

October 19, 2023

Health sector job growth slows down after a brief surge

HIGHLIGHTS

- ▲ Health care employment growth decelerated in September with 40,900 jobs added, following strong growth in July and August 2023, with 76,800 and 67,000 jobs added.
- ▲ September's health care job growth was led by growth in ambulatory care settings, which added 24,300 jobs, while hospitals added 8,400 jobs.
- ▲ Nursing and residential care facilities added 8,200 jobs in September, with modest growth in nursing homes (2,400 jobs) and more substantial growth in all other nursing and residential care settings (5,800 jobs).
- ▲ The economy added 295,100 jobs in September, well above the 12-month average of 213,800. The unemployment rate stayed constant at 3.8%.
- ▲ Health care wage growth in August 2023 was 3.4% year over year, somewhat below the total private sector wage growth of 4.3%.
- ▲ Wage growth in health care settings was highest in nursing and residential care, at 4.5% year over year in August 2023, followed by hospitals at 3.4% and ambulatory care settings at 3.2%.

Cyclical Employment Big Picture

Seasonally Adjusted	Feb 2020	Sep 2022	Aug 2023	Sep 2023
Total Employment (000)	152,371	153,682	156,538	156,874
Non-Health Employment (000)	135,890	137,253	139,524	139,819
Health Employment (000)	16,481	16,429	17,014	17,055
Health Share of Total Employment	10.82%	10.69%	10.87%	10.87%
Unemployment Rate	3.5%	3.5%	3.8%	3.8%

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

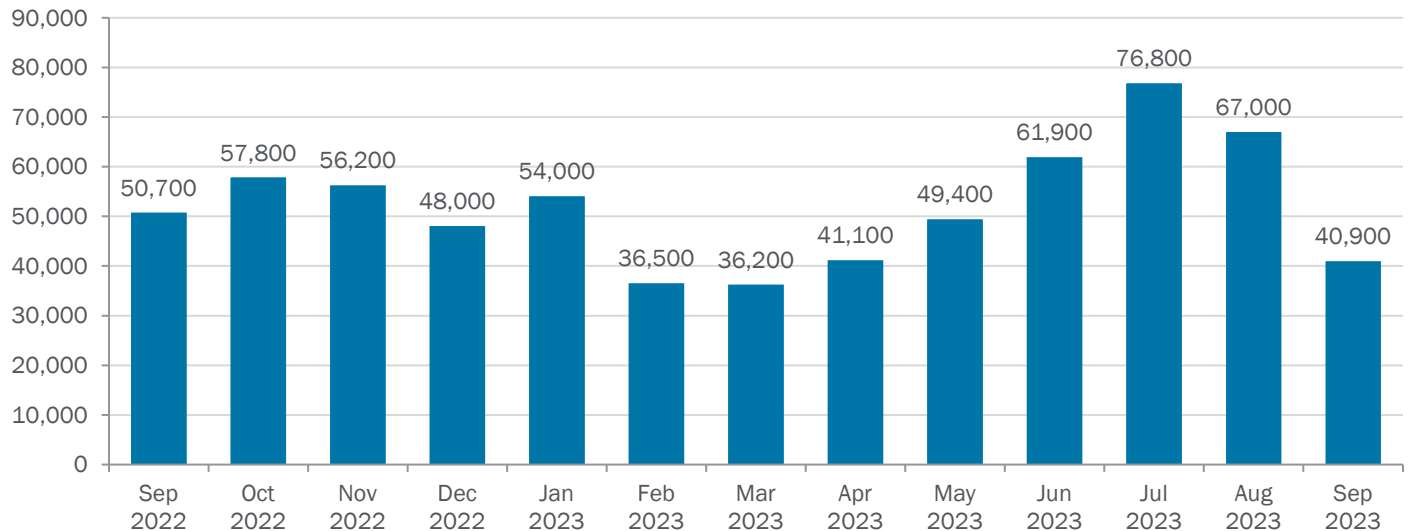
Altarum is a nonprofit research and consulting organization that creates and implements solutions to advance health among at-risk and disenfranchised populations. Since 2011, Altarum has researched cost growth trends and key drivers of U.S. health spending and formulated policy strategies to help bend 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. Stephen McCall (principal author), Corwin Rhyan, George Miller, PhD, 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 40,900 jobs in September 2023, well below the 12-month average of 52,100 jobs per month from September 2022 through September 2023 (see Exhibit 1). This more modest growth follows robust employment gains of 76,800 jobs in July and 67,000 jobs in August, which were some of the largest since the COVID-19 recession in the spring of 2020.

