

July 18, 2024

Small gains in nursing and residential care facilities and job losses in home health care led to below-average growth in health care in June

HIGHLIGHTS

- ▲ Health care industry employment grew by 48,600 in June 2024, well below the average of 63,100 in the past 12 months.
- ▲ June's health care job growth was led by growth in ambulatory health care services, which added 22,000 jobs, followed closely by hospitals, with 21,700 jobs.
- ▲ While many ambulatory care services settings had positive job growth in June, home health care services lost 3,500 jobs, a departure from the monthly average of 10,800 jobs gained in the past year.
- ▲ Nursing and residential care facilities added just 4,900 jobs in June, less than half the average of 11,700 in the past year.
- ▲ The economy overall added 206,000 jobs in June, slightly below the 12-month average of 262,100, and the unemployment rate increased slightly to 4.1%.
- ▲ In health care and social assistance in May, the hiring rate was 3.6%, the total separations rate was 3.2%, and the job openings rate was 6.8%.
- ▲ Nominal health care wage growth in May 2024 was 3.5% year over year, with 4.5% growth in nursing and residential care facilities, 3.8% growth in ambulatory health care services, and 2.8% growth in hospitals.

Cyclical Employment Big Picture

Seasonally Adjusted	Feb 2020	Jun 2023	May 2024	Jun 2024
Total Employment (000)	152,309	156,027	158,432	158,638
Non-Health Employment (000)	135,828	139,127	140,824	140,981
Health Employment (000)	16,481	16,900	17,608	17,657
Health Share of Total Employment	10.82%	10.83%	11.11%	11.13%
Unemployment Rate	3.5%	3.6%	4.0%	4.1%

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 George Miller at george.miller@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>.

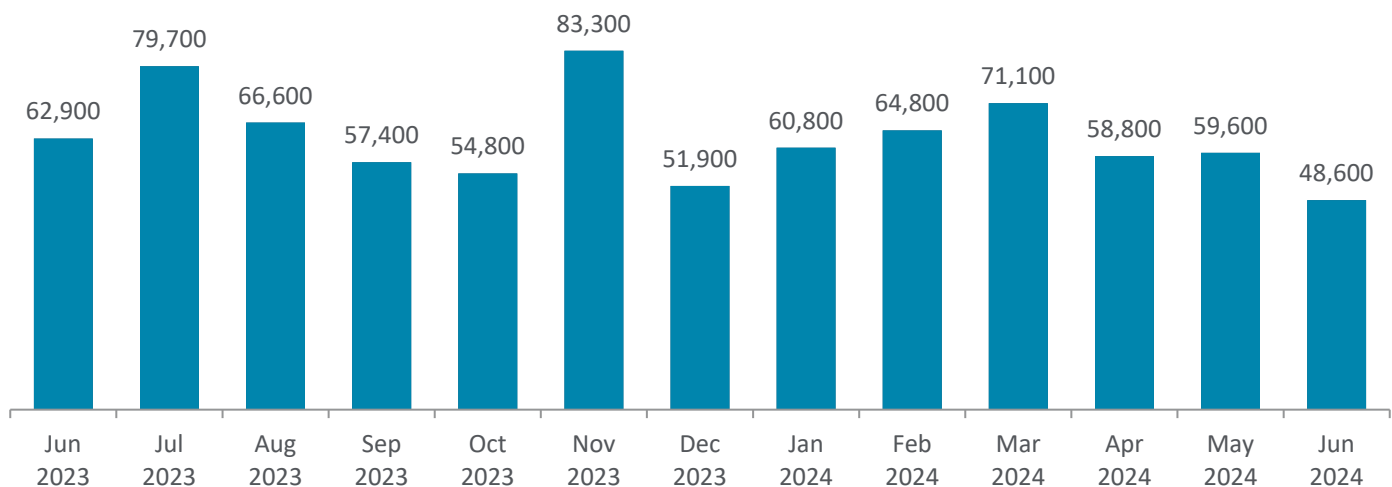
DISCUSSION

In June 2024, the health care industry added 48,600 new jobs (as shown in Exhibit 1), which was 23.0% lower than the 12-month average of 63,100 jobs. All other industries combined added 157,400 jobs, 1.9% higher than the 12-month average of 154,500 jobs gained per month.

