

April 16, 2024

The gap in employment growth between health care and other industries is growing

HIGHLIGHTS

- ▲ Monthly health care employment growth has outpaced all other industries for two consecutive years (starting in April 2022). Over that period, the health care sector grew by 8.2%, versus 3.8% for all other industries.
- ▲ Health care employment increased by 72,300 in March 2024, well above the 12-month average of 62,400.
- ▲ March's health care job growth was led by growth in ambulatory health care services, which added 27,500 jobs, and hospitals, which added 27,100 jobs.
- ▲ Nursing and residential care facilities added 17,700 jobs in March. Within this industry, nursing care facilities added 9,500 jobs while other nursing and residential care facilities added 8,200 jobs.
- ▲ The economy overall added 303,000 jobs in March, surpassing the 12-month average of 243,900, and the unemployment rate decreased slightly to 3.8%.
- ▲ Nominal health care wage growth in February 2024 was 3.4% year over year, compared to 4.4% in non-health care industries.
- ▲ Nominal wage growth in health care settings was highest in nursing and residential care facilities, at 4.5% year over year, followed by ambulatory health care services at 3.2% and hospitals at 3.0%.

Cyclical Employment Big Picture

Seasonally Adjusted	Feb 2020	Mar 2023	Feb 2024	Mar 2024
Total Employment (000)	152,309	155,206	157,830	158,133
Non-Health Employment (000)	135,828	138,464	140,412	140,642
Health Employment (000)	16,481	16,742	17,418	17,491
Health Share of Total Employment	10.82%	10.79%	11.04%	11.06%
Unemployment Rate	3.5%	3.5%	3.9%	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>.

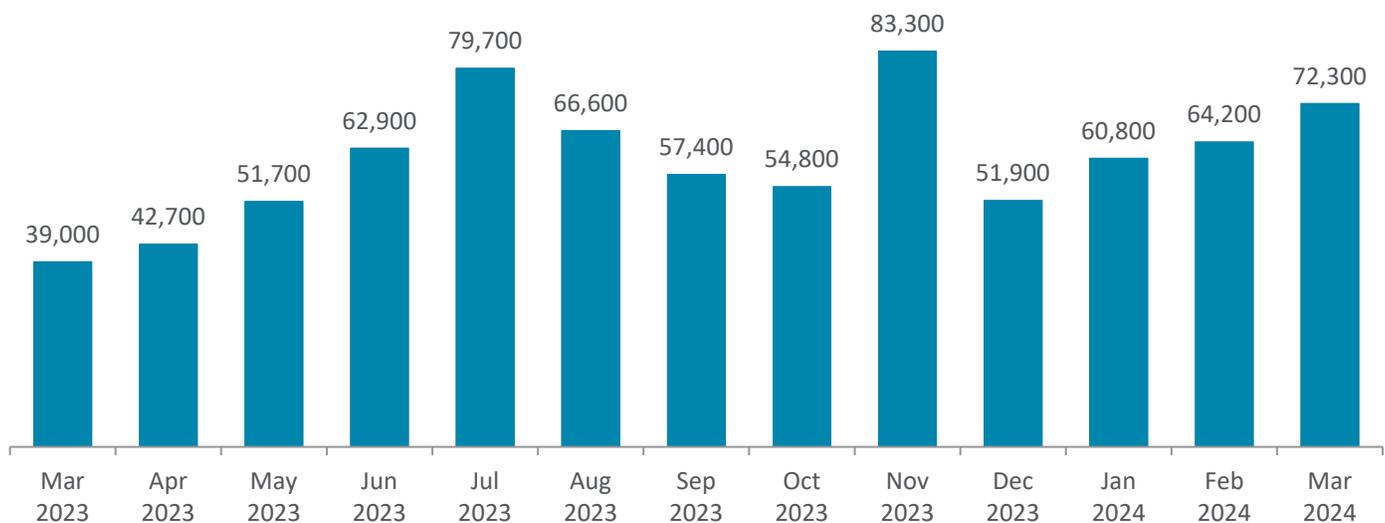
DISCUSSION

In March 2024, the health care industry added 72,300 new jobs (as shown in Exhibit 1), which was higher than the 12-month average of 62,400 jobs. All other industries combined added 230,700 jobs, much higher than the 12-month average of 181,600 jobs per month.

