

January 26, 2023

## New CMS data confirm slowdown in national health spending growth in 2021

### HIGHLIGHTS

- ▲ New data from CMS indicate that national health spending in the US grew by 2.7% in 2021 – a significant slowdown from 2020 because of a decline in pandemic-related federal government support.
- ▲ In November 2022, national health spending grew by just 1.5%, year over year, as the reduction in federal government support continues.
- ▲ Nominal GDP in November 2022 was 7.9% higher than in November 2021 as GDP growth continues to outpace health spending growth.

### National Health Spending and GDP\*

	Nov 2020	Nov 2021	Oct 2022	Nov 2022
GDP	21.59	24.32	26.08	26.24
National Health Spending (HS)	4.32	4.42	4.47	4.49
HS Share of GDP	20.0%	18.2%	17.1%	17.1%
HS Share of PGDP	19.3%	18.2%	17.1%	17.1%
<b>Growth from Prior 12 Months</b>				
HS	12.3%	2.4%	3.9%	1.5%
GDP	-0.6%	12.6%	7.7%	7.9%
HS minus GDP	12.8%	-10.2%	-3.8%	-6.4%
HS minus PGDP	9.0%	-5.8%	-5.0%	-7.0%

Source: Altarum monthly health spending estimates (see Methods box below). Monthly GDP is from IHS Markit. PGDP, defined as what GDP would be at full employment, is from the quarterly Congressional Budget Office estimates, converted to monthly by Altarum.

\* Spending is in trillions of dollars at a seasonally adjusted annual rate (SAAR).

Altarum is a nonprofit research and consulting organization that creates and implements solutions to advance health among at-risk and disenfranchised populations. 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. This work was made possible through generous support from the Robert Wood Johnson Foundation.

*The Health Sector Economic Indicators<sup>SM</sup>* reports are a monthly publication of Altarum and provide an analysis of health spending, employment, and prices. For more information, contact Ani Turner at [ani.turner@altarum.org](mailto:ani.turner@altarum.org). George Miller, PhD (principal author), Ani Turner, Corwin Rhyan, and Matt Daly, PhD, contributed to this brief. Media Contact: [press@altarum.org](mailto:press@altarum.org). For more information, visit <http://altarum.org/solution/health-sector-spending>.



## DISCUSSION

This month's spending brief incorporates adjustments to our 2021 estimates to match new CMS [National Health Expenditure Accounts results for 2021](#) that were released on December 15, 2022. Our recent [blog](#) details differences between our previous estimates for 2021 and the new values that match the recent CMS release. Because our results for 2022 are based on applying spending growth rates to the previous year's levels, our results for 2022 also differ from our previous estimates. While many of the differences are minor (e.g., our estimate of personal health care spending overall for the first three quarters of 2022 increased by 0.38%), some components changed more significantly. In particular, our estimates for spending in 2022 on durable medical equipment and nondurable medical products grew significantly, while our estimates for spending on public health and the net cost of insurance are now significantly lower than we previously reported. Exhibit 1 of the blog displays the 2021 differences between our previous estimates and the new NHEA numbers. The numbers in the table can be used as an indication of the magnitude of these differences that were carried forward into 2022. The blog explains likely reasons for the 2021 differences.

After incorporating these adjustments, we estimate that health spending grew by 1.5%, year over year, in November 2022, reaching a seasonally adjusted annual rate of \$4.49 trillion. The drop in spending growth was driven largely by a significant reduction from November 2021 in government support to public health activities via the Public Health and Social Services Emergency Fund.

Health spending in November accounted for 17.1% of GDP. Both spending and GDP growth rates have declined significantly since December 2021: GDP from 12.9% to 7.9% and health spending from 9.6% to 1.5% (Exhibit 1).

### Exhibit 1. Year-over-Year Growth in GDP and Health Spending, and Spending as a Percent of GDP

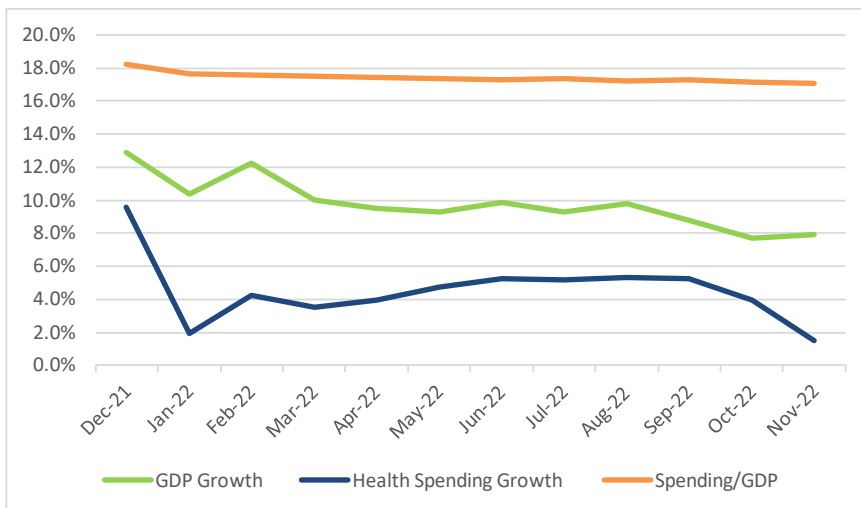
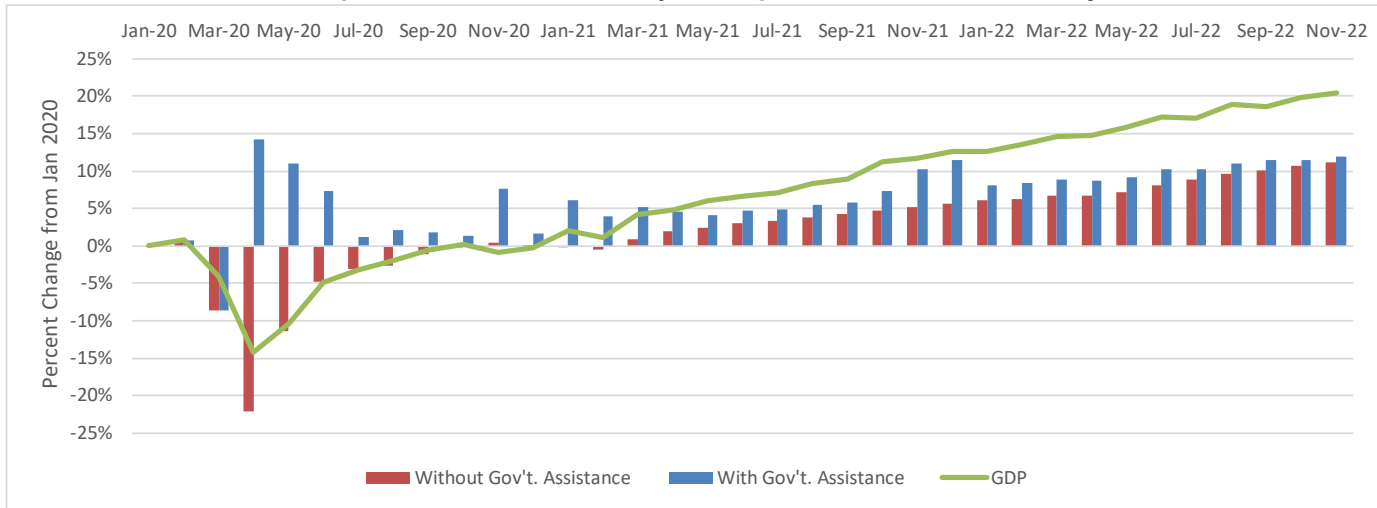


Exhibit 2 shows the trajectory of growth in national health spending and GDP since the start of 2020 through November 2022 with and without COVID-related federal government support to providers and public health activities. Most such support in recent months has gone to public health via the Public Health and Social Services Emergency Fund, which has declined significantly in recent months.



**Exhibit 2. Percent Change in National Health Spending and GDP Since January 2020**



Federal government support to providers has also declined significantly and, in recent months, has represented only a small portion of spending for hospitals, physicians, dentists, nursing homes, home health care providers, and other providers. Exhibit 3 displays the growth in spending by major categories over the past year without the impact of this decline in federal government support. The values for growth rates in the absence of government subsidies provide the most accurate picture of the growth in the portion of spending actually used to provide clinical services. Overall, personal health care spending growth (growth in spending on goods and services) since November 2021 was 5.6% without government assistance. Excluding such support, spending in the past year on dental services grew the fastest, at 11.1%, while spending on hospital care grew the slowest, at 3.8%.

