

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data Through August 2015

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LABOR BRIEF

September 11, 2015

Hospital hiring continues to lead strong health sector job growth

HIGHLIGHTS

- ▲ The health sector added 40,500 new jobs in August, and revisions to June and July added another 12,500 jobs.
- ▲ Hospitals added 15,900 jobs in August, and upward revisions show that hospital job gains in July were close to 20,000.
- ▲ Ambulatory care settings bounced back from a low July to add 21,000 jobs, and revisions bumped July gains from 9,000 to 13,000.
- ▲ Nursing and residential care gained 3,500 jobs.
- ▲ The source of these figures, the monthly “establishment” survey, showed total nonfarm jobs growing by a moderate 173,000 in August.
- ▲ The monthly “household” survey showed the unemployment rate dropping two tenths to a post-recession low of 5.1%.
- ▲ The health share of total employment increased to 10.67%, a new all-time high. Health job growth was 3.1% year over year, while nonhealth jobs grew at 2.0% (Exhibit 7).

Cyclical Employment Big Picture

Seasonally Adjusted	Dec 2007	Jun 2009	Aug 2014	Aug 2015
Total Employment (000)	138,350	130,944	139,369	142,288
Nonhealth Employment (000)	125,247	117,410	124,648	127,110
Health Care Employment (000)	13,103	13,534	14,721	15,178
Health Share of Total Employment	9.47%	10.34%	10.56%	10.67%
Unemployment Rate	5.0%	9.5%	6.1%	5.1%

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

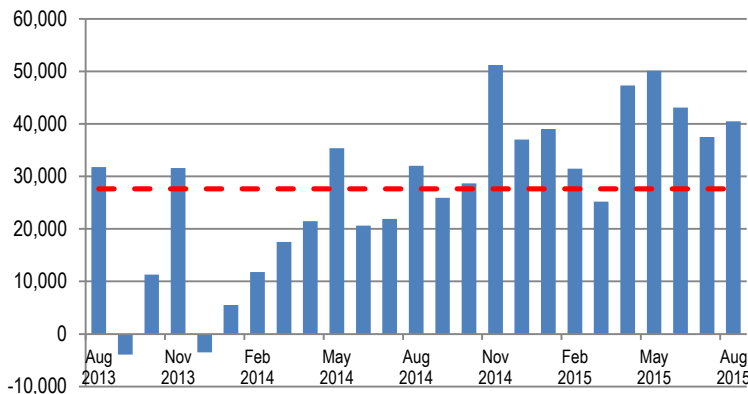
Source: Altarum Institute analysis of Bureau of Labor Statistics (BLS) data.

HEALTH CARE EMPLOYMENT

In August 2015, private-sector health care employment showed a gain of 40,500 jobs (Exhibit 1), according to the BLS Employment Situation released on September 4, 2015. Offices of physicians gained a below-average 4,500 jobs, but hospitals gained 15,900 jobs, well above average. The health share of total employment increase to an all-time high of 10.67% (Exhibit 8).

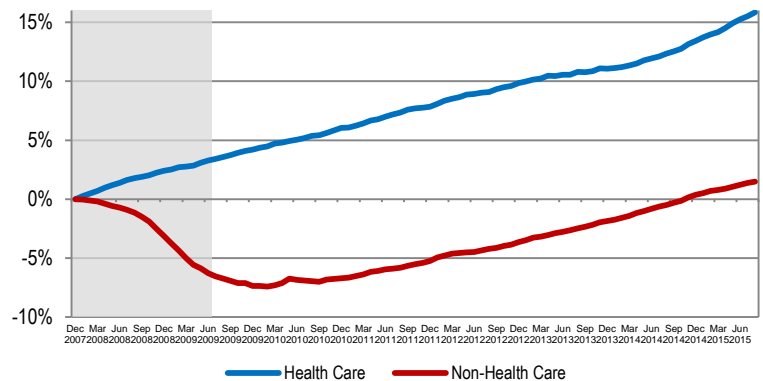
Over the last 12 months, total private-sector health care employment grew by 457,000 jobs or 3.1%. During this period, total nonhealth payroll employment increased by 2,462,000 jobs or 2.0% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 2.1 million jobs for a cumulative gain of 15.8%, while nonhealth employment has grown by 1.9 million jobs for a cumulative gain of 1.5% (Exhibit 2).

