

January 26, 2023

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.

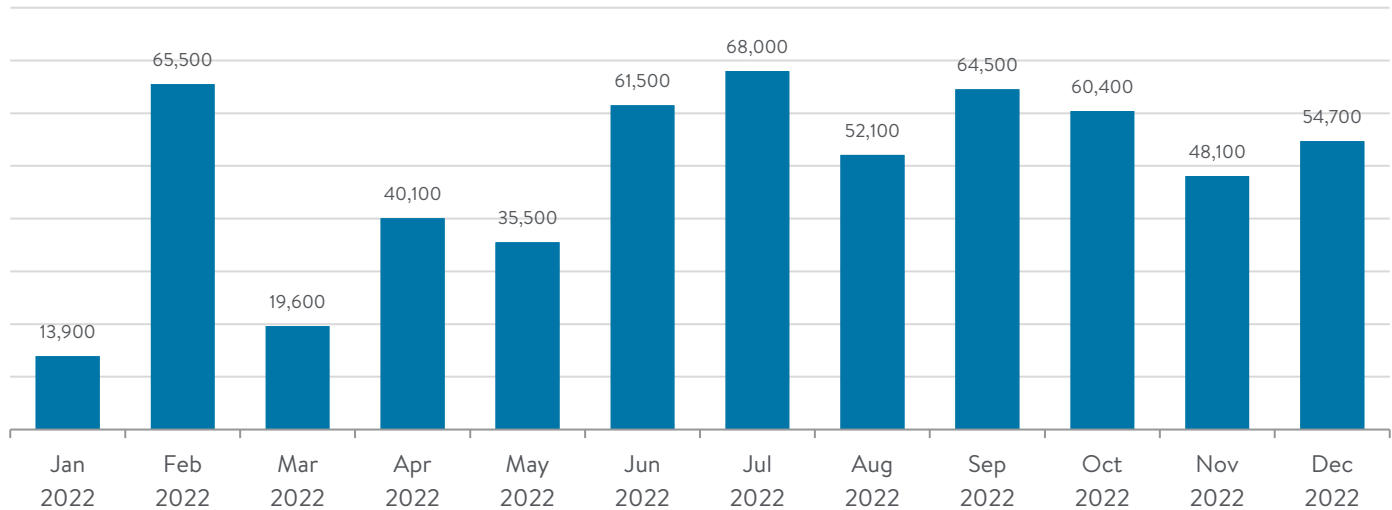
The Health Sector Economic IndicatorsSM (HSEI) reports are a monthly publication of Altarum providing analyses of health spending, employment, and prices. For more information, contact Ani Turner at ani.turner@altarum.org. Ani Turner (principal author), Corwin Rhyan, George Miller, PhD, and Matt Daly, 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 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.