March employment growth in the health care sector was driven by ambulatory health care services and hospitals. Ambulatory services added 27,500 jobs, slightly below the 12-month industry average of 30,200 jobs per month, and hospitals added 27,100 jobs, which was higher than the industry's 12-month average of 19,700 jobs.

The nursing and residential care facilities industry also grew, with 17,700 jobs added, above the 12-month average of 12,500. Within the industry, nursing care facilities added 9,500 jobs in March, far surpassing the average of 5,400 jobs per month in the previous year. Other nursing and residential care facilities sector added 8,200 jobs, compared to 7,000 new jobs on average in the past year.

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

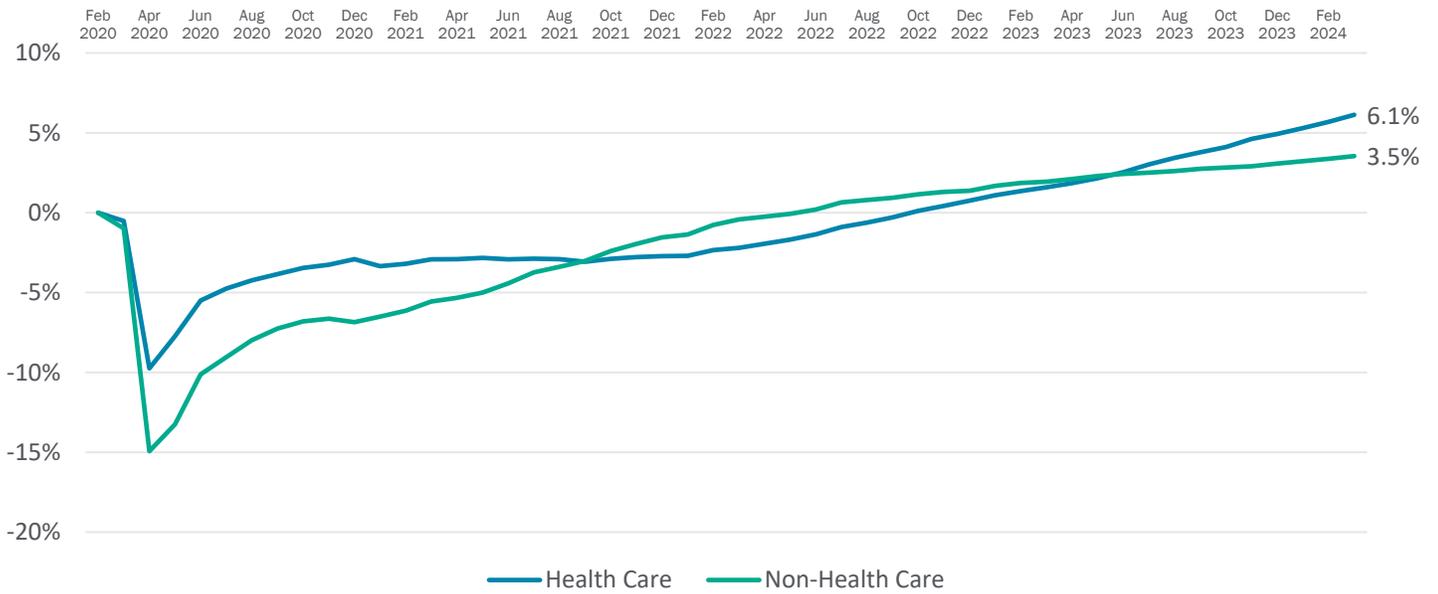


Source: Altarum analysis of monthly BLS Current Employment Statistics data.

Compared to February 2020, before the COVID-19 recession began, health care employment has grown by 1,010,000 jobs or 6.1%, which is higher than the 3.5% increase in non-health care employment over the same period (see Exhibit 2). The health sector started growing especially quickly in April 2022, whereas employment growth in all other, non-health care, industries began to slow down. March 2024 was the twenty-fourth consecutive month that health care industry growth outpaced all other industries. During that two-year period, the health care sector grew by 8.2%, versus 3.8% in all other industries.

