

## Health Market Insights from the BLS September 2010 Employment Data

The health care share of total employment reached an all-time high of 10.6%

### HIGHLIGHTS

- Health care employment in September rose by 23,900 (0.17%), even as overall employment declined.
- Employment grew in all of the major health care sectors with home health showing the highest rate (0.45%) and hospitals the lowest (0.06%).
- The health share of total employment reached an all-time high of 10.6%, an increase of more than one percentage point since the start of the recession.
- In the overall economy: the unemployment rate was unchanged at 9.6%; total employment dropped by 95,000 due to temporary census workers leaving and other federal/state government decreases; and private sector employment was up 64,000 (with health care a major contributor).

### Cyclical Employment *Big Picture*

Seasonally Adjusted	Dec 2007*	June 2009*	Sep 2010
<b>Total Employment (000)</b>	137,951	130,640	130,201
<b>Non-health Employment (000)</b>	124,844	117,120	116,374
<b>Health Care Employment (000)</b>	13,107	13,520	13,827
<b>Health Share of Total Employment</b>	9.5%	10.3%	10.6%
<b>Unemployment Rate</b>	5.0%	9.5%	9.6%

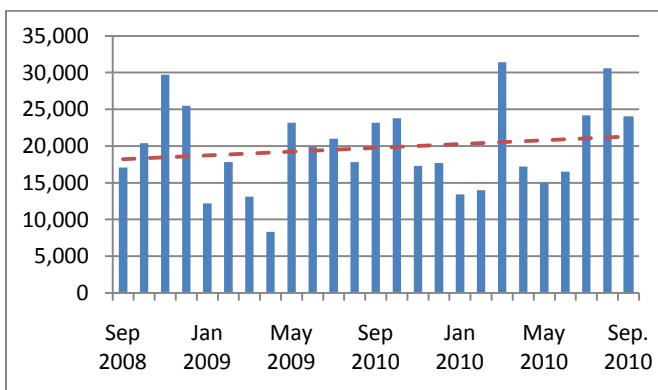
\*The recession officially began in December 2007 and ended in June 2009. Employment numbers exclude farm employment.

Altarum Analysis of U.S. Bureau of Labor Statistics (BLS) Data

## HEALTH CARE EMPLOYMENT

In **September 2010**, health care employment increased by 23,900, an increase of 0.17%, according to the U.S. Department of Labor, Bureau of Labor Statistics release on October 8 (Exhibit 1). This represents the third consecutive month of health care employment growth above the 24-month trend line. While there is considerable monthly variation, the health sector has consistently produced positive job growth with a slightly positive 24-month trend.

**Exhibit 1. Month-over-month change in total health care employment, seasonally adjusted, Sep. 2008 – Sep. 2010**

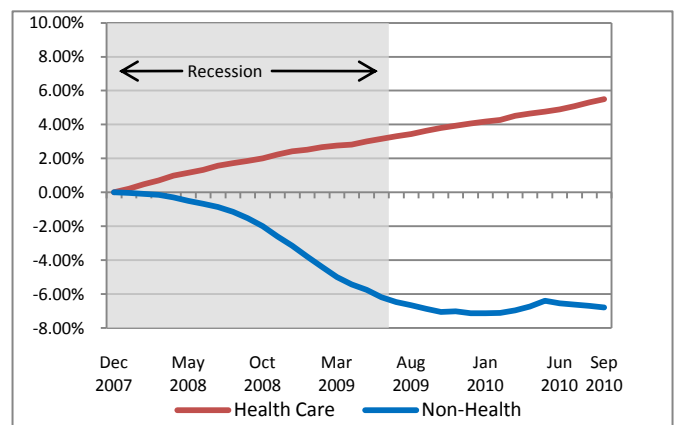


Altarum Analysis of BLS data

Note : Dotted-line shows linear regression trend line for the past 24 months.

Over the last 12 months, total health care employment grew by 245,000 jobs, or 1.8% (Exhibit 6). During this same period, total non-health payroll employment increased by 99,000 jobs, or 0.1%. **Since the start of the recession in December 2007**, health care employment has increased by 5.5% while non-health employment has fallen by 6.8% (Exhibit 2). *The health care share of employment has increased to a new high of 10.6%* (Exhibit 8).

