

ALTARUM CENTER FOR VALUE IN HEALTH CARE

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data through January 2020

LABOR BRIEF

February 21, 2020 ▲ Strong health care job growth continues into 2020

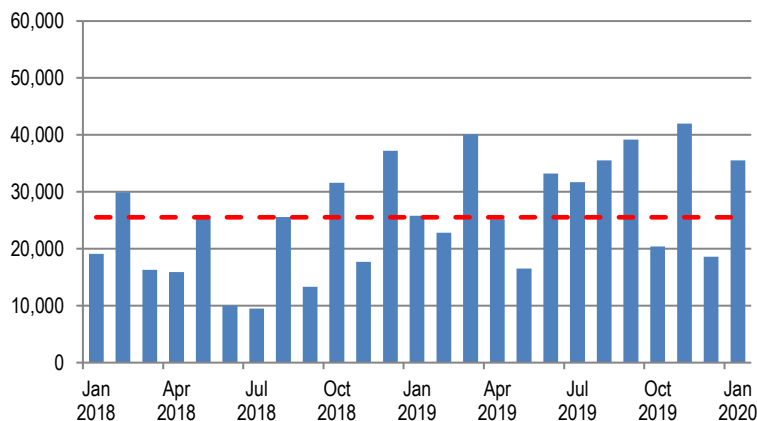
HIGHLIGHTS

- ▲ The health care sector started 2020 with a continuation of the robust hiring seen in 2019, adding 35,500 new jobs in January.
- ▲ January data also reflect BLS's annual benchmark revisions to the "establishment" survey, which lowered the estimated level of health care employment by 145,000 jobs, a 0.03% reduction.
- ▲ The benchmark adjustment did not change the story of 2019 as a strong year for health care hiring. Health care added about 350,000 jobs in 2019, much higher than the roughly 250,000 added in 2017 and 2018, and closer to the post-expanded coverage years of 2015 and 2016, when about 375,000 new jobs per year were added.
- ▲ The overall economy grew by a solid 225,000 jobs in January. The monthly "household survey" showed the unemployment rate up slightly at 3.6%.
- ▲ Year over year (January 2020 compared to January 2019), health jobs grew by 2.2%, compared to non-health jobs at 1.3%. The health share of total jobs is at 10.82%, the new all-time high.

HEALTH CARE EMPLOYMENT

In January 2020, private-sector health care employment showed a gain of 35,500 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released February 7, 2020. Hospitals gained 9,700 jobs, ambulatory settings added 22,500 jobs, and nursing and residential care added 3,300 jobs. The health care share of total employment is at 10.82% (Exhibit 8).

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



Source: Altarum analysis of monthly BLS data.

Cyclical Employment Big Picture

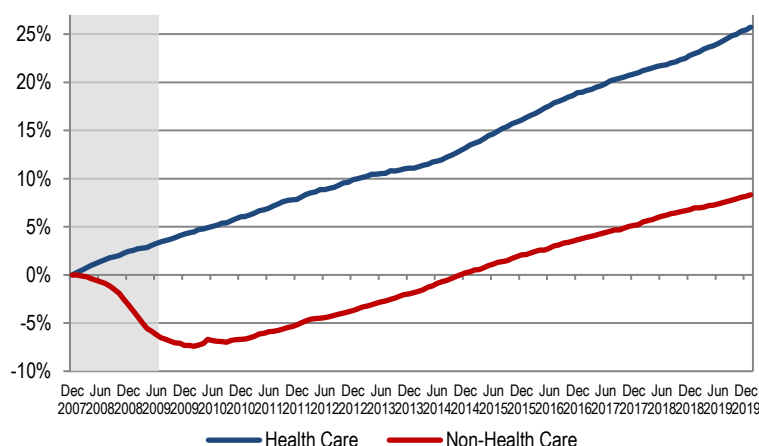
Seasonally Adjusted	Dec 2007	Jun 2009	Jan 2019	Jan 2020
Total Employment	138,392	131,008	150,134	152,186
Non-health Employment (000s)	125,289	117,473	134,021	135,713
Health Employment (000s)	13,103	13,535	16,113	16,473
Health Share of Total Employment	9.47%	10.33%	10.73%	10.82%
Unemployment Rate	5.0%	9.5%	4.0%	3.6%

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 360,700 jobs, or 2.2%. During this period, total non-health payroll employment increased by 1.69 million jobs, or 1.3% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 3.7 million jobs for a cumulative gain of 25.7%, while non-health employment has added 10.4 million jobs for a cumulative gain of 8.3% (Exhibit 2).