**Exhibit 3. Health Care Spending 12-Month Growth without Government Assistance**

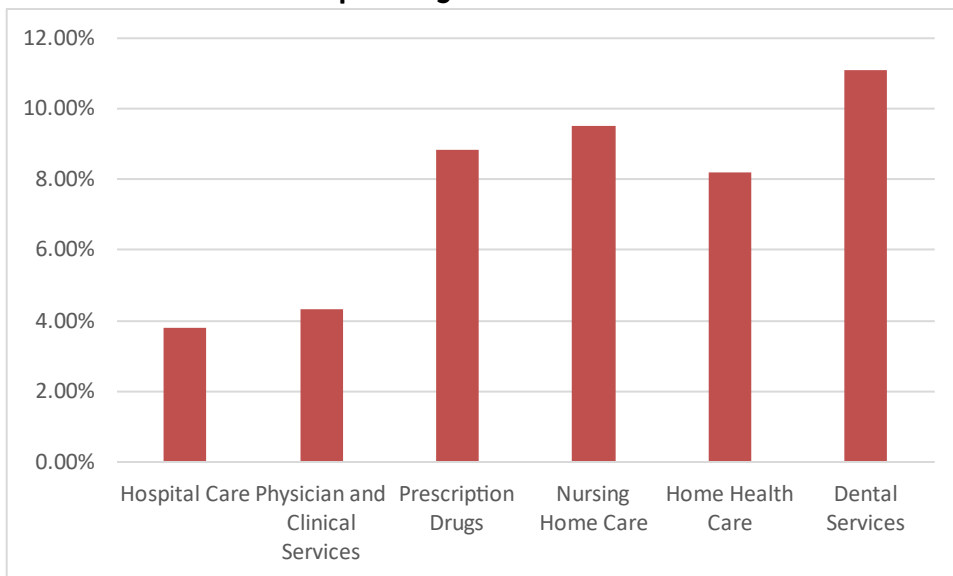
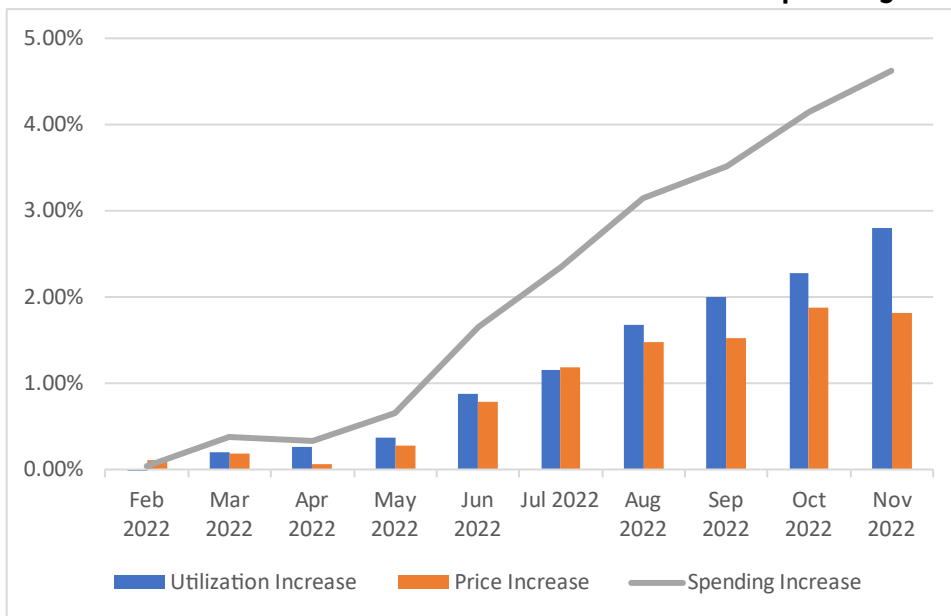


Exhibit 4 illustrates how spending on personal health care (without government subsidies) has grown since the start of 2022 and illustrates the relative contribution of utilization and prices to this growth. It shows that utilization growth continues to be the greater contributor to spending growth through November 2022: Of the 4.6% growth in spending from January through November 2022, 1.8 percentage points can be attributed to price growth, while 2.8 percentage points were associated with increases in utilization. As we have repeatedly pointed



out, however, the role of prices in health care spending growth is [expected to increase](#) in the future as newly negotiated or government-set prices catch up with higher input costs driven by overall inflation, likely resulting in an acceleration of health spending. The breakout between utilization growth and price growth is discussed further in our [price brief](#), which reports a decline in utilization since November 2022. An important difference between our two estimates of utilization growth is that the price brief's estimate is based on total personal health care spending, including government subsidies. In contrast, the estimate reported here excludes the government assistance in an attempt to provide a better estimate of growth in provision of clinical care. Because subsidies declined significantly between 2021 and 2022, the estimate in the price brief incorporated a decline in spending growth not observed in the data reported here. Subtracting price growth from spending growth to estimate implicit utilization growth resulted in a decline in estimated utilization reported in the price brief that was not observed here.

#### Exhibit 4. Cumulative Growth in Personal Health Care Spending without Government Assistance





## DETAILED HEALTH SPENDING

### Exhibit 5. Monthly National Spending Estimates by Detailed Category

Levels (in billions of dollars)	Nov 2019	Nov 2020	Nov 2021	Nov 2022
<b>GDP</b>	\$21,714.6	\$21,588.4	\$24,315.0	\$26,237.2
<b>National Health Spending</b>	\$3,844.1	\$4,315.7	\$4,420.8	\$4,486.0
<b>Personal health care</b>	\$3,238.2	\$3,587.7	\$3,689.2	\$3,778.7
Hospital care	\$1,213.6	\$1,426.5	\$1,368.1	\$1,392.3
Physician and clinical services	\$791.8	\$857.4	\$905.3	\$897.6
Other professional services	\$114.4	\$120.0	\$137.4	\$139.0
Dental services	\$147.3	\$140.0	\$171.6	\$178.5
Other personal health care	\$196.9	\$212.7	\$233.1	\$233.8
Home health care	\$113.6	\$128.5	\$129.1	\$134.4
Nursing home care	\$175.2	\$199.6	\$187.5	\$200.5
Prescription Drugs	\$346.2	\$354.5	\$387.7	\$421.9
Durable medical equipment	\$57.9	\$59.5	\$69.3	\$75.0
Nondurable medical products	\$81.3	\$88.9	\$100.2	\$105.7
Program administration and net cost of private health insurance	\$301.4	\$344.8	\$299.2	\$322.5
Government public health activities	\$110.7	\$186.5	\$219.4	\$157.5
Research	\$58.0	\$60.7	\$62.6	\$67.1
Structures and equipment	\$135.7	\$136.0	\$150.4	\$160.2
<b>HS Share of GDP</b>	17.7%	20.0%	18.2%	17.1%
<b>HS Share of PGDP</b>	17.7%	19.3%	18.2%	17.1%

Source: Altarum monthly national health spending estimates. The monthly GDP is from IHS Markit.

Notes: Spending is expressed in billions of dollars at a SAAR. This table incorporates recent corrections to the categories “other personal health care” and “program administration and net cost of private health insurance”.

### Exhibit 6. National Health Spending 12-Month Growth Rates by Detailed Category

Growth Rates	Nov 2020	Nov 2021	Nov 2022
<b>GDP</b>	-0.6%	12.6%	7.9%
<b>National Health Spending</b>	12.3%	2.4%	1.5%
<b>Personal health care</b>	10.8%	2.8%	2.4%
Hospital care	17.5%	-4.1%	1.8%
Physician and clinical services	8.3%	5.6%	-0.8%
Other professional services	4.9%	14.5%	1.1%
Dental services	-4.9%	22.5%	4.1%
Other personal health care	8.0%	9.6%	0.3%
Home health care	13.1%	0.4%	4.1%
Nursing home care	13.9%	-6.1%	6.9%
Prescription Drugs	2.4%	9.4%	8.8%
Durable medical equipment	2.7%	16.5%	8.2%
Nondurable medical products	9.3%	12.7%	5.5%
Program administration and net cost of private health insurance	14.4%	-13.2%	7.8%
Government public health activities	68.4%	17.6%	-28.2%
Research	4.8%	3.1%	7.2%
Structures and equipment	0.2%	10.6%	6.5%
<b>HS Minus GDP</b>	12.8%	-10.2%	-6.4%
<b>HS Minus PGDP</b>	9.0%	-5.8%	-7.0%

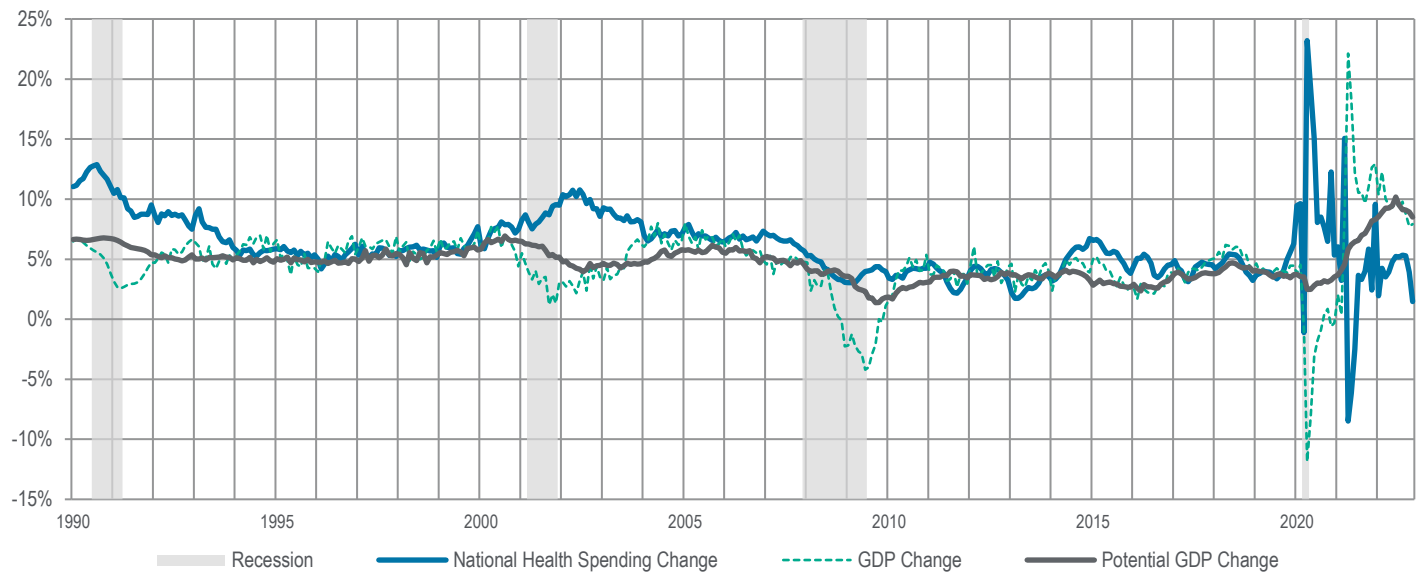
Source: Computed from Exhibit 2.

Note: This exhibit compares monthly national health spending to that of the same month from the previous year.



