

ALTARUM CENTER FOR VALUE IN HEALTH CARE

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data through September 2019

LABOR BRIEF

October 17, 2019 ▲ Through Q3, more than one in five new jobs in 2019 are in health care

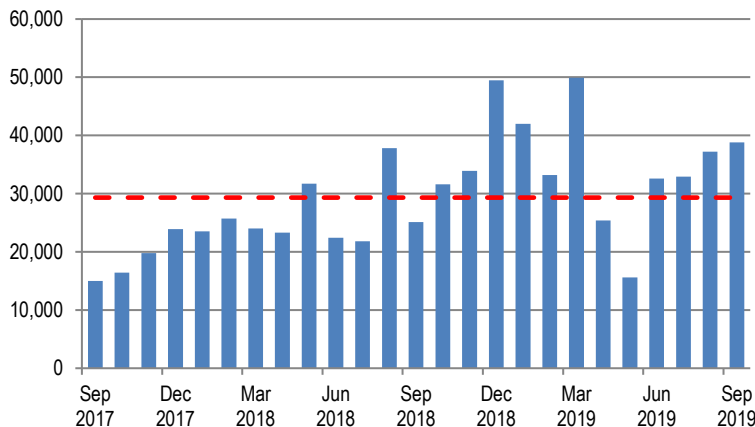
HIGHLIGHTS

- ▲ Health care added a strong 38,800 new jobs in September, just above the 12-month average of 35,200.
- ▲ Revisions through August raised previous estimates of health sector employment by 16,800 jobs, with hospitals, offices of physicians, and “other ambulatory care” each revised up more than 5,000 jobs.
- ▲ Hospitals added 8,100 jobs in September, around the 12-month average of 8,500, while ambulatory care settings added 28,700 jobs, a bit above the average of 23,900.
- ▲ These figures come from the monthly “establishment” survey, which showed the overall economy growing by 136,000 jobs in September. The companion “household” survey showed the unemployment rate dropping to a very low 3.5%.
- ▲ Year over year (September 2019 compared to September 2018), health jobs grew by 2.6%, twice as fast as non-health jobs at 1.3%, raising the health share of total jobs to a new high of 10.87%. More than one in five jobs added in 2019 have been in health care.

HEALTH CARE EMPLOYMENT

In September 2019, private-sector health care employment showed a gain of 38,800 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released October 4, 2019. Hospitals gained 8,500 jobs, ambulatory settings added 28,700 jobs, and nursing and residential care added 2,000 jobs. The health care share of total employment is at a new high of 10.87% (Exhibit 8).

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



Source: Altarum analysis of monthly BLS data.

Cyclical Employment Big Picture

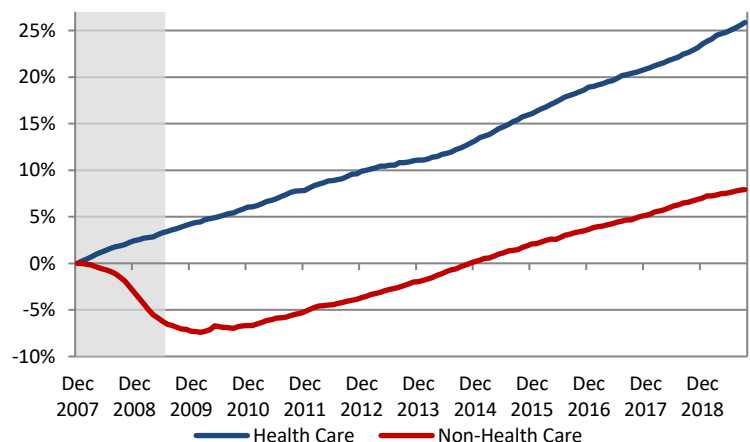
Seasonally Adjusted	Dec 2007	Jun 2009	Sep 2018	Sep 2019
Total Employment	138,409	131,026	149,575	151,722
Non-health Employment (000s)	125,306	117,491	133,505	135,230
Health Employment (000s)	13,103	13,535	16,070	16,492
Health Share of Total Employment	9.47%	10.33%	10.74%	10.87%
Unemployment Rate	5.0%	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.

Over the last 12 months, total private-sector health care employment grew by 422,300 jobs, or 2.6%. During this period, total non-health payroll employment increased by 1.72 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 25.6%, while non-health employment has grown by 9.9 million jobs for a cumulative gain of 7.8% (Exhibit 2).

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



Source: Altarum analysis of monthly BLS data.

