

February 20, 2024

## National health spending grew by 6.2% in 2023

### HIGHLIGHTS

- ▲ Initial data for all of 2023 suggest that national health spending grew by 6.2% for the year, while GDP grew by 6.3%. Personal health care grew by 7.7%.
- ▲ In December 2023, national health spending grew by 6.0% since December 2022, and represents 17.2% of GDP.
- ▲ Nominal GDP in December 2023 was 6.6% higher than in December 2022, and grew 0.6 percentage points faster than health spending.
- ▲ Personal health care spending growth in December was 7.2%, year over year, and continues to be dominated by growth in utilization rather than increases in prices.
- ▲ Year-over-year spending on prescription drugs and home health care grew fastest in December, at 12.8% and 12.7%, respectively. Spending on hospital care increased the least among major categories, at 5.5%.

### National Health Spending and GDP\*

|                                      | Dec<br>2021 | Dec<br>2022 | Nov<br>2023 | Dec<br>2023 |
|--------------------------------------|-------------|-------------|-------------|-------------|
| <b>GDP</b>                           | 24.93       | 26.48       | 27.92       | 28.22       |
| <b>National Health Spending (HS)</b> | 4.46        | 4.59        | 4.84        | 4.86        |
| <b>HS Share of GDP</b>               | 17.9%       | 17.3%       | 17.3%       | 17.2%       |
| <b>HS Share of PGDP</b>              | 18.2%       | 17.3%       | 17.5%       | 17.6%       |
| <b>Growth from Prior 12 Months</b>   |             |             |             |             |
| <b>HS</b>                            | 6.8%        | 2.8%        | 5.9%        | 6.0%        |
| <b>GDP</b>                           | 12.7%       | 6.2%        | 5.5%        | 6.6%        |
| <b>HS minus GDP</b>                  | -5.9%       | -3.4%       | 0.3%        | -0.6%       |
| <b>HS minus PGDP</b>                 | -1.8%       | -5.3%       | 1.1%        | 1.4%        |

Source: Altarum monthly health spending estimates (see Methods box below). Monthly GDP is from S&P Global Market Intelligence. PGDP, defined as what GDP would be at full employment, is from the quarterly Congressional Budget Office estimates, converted to monthly by Altarum.

\* Spending is in trillions of dollars at a seasonally adjusted annual rate (SAAR).

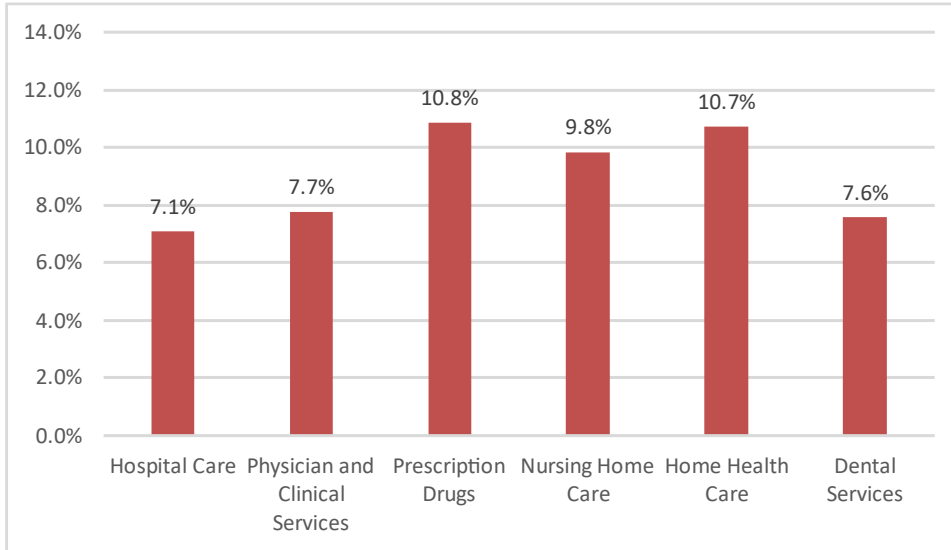
Altarum is a nonprofit research and consulting organization that creates and implements solutions to advance health among at-risk and disenfranchised populations. Since 2011, Altarum has researched cost growth trends and key drivers of U.S. health spending and formulated policy strategies to help bend the cost growth curve. This work was made possible through generous support from the Robert Wood Johnson Foundation.

*The Health Sector Economic Indicators<sup>SM</sup>* reports are a monthly publication of Altarum and provide an analysis of health spending, employment, and prices. For more information, contact Corwin Rhyan at [corwin.rhyan@altarum.org](mailto:corwin.rhyan@altarum.org). George Miller, PhD (principal author), Corwin Rhyan, Stephen McCall, 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](mailto:press@altarum.org). For more information, visit <http://altarum.org/solution/health-sector-spending>.

## DISCUSSION

This month’s spending brief provides a first look at health spending for the entire year of 2023. For the year, health spending grew by 6.2%, a pace nearly the same as the 6.3% growth in GDP. Annual growth in personal health care spending (spending on health care goods and services, i.e., excluding spending on program administration and the net cost of insurance, government public health activities, and investment) was 7.7%. Exhibit 1 shows growth for the year within major categories of personal health care. In 2023, prescription drugs and home health care grew the fastest, at 10.8% and 10.7%, respectively. Spending on hospital care grew the least, at 7.1%.

**Exhibit 1. Increase in Health Care Spending for All of 2023**



For the month of December 2023, national health spending grew by 6.0%, year over year, reaching a seasonally adjusted annual rate of \$4.86 trillion. Over the same period, GDP grew by 6.6%. Health spending in December accounted for 17.2% of GDP and has remained below 17.5% since January 2022.

In recent months, the year-over-year GDP growth rate and the growth rate in national health spending have averaged around 6% while the personal health care spending portion of health spending growth has been somewhat higher and stands at 7.2% in December (Exhibit 2).

**Exhibit 2. Year-over-Year Growth in GDP and Health Spending**

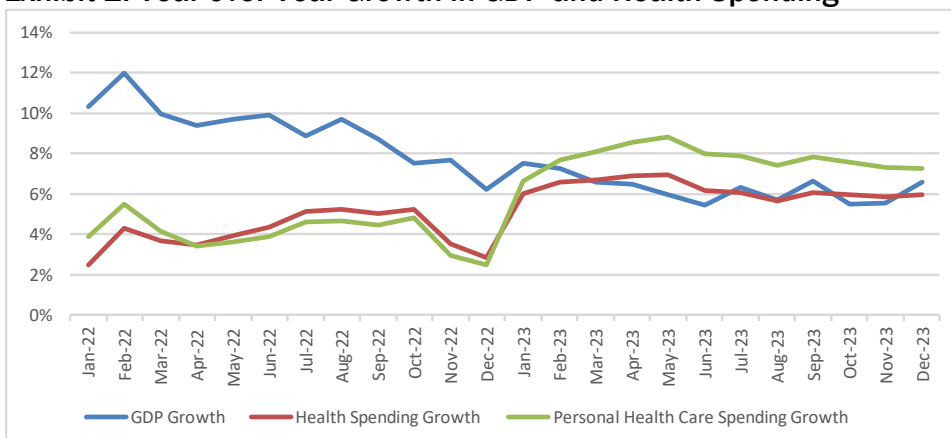


Exhibit 3 illustrates how health spending in December was distributed among spending categories. Personal health care constitutes 84% of national health spending, while half of total expenditures was attributed to hospital care and physician and clinical services. (Values do not add to 100% due to rounding.)

### Exhibit 3. Health Spending by Category, December 2023

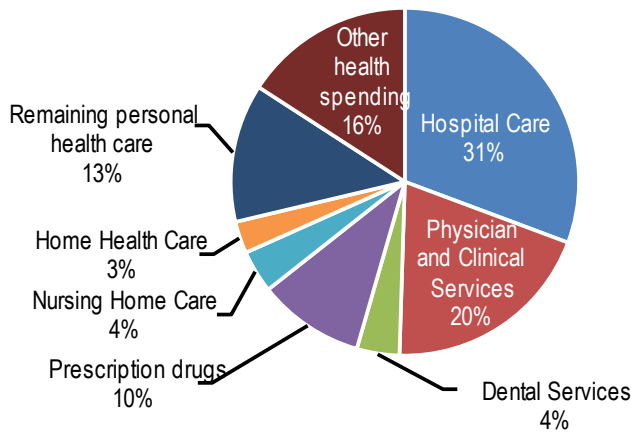


Exhibit 4 displays the growth in spending by major categories within personal health care since December 2022. At 12.8%, retail sales of prescription drugs represented the fastest-growing contributor to the 7.2% year-over-year growth in personal health care, followed by home health care, at 12.7%. Spending on hospital care grew the slowest, at 5.5%.

### Exhibit 4. Health Care Spending 12-Month Growth

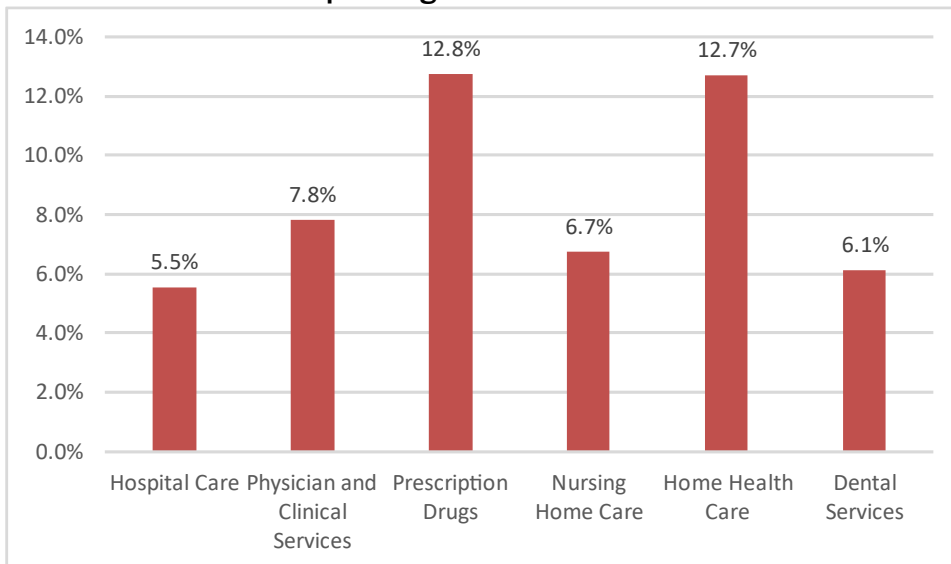
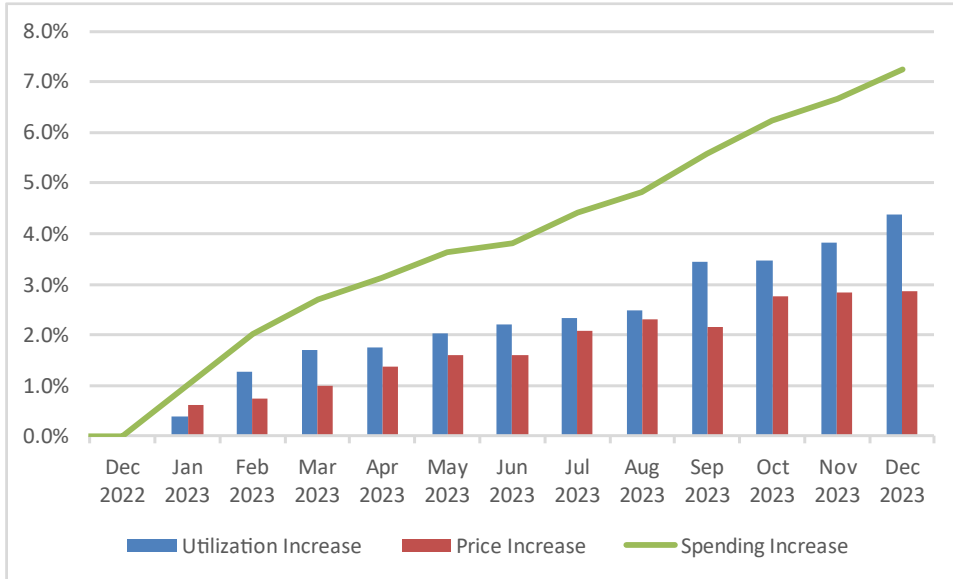


