

April 21, 2022

After strong growth in February, health care hiring slows again in March 2022

HIGHLIGHTS

- ▲ After a gain of 66,000 jobs in February, health care employment grew by a modest 8,300 jobs in March 2022, with gains of 7,200 jobs in ambulatory care settings and 5,100 jobs in hospitals partially offset by the loss of 4,000 jobs in nursing and residential care.
- ▲ More than two years since the start of the pandemic, the level of health employment is 298,000 jobs (1.8%) below the pre-pandemic peak while distribution of jobs has shifted from inpatient and residential settings to ambulatory settings. Employment in ambulatory care settings is now 206,000 jobs (2.6%) above where it was in February 2020, while hospital employment remains 98,000 jobs (1.9%) below the level of February 2020 and nursing and residential care employment is down by nearly 406,000 jobs (12% decline).
- ▲ The economy added 413,000 jobs in March and revisions added another 95,000 jobs. Through the first quarter of 2022, the economy added an average of 562,000 jobs per month, matching the pace of 2021. Total employment is now 1.6 million jobs, or 1%, below the pre-pandemic peak, while the unemployment rate dropped again to 3.6%, very close to the pre-pandemic low of 3.5%.
- ▲ Wage data are consistent with a tight labor market overall and in health care in particular. Average hourly earnings in health care grew 6.8% year over year in February 2022 (the most recent data point). Earnings across all private sector jobs grew 5.2% year over year in February and 5.6% in March 2022.

Cyclical Employment Big Picture

Seasonally Adjusted	February 2020 (peak)	Mar 2021	Feb 2022	Mar 2022
Total Employment (000)	152,504	144,431	150,494	150,925
Non-Health Employment (000)	136,014	128,430	134,310	134,733
Health Employment (000)	16,491	16,001	16,184	16,192
Health Share of Total Employment	10.81%	11.08%	10.75%	10.73%
Unemployment Rate	3.5%	6.0%	3.8%	3.6%

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.

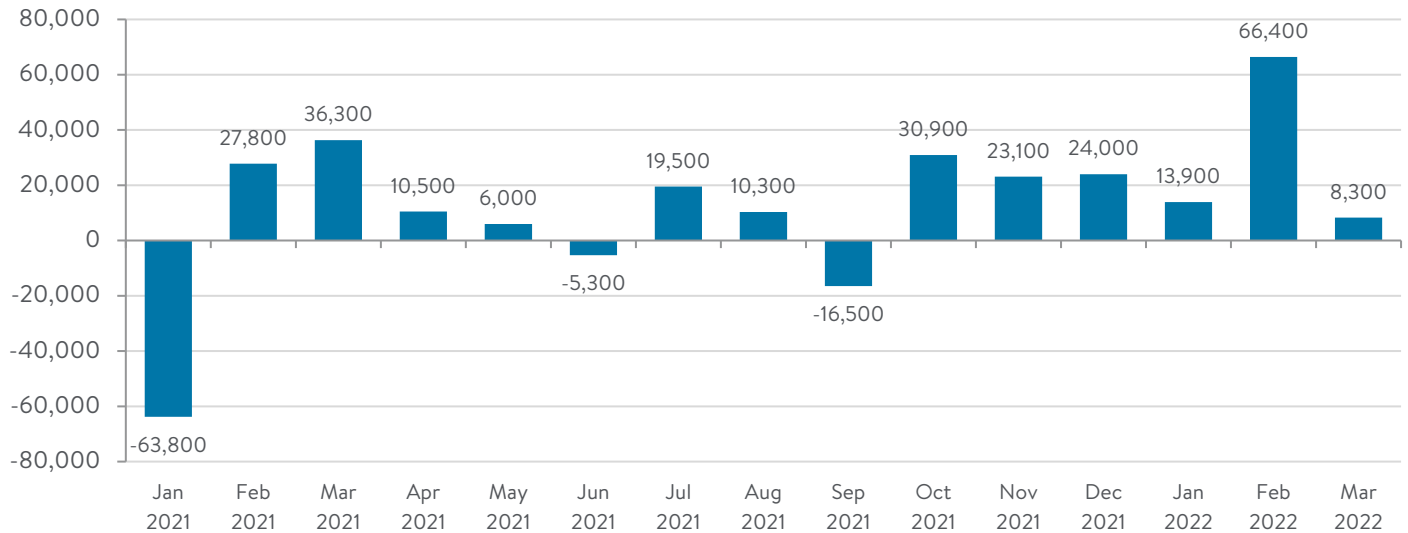
The Health Sector Economic IndicatorsSM (HSEI) reports are a monthly publication of Altarum providing analyses of health spending, employment, and prices. For more information, contact Ani Turner at ani.turner@altarum.org. Ani Turner (principal author), Corwin Rhyan, George Miller, PhD, and Matt Daly, PhD, contributed to this brief. We thank Paul Hughes-Cromwick, who originated the concept of these reports and provided inspired leadership of the work from its inception. Media Contact: press@altarum.org. For more information, visit <http://altarum.org/solution/health-sector-spending>.



