

September 26, 2023

Health sector jobs show greatest 2-month growth since pandemic recovery

HIGHLIGHTS

- ▲ Health care added 70,900 jobs in August 2023. With a significant upward revision to July's job growth, the two-month increase of 143,900 is the largest since the initial recovery from the COVID-induced recession.
- ▲ August's health sector job growth was led by growth in ambulatory care settings, which added 39,900 jobs, while hospitals added 14,500 jobs.
- ▲ Nursing and residential care facilities added 16,500 jobs in August, with growth occurring in both nursing homes (8,900 jobs) and other nursing and residential care settings (7,600 jobs).
- ▲ The economy added 187,000 jobs in August, somewhat below the 12-month average of 257,300 jobs. The unemployment rate grew to 3.8% from July's rate of 3.5%.
- ▲ Health care wage growth in July 2023 was 3.3% year over year, somewhat below the total private sector wage growth of 4.4%.
- ▲ Wage growth in health care settings is highest in nursing and residential care, at 4.3% year over year in July 2023. Wage growth in hospitals was 3.8%, while wage growth in ambulatory care settings was 2.8% in July.

Cyclical Employment Big Picture

Seasonally Adjusted	Feb 2020	Aug 2022	Jul 2023	Aug 2023
Total Employment (000)	152,371	153,332	156,232	156,419
Non-Health Employment (000)	135,890	136,953	139,289	139,405
Health Employment (000)	16,481	16,379	16,943	17,014
Health Share of Total Employment	10.82%	10.68%	10.85%	10.88%
Unemployment Rate	3.5%	3.7%	3.5%	3.8%

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

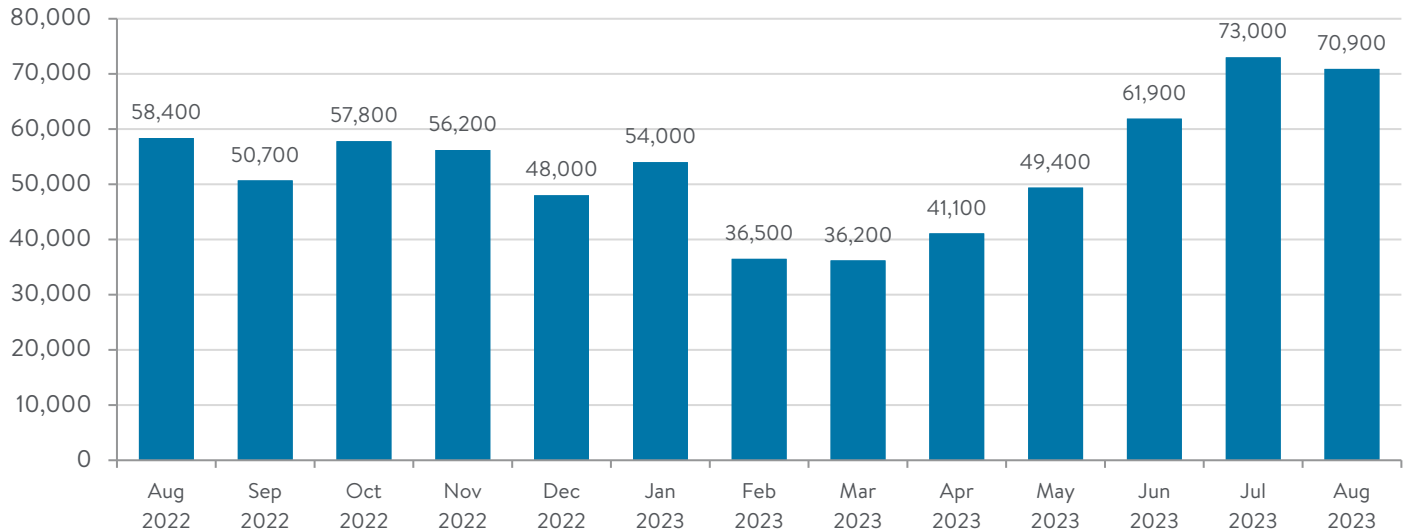
Altarum is a nonprofit research and consulting organization that creates and implements solutions to advance health among at-risk and disenfranchised populations. Since 2011, Altarum has researched cost growth trends and key drivers of U.S. health spending and formulated policy strategies to help bend 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 Corwin Rhyan at corwin.rhyan@altarum.org. George Miller (principal author), Corwin Rhyan, and Matt Daly, PhD, contributed to this brief. We thank Ani Turner for her years of leadership of this work. Media Contact: press@altarum.org. For more information, visit <http://altarum.org/solution/health-sector-spending>.