Within the health care industry, ambulatory health care services added 22,000 jobs in June (29.5% below the subsector's 12-month average), and hospitals added 21,700 jobs (7.4% above the 12-month average). In June, most ambulatory care settings added jobs that aligned with their 12-month averages. However, this was not the case for home health care services, which lost 3,500 jobs after gaining an average of 10,800 jobs per month in the past year.

Nursing and residential care facilities also posted lower-than-average job growth, with 4,900 jobs added in June, compared to an average of 11,700 per month in the past year. Job growth was low for both settings that compose this subsector: nursing homes added 3,300 jobs (versus an average of 4,800 in the past year) and other residential care settings added 1,600 jobs (versus an average of 6,900 in the past year).

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

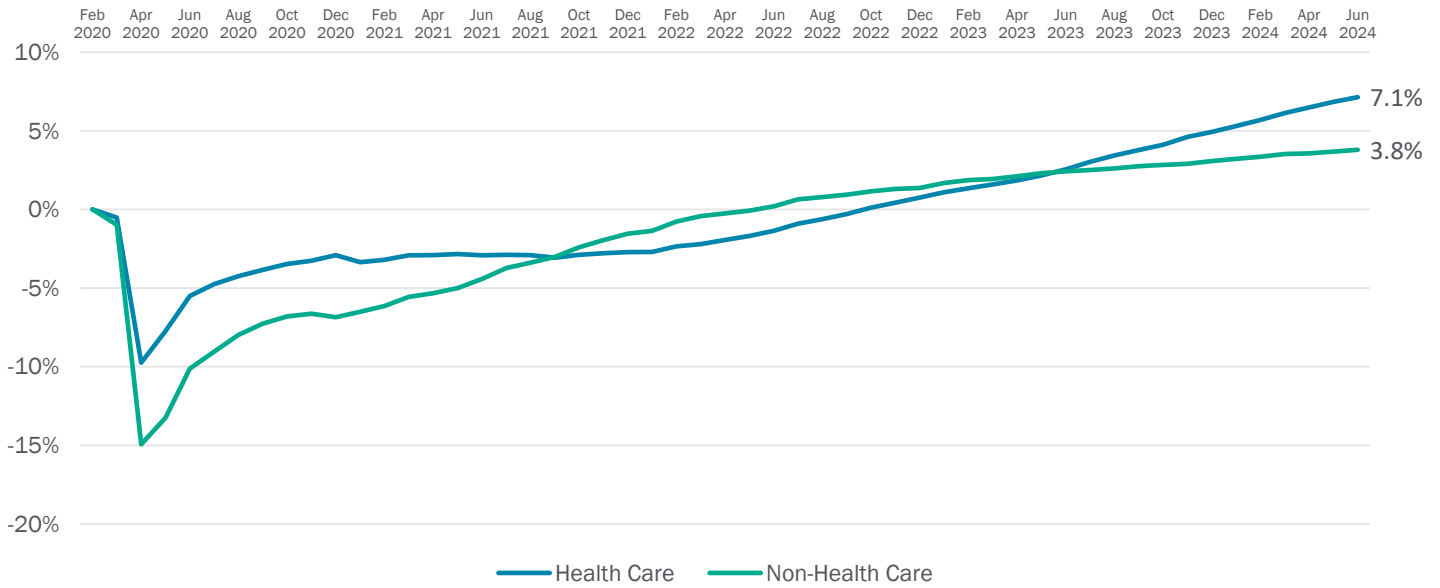


Source: Altarum analysis of monthly BLS Current Employment Statistics data.

Compared to February 2020, before the COVID-19 recession began, health care employment has grown by 1,176,400 jobs or 7.1%, which is higher than the 3.8% increase in non-health care employment over the same period (see Exhibit 2). The health sector started growing especially quickly in February 2022, and employment growth in all other, non-health care, industries began to slow down April of the same year. June 2024 was the twenty-seventh consecutive month that health care industry growth outpaced all other industries. During that period, the health care sector grew by 9.3%, versus 4.1% in all other industries.

