

# ALTARUM CENTER FOR VALUE IN HEALTH CARE

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

Insights from Monthly Employment Data through November 2019

LABOR BRIEF

**December 12, 2019** ▲ November rebound in health care hiring consistent with strong growth year

### HIGHLIGHTS

- ▲ After a slow October, health care added a strong 45,200 jobs in November, considerably more than the 12-month average of 34,500. Revisions through October were minimal.
- ▲ While hospitals added a solid 9,900 jobs, most of the growth was in ambulatory care, which added 33,900 jobs.
- ▲ With initial data now in through November, we expect 2019 will be as strong a year as the post-expanded coverage years of 2015 and 2016, both in numbers of new jobs and percentage growth.
- ▲ These figures come from the monthly “establishment” survey, which showed the overall economy growing by a higher-than-expected 266,000 jobs in November. The companion “household” survey showed the unemployment rate back to the 50-year low of 3.5%.
- ▲ Year over year (November 2019 compared to November 2018), health jobs grew by 2.6%, double the rate of non-health jobs at 1.3%. The health share of total jobs is at 10.87%, the current all-time high.

### Cyclical Employment Big Picture

Seasonally Adjusted	Dec 2007	Jun 2009	Nov 2018	Nov 2019
<b>Total Employment</b>	138,409	131,026	150,048	152,252
Non-health Employment (000s)	125,306	117,491	133,913	135,703
Health Employment (000s)	13,103	13,535	16,135	16,549
Health Share of Total Employment	9.47%	10.33%	10.75%	10.87%
Unemployment Rate	5.0%	9.5%	3.7%	3.5%

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

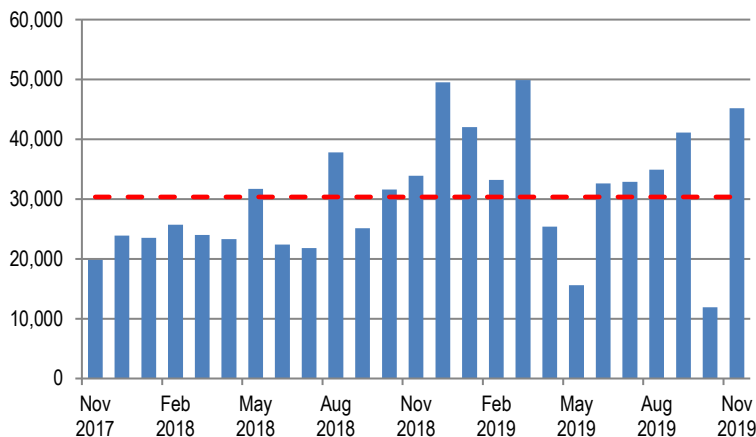
Source: Altarum analysis of Bureau of Labor Statistics (BLS) data.

### HEALTH CARE EMPLOYMENT

In November 2019, private-sector health care employment showed a gain of 45,200 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released December 6, 2019. Hospitals gained 9,900 jobs, ambulatory settings added 33,900 jobs, and nursing and residential care added 1,400 jobs. The health care share of total employment is at 10.87% (Exhibit 8).

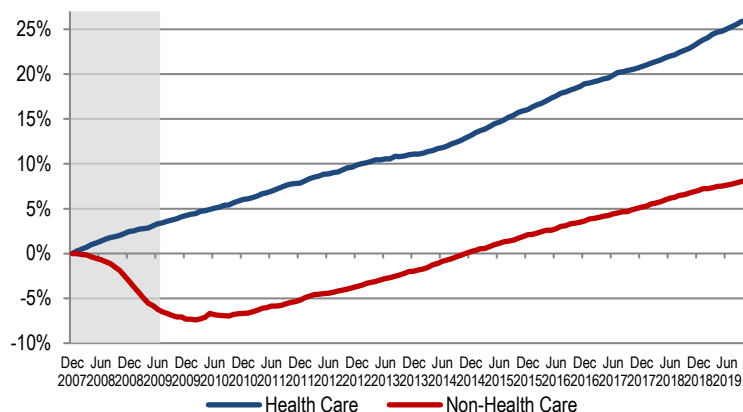
Over the last 12 months, total private-sector health care employment grew by 414,200 jobs, or 2.6%. During this period, total non-health payroll employment increased by 1.79 million jobs, or 1.3% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 3.5 million jobs for a cumulative gain of 26%, while non-health employment has grown by 10.4 million jobs for a cumulative gain of 8.3% (Exhibit 2).

