

# ALTARUM CENTER FOR VALUE IN HEALTH CARE

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

Insights from Monthly Employment Data through October 2019

LABOR BRIEF

**November 15, 2019** ▲ Low October growth may signal slowing but 2019 still a strong year for health hiring

### HIGHLIGHTS

- ▲ Health care added a modest 14,600 jobs in October, less than half the 12-month average of 33,500. Revisions through September lowered the estimate of health employment by 3,500 jobs.
- ▲ Slower growth was seen in both hospitals and ambulatory settings. Hospitals added 2,100 jobs in October (12-month average 7,600), while ambulatory care settings added 7,800 jobs (average 22,900).
- ▲ Nursing homes lost 1,300 jobs but other nursing and residential care facilities gained 6,000 jobs, twice the average of 2,900.
- ▲ These figures come from the monthly “establishment” survey, which showed the overall economy growing by still solid 128,000 jobs in October. The companion “household” survey showed the unemployment rate up slightly at 3.6%.
- ▲ Year over year (October 2019 compared to October 2018), health jobs grew by 2.5% while non-health jobs grew at 1.3%. Revisions put the health share of total jobs at 10.86%, the current all-time high.

### Cyclical Employment Big Picture

Seasonally Adjusted	Dec 2007	Jun 2009	Oct 2018	Oct 2019
<b>Total Employment</b>	138,409	131,026	149,852	151,945
<b>Non-health Employment (000s)</b>	125,306	117,491	133,751	135,442
<b>Health Employment (000s)</b>	13,103	13,535	16,101	16,503
<b>Health Share of Total Employment</b>	9.47%	10.33%	10.74%	10.86%
<b>Unemployment Rate</b>	5.0%	9.5%	3.7%	3.6%

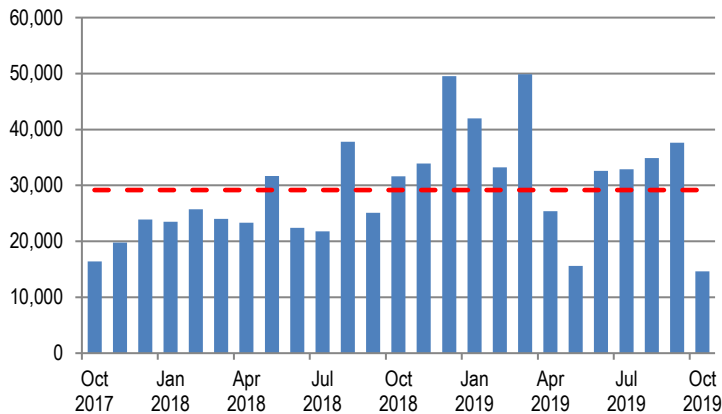
The recession officially began in December 2007 and ended in July 2009. Total employment excludes farm work. Health care employment is private only.

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

### HEALTH CARE EMPLOYMENT

In October 2019, private-sector health care employment showed a gain of 14,600 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released November 1, 2019. Hospitals gained 2,100 jobs, ambulatory settings added 7,800 jobs, and nursing and residential care added 4,700 jobs. The health care share of total employment is at 10.86% (Exhibit 8).

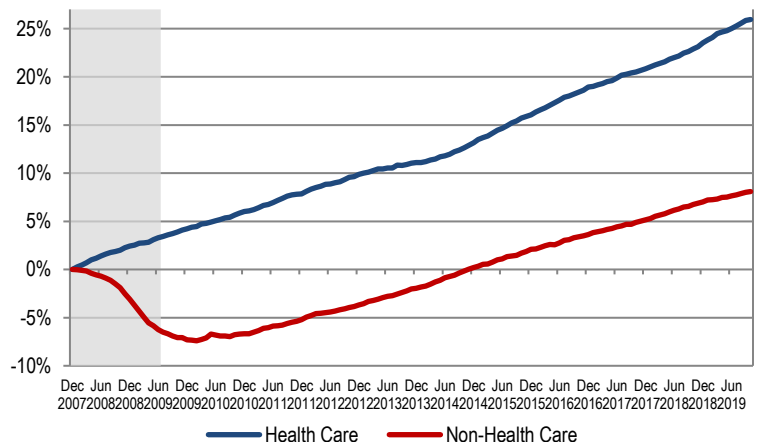
Exhibit 1. Month-over-Month Change in Total Health Care Employment, Seasonally Adjusted, Oct. 2017 – Oct. 2019



Source: Altarum analysis of monthly BLS data.

