

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data through February 2015

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LABOR BRIEF

March 13, 2015

Strong job growth continues in hospitals and ambulatory care settings

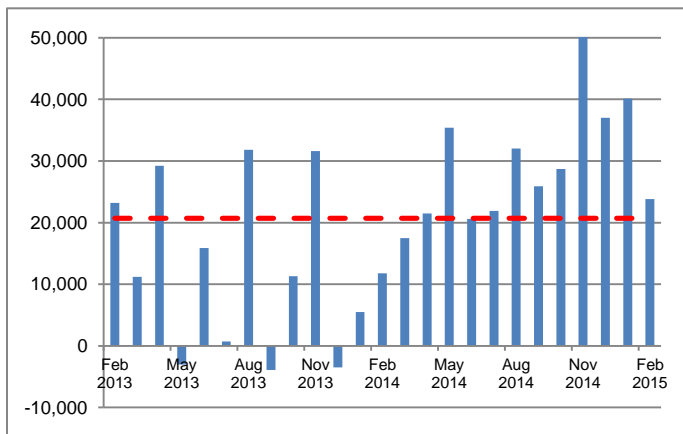
HIGHLIGHTS

- ▲ The health sector added 23,800 new jobs in February 2015, somewhat below the level of growth seen in the fourth quarter (Q4) of 2014 and January 2015.
- ▲ Job growth remained solid in hospitals (8,700 jobs) and offices of physicians (7,300), but there were moderate losses in nursing and residential care (-4,800).
- ▲ The source of these figures, the monthly “establishment” survey, showed total nonfarm jobs in February growing by 295,000, marking a full year of monthly gains of more than 200,000 – the first such occasion since the 1970s.
- ▲ The monthly “household” survey showed a drop in the unemployment rate to 5.5%.
- ▲ The health share of total employment remained at 10.58%, below the high of 10.66% last seen in December 2012. Since mid-2013, nonhealth jobs had been growing faster than health jobs (Exhibit 7), but with the 2014 acceleration, health job growth has now caught up to nonhealth growth at 2.4% year over year.

HEALTH CARE EMPLOYMENT

In January 2015, private-sector health care employment showed a gain of 23,800 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation released on March 6, 2015. This is a bit below the average of 25,800 jobs per month added in 2014 but significantly above the 13,300 per month added in 2013. Offices of physicians gained an above-average 7,400 jobs, and hospitals gained 8,700 jobs, compared to an average of 3,500 per month in 2014. The health share of total employment held at 10.58% (Exhibit 8).

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



Source: Altarum analysis of BLS data.

Cyclical Employment Big Picture

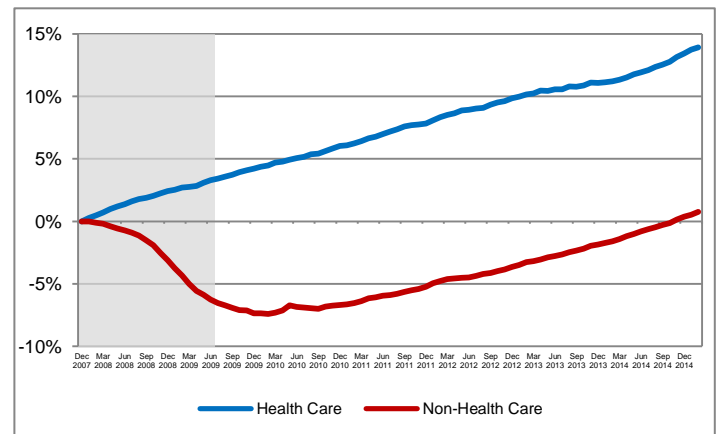
Seasonally Adjusted	Dec 2007	Jun 2009	Feb 2014	Feb 2015
Total Employment (000)	138,350	130,944	137,830	141,126
Nonhealth Employment (000)	125,247	117,410	123,258	126,198
Health Care Employment (000)	13,103	13,534	14,572	14,928
Health Share of Total Employment	9.47%	10.34%	10.57%	10.58%
Unemployment Rate	5.0%	9.5%	6.7%	5.5%

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 BLS data.

Over the last 12 months, total private-sector health care employment grew by 355,600 jobs, or 2.4%. During this period, total nonhealth payroll employment increased by 2,940,400 jobs, also 2.4% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 1.82 million jobs, for a cumulative gain of 13.9%, while nonhealth employment has grown by 952,000 jobs, for a cumulative gain of 0.8% (Exhibit 2). Nonhealth jobs continue to climb after finally reclaiming their pre-recession level in November 2014.