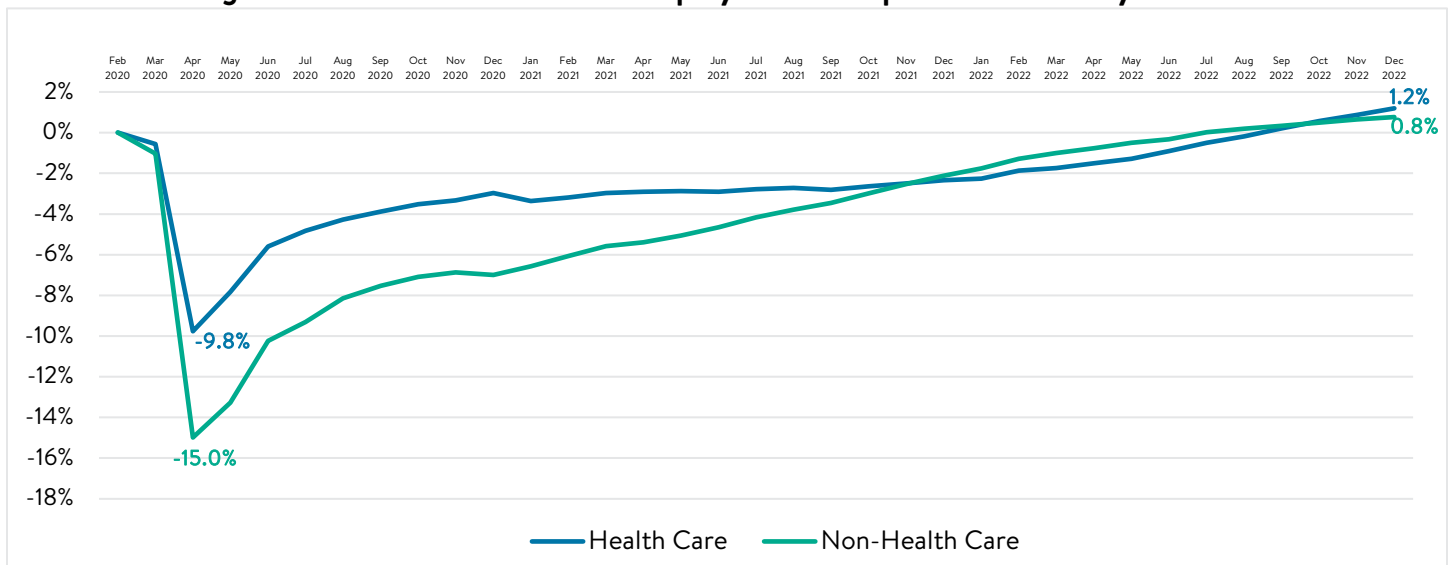
Exhibit 1. Month-over-month Change in Health Care Employment, Seasonally Adjusted



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

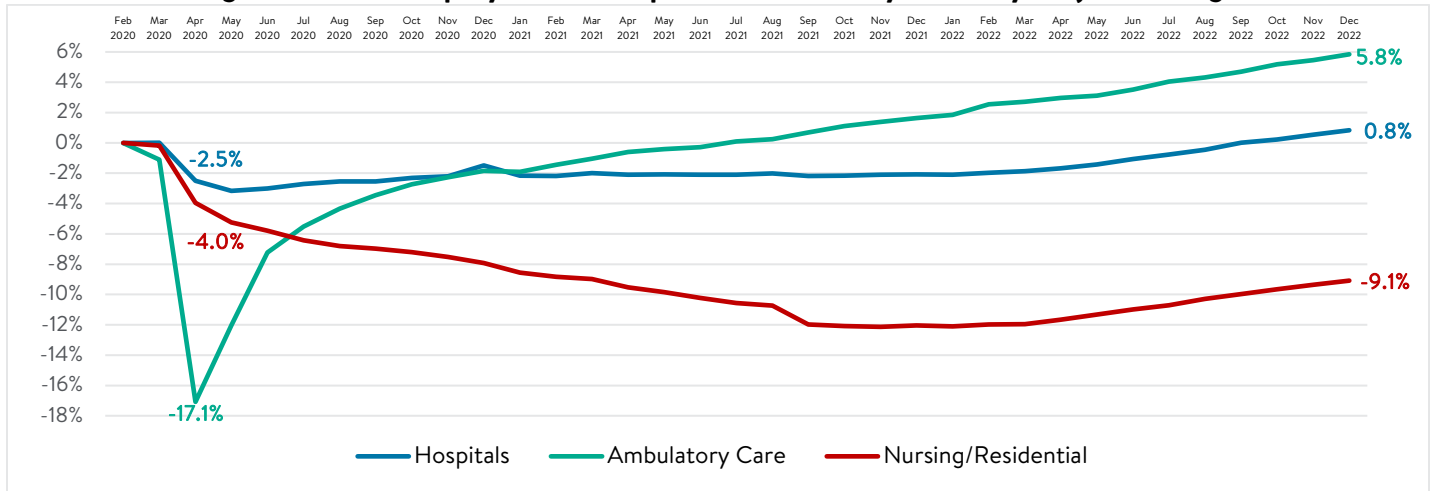


Source: Altarum analysis of monthly BLS Current Employment Statistics data.