## TIME SERIES TRACKER

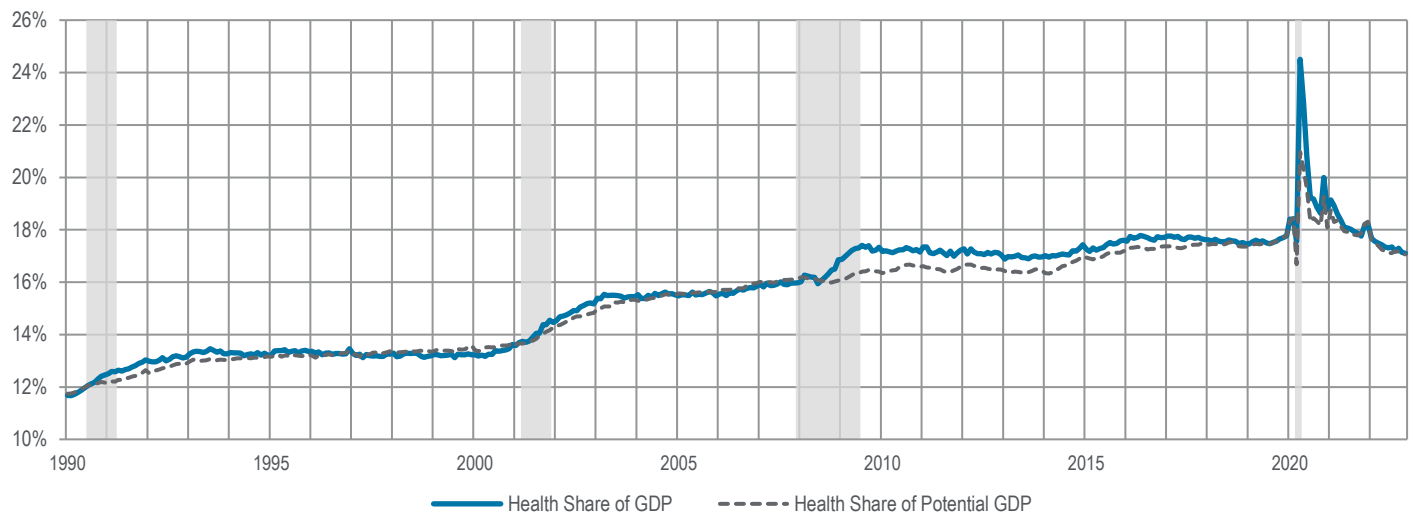
**Exhibit 7. Year-over-Year Percentage Change in Spending and GDP**



**Source:** Altarum monthly national health spending estimates. The monthly GDP is from IHS Markit.

**Note:** Lightly shaded bars denote recession periods.

**Exhibit 8. Monthly Health Spending as a Percentage of Monthly GDP**



**Source:** Altarum monthly national health spending estimates. Monthly GDP is from IHS Markit. PGDP is from the U.S. Congressional Budget Office and has been converted to monthly estimates. **Note:** Lightly shaded bars denote recession periods.

**Methods.** Altarum’s estimates are based on [BEA monthly health spending](#) and [CMS annual NHE estimates \(1990–2021\) and projections \(2022\)](#). BEA spending categories are matched to NHEA components by using information presented in the [following](#): Hartman, M. B., Kornfeld, R. J., & Catlin, A. C. (2010, September). A reconciliation of health care expenditures in the National Health Expenditures Accounts and in gross domestic product. *Survey of Current Business*, 90(9), 42–52. For all NHEA personal health care categories except “other health, residential, and personal care,” monthly estimates are based on BEA spending adjusted to NHEA by using annual ratios. For the remaining categories, national health spending estimates and projections are allocated across months by using a simple trend. Annual ratio adjustments through 2021 are based on NHEA actuals and ensure that monthly estimates sum exactly to NHEA annual amounts. The 2021 ratios are used to adjust BEA spending for months in 2022.

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## Health care prices increase moderately as utilization growth turns negative

### HIGHLIGHTS

- ▲ The Health Care Price Index increased by 2.8% year over year in December, down slightly from 2.9% in November. Year-over-year HCPI growth averaged 2.9% over the final six months of 2022, an increase from the first half of the year, when price growth averaged 2.2%.
- ▲ Economywide inflation slowed again this month, as overall CPI inflation fell from 7.1% to 6.5% and PPI price growth fell to 6.2%. However, economywide services (less healthcare) growth continues to increase, up to 8.0% growth last month, an increase from 7.6% in November.
- ▲ Among the major health care categories, prices for dental care (6.4%), nursing home care (4.5%), and hospital services (3.2%) were the fastest growing, while physician services (0.3%) and prescription drug (1.8%) price growth were the slowest growing major categories.
- ▲ After incorporating new spending data, our implicit measure of health care year-over-year utilization growth turned negative in November (-0.4%), pulled downward by hospital care utilization growth (-1.4%) and physician and clinical services growth (-1.1%).

	Dec 2020	Dec 2021	Nov 2022	Dec 2022
<b>Health Care Price Index (HCPI)</b>	1.9%	2.5%	2.9%	2.8%
<b>GDP Deflator (GDPD)</b>	1.8%	6.3%	6.5%	**
<b>HCPI - GDPD</b>	0.1%	-3.9%	-3.6%	**
<i>Addendum</i>				
<b>Personal health care spending</b>	3.1%	11.3%	2.4%	**
<b>Health care utilization</b>	1.2%	8.8%	-0.4%	**
<b>Medical Consumer Price Index (MCPI)</b>	1.8%	2.2%	4.2%	4.0%
<b>Consumer Price Index – all items (CPI)</b>	1.4%	7.0%	7.1%	6.5%
<b>Producer Price Index – Final Demand (PPI)</b>	0.8%	10.0%	7.3%	6.2%

Source: Altarum analysis of U.S. Bureau of Labor Statistics (BLS) data. HCPI is a composite price index designed to measure overall price changes for personal health care spending and is patterned after the price index developed by the Centers for Medicare & Medicaid Services (CMS). Details are provided below. Numbers may not subtract properly due to rounding. \*\*Data not available

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## DISCUSSION

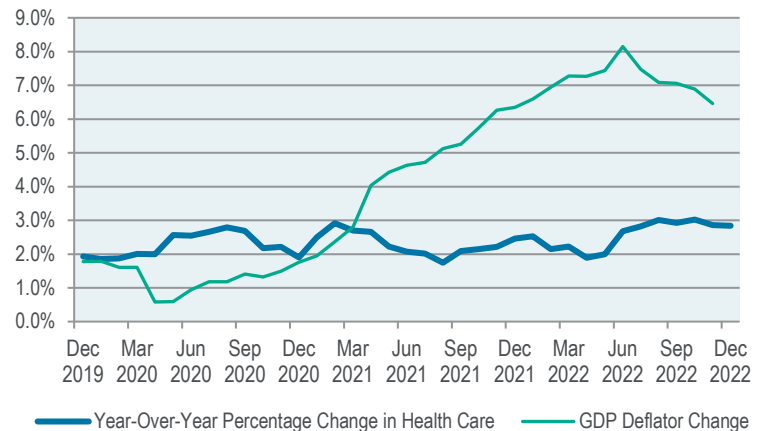
The overall health care price index (HCPI) increased by 2.8% year over year in December, down from 2.9% growth in November (Exhibit 1). This marks the seventh straight month where health care inflation has been between a tight range of 2.7% and 2.9%. While average price growth over the past six months (2.9%) has been above the average rate seen in the first half of 2022 (2.2%), health care price growth has increased slower than we expected given persistently high economywide inflation.

This is particularly true for health care prices paid for by private insurance where overall health care price growth has remained moderate through December 2022 (3.2% year over year). We expect that as new long-term [health care provider contracts and reimbursement rates](#) kick in, private prices for care will increase in 2023, although to date this has taken longer than expected to materialize. For health care prices paid by public payers, the end-of-year federal budget deal offset some, but not all, of the Medicare cuts that were set to take place in the new year. Medicare physician reimbursement rates will [now decline by 2.0% in 2023](#) and 3.5% in 2024, rather than the 4.5% cut that would have taken place prior to the deal. Some value-based payments to providers [were also decreased slightly](#) going into 2023. As a result of these cuts, we expect private payer price growth will significantly exceed Medicare payer growth in 2023 and Medicaid price growth will fall somewhere between the two.

In December, the greatest increases in health care prices occurred for dental care, nursing homes, and hospital settings (rising 6.4%, 4.5%, and 3.2%, respectively) (Exhibit 2). Conversely, physician and clinical services prices increased at the slowest rate among major sectors—at only 0.3% growth—marking the eleventh straight month of below 1.0% price growth. Price growth for prescription drugs was also below average in December, at 1.8% year over year, down from a peak of 3.2% in August (Exhibit 3).

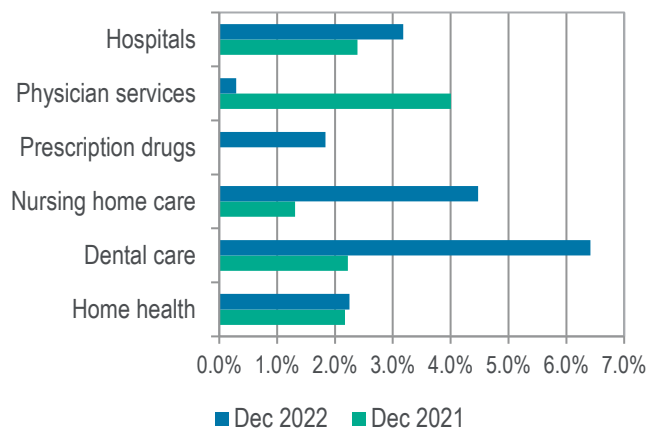
Our implicit measure of overall health care utilization shows that it actually decreased by 0.4% year over year in November after [updated 2022 spending data](#) were incorporated (Exhibit 8). Hospital care utilization growth saw a particularly large year-over-year decline (-1.4%) as did physician and clinical services utilization growth (-0.8%). Conversely, prescription drug utilization growth was 6.9%, a significant increase from the June 2022 value (4.1%). As our implicit measure of utilization represents health spending growth that includes federal government Covid-19-related subsidies net of health care price changes, we can observe that the primary cause of the negative utilization change in November was a result of decreased year-over-year spending growth, while price growth stayed mostly consistent with prior months. More details on this decline are available in this month's [spending brief](#), including data on year-to-date utilization growth (excluding government subsidies) that has remained slightly positive.