DISCUSSION

Health care employment grew by 70,900 jobs in August 2023, significantly higher than the 12-month average of 53,000 jobs per month from September 2022 through August 2023 (Exhibit 1). Revisions to June and July added 26,700 jobs to the estimate of total health care employment for a revised estimate of 73,000 jobs gained in July. As a result, the 2-month growth of 143,900 jobs is the largest increase since the initial recovery from the April 2020 recession during the spring and summer of 2020.

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



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

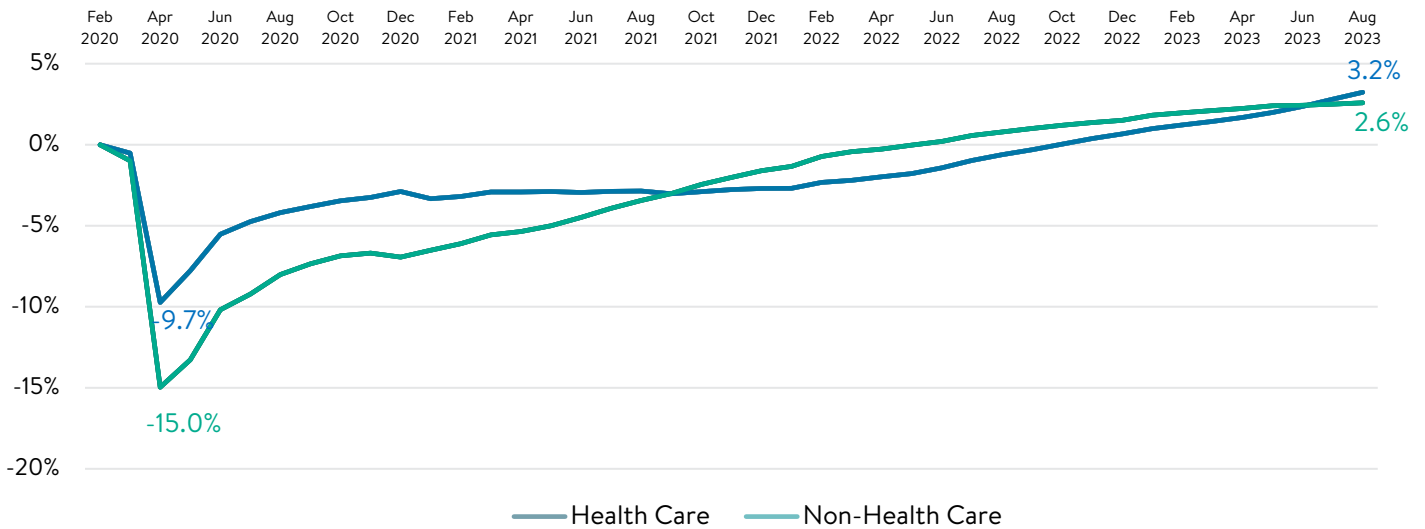
Ambulatory care settings led health care employment growth in August, adding 39,900 jobs, somewhat above the 12-month average of 26,500 jobs per month. Hospitals added 14,500 jobs in August, above the 12-month average of 13,500 jobs per month. Revised numbers for July were 37,800 new jobs in ambulatory care settings and 16,100 new jobs in hospitals.