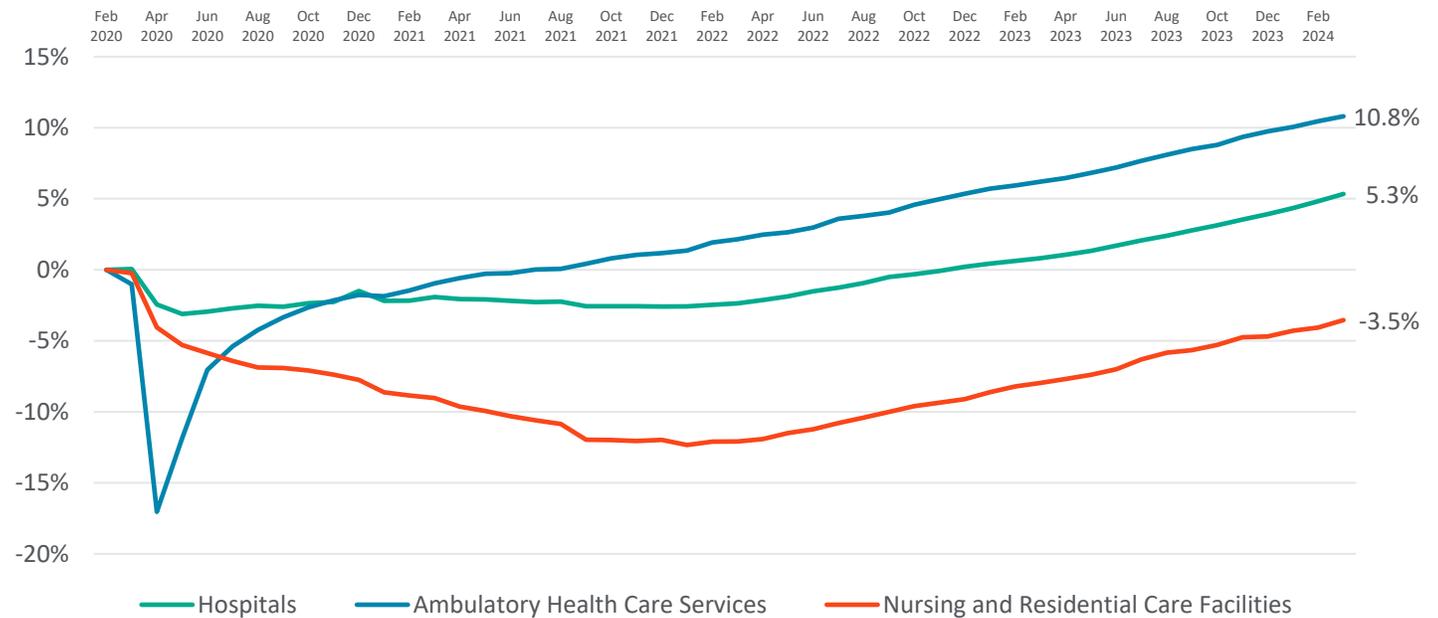
Since February 2020, hospital employment has grown by 279,400 jobs or 5.3%, while employment in ambulatory health care services has increased by 850,200 jobs or 10.8% (see Exhibit 3). However, employment in nursing and residential care facilities is still 119,600 jobs (3.5%) below pre-pandemic levels. As described in a recent Altarum [analysis](#), this contraction in employment is likely due to skilled nursing facility closures, lower resident censuses, and staffing shortages. All three industries have steadily increased since March 2022.