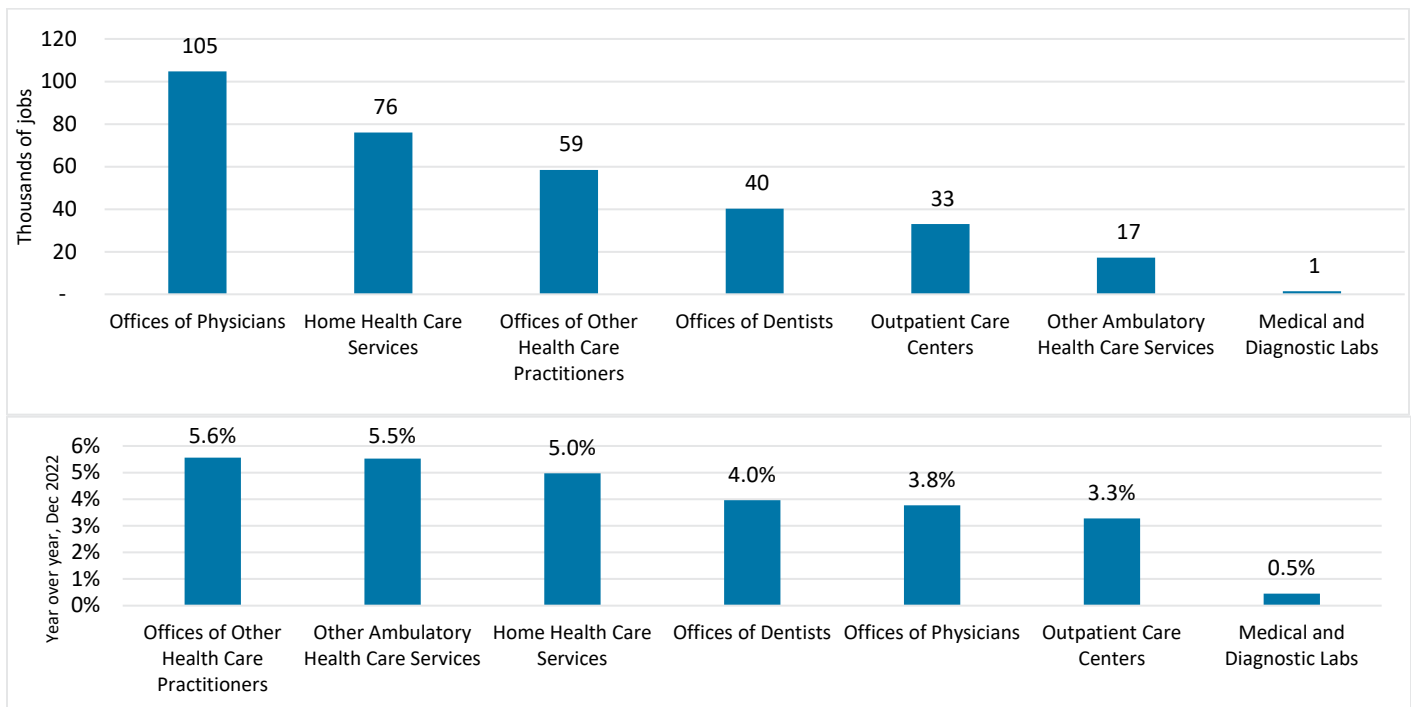
Employment in ambulatory care settings returned to the pre-pandemic level in August 2021 and has grown steadily in 2022 to now stand at 5.8% above the level of February 2020 (Exhibit 3). Hospital employment took more than a year longer to recover and is now 0.8% above the February 2020 level, while employment 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).