**Exhibit 1. Year-over-Year Growth in HCPI & GDPD**



Source: Altarum analysis of monthly BLS price data and monthly GDPD data published by Macroeconomic Advisers.

**Exhibit 2. Year-over-Year Price Growth for Selected Categories**







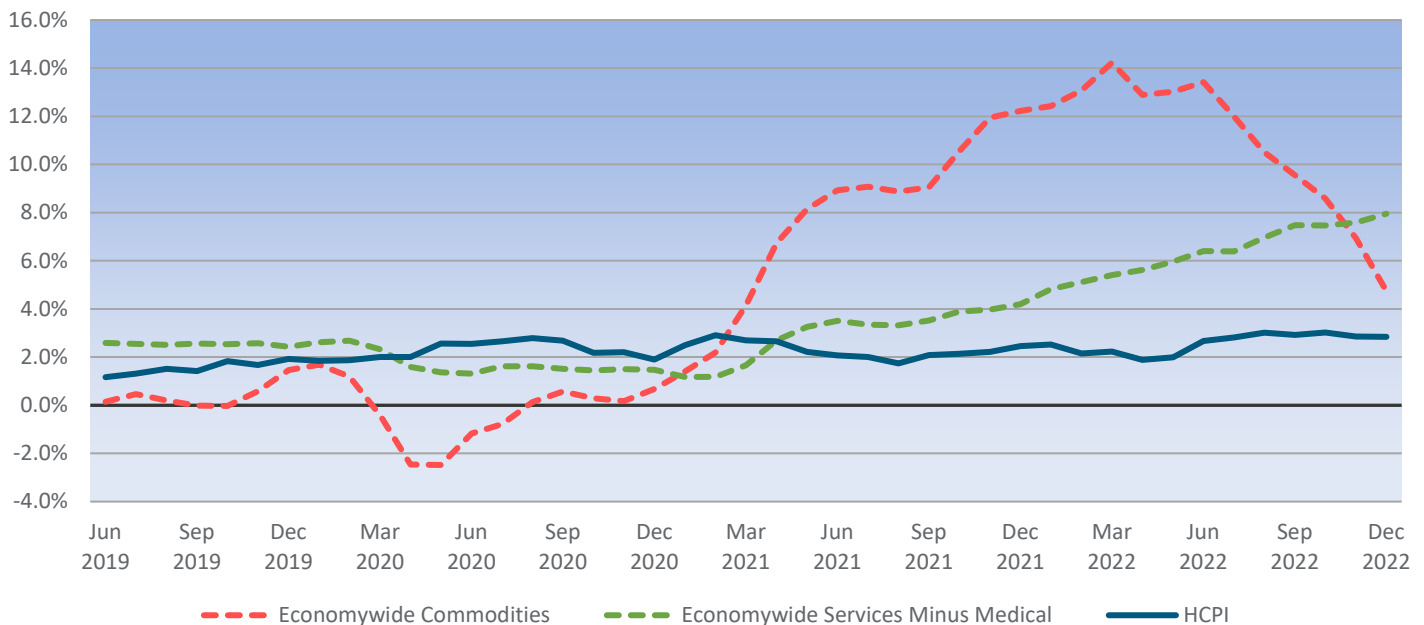
## PRICE GROWTH BY DETAILED CATEGORIES

**Exhibit 3. Annualized % Change in Prices for Major Components of National Health Expenditures**

	Ending December 2020	Ending December 2021	Ending December 2022
Health Care Price Index (HCPI)	1.9%	2.5%	2.8%
Hospital care	3.6%	2.4%	3.2%
Physician and clinical services	0.7%	4.0%	0.3%
Prescription drugs	-2.4%	0.0%	1.8%
Nursing home care	3.9%	1.3%	4.5%
Dental Services	2.9%	2.2%	6.4%
Home health care	2.4%	2.2%	2.2%
Other professional services	1.3%	2.9%	2.1%
Other personal health care	4.1%	4.4%	4.8%
Other nondurable medical products	-1.4%	0.8%	5.4%
Durable medical equipment	-4.6%	3.7%	5.2%

Source: Altarum analysis of monthly BLS data.

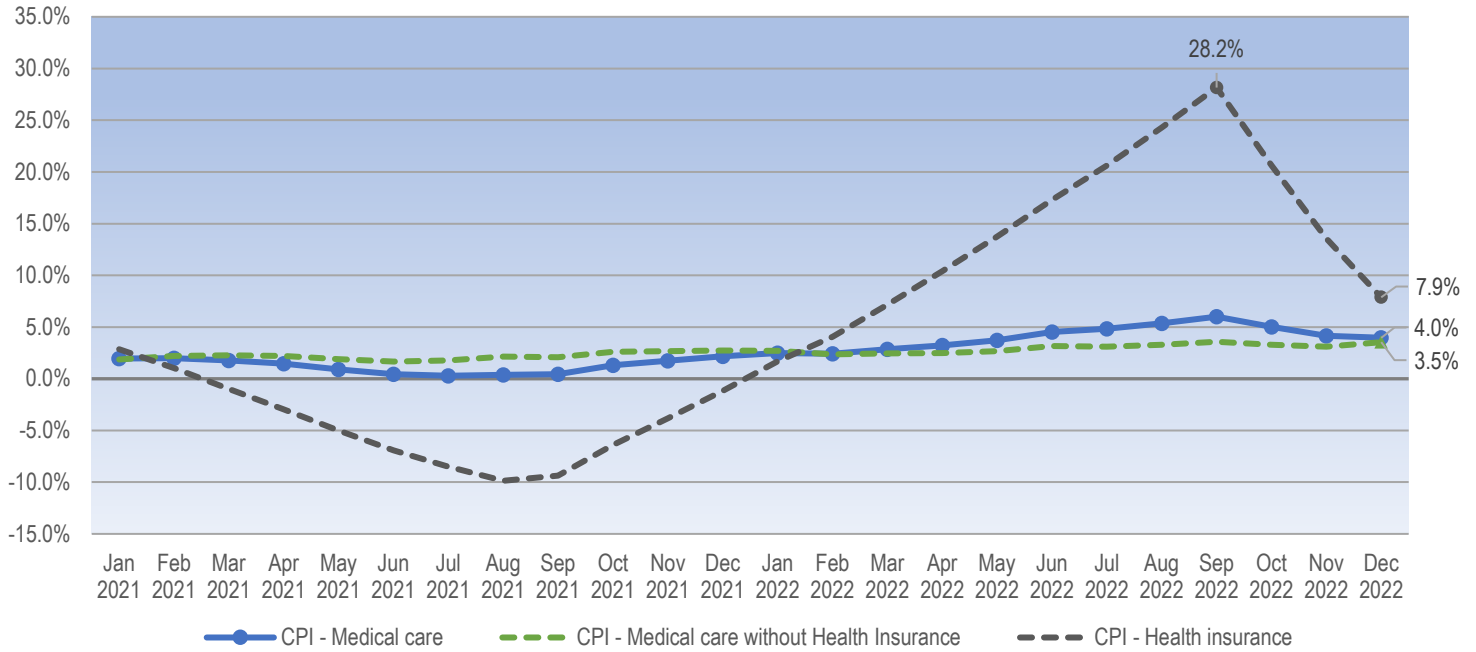
**Exhibit 4. Year-over-Year Percentage Change in Health Prices Compared with Economywide Commodities vs. Economywide Services**



**Methods.** Altarum’s estimates for the monthly HCPI, a price index for personal health care spending within the National Health Expenditure Accounts, are essentially monthly versions of the annual index developed by the CMS National Health Statistics Group (NHSG). The advantages of this measure over the medical care component of the CPI are well documented. Information on the CMS index is presented in the following source: U.S. Department of Health and Human Services. (2019). *National Health Expenditure Accounts: Methodology Paper, 2018–Definitions, Sources, and Methods*. Washington, DC: Centers for Medicare & Medicaid Services. Retrieved from <http://www.cms.gov/files/document/definitions-sources-and-methods.pdf>. The HCPI is calculated by using BLS data on PPIs for hospital, physician, nursing home, and home health components and CPIs for prescription drugs and other remaining items. Following NHSG, we use the GDPD rather than the CPI as our measure of economy-wide inflation. While this brief focuses on prices, it also incorporates data from our spending brief and shows the power of looking at prices and spending together. In particular, it reveals the striking role of utilization in health spending growth trends.