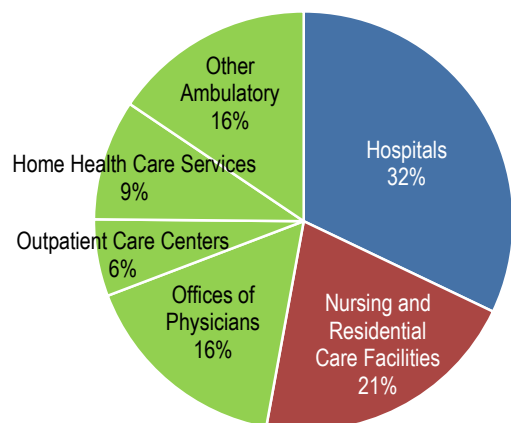
Note: Shading indicates the recession period.

HEALTH CARE JOBS BY SETTING

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

- ▲ Hospitals gained 8,100, consistent with the 12-month average of 8,500 jobs.
- ▲ Ambulatory health care services added 28,700 jobs, above the 12-month average of 23,900. These services include the following:
 - Offices of physicians gained 5,200 jobs (average: 5,900).
 - Outpatient care centers gained 4,800 jobs (average: 3,400).
 - Home health care added 5,700 new jobs (average: 6,600).
 - Other ambulatory care, which includes offices of dentists, chiropractors, labs, and other health care practitioners, gained 13,000 new jobs (average: 8,000).
- ▲ Nursing and residential care facilities gained 2,000 jobs, near the average gain of 2,900, with 1,100 jobs gained in nursing homes (average: 400) and 900 jobs added in other nursing and residential care (average: 2,500).
- ▲ 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

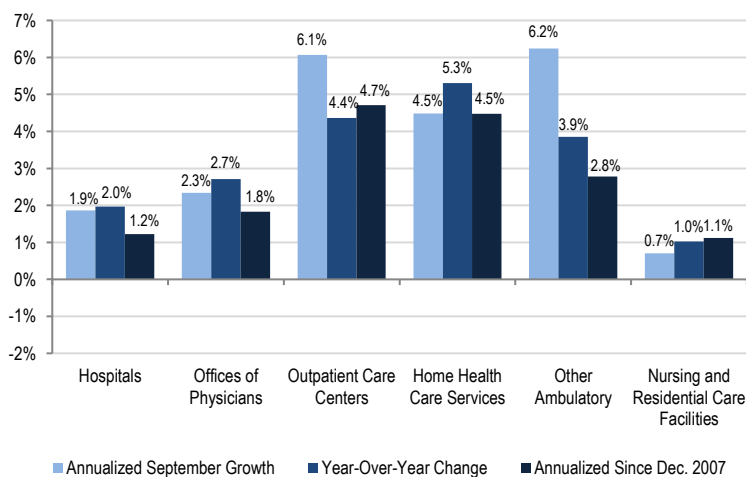


Source: Altarum analysis of BLS data.

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, 5.3%, adding 78,700 jobs. Outpatient care centers gained 41,000 jobs for a growth rate of 4.4%. Other ambulatory care settings gained 95,800 jobs for a growth rate of 3.9%. Offices of physicians added 71,200 jobs for a growth rate of 2.7%. Hospital jobs grew 2.0% over the past 12 months, adding 101,500 jobs. Finally, nursing and residential care added 34,400 jobs for a growth rate of 1.0%, with a continued shift in jobs from nursing homes (which gained 4,300 jobs) to other residential care (which gained 30,100 jobs).

Exhibit 4. Growth in Health Care Jobs by Setting



Source: Altarum analysis of BLS data.

DISCUSSION

With an initial estimate of 38,800 new health jobs in September, and substantial upward revisions to the previous two months, 2019 is shaping up to be a year of strong growth in health care employment. The health sector overall is on pace to add as many jobs in 2019 as it did during 2015 and 2016, the period associated with the peak impacts of expanded coverage. Through the first three quarters of the year, more than 300,000 new health care jobs have been created, representing more than one in five new jobs economy-wide. While most of the growth continues to be seen in ambulatory care settings (more than 200,000 new jobs in 2019), hospitals have added more than 70,000 jobs as well.

In terms of percentage growth, health sector jobs are growing at 2.6% year over year, twice as fast as non-health jobs, which are growing at 1.3%. The health share of total employment continues to edge up, currently standing at the new high of 10.87%.