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



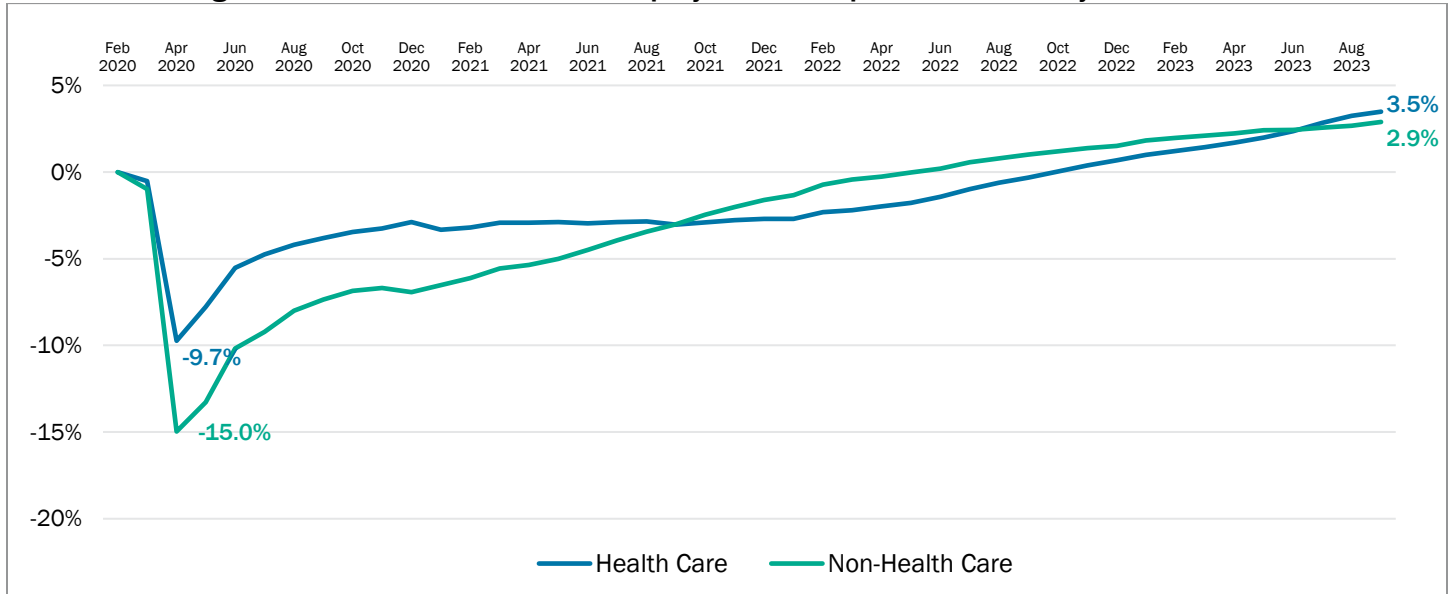
Source: Altarum analysis of monthly BLS Current Employment Statistics data.

In September, employment growth in the health care sector was primarily driven by ambulatory care settings, which added 24,300 jobs. This number is consistent with the 12-month industry average of 26,700 jobs per month, but it is lower than the 36,600 jobs added in August. Meanwhile, hospitals added only 8,400 jobs in September, which is below the 12-month average of 12,500 jobs per month and the 14,100 jobs added in August.

