

January 31, 2024

Slow health care employment growth in December capped off a historic year of job creation in 2023

HIGHLIGHTS

- ▲ In December, the health care sector added just 37,700 jobs, less than half of the 78,300 jobs added in November.
- ▲ Although health care employment growth slowed in December, the year 2023 saw historic growth in the sector, with 654,000 jobs added, accounting for almost a quarter of all jobs economywide.
- ▲ December's health care job growth was led by growth in ambulatory care settings, which added 19,200 jobs, and hospitals, which added 15,300 jobs.
- ▲ Nursing and residential care facilities added 3,200 jobs in December. Within this industry, nursing homes added 4,700 jobs while other nursing and residential care settings lost 1,500 jobs in December.
- ▲ The economy overall added 216,000 jobs in December, slightly below the 12-month average of 224,750.
- ▲ The unemployment rate was stable at 3.7%.
- ▲ Health care wage growth in November 2023 was 2.9% year over year, compared to 4.0% for the total private sector.
- ▲ Wage growth in health care settings was highest in nursing and residential care, at 4.0% year over year, followed by hospitals at 3.3% and ambulatory care settings at 2.4%.

Cyclical Employment Big Picture

Seasonally Adjusted	Feb 2020	Dec 2022	Nov 2023	Dec 2023
Total Employment (000)	152,371	154,535	157,016	157,232
Non-Health Employment (000)	135,890	137,944	139,808	139,987
Health Employment (000)	16,481	16,591	17,208	17,245
Health Share of Total Employment	10.82%	10.74%	10.96%	10.97%
Unemployment Rate	3.5%	3.5%	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 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>.

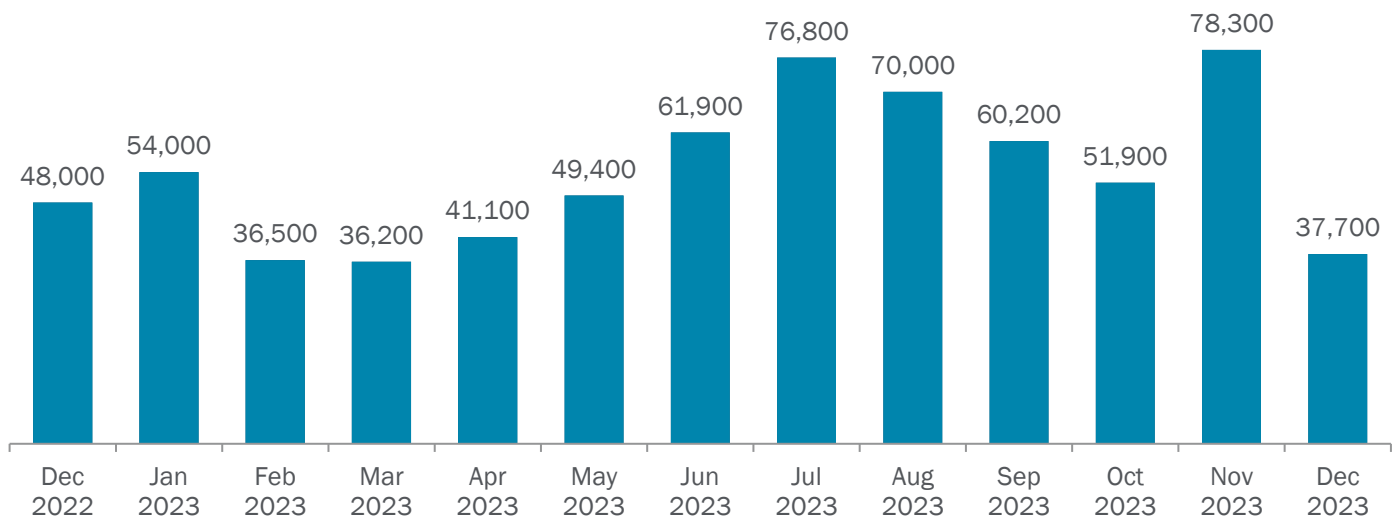
DISCUSSION

In December 2023, the health care industry added 37,700 new jobs (as shown in Exhibit 1), which was less than half as many jobs added in November and well below the 12-month average of 54,500. Meanwhile, all other industries combined added 178,300 jobs, slightly higher than the 12-month average of 170,300 jobs per month.