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



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

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

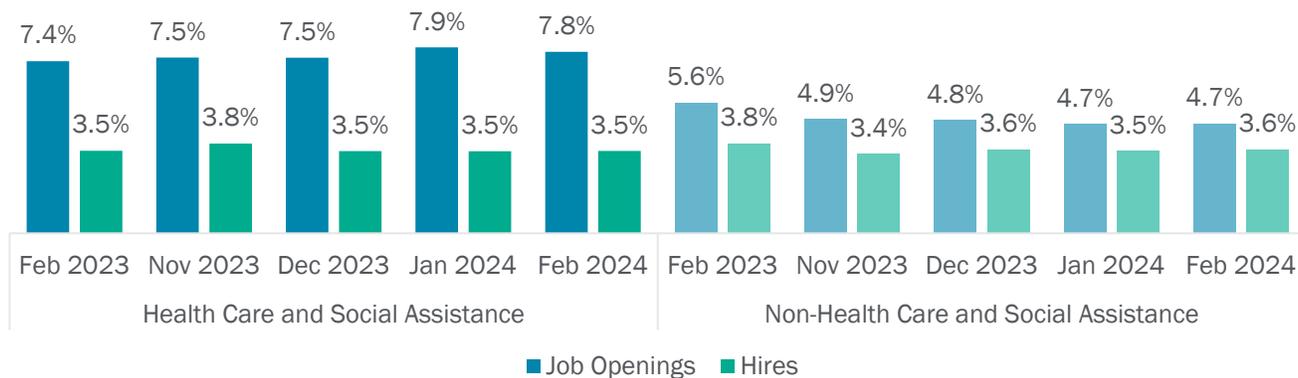


Source: Altarum analysis of monthly BLS Current Employment Statistics data.

Job openings remain high in the health care and social assistance sector. In February 2024, the job openings rate in health care and social assistance was 7.8%, consistent with recent months (as shown in Exhibit 4). The hiring rate was also similar to recent months at 3.5%. There were 1.9 million remaining job openings at the end of February versus 780,000 hires throughout the month. This means 2.4 job openings remained for every hire in the health care and social assistance sector. By comparison, the job openings rate for all other industries held steady at 4.7%, the hiring rate was 3.6%, and there were 1.4 job openings for every hire.

While the job openings rate was still high, the job separation rate in health care and social assistance has steadily decreased over the past four months, from 2.3% in November 2023 to 2.1% in February 2024, meaning the quit rate in health care and social assistance is now approximately equal to that of all other industries.

Exhibit 4. Monthly Rates of Hires and Job Openings in the Health Care and Social Assistance and All Other Industries



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

Notes: The job opening rate is the number of job openings on the last business day of the month as a percent of employment plus job openings, while the hire rate is the number of hires during the entire month as a percent of employment. Health care jobs typically constitute 80% of all jobs in the health care and social assistance sector. Most social assistance jobs are in services for the elderly and persons with disabilities and childcare services.

Exhibit 5. Monthly Separation Rates by Type in the Health Care and Social Assistance and All Other Industries



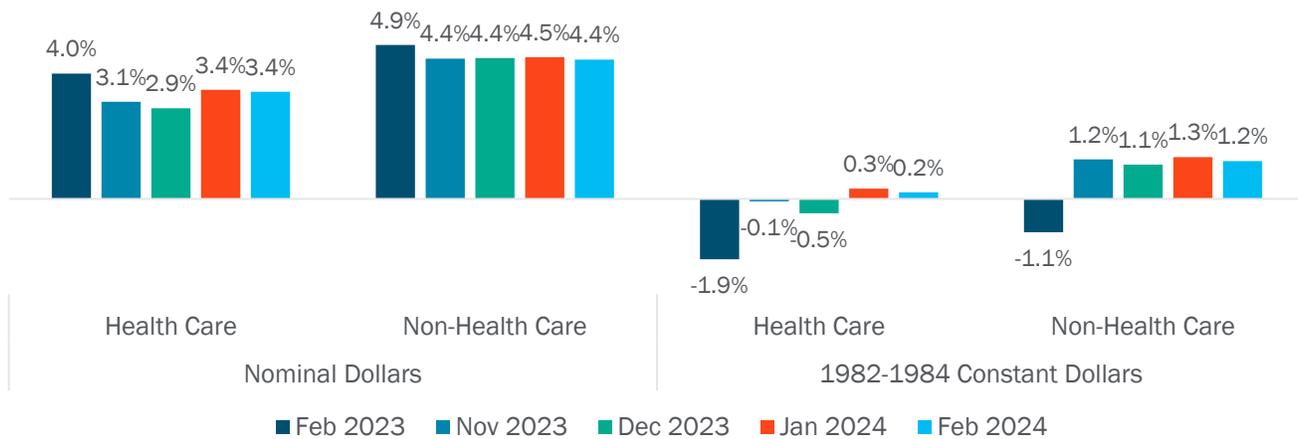
Source: Altarum analysis of monthly BLS Job Openings and Labor Turnover Survey.

Notes: Separation rates are the number of separations during the entire month as a percent of employment. Health care jobs typically constitute 80% of all jobs in the health care and social assistance sector. Most social assistance jobs are in services for the elderly and persons with disabilities and childcare services.