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



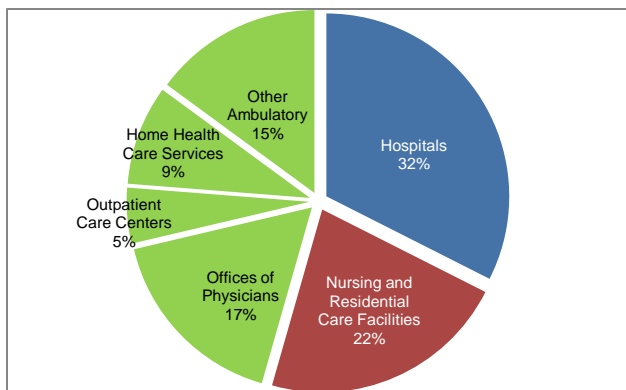
Source: Altarum analysis of BLS data.
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY CATEGORY

In February 2015, the following occurred:

- ▲ Hospitals gained 8,700 jobs, higher than the 24-month average gain of 1,800 and the 12-month average of 6,000.
- ▲ Ambulatory health care services added 19,900 jobs, above the 24-month average gain of 16,000 and consistent with the 12-month average of 21,000. These services include the following:
 - Offices of physicians added 7,300 jobs (24-month average: 4,200).
 - Outpatient care centers lost 200 jobs (24-month average: gain of 2,500).
 - Home health care gained 3,200 jobs (24-month average: 3,300).
 - Other ambulatory services, which include offices of dentists, chiropractors, other health care practitioners, and labs, added 9,600 jobs (24-month average: 5,900).
- ▲ Nursing and residential care facilities lost 4,800 jobs (24-month average: gain of 2,800).
- ▲ Ambulatory services accounted for 46% of health care employment (Exhibit 3), hospitals another 32%, and nursing and residential care facilities the remaining 22%.

Exhibit 3. Health Care Employment by Setting, February 2015

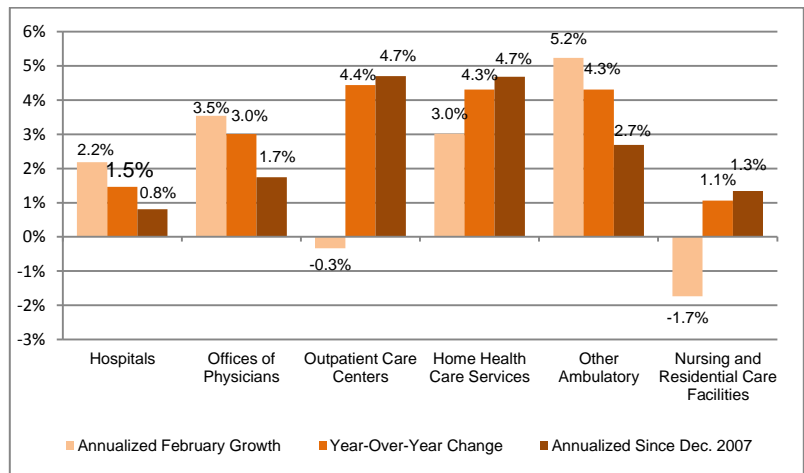


Source: Altarum analysis of BLS data.

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

Over the past 12 months, outpatient care centers grew at the fastest rate, 4.4% (Exhibit 4), adding 31,000 jobs. Home health (53,500 jobs) and other ambulatory care (93,400 jobs) each grew at a rate of 4.3%. Offices of physicians added 73,600 jobs, a growth rate of 3.0%. Hospital jobs grew by 1.5% over the past 12 months, adding 69,600 jobs. Finally, nursing and residential care added 34,500 jobs, for a growth rate of 1.1%.

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



Source: Altarum analysis of BLS data.

DISCUSSION

Health sector job growth in February 2015 remains solid, although not as strong as in the previous 4 months. The difference this month was in nursing and residential care, which had been growing by about 5,000 jobs per month over the past 6 months but showed a loss of nearly 5,000 jobs in February.

The upturn in hospital job growth that emerged in 2014 continued. Hospitals added about 9,000 new jobs in February, consistent with the average over the past 6 months of slightly more than 8,000 jobs per month and an increase over the previous 6-month average of 3,000 per month. Ambulatory care settings added about 20,000 new jobs, consistent with the 6- and 12-month averages.