December employment growth in the health care sector was primarily driven by ambulatory care settings, which added 19,200 jobs, below the 12-month industry average of 26,700 jobs per month. Additionally, hospitals added 15,300 jobs in December, which was equal to the industry's 12-month average.

In December, the nursing and residential care facilities industry added only 3,200 jobs, which is significantly lower than the average of 12,600 jobs per month in the previous year. Specifically, nursing homes added 4,700 jobs in December, compared to an average of 5,800 jobs per month in the previous year. However, the residential care facilities sector lost 1,500 jobs, which is in stark contrast to the industry's monthly average of 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.

Although December saw lower health care employment growth, 2023 was a year of remarkable job growth in this sector. The health care industry expanded by 3.9% throughout the year, more than two and a half times faster than all other industries, which grew by 1.5%. This rate of growth in the health care sector has not been seen since 1991 (see Exhibit 2). In total, one in four jobs created in the economy in 2023 were in the health care industry. The primary factors behind this growth were a combination of the longstanding increase in demand for health care services, a return to normal pre-pandemic demand for care, and hiring to replace the workers who left due to burnout during the “[Great Resignation](#)” in 2021 and 2022.

Exhibit 2. Year-Over-Year Percent Change in Health Care Employment, Seasonally Adjusted

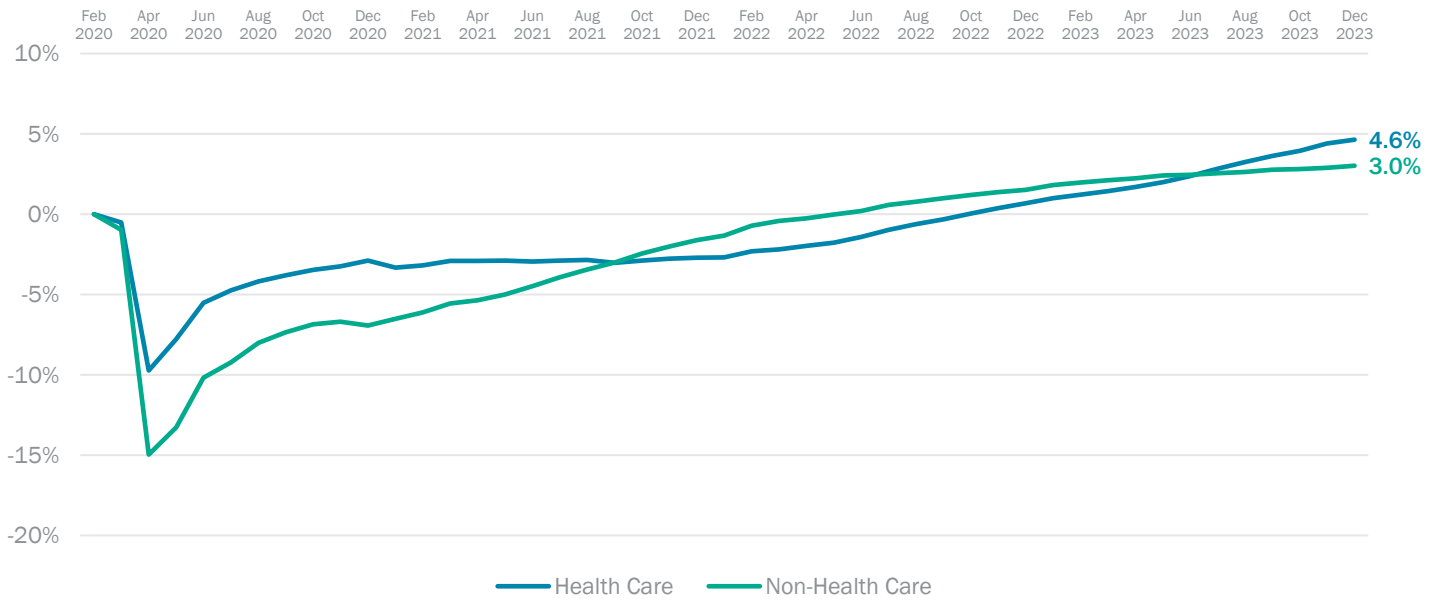


Source: Altarum analysis of monthly BLS Current Employment Statistics data.