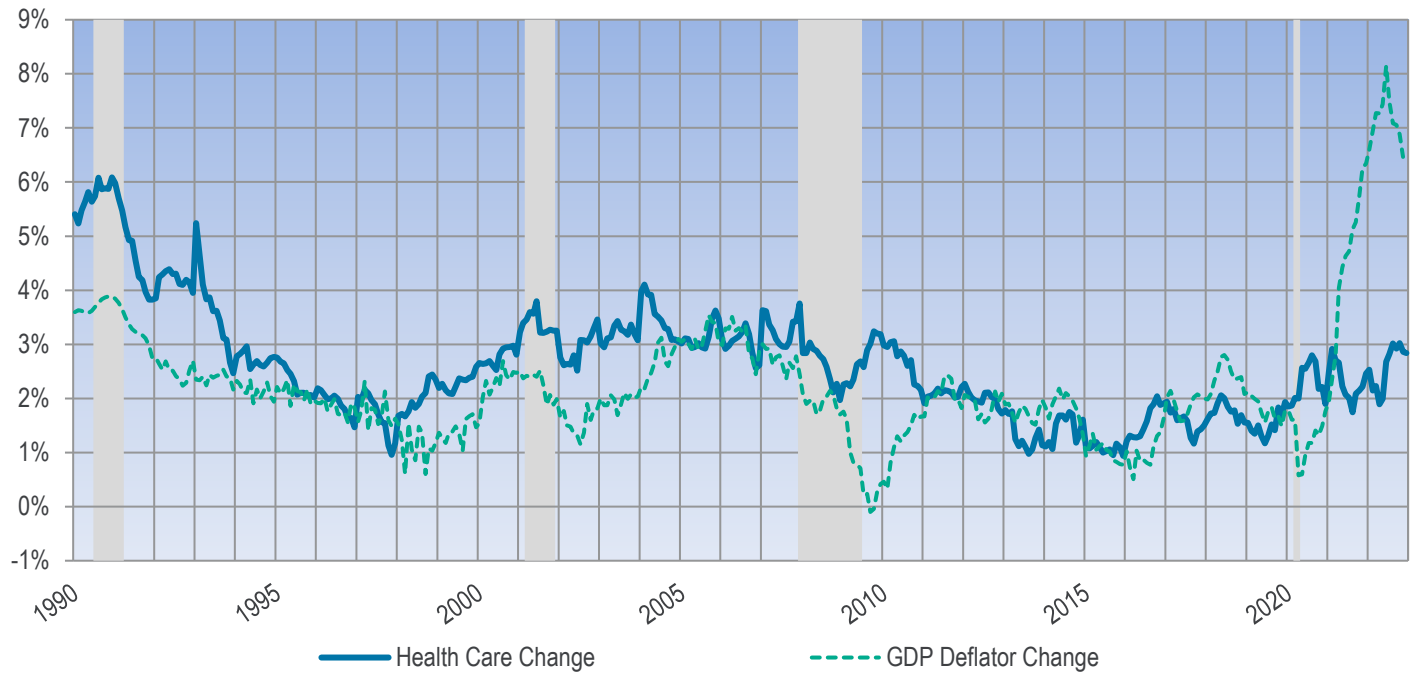


**Exhibit 5. Year-over-Year Change in CPI – Medical Care Components**



**TIME SERIES TRACKER**

**Exhibit 6. Year-over-Year Percentage Change in Health Prices Compared with the GDP Deflator**

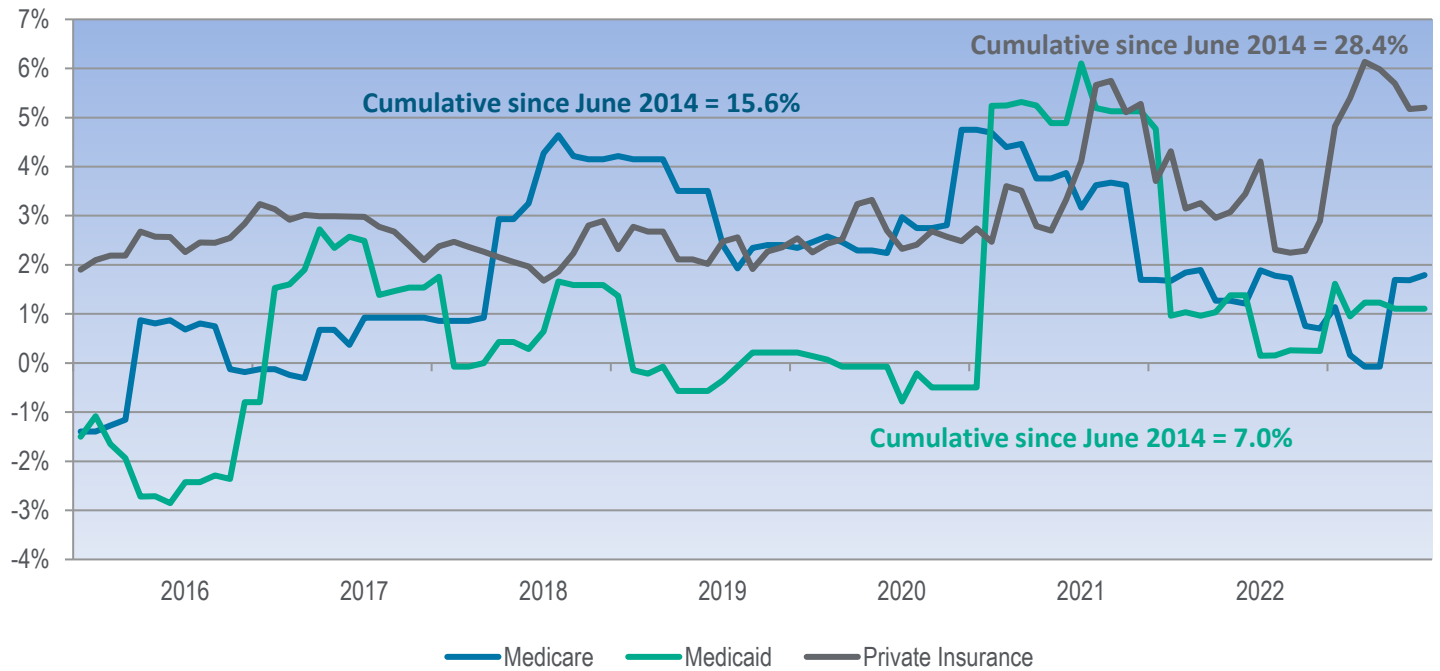


Source: Altarum monthly national health spending and price index estimates.

Note: Lightly shaded bars denote recession periods. (The [2020 recession timing](#) was announced by NBER on July 19<sup>th</sup>, 2021)



**Exhibit 7. Year-over-Year Change in Hospital Services Price Growth, by Payer**



Source: Altarum analysis of monthly BLS data.

**Exhibit 8. Implicit Health Care Utilization Growth by Major Components of NHE, Year-over-year**

	November 2022	3-Month Moving Average	12-Month Moving Average
<b>Total personal health care</b>	-0.4%	1.5%	2.4%
Hospital care	-1.4%	0.3%	1.2%
Physician and clinical services	-1.1%	1.8%	2.7%
Prescription drugs	6.9%	6.0%	5.8%
Nursing home care	2.6%	5.4%	5.5%
Dental Services	-2.4%	3.5%	4.7%
Home health care	1.8%	3.2%	2.9%
Other professional services	-2.6%	-0.8%	0.2%
Other personal health care	-3.9%	-1.0%	-0.4%
Other nondurable medical products	0.0%	0.5%	2.6%
Durable medical equipment	3.8%	3.9%	5.1%

Source: Altarum analysis of monthly BLS data combined with Altarum HSEI spending data.

**Note:** Beginning in March 2021, we slightly updated the computation of estimated implicit utilization shown in Exhibit 8 to be more consistent with our spending data. Previous iterations calculated implicit utilization growth (U) as spending growth (S) net of price growth (P) and population growth (Pop):  $U = S - P - Pop$ . New data (from March 2021 onward) now include population growth in utilization, with the new measure calculated as:  $U = S - P$ . This approach is an approximation, ignoring the interaction term between spending and prices growth ( $S \cdot P$ ); however, as long as the two growth rates are small, this term is insignificant.

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## Health care adds 584,000 jobs in 2022, mostly in ambulatory care settings

### HIGHLIGHTS

- ▲ Health care closed the year adding 54,700 jobs in December, consistent with the 2022 average of 49,000 new jobs per month. This compares to an average of 9,000 new health jobs per month added in 2021.
- ▲ In December, and for 2022 overall, more than half of the job growth was in ambulatory care settings, which added 29,900 jobs last month. Other major settings of care also showed solid job growth in December, with hospitals adding 15,700 jobs and nursing and residential care adding 9,100 jobs.
- ▲ Health care added a total of 584,000 jobs in calendar year 2022: 331,000 in ambulatory care settings, 153,000 in hospitals, and 100,000 in nursing and residential care settings.
- ▲ The economy added 223,000 jobs in December, similar to the previous four months. The economy added an average of 375,000 jobs per month in 2022 for a total of 4.5 million jobs added during the year. The unemployment rate dropped to 3.5%, equal to the pre-pandemic low.
- ▲ Health care wage growth continues to moderate. After peaking at a rate of 7.4% year over year in June, health care wages grew by 5.2% in November 2022, moving closer to economy-wide wage growth of 4.8%. Wage growth fell to 6.6% in nursing and residential care compared to a peak of 11.0% in March 2022, while hospital wage growth fell to 5.5% and ambulatory care wage growth was up slightly to 4.6%, both well down from recent peaks of 8.5% and 5.8%, respectively.

### Cyclical Employment Big Picture

Seasonally Adjusted	February 2020	Dec 2021	Nov 2022	Dec 2022
Total Employment (000)	152,504	149,240	153,520	153,743
Non-Health Employment (000)	136,014	133,136	136,887	137,055
Health Employment (000)	16,491	16,104	16,633	16,688
Health Share of Total Employment	10.81%	10.79%	10.83%	10.85%
Unemployment Rate	3.5%	3.9%	3.7%	3.5%

Source: Altarum analysis of Bureau of Labor Statistics (BLS) data. Health care employment is private only.

Altarum is a nonprofit research and consulting organization that creates and implements solutions to advance health among at-risk and disenfranchised populations. 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. This work was made possible through generous support from the Robert Wood Johnson Foundation.

