

ALTARUM CENTER FOR VALUE IN HEALTH CARE

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data through March 2020

LABOR BRIEF

April 15, 2020 ▲ First month of COVID-19 impact shows biggest drop in health jobs in at least three decades

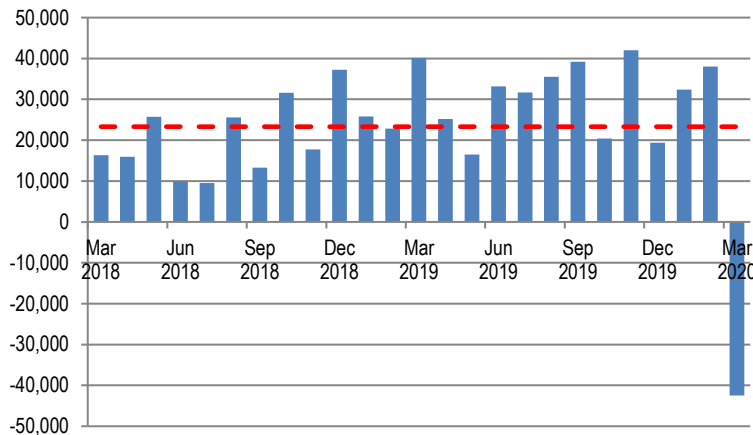
HIGHLIGHTS

- ▲ April jobs data are the first to show early effects of the COVID-19 pandemic on US employment.
- ▲ The health care sector lost 42,500 new jobs in March 2020, the largest single month loss in our data series going back to 1990.
- ▲ Health care job losses were concentrated in ambulatory settings including physician offices, which lost 12,000 jobs, dental offices, which lost 17,200 jobs, and home health, which lost 5,900 jobs.
- ▲ Hospital jobs were essentially flat between February and March, at +200 jobs. Nursing and residential care lost 2,000 jobs.
- ▲ The overall economy lost 701,000 jobs in March and the unemployment rate rose to 4.4%.
- ▲ These data count as employed those working for pay as of March 12. We expect to see greater job losses overall and in health care in the coming months.

HEALTH CARE EMPLOYMENT

In March 2020, private-sector health care employment showed a loss of 42,500 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released April 3, 2020. Hospitals added 200 jobs, ambulatory settings lost 40,700 jobs, and nursing and residential care lost 2,000 jobs. The health care share of total employment rose to 10.85% (Exhibit 8).

Exhibit 1. Month-over-Month Change in Total Health Care Employment, Seasonally Adjusted, Mar. 2018 – Mar. 2020



Source: Altarum analysis of monthly BLS data.

Cyclical Employment Big Picture

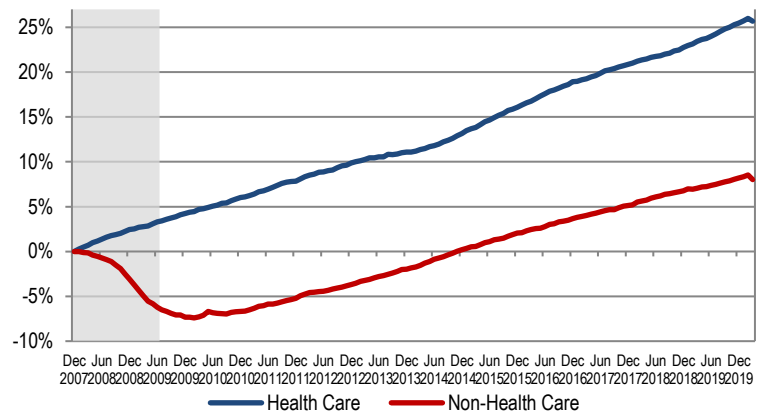
Seasonally Adjusted	Dec 2007	Jun 2009	Mar 2019	Mar 2020
Total Employment	138,392	131,008	150,282	151,786
Non-health Employment (000s)	125,289	117,473	134,107	135,320
Health Employment (000s)	13,103	13,535	16,176	16,467
Health Share of Total Employment	9.47%	10.33%	10.76%	10.85%
Unemployment Rate	5.0%	9.5%	3.8%	4.4%

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

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

Over the last 12 months, total private-sector health care employment grew by 291,000 jobs, or 1.8%. During this period, total non-health payroll employment increased by 1.2 million jobs, or 1.0% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 3.4 million jobs for a cumulative gain of 25.7%, while non-health employment has added 10.0 million jobs for a cumulative gain of 8.0% (Exhibit 2).

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



Source: Altarum analysis of monthly BLS data.