Compared to February 2020, before the COVID-19 recession began, health care employment has increased by 764,400 jobs or 4.6%, which is higher than the 3.0% increase in non-health care employment over the same period (see Exhibit 3). Hospital employment has grown by 192,700 jobs or 3.7% since February 2020, while ambulatory care settings have increased by 725,900 jobs or 9.2% growth (see Exhibit 4).

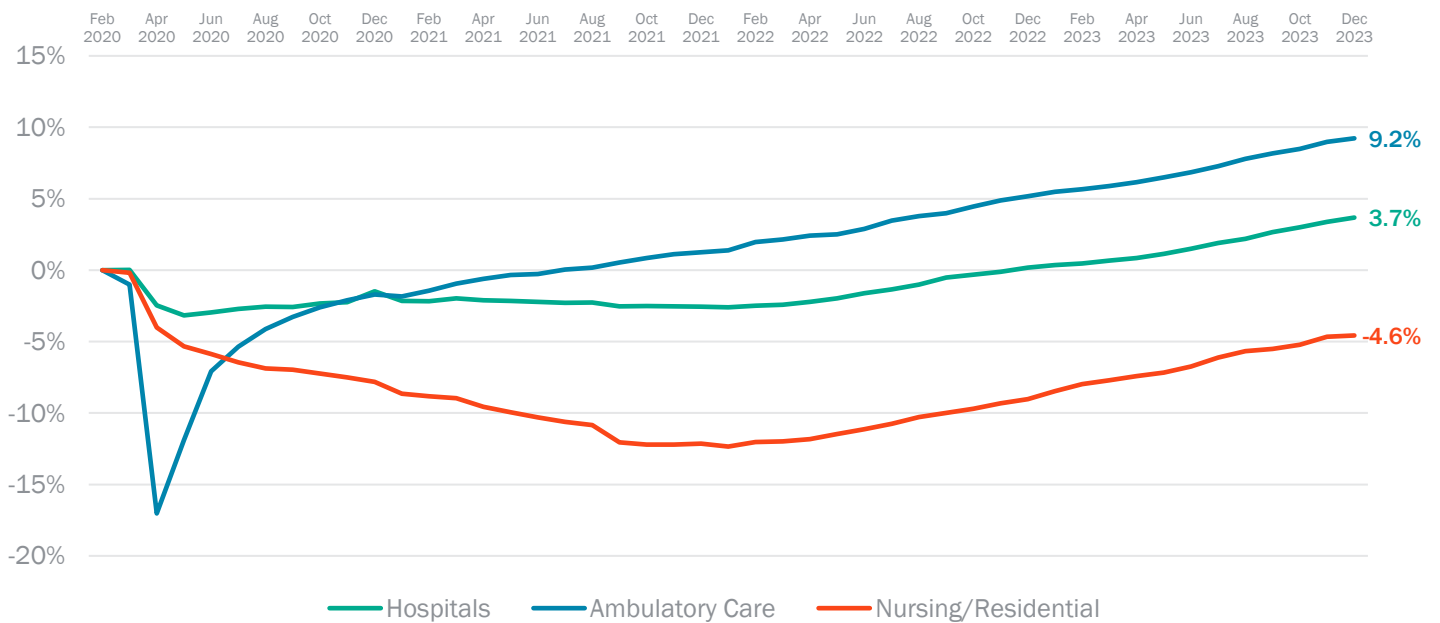
However, nursing and residential care employment, although steadily increasing since January 2022, is still 154,200 jobs or 4.6% below pre-pandemic levels. As described in a recent Altarum [analysis](#), this contraction in the nursing home workforce since the pandemic is likely due to nursing home closures, lower resident censuses, and staffing shortages.