Nursing and residential care facility employment slowed down even more, adding 8,200 jobs in September, well below the 12-month average of 13,000 jobs per month and nearly half of the 16,300 jobs added in August. Within this industry, residential care facilities added 5,800 jobs, as compared to 5,700 in August, and nursing homes added 2,400 in September, as compared to 10,600 in August.

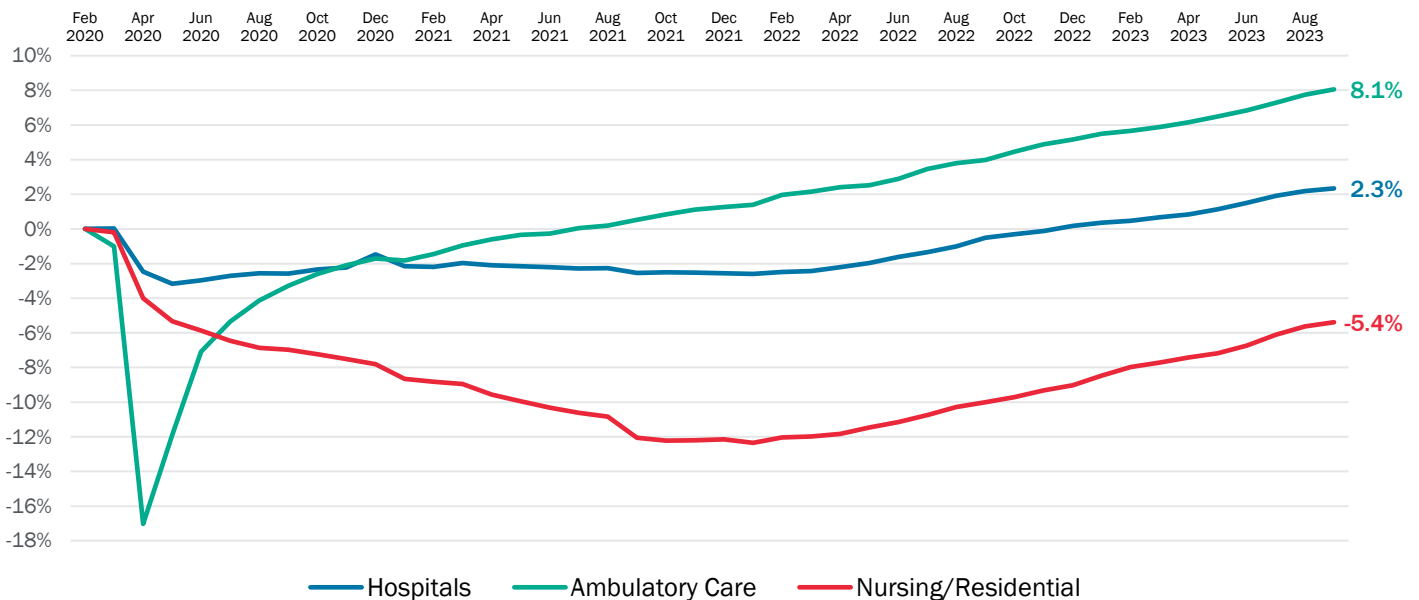
Compared to February 2020, before the COVID-19 recession began, health care employment has increased by 574,200 jobs or 3.5%, which is higher than the 2.9% increase in non-health care employment over the same period (see Exhibits 2 and 7). September is the second consecutive month that health care employment has outpaced other industries. Hospitals have grown by 122,500 jobs or 2.3% since February 2020, while ambulatory care settings have increased by 633,800 jobs or 8.1% growth. However, nursing and residential care employment, although steadily increasing since January 2022, is still 182,100 jobs or 5.4% below pre-pandemic levels.