DISCUSSION

In contrast to the outsized growth seen in February 2022, health care employment grew by a modest 8,300 jobs in March (Exhibit 1). Revisions to previous months' health employment estimates were minimal. While fluctuating significantly, the pace of health care job growth in the first quarter of 2022 has averaged 29,500 new jobs per month, similar to the pace of health job growth in the fourth quarter of 2021, which averaged 26,000 new jobs per month.

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



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

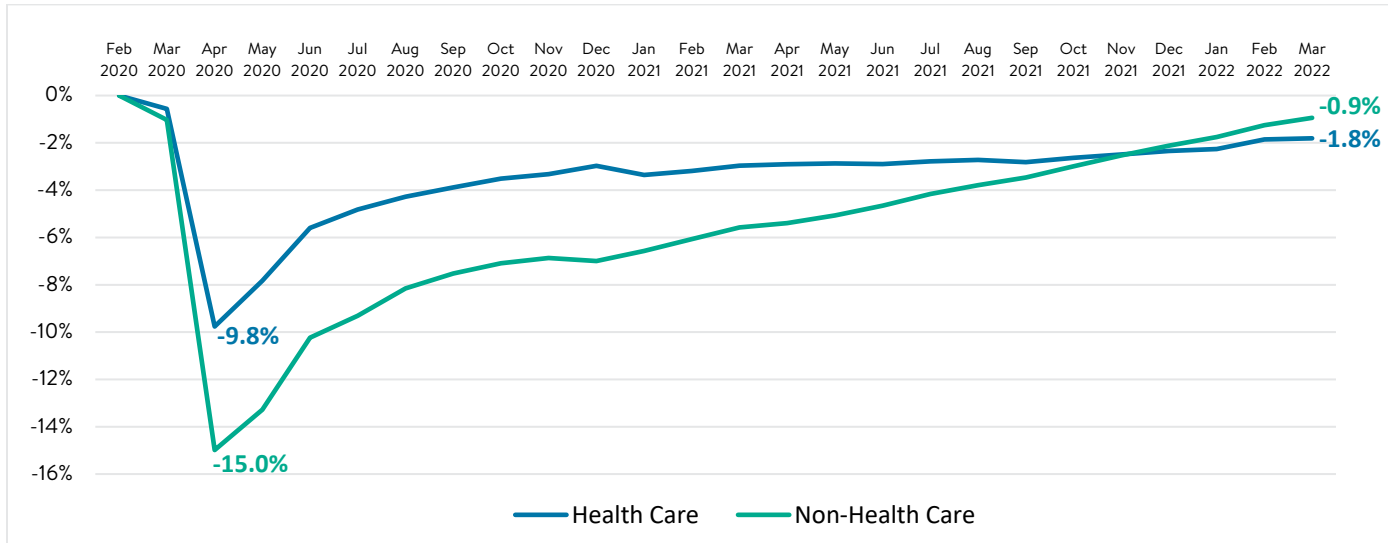
The economy added 413,000 jobs in March and revisions added another 95,000 jobs. Through the first quarter of 2022, the economy has added an average of 562,000 jobs per month, exactly matching the pace of 2021. Total employment is now about 1.6 million jobs (1%) below the pre-pandemic peak. The unemployment rate dropped again this month to 3.6%, very close to the pre-pandemic rate of 3.5%, which was a 50-year low.