Nursing and residential care facilities added 16,500 jobs in August (and July was revised upward to 19,100 jobs), above the 12-month average of 13,000 jobs per month. Nursing homes (+8,900 jobs in August) and residential care facilities (+7,600 jobs in August) contributed to this growth.

Health care employment is 533,00 jobs, or 3.2%, above where it was before the pandemic began (February 2020) and now exceeds the 2.6% increase in non-health care employment over the same period (Exhibits 2 and 7).

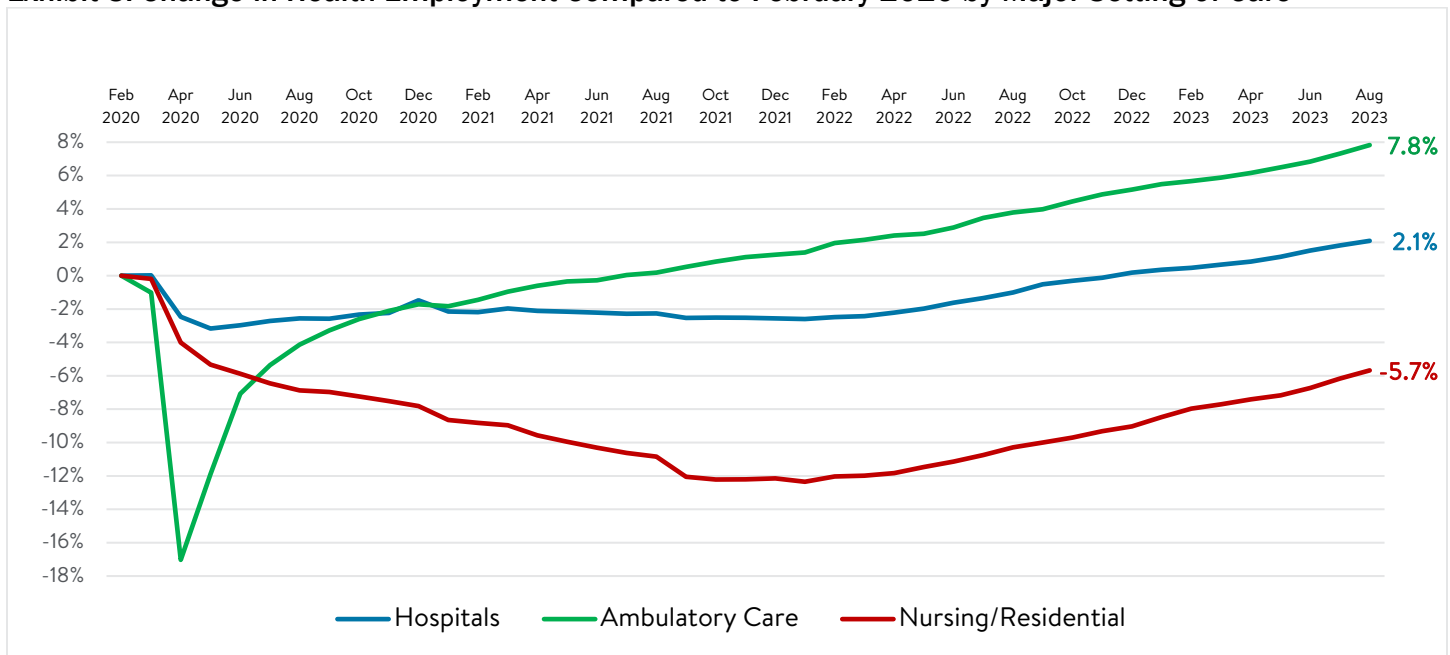
Hospital employment is slightly above its pre-pandemic level (109,400 or 2.1% above), ambulatory care settings are well above (615,900 or 7.8% above), and nursing and residential care employment, while growing steadily since January 2022, remains 191,900 or 5.7% below where it was prior to the pandemic (Exhibits 3 and 7).

