health sector job growth seen in 2015 and early 2016 may be slowing. Q3 2016 growth is a bit off the pace seen each quarter starting in Q2 2015. A measure of momentum in health job growth based on a 3-month moving average has been falling steadily since it peaked in August 2015. Hospital job growth momentum has also been falling since it peaked in October 2015. Certainly the health sector is still hiring, and we will need to see what happens in the final quarter of 2016 to call any trends.

The economy overall added 156,000 nonfarm jobs in September, slightly below expectations but not far off the 178,000 average gain in 2016. The unemployment rate was up slightly to 5.0% as more than 400,000 people, some employed and some unemployed, joined the labor force. Wages continued to grow modestly at 2.6% over the year, outpacing inflation, which remains well below 2.0%.

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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**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)	September 2016	August 2016	September 2015	September 2014	December 2007
Non–Health Care	129,118	128,995	127,116	124,850	125,310
Health Care	15,629	15,596	15,184	14,729	13,103
Ambulatory Health Care Services	7,187	7,163	6,920	6,670	5,555
Offices of Physicians	2,631	2,621	2,550	2,472	2,228
Outpatient Care Centers	789	785	752	719	524
Home Health Care Services	1,402	1,396	1,337	1,271	933
Other Ambulatory	2,365	2,361	2,281	2,207	1,871
Hospitals	5,110	5,103	4,955	4,798	4,564
Nursing and Residential Care Facilities	3,332	3,330	3,309	3,261	2,984
Nursing Care Facilities	1,659	1,658	1,657	1,649	1,612
Other Nursing and Residential	1,673	1,672	1,652	1,613	1,372
Health Share of Employment	10.80%	10.79%	10.67%	10.55%	9.47%

Source: Altarum analysis of BLS data.

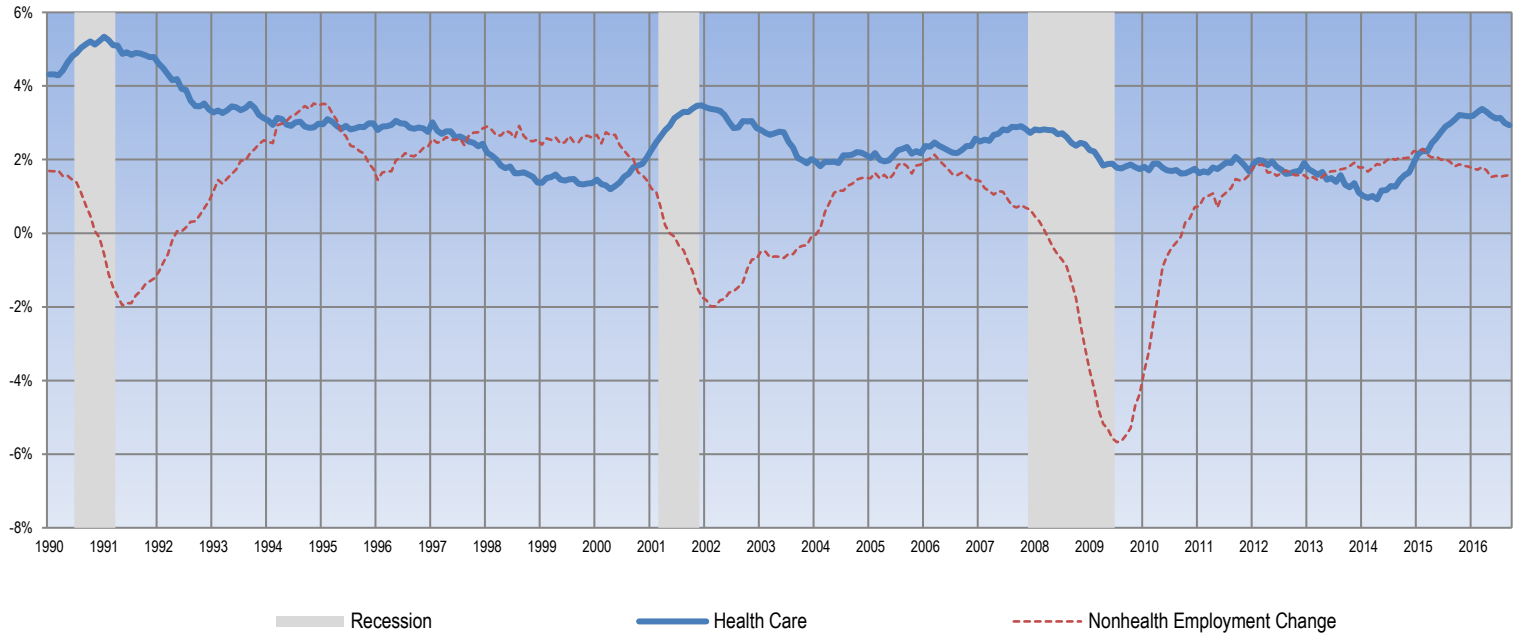
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non–Health Care	123.3	2,001.9	4,268.5	3,808.4
Health Care	32.7	445.1	899.5	2,525.6
Ambulatory Health Care Services	23.9	267.0	517.0	1,631.5
Offices of Physicians	9.7	80.9	158.3	402.9
Outpatient Care Centers	4.3	37.4	70.4	265.0
Home Health Care Services	5.8	64.7	130.7	469.3
Other Ambulatory	4.1	84.0	157.6	494.3
Hospitals	6.9	155.1	312.2	546.3
Nursing and Residential Care Facilities	1.9	23.0	70.3	347.8
Nursing Care Facilities	0.3	1.4	9.8	46.9
Other Nursing and Residential	1.6	21.6	60.5	300.9
Annualized Percentage Change				
Non–Health Care	1.2%	1.6%	1.7%	0.3%
Health Care	2.5%	2.9%	3.0%	2.0%
Ambulatory Health Care Services	4.1%	3.9%	3.8%	3.0%
Offices of Physicians	4.5%	3.2%	3.2%	1.9%
Outpatient Care Centers	6.8%	5.0%	4.8%	4.8%
Home Health Care Services	5.1%	4.8%	5.0%	4.8%
Other Ambulatory	2.1%	3.7%	3.5%	2.7%
Hospitals	1.6%	3.1%	3.2%	1.3%
Nursing and Residential Care Facilities	0.7%	0.7%	1.1%	1.3%
Nursing Care Facilities	0.2%	0.1%	0.3%	0.3%
Other Nursing and Residential	1.2%	1.3%	1.9%	2.3%

