

February 22, 2023

Health care adds 58,000 jobs amid strong economywide job growth

HIGHLIGHTS

- ▲ Health care added 58,200 jobs in January 2023, consistent with the pattern of the past eight months, as the economy added more than half a million jobs and the unemployment rate dropped to 3.4%, the lowest rate in more than 50 years.
- ▲ The annual benchmarking of the Current Employment Statistics survey, the source of the jobs data in this brief, shifted total nonfarm employment up by 0.3%. Combined with the usual revisions to the previous two months of data, December 2022 employment was revised upward by 813,000 jobs. Benchmark revisions had a modest impact on health employment, which was adjusted down by 91,500 jobs in December. The downward revision to health employment was seen in ambulatory settings (-60,000) and hospitals (-36,000) but not residential care (+4,500).
- ▲ Consistent with 2022 trends, about half of the health job growth in January 2023 was in ambulatory care settings, which added 29,900 jobs, while hospitals added 10,900 jobs and nursing and residential care added 17,400 jobs.
- ▲ Wage growth in health care continues to moderate. After peaking at a rate of 7.5% year over year in July 2022, health care wage growth fell to 4.9% in December 2022, very close to the economy-wide wage growth of 4.8%.

Cyclical Employment Big Picture

Seasonally Adjusted	February 2020	Jan 2022	Dec 2022	Jan 2023
Total Employment (000)	152,504	150,106	154,556	155,073
Non-Health Employment (000)	136,014	134,069	137,960	138,419
Health Employment (000)	16,491	16,037	16,596	16,654
Health Share of Total Employment	10.81%	10.68%	10.74%	10.74%
Unemployment Rate	3.5%	4.0%	3.5%	3.4%

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.

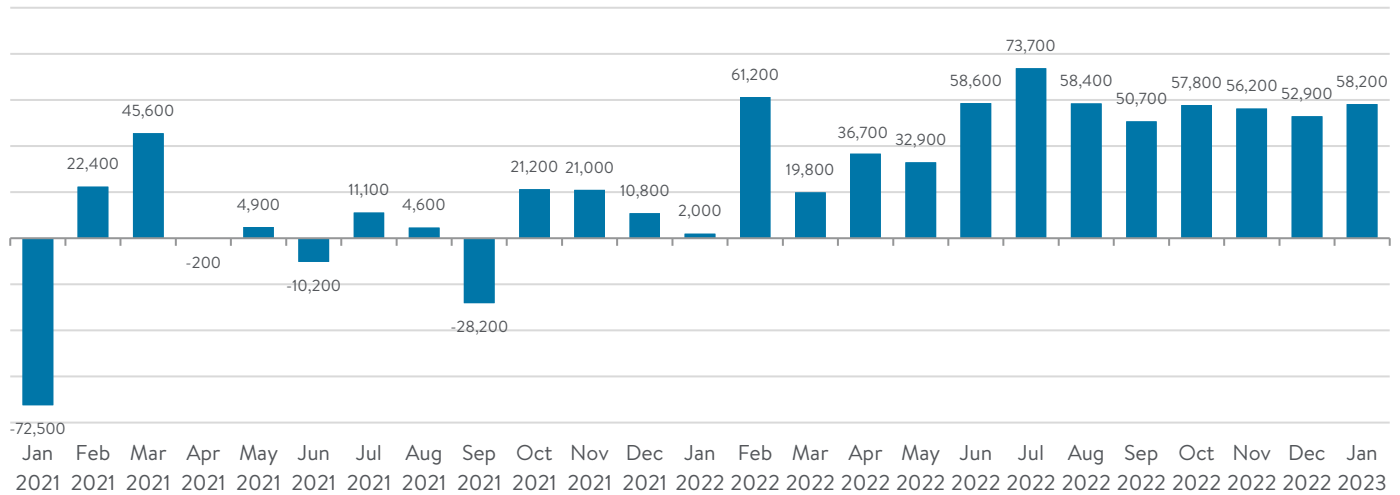
The Health Sector Economic IndicatorsSM (HSEI) reports are a monthly publication of Altarum providing analyses of health spending, employment, and prices. For more information, contact Ani Turner at ani.turner@altarum.org. Ani Turner (principal author), Corwin Rhyan, George Miller, PhD, and Matt Daly,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