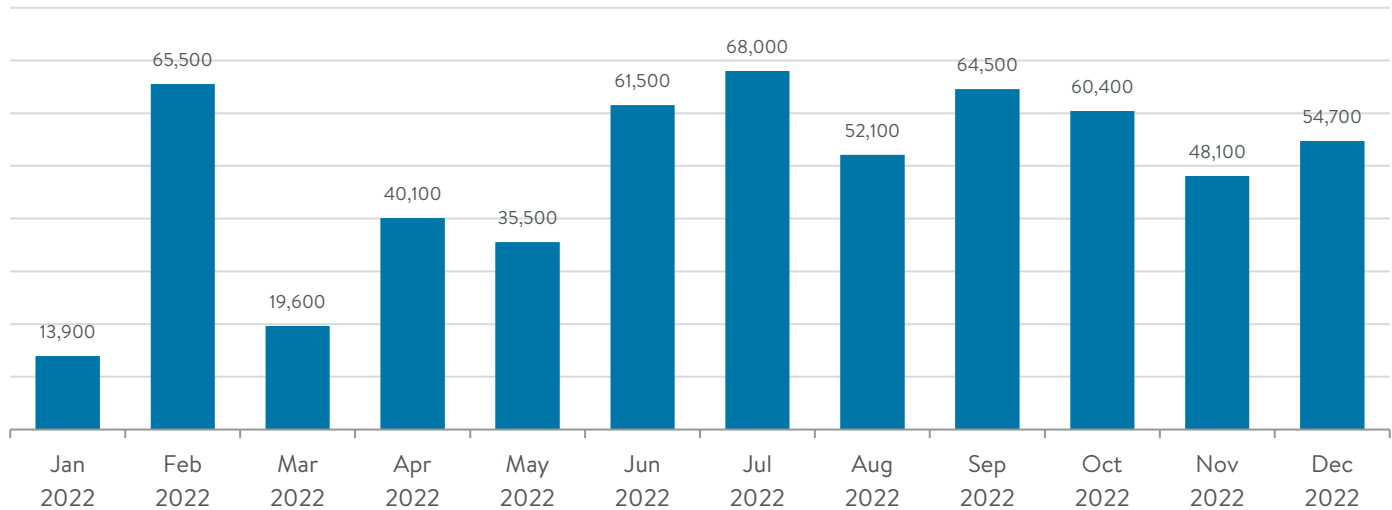
*The Health Sector Economic Indicators<sup>SM</sup>* (HSEI) reports are a monthly publication of Altarum providing analyses of health spending, employment, and prices. For more information, contact Ani Turner at [ani.turner@altarum.org](mailto:ani.turner@altarum.org). Ani Turner (principal author), Corwin Rhyan, George Miller, PhD, and Matt Daly, PhD, contributed to this brief. Media Contact: [press@altarum.org](mailto:press@altarum.org). For more information, visit <http://altarum.org/solution/health-sector-spending>.



## DISCUSSION

Health care employment grew by 54,700 jobs in December 2022, with minimal revisions to October and November. Health care added 584,000 jobs in calendar year 2022 (Exhibit 1), an average of 49,000 new jobs per month. This compares to just over 100,000 jobs, or an average of 9,000 jobs per month added in 2021.

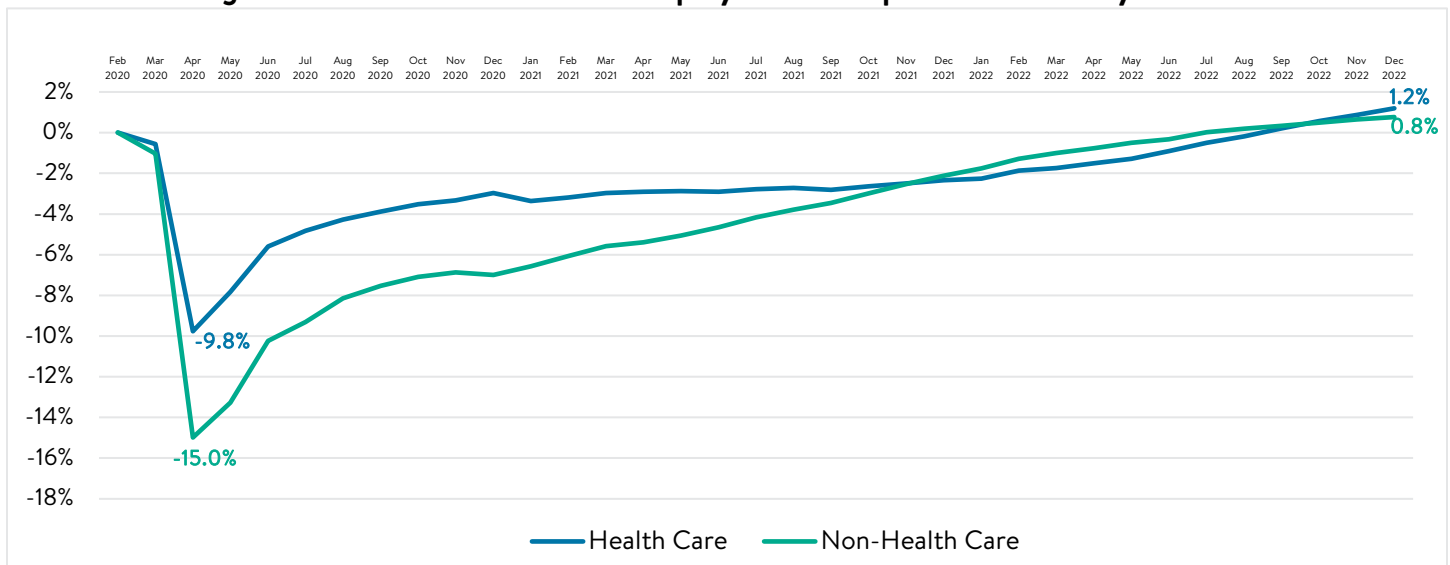
### Exhibit 1. Month-over-month Change in Health Care Employment, Seasonally Adjusted



Source: Altarum analysis of monthly BLS Current Employment Statistics data.

The economy added 223,000 jobs in December 2022, similar to gains over the past four months. More than 4.5 million jobs were added in 2022, a monthly average of 375,000 jobs. Health care employment grew at a slower pace than non-health employment during 2021 and most of 2022 but has begun to grow more rapidly than non-health employment over the past few months. It now stands at 1.2% above pre-pandemic levels, compared to 0.8% above for non-health jobs (Exhibit 2). The health share of employment peaked at 11.42% in May 2020, fell to a low of 10.74% in March 2022 and is now 10.85% as of December 2022 (Exhibit 10).

### Exhibit 2. Change in Health and Non-Health Employment Compared to February 2020

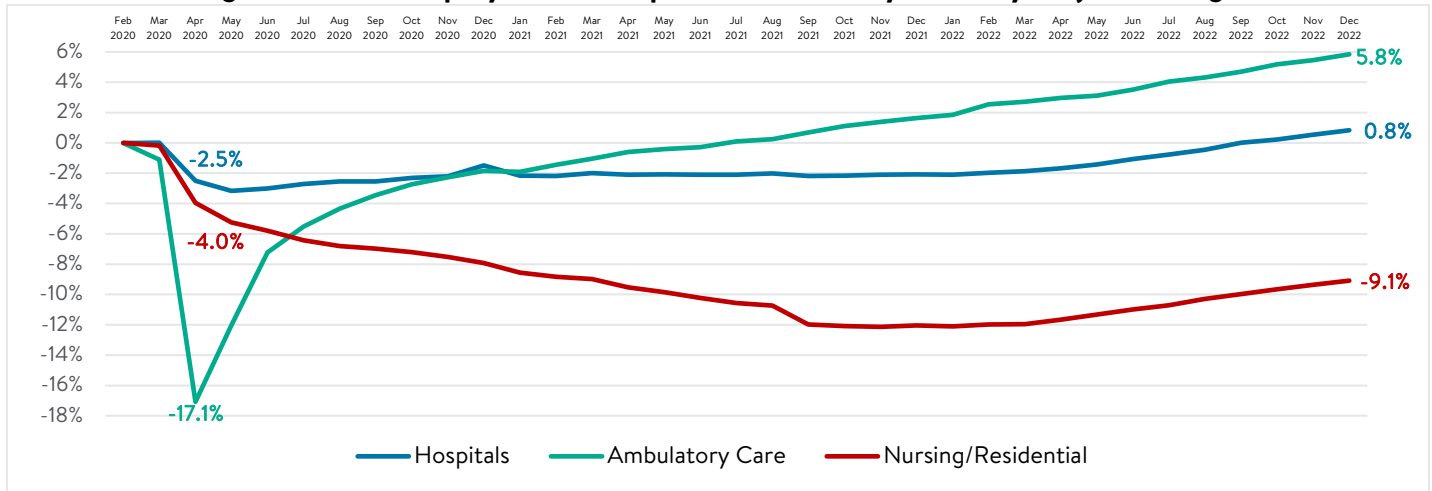


Source: Altarum analysis of monthly BLS Current Employment Statistics data.



