

February 19, 2021

Health care sheds nearly 30,000 jobs in January 2021, largely in residential care

HIGHLIGHTS

- ▲ In January 2021, health care employment declined for the first time since April 2020, falling by 29,600 jobs. The health care workforce is 3.1% smaller now than it was this time last year.
- ▲ Hospital and ambulatory care employment was relatively steady in January, with hospitals down 2,100 jobs and ambulatory care settings up 3,500 jobs compared to December 2020.
- ▲ The biggest declines came from continuing reductions in nursing and residential care facilities, which dropped 31,000 jobs in January and are down 300,000 jobs compared to this time last year.
- ▲ The economy overall added a modest 49,000 jobs in January, while the unemployment rate dropped to 6.3%.
- ▲ The source of these jobs data, the BLS Current Employment Statistics, or establishment survey, underwent annual benchmarking in January, resulting in very slight downward adjustments of 0.1% to estimates of total nonfarm and health care employment.

Cyclical Employment Big Picture

Seasonally Adjusted	January 2020	December 2020	January 2021
Total Employment (000)	152,234	142,582	142,631
Non-Health Employment (000)	135,774	126,602	126,681
Health Employment (000)	16,460	15,980	15,950
Health Share of Total Employment	10.81%	11.21%	11.18%
Unemployment Rate	3.6%	6.7%	6.3%

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 vulnerable and publicly insured 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: Sarah Litton, 202-772-5062, press@altarum.org. For more information, visit <http://altarum.org/solution/health-sector-spending>.



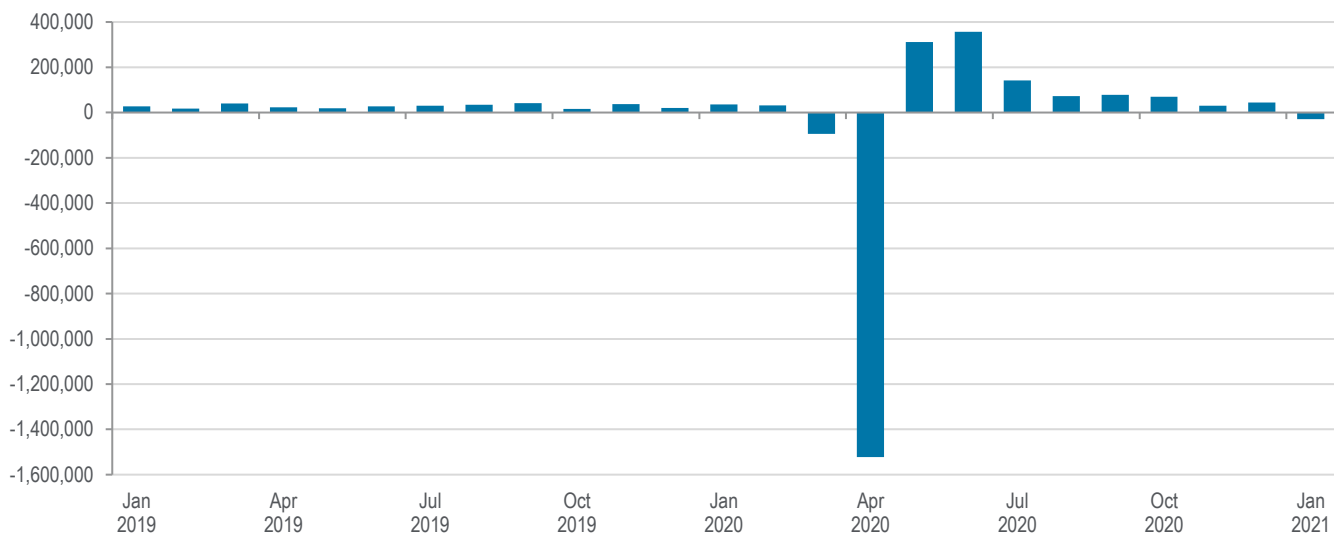
DISCUSSION

A year ago, seeing a monthly decline of 29,600 jobs in health care would have been jaw dropping. Today, some continuation of the volatility and unpredictability of 2020 is not unexpected as we are still navigating the pandemic and its impact on health care, the labor market, and the economy. Still, the drop is noteworthy as it follows eight straight months of health sector job growth since the unprecedented loss of 1.6 million health jobs last spring.