DISCUSSION

Health care employment grew by 58,200 jobs in December 2022, very consistent with the average of 58,300 new jobs per month added over the past eight months (Exhibit 1). More than half of the job growth in January 2023 was in ambulatory care settings, which added 29,900 jobs, but other major settings also showed solid job growth, with hospitals adding 10,900 jobs and nursing and residential care adding 17,400 jobs (Exhibit 7).

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



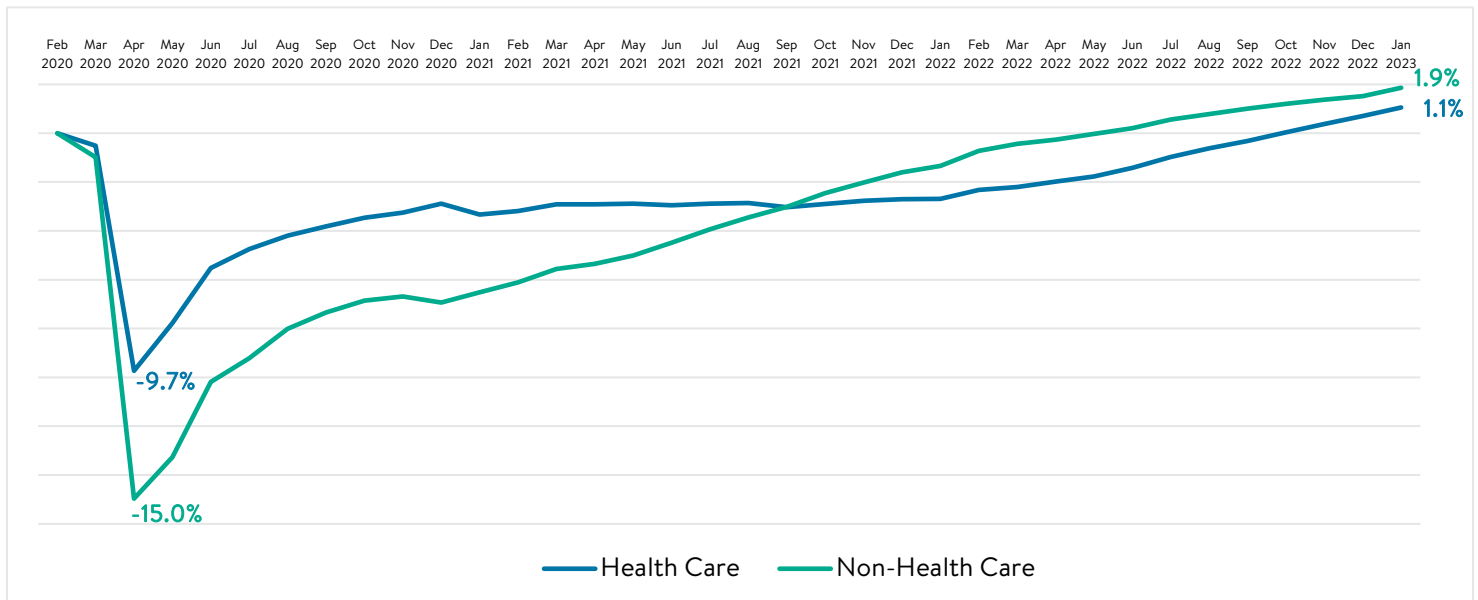
Source: Altarum analysis of monthly BLS Current Employment Statistics data.

Bureau of Labor Statistics data released in February 2023 reflect the usual revisions to the previous two months of data, and also reflect the annual benchmarking of the Current Employment Statistics (CES) survey, the source of the jobs data in this brief. The annual benchmarking shifted total nonfarm employment up by 0.3%, a larger adjustment than the 10-year average of 0.1%. Combined with the usual revisions to the previous two months of data, December 2022 total nonfarm employment was revised upward by 813,000 jobs. Benchmark revisions had a modest impact on health employment, which was adjusted down by 91,500 jobs in December. Also with the February 2023 release, CES data were updated to the 2022 North American Industry Classification System (NAICS) from the NAICS 2017 basis. This classification system update had no substantive impact on the health industry categories.