Exhibit 1. Month-over-Month Change in Total Health Care Employment, Seasonally Adjusted, Nov. 2017 – Nov. 2019



Source: Altarum analysis of monthly BLS data.

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



Source: Altarum analysis of monthly BLS data.

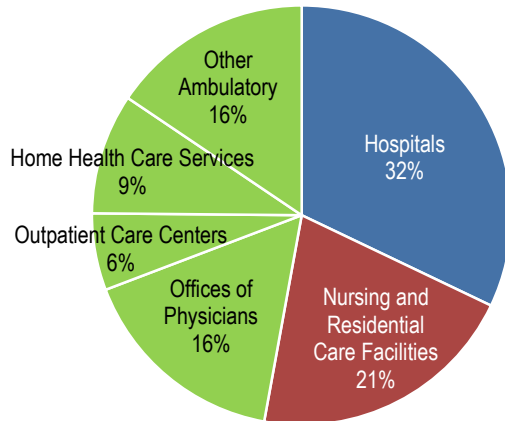
Note: Shading indicates the recession period.

## HEALTH CARE JOBS BY SETTING

In November 2019, the following occurred (Exhibit 5 shows the totals):

- ▲ Hospitals gained 9,900 jobs, above the 12-month average of 7,900.
- ▲ Ambulatory health care services added 33,900 jobs, considerably above of the 12-month average of 23,600. These services include the following:
  - Offices of physicians gained 16,100 jobs (average: 6,500).
  - Outpatient care centers gained 1,700 jobs (average: 2,800).
  - Home health care added 8,500 new jobs (average: 7,000).
  - Other ambulatory care, which includes offices of dentists, chiropractors, labs, and other health care practitioners, gained 7,600 jobs (average: 7,300).
- ▲ Nursing and residential care facilities gained 1,400 jobs (average 3,000) with nursing homes losing 1,700 jobs (average: -300) and other nursing and residential care adding 3,100 (average: 3,400).
- ▲ 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, Nov. 2019

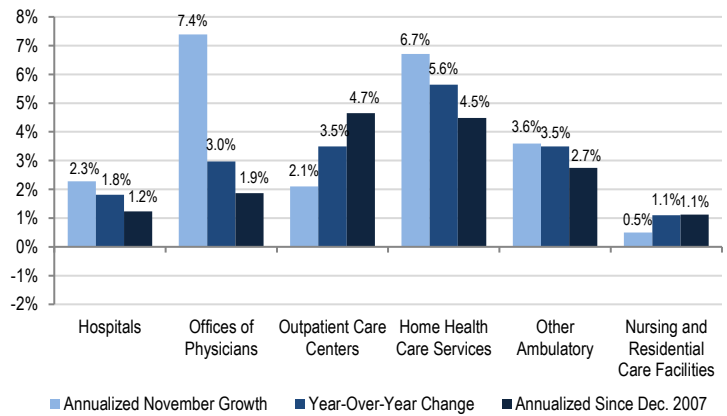


Source: Altarum analysis of BLS data.

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, 5.6%, adding 84,100 jobs. Outpatient care centers gained 33,100 jobs for a growth rate of 3.5%. Other ambulatory care settings gained 87,300 jobs for a growth rate of 3.5%. Offices of physicians added 78,400 jobs for a growth rate of 3.0%. Hospital jobs grew 1.8% over the past 12 months, adding 94,300 jobs. Finally, nursing and residential care added 37,000 jobs for a growth rate of 1.1%, with a continued shift in jobs from nursing homes (which lost 3,500 jobs) to other residential care (which gained 40,500 jobs).

Exhibit 4. Growth in Health Care Jobs by Setting



Source: Altarum analysis of BLS data.

## DISCUSSION

November health care hiring (+45K) rebounded from a low October reading (+12K), contributing to the overall picture of a strong year for health employment. As we have noted in previous briefs, we are expecting 2019 health care job growth to be comparable to the 2015 and 2016 coverage expansion years, both in numbers of jobs added and in percentage growth. Health care has added more than 350,000 jobs from January through November 2019, and year-over-year growth stands at 2.6%, the highest rate since the 2.7% reached in fall 2015.

Hiring by setting is consistent with the long-term trend of care shifting to ambulatory settings. Hospitals employ about one-third of health care workers but have been creating about one-quarter of the new health care jobs, while ambulatory settings employ just under one-half of current jobs and have been creating about two-thirds of new jobs. (Note that some new hospital jobs are likely in hospital ambulatory settings as well).