Year-over-year wage growth in the health care sector was 3.4% in February 2024, which was similar to recent months and slightly lower than a year earlier (as shown in Exhibit 6). After adjusting for inflation, year-over-year health care wage growth was a more modest 0.2%. In line with the past several months, non-health care wage growth was 4.4% in February, or 1.2% after adjusting for inflation.

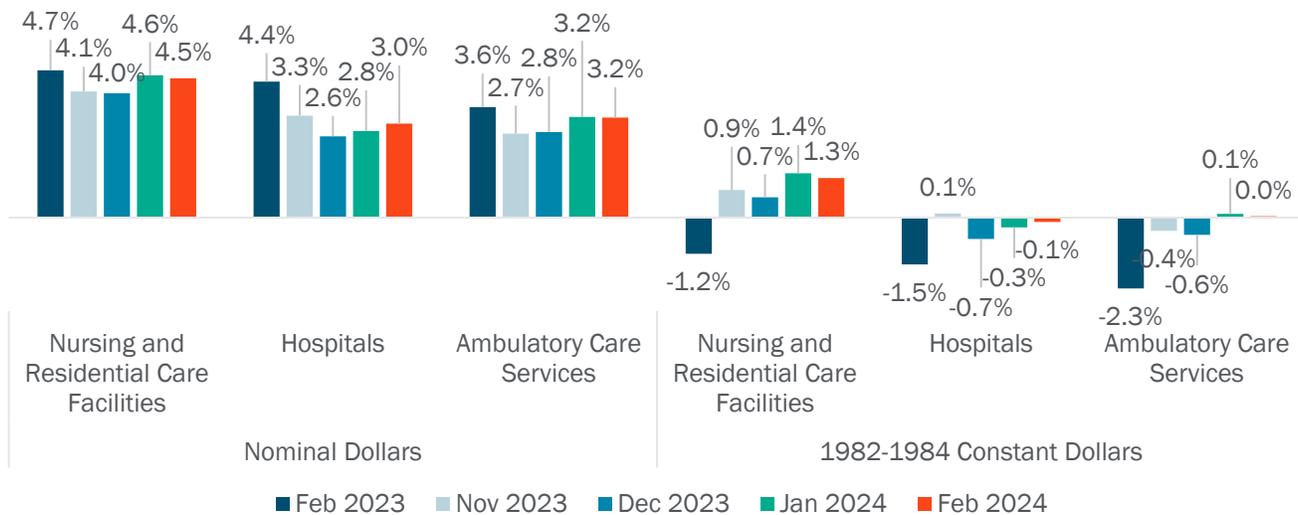
Wage growth was fastest in the nursing and residential care facilities industry at 4.5%, followed by ambulatory health care services at 3.2% and hospitals at 3.0% (see Exhibit 7). Inflation-adjusted wages grew by 1.3% in the nursing and residential care facilities industry and less than 0.1% in the ambulatory health care services industry year over year, and decreased by 0.1% in hospitals.

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)	March 2024	February 2024	March 2023	March 2022	February 2020
Non-Health Care	140,642	140,412	138,464	135,252	135,828
Health Care	17,491	17,418	16,742	16,118	16,481
Ambulatory Health Care Services	8,719	8,691	8,357	8,038	7,869
Offices of Physicians	3,006	3,001	2,880	2,781	2,725
Offices of Dentists	1,035	1,035	1,022	1,005	991
Offices of Other Health Care Practitioners	1,196	1,192	1,138	1,068	1,001
Outpatient Care Centers	1,077	1,073	1,054	1,023	996
Medical and Diagnostic Labs	324	323	319	323	289
Home Health Care Services	1,725	1,713	1,599	1,517	1,547
Other Ambulatory ^a	356	355	345	320	319
Hospitals	5,514	5,487	5,278	5,111	5,235
Nursing and Residential Care Facilities	3,258	3,240	3,108	2,969	3,377
Nursing Care Facilities	1,463	1,453	1,398	1,341	1,587
Other Nursing and Residential ^b	1,795	1,787	1,710	1,629	1,790
Health Share of Employment	11.06%	11.04%	10.79%	10.65%	10.82%