Revised employment estimates through January 2023 show non-health jobs recovered from the pandemic drop faster than previously estimated, reaching the February 2020 level of employment in May 2022 (rather than July 2022 as previously estimated) and that these jobs are now 1.9% above the pre-pandemic level, versus the 0.8% above estimated last month. Revisions did not substantially change the pattern of recovery of health care jobs, which are now 1.1% above the pre-pandemic level, versus the 1.2% above estimated last month (Exhibit 2).



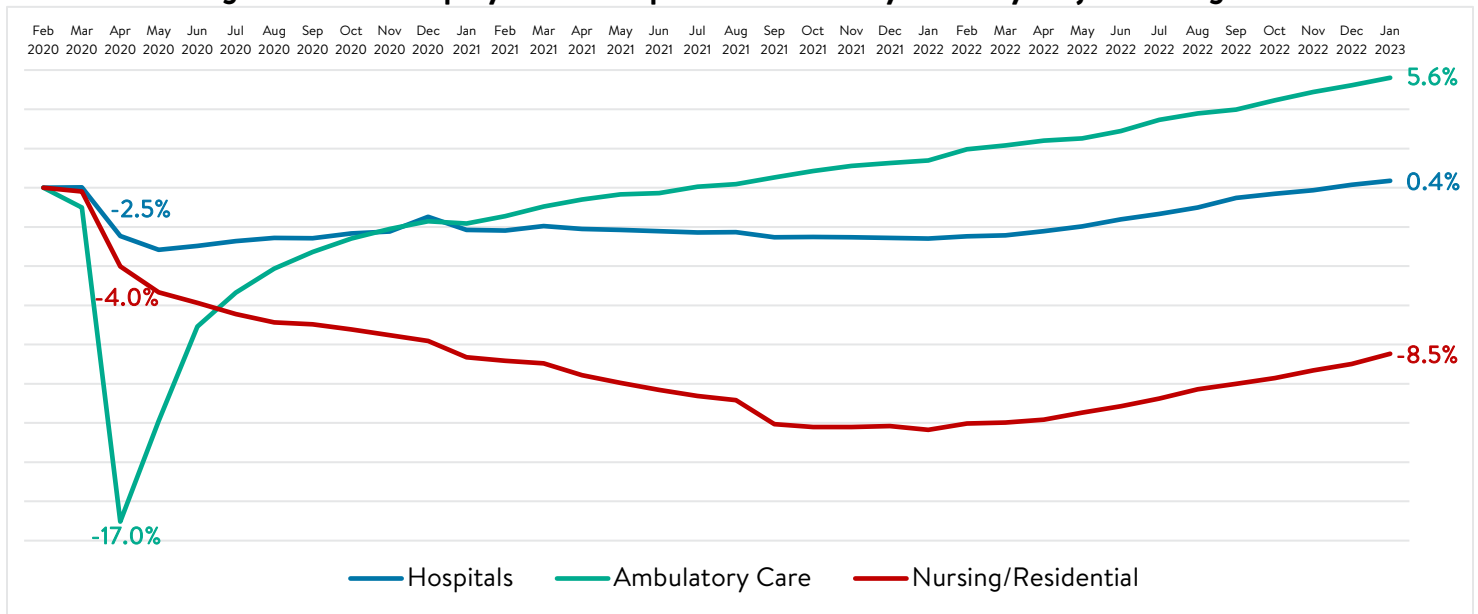
Exhibit 2. Change in Health and Non-Health Employment Compared to February 2020



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

By major setting of care, the downward revision to health employment was seen in hospitals (-36,000) and ambulatory settings (-60,000), but not residential care (+4,500). Employment in ambulatory care settings now stands at 5.6% above the level of February 2020, versus the 5.8% estimated last month (Exhibit 3). Hospital employment is now 0.4% above the February 2020 level, versus the 0.8% estimated last month. Employment in nursing and residential care has shown positive growth for the past year but remains 286,000 jobs (8.5%) below the pre-pandemic level.