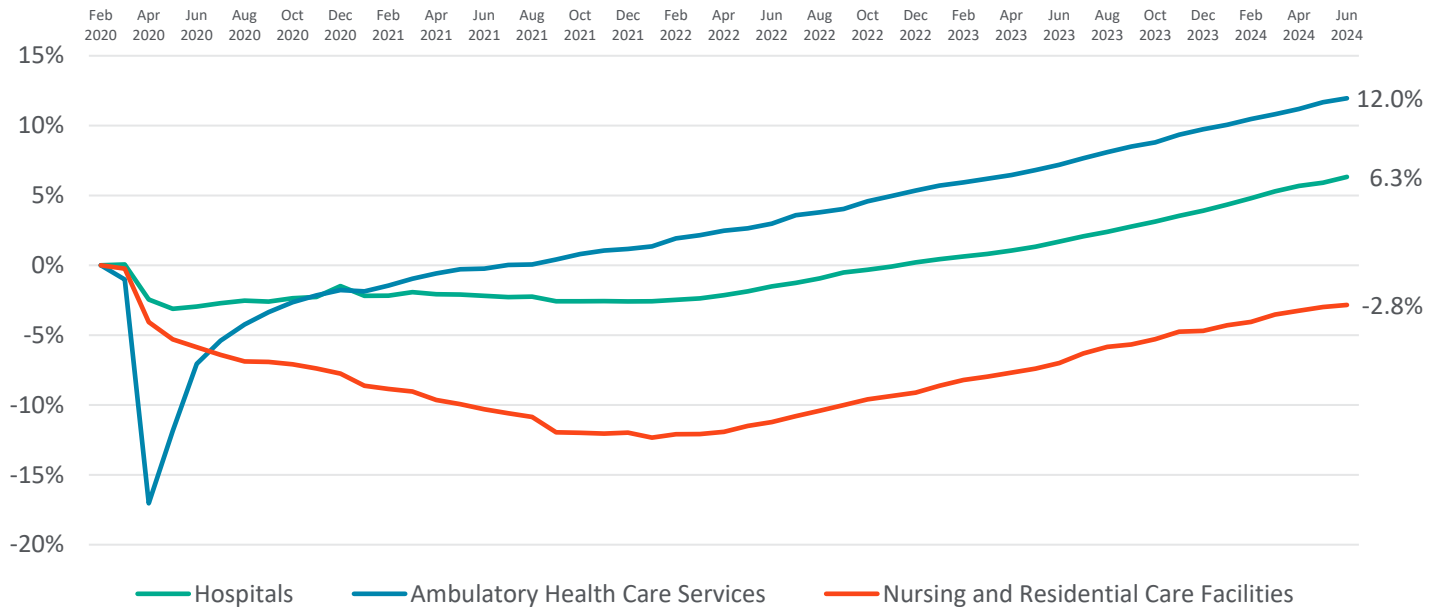
Since February 2020, employment in ambulatory health care services has increased by 940,900 jobs or 12.0%, while hospital employment has grown by 331,300 jobs or 6.3% (see Exhibit 3). However, employment in nursing and residential care facilities is still 95,800 jobs (2.8%) below pre-pandemic levels. 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 health care subsectors have steadily increased since February 2022.

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



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

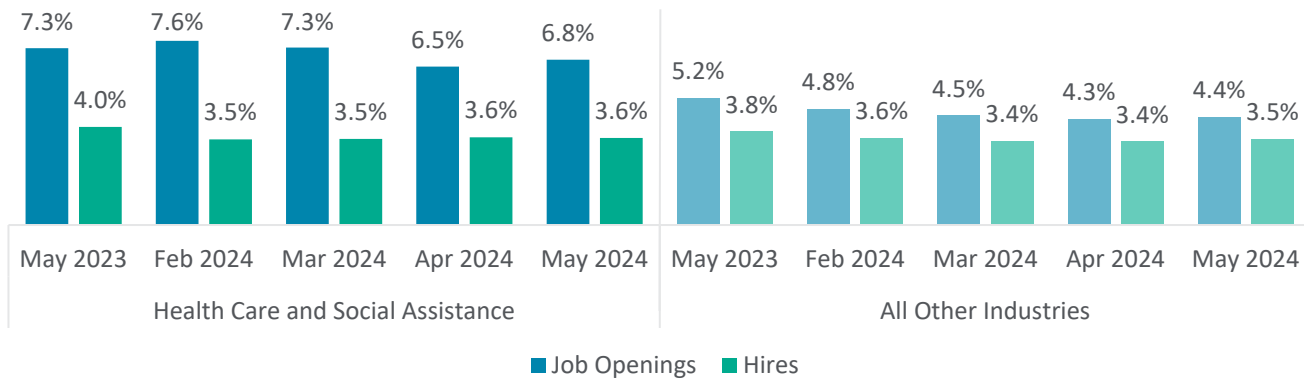
Exhibit 3. Change in Health Employment Compared to June 2020 by Major Setting of Care



