

ALTARUM CENTER FOR VALUE IN HEALTH CARE

Health Sector Economic IndicatorsSM

Insights from Monthly Employment Data through August 2019

LABOR BRIEF

September 20, 2019 ▲ Health sector continues steady job growth after peaking in Q4 2018 and Q1 2019

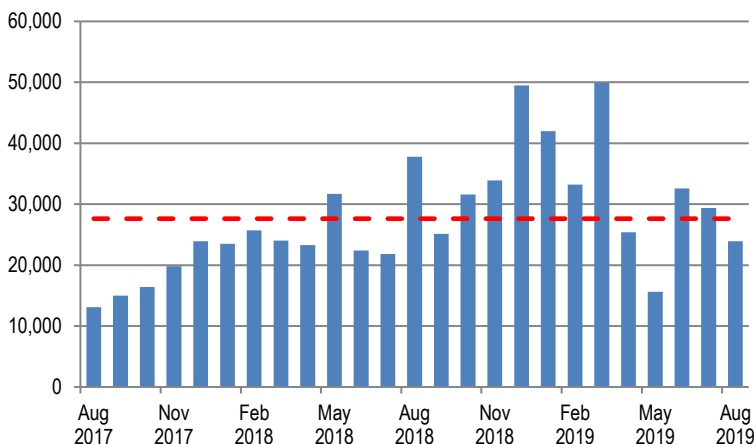
HIGHLIGHTS

- ▲ Health care added 23,900 new jobs in August, below the 12-month average of 32,700.
- ▲ Revisions through July were minimal overall, but hospital employment was revised up by 6,000 jobs and ambulatory care employment was revised down by a similar amount. Last month's report of job losses in hospitals now reads as a gain of 2,000 jobs.
- ▲ Hospitals added 8,800 jobs in July, around the 12-month average of 8,100, while ambulatory care settings added only 12,100 jobs compared to an average of 21,400.
- ▲ These figures come from the monthly "establishment" survey, which showed the overall economy growing by a still solid 130,000 jobs in August. The companion "household" survey showed the unemployment rate steady at 3.7%.
- ▲ Year over year (August 2019 compared to August 2018), health jobs grew by 2.4% while non-health jobs grew by 1.3%. The health share of total jobs is at a new high of 10.85%.

HEALTH CARE EMPLOYMENT

In August 2019, private-sector health care employment showed a gain of 23,900 jobs (Exhibit 1), according to the Bureau of Labor Statistics (BLS) Employment Situation report released September 6, 2019. Hospitals gained 8,800 jobs, ambulatory settings added 12,100 jobs, and nursing and residential care added 3,000 jobs. The health care share of total employment is at a new high of 10.85% (Exhibit 8).

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



Cyclical Employment Big Picture

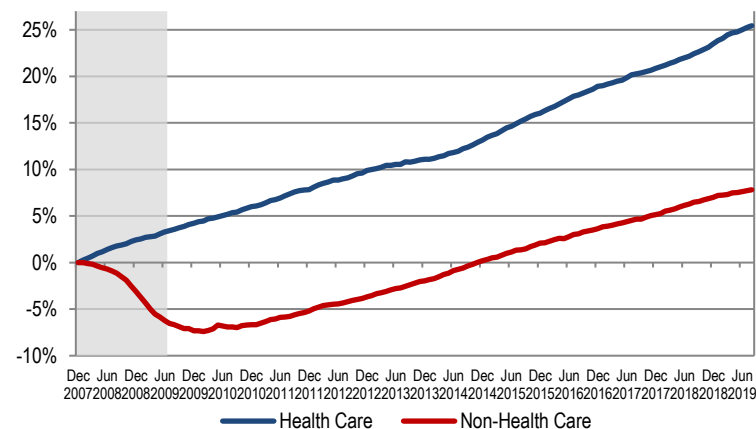
Seasonally Adjusted	Dec 2007	Jun 2009	Aug 2018	Aug 2019
Total Employment	138,409	131,026	149,467	151,541
Non-health Employment (000s)	125,306	117,491	133,422	135,104
Health Employment (000s)	13,103	13,535	16,045	16,437
Health Share of Total Employment	9.47%	10.33%	10.73%	10.85%
Unemployment Rate	5.0%	9.5%	3.9%	3.7%

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 405,300 jobs, or 2.5%. During this period, total non-health payroll employment increased by 1.84 million jobs, or 1.4% (Exhibit 6). Since the start of the recession in December 2007, the health sector has added 3.3 million jobs for a cumulative gain of 25.2%, while non-health employment has grown by 9.7 million jobs for a cumulative gain of 7.8% (Exhibit 2).