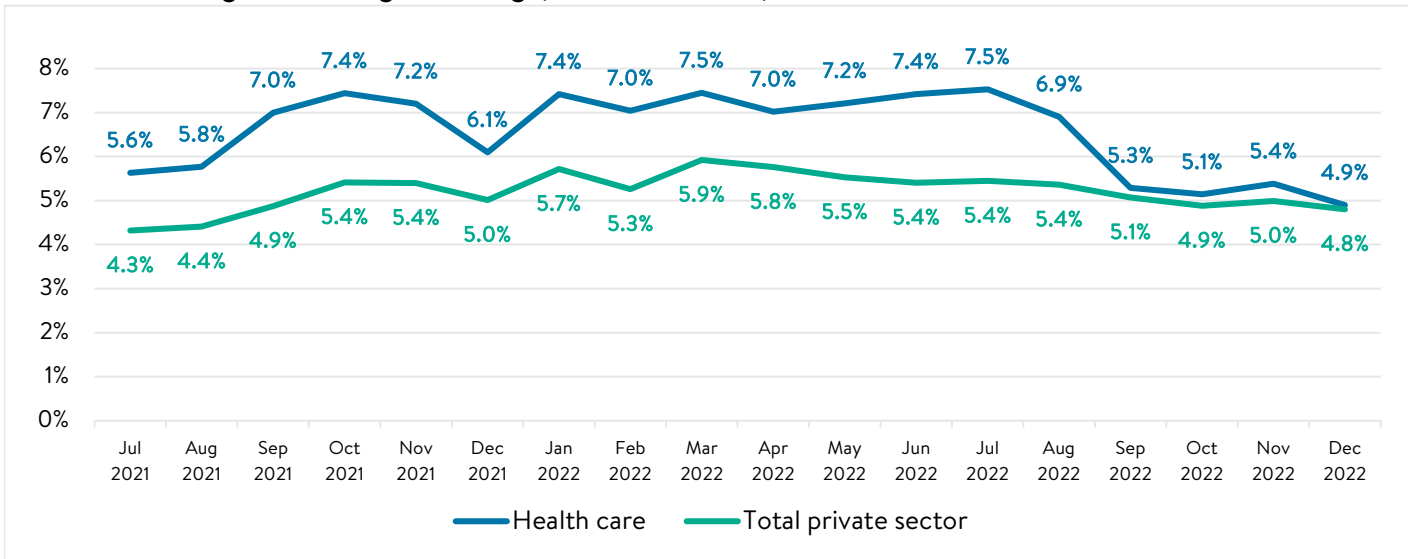
Exhibit 3. Change in Health Employment Compared to February 2020 by Major Setting of Care





Wage growth in health care has been falling since the summer and is now near the economywide average. Earnings in health care rose 4.9% over the year ending in December 2022, compared to 4.8% for all private sector jobs (Exhibit 4).