Over the last 12 months, total private-sector health care employment grew by 402,100 jobs, or 2.5%. 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 3.4 million jobs for a cumulative gain of 26%, while non-health employment has grown by 10.1 million jobs for a cumulative gain of 8.1% (Exhibit 2).

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



Source: Altarum analysis of monthly BLS data.

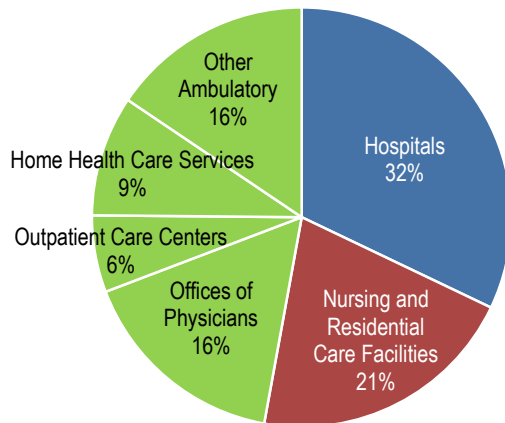
Note: Shading indicates the recession period.

## HEALTH CARE JOBS BY SETTING

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

- ▲ Hospitals gained 2,100 jobs, much less than the 12-month average of 7,600.
- ▲ Ambulatory health care services added only 7,800 jobs, about a third of the 12-month average of 22,900. These services include the following:
  - Offices of physicians lost 700 jobs (average: 5,600).
  - Outpatient care centers gained 3,400 jobs (average: 3,200).
  - Home health care added 4,200 new jobs (average: 6,700).
  - Other ambulatory care, which includes offices of dentists, chiropractors, labs, and other health care practitioners, gained only 900 jobs (average: 7,500).
- ▲ Nursing and residential care facilities gained 4,700 jobs (average 3,000) with nursing homes losing 1,300 jobs (average: 0) and other nursing and residential care adding 6,000 (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, Sept. 2019

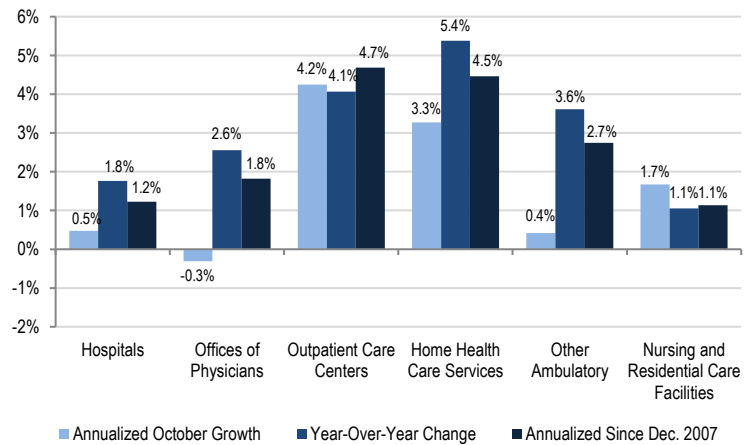


Source: Altarum analysis of BLS data.

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, 5.4%, adding 79,900 jobs. Outpatient care centers gained 38,400 jobs for a growth rate of 4.1%. Other ambulatory care settings gained 89,800 jobs for a growth rate of 3.6%. Offices of physicians added 67,200 jobs for a growth rate of 2.6%. Hospital jobs grew 1.8% over the past 12 months, adding 91,300 jobs. Finally, nursing and residential care added 35,500 jobs for a growth rate of 1.1%, with a continued shift in jobs from nursing homes (which gained 5,000) to other nursing and residential care facilities (20,500).

Exhibit 4. Growth in Health Care Jobs by Setting



Source: Altarum analysis of BLS data.

## DISCUSSION

Our first reading of Q4 2019 shows the potential start of moderation in health job growth from the surge in hiring seen in Q4 2018 through Q3 2019. We see this in both the monthly change in jobs (Exhibit 1) and the long-term annual rate of change (Exhibit 7). Nevertheless, October data are preliminary, and we still expect 2019 to be a strong year for health care hiring, unexpectedly similar to the pace of the 2015 and 2016 coverage expansion years. Health care has added more than 300,000 jobs in the first 10 months of 2019.

Health sector job growth continues to outpace non-health jobs, growing at 2.5% year over year compared to 1.3% for non-health jobs. With this month's revision, the health share of total employment stands at the current all-time-high of 10.86%.