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



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

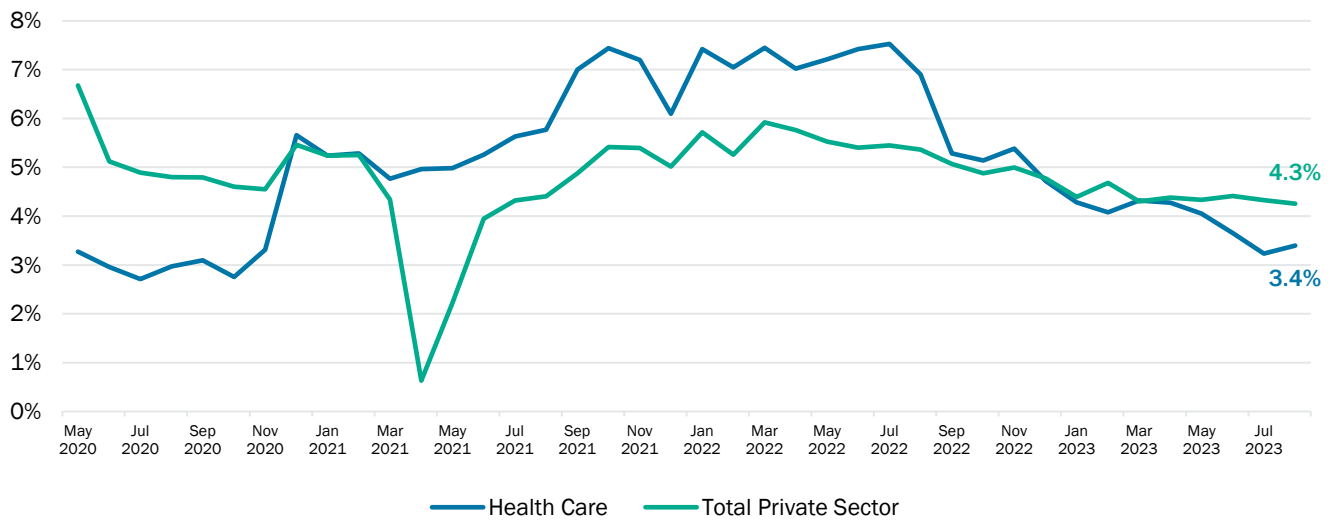
Exhibit 3. Change in Health Employment Compared to February 2020 by Major Setting of Care



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

Hourly wage growth in health care had been higher than economywide wage growth for many months, but that trend has recently reversed. In August 2023, wage growth in health care increased slightly to 3.4%, year over year, while the private sector year-over-year growth stayed steady at 4.3% (see Exhibit 4).

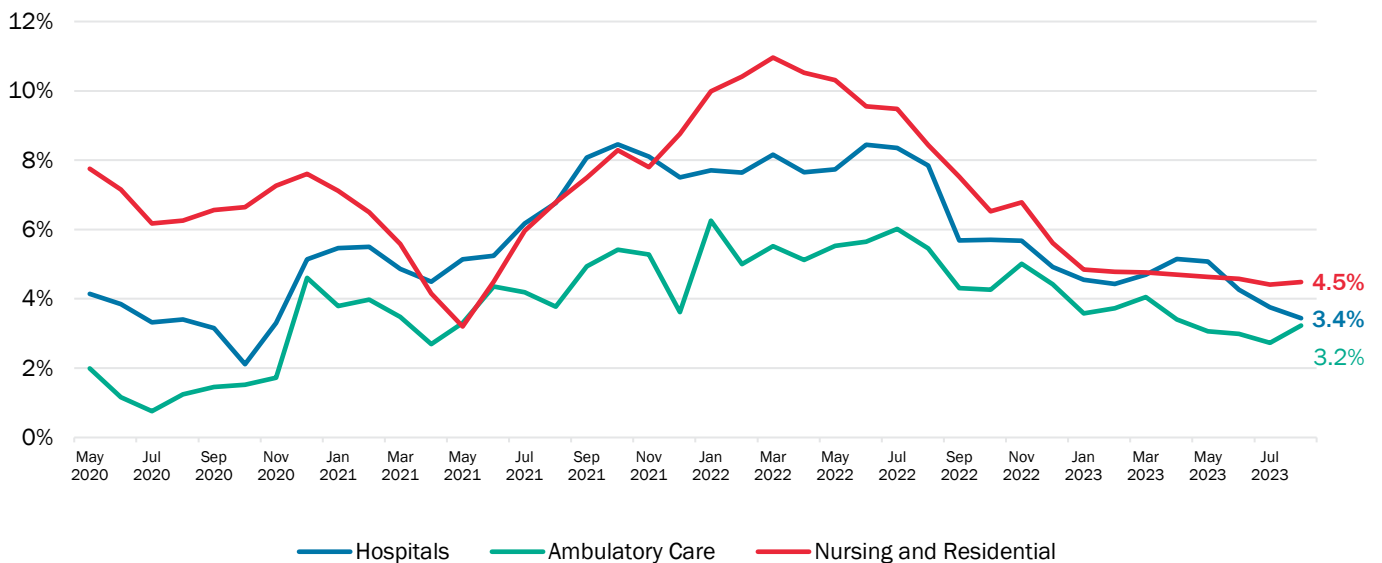
Exhibit 4. Change in Average Hourly Earnings, Year over Year, Health Care and Total Private Sector