Source: Altarum analysis of BLS Current Employment Statistics data. March 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 9. Change in Employment Data by Sector, Seasonally Adjusted

Employment Change (in Thousands)	One Month	12 Months	24 Months	Since Feb 2020
Non-Health Care	230.7	2,178.7	5,390.3	4,814.0
Health Care	72.3	748.3	1,372.7	1,010.0
Ambulatory Health Care Services	27.5	362.2	681.0	850.2
Offices of Physicians	5.1	126.3	224.7	280.7
Offices of Dentists	0.8	13.2	30.1	44.3
Offices of Other Health Care Practitioners	4.1	57.3	127.7	194.7
Outpatient Care Centers	3.8	23.0	54.2	80.9
Medical and Diagnostic Labs	0.4	4.8	0.4	34.3
Home Health Care Services	11.7	126.0	207.9	178.2
Other Ambulatory	1.7	11.5	36.0	37.1
Hospitals	27.1	236.5	403.2	279.4
Nursing and Residential Care Facilities	17.7	149.6	288.5	-119.6
Nursing Care Facilities	9.5	65.3	122.3	-124.2
Other Nursing and Residential	8.2	84.3	166.2	4.6
Annualized Percent Change	One Month	12 Months	24 Months	Since Feb 2020
Non-Health Care	2.0%	1.6%	2.0%	0.9%
Health Care	5.1%	4.5%	4.2%	1.5%
Ambulatory Health Care Services	3.9%	4.3%	4.2%	2.5%
Offices of Physicians	2.1%	4.4%	4.0%	2.4%
Offices of Dentists	0.9%	1.3%	1.5%	1.1%
Offices of Other Health Care Practitioners	4.2%	5.0%	5.8%	4.4%
Outpatient Care Centers	4.3%	2.2%	2.6%	1.9%
Medical and Diagnostic Labs	1.5%	1.5%	0.1%	2.8%
Home Health Care Services	8.5%	7.9%	6.6%	2.7%
Other Ambulatory ^a	5.9%	3.3%	5.5%	2.7%
Hospitals	6.1%	4.5%	3.9%	1.3%
Nursing and Residential Care Facilities	6.8%	4.8%	4.7%	-0.9%
Nursing Care Facilities	8.1%	4.7%	4.5%	-2.0%
Other Nursing and Residential ^b	5.6%	4.9%	5.0%	0.1%

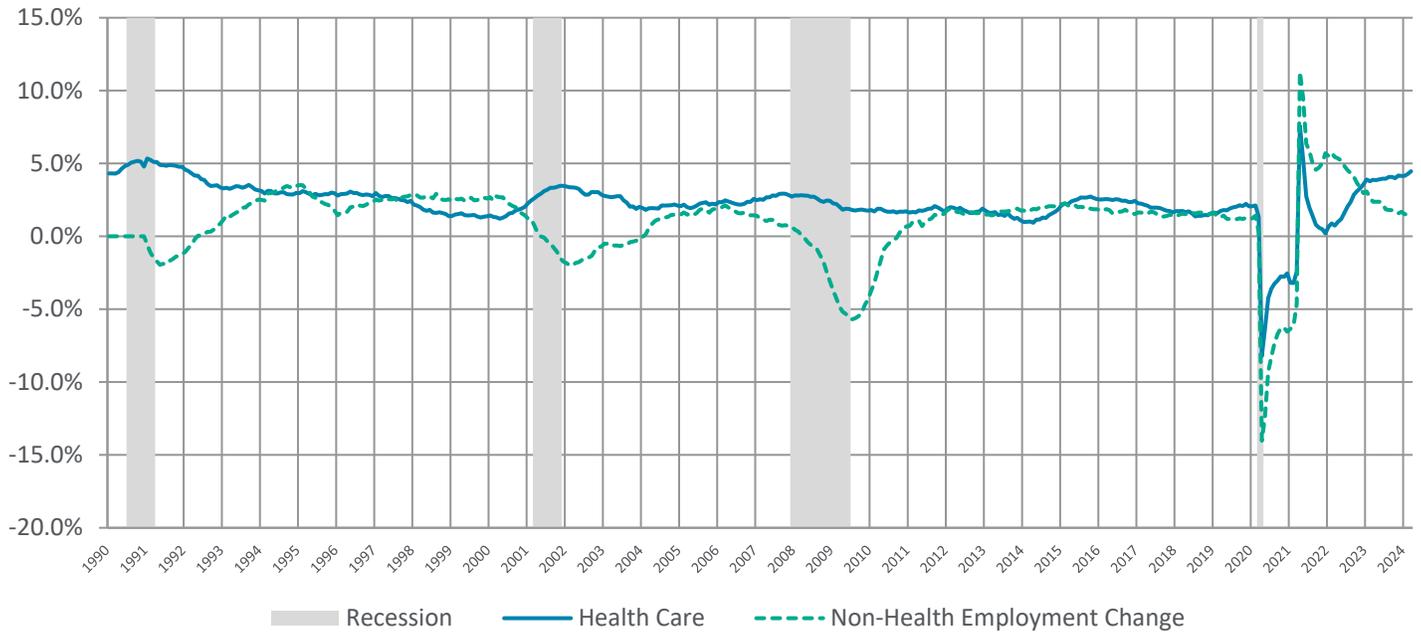
Source: Altarum analysis of BLS Current Employment Statistics data. Change since March 2020 represents a comparison to pre-pandemic peak employment.