Current Employment Statistics wage data are consistent with a tight labor market overall, and in health care in particular. In February 2022, the most recent month for which wage data at the health care industry level are available, average hourly earnings in health care grew 6.8% year over year. Wage growth in health care has been trending upward; in the second half of 2021 through February 2022, earnings in health care have averaged 6.6% growth year over year. Over the same period, the growth in average hourly earnings for total private sector jobs averaged 5.0% year over year. These figures are in comparison to pre-pandemic health care earnings growth in the 2.5% range (averaging 2.7% and 2.3% in 2018 and 2019, respectively) and total private sector earnings growth in the 3% range (averaging 3% and 3.3% in 2018 and 2019).



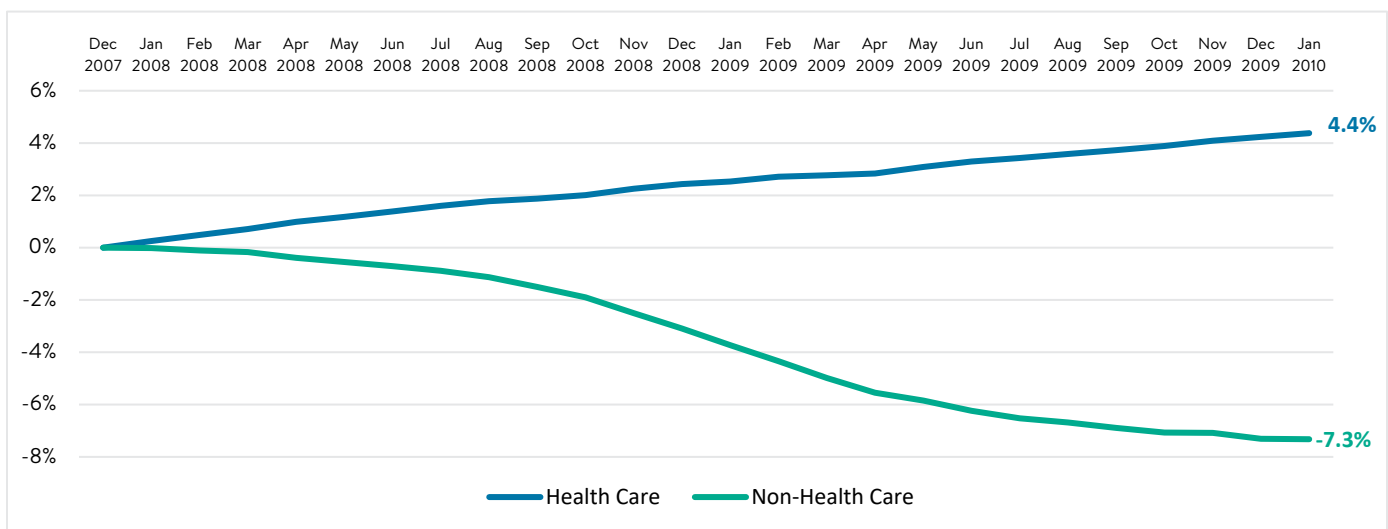
More than two years since the start of the pandemic, total nonfarm employment is now 1% below where it was in February 2020. Interestingly, health care jobs are further behind than non-health jobs, with health jobs 1.8% below the pre-pandemic peak while non-health jobs are now less than one percent (0.9%) below the peak. Over the past two years, we have often noted that the health sector was much more significantly impacted by the pandemic-induced recession than by other recessions in recent decades. Exhibits 2 and 3 below vividly illustrate how different health and non-health employment trends look two years out from the start of the pandemic compared to the comparable time period from the start of the Great Recession.