The overall job market remains solid, adding 128,000 jobs in October 2019, with substantial upward revisions of 95,000 jobs through September. The economy is averaging 167,000 new jobs per month through the first ten months of 2019. While up slightly, the unemployment rate of 3.6% remains very low.

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## DETAILED HEALTH CARE EMPLOYMENT DATA

Exhibit 5. Employment Data by Sector, Seasonally Adjusted

Employment (in thousands)	October 2019	September 2019	October 2018	October 2017	December 2007
Non-Health Care	135,442	135,328	133,751	131,411	125,306
Health Care	16,503	16,489	16,101	15,791	13,103
Ambulatory Health Care	7,824	7,816	7,548	7,357	5,556
Offices of Physicians	2,699	2,700	2,632	2,592	2,180
Outpatient Care Centers	982	979	944	910	571
Home Health Care Services	1,565	1,561	1,485	1,439	933
Other Ambulatory	2,577	2,576	2,487	2,415	1,871
Hospitals	5,271	5,269	5,179	5,087	4,564
Nursing and Residential Care	3,409	3,405	3,374	3,347	2,984
Nursing Care Facilities	1,608	1,609	1,608	1,619	1,612
Other Nursing and Residential	1,801	1,795	1,766	1,728	1,372
Health Share of Employment	10.86%	10.86%	10.74%	10.73%	9.47%

Source: Altarum analysis of BLS data.

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

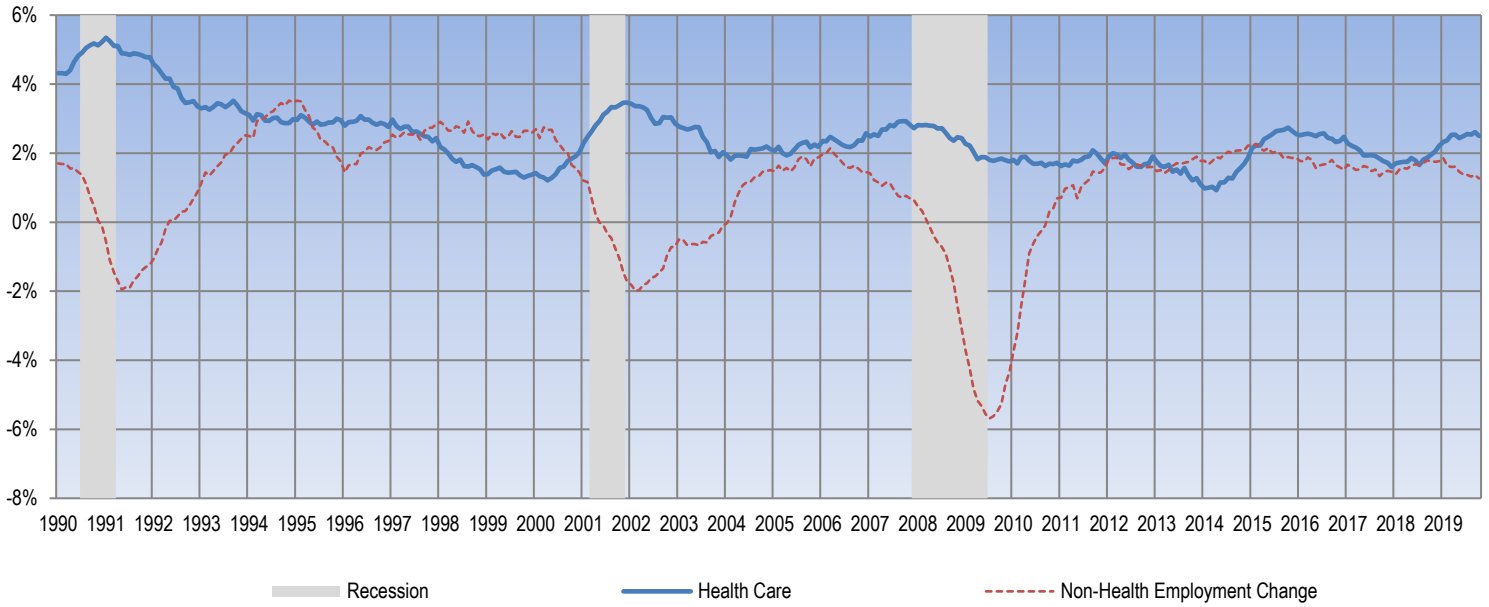
Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	113.4	1,690.9	4,030.3	10,136.0
Health Care	14.6	402.1	712.7	3,400.0
Ambulatory Health Care Services	7.8	275.3	466.8	2,267.8
Offices of Physicians	-0.7	67.2	107.0	518.8
Outpatient Care Centers	3.4	38.4	72.0	410.9
Home Health Care Services	4.2	79.9	126.1	631.8
Other Ambulatory	0.9	89.8	161.7	706.3
Hospitals	2.1	91.3	183.6	706.7
Nursing and Residential Care Facilities	4.7	35.5	62.3	425.5
Nursing Care Facilities	-1.3	0.5	-10.9	-3.5
Other Nursing and Residential	6.0	35.0	73.2	429.0
<b>Annualized Percentage Change</b>				
Non-Health Care	1.0%	1.3%	1.5%	0.7%
Health Care	1.1%	2.5%	2.2%	2.0%
Ambulatory Health Care Services	1.2%	3.6%	3.1%	2.9%
Offices of Physicians	-0.3%	2.6%	2.0%	1.8%
Outpatient Care Centers	4.2%	4.1%	3.9%	4.7%
Home Health Care Services	3.3%	5.4%	4.3%	4.5%
Other Ambulatory	0.4%	3.6%	3.3%	2.7%
Hospitals	0.5%	1.8%	1.8%	1.2%
Nursing and Residential Care Facilities	1.7%	1.1%	0.9%	1.1%
Nursing Care Facilities	-1.0%	0.0%	-0.3%	0.0%
Other Nursing and Residential	4.1%	2.0%	2.1%	2.3%