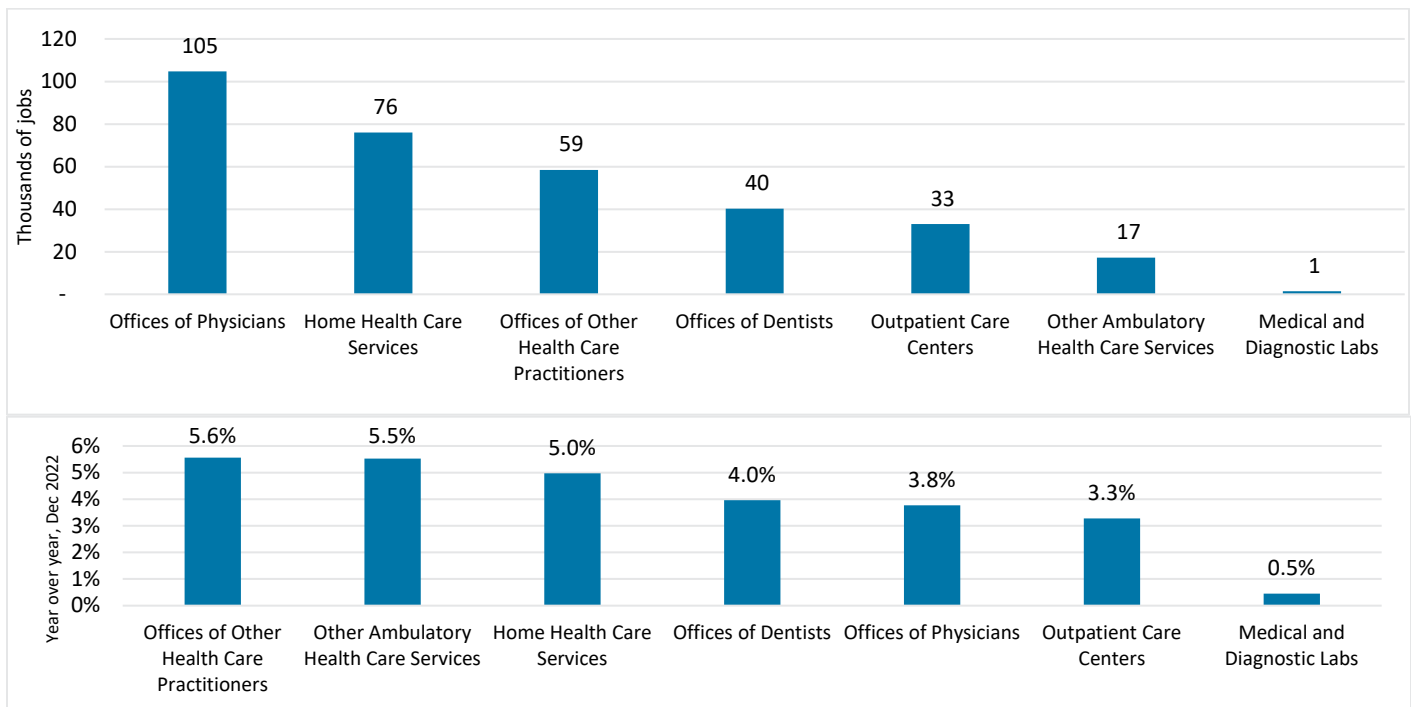
Employment in ambulatory care settings returned to the pre-pandemic level in August 2021 and has grown steadily in 2022 to now stand at 5.8% above the level of February 2020 (Exhibit 3). Hospital employment took more than a year longer to recover and is now 0.8% above the February 2020 level, while employment in nursing and residential care bottomed out in the fall of 2021 and is now growing modestly but remains 307,000 jobs (9.1%) below the pre-pandemic level.

**Exhibit 3. Change in Health Employment Compared to February 2020 by Major Setting of Care**



Within ambulatory care, offices of physicians added the most jobs in 2022, followed by home health and offices of other health practitioners (e.g., therapists, chiropractors). In percentage terms, offices of other health care practitioners, other ambulatory care services, and home health showed the fastest growth in 2022 (Exhibit 4).

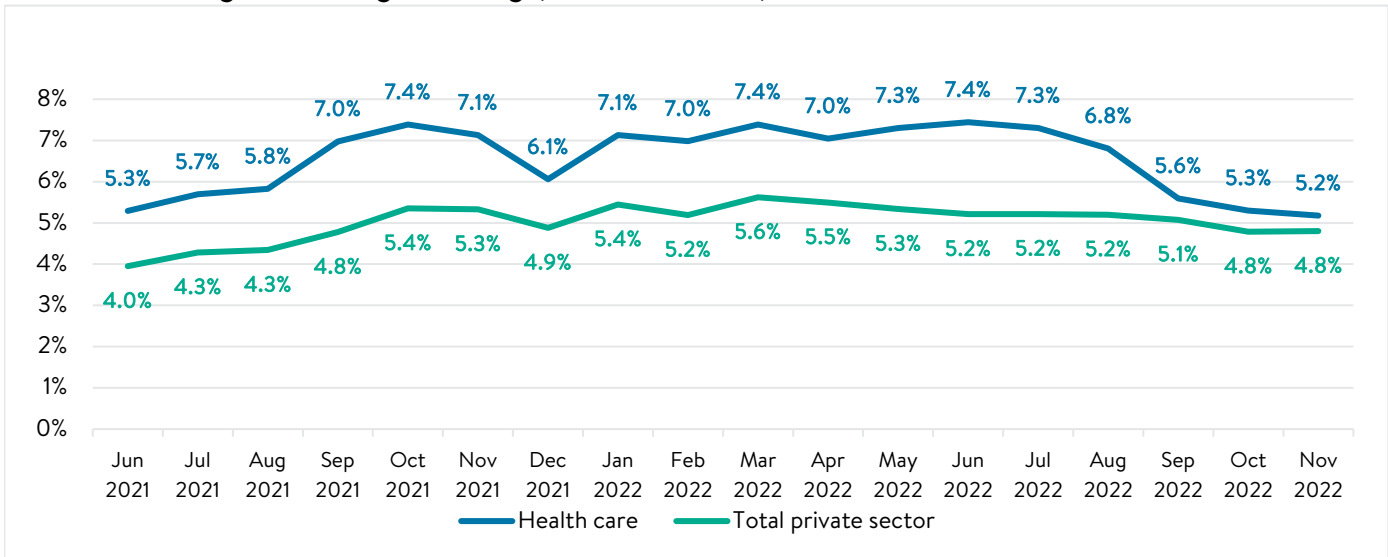
**Exhibit 4. Number of jobs added and percent change in jobs in 2022 by ambulatory care sub-setting**





Wage growth in health care remains above the economywide average but the gap has closed considerably as wage growth in health care has moderated. Average earnings in health care rose 5.2% over the year ending in November 2022, compared to 4.8% for all private sector jobs (Exhibit 5).

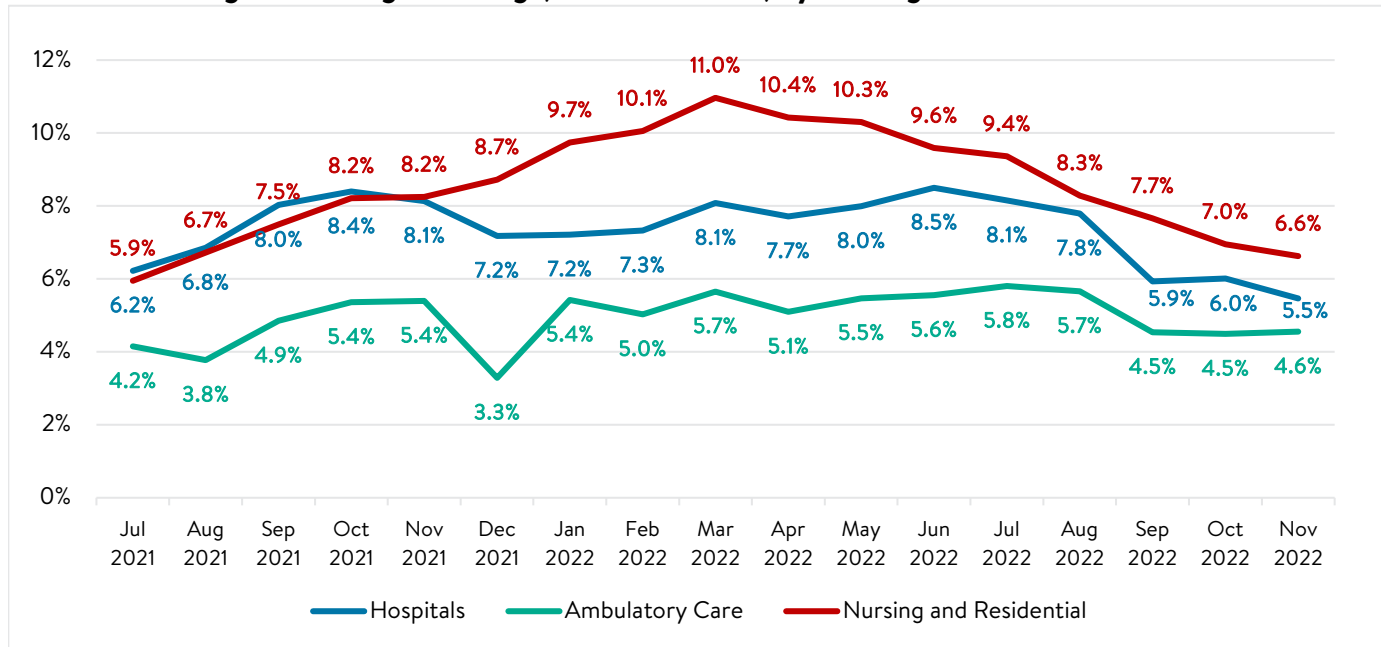
**Exhibit 5. Change in Average Earnings, Year over Year, Health Care and Total**





The growth in average earnings continues to vary by setting of care, but the gaps continue to narrow as wage growth falls (Exhibit 6). Wages are still growing fastest in nursing and residential care, at 6.6% in November, but this rate has fallen considerably since peaking at 11.0% in March 2022. In hospitals, wage growth fell in November to 5.5% from a peak of 8.5% in June 2022. Wage growth has been slowest in ambulatory care settings, with November growth of 4.6%, down from the recent peak of 5.8% in July.

