

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 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>.

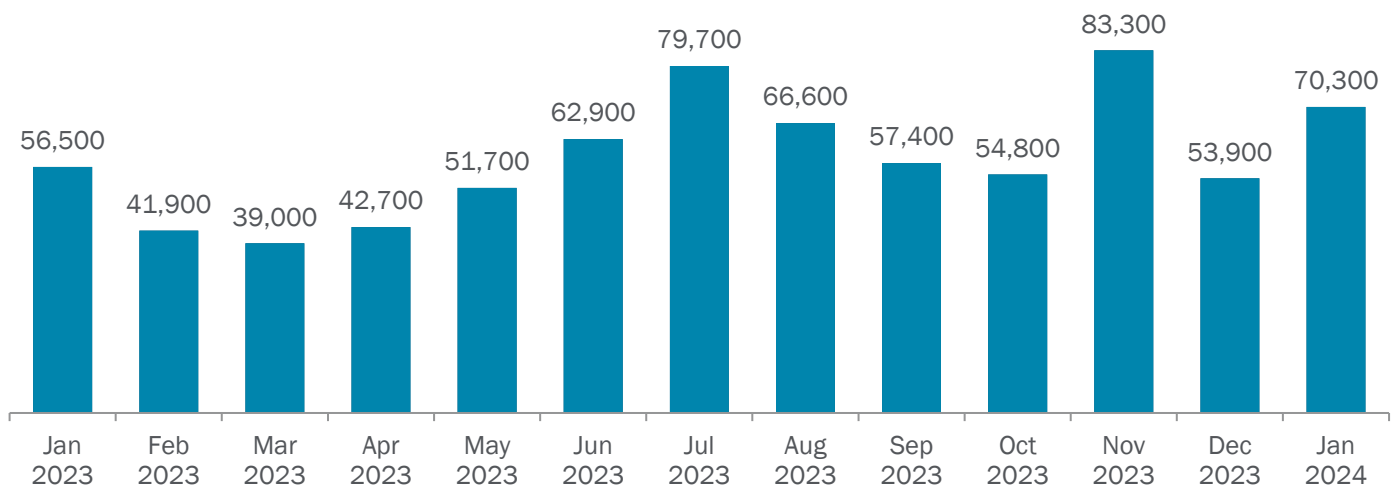
DISCUSSION

In 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

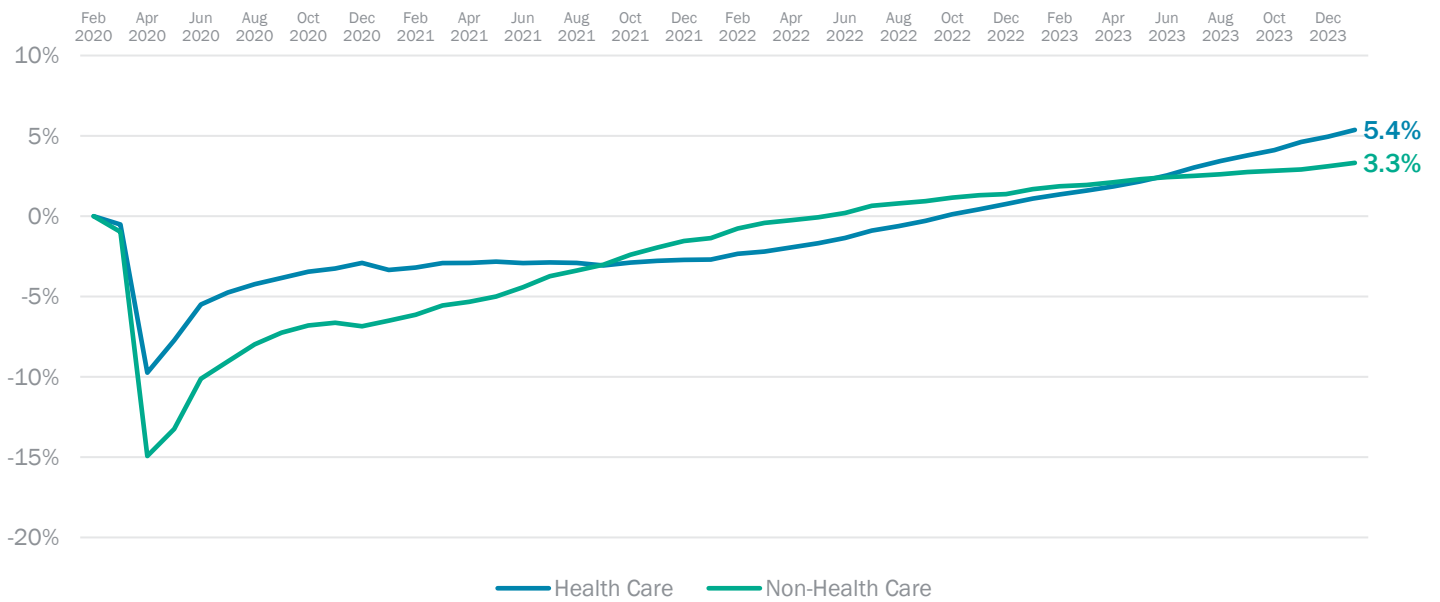


Source: Altarum analysis of monthly BLS Current Employment Statistics data.