As we highlighted in a recent [Perspective](#), and in this month's Spending Brief, our preliminary estimates show year-over-year health care spending declining in 2020 for the first time in modern recorded history. Health care employment tells a similar story, showing about half a million fewer jobs in January 2021 compared to January 2020, a drop of 3.1%. Hospital employment is down 1.2% (61,000 jobs) and employment in ambulatory care settings is down 1.8% (144,000 jobs) year over year, but most of the contraction has come in nursing and residential care facilities, which are down 9% (305,000 jobs) year over year. Jobs in traditional nursing homes have declined by nearly 11% (more than 170,000 jobs) while jobs in other nursing and residential care, including assisted living facilities, are down 7.4% (more than 130,000 jobs).

After losing 227,000 jobs in December, the economy overall added a modest 49,000 jobs in January and the unemployment rate dropped to 6.3%. Total nonfarm employment is down 6.3% year over year, with 9.6 million fewer jobs in January 2021 compared to January 2020.

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



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



DETAILED HEALTH CARE EMPLOYMENT

Exhibit 2. Employment Data by Sector, Seasonally Adjusted

Employment (in thousands)	January 2021	December 2020	January 2020	January 2019
Non-Health Care	126,681	126,602	135,774	134,029
Health Care	15,950	15,980	16,460	16,117
Ambulatory Health Care Services	7,707	7,703	7,851	7,589
Offices of Physicians	2,668	2,665	2,717	2,641
Offices of Dentists	986	984	988	962
Offices of Other Health Care Practitioners	953	947	998	955
Outpatient Care Centers	999	1,002	997	949
Medical and Diagnostic Labs	291	288	290	280
Home Health Care Services	1,496	1,509	1,540	1,495
Other Ambulatory	314	309	321	308
Hospitals	5,170	5,172	5,231	5,165
Nursing and Residential Care Facilities	3,073	3,104	3,379	3,363
Nursing Care Facilities	1,414	1,434	1,587	1,601
Other Nursing and Residential	1,659	1,671	1,792	1,762
Health Share of Employment	11.18%	11.21%	10.81%	10.73%

Source: Altarum analysis of BLS Current Employment Statistics data

Exhibit 3. Change in Employment Data by Sector, Seasonally Adjusted

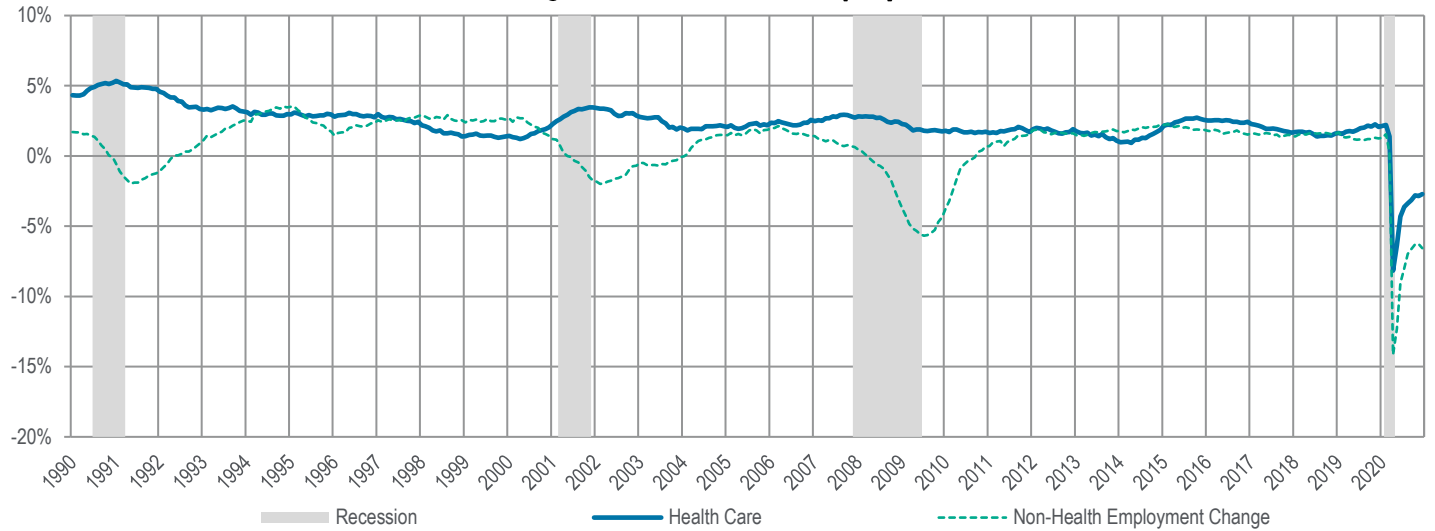
Employment Change (in thousands)	One Month	12 Months	24 Months
Non-Health Care	78.6	-9,092.9	-7,347.6
Health Care	-29.6	-510.1	-166.4
Ambulatory Health Care Services	3.5	-143.6	117.8
Offices of Physicians	3.4	-48.7	26.9
Offices of Dentists	2.8	-1.6	24.1
Offices of Other Health Care Practitioners	5.9	-45.6	-1.9
Outpatient Care Centers	-2.9	2.2	50.0
Medical and Diagnostic Labs	2.5	0.7	11.1
Home Health Care Services	-13.1	-44.3	1.3
Other Ambulatory	4.9	-6.3	6.3
Hospitals	-2.1	-61.2	4.9
Nursing and Residential Care Facilities	-31.0	-305.3	-289.1
Nursing Care Facilities	-19.4	-172.3	-186.4
Other Nursing and Residential	-11.6	-133.0	-102.7
Annualized Percent Change	One Month	12 Months	24 Months
Non-Health Care	0.7%	-6.7%	-2.8%
Health Care	-2.2%	-3.1%	-0.5%
Ambulatory Health Care Services	0.5%	-1.8%	0.8%
Offices of Physicians	1.5%	-1.8%	0.5%
Offices of Dentists	3.5%	-0.2%	1.2%
Offices of Other Health Care Practitioners	7.7%	-4.6%	-0.1%
Outpatient Care Centers	-3.4%	0.2%	2.6%
Medical and Diagnostic Labs	10.9%	0.2%	2.0%
Home Health Care Services	-9.9%	-2.9%	0.0%
Dental Offices	20.8%	-2.0%	1.0%
Other Ambulatory	-0.5%	-1.2%	0.0%
Hospitals	-11.3%	-9.0%	-4.4%
Nursing and Residential Care Facilities	-15.1%	-10.9%	-6.0%
Nursing Care Facilities	-8.0%	-7.4%	-3.0%
Other Nursing and Residential	0.7%	-6.7%	-2.8%