**Exhibit 6. Change in Average Earnings, Year over Year, by Setting of Care**



## DETAILED HEALTH CARE EMPLOYMENT

**Exhibit 7. Employment Data by Sector, Seasonally Adjusted**

Employment (in thousands)	December 2022	November 2022	December 2021	December 2020	February 2020
<b>Non-Health Care</b>	137,055	136,887	133,136	126,496	136,014
<b>Health Care</b>	16,688	16,633	16,104	16,001	16,491
<b>Ambulatory Health Care Services</b>	8,338	8,308	8,007	7,733	7,878
Offices of Physicians	2,885	2,873	2,781	2,691	2,728
Offices of Dentists	1,058	1,054	1,017	969	994
Offices of Other Health Care Practitioners	1,111	1,108	1,053	968	1,004
Outpatient Care Centers	1,039	1,039	1,006	993	997
Medical and Diagnostic Labs	311	311	309	295	287
Home Health Care Services	1,604	1,593	1,528	1,511	1,549
Other Ambulatory	331	330	313	307	319
<b>Hospitals</b>	5,279	5,264	5,126	5,158	5,236
<b>Nursing and Residential Care Facilities</b>	3,070	3,061	2,971	3,110	3,377
Nursing Care Facilities	1,375	1,369	1,346	1,431	1,585
Other Nursing and Residential	1,695	1,692	1,624	1,679	1,792
<b>Health Share of Employment</b>	10.85%	10.83%	10.79%	11.23%	10.81%

Source: Altarum analysis of BLS Current Employment Statistics data. February 2020 displayed as month of pre-pandemic peak employment.

**Exhibit 8. Change in Employment Data by Sector, Seasonally Adjusted**

Employment Change (in thousands)	One Month	12 Months	24 Months	Since Feb 2020
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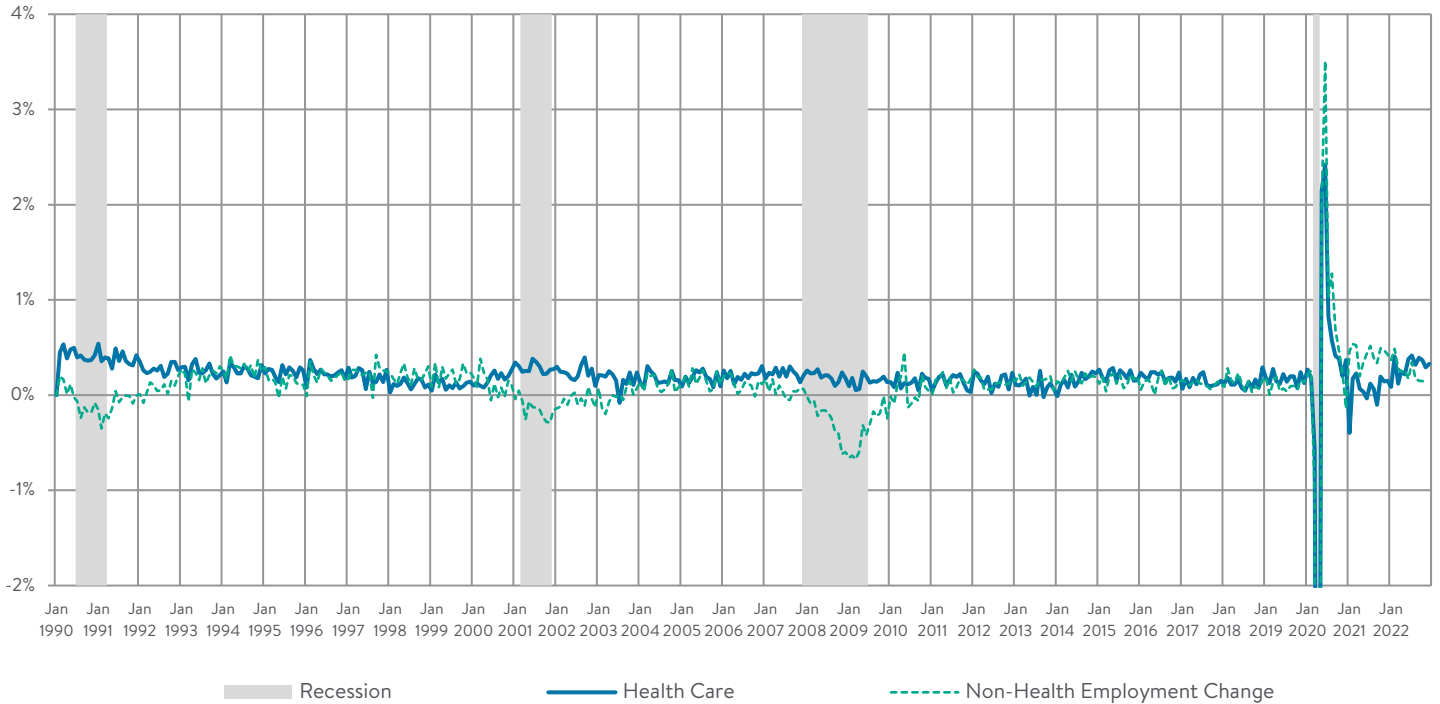
<b>Non-Health Care</b>	168.3	3,919.1	10,559.3	1,041.8
<b>Health Care</b>	54.7	583.9	686.7	197.2
<b>Ambulatory Health Care Services</b>	29.9	331.4	605.3	460.5
Offices of Physicians	12.3	104.8	194.1	157.7
Offices of Dentists	3.4	40.3	88.6	63.4
Offices of Other Health Care Practitioners	2.8	58.5	143.5	106.9
Outpatient Care Centers	0.1	33.0	46.5	42.1
Medical and Diagnostic Labs	-0.5	1.4	15.6	23.2
Home Health Care Services	10.8	76.0	93.1	55.3
Other Ambulatory	0.9	17.3	23.9	12.0
<b>Hospitals</b>	15.7	152.9	121.1	43.7
<b>Nursing and Residential Care Facilities</b>	9.1	99.6	-39.7	-307.0
Nursing Care Facilities	5.7	28.6	-56.1	-210.0
Other Nursing and Residential	3.4	71.0	16.4	-97.0
<b>Annualized Percent Change</b>	<b>One Month</b>	<b>12 Months</b>	<b>24 Months</b>	<b>Since Feb 2020</b>
<b>Non-Health Care</b>	1.5%	2.9%	4.1%	0.3%
<b>Health Care</b>	4.0%	3.6%	2.1%	0.4%
<b>Ambulatory Health Care Services</b>	4.4%	4.1%	3.8%	2.0%
Offices of Physicians	5.3%	3.8%	3.5%	2.0%
Offices of Dentists	3.9%	4.0%	4.5%	2.2%
Offices of Other Health Care Practitioners	3.1%	5.6%	7.2%	3.6%
Outpatient Care Centers	0.1%	3.3%	2.3%	1.5%
Medical and Diagnostic Labs	-1.9%	0.5%	2.6%	2.8%
Home Health Care Services	8.4%	5.0%	3.0%	1.2%
Other Ambulatory	3.3%	5.5%	3.8%	1.3%
<b>Hospitals</b>	3.6%	3.0%	1.2%	0.3%
<b>Nursing and Residential Care Facilities</b>	3.6%	3.4%	-0.6%	-3.3%
Nursing Care Facilities	5.1%	2.1%	-2.0%	-4.9%
Other Nursing and Residential	2.4%	4.4%	0.5%	-1.9%

Source: Altarum analysis of BLS Current Employment Statistics data. Change since February 2020 represents comparison to pre-pandemic peak employment.

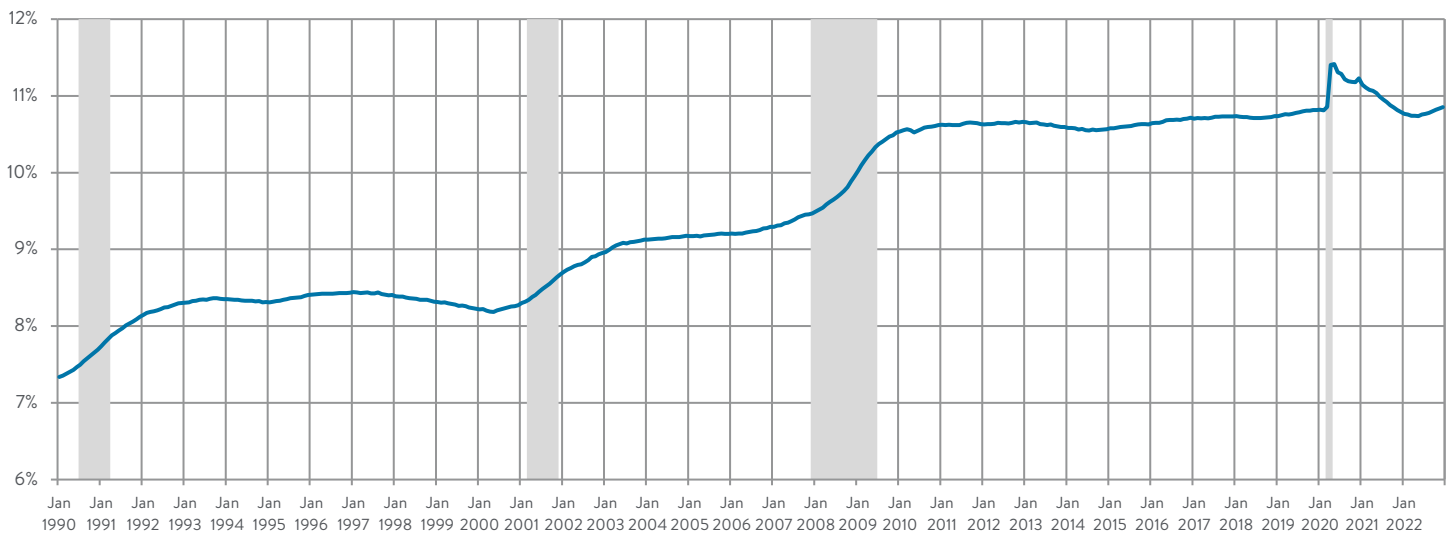


## TIME SERIES TRACKER

**Exhibit 9. Twelve-month Percent Change in Health Care Employment**



**Exhibit 10. Health Care Share of Total Employment**



Source: Altarum analysis of BLS data.

Note: Lightly shaded bars denote recession periods.