

ALTARUM CENTER FOR VALUE IN HEALTH CARE

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data through February 2020

LABOR BRIEF

March 13, 2020 ▲ Continued steady health care job growth in the first two months of 2020

HIGHLIGHTS

- ▲ The health care sector added 31,600 new jobs in February 2020, growing by 2.3% over February 2019.
- ▲ Jobs were added in both hospitals and ambulatory care settings at about the pace of the past 12 months, with hospitals adding about 8,000 jobs and ambulatory settings adding about 24,000.
- ▲ Growth has been particularly strong in home health care, which added nearly 10,000 jobs in February, and has been growing at about 5% year over year for the past six months.
- ▲ The overall economy grew by a strong 273,000 jobs in February. The monthly “household survey” showed the unemployment rate dip back down slightly to the low of 3.5%.
- ▲ Year over year (February 2020 compared to February 2019), health jobs grew by 2.3%, compared to non-health jobs at 1.5%. The health share of total jobs remains at 10.82%, the all-time high.

Cyclical Employment Big Picture

Seasonally Adjusted	Dec 2007	Jun 2009	Feb 2019	Feb 2020
Total Employment	138,392	131,008	150,135	152,544
Non-health Employment (000s)	125,289	117,473	134,000	136,041
Health Employment (000s)	13,103	13,535	16,135	16,503
Health Share of Total Employment	9.47%	10.33%	10.75%	10.82%
Unemployment Rate	5.0%	9.5%	3.8%	3.5%

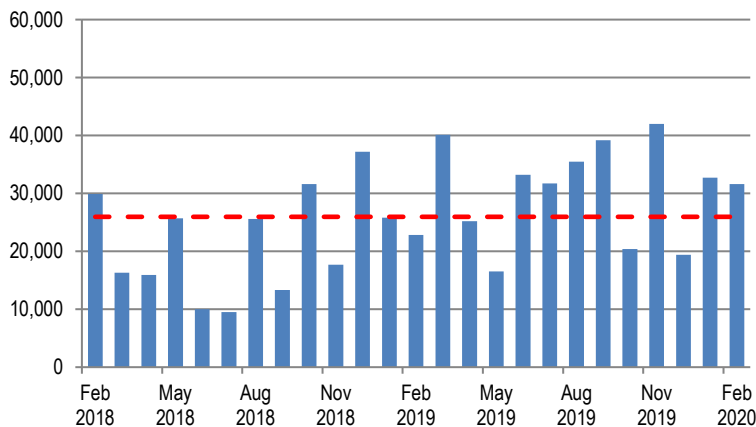
The recession officially began in December 2007 and ended in July 2009. Total employment excludes farm work. Health care employment is private only.

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

HEALTH CARE EMPLOYMENT

In February 2020, private-sector health care employment showed a gain of 31,600 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released March 6, 2020. Hospitals gained 7,800 jobs, ambulatory settings added 23,600 jobs, and nursing and residential care added 200 jobs. The health care share of total employment is at 10.82% (Exhibit 8).

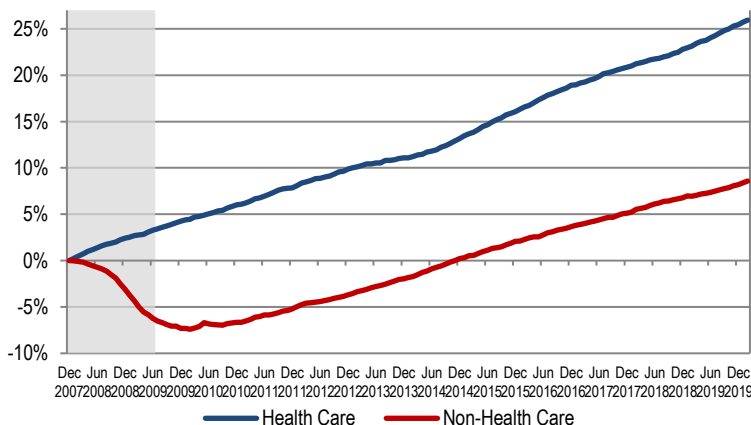
Exhibit 1. Month-over-Month Change in Total Health Care Employment, Seasonally Adjusted, Feb. 2020 – Feb. 2020



Source: Altarum analysis of monthly BLS data.