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



Source: Altarum analysis of BLS data.

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



Source: Altarum analysis of BLS data.

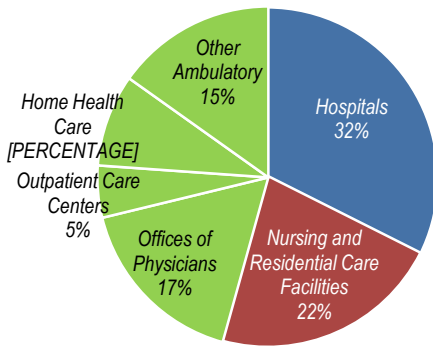
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY CATEGORY

In August 2015, the following occurred:

- ▲ Hospitals gained 15,900 jobs, much higher than the 24-month average gain of 5,800 and the 12-month average of 11,200.
- ▲ Ambulatory health care services added 21,100 jobs, consistent with the 24-month average gain of 18,600 and the 12-month average of 22,600. These services include the following:
 - Offices of physicians added 6,900 jobs (24-month average: 5,600).
 - Outpatient care centers gained 1,600 jobs (24-month average: 2,700).
 - Home health care gained 5,800 jobs (24-month average: 3,800).
 - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, gained 6,800 jobs (24-month average: 6,600).
- ▲ Nursing and residential care facilities gained 3,500 jobs (24-month average: 3,000).
- ▲ 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, August 2015

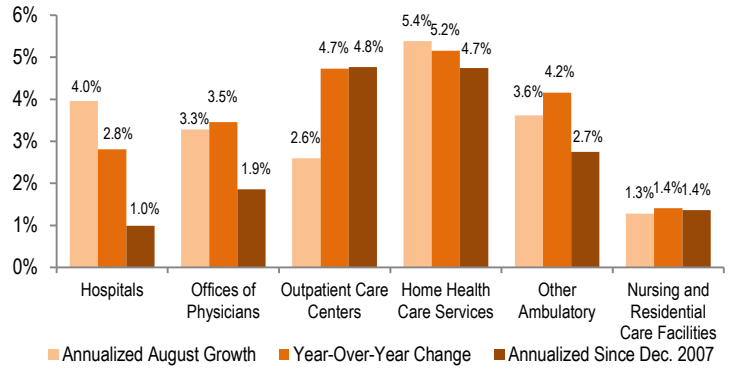


Source: Altarum analysis of BLS data.

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

Over the past 12 months, home health care grew at the fastest rate, 5.2%, adding 65,200 jobs. Outpatient care centers gained 33,800 jobs for a growth rate of 4.7%. Other ambulatory care settings gained 91,900 jobs for a growth rate of 4.2%. Offices of physicians added 85,700 jobs for a growth rate of 3.5%. Hospital jobs grew by 2.8% over the past 12 months, adding 134,400 jobs. Finally, nursing and residential care added 46,000 jobs for a growth rate of 1.4% (Exhibit 4).

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



Source: Altarum analysis of BLS data.

DISCUSSION

The health sector has added 314,000 jobs through the first 8 months of 2015, nearly twice the 166,000 jobs added during the same period in 2014. Health jobs are growing at a rate of 3.1% year over year, the highest rate since 2002. The most recent Job Openings and Labor Turnover Survey data show a job openings rate of 4.8 for Healthcare & Social Assistance—also the highest reading since 2002 and an indication that robust health sector job growth is likely to continue.

Growth in ambulatory care settings is up by about one-third between 2014 and 2015, but the real driver of higher health sector growth is the acceleration in hospital hiring. Hospitals have added more than 105,000 jobs so far in 2015, a sevenfold increase over the same period last year (13,500 jobs).

Overall labor market indicators are largely positive, with some remaining concerns. While August's gain of 173,000 new jobs was lower than consensus predictions, the economy is adding a solid 212,000 jobs per month so far in 2015. The unemployment rate has fallen to 5.1%, a full percentage point lower than a year ago. However, the unemployment rate is still half a percentage point above the pre-recession rates seen in the summer of 2007. Labor force participation for adults of prime working age (25 to 54) has fallen from 83% before the recession to 80.7%, with no sign yet of an upturn. Finally, wage growth, while higher than very low inflation, remains modest at 2.2% year over year.

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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 IndicatorsSM 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. For more information, visit <http://www.altarum.org/csahs>.