Source: Altarum analysis of BLS Current Employment Statistics data



TIME SERIES TRACKER

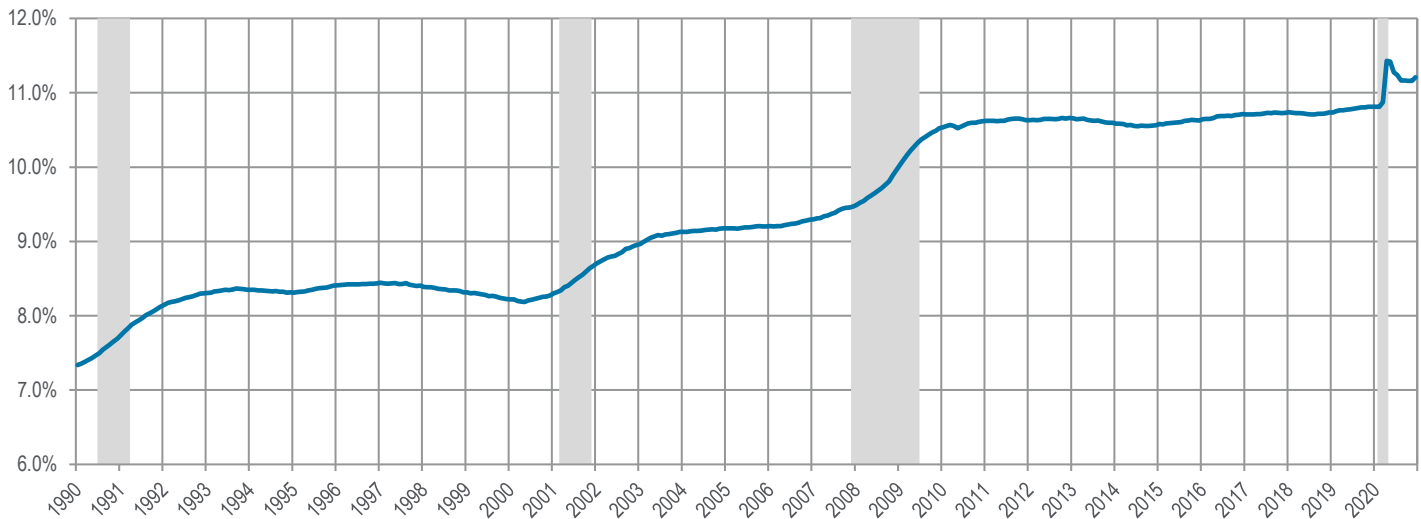
Exhibit 4. Twelve-month Percent Change in Health Care Employment



Source: Altarum analysis of BLS data.

Note: Lightly shaded bars denote recession periods.

Exhibit 5. Health Care Share of Total Employment



Source: Altarum analysis of BLS data.

Note: Lightly shaded bars denote recession periods.