The overall job market remains solid, adding 136,000 jobs in September 2019, and averaging about 160,000 new jobs per month through the first three quarters of 2019. The unemployment rate fell to 3.5%, the lowest rate in almost 50 years. Wages continued moderate growth at 2.9% on the year.

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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)	September 2019	August 2019	September 2018	September 2017	December 2007
Non-Health Care	135,230	135,133	133,505	131,168	125,306
Health Care	16,492	16,454	16,070	15,774	13,103
Ambulatory Health Care	7,823	7,795	7,537	7,347	5,556
Offices of Physicians	2,698	2,693	2,627	2,595	2,180
Outpatient Care Centers	981	976	940	907	571
Home Health Care Services	1,561	1,556	1,483	1,431	933
Other Ambulatory	2,583	2,570	2,487	2,414	1,871
Hospitals	5,267	5,259	5,166	5,082	4,564
Nursing and Residential Care	3,402	3,400	3,368	3,346	2,984
Nursing Care Facilities	1,610	1,609	1,605	1,619	1,612
Other Nursing and Residential	1,792	1,791	1,762	1,727	1,372
Health Share of Employment	10.87%	10.85%	10.74%	10.74%	9.47%

Source: Altarum analysis of BLS data.

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

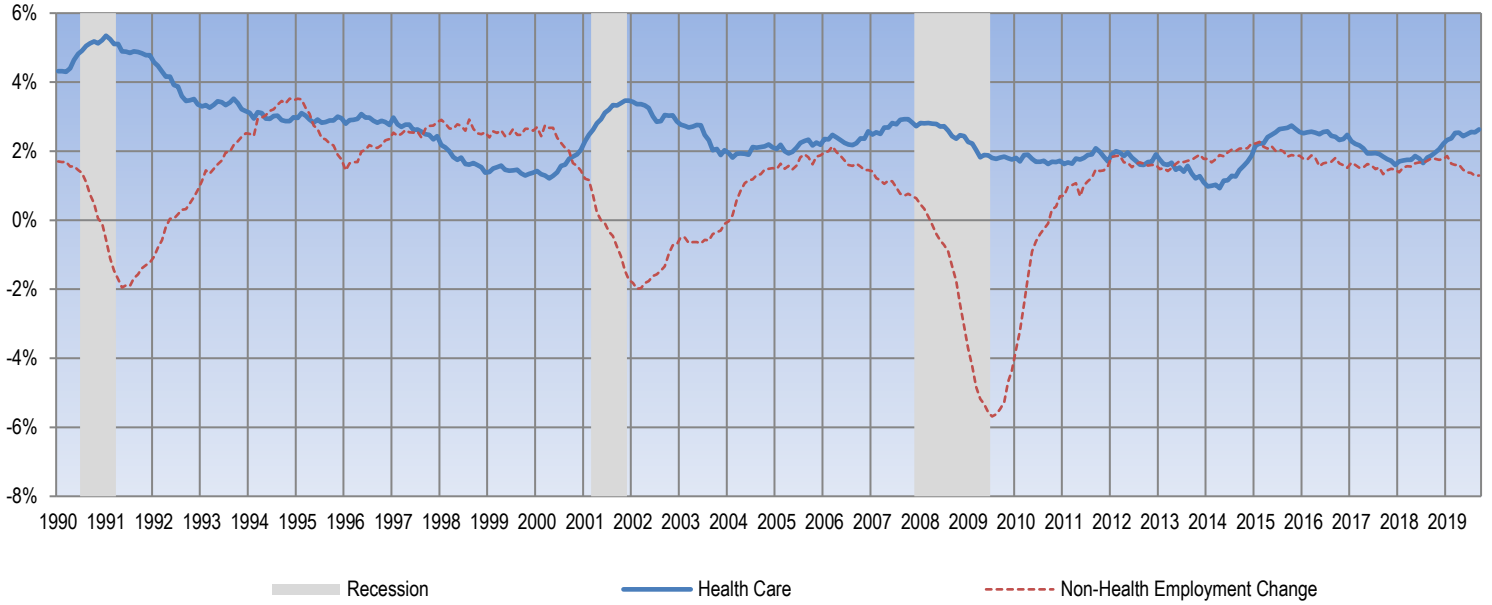
Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	97.2	1,724.4	4,062.0	9,924.1
Health Care	38.8	422.6	718.0	3,388.9
Ambulatory Health Care Services	28.7	286.7	476.8	2,267.7
Offices of Physicians	5.2	71.2	103.7	518.1
Outpatient Care Centers	4.8	41.0	73.3	409.4
Home Health Care Services	5.7	78.7	130.5	628.1
Other Ambulatory	13.0	95.8	169.3	712.1
Hospitals	8.1	101.5	185.2	703.1
Nursing and Residential Care Facilities	2.0	34.4	56.0	418.1
Nursing Care Facilities	1.1	4.3	-8.9	-1.9
Other Nursing and Residential	0.9	30.1	64.9	420.0
Annualized Percentage Change				
Non-Health Care	0.9%	1.3%	1.5%	0.7%
Health Care	2.9%	2.6%	2.3%	2.0%
Ambulatory Health Care Services	4.5%	3.8%	3.2%	3.0%
Offices of Physicians	2.3%	2.7%	2.0%	1.8%
Outpatient Care Centers	6.1%	4.4%	4.0%	4.7%
Home Health Care Services	4.5%	5.3%	4.5%	4.5%
Other Ambulatory	6.2%	3.9%	3.4%	2.8%
Hospitals	1.9%	2.0%	1.8%	1.2%
Nursing and Residential Care Facilities	0.7%	1.0%	0.8%	1.1%
Nursing Care Facilities	0.8%	0.3%	-0.3%	0.0%
Other Nursing and Residential	0.6%	1.7%	1.9%	2.3%