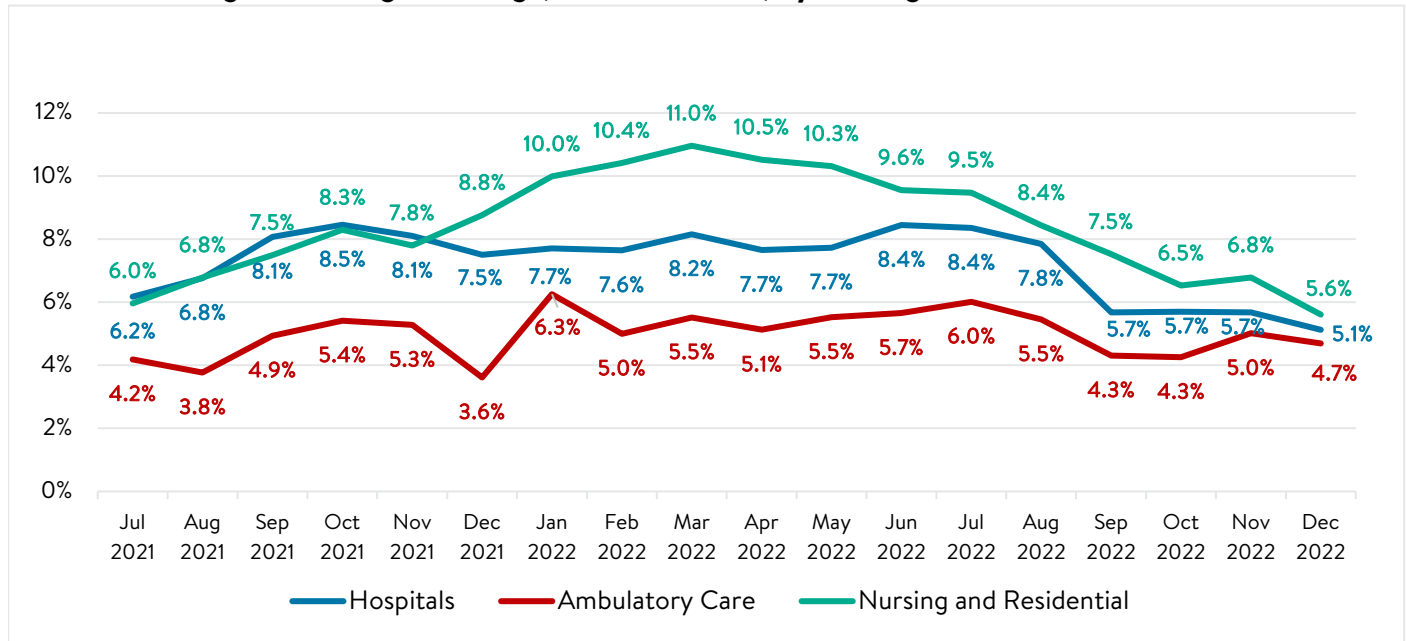
Exhibit 4. Change in Average Earnings, Year over Year, Health Care and Total





The growth in average earnings continues to vary by setting of care, but the gaps continue to narrow as wage growth falls (Exhibit 5). Wages are still growing fastest in nursing and residential care, at 5.6% year over year in December, but this rate has fallen considerably since peaking at 11.0% in March 2022. In hospitals, wage growth fell in December to 5.1%. Wage growth has been slowest in ambulatory care, with December growth of 4.7%.

Exhibit 5. Change in Average Earnings, Year over Year, by Setting of Care



DETAILED HEALTH CARE EMPLOYMENT

Exhibit 6. Employment Data by Sector, Seasonally Adjusted

Employment (in thousands)	January 2023	December 2022	January 2022	January 2021	February 2020
Non-Health Care	138,419	137,960	134,069	127,037	135,890
Health Care	16,654	16,596	16,037	15,932	16,481
Ambulatory Health Care Services	8,308	8,278	7,976	7,723	7,867
Offices of Physicians	2,870	2,859	2,768	2,693	2,726
Offices of Dentists	1,029	1,031	1,005	967	990
Offices of Other Health Care Practitioners	1,115	1,110	1,052	974	1,001
Outpatient Care Centers	1,059	1,053	1,014	980	997
Medical and Diagnostic Labs	322	320	316	299	289
Home Health Care Services	1,576	1,569	1,502	1,504	1,546
Other Ambulatory	337	335	319	307	318
Hospitals	5,254	5,243	5,100	5,123	5,236
Nursing and Residential Care Facilities	3,092	3,075	2,961	3,086	3,378
Nursing Care Facilities	1,380	1,376	1,345	1,415	1,587
Other Nursing and Residential	1,712	1,699	1,617	1,672	1,792
Health Share of Employment	10.74%	10.74%	10.68%	11.14%	10.82%