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

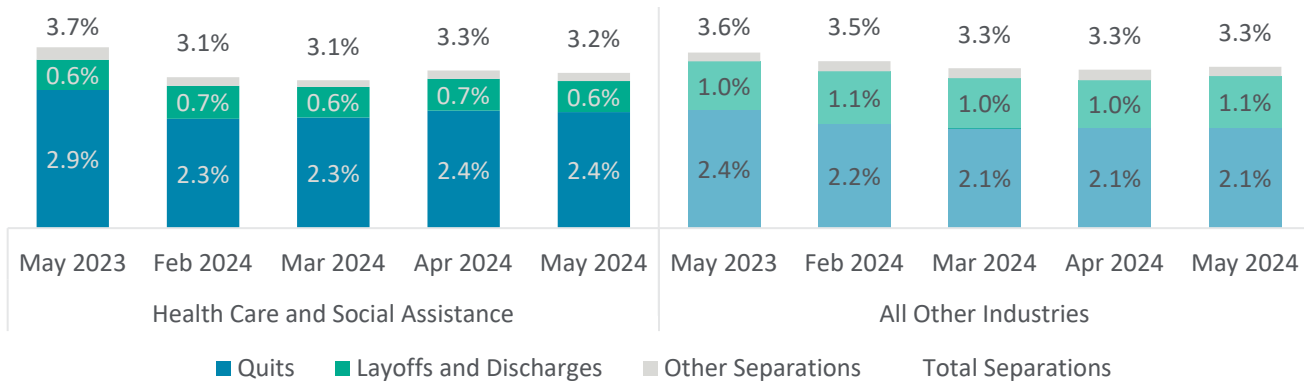
The job openings rate in health care and social assistance was 6.8% in May 2024, a slight increase over one month prior (6.5%) and a decrease from one year prior (7.3%), as shown in Exhibit 4. The job openings rate in May was still well above the rate of 4.4% in all other industries. The hiring rate in health care and social assistance was consistent at 3.6%, which was slightly higher than the rate for all other industries (3.5%). The job separation rate in the health care and social assistance industry was 3.2% in May 2024, which was similar to recent months and slightly lower than the rate in all other industries (3.3%), as shown in Exhibit 5.