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



Source: Altarum analysis of monthly BLS data.

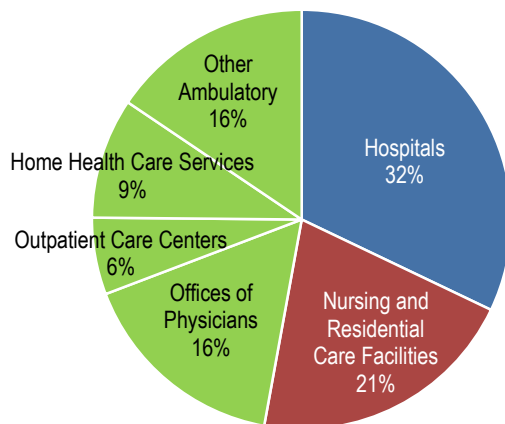
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY SETTING

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

- ▲ Hospitals gained 9,700 jobs, above the 12-month average of 7,400.
- ▲ Ambulatory health care services added 22,500 jobs, near the 12-month average of 20,500. These services include the following:
 - Offices of physicians gained 5,600 jobs (average: 6,000).
 - Outpatient care centers gained 3,100 jobs (average: 2,800).
 - Home health care added 4,700 new jobs (average: 4,900).
 - Other ambulatory care, which includes offices of dentists, chiropractors, labs, and other health care practitioners, gained 9,100 jobs (average: 5,800).
- ▲ Nursing and residential care facilities added 2,800 jobs (average 2,200) with nursing homes adding 2,400 jobs (average: -800) and other nursing and residential care adding 900 (average: 3,300).
- ▲ 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, Jan. 2020

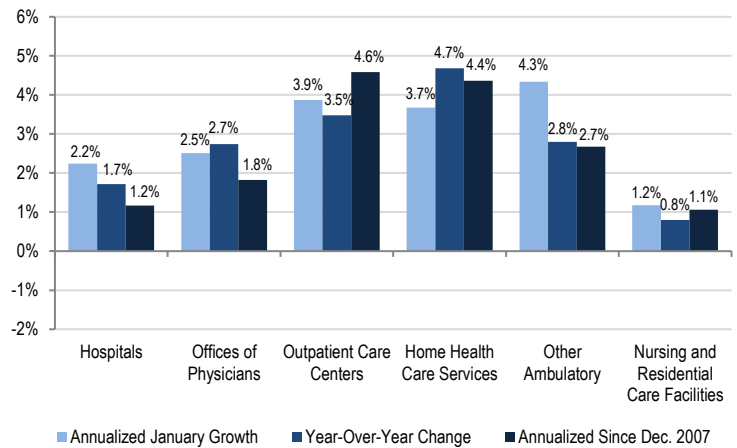


Source: Altarum analysis of BLS data.

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, 4.7%, adding 69,900 jobs. Outpatient care centers gained 33,000 jobs for a growth rate of 3.5%. Other ambulatory care settings gained 70,100 jobs for a growth rate of 2.8%. Offices of physicians added 72,400 jobs for a growth rate of 2.7%. Hospital jobs grew 1.7% over the past 12 months, adding 88,500 jobs. Finally, nursing and residential care added 26,800 jobs for a growth rate of 0.8%, with a continued shift in jobs from nursing homes (which lost 9,300 jobs) to other residential care (which gained 36,100 jobs).

Exhibit 4. Growth in Health Care Jobs by Setting



Source: Altarum analysis of BLS data.

DISCUSSION

January 2020 saw a continuation of the strong health care hiring seen in 2019. Jobs were added across all major health care settings, with hospitals adding nearly 10,000 jobs, ambulatory care settings adding nearly 23,000 jobs, and nursing and residential care adding nearly 3,000 jobs.

January data also reflect BLS's annual benchmark revisions to the source of these figures, the Current Employment Statistics, or "establishment" survey. Revisions affected estimates primarily from mid-2018 forward and lowered the estimate of health care employment as of the end of 2019 by 145,000 jobs, or about 0.03%. Total non-farm employment was adjusted down by 422,000 jobs, a similarly small percentage change.

The benchmark adjustments did not change the story of 2019 as a strong year for health care hiring. Health care added about 350,000 jobs in 2019, much higher than the roughly 250,000 added in 2017 and 2018, and closer to the post-expanded coverage years of 2015 and 2016, when about 375,000 new jobs per year were added.