The overall labor market continued to improve, adding nearly 300,000 new jobs in February and showing a drop in the unemployment rate to 5.5%, the lowest level since May 2008. The economy has seen 60 straight months of job growth (a record) and has added more than 200,000 jobs per month for the past 12 months (a streak that had not happened since the 1970s). Both health and nonhealth jobs are now growing at 2.4% year over year. Rates of long-term unemployment and broader measures of unemployment have been falling but are still elevated relative to pre-recession levels. Real wages are rising slightly, helped by low inflation. Analysts continue to look for declines in the broader unemployment measures and a sustained increase in real wages as indications of a return to full employment.

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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*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, 571-733-5709, ken.schwartz@altarum.org. For more information, visit www.altarum.org/cshs.

DETAILED HEALTH CARE EMPLOYMENT DATA

Exhibit 5. Employment Data by Sector, Seasonally Adjusted

Employment (in thousands)	February 2015	January 2015	February 2014	February 2013	December 2007
Non-Health Care	126,198	125,927	123,258	121,174	125,247
Health Care	14,928	14,904	14,572	14,433	13,103
Ambulatory Health Care Services	6,808	6,789	6,557	6,425	5,555
Offices of Physicians	2,523	2,515	2,449	2,421	2,228
Outpatient Care Centers	729	729	698	668	524
Home Health Care Services	1,295	1,292	1,241	1,215	933
Other Ambulatory	2,262	2,253	2,169	2,121	1,871
Hospitals	4,836	4,827	4,767	4,792	4,564
Nursing and Residential Care Facilities	3,283	3,288	3,249	3,217	2,984
Nursing Care Facilities	1,654	1,657	1,651	1,659	1,612
Other Nursing and Residential	1,630	1,631	1,597	1,558	1,372
Health Share of Employment	10.58%	10.58%	10.57%	10.64%	9.47%

Source: Altarum analysis of BLS data.

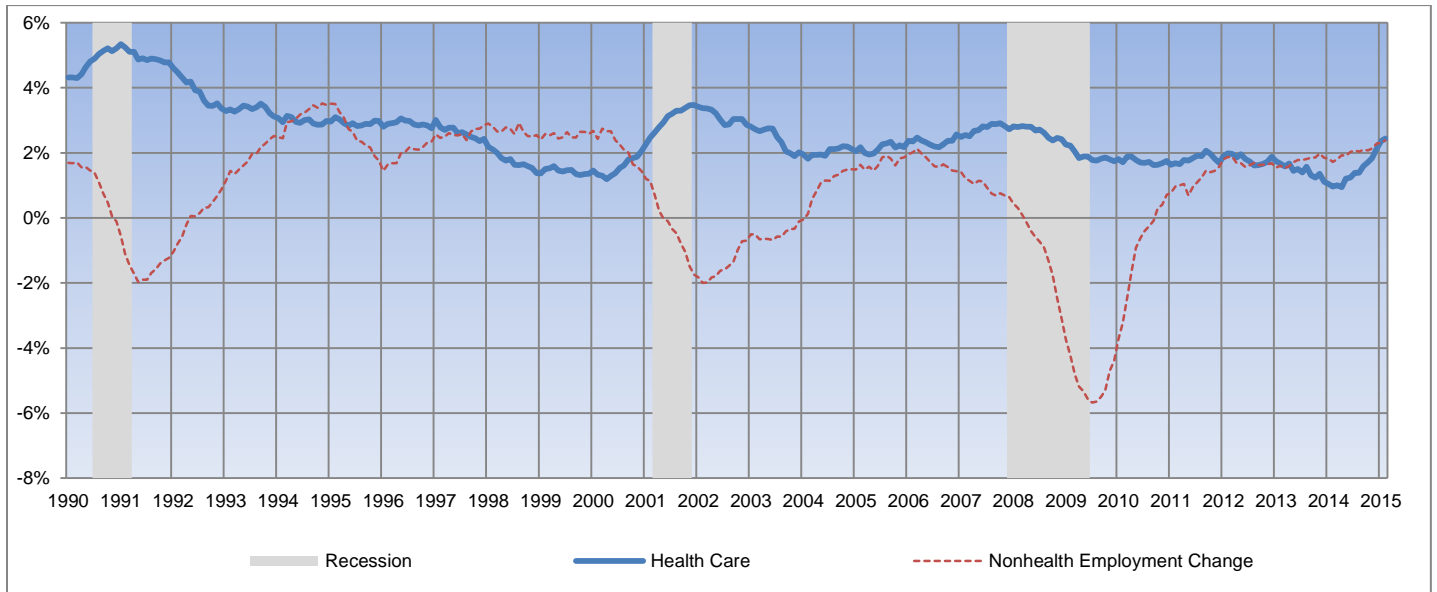
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	1 Month	12 Months	24 Months	Since December 2007
Non-Health Care	271.2	2,940.4	5,024.8	951.5
Health Care	23.8	355.6	494.2	1,824.5
Ambulatory Health Care Services	19.9	251.5	383.7	1,253.0
Offices of Physicians	7.3	73.6	101.6	294.7
Outpatient Care Centers	-0.2	31.0	60.9	204.5
Home Health Care Services	3.2	53.5	79.5	361.9
Other Ambulatory	9.6	93.4	141.7	391.9
Hospitals	8.7	69.6	44.0	272.2
Nursing and Residential Care Facilities	-4.8	34.5	66.5	299.3
Nursing Care Facilities	-3.2	2.4	-5.1	42.0
Other Nursing and Residential	-1.6	32.1	71.6	257.3
Annualized Percentage Change				
Non-Health Care	2.6%	2.4%	2.1%	0.1%
Health Care	1.9%	2.4%	1.7%	1.8%
Ambulatory Health Care Services	3.6%	3.8%	2.9%	2.9%
Offices of Physicians	3.5%	3.0%	2.1%	1.7%
Outpatient Care Centers	-0.3%	4.4%	4.5%	4.7%
Home Health Care Services	3.0%	4.3%	3.2%	4.7%
Other Ambulatory	5.2%	4.3%	3.3%	2.7%
Hospitals	2.2%	1.5%	0.5%	0.8%
Nursing and Residential Care Facilities	-1.7%	1.1%	1.0%	1.3%
Nursing Care Facilities	-2.3%	0.1%	-0.2%	0.4%
Other Nursing and Residential	-1.2%	2.0%	2.3%	2.4%