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

^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.

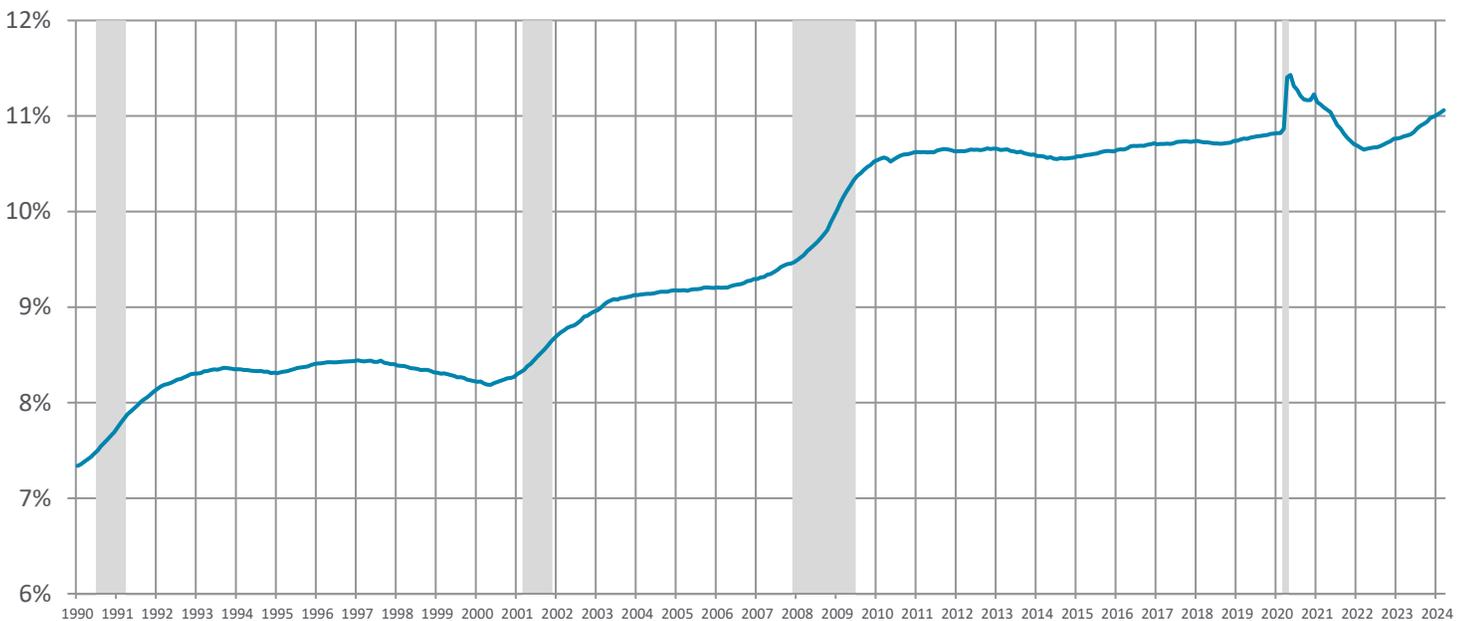
TIME SERIES TRACKER

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.