Exhibit 3. Change in Health and Non-Health Employment Compared to February 2020



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

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

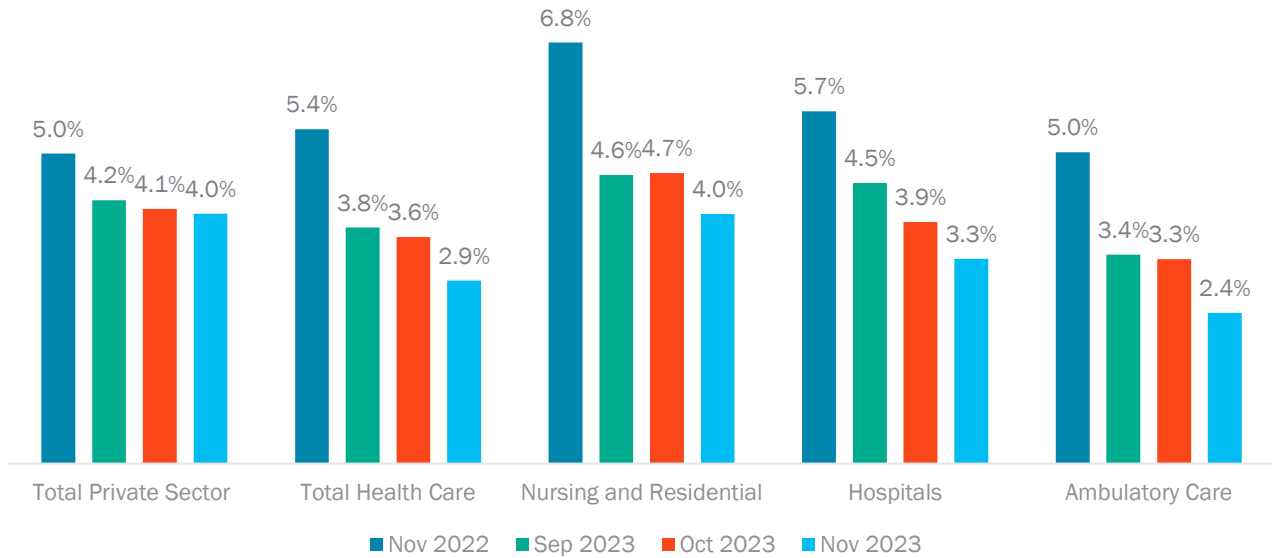


Source: Altarum analysis of monthly BLS Current Employment Statistics data.

Year-over-year wage growth in the health care sector fell to 2.9% in November 2023, versus 5.4% a year earlier. (see Exhibit 5) Private sector wage growth was 4.0% in November, which is lower than growth a year ago but similar to rates in recent months.

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 in 2023. In November 2023, wage growth was 4.0% year over year in nursing and residential care, 3.3% in hospitals, and 2.4% for ambulatory care services.

Exhibit 5. Change in Average Hourly Earnings, Year over Year, Health Care and Total Private Sector