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

The growth in average hourly earnings varied considerably by setting of care in 2021 and 2022, but the gaps narrowed as wage growth fell in all settings (see Exhibit 5). In August 2023, wage growth in nursing and residential care stood at 4.5% year over year, while hospital wage growth fell to 3.4%, and wage growth in ambulatory care settings increased slightly to 3.2%.

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



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

DETAILED HEALTH CARE EMPLOYMENT

Exhibit 6. Employment Data by Sector, Seasonally Adjusted

Employment (in thousands)	September 2023	August 2023	September 2022	September 2021	February 2020
Non-Health Care	139,819	139,524	137,253	131,796	135,890
Health Care	17,055	17,014	16,429	15,982	16,481
Ambulatory Health Care Services	8,501	8,476	8,180	7,908	7,867
Offices of Physicians	2,929	2,921	2,827	2,745	2,726
Offices of Dentists	1,044	1,041	1,017	998	990
Offices of Other Health Care Practitioners	1,147	1,143	1,100	1,030	1,001
Outpatient Care Centers	1,068	1,065	1,042	1,008	997
Medical and Diagnostic Labs	326	326	321	313	289
Home Health Care Services	1,644	1,637	1,548	1,499	1,546
Other Ambulatory^a	344	343	326	315	318
Hospitals	5,358	5,350	5,209	5,103	5,236
Nursing and Residential Care Facilities	3,196	3,188	3,041	2,971	3,378
Nursing Care Facilities	1,433	1,430	1,362	1,345	1,587
Other Nursing and Residential^b	1,764	1,758	1,679	1,626	1,792
Health Share of Employment	10.87%	10.87%	10.69%	10.82%	10.82%

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

^a "Other Ambulatory" care settings include ambulance services, blood and organ banks, and all other non-classifiable ambulatory health care service providers.
^b "Other Nursing and Residential" includes assisted living communities, continuing care retirement communities, residential intellectual and developmental disability facilities, residential mental health and substance abuse facilities, and all other non-classifiable residential care providers.