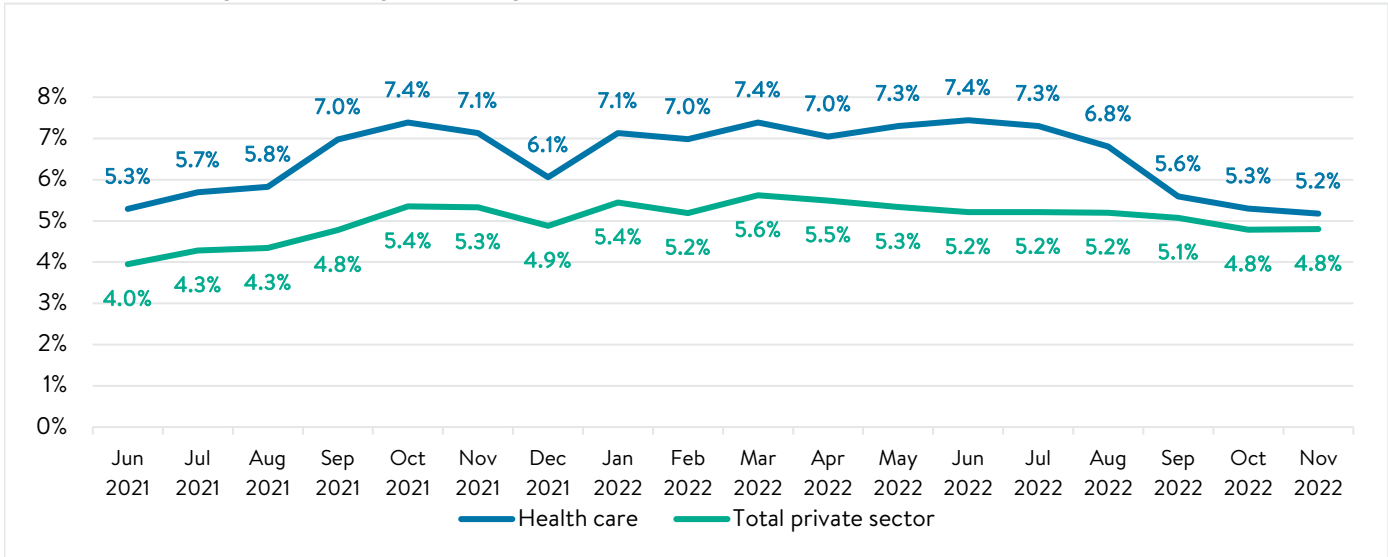
Exhibit 4. Number of jobs added and percent change in jobs in 2022 by ambulatory care sub-setting





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).

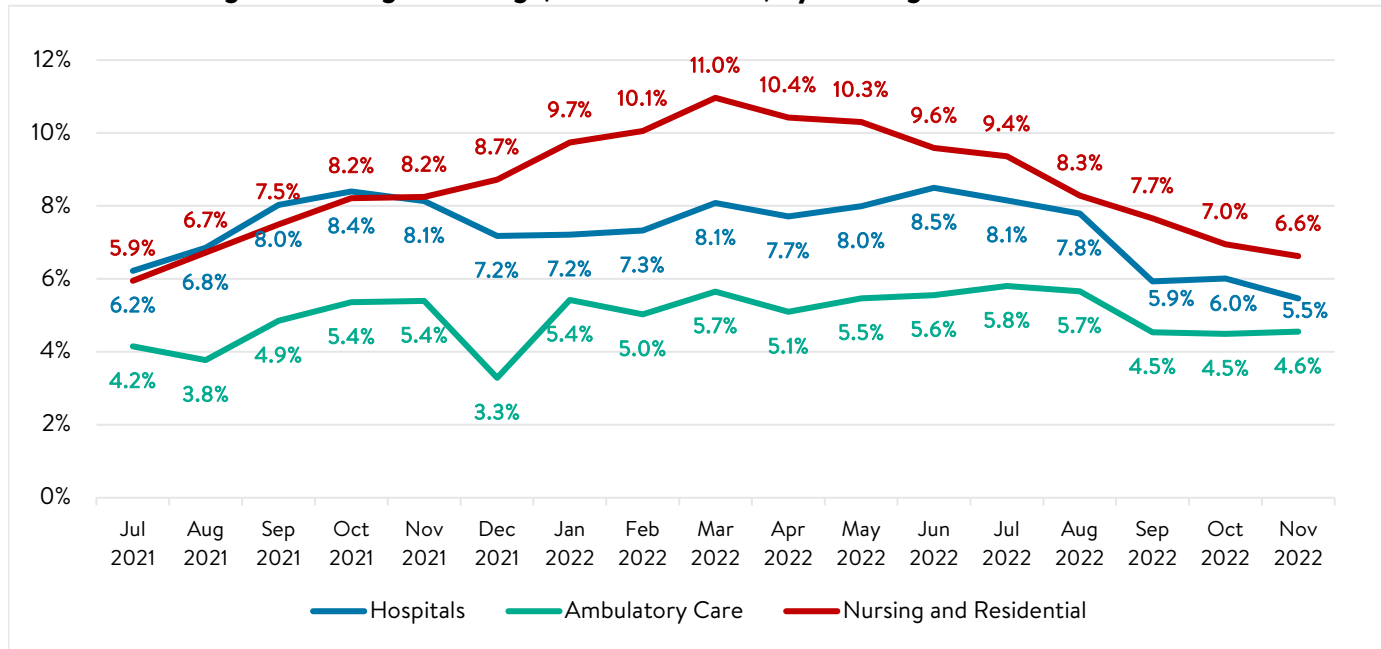
Exhibit 5. Change in Average Earnings, Year over Year, Health Care and Total