Exhibit 5 shows how spending on personal health care has grown over the past year (since December 2022) and illustrates the relative contribution of utilization and prices to this growth. It indicates that spending growth through December 2023 has continued to be driven largely by utilization growth: Of the 7.2% growth in personal health care spending during this period, 2.9 percentage points can be attributed to price growth, while the remaining 4.4 percentage point growth was associated with increases in utilization (discrepancy due to rounding).

### Exhibit 5. Cumulative Growth in Personal Health Care Spending



All spending values shown in this brief include COVID-related subsidies from the federal government. With the exception of federal government support to public health activities, these subsidies have been very small since the start of 2022.

## DETAILED HEALTH SPENDING

**Exhibit 6. Monthly National Spending Estimates by Detailed Category**

| Levels (in billions of dollars)                                        | Dec 2020   | Dec 2021   | Dec 2022   | Dec 2023   |
|------------------------------------------------------------------------|------------|------------|------------|------------|
| <b>GDP</b>                                                             | \$22,128.2 | \$24,928.8 | \$26,475.2 | \$28,223.0 |
| <b>National Health Spending</b>                                        | \$4,180.3  | \$4,463.5  | \$4,590.3  | \$4,864.9  |
| <b>Personal health care</b>                                            | \$3,396.4  | \$3,736.3  | \$3,828.4  | \$4,105.8  |
| Hospital care                                                          | \$1,279.3  | \$1,387.1  | \$1,413.0  | \$1,491.2  |
| Physician and clinical services                                        | \$829.4    | \$904.4    | \$902.0    | \$972.4    |
| Other professional services                                            | \$120.7    | \$143.7    | \$145.1    | \$158.4    |
| Dental services                                                        | \$141.3    | \$182.3    | \$170.5    | \$180.9    |
| Other personal health care                                             | \$213.2    | \$236.6    | \$252.8    | \$261.3    |
| Home health care                                                       | \$116.4    | \$130.5    | \$136.7    | \$154.0    |
| Nursing home care                                                      | \$175.6    | \$190.3    | \$200.6    | \$214.1    |
| Prescription Drugs                                                     | \$360.4    | \$387.3    | \$421.3    | \$475.0    |
| Durable medical equipment                                              | \$60.5     | \$64.3     | \$68.6     | \$72.0     |
| Nondurable medical products                                            | \$99.6     | \$109.9    | \$117.7    | \$126.4    |
| <b>Program administration and net cost of private health insurance</b> | \$338.0    | \$309.2    | \$349.0    | \$370.9    |
| <b>Government public health activities</b>                             | \$247.1    | \$205.2    | \$189.7    | \$151.5    |
| <b>Research</b>                                                        | \$61.1     | \$63.0     | \$66.4     | \$69.9     |
| <b>Structures and equipment</b>                                        | \$137.8    | \$149.8    | \$156.7    | \$166.7    |
| <b>HS Share of GDP</b>                                                 | 18.9%      | 17.9%      | 17.3%      | 17.2%      |
| <b>HS Share of PGDP</b>                                                | 18.5%      | 18.2%      | 17.3%      | 17.6%      |

Source: Altarum monthly national health spending estimates. The monthly GDP is from S&P Global Market Intelligence.

Notes: Spending is expressed in billions of dollars at a SAAR.

**Exhibit 7. National Health Spending 12-Month Growth Rates by Detailed Category**

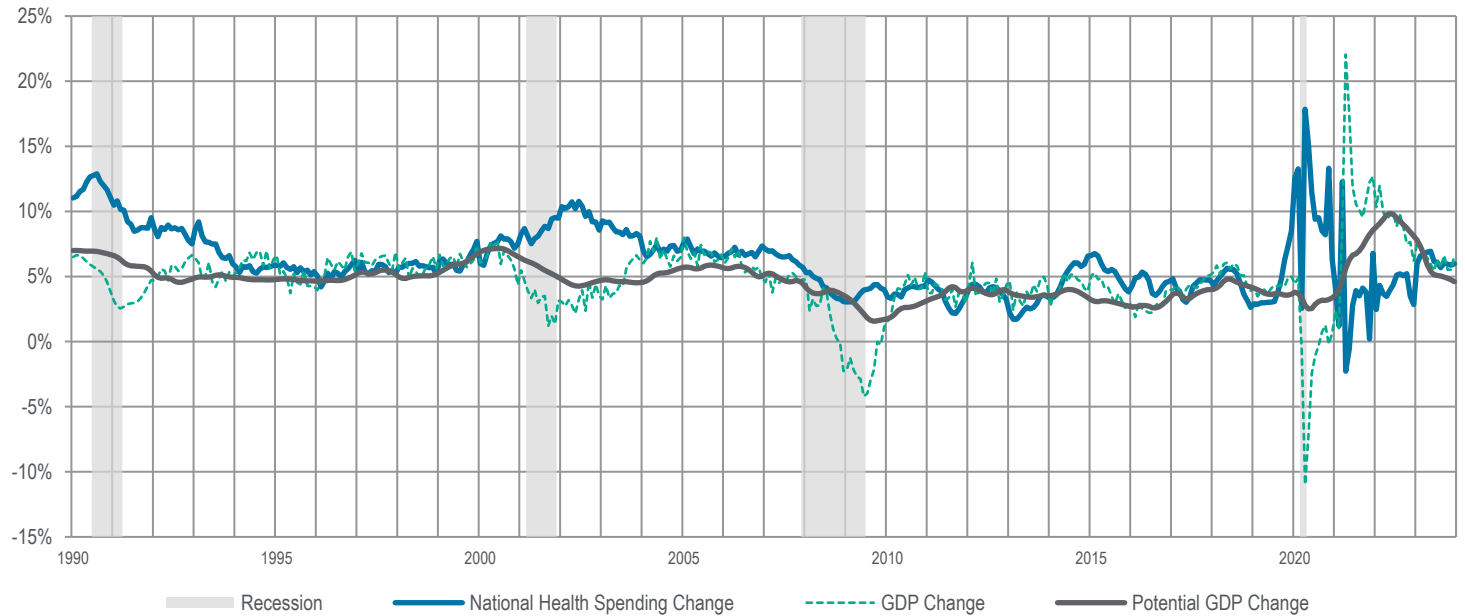
| Growth Rates                                                           | Dec 2021 | Dec 2022 | Dec 2023 |
|------------------------------------------------------------------------|----------|----------|----------|
| <b>GDP</b>                                                             | 12.7%    | 6.2%     | 6.6%     |
| <b>National Health Spending</b>                                        | 6.8%     | 2.8%     | 6.0%     |
| <b>Personal health care</b>                                            | 10.0%    | 2.5%     | 7.2%     |
| Hospital care                                                          | 8.4%     | 1.9%     | 5.5%     |
| Physician and clinical services                                        | 9.0%     | -0.3%    | 7.8%     |
| Other professional services                                            | 19.0%    | 1.0%     | 9.2%     |
| Dental services                                                        | 29.0%    | -6.4%    | 6.1%     |
| Other personal health care                                             | 10.9%    | 6.9%     | 3.3%     |
| Home health care                                                       | 12.1%    | 4.8%     | 12.7%    |
| Nursing home care                                                      | 8.4%     | 5.4%     | 6.7%     |
| Prescription Drugs                                                     | 7.5%     | 8.8%     | 12.8%    |
| Durable medical equipment                                              | 6.3%     | 6.7%     | 4.9%     |
| Nondurable medical products                                            | 10.3%    | 7.1%     | 7.4%     |
| <b>Program administration and net cost of private health insurance</b> | -8.5%    | 12.9%    | 6.3%     |
| <b>Government public health activities</b>                             | -17.0%   | -7.5%    | -20.1%   |
| <b>Research</b>                                                        | 3.2%     | 5.3%     | 5.3%     |
| <b>Structures and equipment</b>                                        | 8.7%     | 4.6%     | 6.4%     |
| <b>HS Minus GDP</b>                                                    | -5.9%    | -3.4%    | -0.6%    |
| <b>HS Minus PGDP</b>                                                   | -1.8%    | -5.3%    | 1.4%     |

Source: Computed from Exhibit 5.

Note: This exhibit compares monthly national health spending to that of the same month from the previous year.