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 and Non-Health Employment from Start of Great Recession

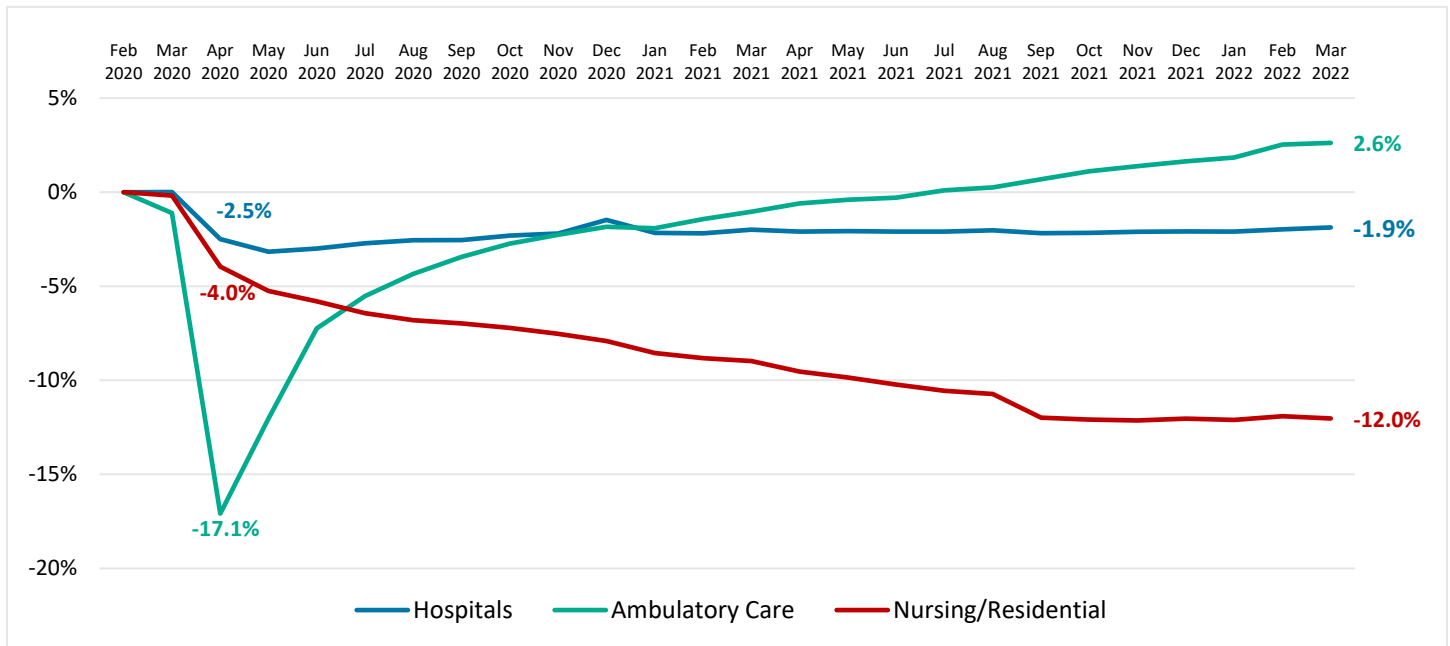


During the Great Recession and in previous recessions in recent decades, health employment continued to grow steadily even as non-health employment fell. This can also be seen in the way the health share of employment climbed during previous recessions (Exhibit 8). In contrast, the health share of total employment today, at 10.73%, is lower than it was in February 2020, when it was 10.81%.



While health care employment remains below the level of two years ago, there are important differences in trends by setting of care. Employment in ambulatory care settings has grown steadily since falling sharply early in the pandemic and is now 206,000 jobs (2.6%) above the level of February 2020 (Exhibit 4). Hospital employment remains 98,000 jobs (1.9%) below the level of February 2020, while nursing and residential care employment is 406,000 jobs (12.0%) below the level of February 2020.

Exhibit 4. Change in Health Employment Compared to February 2020 by Major Setting of Care



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



DETAILED HEALTH CARE EMPLOYMENT

Exhibit 5. Employment Data by Sector, Seasonally Adjusted

Employment (in thousands)	March 2022	February 2022	March 2021	March 2020	February 2020
Non-Health Care	134,733	134,310	128,430	134,609	136,014
Health Care	16,192	16,184	16,001	16,398	16,491
Ambulatory Health Care Services	8,084	8,077	7,796	7,790	7,878
Offices of Physicians	2,800	2,801	2,713	2,700	2,728
Offices of Dentists	1,025	1,026	980	961	994
Offices of Other Health Care Practitioners	1,069	1,067	989	988	1,004
Outpatient Care Centers	1,011	1,009	989	997	997
Medical and Diagnostic Labs	313	314	302	286	287
Home Health Care Services	1,551	1,544	1,512	1,543	1,549
Other Ambulatory	317	316	312	316	319
Hospitals	5,137	5,132	5,131	5,236	5,236
Nursing and Residential Care Facilities	2,971	2,975	3,074	3,371	3,377
Nursing Care Facilities	1,344	1,346	1,404	1,581	1,585
Other Nursing and Residential	1,627	1,629	1,670	1,790	1,792
Health Share of Employment	10.73%	10.75%	11.08%	10.86%	10.81%