Over the last 12 months, total private-sector health care employment grew by 367,500 jobs, or 2.3%. During this period, total non-health payroll employment increased by 2.04 million jobs, or 1.5% (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 25.9%, while non-health employment has added 10.75 million jobs for a cumulative gain of 8.6% (Exhibit 2).

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



Source: Altarum analysis of monthly BLS data.

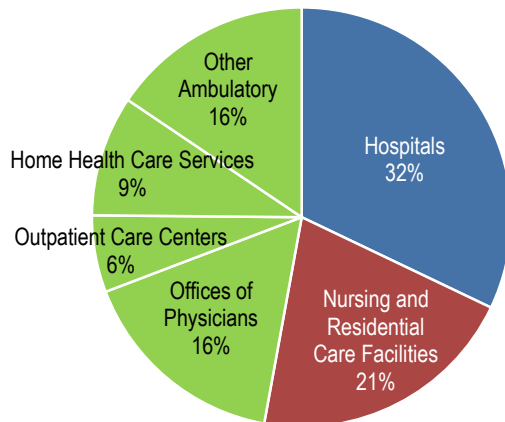
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY SETTING

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

- ▲ Hospitals gained 7,800 jobs, at the 12-month average of 7,700.
- ▲ Ambulatory health care services added 23,600 jobs, near the 12-month average of 20,800. These services include the following:
 - Offices of physicians gained 9,500 jobs (average: 6,500).
 - Outpatient care centers *lost* 1,200 jobs (average: 2,100).
 - Home health care added 9,700 new jobs (average: 6,300).
 - Other ambulatory care, which includes offices of dentists, chiropractors, labs, and other health care practitioners, gained 5,600 jobs (average: 6,000).
- ▲ Nursing and residential care facilities added 200 jobs (average 2,100) with nursing homes *losing* 700 jobs (average: -800) and other nursing and residential care adding 900 (average: 2,900).
- ▲ 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, Feb. 2020

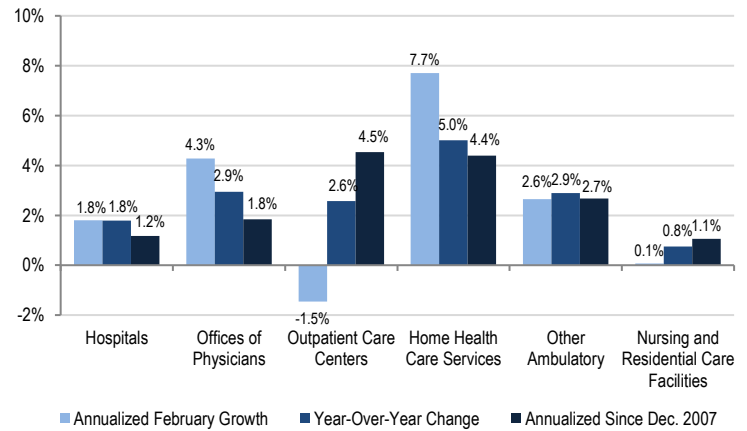


Source: Altarum analysis of BLS data.

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, 5.0%, adding 75,000 jobs. Outpatient care centers gained 24,600 jobs for a growth rate of 2.6%. Other ambulatory care settings gained 72,500 jobs for a growth rate of 2.9%. Offices of physicians added 77,800 jobs for a growth rate of 2.9%. Hospital jobs grew 1.8% over the past 12 months, adding 92,200 jobs. Finally, nursing and residential care added 25,400 jobs for a growth rate of 0.8%, with a continued shift in jobs from nursing homes (which lost 9,200 jobs) to other residential care (which gained 34,600 jobs).

Exhibit 4. Growth in Health Care Jobs by Setting



Source: Altarum analysis of BLS data.

DISCUSSION

BLS data through February showed a continuation of the solid health care hiring that began at the end of 2018 and continued through 2019. Looking across our health sector indicators, the strong hiring and accelerating health spending of this period look to be driven by a modest upturn in both utilization and prices.

The overall economy added another 273,000 jobs in February, for a total of more than half a million jobs added in just the first two months of the year. The unemployment rate dipped back down to a low 3.5%.

But February already seems like a very long time ago amidst a public health and economic outlook that seems to change from hour to hour. We will continue to report on what these measures tell us about the status of our health care sector even as our health and health care become the story of the coming months.