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



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

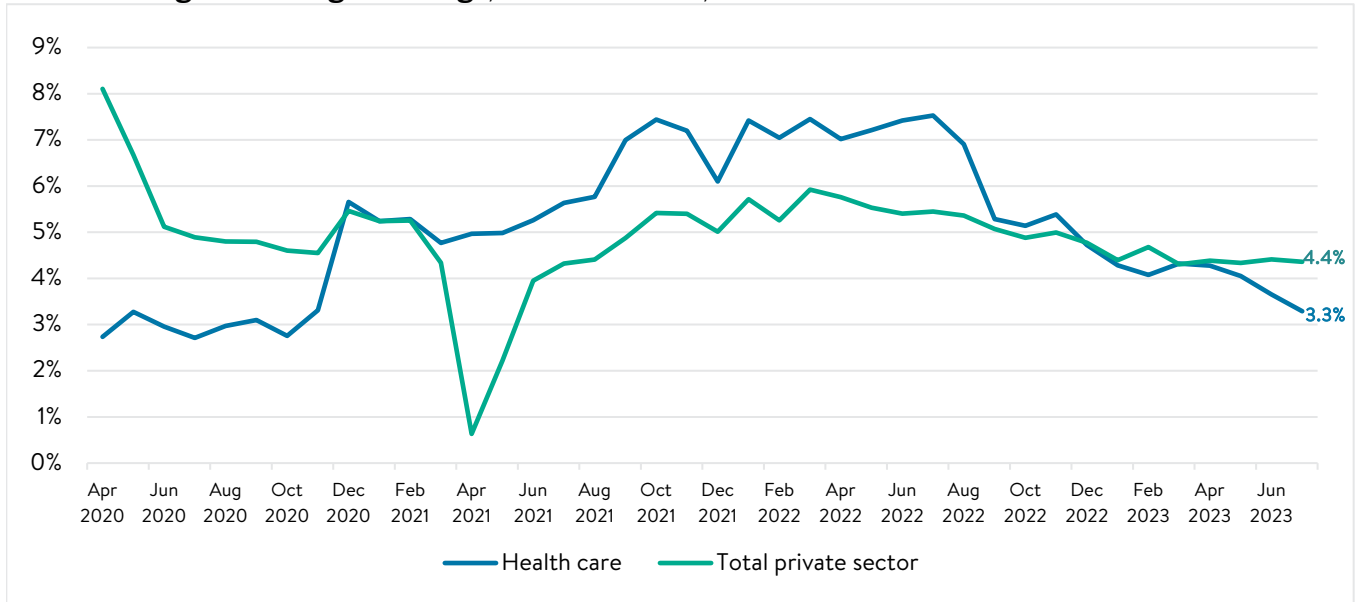
Exhibit 3. Change in Health Employment Compared to February 2020 by Major Setting of Care