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

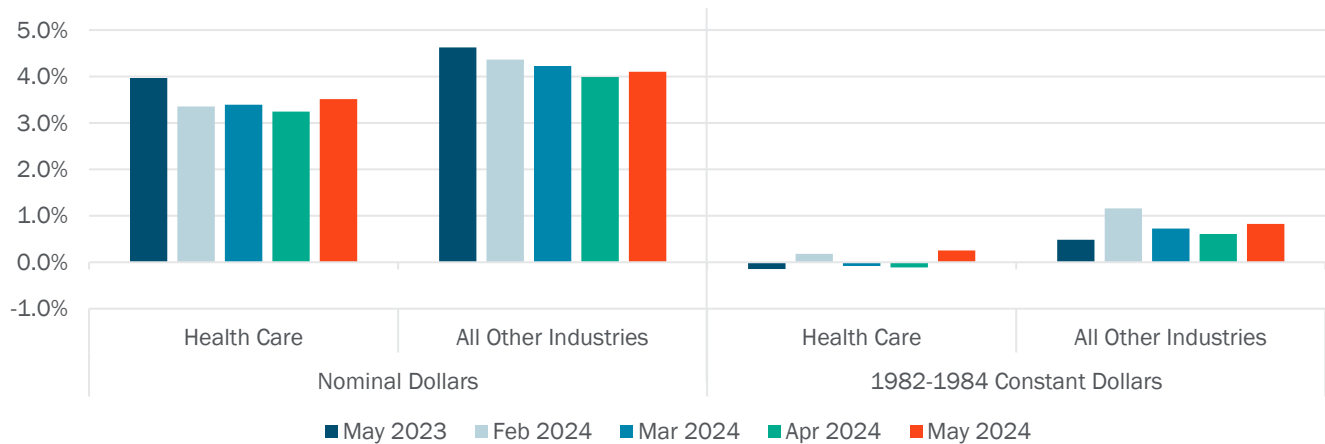


Source: Altarum analysis of monthly BLS Job Openings and Labor Turnover Survey.
Notes: Separation rates are the number of separations during the entire month as a percent of employment. Health care jobs typically constitute 80% of all jobs in the health care and social assistance sector. Most social 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 3.5% in May 2024, which was slightly higher compared to recent months, but lower than a year ago (as shown in Exhibit 6). After adjusting for inflation, year-over-year health care wage growth fell to 0.3%. Non-health care wage growth was 4.1% in May, or 0.8% after adjusting for inflation.

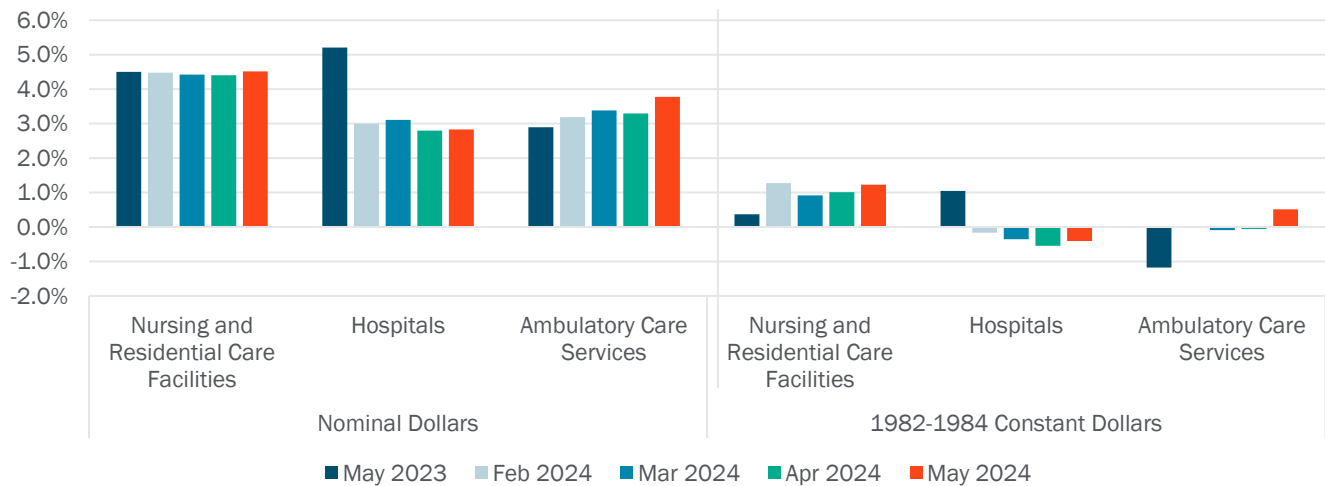
Wage growth was fastest in the nursing and residential care facilities at 4.5%, followed by ambulatory health care services at 3.8% and hospitals at 2.8% (see Exhibit 7). Inflation-adjusted wages grew by 1.2% in the nursing and residential care facilities and 0.5% in ambulatory care services but fell by 0.4% in hospitals.

Exhibit 6. Change in Average Hourly Earnings, Year over Year, Health Care and All Other Industries



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

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



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

DETAILED HEALTH CARE EMPLOYMENT

Exhibit 8. Employment by Sector and Subsector, Seasonally Adjusted

Employment (in Thousands)	June 2024	May 2024	June 2023	June 2022	February 2020
Non-Health Care	140,981	140,824	139,127	136,091	135,828
Health Care	17,657	17,608	16,900	16,257	16,481
Ambulatory Health Care Services	8,809	8,787	8,435	8,103	7,869
Offices of Physicians	3,036	3,024	2,910	2,804	2,725
Offices of Dentists	1,041	1,036	1,027	1,005	991
Offices of Other Health Care Practitioners	1,214	1,208	1,152	1,082	1,001
Outpatient Care Centers	1,090	1,085	1,056	1,031	996
Medical and Diagnostic Labs	321	322	321	321	289
Home Health Care Services	1,752	1,755	1,623	1,535	1,547
Other Ambulatory ^a	356	356	346	325	319
Hospitals	5,566	5,545	5,324	5,156	5,235
Nursing and Residential Care Facilities	3,281	3,276	3,141	2,998	3,377
Nursing Care Facilities	1,471	1,467	1,413	1,349	1,587
Other Nursing and Residential ^b	1,811	1,809	1,728	1,649	1,790
Health Share of Employment	11.13%	11.11%	10.83%	10.67%	10.82%