Source: Altarum analysis of BLS data.



## TIME SERIES TRACKER

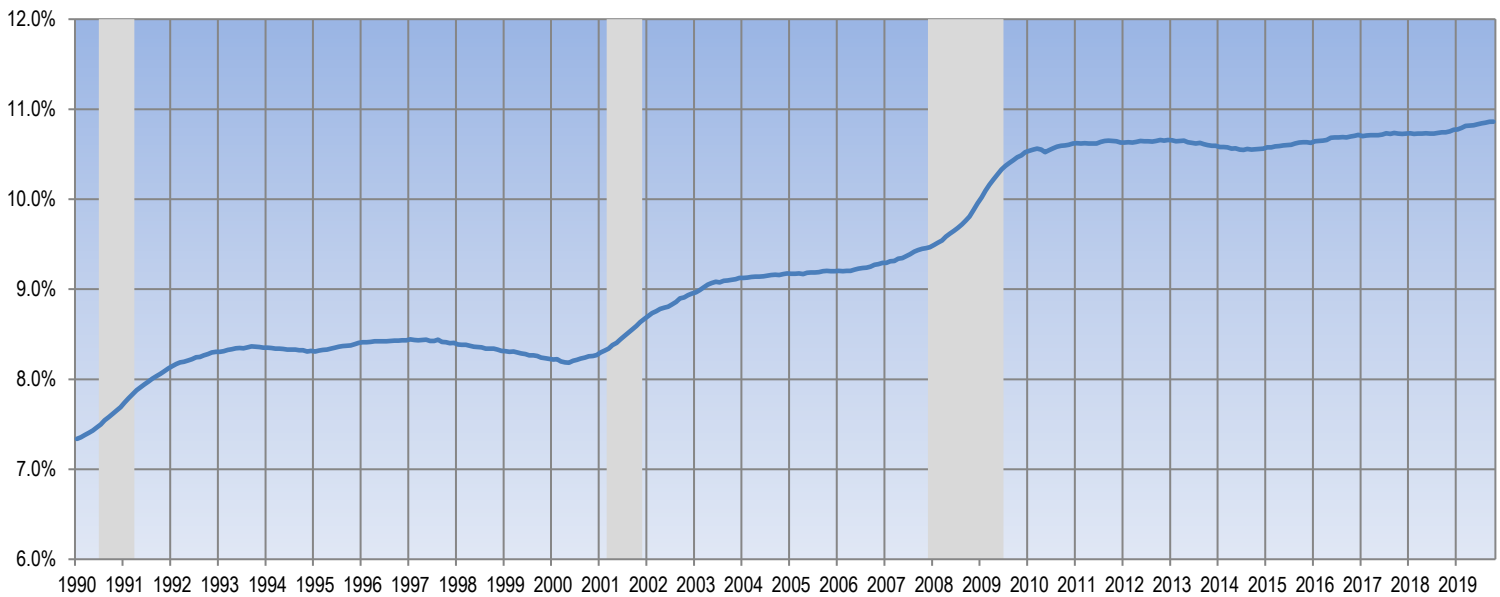
Exhibit 7. Year-over-Year Percentage Change in Health and Non-Health Employment



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.