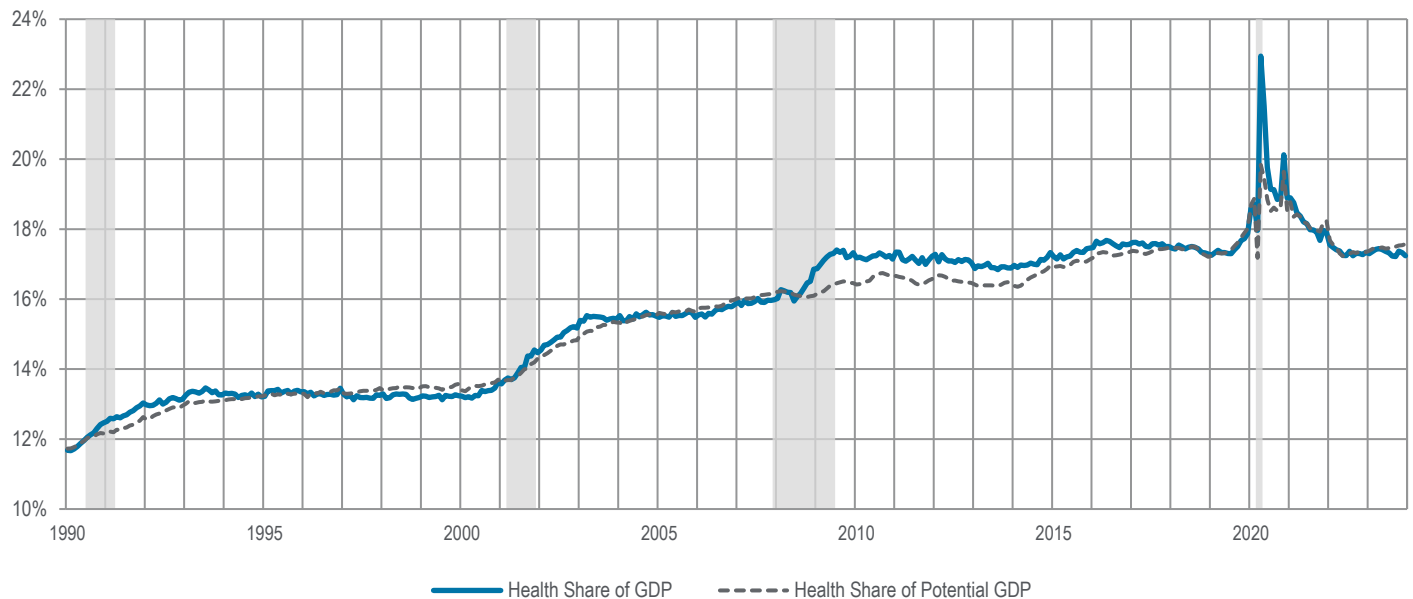
## TIME SERIES TRACKER

**Exhibit 8. Year-over-Year Percentage Change in Spending and GDP**



**Source:** Altarum monthly national health spending estimates. The monthly GDP is from S&P Global Market Intelligence.  
**Note:** Lightly shaded bars denote recession periods.

**Exhibit 9. Monthly Health Spending as a Percentage of Monthly GDP**



**Source:** Altarum monthly national health spending estimates. Monthly GDP is from S&P Global Market Intelligence. PGDP is from the U.S. Congressional Budget Office and has been converted to monthly estimates. **Note:** Lightly shaded bars denote recession periods.

**Methods.** Altarum’s estimates are based on [BEA monthly health spending](#) and [CMS annual NHE estimates \(1990–2022\) and projections](#) (2023). BEA spending categories are matched to NHEA components by using information presented in the [following](#): Hartman, M. B., Kornfeld, R. J., & Catlin, A. C. (2010, September). A reconciliation of health care expenditures in the National Health Expenditures Accounts and in gross domestic product. *Survey of Current Business*, 90(9), 42–52. For all NHEA personal health care categories except “other health, residential, and personal care,” monthly estimates are based on BEA spending adjusted to NHEA by using annual ratios. For the remaining categories, national health spending estimates and projections are allocated across months by using a simple trend. Annual ratio adjustments through 2022 are based on NHEA actuals and ensure that monthly estimates sum exactly to NHEA annual amounts. The 2022 ratios are used to adjust BEA spending for months in 2023.

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## Health care services price growth increases in the first month 2024

### HIGHLIGHTS

- ▲ The overall Health Care Price Index (HCPI) increased by 2.8% year over year in January, falling slightly from the revised growth rate of 3.0% a month prior.
- ▲ Among the major health care categories, prices for nursing home care (4.9%) and dental care (4.8%) were the fastest growing, while prescription drug price growth was the slowest last month (0.4%).
- ▲ Prices for physician services increased 1.3% in January, slower than overall health care inflation, but is the fastest rate seen for this component since January 2022.
- ▲ Economywide inflation remained stable and moderate in January, with year-over-year growth in the Consumer Price Index (CPI) falling slightly to 3.1% and growth in the Producer Price Index (PPI) falling slightly to 0.9%.
- ▲ Our implicit measure of health care utilization growth fell slightly to 4.3% year over year in December, but continued to drive spending increases as it remained above overall health care price growth.

|                                          | Jan<br>2022 | Jan<br>2023 | Dec<br>2023 | Jan<br>2024 |
|------------------------------------------|-------------|-------------|-------------|-------------|
| Health Care Price Index (HCPI)           | 2.5%        | 2.6%        | 3.0%        | 2.8%        |
| GDP Deflator (GDPD)                      | 6.6%        | 5.8%        | 2.7%        | **          |
| HCPI - GDPD                              | -4.1%       | -3.2%       | 0.3%        | **          |
| <b>Addendum</b>                          |             |             |             |             |
| Personal health care spending            | 3.9%        | 6.6%        | 7.2%        | **          |
| Health care utilization                  | 1.4%        | 4.0%        | 4.3%        | **          |
| Medical Consumer Price Index (MCPI)      | 2.5%        | 3.1%        | 0.5%        | 1.1%        |
| Consumer Price Index, all items (CPI)    | 7.5%        | 6.4%        | 3.4%        | 3.1%        |
| Producer Price Index, Final Demand (PPI) | 10.1%       | 5.7%        | 1.0%        | 0.9%        |

Source: Altarum analysis of U.S. Bureau of Labor Statistics (BLS) data. HCPI is a composite price index designed to measure overall price changes for personal health care spending and is patterned after the price index developed by the Centers for Medicare & Medicaid Services (CMS). Details are provided below. Numbers may not subtract properly due to rounding.

\*\*Data not available

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 Indicators<sup>SM</sup>* (HSEI) reports are a monthly publication of Altarum providing analyses of health spending, employment, and prices. For more information, contact Corwin (Corey) Rhyan at [Corwin.Rhyan@altarum.org](mailto:Corwin.Rhyan@altarum.org). Corey Rhyan (principal author), George Miller, PhD, Stephen McCall, 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](mailto:press@altarum.org). For more information, visit <http://altarum.org/solution/health-sector-spending>.

## DISCUSSION

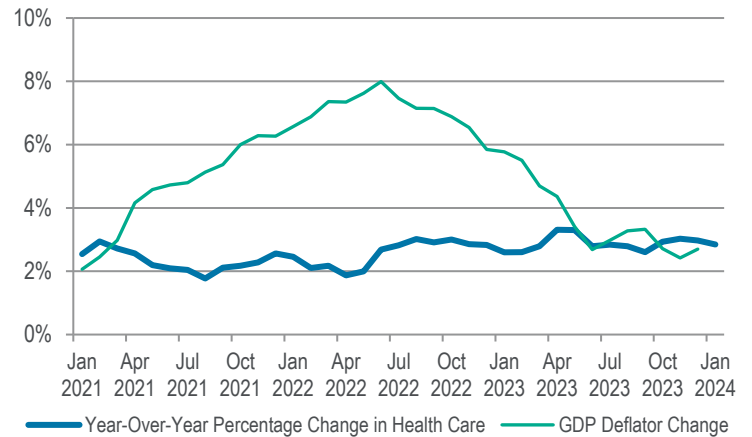
The overall health care price index (HCPI) increased by 2.8% year over year in January, falling 0.2 percentage points from the rate seen a month prior in December (3.0%). December's data were revised slightly in the updated series released this month, up from 2.9% previously to the 3.0% growth rate in the most recent data (Exhibit 1). Over the past twelve months, overall HCPI growth has stayed within a tight range, between 2.6% and 3.3% year-over-year growth.

An alternative measure of health care price inflation, the CPI medical care price index, has recently shown signs of faster health care price increases, and reached 3.6% year-over-year growth in January (after excluding the volatile and lagged health insurance component) (Exhibit 5). Much of this increase in the medical care CPI index has been the result of price growth among major health care services, including faster growth among hospital and physician and clinical services prices compared to their average price growth over the past twelve months.

Health care price growth exceeded economywide price growth as measured by the GDP deflator for the third straight month and was 0.3 percentage points faster in the most recent data. This now three-month trend of comparatively faster HCPI growth ends the nearly 3-year period when economywide inflation has often significantly outpaced health care price increases (Exhibit 1). Economywide services price growth continues to exceed commodities inflation, where services prices increased 5.5% year-over-year in January, but economywide commodities prices increased by only 0.1% (Exhibit 4).

Among major health care categories in January, prices for hospital care and physician and clinical services increased faster compared to their growth rates from a year prior (Exhibit 2). For hospital care, price growth increased from 2.2% in January 2023 to 3.1% growth in January 2024 and for physician services, prices increased from 0.2% to 1.3% over the same period. This faster physician and clinical services price growth in January breaks the two-year streak of below 1.0% price growth for this component. Increases in physician prices appear to primarily be attributable to faster growth in Medicaid prices for this care, which jumped up 10.3% in January (data not shown). This is a large increase that we will continue to monitor into future months. Conversely, price growth for prescription

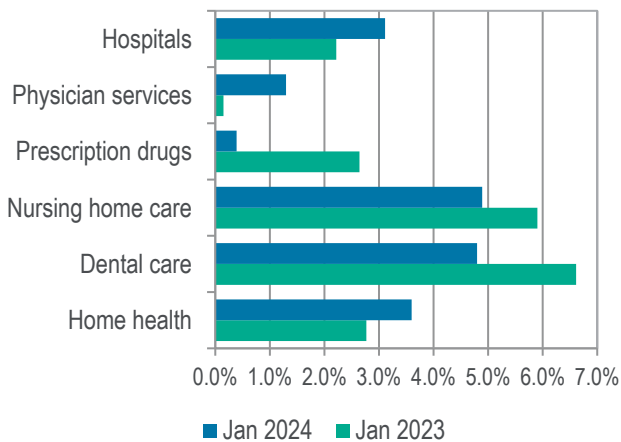
**Exhibit 1. Year-over-Year Growth in HCPI & GDPD**



Source: Altarum analysis of monthly BLS price data and monthly GDPD data published by Macroeconomic Advisers.

drugs slowed significantly in January, to 0.4% year over year, and is now 2.2 percentage points slower than the price growth for this component from a year prior.

**Exhibit 2. Year-over-Year Price Growth for Selected Categories**



Source: Altarum analysis of monthly BLS price data.

Our implicit measure of overall health care utilization growth (total spending growth net of health care price inflation) declined slightly in December, now at 4.3% growth year-over-year (Exhibit 9). The fastest growing utilization component in December was prescription drugs, which increased by 9.5%. Home health care was the next fastest growing category and increased 8.4% year over year. This was followed by increases in the use of physician and clinical services (7.5%). Increases in prescription drug use could be [the combined result of](#) a greater number of new drug approvals in 2023, increased use of new obesity and diabetes medications, and impacts of reduced co-pays mandated in the Inflation Reduction Act. If underlying trends continue, we expect prescription drug utilization growth to remain high in the rest of 2024.