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).

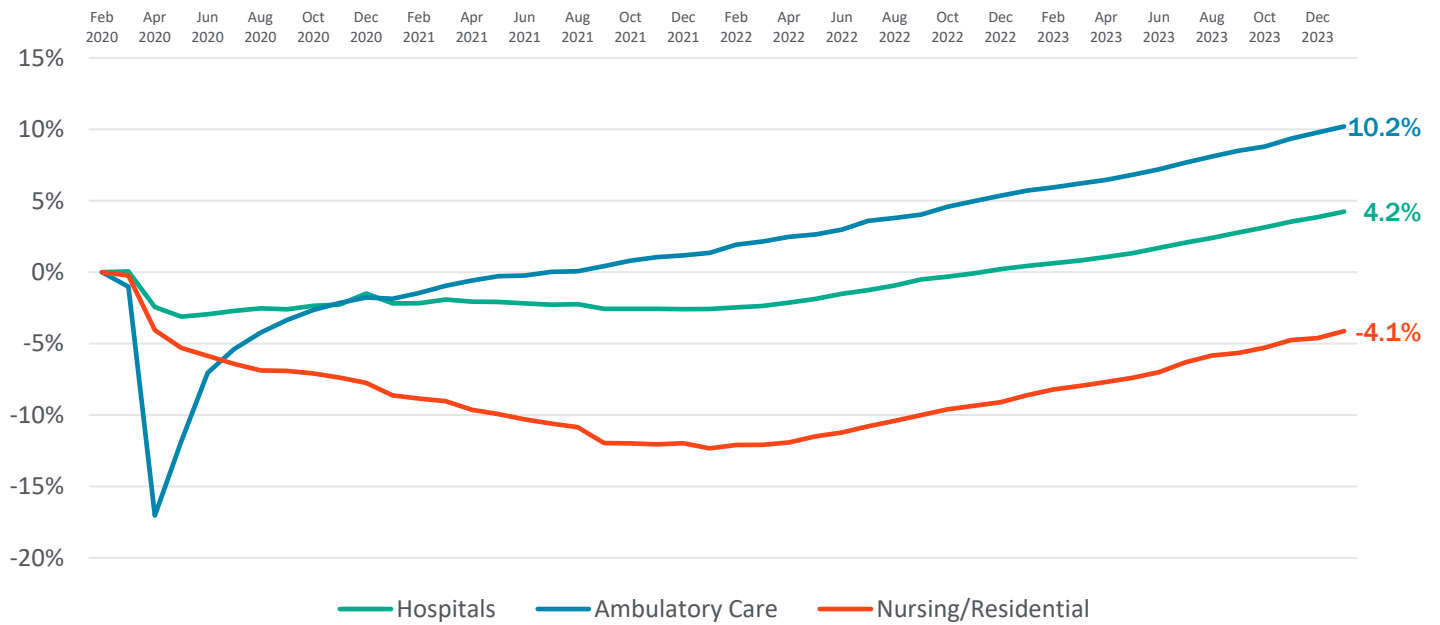
However, nursing and residential care employment, although steadily increasing since January 2022, is still 139,400 jobs or 4.1% below pre-pandemic levels. As described in a recent Altarum [analysis](#), this contraction in the nursing home workforce since the pandemic is likely due to nursing home closures,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

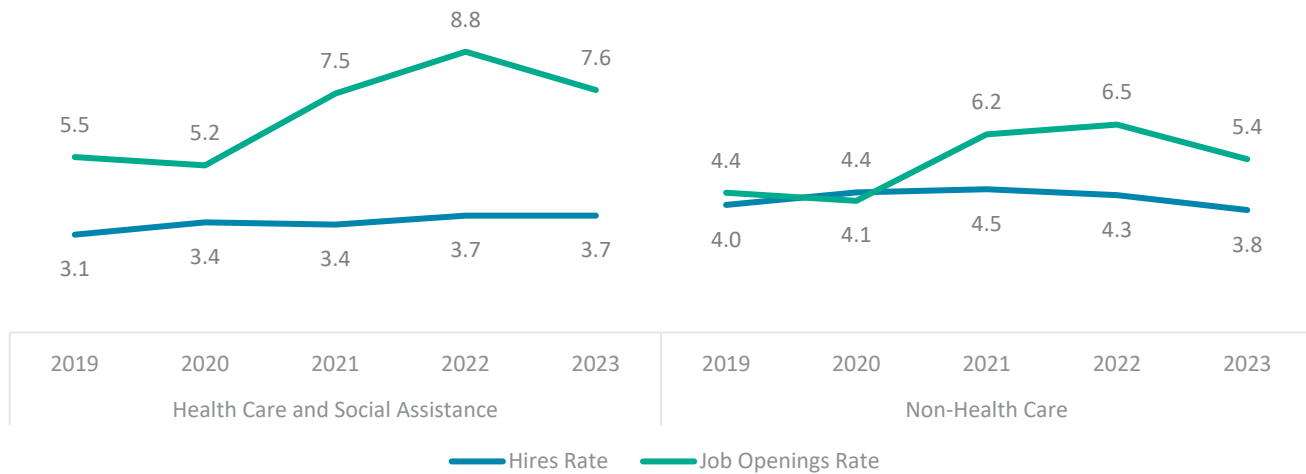


Source: Altarum analysis of monthly BLS Current Employment Statistics data.