Source: Altarum analysis of BLS Current Employment Statistics data. June 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 and Subsector, Seasonally Adjusted

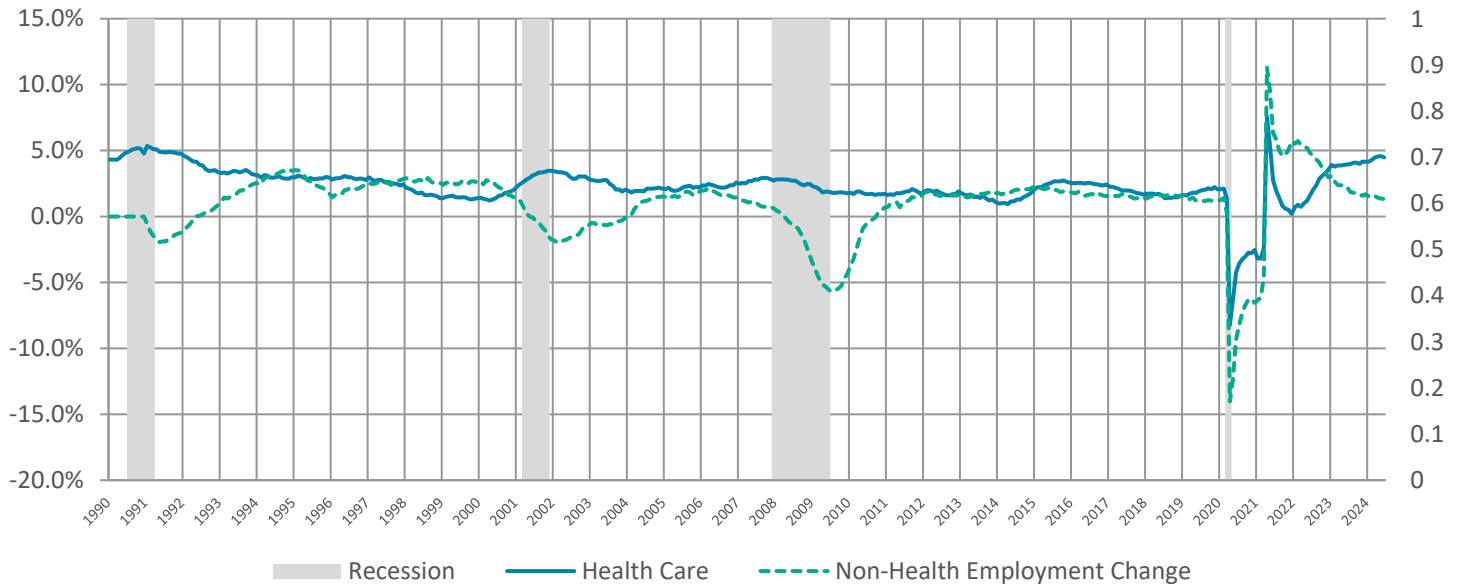
Employment Change (in Thousands)	One Month	12 Months	24 Months	Since Feb 2020
Non-Health Care	157.4	1,853.6	4,889.7	5,152.6
Health Care	48.6	757.4	1,400.3	1,176.4
Ambulatory Health Care Services	22.0	374.4	706.4	940.9
Offices of Physicians	11.8	125.9	232.1	310.8
Offices of Dentists	4.4	13.9	36.0	49.8
Offices of Other Health Care Practitioners	6.1	62.2	132.1	213.4
Outpatient Care Centers	4.3	33.5	58.7	93.4
Medical and Diagnostic Labs	-1.2	0.4	-0.4	31.8
Home Health Care Services	-3.5	129.0	217.0	205.0
Other Ambulatory ^a	0.1	9.6	31.0	36.7
Hospitals	21.7	242.4	410.6	331.3
Nursing and Residential Care Facilities	4.9	140.6	283.3	-95.8
Nursing Care Facilities	3.3	58.1	121.5	-116.3
Other Nursing and Residential ^b	1.6	82.5	161.8	20.5
Annualized Percent Change	One Month	12 Months	24 Months	Since Feb 2020
Non-Health Care	1.3%	1.3%	1.8%	0.9%
Health Care	3.4%	4.5%	4.2%	1.6%
Ambulatory Health Care Services	3.0%	4.4%	4.3%	2.6%
Offices of Physicians	4.8%	4.3%	4.1%	2.5%
Offices of Dentists	5.2%	1.4%	1.8%	1.1%
Offices of Other Health Care Practitioners	6.2%	5.4%	5.9%	4.6%
Outpatient Care Centers	4.9%	3.2%	2.8%	2.1%
Medical and Diagnostic Labs	-4.4%	0.1%	-0.1%	2.4%
Home Health Care Services	-2.4%	8.0%	6.8%	2.9%
Other Ambulatory ^a	0.3%	2.8%	4.7%	2.5%
Hospitals	4.8%	4.6%	3.9%	1.4%
Nursing and Residential Care Facilities	1.8%	4.5%	4.6%	-0.7%
Nursing Care Facilities	2.7%	4.1%	4.4%	-1.7%
Other Nursing and Residential ^b	1.1%	4.8%	4.8%	0.3%