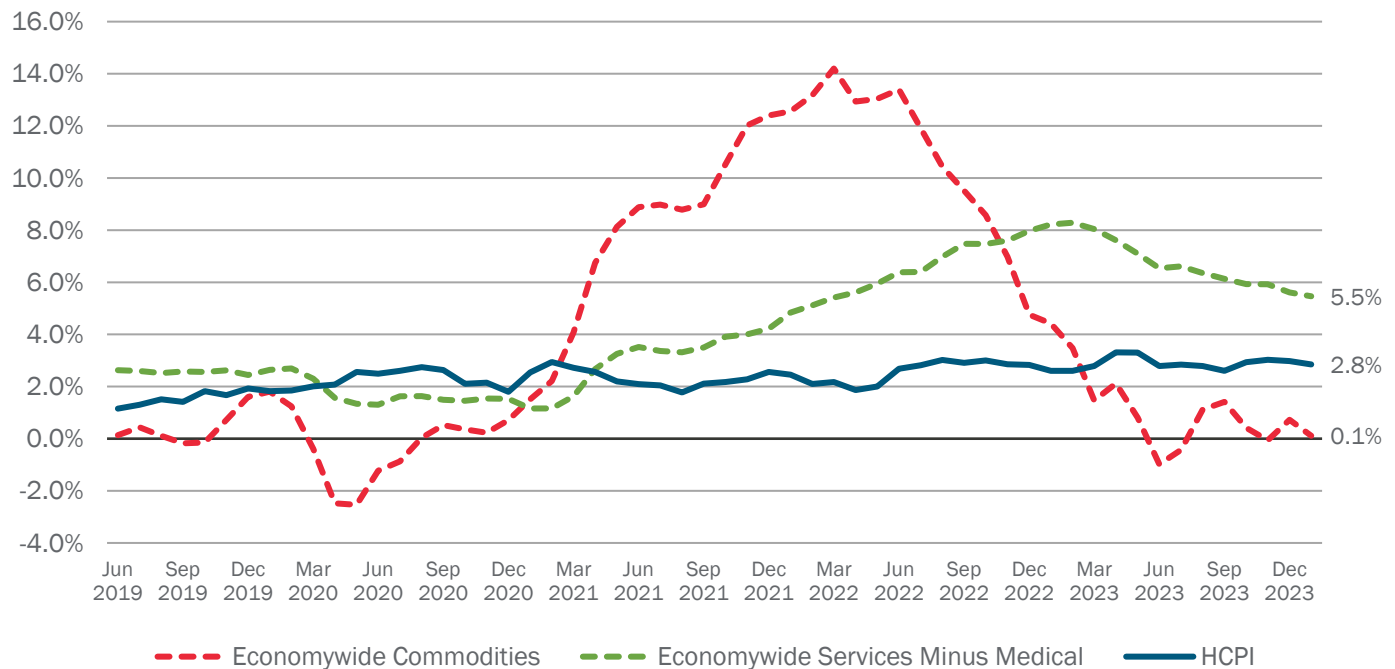
## PRICE GROWTH BY DETAILED CATEGORIES

**Exhibit 3. Annualized % Change in Prices for Major Components of National Health Expenditures**

|                                       | Ending January 2022 | Ending January 2023 | Ending January 2024 |
|---------------------------------------|---------------------|---------------------|---------------------|
| <b>Health Care Price Index (HCPI)</b> | 2.5%                | 2.6%                | 2.8%                |
| Hospital care                         | 3.1%                | 2.2%                | 3.1%                |
| Physician and clinical services       | 1.3%                | 0.2%                | 1.3%                |
| Prescription drugs                    | 1.3%                | 2.6%                | 0.4%                |
| Nursing home care                     | 1.4%                | 5.9%                | 4.9%                |
| Dental Services                       | 2.3%                | 6.6%                | 4.8%                |
| Home health care                      | 2.8%                | 2.8%                | 3.6%                |
| Other professional services           | 3.8%                | -0.4%               | 2.1%                |
| Other personal health care            | 4.5%                | 6.2%                | 4.8%                |
| Other nondurable medical products     | 1.7%                | 4.8%                | 9.2%                |
| Durable medical equipment             | 2.9%                | 3.9%                | 3.1%                |

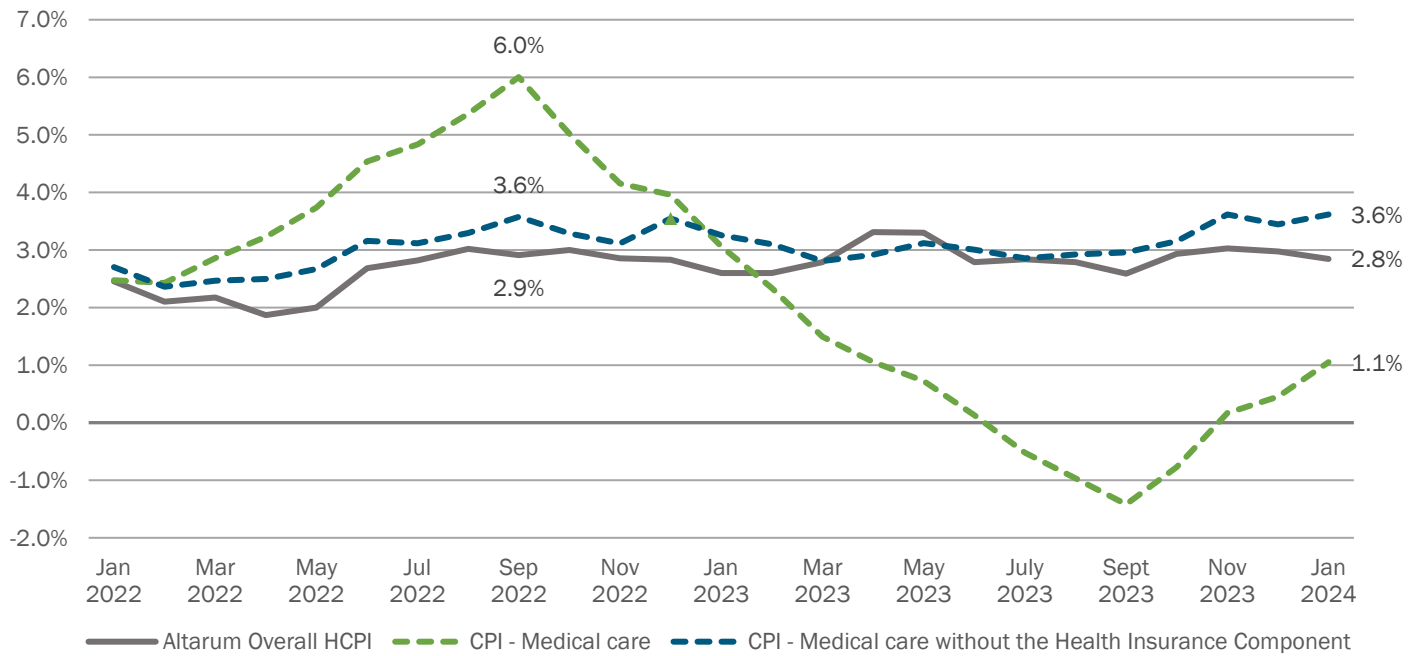
Source: Altarum analysis of monthly BLS data.

**Exhibit 4. Year-over-Year Percentage Change in Health Prices Compared with Economywide Commodities vs. Economywide Services**



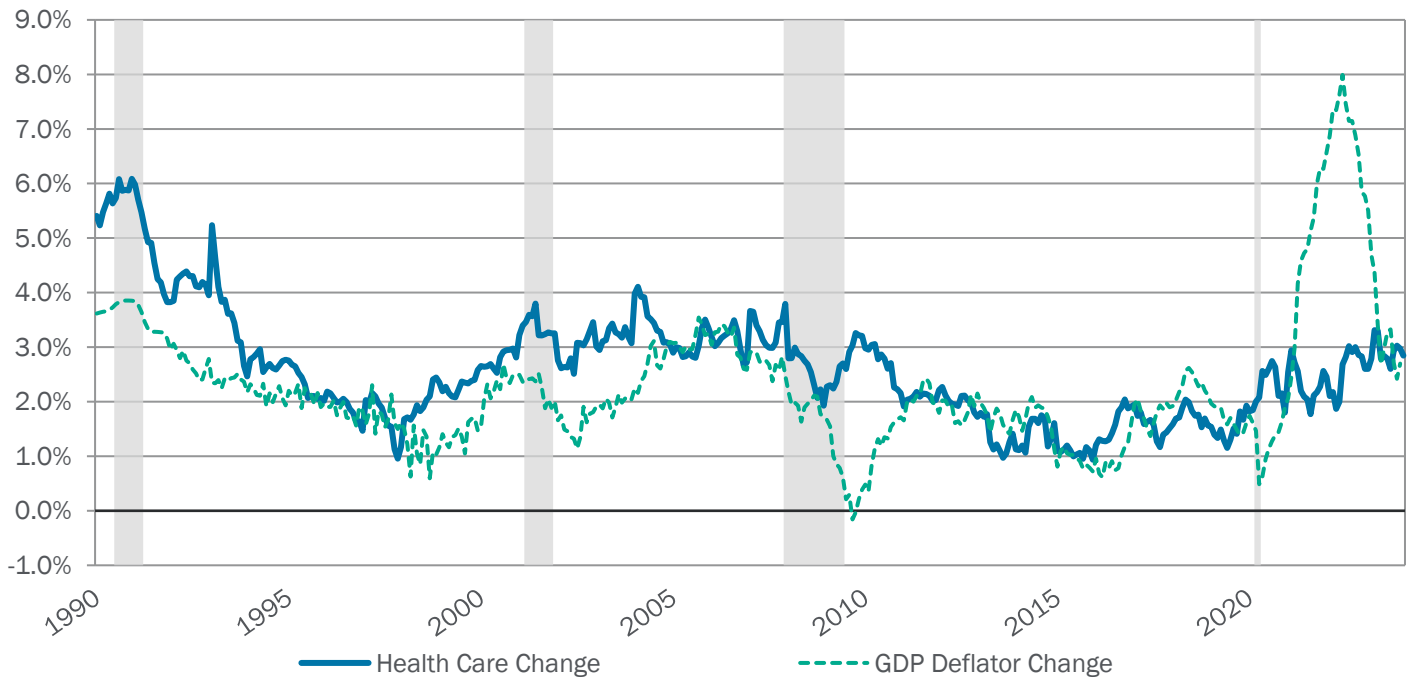
**Methods.** Altarum’s estimates for the monthly HCPI, a price index for personal health care spending within the National Health Expenditure Accounts, are essentially monthly versions of the annual index developed by the CMS National Health Statistics Group (NHSG). The advantages of this measure over the medical care component of the CPI are well documented. Information on the CMS index is presented in the following source: U.S. Department of Health and Human Services. (2019). *National Health Expenditure Accounts: Methodology Paper, 2018—Definitions, Sources, and Methods*. Washington, DC: Centers for Medicare & Medicaid Services. Retrieved from <http://www.cms.gov/files/document/definitions-sources-and-methods.pdf>. The HCPI is calculated by using BLS data on PPIs for hospital, physician, nursing home, and home health components and CPIs for prescription drugs and other remaining items. Following NHSG, we use the GDPD rather than the CPI as our measure of economy-wide inflation. While this brief focuses on prices, it also incorporates data from our spending brief and shows the power of looking at prices and spending together. In particular, it reveals the striking role of utilization in health spending growth trends.