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



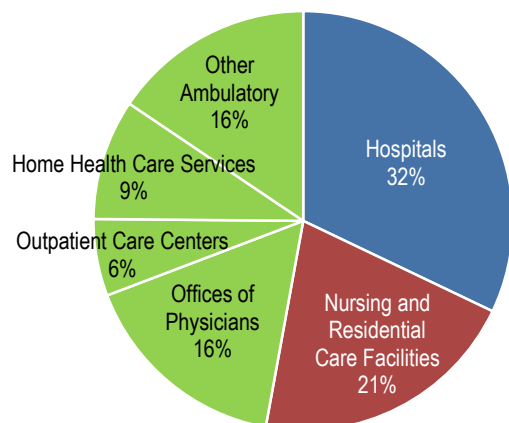
Source: Altarum analysis of monthly BLS data.

HEALTH CARE JOBS BY SETTING

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

- ▲ Hospitals gained 8,800, consistent with the 12-month average of 8,100 jobs.
- ▲ Ambulatory health care services added 12,100 jobs, well below the 12-month average of 21,400. These services include the following:
 - Offices of physicians gained 1,900 jobs (average: 5,300).
 - Outpatient care centers gained 700 jobs (average: 2,900).
 - Home health care added 6,800 new jobs (average: 6,200).
 - After no growth in June, other ambulatory care, which includes offices of dentists, chiropractors, labs, and other health care practitioners, gained 2,700 new jobs (average: 6,900).
- ▲ Nursing and residential care facilities gained 3,000 jobs, near the average gain of 3,200, with 100 jobs lost in nursing homes (average: 300 gained) and 3,100 jobs added in other nursing and residential care (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, August 2019



Source: Altarum analysis of BLS data.

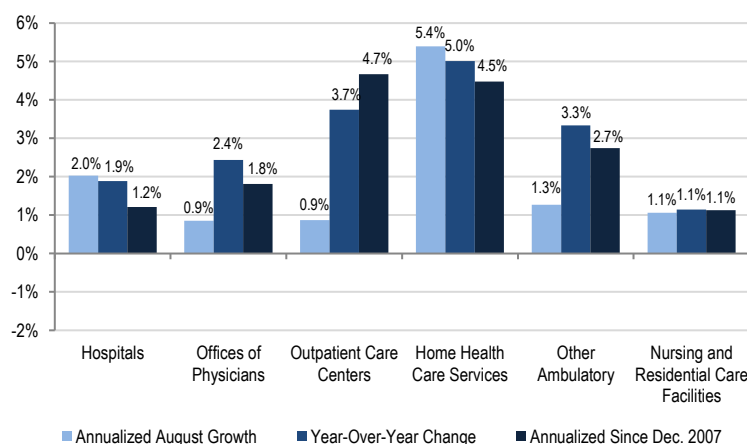
Note: "Other Ambulatory" includes offices of dentists, chiropractors, optometrists, and other specialists as well as medical and diagnostic labs.

Over the past 12 months, home health care services grew at the fastest rate, 5.0%, adding 74,300 jobs. Outpatient care centers gained 35,100 jobs for a growth rate of 3.7%. Other ambulatory care settings gained 82,900 jobs for a growth rate of 3.3%. Offices of physicians added 63,900 jobs for a growth rate of 2.4%. Hospital jobs grew 1.9% over the past 12 months, adding 97,400 jobs. Finally, nursing and residential care added 38,500 jobs for a growth rate of 1.1%, with a continued shift in jobs from nursing homes (which gained 3,400 jobs) to other residential care (which gained 35,100 jobs).

Source: Altarum analysis of monthly BLS data.

Note: Shading indicates the recession period.

Exhibit 4. Growth in Health Care Jobs by Setting



Source: Altarum analysis of BLS data.

DISCUSSION

Health care added about 24,000 jobs in August 2019, consistent with the moderation in health care hiring we have seen in Q2 and Q3 2019 compared to the six months prior. In Q4 2018 and Q1 2019, health care added more than 110,000 jobs added per quarter. In Q2 and Q3 2019, growth has moderated to about 75,000 new jobs per quarter, similar to the last half of 2017 and the first three quarters of 2018.

Last month's reported loss of 2,000 jobs in hospitals has been revised and now reads as a gain of 2,000 jobs. August hiring in hospitals showed a more typical gain of 8,800 jobs. Hospitals have added more than 97,000 new jobs over the past 12 months.

Job growth in ambulatory care was a bit down this month, but the long-standing shift of health sector jobs into ambulatory settings continues. Ambulatory services are 47% of current health care employment but have represented on the order of two-thirds of the health sector job growth for some time.