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

Exhibit 6. Change in Employment Data by Sector, Seasonally Adjusted

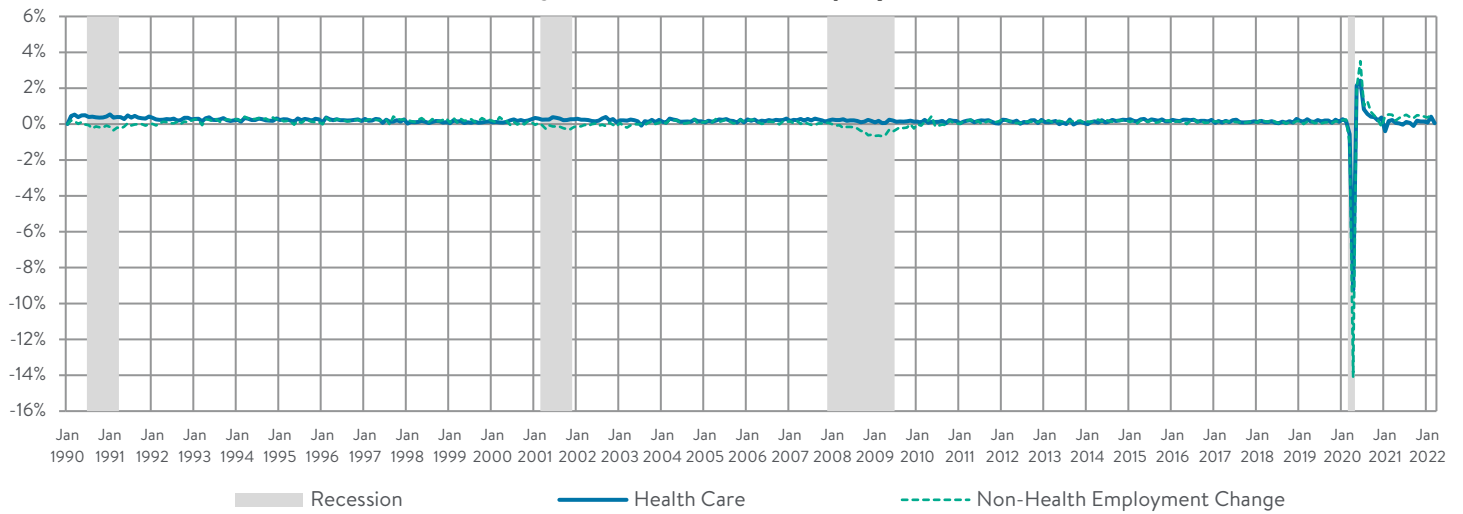
Employment Change (in thousands)	One Month	12 Months	24 Months	Since Feb 2020
Non-Health Care	422.7	6,302.9	124.1	-1,280.9
Health Care	8.3	191.1	-205.1	-298.1
Ambulatory Health Care Services	7.2	288.2	293.7	206.4
Offices of Physicians	-1.3	86.6	100.0	71.9
Offices of Dentists	-1.5	44.6	63.8	30.5
Offices of Other Health Care Practitioners	2.2	80.4	81.1	65.0
Outpatient Care Centers	1.2	21.8	13.8	13.4
Medical and Diagnostic Labs	-0.9	11.3	26.9	25.7
Home Health Care Services	6.4	38.7	7.3	2.0
Other Ambulatory	1.0	4.7	0.8	-2.1
Hospitals	5.1	5.9	-98.7	-98.3
Nursing and Residential Care Facilities	-4.0	-103.0	-400.1	-406.2
Nursing Care Facilities	-2.5	-59.8	-237.4	-241.0
Other Nursing and Residential	-1.5	-43.2	-162.7	-165.2
Annualized Percent Change	One Month	12 Months	24 Months	Since Feb 2020
Non-Health Care	3.8%	4.9%	0.0%	-0.5%
Health Care	0.6%	1.2%	-0.6%	-0.9%
Ambulatory Health Care Services	1.1%	3.7%	1.9%	1.2%
Offices of Physicians	-0.6%	3.2%	1.8%	1.3%
Offices of Dentists	-1.7%	4.6%	3.3%	1.5%
Offices of Other Health Care Practitioners	2.5%	8.1%	4.0%	3.1%
Outpatient Care Centers	1.4%	2.2%	0.7%	0.6%
Medical and Diagnostic Labs	-3.4%	3.7%	4.6%	4.2%
Home Health Care Services	5.1%	2.6%	0.2%	0.1%
Other Ambulatory	3.9%	1.5%	0.1%	-0.3%
Hospitals	1.2%	0.1%	-0.9%	-0.9%
Nursing and Residential Care Facilities	-1.6%	-3.4%	-6.1%	-6.0%
Nursing Care Facilities	-2.2%	-4.3%	-7.8%	-7.6%
Other Nursing and Residential	-1.1%	-2.6%	-4.7%	-4.5%