**Exhibit 5. Year-over-Year Percentage Change in Medical Care CPI vs. Altarum Overall HCPI**



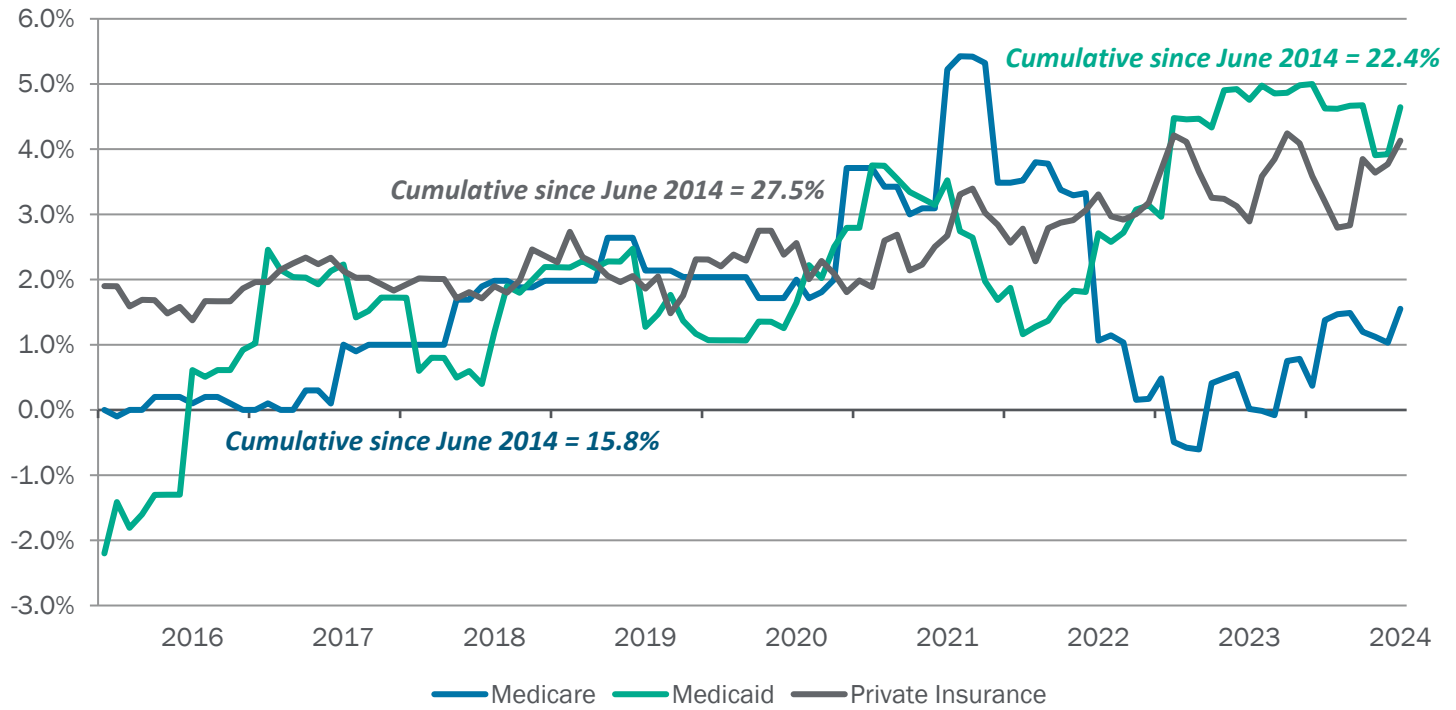
**TIME SERIES TRACKER**

**Exhibit 6. Year-over-Year Percentage Change in Health Prices Compared with the GDP Deflator**



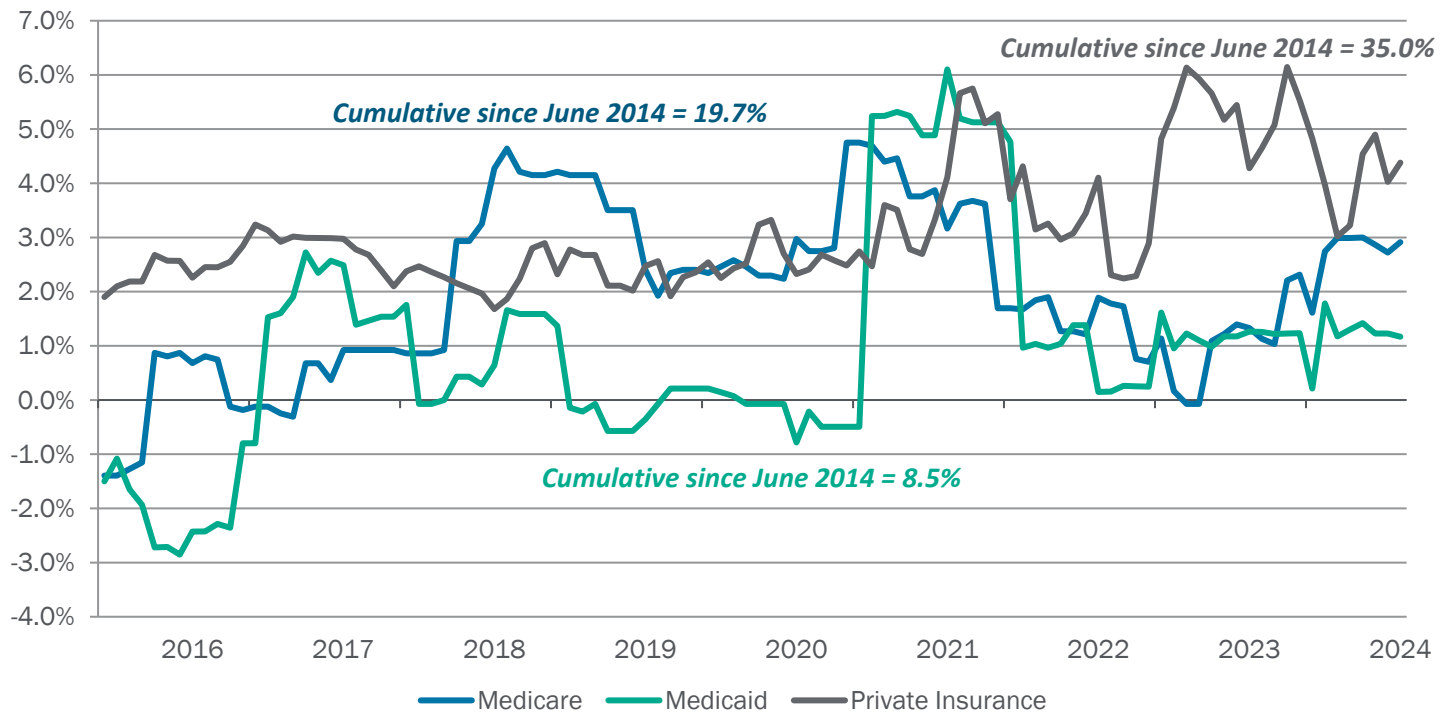
Source: Altarum monthly national health spending and price index estimates.  
Note: Lightly shaded bars denote recession periods.

**Exhibit 7. Year-over-Year Change in Health Care Services Price Growth, by Payer**



Source: Altarum analysis of monthly BLS data.

**Exhibit 8. Year-over-Year Change in Hospital Services Price Growth, by Payer**



Source: Altarum analysis of monthly BLS data.

**Exhibit 9. Implicit Health Care Utilization Growth by Major Components of NHE, Year-over-year**

|                                          | December 2023 | 3-Month Moving Average | 12-Month Moving Average |
|------------------------------------------|---------------|------------------------|-------------------------|
| <b>Total personal health care</b>        | 4.3%          | 4.4%                   | 4.9%                    |
| <b>Hospital care</b>                     | 2.7%          | 3.0%                   | 4.4%                    |
| <b>Physician and clinical services</b>   | 7.5%          | 7.4%                   | 7.2%                    |
| <b>Prescription drugs</b>                | 9.5%          | 9.0%                   | 7.9%                    |
| <b>Nursing home care</b>                 | 1.2%          | 2.5%                   | 4.1%                    |
| <b>Dental Services</b>                   | 1.1%          | 1.8%                   | 2.0%                    |
| <b>Home health care</b>                  | 8.4%          | 8.6%                   | 6.4%                    |
| <b>Other professional services</b>       | 7.8%          | 7.5%                   | 7.5%                    |
| <b>Other personal health care</b>        | -2.8%         | -2.8%                  | -1.7%                   |
| <b>Other nondurable medical products</b> | -0.9%         | -1.4%                  | 0.5%                    |
| <b>Durable medical equipment</b>         | 1.6%          | 0.8%                   | 1.1%                    |

Source: Altarum analysis of monthly BLS data combined with Altarum HSEI spending data.

Note: Beginning in March 2021, we slightly updated the computation of estimated implicit utilization shown in Exhibit 8 to be more consistent with our spending data. Previous iterations calculated implicit utilization growth (U) as spending growth (S) net of price growth (P) and population growth (Pop):  $U = S - P - \text{Pop}$ . New data (from March 2021 onward) now include population growth in utilization, with the new measure calculated as:  $U = S - P$ . This approach is an approximation, ignoring the interaction term between spending and prices growth ( $S \cdot P$ ); however, as long as the two growth rates are small, this term is insignificant.

February 20, 2024

## The job openings rate in the health care and social assistance sector fell in 2023 but remains extremely high

### HIGHLIGHTS

- ▲ In 2023, the job openings rate in health care and social assistance was 7.6%, marking the second-highest rate since data collection began in 2001.
- ▲ Health care employment increased by 70,300 in January, above the 12-month average of 58,700.
- ▲ January's health care job growth was led by growth in ambulatory care settings, which added 33,400 jobs, and hospitals, which added 20,400 jobs.
- ▲ Nursing and residential care facilities added 16,500 jobs in January. Within this industry, nursing homes added 9,000 jobs while other nursing and residential care settings added 7,500 jobs in January.
- ▲ The economy overall added 353,000 jobs in January, well above the 12-month average of 243,920.
- ▲ The unemployment rate was stable at 3.7%.
- ▲ Health care wage growth in December 2023 was 2.9% year over year, compared to 4.5% in non-health care industries.
- ▲ Wage growth in health care settings was highest in nursing and residential care, at 4.0% year over year, followed by ambulatory care settings at 2.9% and hospitals at 2.4%.