Source: Altarum analysis of BLS price data.

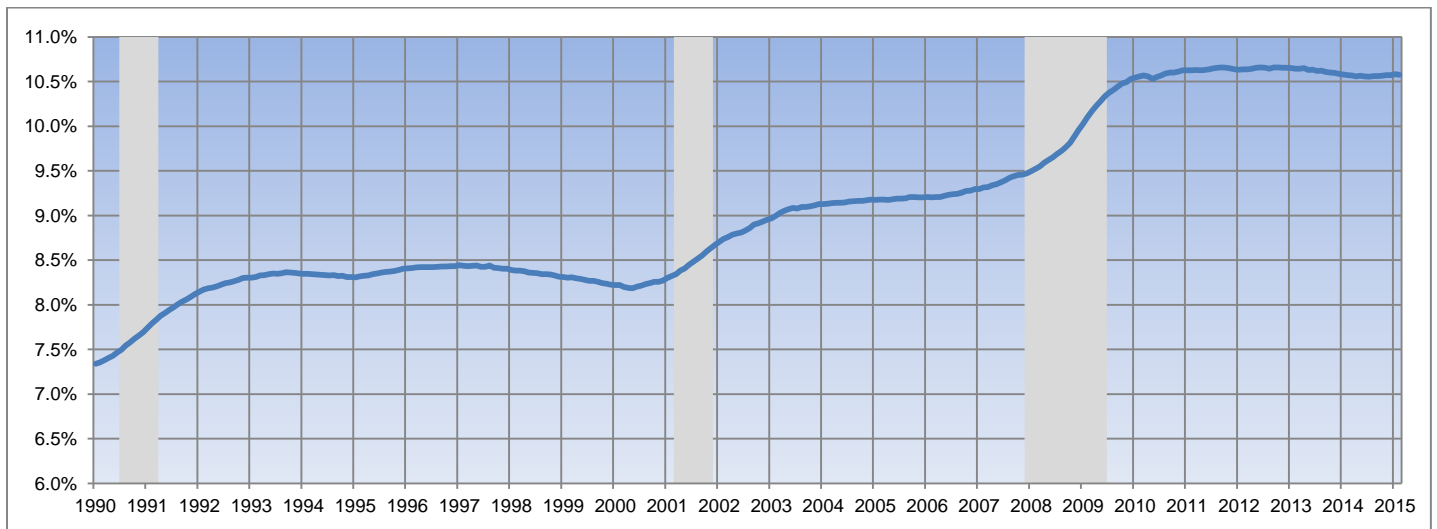
TIME SERIES TRACKER

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.