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



TIME SERIES TRACKER

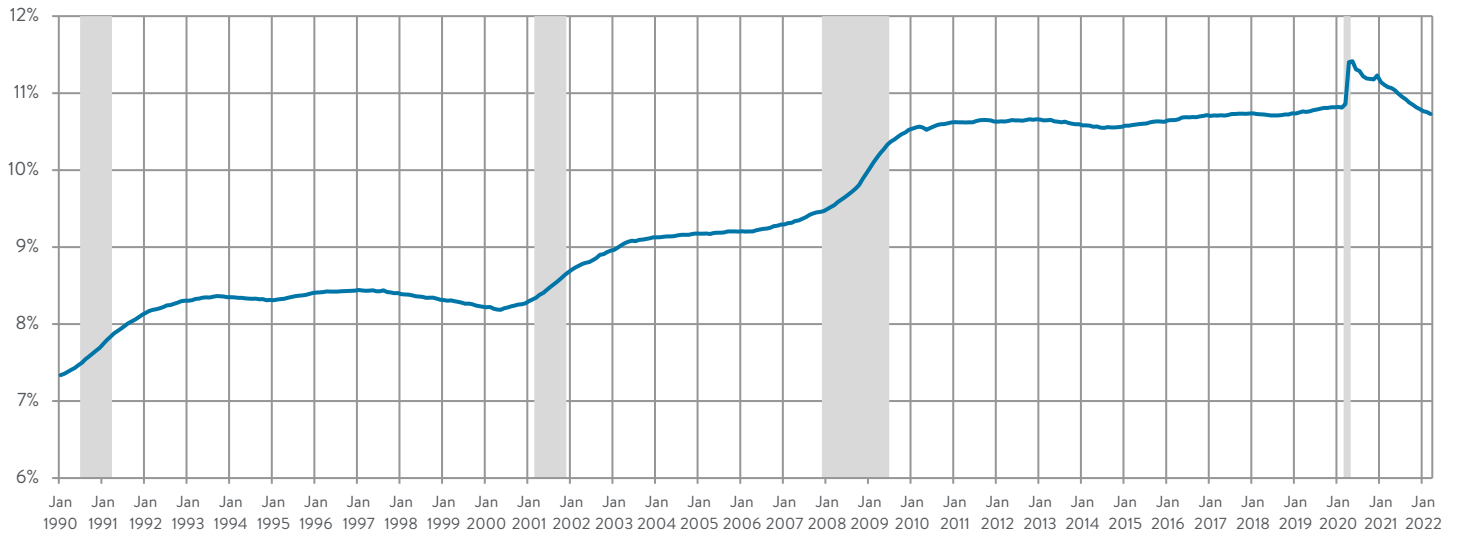
Exhibit 7. Twelve-month Percent Change in Health Care Employment



Source: Altarum analysis of BLS data.

Note: Lightly shaded bars denote recession periods.

Exhibit 8. Health Care Share of Total Employment



Source: Altarum analysis of BLS data.

Note: Lightly shaded bars denote recession periods.