**Exhibit 2. Health care and other employment: Cumulative percent change since Dec 2007**



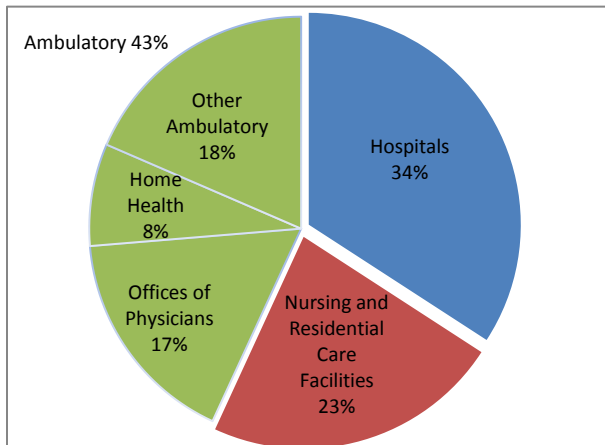
Altarum Analysis of BLS Data

## HEALTH CARE EMPLOYMENT BY SETTING

### In September 2010,

- Ambulatory health care services added 17,200 jobs, an increase of 0.29% (Exhibit 6). Within ambulatory health care services:
  - Offices of physicians added 3,400 jobs,
  - Outpatient care centers added 1,800 jobs,
  - Home health care services added 4,800 jobs.
- Hospital employment increased by 2,900, or 0.06% after recording stronger growth (0.15%) in the prior month and modest growth the previous 6 months.
- Nursing and residential care facilities added 3,800 jobs with an increase of 1,900 nursing home jobs.
- Ambulatory services accounted for 43% of health care employment this month (Exhibit 3) and 72% of health care employment growth.

**Exhibit 3. Health care employment by setting, September 2010**

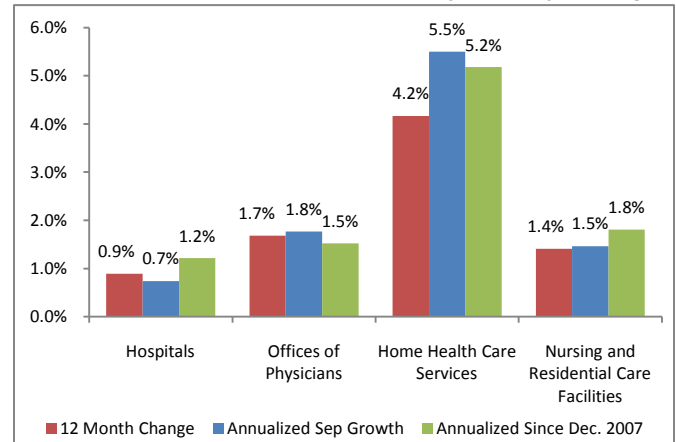


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Note : "Other Ambulatory" includes outpatient centers, offices of dentists, chiropractors, optometrists, other specialists, and medical and diagnostic labs.

**Over the past 12 months**, home health care employment has grown most quickly, at 4.2% since September 2009. (Exhibit 4). Offices of physicians have added nearly 40,000 jobs since September 2009 (1.7% growth), but only about one-third of those have come in the last 6 months. Hospitals added a similar number of jobs but, due to the size of this sector, the growth rate was only 0.9%.

**Exhibit 4. Growth in health care employment, by setting**



Altarum Analysis of BLS Data.

## DISCUSSION

Since the start of the recession in December 2007, health care employment has increased by 5.5% while non-health employment has fallen by 6.8%. These data demonstrate the stabilizing influence of the health care sector on the overall economy. Since the start of the recession, the health sector has added 720,000 jobs while the non-health sector has lost 8,470,000 jobs. *Previous research suggests that recessions have a lagged effect on the health sector and, therefore, the rate of growth in health care employment may be below average in the coming months.* However, the increase in high deductible health plans could have altered these historical lags somewhat. Note that the rate of growth in health care employment fell considerably during the most recent recession – though it remained comfortably positive (Exhibit 7). It will be most interesting to see how the lagged recessionary effects interact with other factors, including attempts to bend the health care cost curve and, eventually, expanded coverage under health care reform, to determine future growth in health care employment.

As part of the Altarum Institute Center for Studying Health Spending (CSHS) **Health Sector Economic Indicators**,<sup>®</sup> the CSHS provides a monthly analysis of health care employment aligned with the release of U.S. Department of Labor, Bureau of Labor Statistics employment data (<http://www.bls.gov/ces/>).

For more information, contact **Charles Roehrig, PhD** at 734-302-4600 or [charles.roehrig@altarum.org](mailto:charles.roehrig@altarum.org). Thomas Walke, Ph.D and Paul Hughes-Cromwick also contributed to this brief.