In terms of percentage growth, health sector jobs are growing at 2.4% year over year, compared to all non-health jobs, which are growing at 1.3%. The health share of total employment continues to inch up, currently standing at the new high of 10.85%.

The overall job market continues to look strong, adding 130,000 jobs in August 2019. The unemployment rate remained at a low 3.7%. Wages grew 3.2% on the year and the average workweek increased slightly.

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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)	August 2019	July 2019	August 2018	August 2017	December 2007
Non-Health Care	135,104	134,998	133,422	131,165	125,306
Health Care	16,437	16,413	16,045	15,759	13,103
Ambulatory Health Care	7,782	7,770	7,526	7,326	5,556
Offices of Physicians	2,688	2,686	2,624	2,589	2,180
Outpatient Care Centers	973	973	938	903	571
Home Health Care Services	1,556	1,549	1,482	1,429	933
Other Ambulatory	2,565	2,562	2,482	2,405	1,871
Hospitals	5,253	5,244	5,156	5,079	4,564
Nursing and Residential Care	3,402	3,399	3,363	3,355	2,984
Nursing Care Facilities	1,609	1,609	1,605	1,628	1,612
Other Nursing and Residential	1,793	1,790	1,758	1,726	1,372
Health Share of Employment	10.85%	10.84%	10.73%	10.73%	9.47%

Source: Altarum analysis of BLS data.

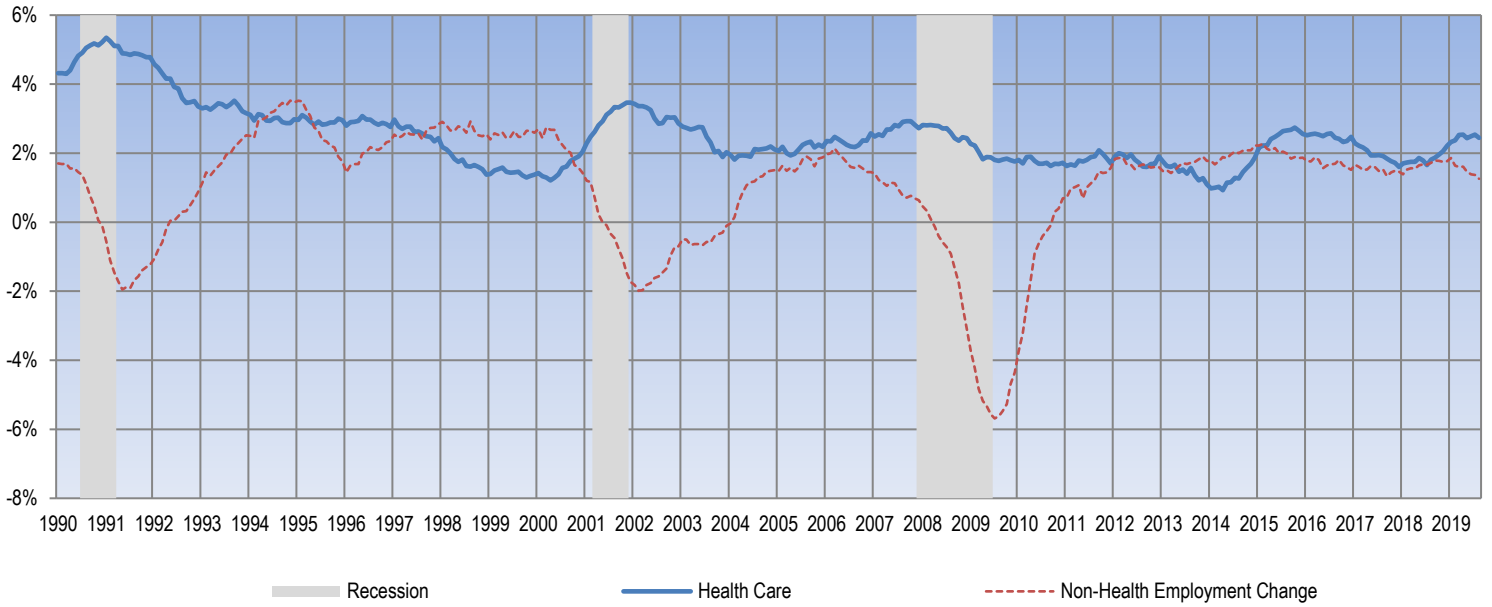
Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-Health Care	106.1	1,681.9	3,939.6	9,798.7
Health Care	23.9	392.1	677.4	3,333.3
Ambulatory Health Care Services	12.1	256.2	456.1	2,226.0
Offices of Physicians	1.9	63.9	99.0	507.2
Outpatient Care Centers	0.7	35.1	70.3	402.1
Home Health Care Services	6.8	74.3	126.8	622.8
Other Ambulatory	2.7	82.9	160.0	693.9
Hospitals	8.8	97.4	174.1	689.3
Nursing and Residential Care Facilities	3.0	38.5	47.2	418.0
Nursing Care Facilities	-0.1	3.4	-19.7	-3.0
Other Nursing and Residential	3.1	35.1	66.9	421.0
Annualized Percentage Change				
Non-Health Care	0.9%	1.3%	1.5%	0.6%
Health Care	1.8%	2.4%	2.1%	2.0%
Ambulatory Health Care Services	1.9%	3.4%	3.1%	2.9%
Offices of Physicians	0.9%	2.4%	1.9%	1.8%
Outpatient Care Centers	0.9%	3.7%	3.8%	4.7%
Home Health Care Services	5.4%	5.0%	4.3%	4.5%
Other Ambulatory	1.3%	3.3%	3.3%	2.7%
Hospitals	2.0%	1.9%	1.7%	1.2%
Nursing and Residential Care Facilities	1.1%	1.1%	0.7%	1.1%
Nursing Care Facilities	-0.1%	0.2%	-0.6%	0.0%
Other Nursing and Residential	2.1%	2.0%	1.9%	2.3%