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

Detailed HEALTH CARE EMPLOYMENT

Exhibit 6. Employment by Sector, Seasonally Adjusted

Employment (in Thousands)	December 2023	November 2023	December 2022	December 2021	February 2020
Non-Health Care	139,987	139,808	137,944	133,707	135,890
Health Care	17,245	17,208	16,591	16,035	16,481
Ambulatory Health Care Services	8,593	8,573	8,273	7,966	7,867
Offices of Physicians	2,966	2,961	2,856	2,762	2,726
Offices of Dentists	1,036	1,040	1,031	1,002	990
Offices of Other Health Care Practitioners	1,166	1,160	1,110	1,049	1,001
Outpatient Care Centers	1,084	1,079	1,053	1,013	997
Medical and Diagnostic Labs	328	328	320	317	289
Home Health Care Services	1,668	1,661	1,568	1,505	1,546
Other Ambulatory ^a	345	345	334	317	318
Hospitals	5,429	5,413	5,245	5,102	5,236
Nursing and Residential Care Facilities	3,224	3,221	3,073	2,968	3,378
Nursing Care Facilities	1,445	1,440	1,376	1,344	1,587
Other Nursing and Residential ^b	1,779	1,781	1,697	1,624	1,792
Health Share of Employment	10.97%	10.96%	10.74%	10.71%	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	178.3	2,043.0	6,280.0	4,096.6
Health Care	37.7	654.0	1,210.0	764.4
Ambulatory Health Care Services	19.2	319.8	627.1	725.9
Offices of Physicians	5.4	110.1	204.0	240.0
Offices of Dentists	-3.9	5.2	34.0	46.6
Offices of Other Health Care Practitioners	6.0	55.7	116.6	165.2
Outpatient Care Centers	4.4	30.6	70.2	86.6
Medical and Diagnostic Labs	0.1	7.2	10.8	38.7
Home Health Care Services	7.0	100.5	163.4	121.9
Other Ambulatory	0.2	10.5	28.1	26.9
Hospitals	15.3	183.2	326.6	192.7
Nursing and Residential Care Facilities	3.2	151.0	256.3	-154.2
Nursing Care Facilities	4.7	69.2	101.1	-141.7
Other Nursing and Residential	-1.5	81.8	155.2	-12.5
Annualized Percent Change	One Month	12 Months	24 Months	Since Feb 2020
Non-Health Care	1.5%	1.5%	2.3%	0.8%
Health Care	2.7%	3.9%	3.7%	1.2%
Ambulatory Health Care Services	2.7%	3.9%	3.9%	2.3%
Offices of Physicians	2.2%	3.9%	3.6%	2.2%
Offices of Dentists	-4.4%	0.5%	1.7%	1.2%
Offices of Other Health Care Practitioners	6.4%	5.0%	5.4%	4.1%
Outpatient Care Centers	5.0%	2.9%	3.4%	2.2%
Medical and Diagnostic Labs	0.4%	2.2%	1.7%	3.3%
Home Health Care Services	5.2%	6.4%	5.3%	2.0%
Other Ambulatory ^a	0.7%	3.1%	4.3%	2.1%
Hospitals	3.4%	3.5%	3.2%	0.9%
Nursing and Residential Care Facilities	1.2%	4.9%	4.2%	-1.2%
Nursing Care Facilities	4.0%	5.0%	3.7%	-2.4%
Other Nursing and Residential ^b	-1.0%	4.8%	4.7%	-0.2%

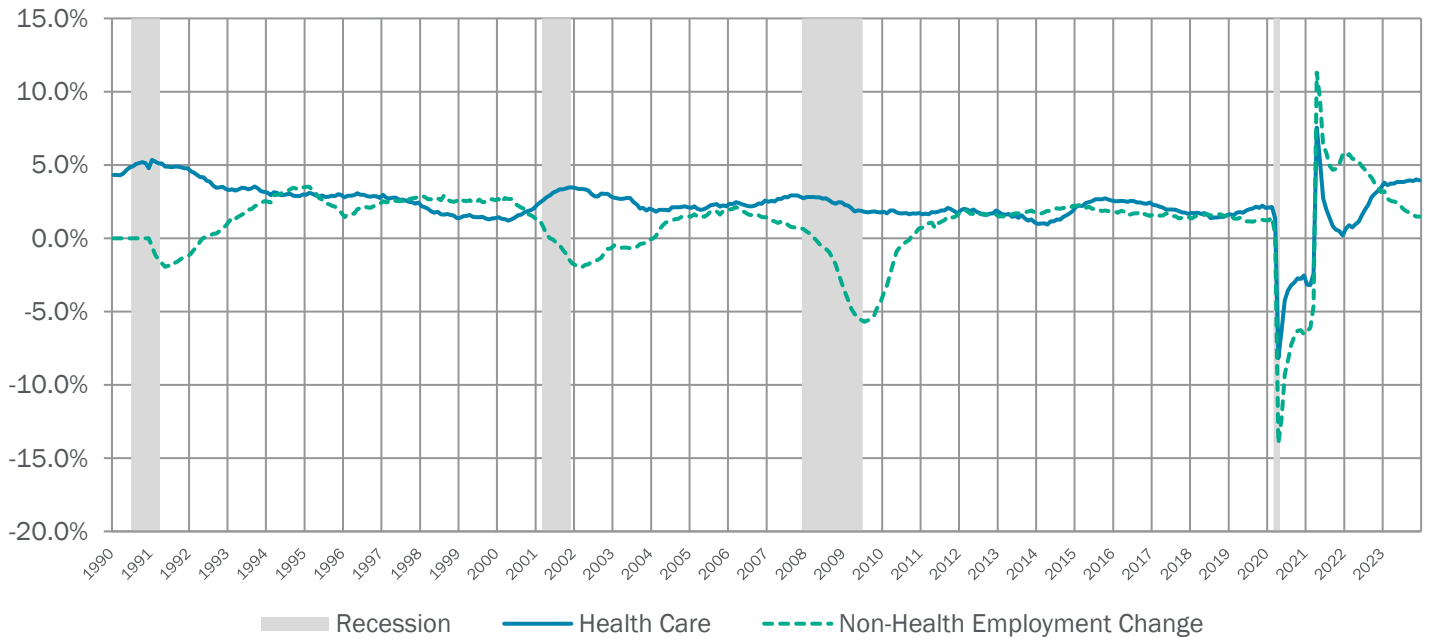
Source: Altarum analysis of BLS Current Employment Statistics data. Change since February 2020 represents a comparison to pre-pandemic peak employment.