Exhibit 5. Employment Data by Sector, Seasonally Adjusted

Employment (in thousands)	August 2015	July 2015	August 2014	August 2013	December 2007
Non-Health Care	127,110	126,978	124,648	122,156	125,247
Health Care	15,178	15,137	14,721	14,519	13,103
Ambulatory Health Care Services	6,947	6,926	6,671	6,499	5,555
Offices of Physicians	2,566	2,559	2,480	2,431	2,228
Outpatient Care Centers	749	748	715	685	524
Home Health Care Services	1,330	1,325	1,265	1,240	933
Other Ambulatory	2,302	2,295	2,210	2,143	1,871
Hospitals	4,921	4,905	4,787	4,783	4,564
Nursing and Residential Care Facilities	3,310	3,306	3,264	3,238	2,984
Nursing Care Facilities	1,659	1,657	1,652	1,658	1,612
Other Nursing and Residential	1,651	1,650	1,611	1,580	1,372
Health Share of Employment	10.67%	10.65%	10.56%	10.62%	9.47%

Source: Altarum analysis of BLS data.

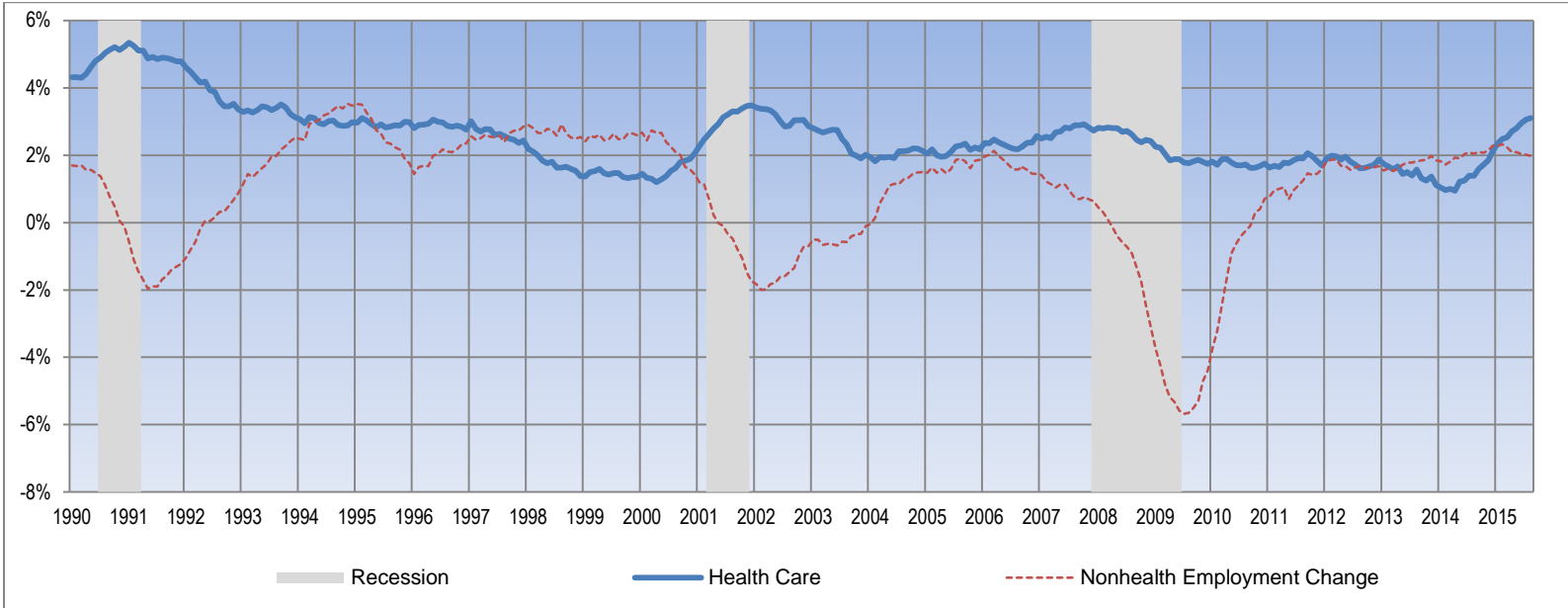
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	132.5	2,462.0	4,954.3	1,863.2
Health Care	40.5	457.0	658.7	2,074.8
Ambulatory Health Care Services	21.1	276.6	448.4	1,391.7
Offices of Physicians	6.9	85.7	134.4	337.9
Outpatient Care Centers	1.6	33.8	64.2	224.8
Home Health Care Services	5.8	65.2	90.4	397.5
Other Ambulatory	6.8	91.9	159.4	431.5
Hospitals	15.9	134.4	138.2	357.2
Nursing and Residential Care Facilities	3.5	46.0	72.1	325.9
Nursing Care Facilities	2.0	6.3	1.1	47.1
Other Nursing and Residential	1.5	39.7	71.0	278.8
Annualized Percentage Change				
Non-Health Care	1.3%	2.0%	2.0%	0.2%
Health Care	3.3%	3.1%	2.2%	1.9%
Ambulatory Health Care Services	3.7%	4.1%	3.4%	3.0%
Offices of Physicians	3.3%	3.5%	2.7%	1.9%
Outpatient Care Centers	2.6%	4.7%	4.6%	4.8%
Home Health Care Services	5.4%	5.2%	3.6%	4.7%
Other Ambulatory	3.6%	4.2%	3.7%	2.7%
Hospitals	4.0%	2.8%	1.4%	1.0%
Nursing and Residential Care Facilities	1.3%	1.4%	1.1%	1.4%
Nursing Care Facilities	1.5%	0.4%	0.0%	0.4%
Other Nursing and Residential	1.1%	2.5%	2.2%	2.4%