Exhibit 7. Change in Employment Data by Sector, Seasonally Adjusted

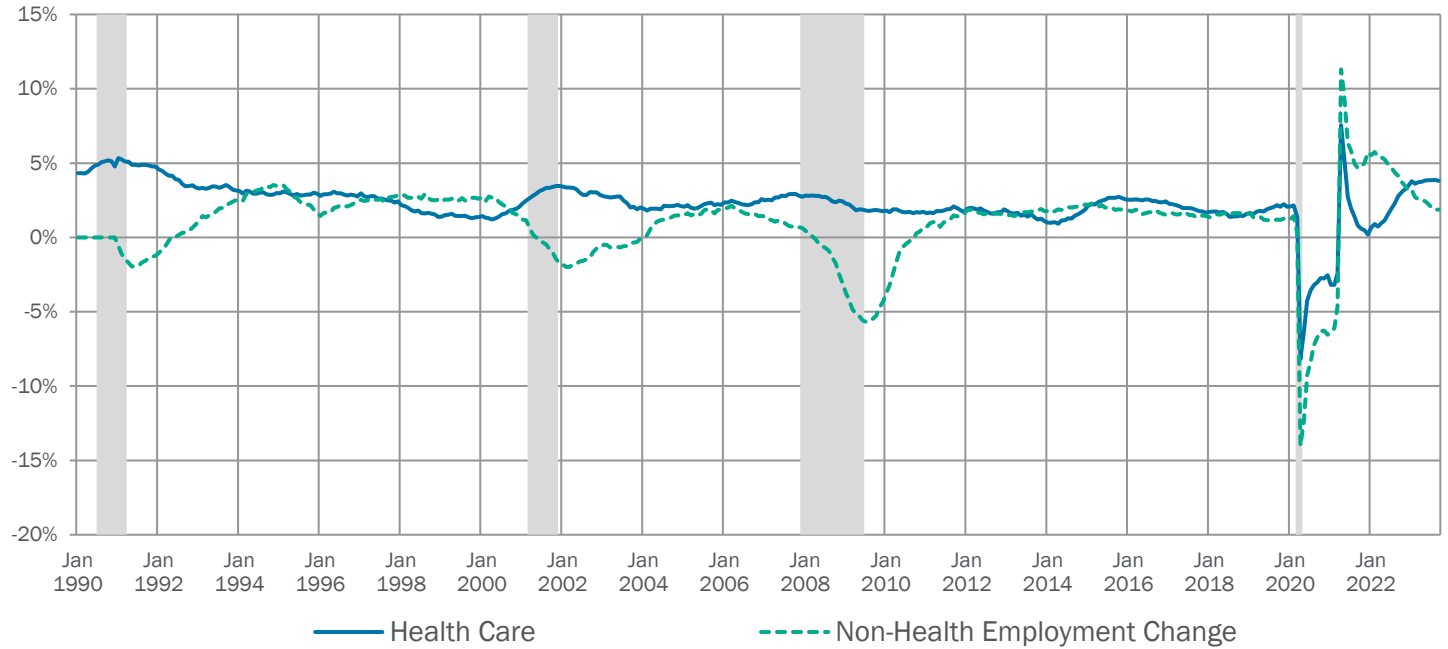
Employment Change (in thousands)	One Month	12 Months	24 Months	Since Feb 2020
Non-Health Care	295.1	2,566.2	8,023.2	3,928.8
Health Care	40.9	625.8	1,072.8	574.2
Ambulatory Health Care Services	24.3	320.5	592.5	633.8
Offices of Physicians	7.4	101.4	183.6	202.6
Offices of Dentists	2.6	26.5	45.7	53.7
Offices of Other Health Care Practitioners	3.7	47.6	116.7	146.4
Outpatient Care Centers	2.9	26.0	59.7	71.1
Medical and Diagnostic Labs	0.1	5.2	13.1	36.8
Home Health Care Services	6.4	96.0	145.1	97.4
Other Ambulatory	1.1	17.6	28.5	25.7
Hospitals	8.4	149.6	255.1	122.5
Nursing and Residential Care Facilities	8.2	155.7	225.2	-182.1
Nursing Care Facilities	2.4	70.5	87.3	-154.2
Other Nursing and Residential	5.8	85.2	137.9	-27.9
Annualized Percent Change	One Month	12 Months	24 Months	Since Feb 2020
Non-Health Care	2.6%	1.9%	3.0%	0.8%
Health Care	2.9%	3.8%	3.3%	1.0%
Ambulatory Health Care Services	3.5%	3.9%	3.7%	2.2%
Offices of Physicians	3.1%	3.6%	3.3%	2.0%
Offices of Dentists	3.0%	2.6%	2.3%	1.5%
Offices of Other Health Care Practitioners	4.0%	4.3%	5.5%	3.9%
Outpatient Care Centers	3.3%	2.5%	2.9%	1.9%
Medical and Diagnostic Labs	0.4%	1.6%	2.1%	3.4%
Home Health Care Services	4.8%	6.2%	4.7%	1.7%
Other Ambulatory^a	3.9%	5.4%	4.4%	2.2%
Hospitals	1.9%	2.9%	2.5%	0.6%
Nursing and Residential Care Facilities	3.1%	5.1%	3.7%	-1.5%
Nursing Care Facilities	2.0%	5.2%	3.2%	-2.8%
Other Nursing and Residential^b	4.0%	5.1%	4.2%	-0.4%