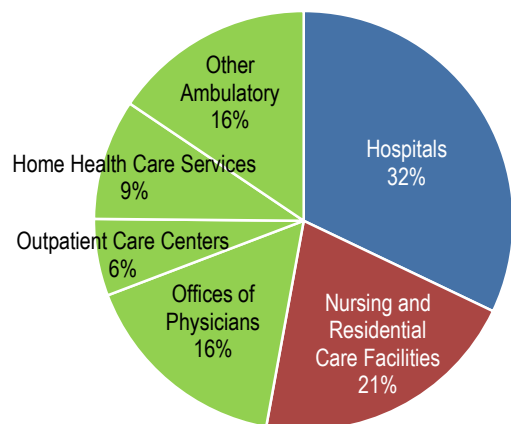
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY SETTING

In March 2020, the following occurred (Exhibit 5 shows the totals):

- ▲ Hospitals gained 200 jobs (12-month average 7,600).
- ▲ Ambulatory health care services lost 40,700 jobs, compared to a 12-month average +15,200. These services include the following:
 - Offices of physicians lost 12,000 jobs (average: +5,000).
 - Outpatient care centers added 5,200 jobs (average: +2,500).
 - Home health care lost 5,900 jobs (average: +4,800).
 - Other ambulatory care, which includes offices of dentists, chiropractors, labs, and other health care practitioners, lost 28,000 jobs (average: +2,900).
- ▲ Nursing and residential care lost 2,000 jobs (average +1,500) with nursing homes losing 1,800 jobs (average: -1,000) and other nursing and residential care losing 200 (average: +2,400).
- ▲ Ambulatory services accounted for 47% of health care employment, hospitals another 32%, and nursing and residential care facilities the remaining 21% (Exhibit 3).

Exhibit 3. Health Care Employment by Setting, Mar. 2020

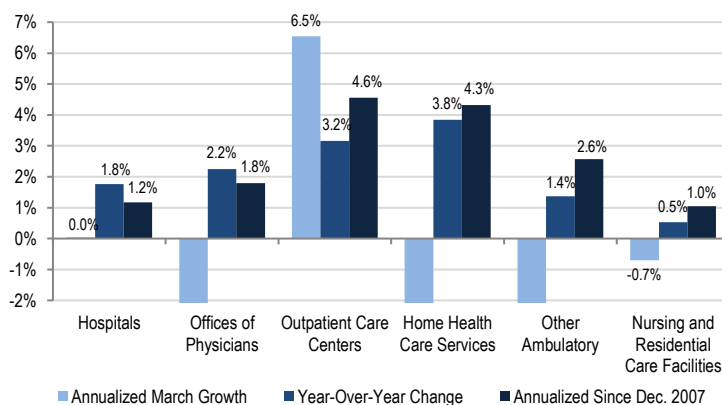


Source: Altarum analysis of BLS data.

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

Over the past 12 months, home health care services grew at the fastest rate, 3.8%, adding 57,900 jobs. Outpatient care centers gained 30,200 jobs for a growth rate of 3.2%. Other ambulatory care settings gained 34,500 jobs for a growth rate of 1.4%. Offices of physicians added 59,600 jobs for a growth rate of 2.2%. Hospital jobs grew 1.8% over the past 12 months, adding 90,900 jobs. Finally, nursing and residential care added 17,900 jobs for a growth rate of 0.5%, with a shift in jobs from nursing homes (which lost 11,500 jobs) to other residential care (which gained 29,400 jobs).

Exhibit 4. Growth in Health Care Jobs by Setting



Source: Altarum analysis of BLS data.

DISCUSSION

The March 2020 jobs report is the first look at losses associated with the COVID-19 pandemic. Between February and March, the economy lost 700,000 jobs and unemployment rose to 4.4%.

As discussed in our [recent blog](#), health care has traditionally cushioned the blow of job losses during and immediately following economic downturns. Exhibit 7 shows how health care employment continued to grow in each of the past three recessions, although the rate of growth slowed during the Great Recession. This month, health care lost 43,000 jobs, by far the largest monthly drop in our data series going back to 1990.

It may seem counterintuitive that health care is shedding jobs as we read daily of providers stretched to capacity caring for COVID-19 patients. But as an in-person service industry, many parts of health care delivery have slowed or shut down as Americans adhere to social distancing guidelines. This month's losses were concentrated in ambulatory care settings like physician and dental offices where much care can be deferred. Even visits shifting to telemedicine require less support staff.

Further, health care providers are suffering financial losses at a scale unlike in past recessions due to practice closings or the loss of revenue-generating elective procedures. While hospital jobs remained stable between February and March, [even hospitals are now furloughing workers](#) not able to be deployed in current operations, as revenues plummet and margins disappear. We expect April data released on May 8 to show greater job losses in ambulatory settings and initial losses in hospitals. The critical unknown, of course, is how many workers will be able to return given post-pandemic demand for care and provider finances.