The economy grew by a solid 225,000 jobs in January, marking a record 112 consecutive months of private sector job growth. The unemployment rate remains low, ticking up slightly to 3.6%.

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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 IndicatorsSM* 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 202-776-5110 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)	January 2020	December 2019	January 2019	January 2018	December 2007
Non-Health Care	135,713	135,523	134,021	131,818	125,289
Health Care	16,473	16,438	16,113	15,854	13,103
Ambulatory Health Care	7,832	7,810	7,587	7,398	5,556
Offices of Physicians	2,714	2,708	2,641	2,596	2,180
Outpatient Care Centers	982	979	949	919	571
Home Health Care Services	1,564	1,559	1,494	1,445	933
Other Ambulatory	2,574	2,565	2,504	2,438	1,871
Hospitals	5,253	5,243	5,164	5,100	4,564
Nursing and Residential Care	3,388	3,385	3,362	3,356	2,984
Nursing Care Facilities	1,590	1,588	1,600	1,615	1,612
Other Nursing and Residential	1,798	1,797	1,762	1,741	1,372
Health Share of Employment	10.82%	10.82%	10.73%	10.74%	9.47%

Source: Altarum analysis of BLS data.

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

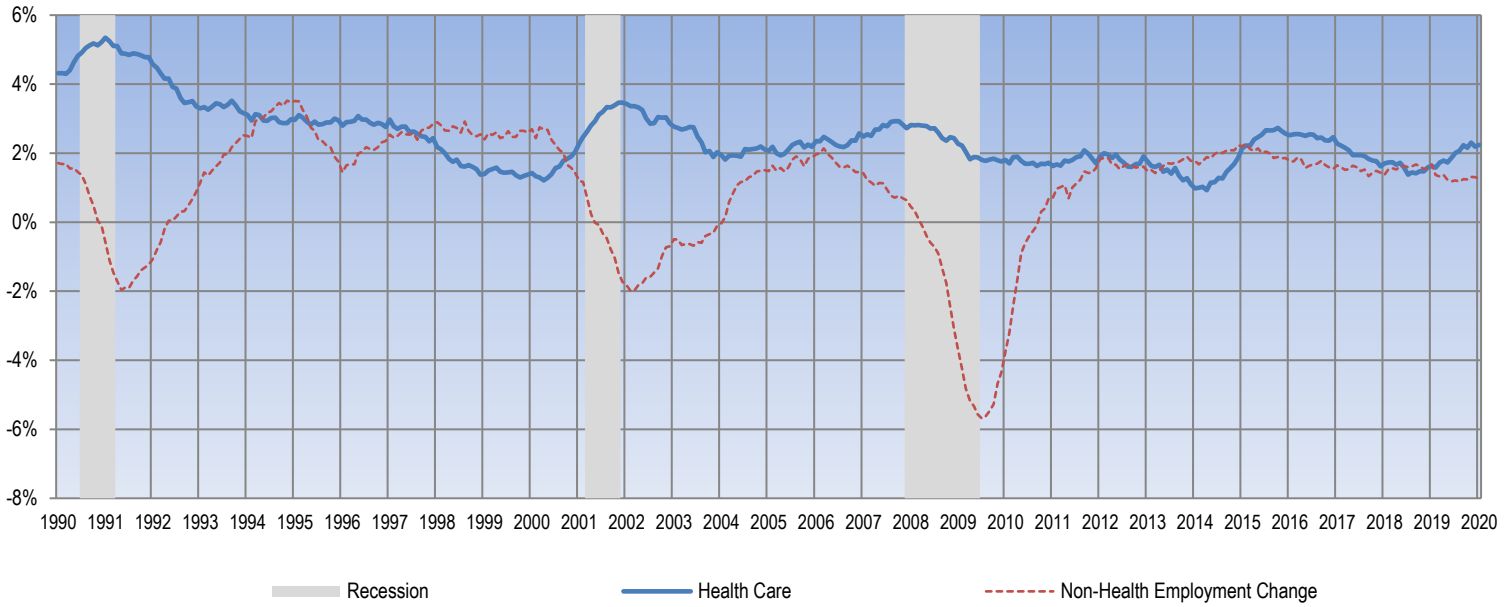
Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	189.5	1,691.3	3,894.8	10,424.1
Health Care	35.5	360.7	619.2	3,369.9
Ambulatory Health Care Services	22.5	245.4	433.8	2,276.5
Offices of Physicians	5.6	72.4	117.3	533.2
Outpatient Care Centers	3.1	33.0	62.3	410.3
Home Health Care Services	4.7	69.9	118.2	630.2
Other Ambulatory	9.1	70.1	136.0	702.8
Hospitals	9.7	88.5	153.3	688.9
Nursing and Residential Care Facilities	3.3	26.8	32.1	404.5
Nursing Care Facilities	2.4	-9.3	-24.8	-21.2
Other Nursing and Residential	0.9	36.1	56.9	425.7
Annualized Percentage Change				
Non-Health Care	1.7%	1.3%	1.5%	0.7%
Health Care	2.6%	2.2%	1.9%	1.9%
Ambulatory Health Care Services	3.5%	3.2%	2.9%	2.9%
Offices of Physicians	2.5%	2.7%	2.2%	1.8%
Outpatient Care Centers	3.9%	3.5%	3.3%	4.6%
Home Health Care Services	3.7%	4.7%	4.0%	4.4%
Other Ambulatory	4.3%	2.8%	2.8%	2.7%
Hospitals	2.2%	1.7%	1.5%	1.2%
Nursing and Residential Care Facilities	1.2%	0.8%	0.5%	1.1%
Nursing Care Facilities	1.8%	-0.6%	-0.8%	-0.1%
Other Nursing and Residential	0.6%	2.0%	1.6%	2.3%