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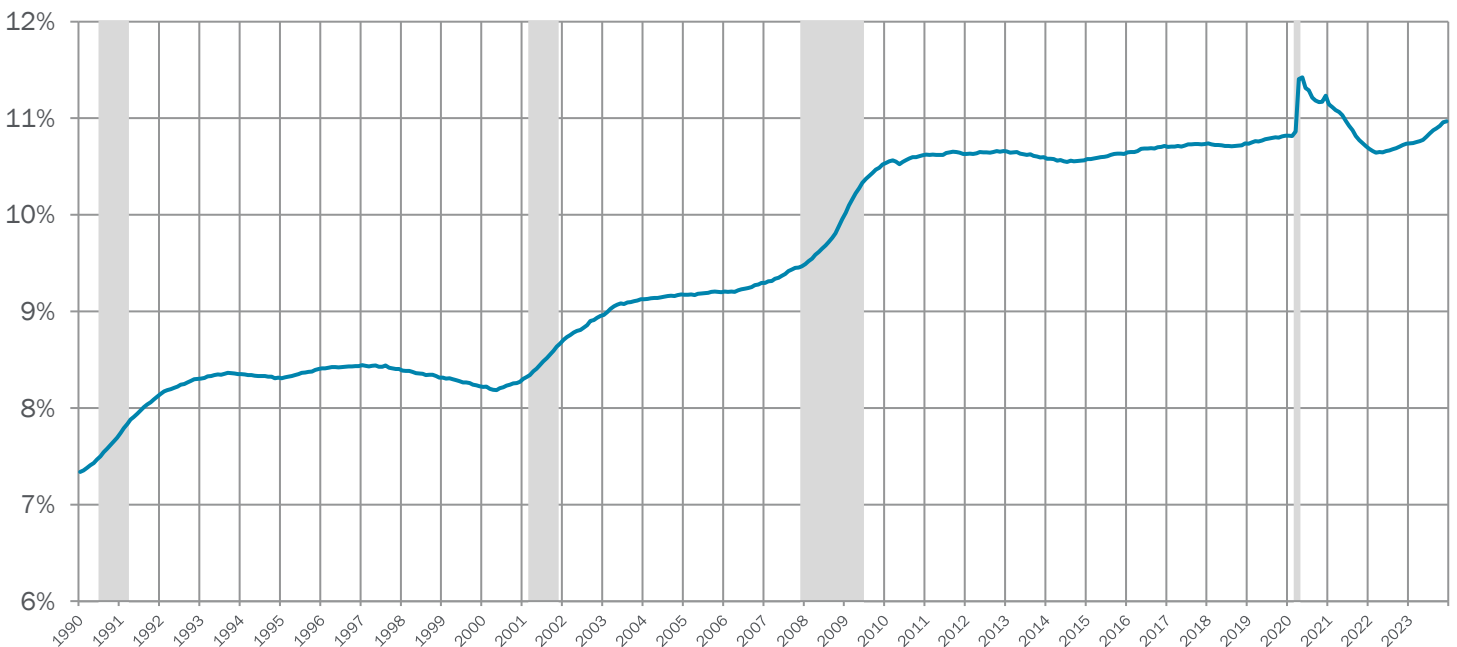
TIME SERIES TRACKER

Exhibit 8. Twelve-Month Percent Change in Employment



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

Exhibit 9. Health Care Share of Total Employment



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