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Altarum 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. Since 2011, Altarum has researched cost growth trends and key drivers of U.S. health spending and formulated policy strategies to help bend the cost growth curve. In large part, this work was made possible through support from the Robert Wood Johnson Foundation. The *Health Sector Economic Indicators*SM reports are a monthly publication of Altarum and provide an analysis of health spending, employment, and prices. For more information, contact Paul Hughes-Cromwick, at 734-302-4616 or paul.hughes-cromwick@altarum.org. Ani Turner (principal author), George Miller, PhD, and Matt Daly, PhD, contributed to this brief. Media Contact: Sarah Litton, 202-772-5062, press@altarum.org. For more information, visit <http://altarum.org/solution/health-sector-spending>.

DETAILED HEALTH CARE EMPLOYMENT DATA

Exhibit 5. Employment Data by Sector, Seasonally Adjusted

Employment (in thousands)	March 2020	December 2019	March 2019	March 2018	December 2007
Non-Health Care	135,320	135,978	134,107	132,354	125,289
Health Care	16,467	16,509	16,176	15,900	13,103
Ambulatory Health Care	7,816	7,857	7,634	7,434	5,556
Offices of Physicians	2,711	2,723	2,652	2,607	2,180
Outpatient Care Centers	986	981	956	923	571
Home Health Care Services	1,567	1,572	1,509	1,457	933
Other Ambulatory	2,552	2,580	2,517	2,447	1,871
Hospitals	5,262	5,261	5,171	5,114	4,564
Nursing and Residential Care	3,389	3,391	3,371	3,352	2,984
Nursing Care Facilities	1,590	1,592	1,602	1,610	1,612
Other Nursing and Residential	1,799	1,799	1,770	1,742	1,372
Health Share of Employment	10.85%	10.83%	10.76%	10.73%	9.47%

Source: Altarum analysis of BLS data.

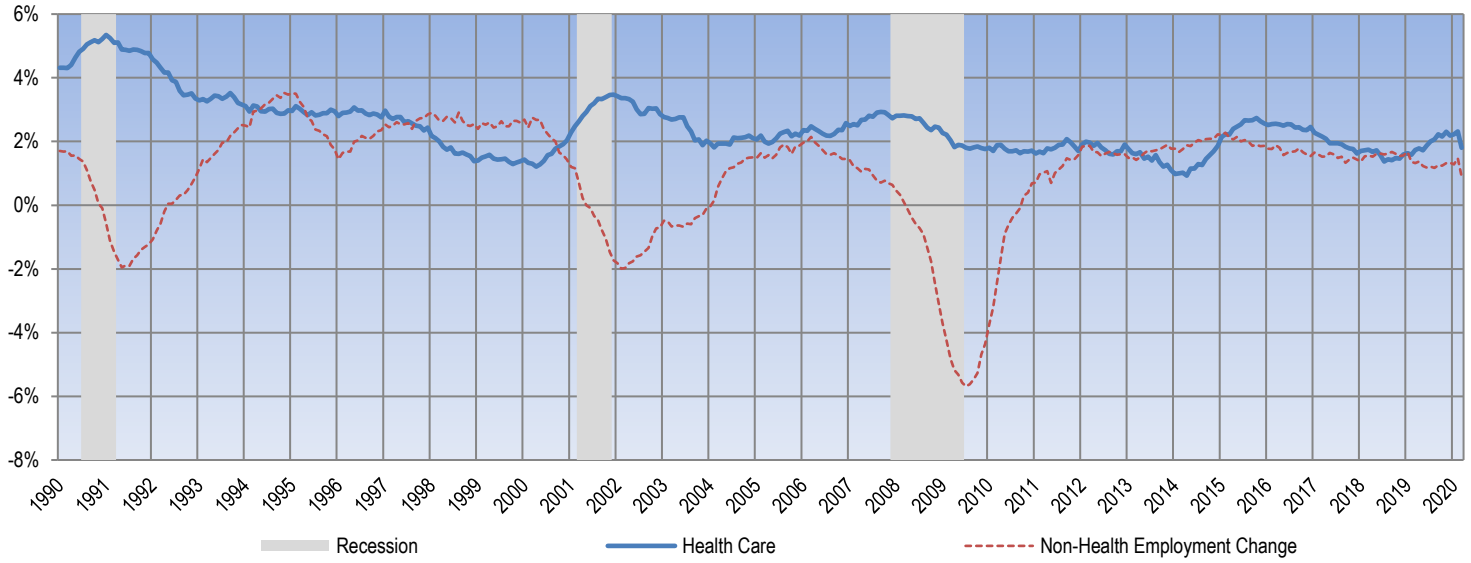
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	-658.5	1,213.0	2,965.8	10,030.9
Health Care	-42.5	291.0	566.2	3,363.1
Ambulatory Health Care Services	-40.7	182.2	381.4	2,260.1
Offices of Physicians	-12.0	59.6	103.9	530.9
Outpatient Care Centers	5.2	30.2	63.4	415.1
Home Health Care Services	-5.9	57.9	109.3	633.2
Other Ambulatory	-28.0	34.5	104.8	680.9
Hospitals	0.2	90.9	147.3	697.6
Nursing and Residential Care Facilities	-2.0	17.9	37.5	405.4
Nursing Care Facilities	-1.8	-11.5	-19.3	-21.3
Other Nursing and Residential	-0.2	29.4	56.8	426.7
Annualized Percentage Change				
Non-Health Care	-5.7%	0.9%	1.1%	0.6%
Health Care	-3.0%	1.8%	1.8%	1.9%
Ambulatory Health Care Services	-6.0%	2.4%	2.5%	2.8%
Offices of Physicians	-5.2%	2.2%	2.0%	1.8%
Outpatient Care Centers	6.5%	3.2%	3.4%	4.6%
Home Health Care Services	-4.4%	3.8%	3.7%	4.3%
Other Ambulatory	-12.3%	1.4%	2.1%	2.6%
Hospitals	0.0%	1.8%	1.4%	1.2%
Nursing and Residential Care Facilities	-0.7%	0.5%	0.6%	1.0%
Nursing Care Facilities	-1.3%	-0.7%	-0.6%	-0.1%
Other Nursing and Residential	-0.1%	1.7%	1.6%	2.2%