Source: Altarum analysis of BLS data.

TIME SERIES TRACKER

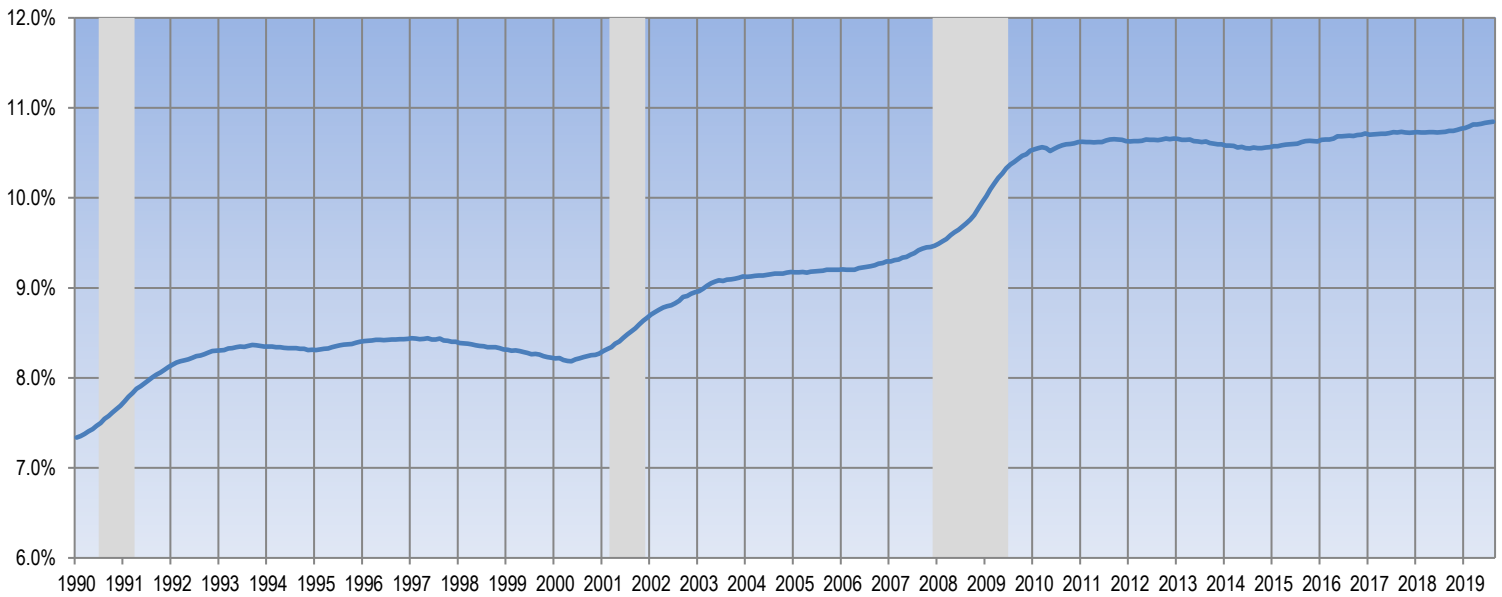
Exhibit 7. Year-over-Year Percentage Change in Health and Non-Health Employment



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.