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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)	February 2020	December 2019	February 2019	February 2018	December 2007
Non-Health Care	136,041	135,800	134,000	132,194	125,289
Health Care	16,503	16,471	16,135	15,884	13,103
Ambulatory Health Care	7,855	7,832	7,605	7,419	5,556
Offices of Physicians	2,723	2,714	2,645	2,604	2,180
Outpatient Care Centers	980	981	956	920	571
Home Health Care Services	1,574	1,564	1,499	1,455	933
Other Ambulatory	2,578	2,572	2,506	2,441	1,871
Hospitals	5,258	5,250	5,166	5,110	4,564
Nursing and Residential Care	3,390	3,390	3,364	3,356	2,984
Nursing Care Facilities	1,591	1,591	1,600	1,614	1,612
Other Nursing and Residential	1,799	1,798	1,764	1,742	1,372
Health Share of Employment	10.82%	10.82%	10.75%	10.73%	9.47%

Source: Altarum analysis of BLS data.

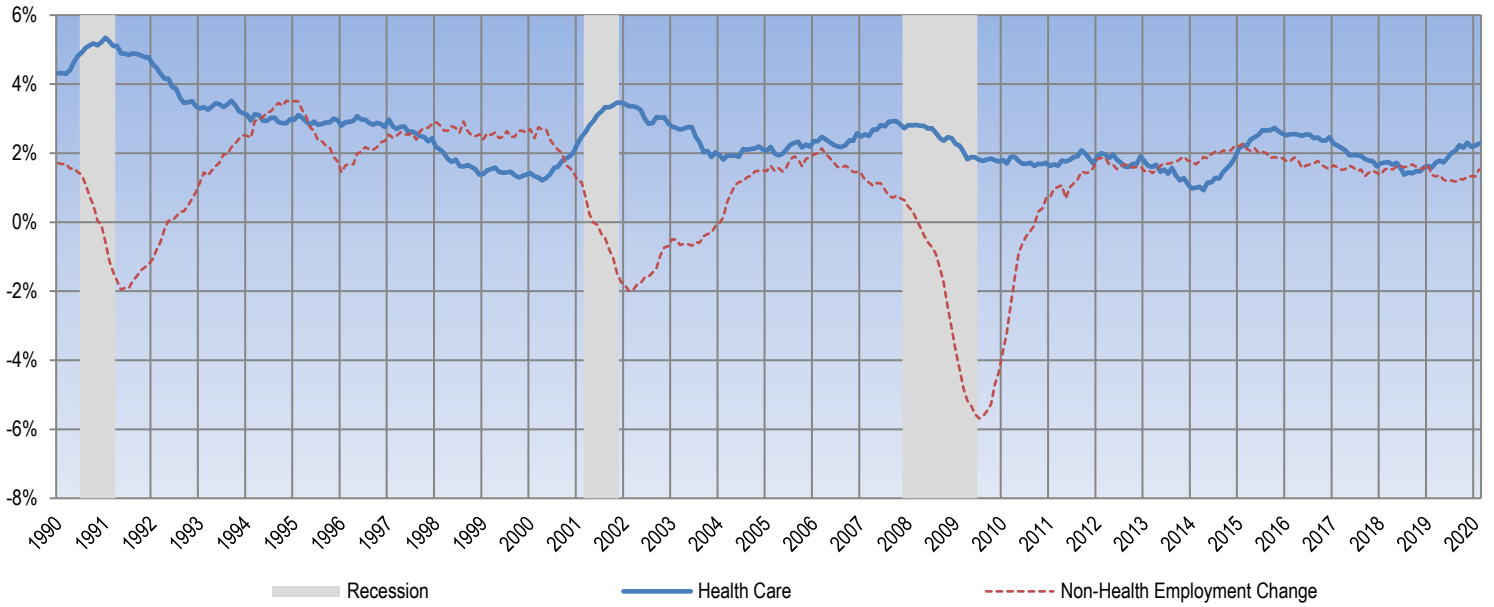
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	241.4	2,041.5	3,847.1	10,752.5
Health Care	31.6	367.5	618.9	3,399.5
Ambulatory Health Care Services	23.6	249.9	436.6	2,299.6
Offices of Physicians	9.5	77.8	119.5	542.8
Outpatient Care Centers	-1.2	24.6	60.4	408.8
Home Health Care Services	9.7	75.0	119.2	640.8
Other Ambulatory	5.6	72.5	137.5	707.2
Hospitals	7.8	92.2	148.2	694.0
Nursing and Residential Care Facilities	0.2	25.4	34.1	405.9
Nursing Care Facilities	-0.7	-9.2	-23.1	-20.9
Other Nursing and Residential	0.9	34.6	57.2	426.8
Annualized Percentage Change				
Non-Health Care	2.2%	1.5%	1.4%	0.7%
Health Care	2.3%	2.3%	1.9%	1.9%
Ambulatory Health Care Services	3.7%	3.3%	2.9%	2.9%
Offices of Physicians	4.3%	2.9%	2.3%	1.8%
Outpatient Care Centers	-1.5%	2.6%	3.2%	4.5%
Home Health Care Services	7.7%	5.0%	4.0%	4.4%
Other Ambulatory	2.6%	2.9%	2.8%	2.7%
Hospitals	1.8%	1.8%	1.4%	1.2%
Nursing and Residential Care Facilities	0.1%	0.8%	0.5%	1.1%
Nursing Care Facilities	-0.5%	-0.6%	-0.7%	-0.1%
Other Nursing and Residential	0.6%	2.0%	1.6%	2.3%