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

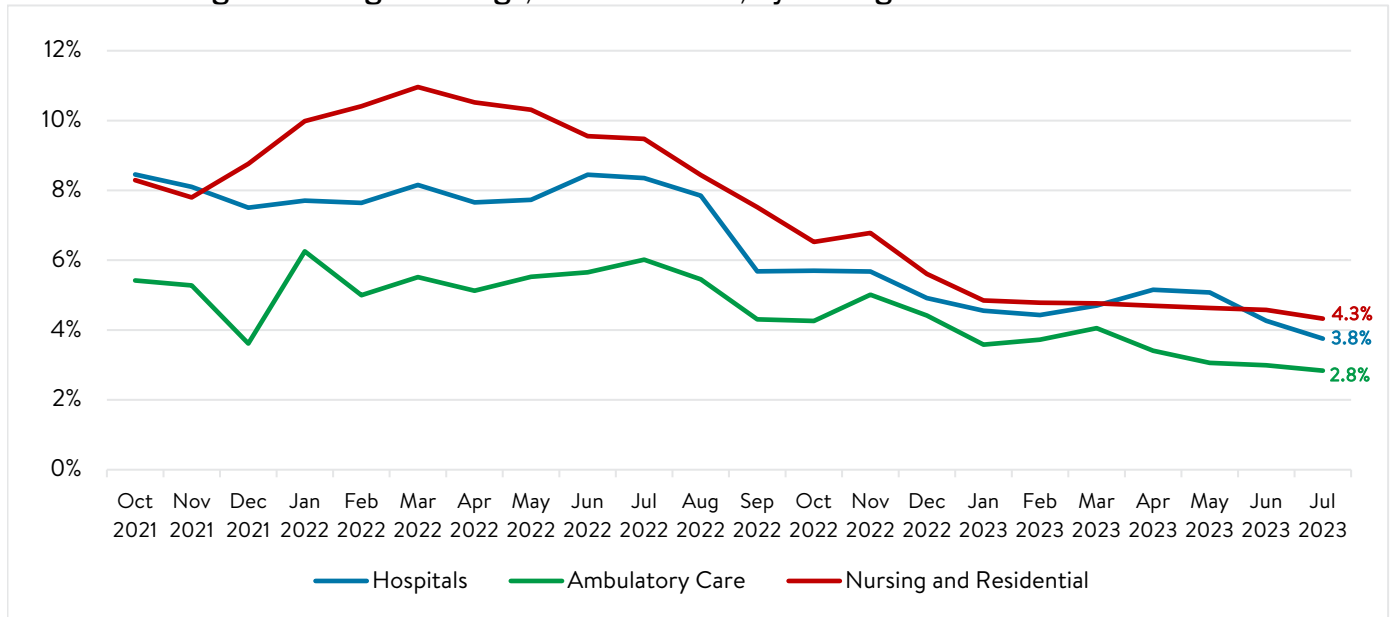
Wage growth in health care had been higher than economywide wage growth for many months but the two rates have converged recently. However, in July 2023, wage growth in health care dropped to 3.3%, year over year, while across all private sector jobs was 4.4% (Exhibit 4).

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



The growth in average earnings varied considerably by setting of care in 2021 and 2022, but the gaps narrowed as wage growth fell in all settings (Exhibit 5). In July 2023, wage growth in nursing and residential care stood at 4.3% year over year, while hospital wage growth fell to 3.8% and wage growth in ambulatory care settings fell slightly to 2.8%.