Source: Altarum analysis of BLS data.

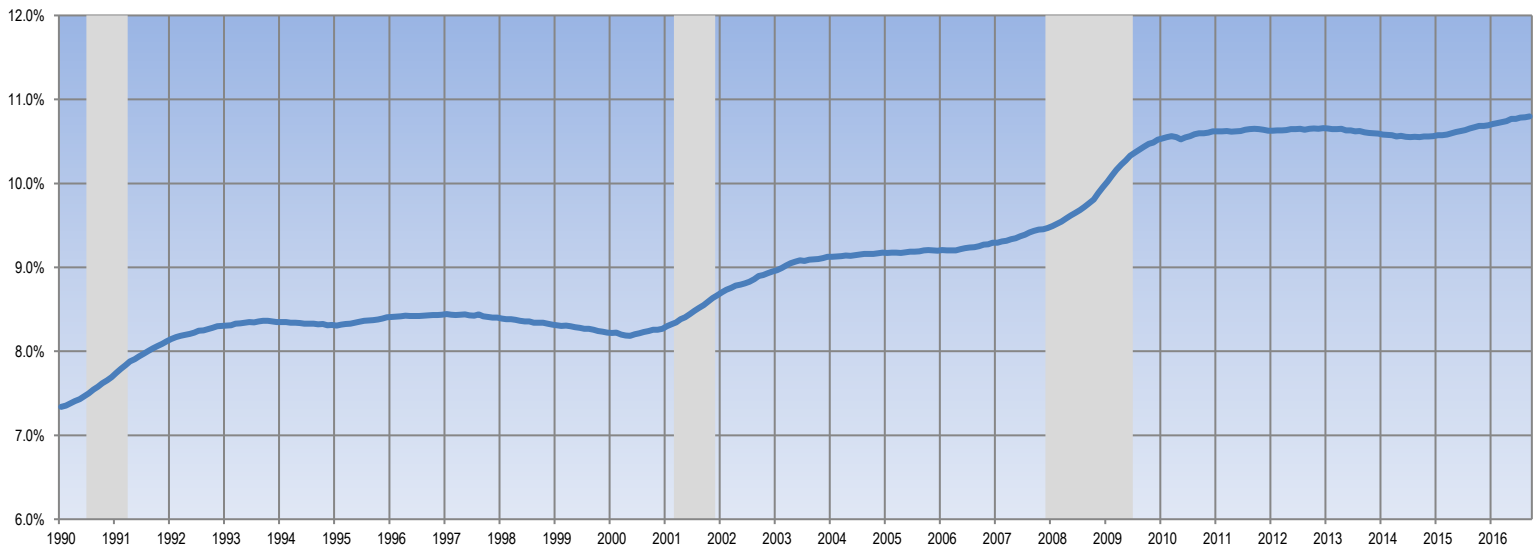
TIME SERIES TRACKER

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.