### Cyclical Employment Big Picture

| Seasonally Adjusted              | Feb 2020 | Jan 2023 | Dec 2023 | Jan 2024 |
|----------------------------------|----------|----------|----------|----------|
| Total Employment (000)           | 152,309  | 154,773  | 157,347  | 157,700  |
| Non-Health Employment (000)      | 135,828  | 138,112  | 140,052  | 140,334  |
| Health Employment (000)          | 16,481   | 16,661   | 17,295   | 17,366   |
| Health Share of Total Employment | 10.82%   | 10.77%   | 10.99%   | 11.01%   |
| Unemployment Rate                | 3.5%     | 3.4%     | 3.7%     | 3.7%     |

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 Indicators<sup>SM</sup>* (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](mailto: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](mailto:press@altarum.org). For more information, visit <http://altarum.org/solution/health-sector-spending>.

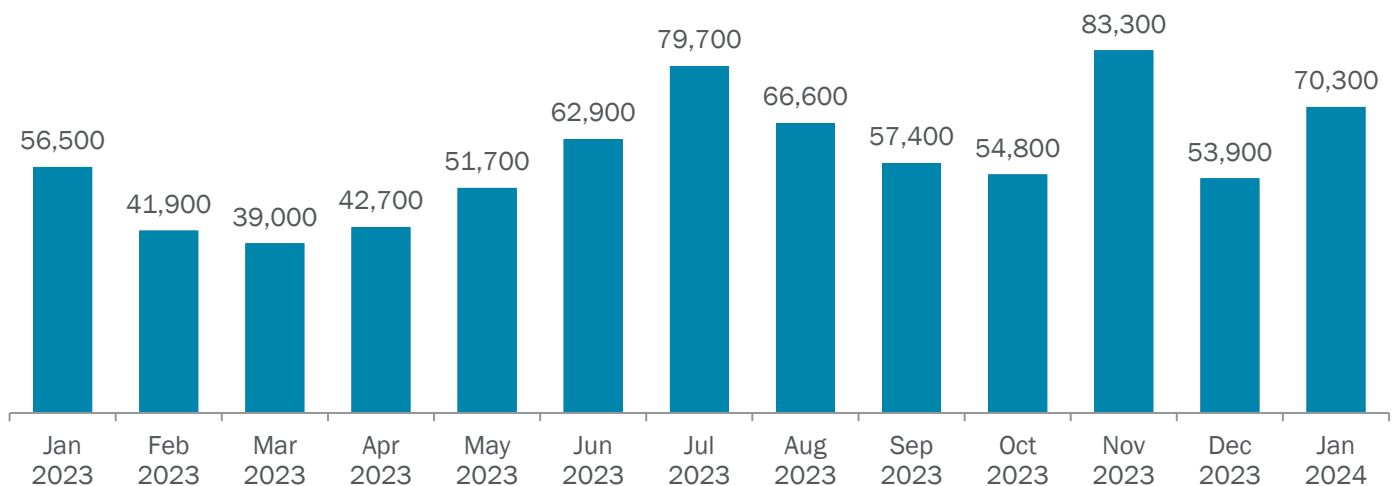
## DISCUSSION

In January 2024, the health care industry added 70,300 new jobs (as shown in Exhibit 1), which was higher than the 12-month average of 58,700 jobs. Meanwhile, all other industries combined added 282,700 jobs, much higher than the 12-month average of 185,200 jobs per month.

January employment growth in the health care sector was primarily driven by ambulatory care settings, which added 33,400 jobs, above the 12-month industry average of 29,500 jobs per month. Additionally, hospitals added 20,400 jobs in January, which was higher than the industry's 12-month average of 12,600 jobs.

The nursing and residential care facilities industry had strong job growth as well, with 16,500 jobs added, versus a 12-month average of 12,600. Specifically, nursing homes added 9,000 jobs in January, compared to an average of 5,900 jobs per month in the previous year, and the residential care facilities sector added 7,500 jobs, compared to 6,800 new jobs in the past year.

### Exhibit 1. Month-Over-Month Change in Health Care Employment, Seasonally Adjusted

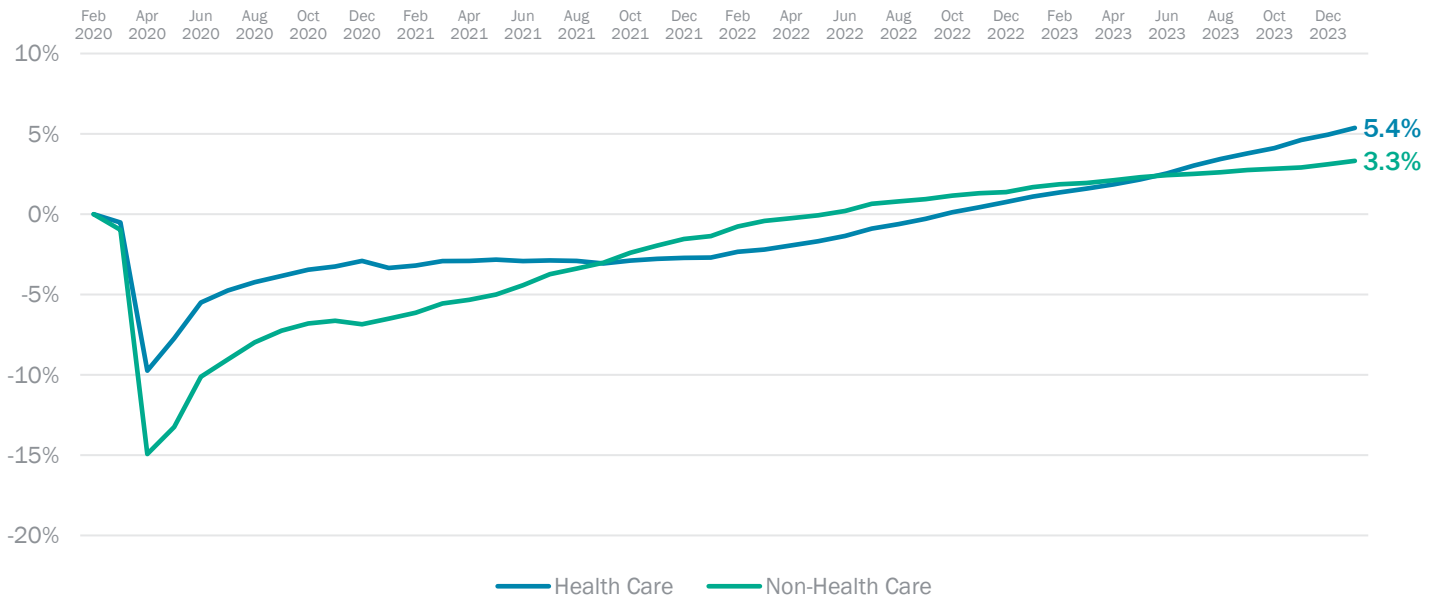


Source: Altarum analysis of monthly BLS Current Employment Statistics data.

Compared to February 2020, before the COVID-19 recession began, health care employment has increased by 885,000 jobs or 5.4%, which is higher than the 3.3% increase in non-health care employment over the same period (see Exhibit 2). Hospital employment has grown by 221,800 jobs or 4.2% since February 2020, while ambulatory care settings have increased by 802,600 jobs or 10.2% growth (see Exhibit 3).

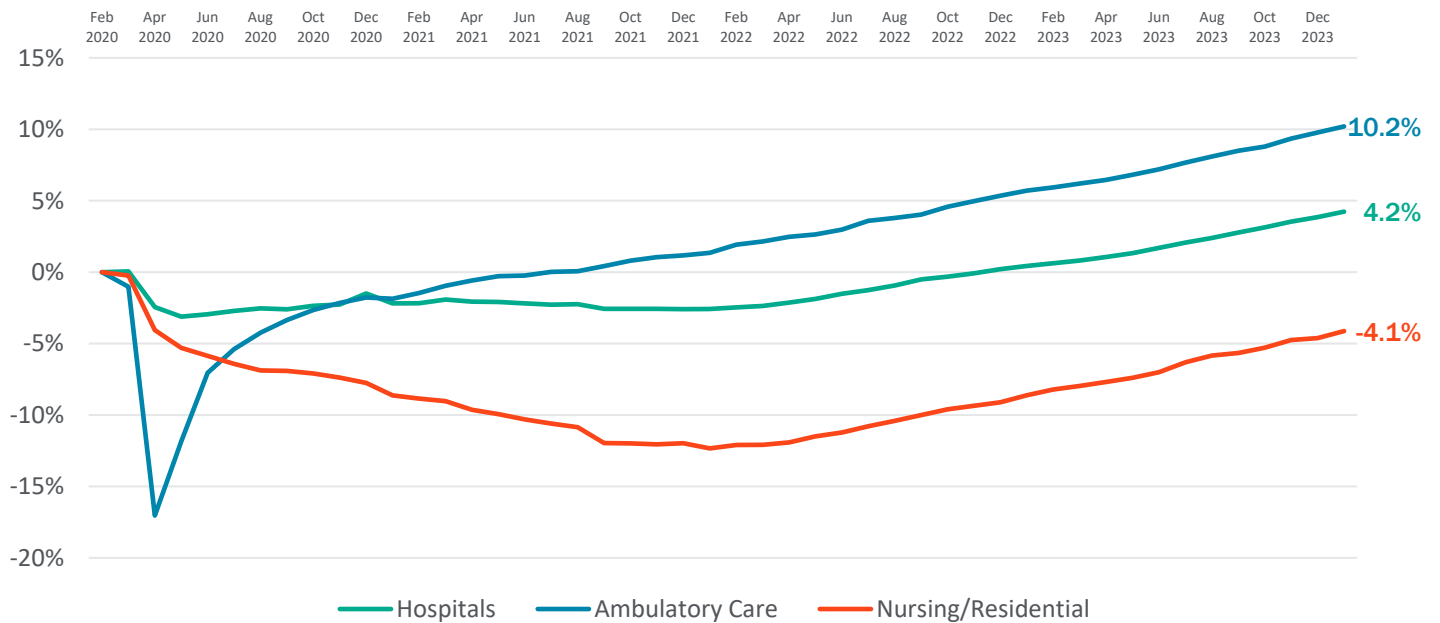
However, nursing and residential care employment, although steadily increasing since January 2022, is still 139,400 jobs or 4.1% below pre-pandemic levels. As described in a recent Altarum [analysis](#), this contraction in the nursing home workforce since the pandemic is likely due to nursing home closures, lower resident censuses, and staffing shortages.