## DETAILED HEALTH CARE EMPLOYMENT DATA

**Exhibit 5. Employment data by setting, seasonally adjusted**

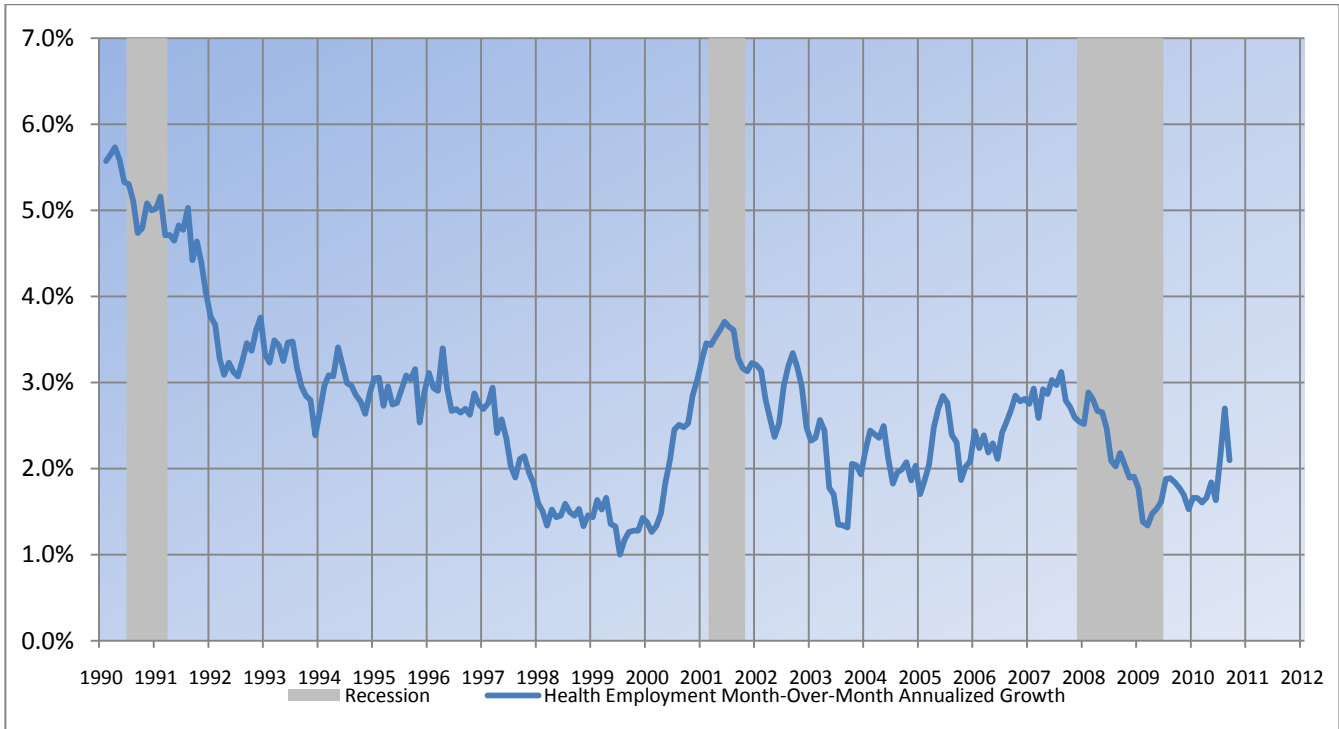
Employment (in thousands)	September 2010	August 2010	September 2009	September 2008	December 2007
Non-health	116,374	116,493	116,275	122,933	124,844
<b>Health Care</b>	<b>13,827</b>	<b>13,803</b>	<b>13,582</b>	<b>13,350</b>	<b>13,107</b>
Ambulatory Health Care Services	5,964	5,947	5,805	5,679	5,559
Offices of Physicians	2,326	2,323	2,288	2,257	2,229
Outpatient Care Centers	559	557	545	537	525
Home Health Care Services	1,078	1,073	1,035	973	935
Hospitals	4,723	4,720	4,681	4,650	4,564
Nursing and Residential Care Facilities	3,140	3,136	3,096	3,021	2,984
Nursing Care Facilities	1,662	1,660	1,651	1,616	1,612

**Exhibit 6. Change in employment data by setting, seasonally adjusted**

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Dec. 2007
Non-health	-118.9	99.0	-6,559.1	-8,469.9
<b>Health Care</b>	<b>23.9</b>	<b>245.0</b>	<b>477.1</b>	<b>719.9</b>
Ambulatory Health Care Services	17.2	159.5	285.7	405.9
Offices of Physicians	3.4	38.5	69.1	97.3
Outpatient Care Centers	1.8	14.3	21.8	34.3
Home Health Care Services	4.8	43.1	105.3	143.7
Hospitals	2.9	41.8	72.4	158.6
Nursing and Residential Care Facilities	3.8	43.7	119.0	155.4
Nursing Care Facilities	1.9	11.4	45.9	50.5
<b>Percent Change</b>				
Non-health	-0.10%	0.1%	-5.3%	-6.8%
<b>Health Care</b>	<b>0.17%</b>	<b>1.8%</b>	<b>3.6%</b>	<b>5.5%</b>
Ambulatory Health Care Services	0.29%	2.7%	5.0%	7.3%
Offices of Physicians	0.15%	1.7%	3.1%	4.4%
Outpatient Care Centers	0.32%	2.6%	4.1%	6.5%
Home Health Care Services	0.45%	4.2%	10.8%	15.4%
Hospitals	0.06%	0.9%	1.6%	3.5%
Nursing and Residential Care Facilities	0.12%	1.4%	3.9%	5.2%
Nursing Care Facilities	0.11%	0.7%	2.8%	3.1%

## TIME SERIES TRACKER

**Exhibit 7: Health Employment Month-Over-Month Annualized Growth**



Note: The annualized growth trend is smoothed using a five month moving average.

**Exhibit 8: Health Sector Share of Total Employment**