Source: Altarum analysis of BLS data.



TIME SERIES TRACKER

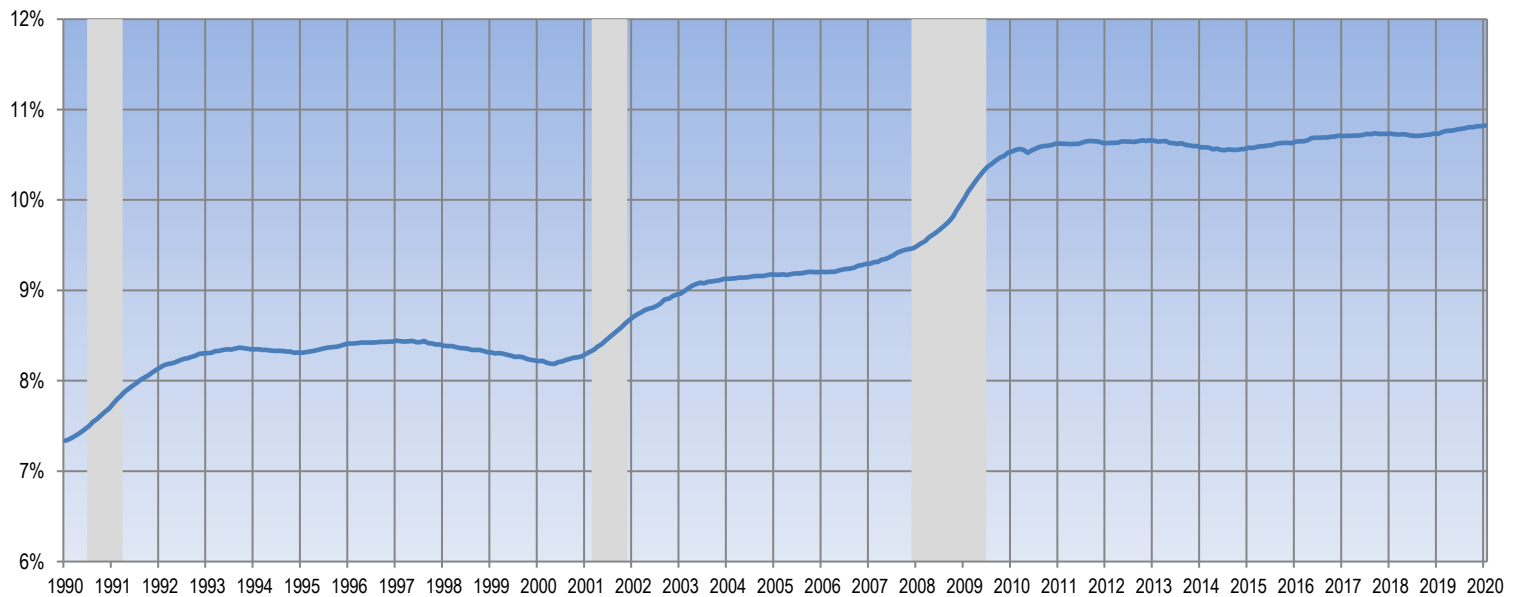
Exhibit 7. Year-over-Year Percentage Change in Health and Non-Health Employment



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.