### 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

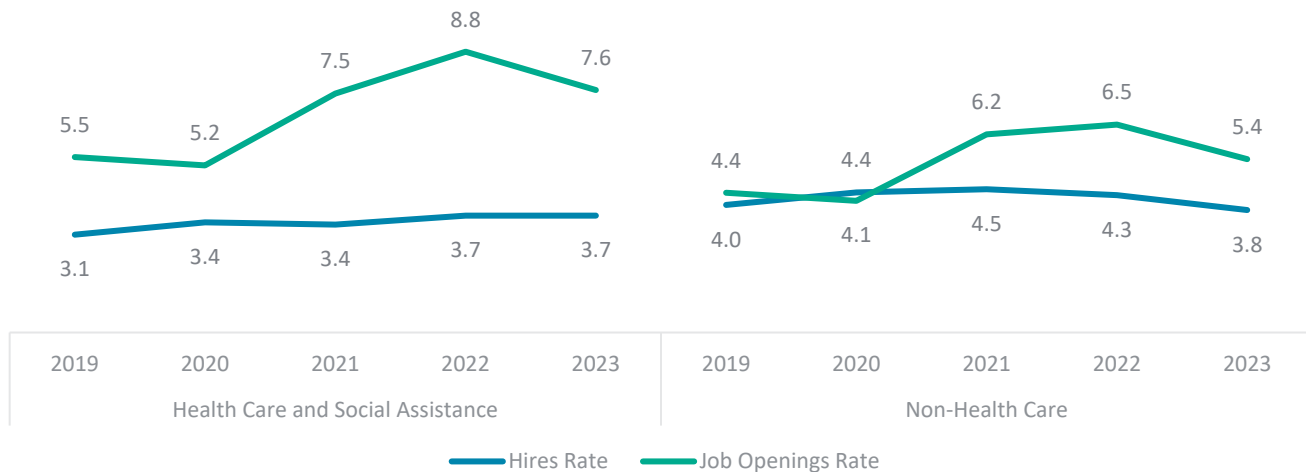


Source: Altarum analysis of monthly BLS Current Employment Statistics data.

The rise in demand for health care has led to an increase in job vacancies in the industry. In 2023, the job openings rate in health care and social assistance was 7.6%, second only to 2022's 8.8%. Since data collection began in 2001, 2022 and 2023 are the years with the highest average openings rates for health care and social assistance (Exhibit 4). The hiring rate is climbing but lags far behind, at 3.7 in 2023. By comparison, the job openings rate for non-health care industries was 5.4 in 2023 and the hire rate was 3.8.

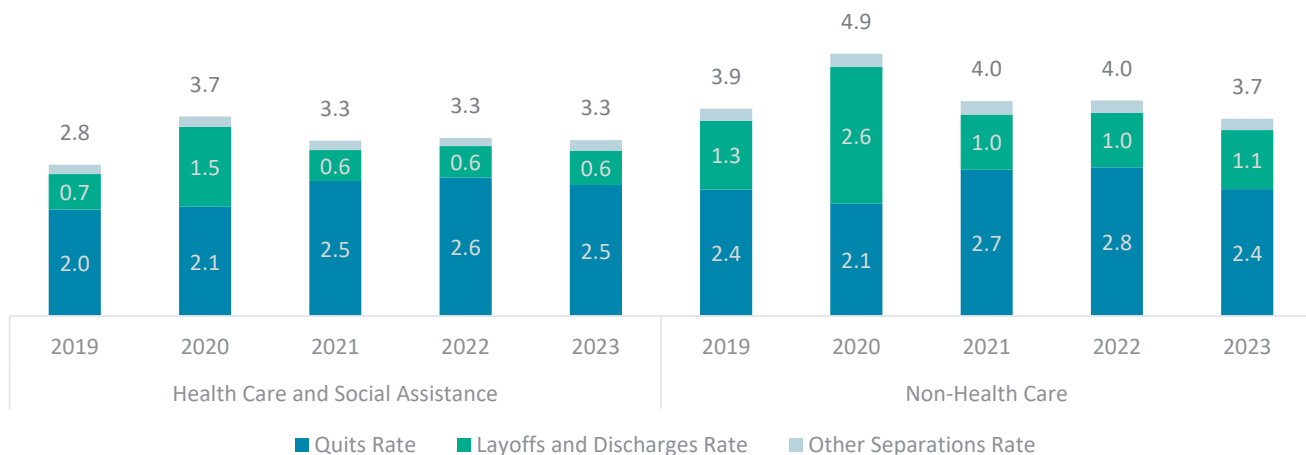
As well as rising demand, openings have also been driven by high separation rates, mainly due to a rise in quit rates following the COVID-19 pandemic recession. The total separations rate was 3.3 in 2023 and 2.8 in 2019, with the quit rate at 2.5 in 2023 and 2.0 in 2019 (see Exhibit 5). In non-health care industries, the separations rate was even higher in 2023, at 3.7, but this was primarily because of a higher discharge and layoff rate.

**Exhibit 4. Annual Rates of Hires and Job Openings in the Health Care and Social Assistance and Non-Health Care Sectors, by Year**



Source: Altarum analysis of monthly BLS Job Openings and Labor Turnover Survey.

**Exhibit 5. Annual Rates of Separations by Type of Separation in the Health Care and Social Assistance and Non-Health Care Sectors, by Year**



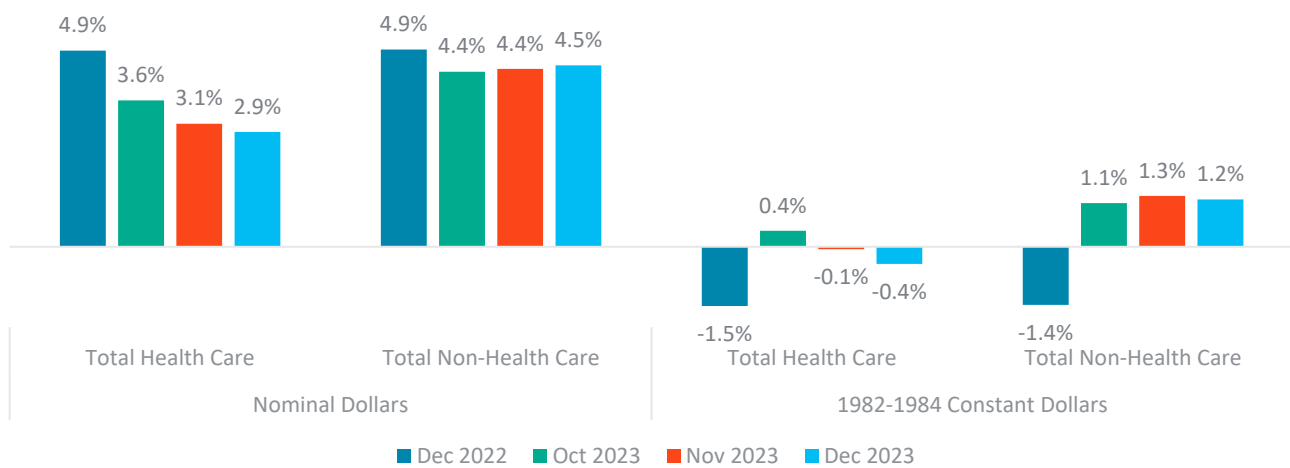
Source: Altarum analysis of monthly BLS Job Openings and Labor Turnover Survey.



Year-over-year wage growth in the health care sector fell to 2.9% in December 2023, versus 4.9% a year earlier (see Exhibit 6). Non-health care sector wage growth was 4.5% in December, which is slightly lower than growth a year ago but similar to rates in recent months. Adjusting for inflation erases the entirety of health sector wage growth, and most of growth in other industries.

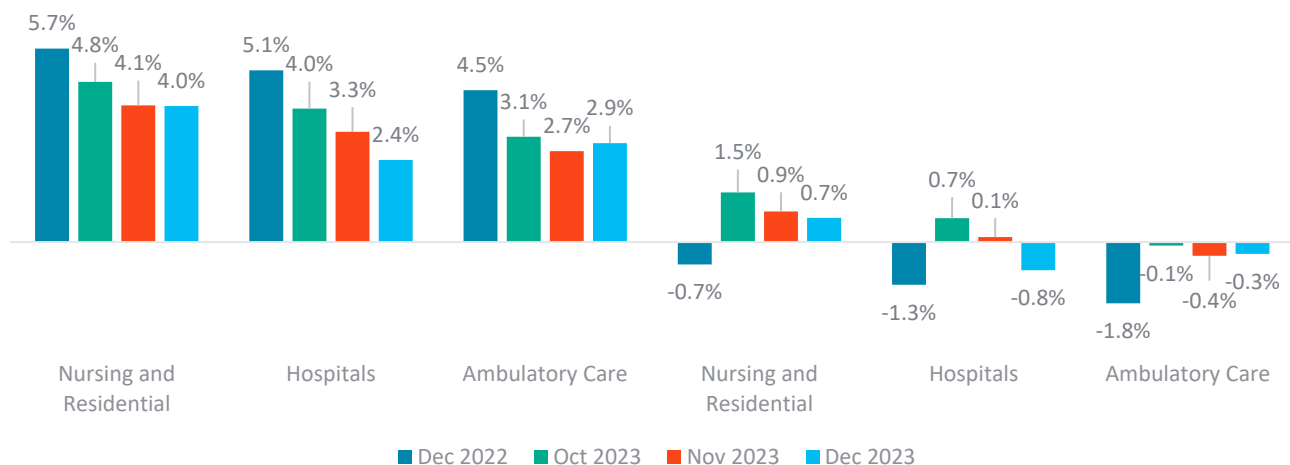
While wage trends varied across health care industries, they broadly reflect trends in the health care sector overall, with higher wage growth a year ago and steady declines in year-over-year wage growth over the past several months. In December 2023, wage growth was 4.0% year over year in nursing and residential care, 2.9% in ambulatory care services, and 2.4% for hospitals (see Exhibit 7). However, the rate of decline varied across industries, with hospital growth rates falling the most precipitously in the past several months. In all cases, inflation adjustment erased most if not all gains in purchasing power.