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)	Aug 2023	Jul 2023	Aug 2022	Aug 2021	Feb 2020
Non-Health Care	139,405	139,289	136,953	131,211	135,890
Health Care	17,014	16,943	16,379	16,011	16,481
Ambulatory Health Care Services	8,483	8,443	8,165	7,881	7,867
Offices of Physicians	2,921	2,906	2,819	2,741	2,726
Offices of Dentists	1,040	1,042	1,024	993	990
Offices of Other Health Care Practitioners	1,147	1,138	1,094	1,023	1,001
Outpatient Care Centers	1,067	1,062	1,042	1,005	997
Medical and Diagnostic Labs	326	325	322	311	289
Home Health Care Services	1,640	1,629	1,540	1,496	1,546
Other Ambulatory	342	339	324	314	318
Hospitals	5,345	5,331	5,183	5,117	5,236
Nursing and Residential Care Facilities	3,187	3,170	3,031	3,012	3,378
Nursing Care Facilities	1,428	1,419	1,360	1,367	1,587
Other Nursing and Residential	1,758	1,751	1,671	1,645	1,792
Health Share of Employment	10.88%	10.85%	10.68%	10.88%	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
Non-Health Care	116.1	2,451.3	8,194.2	3,514.6
Health Care	70.9	635.7	1,003.8	533.4
Ambulatory Health Care Services	39.9	318.1	601.4	615.9
Offices of Physicians	14.1	101.7	179.8	194.5
Offices of Dentists	-2.5	16.0	46.7	49.9
Offices of Other Health Care Practitioners	8.1	52.2	123.9	145.8
Outpatient Care Centers	5.0	25.8	62.4	70.4
Medical and Diagnostic Labs	1.2	4.1	15.7	37.3
Home Health Care Services	11.2	100.3	144.5	93.9
Other Ambulatory	2.8	18.0	28.4	24.1
Hospitals	14.5	162.0	228.0	109.4
Nursing and Residential Care Facilities	16.5	155.6	174.4	-191.9
Nursing Care Facilities	8.9	68.6	61.3	-158.5
Other Nursing and Residential	7.6	87.0	113.1	-33.4
Annualized Percent Change	One Month	12 Months	24 Months	Since Feb 2020
Non-Health Care	1.0%	1.8%	3.1%	0.7%
Health Care	5.1%	3.9%	3.1%	0.9%
Ambulatory Health Care Services	5.8%	3.9%	3.7%	2.2%
Offices of Physicians	6.0%	3.6%	3.2%	2.0%
Offices of Dentists	-2.8%	1.6%	2.3%	1.4%
Offices of Other Health Care Practitioners	8.9%	4.8%	5.9%	4.0%
Outpatient Care Centers	5.8%	2.5%	3.1%	2.0%
Medical and Diagnostic Labs	4.5%	1.3%	2.5%	3.5%
Home Health Care Services	8.6%	6.5%	4.7%	1.7%
Other Ambulatory	10.4%	5.6%	4.4%	2.1%
Hospitals	3.3%	3.1%	2.2%	0.6%
Nursing and Residential Care Facilities	6.4%	5.1%	2.9%	-1.7%
Nursing Care Facilities	7.8%	5.0%	2.2%	-3.0%
Other Nursing and Residential	5.3%	5.2%	3.4%	-0.5%