The overall U.S. labor market remains very strong, adding a higher-than-expected 266,000 jobs in November, plus upward revisions of 41,000 jobs through October. The economy is averaging 180,000 new jobs per month for the first eleven months of 2019. The unemployment rate dipped back down to the 50-year low of 3.5%, and earnings were up 3.1% on the year.

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## DETAILED HEALTH CARE EMPLOYMENT DATA

Exhibit 5. Employment Data by Sector, Seasonally Adjusted

Employment (in thousands)	November 2019	October 2019	November 2018	November 2017	December 2007
Non-Health Care	135,703	135,482	133,913	131,612	125,306
Health Care	16,549	16,504	16,135	15,811	13,103
Ambulatory Health Care	7,860	7,826	7,577	7,376	5,556
Offices of Physicians	2,719	2,703	2,640	2,598	2,180
Outpatient Care Centers	982	981	949	913	571
Home Health Care Services	1,575	1,566	1,490	1,441	933
Other Ambulatory	2,585	2,577	2,498	2,423	1,871
Hospitals	5,283	5,273	5,189	5,085	4,564
Nursing and Residential Care	3,406	3,405	3,369	3,350	2,984
Nursing Care Facilities	1,604	1,605	1,607	1,619	1,612
Other Nursing and Residential	1,803	1,799	1,762	1,731	1,372
Health Share of Employment	10.87%	10.86%	10.75%	10.72%	9.47%

Source: Altarum analysis of BLS data.

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

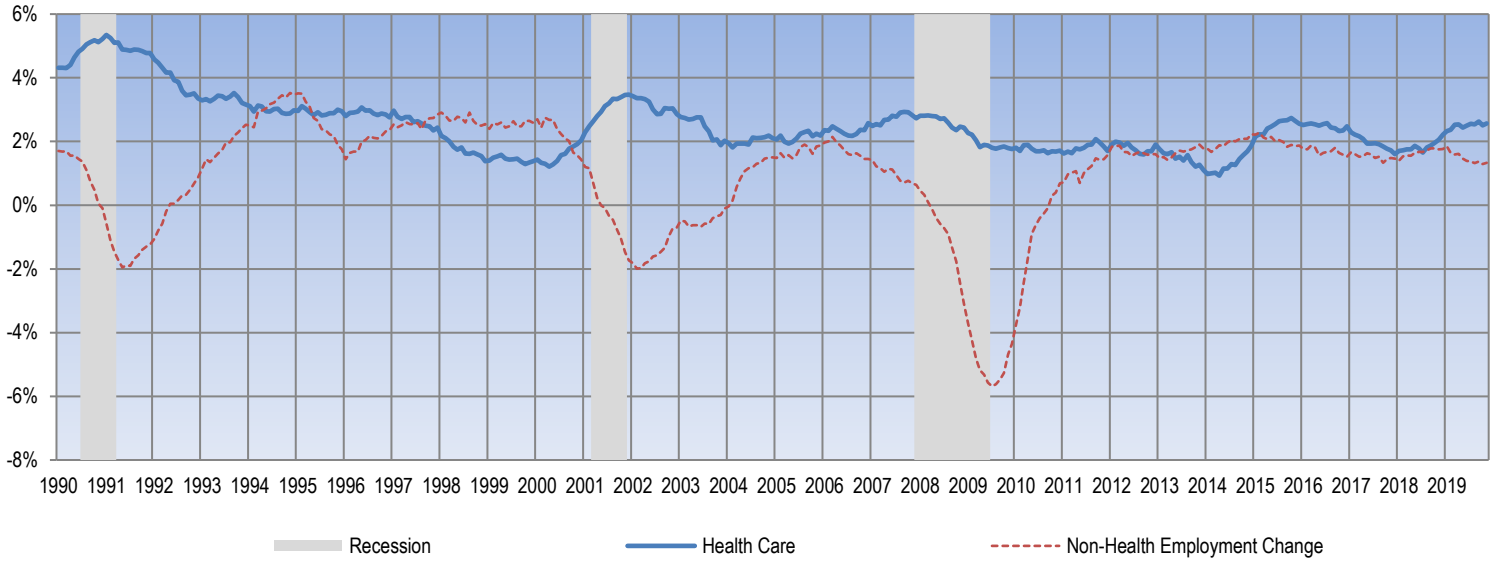
Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	220.8	1,789.8	4,091.1	10,397.0
Health Care	45.2	414.2	738.9	3,446.0
Ambulatory Health Care Services	33.9	282.9	484.6	2,304.5
Offices of Physicians	16.1	78.4	120.4	538.4
Outpatient Care Centers	1.7	33.1	68.9	410.9
Home Health Care Services	8.5	84.1	133.7	641.2
Other Ambulatory	7.6	87.3	161.6	714.0
Hospitals	9.9	94.3	198.6	719.3
Nursing and Residential Care Facilities	1.4	37.0	55.7	422.2
Nursing Care Facilities	-1.7	-3.5	-15.4	-8.1
Other Nursing and Residential	3.1	40.5	71.1	430.3
<b>Annualized Percentage Change</b>				
Non-Health Care	2.0%	1.3%	1.5%	0.7%
Health Care	3.3%	2.6%	2.3%	2.0%
Ambulatory Health Care Services	5.3%	3.7%	3.2%	3.0%
Offices of Physicians	7.4%	3.0%	2.3%	1.9%
Outpatient Care Centers	2.1%	3.5%	3.7%	4.7%
Home Health Care Services	6.7%	5.6%	4.5%	4.5%
Other Ambulatory	3.6%	3.5%	3.3%	2.7%
Hospitals	2.3%	1.8%	1.9%	1.2%
Nursing and Residential Care Facilities	0.5%	1.1%	0.8%	1.1%
Nursing Care Facilities	-1.3%	-0.2%	-0.5%	0.0%
Other Nursing and Residential	2.1%	2.3%	2.0%	2.3%