**Exhibit 6. Change in Average Hourly Earnings, Year over Year, Health Care and Total Private Sector**



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

**Exhibit 7. Change in Average Hourly Earnings, Year over Year, by Health Care Sector**



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

## DETAILED HEALTH CARE EMPLOYMENT

### Exhibit 8. Employment by Sector, Seasonally Adjusted

| Employment (in Thousands)                      | January 2024 | December 2023 | January 2023 | January 2022 | January 2024 |
|------------------------------------------------|--------------|---------------|--------------|--------------|--------------|
| <b>Non-Health Care</b>                         | 140,334      | 140,052       | 138,112      | 133,979      | 140,334      |
| <b>Health Care</b>                             | 17,366       | 17,295        | 16,661       | 16,035       | 17,366       |
| <b>Ambulatory Health Care Services</b>         | 8,671        | 8,638         | 8,318        | 7,975        | 8,671        |
| Offices of Physicians                          | 3,004        | 2,989         | 2,873        | 2,765        | 3,004        |
| Offices of Dentists                            | 1,033        | 1,032         | 1,022        | 1,006        | 1,033        |
| Offices of Other Health Care Practitioners     | 1,189        | 1,185         | 1,128        | 1,055        | 1,189        |
| Outpatient Care Centers                        | 1,078        | 1,077         | 1,055        | 1,012        | 1,078        |
| Medical and Diagnostic Labs                    | 324          | 325           | 319          | 316          | 324          |
| Home Health Care Services                      | 1,692        | 1,677         | 1,578        | 1,504        | 1,692        |
| Other Ambulatory <sup>a</sup>                  | 352          | 353           | 343          | 318          | 352          |
| <b>Hospitals</b>                               | 5,457        | 5,436         | 5,258        | 5,100        | 5,457        |
| <b>Nursing and Residential Care Facilities</b> | 3,238        | 3,221         | 3,086        | 2,961        | 3,238        |
| Nursing Care Facilities                        | 1,455        | 1,446         | 1,385        | 1,345        | 1,455        |
| Other Nursing and Residential <sup>b</sup>     | 1,783        | 1,775         | 1,701        | 1,616        | 1,783        |
| <b>Health Share of Employment</b>              | 11.01%       | 10.99%        | 10.77%       | 10.69%       | 11.01%       |

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

<sup>a</sup> "Other Ambulatory" care settings include ambulance services, blood and organ banks, and all other non-classifiable ambulatory health care service providers.  
<sup>b</sup> "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 9. Change in Employment Data by Sector, Seasonally Adjusted

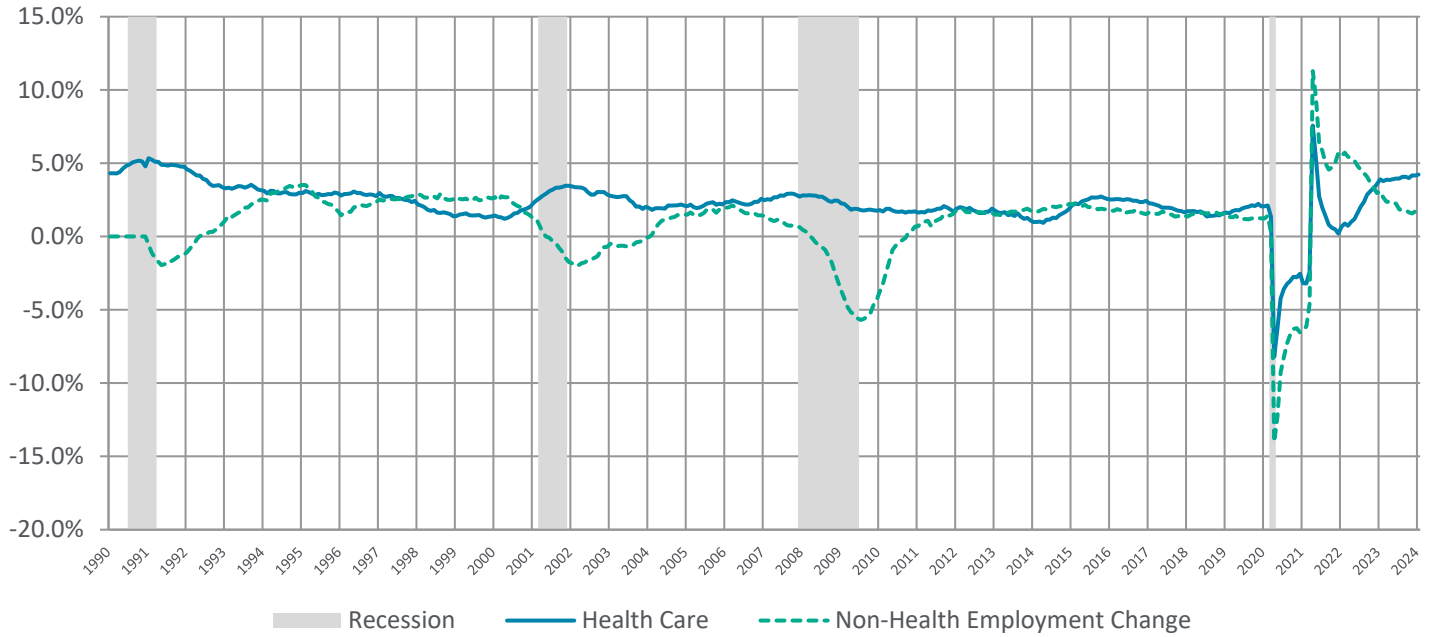
| Employment Change (in Thousands)               | One Month        | 12 Months        | 24 Months        | Since Feb 2020        |
|------------------------------------------------|------------------|------------------|------------------|-----------------------|
| <b>Non-Health Care</b>                         | 282.7            | 2,222.8          | 6,355.6          | 4,506.0               |
| <b>Health Care</b>                             | 70.3             | 704.2            | 1,330.4          | 885.0                 |
| <b>Ambulatory Health Care Services</b>         | 33.4             | 353.4            | 696.4            | 802.6                 |
| Offices of Physicians                          | 14.5             | 130.8            | 238.5            | 278.1                 |
| Offices of Dentists                            | 0.8              | 10.5             | 26.5             | 41.7                  |
| Offices of Other Health Care Practitioners     | 4.3              | 60.8             | 134.4            | 188.0                 |
| Outpatient Care Centers                        | 1.1              | 23.2             | 66.7             | 82.2                  |
| Medical and Diagnostic Labs                    | -1.5             | 5.4              | 7.8              | 34.7                  |
| Home Health Care Services                      | 15.1             | 113.5            | 188.2            | 145.2                 |
| Other Ambulatory                               | -0.8             | 9.2              | 34.3             | 32.7                  |
| <b>Hospitals</b>                               | 20.4             | 199.1            | 356.8            | 221.8                 |
| <b>Nursing and Residential Care Facilities</b> | 16.5             | 151.7            | 277.2            | -139.4                |
| Nursing Care Facilities                        | 9.0              | 70.3             | 110.4            | -131.9                |
| Other Nursing and Residential                  | 7.5              | 81.4             | 166.8            | -7.5                  |
| <b>Annualized Percent Change</b>               | <b>One Month</b> | <b>12 Months</b> | <b>24 Months</b> | <b>Since Feb 2020</b> |
| <b>Non-Health Care</b>                         | 2.4%             | 1.6%             | 2.3%             | 0.8%                  |
| <b>Health Care</b>                             | 5.0%             | 4.2%             | 4.1%             | 1.3%                  |
| <b>Ambulatory Health Care Services</b>         | 4.7%             | 4.2%             | 4.3%             | 2.5%                  |
| Offices of Physicians                          | 6.0%             | 4.6%             | 4.2%             | 2.5%                  |
| Offices of Dentists                            | 0.9%             | 1.0%             | 1.3%             | 1.1%                  |
| Offices of Other Health Care Practitioners     | 4.4%             | 5.4%             | 6.2%             | 4.5%                  |
| Outpatient Care Centers                        | 1.2%             | 2.2%             | 3.2%             | 2.0%                  |
| Medical and Diagnostic Labs                    | -5.4%            | 1.7%             | 1.2%             | 2.9%                  |
| Home Health Care Services                      | 11.4%            | 7.2%             | 6.1%             | 2.3%                  |
| Other Ambulatory <sup>a</sup>                  | -2.7%            | 2.7%             | 5.3%             | 2.5%                  |
| <b>Hospitals</b>                               | 4.6%             | 3.8%             | 3.4%             | 1.1%                  |
| <b>Nursing and Residential Care Facilities</b> | 6.3%             | 4.9%             | 4.6%             | -1.1%                 |
| Nursing Care Facilities                        | 7.7%             | 5.1%             | 4.0%             | -2.2%                 |
| Other Nursing and Residential <sup>b</sup>     | 5.2%             | 4.8%             | 5.0%             | -0.1%                 |

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

<sup>a</sup> "Other Ambulatory" care settings include ambulance services, blood and organ banks, and all other non-classifiable ambulatory health care service providers.  
<sup>b</sup> "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.

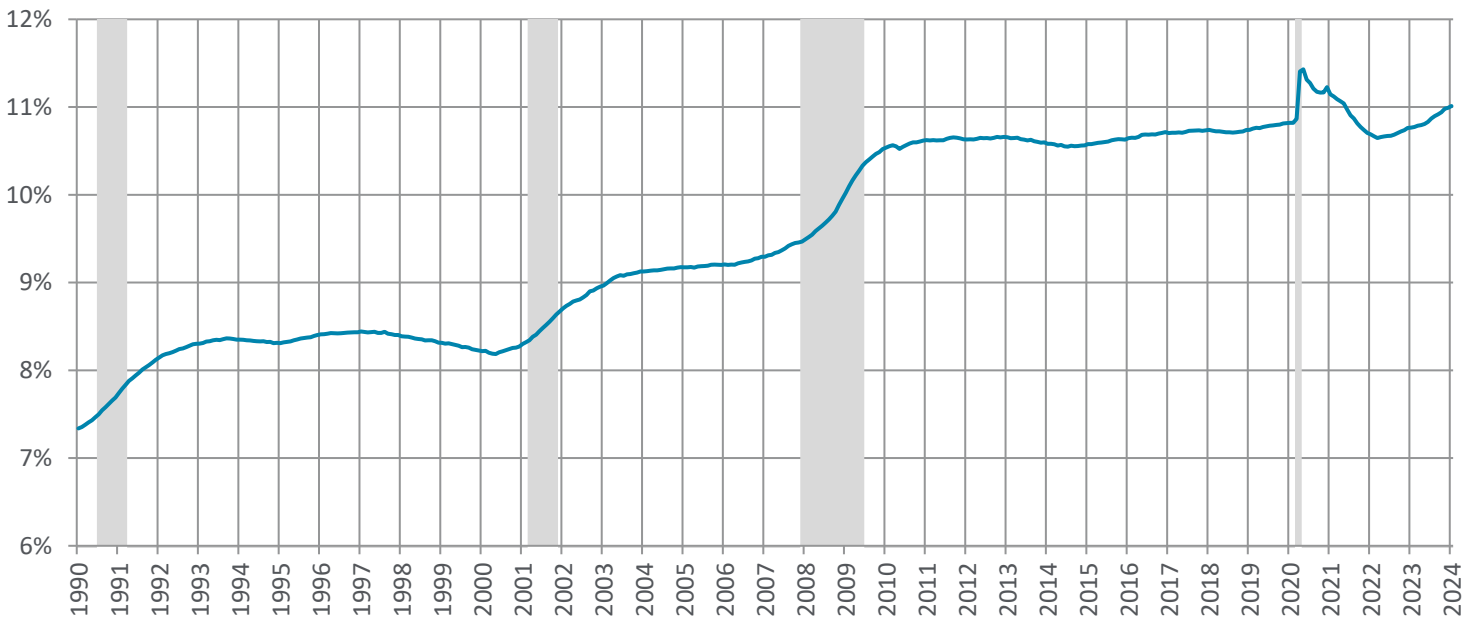
## TIME SERIES TRACKER

### Exhibit 10. Twelve-Month Percent Change in Employment



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

### Exhibit 11. Health Care Share of Total Employment



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