Source: Altarum analysis of BLS data.



TIME SERIES TRACKER

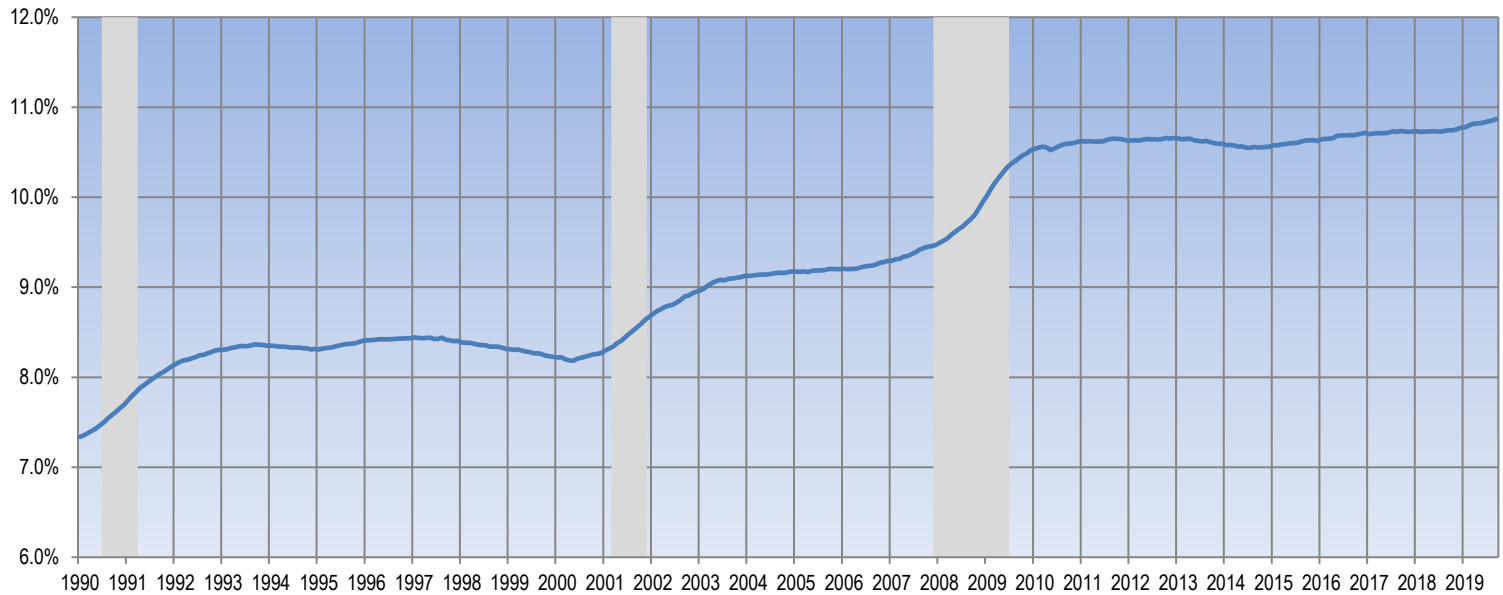
Exhibit 7. Year-over-Year Percentage Change in Health and Non-Health Employment



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.