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

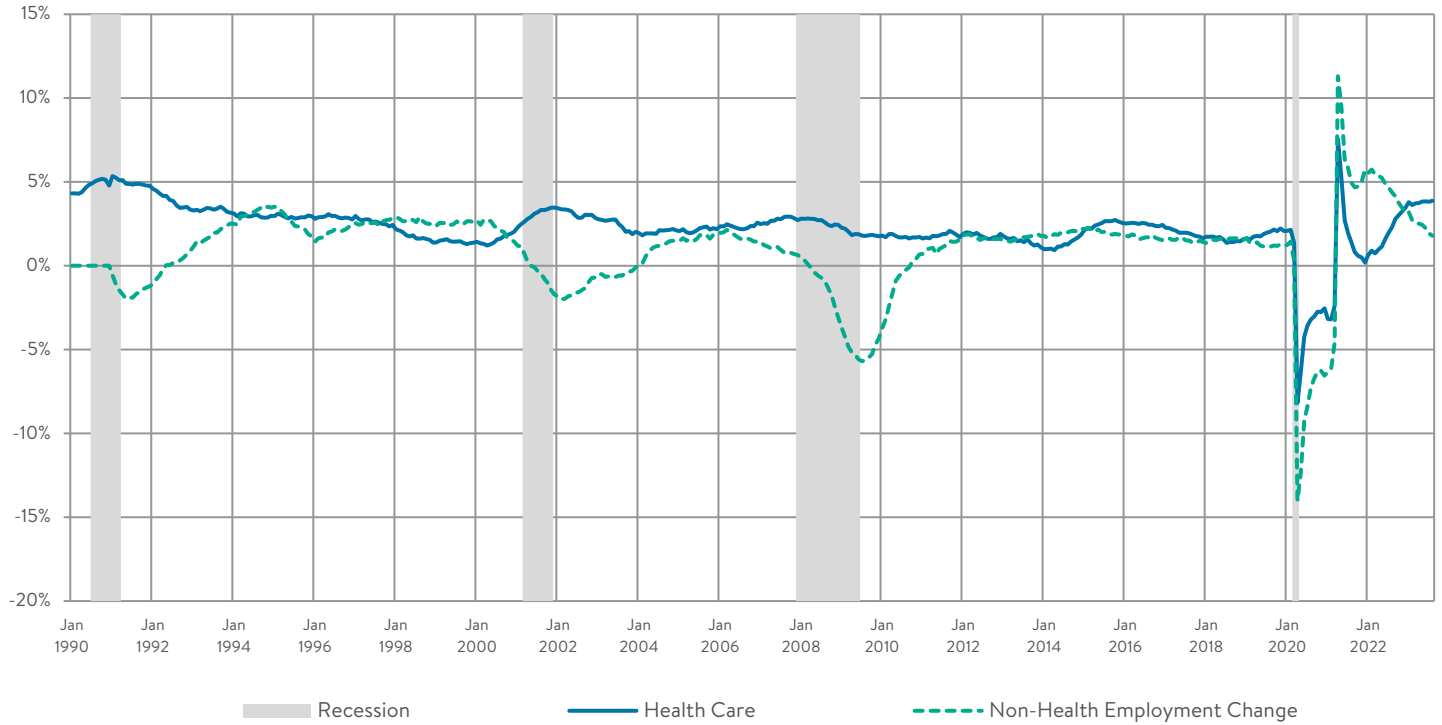
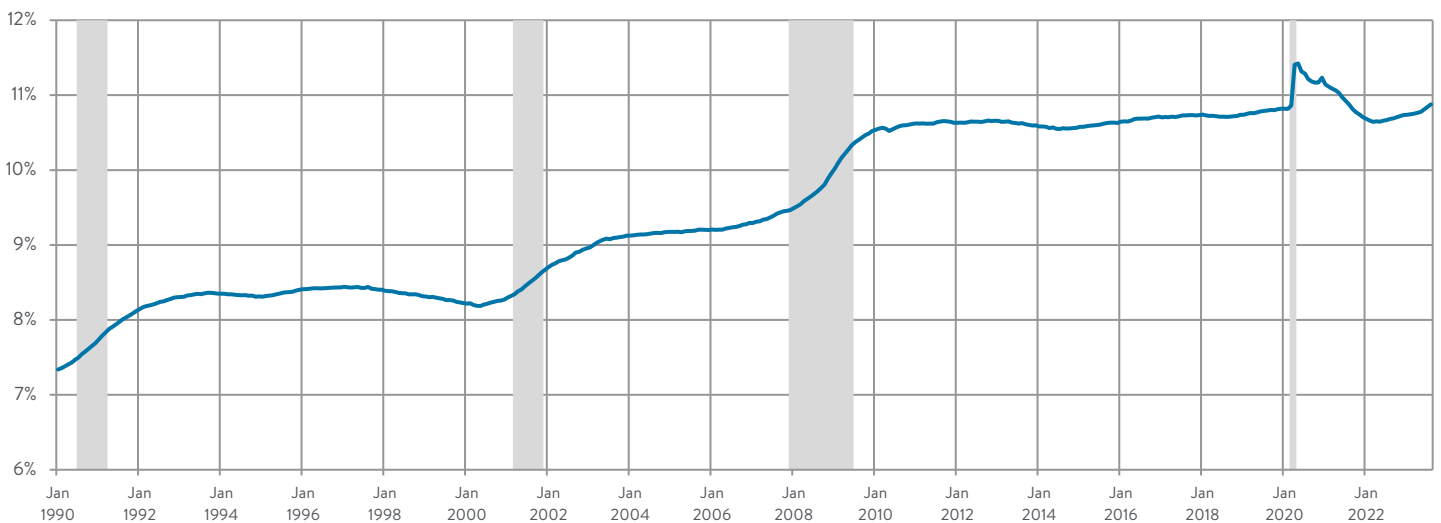


Exhibit 9. Health Care Share of Total Employment



Source: Altarum analysis of BLS data.
 Note: Lightly shaded bars denote recession periods.