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

Exhibit 7. 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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Non-Health Care	458.8	4,349.9	11,381.9	2,528.5
Health Care	58.2	617.1	722.1	173.5
Ambulatory Health Care Services	29.9	331.5	585.1	441.2
Offices of Physicians	11.1	102.4	177.4	144.0
Offices of Dentists	-2.7	23.6	61.3	38.7
Offices of Other Health Care Practitioners	4.4	62.6	141.2	114.0
Outpatient Care Centers	6.7	45.3	79.5	62.4
Medical and Diagnostic Labs	2.0	5.9	23.3	33.4
Home Health Care Services	6.4	73.5	72.3	29.5
Other Ambulatory	1.9	18.1	30.0	19.1
Hospitals	10.9	154.6	130.9	18.5
Nursing and Residential Care Facilities	17.4	131.0	6.1	-286.2
Nursing Care Facilities	4.5	35.6	-34.4	-206.7
Other Nursing and Residential	12.9	95.4	40.5	-79.5
Annualized Percent Change	One Month	12 Months	24 Months	Since Feb 2020
Non-Health Care	4.1%	3.2%	4.4%	0.6%
Health Care	4.3%	3.8%	2.2%	0.4%
Ambulatory Health Care Services	4.4%	4.2%	3.7%	1.9%
Offices of Physicians	4.8%	3.7%	3.2%	1.8%
Offices of Dentists	-3.1%	2.3%	3.1%	1.3%
Offices of Other Health Care Practitioners	4.9%	6.0%	7.0%	3.8%
Outpatient Care Centers	7.9%	4.5%	4.0%	2.1%
Medical and Diagnostic Labs	7.8%	1.9%	3.8%	3.8%
Home Health Care Services	5.0%	4.9%	2.4%	0.7%
Other Ambulatory	7.0%	5.7%	4.8%	2.0%
Hospitals	2.5%	3.0%	1.3%	0.1%
Nursing and Residential Care Facilities	7.0%	4.4%	0.1%	-3.0%
Nursing Care Facilities	4.0%	2.6%	-1.2%	-4.7%
Other Nursing and Residential	9.5%	5.9%	1.2%	-1.5%