Source: Altarum analysis of BLS data.

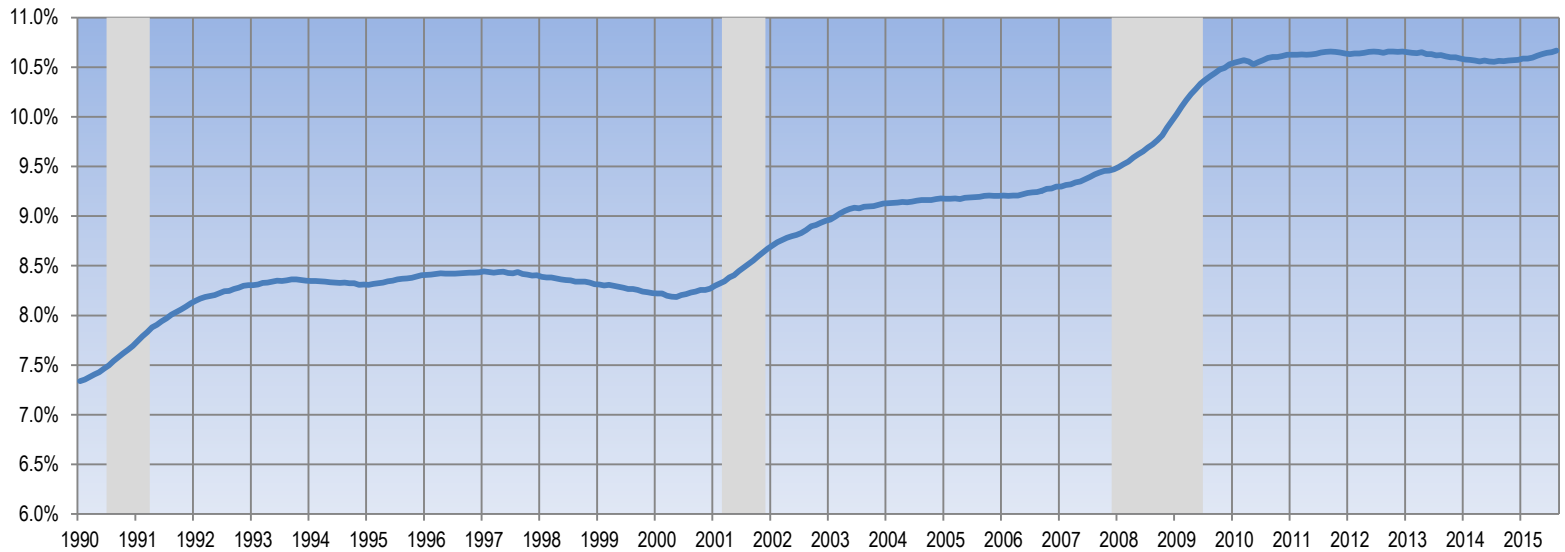
TIME SERIES TRACKER

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.