Source: Altarum analysis of BLS data.

TIME SERIES TRACKER

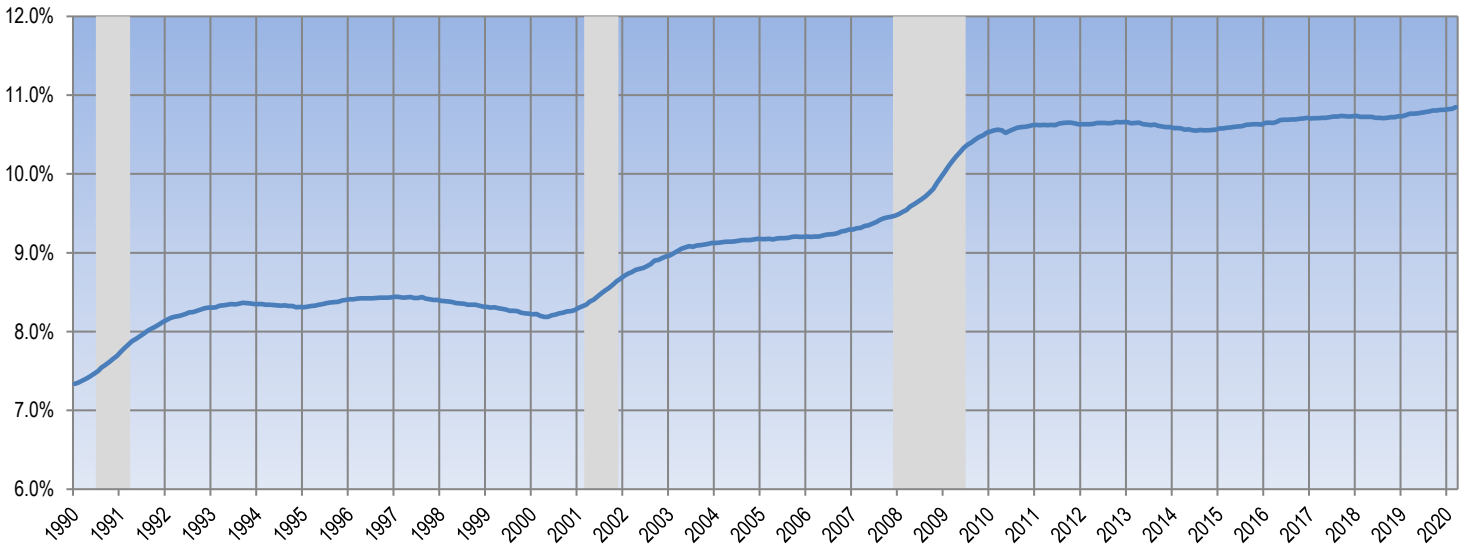
Exhibit 7. Year-over-Year Percentage Change in Health and Non-Health Employment



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.