Source: Altarum analysis of BLS data.



## TIME SERIES TRACKER

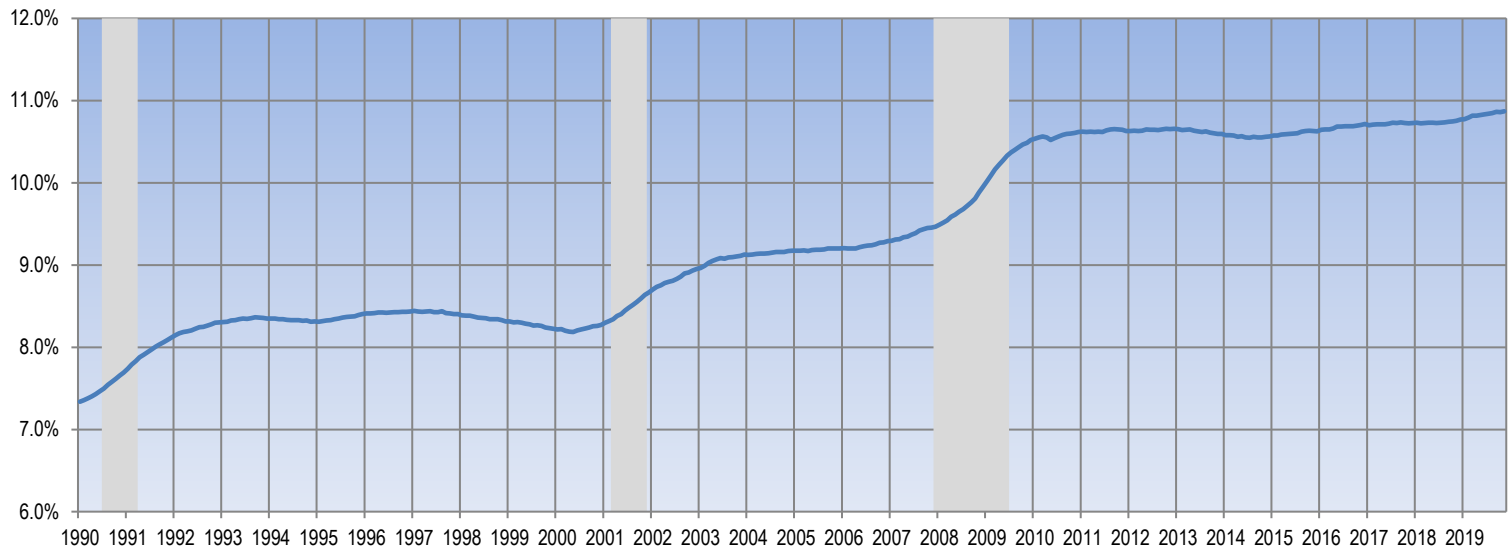
Exhibit 7. Year-over-Year Percentage Change in Health and Non-Health Employment



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.