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



TIME SERIES TRACKER

Exhibit 8. Twelve-month Percent Change in Health Care Employment

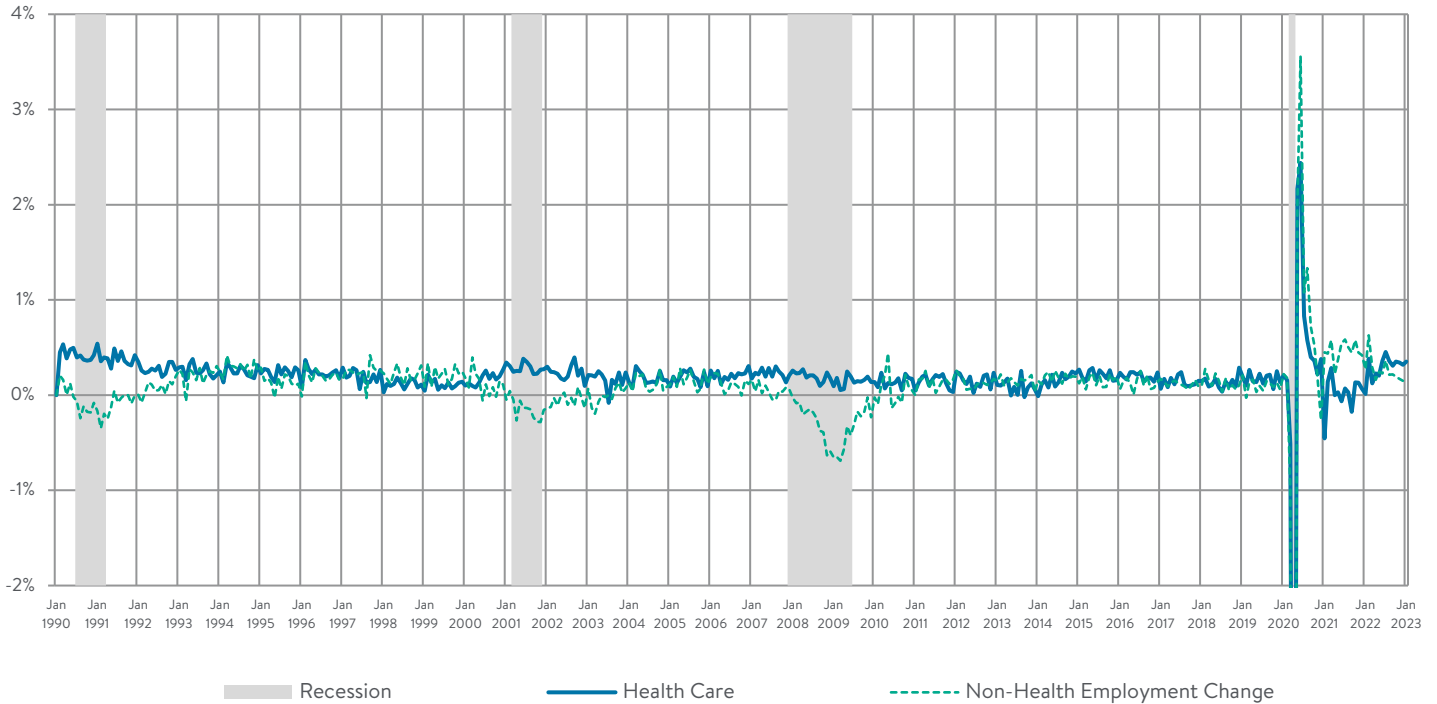
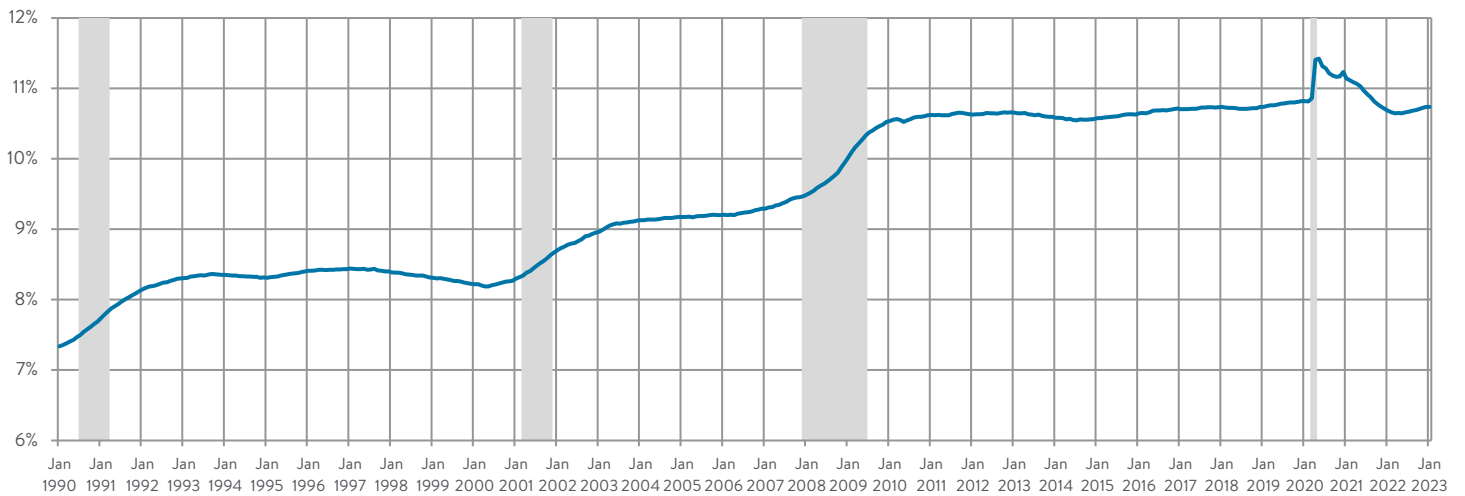


Exhibit 9. Health Care Share of Total Employment



Source: Altarum analysis of BLS data.

Note: Lightly shaded bars denote recession periods.