Source: Altarum analysis of BLS data.

TIME SERIES TRACKER

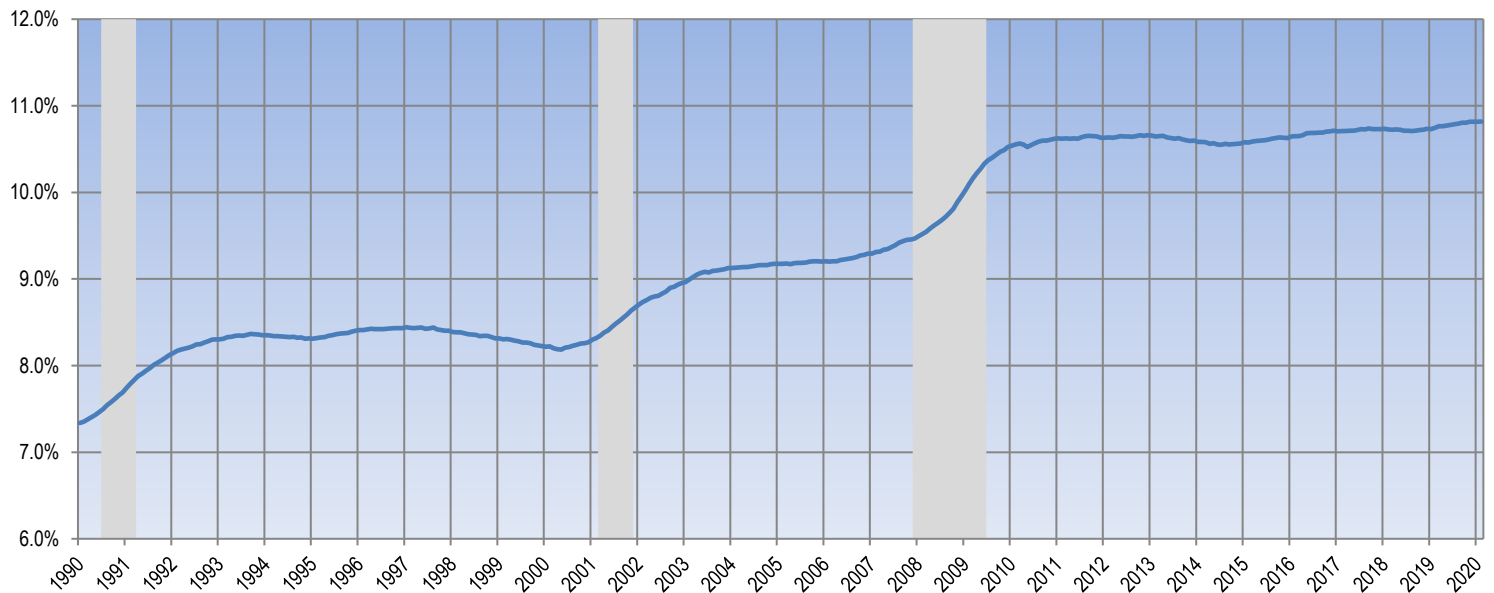
Exhibit 7. Year-over-Year Percentage Change in Health and Non-Health Employment



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.