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

^a "Other Ambulatory" care settings include ambulance services, blood and organ banks, and all other non-classifiable ambulatory health care service providers.
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TIME SERIES TRACKER

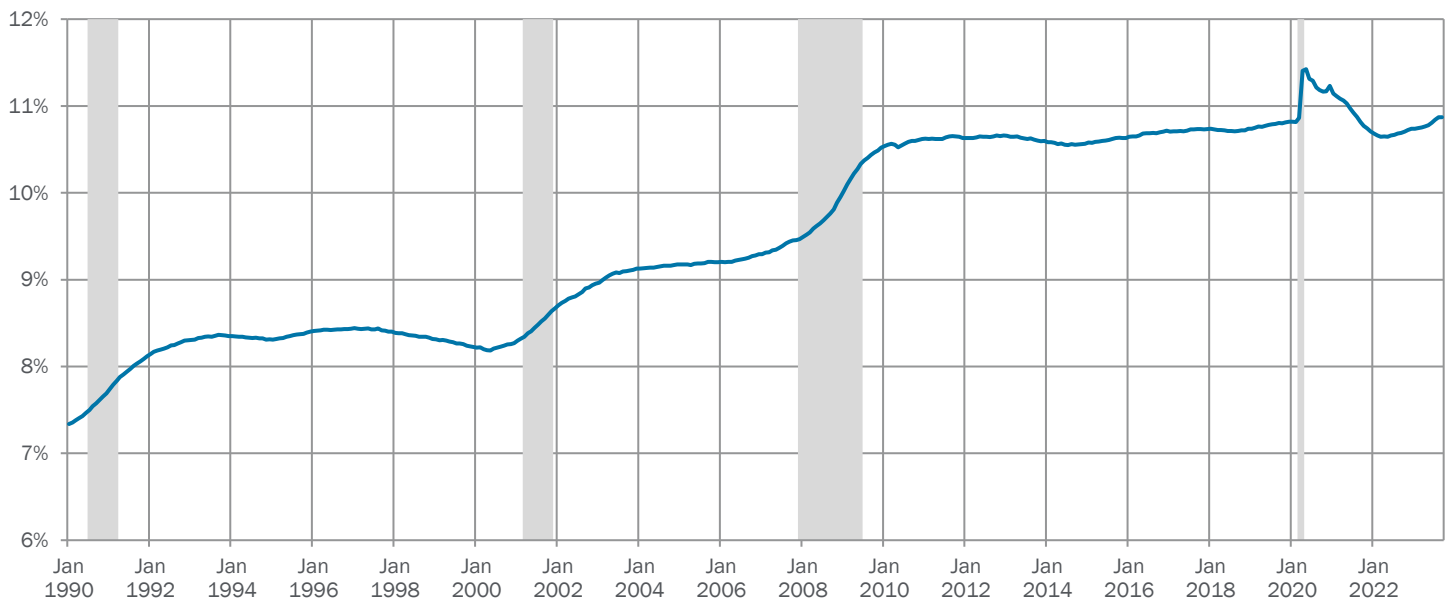
Exhibit 8. Twelve-Month Percent Change in Health Care Employment



Source: Altarum analysis of BLS data.

Note: Lightly shaded bars denote recession periods. Full drop in employment in April 2020 (non-health -14.0% and health -8.2%) not shown on graph.

Exhibit 9. Health Care Share of Total Employment



Source: Altarum analysis of BLS data.

Note: Lightly shaded bars denote recession periods.