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
Non-Health Care	137,055	136,887	133,136	126,496	136,014
Health Care	16,688	16,633	16,104	16,001	16,491
Ambulatory Health Care Services	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
Hospitals	5,279	5,264	5,126	5,158	5,236
Nursing and Residential Care Facilities	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
Health Share of Employment	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
----------------------------------	-----------	-----------	-----------	----------------



Non-Health Care	168.3	3,919.1	10,559.3	1,041.8
Health Care	54.7	583.9	686.7	197.2
Ambulatory Health Care Services	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
Hospitals	15.7	152.9	121.1	43.7
Nursing and Residential Care Facilities	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
Annualized Percent Change	One Month	12 Months	24 Months	Since Feb 2020
Non-Health Care	1.5%	2.9%	4.1%	0.3%
Health Care	4.0%	3.6%	2.1%	0.4%
Ambulatory Health Care Services	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%
Hospitals	3.6%	3.0%	1.2%	0.3%
Nursing and Residential Care Facilities	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

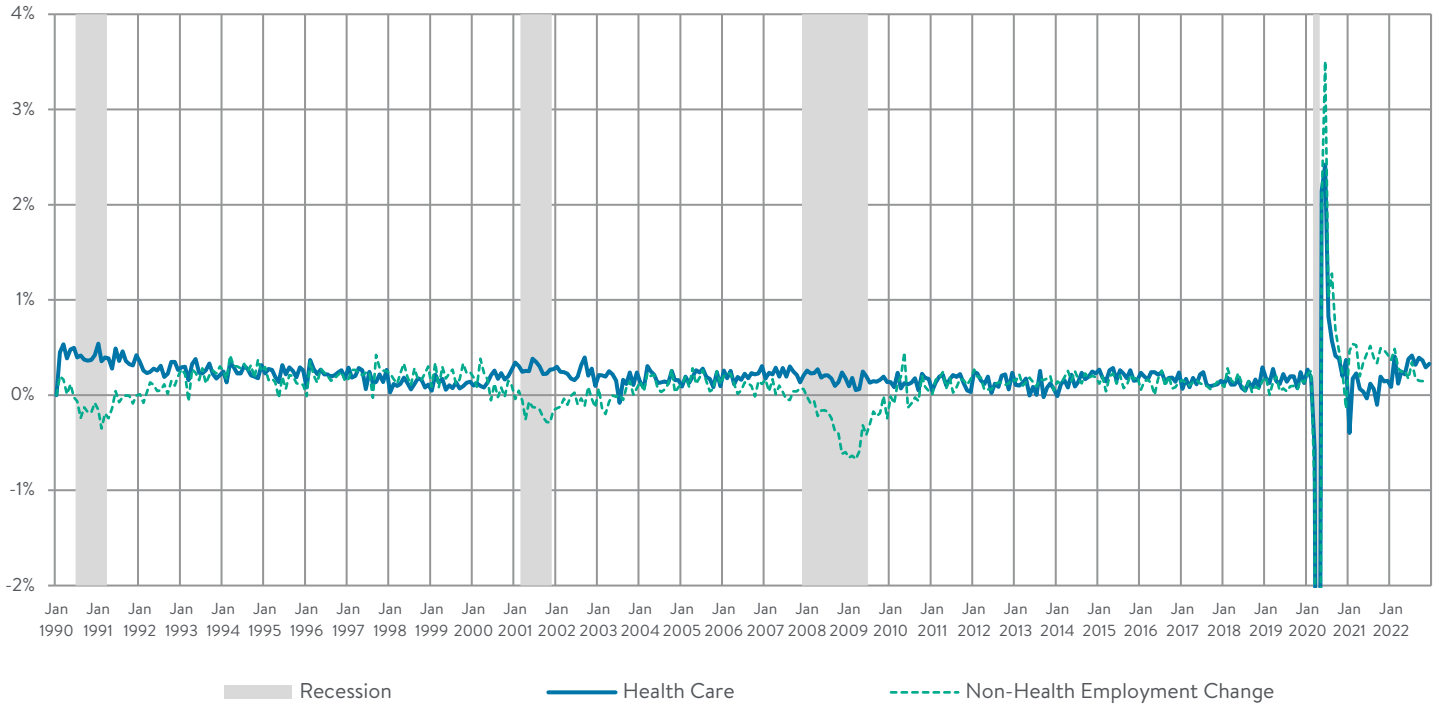
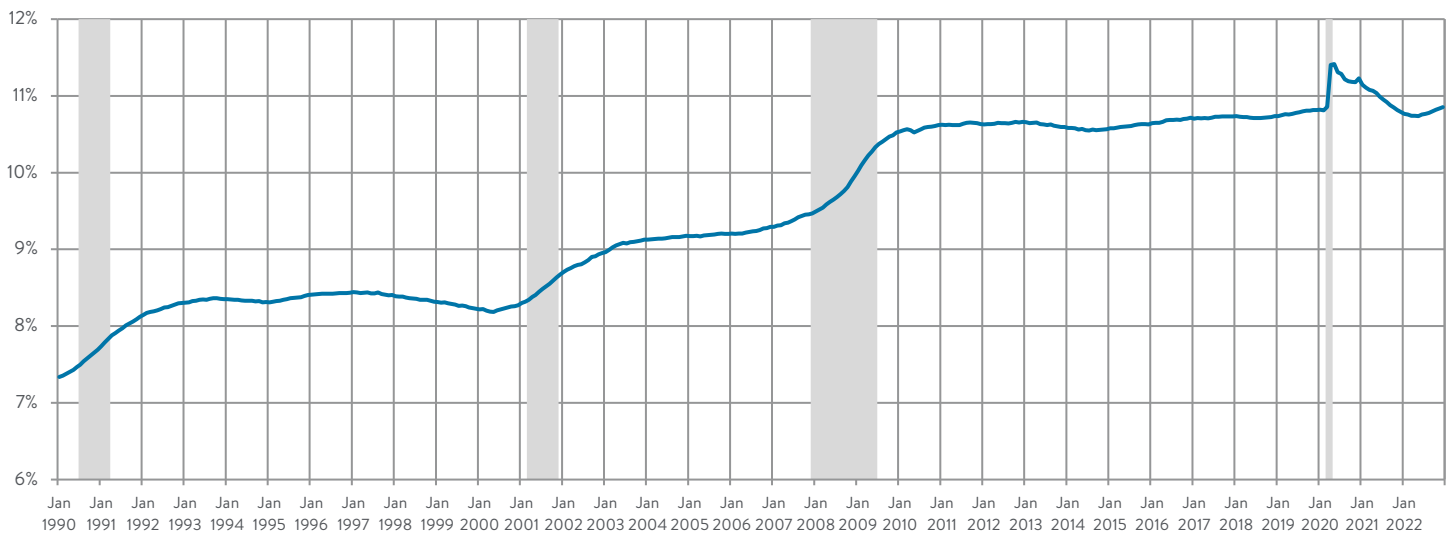


Exhibit 10. Health Care Share of Total Employment



Source: Altarum analysis of BLS data.

Note: Lightly shaded bars denote recession periods.