Source: Altarum analysis of BLS Current Employment Statistics data. Change since June 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.

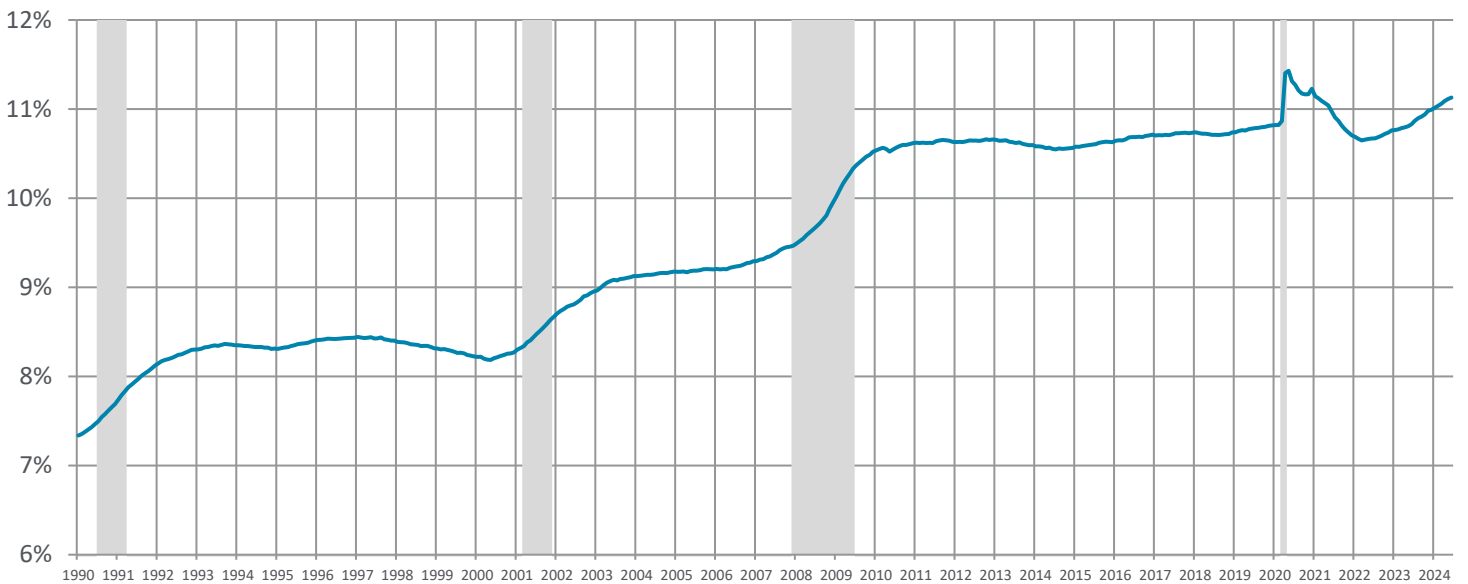
TIME SERIES TRACKER

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.