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.

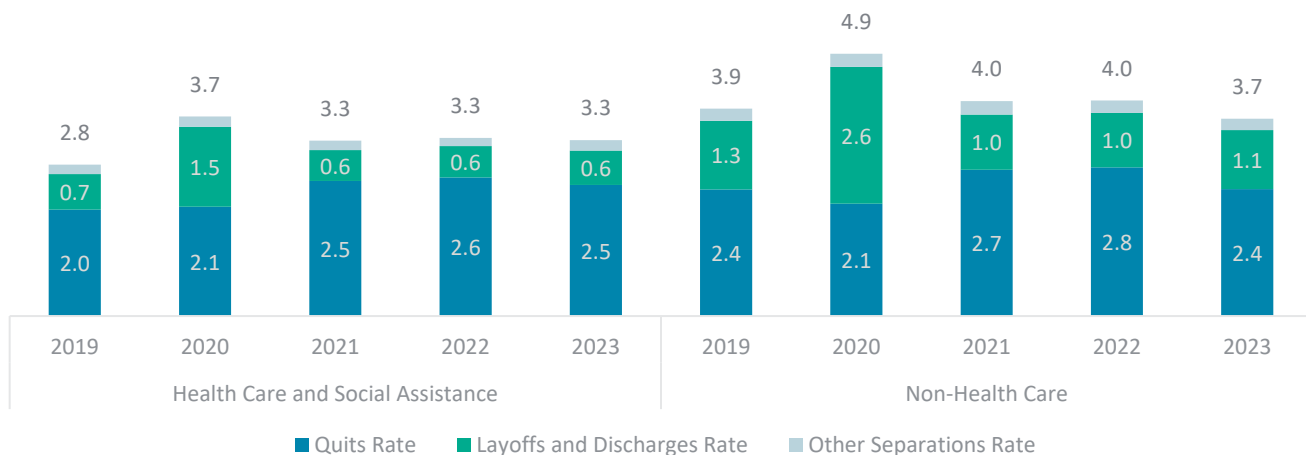
As well as rising demand, openings have also been driven by high separation rates, mainly due to a rise in quit rates following the COVID-19 pandemic recession. The total separations rate was 3.3 in 2023 and 2.8 in 2019, with the quit rate at 2.5 in 2023 and 2.0 in 2019 (see Exhibit 5). In non-health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

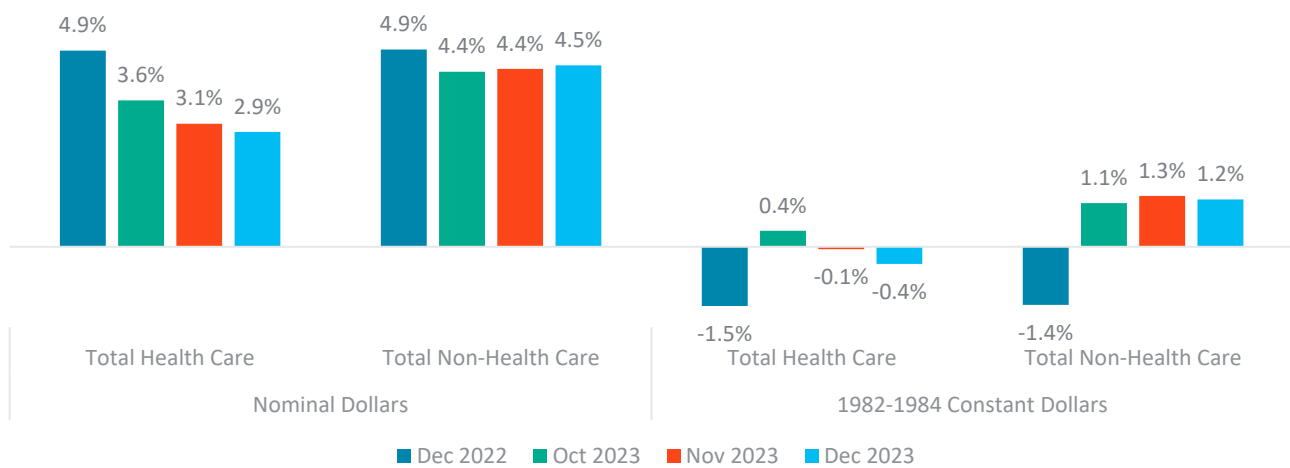


Source: Altarum analysis of monthly BLS Job Openings and Labor Turnover Survey.

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.

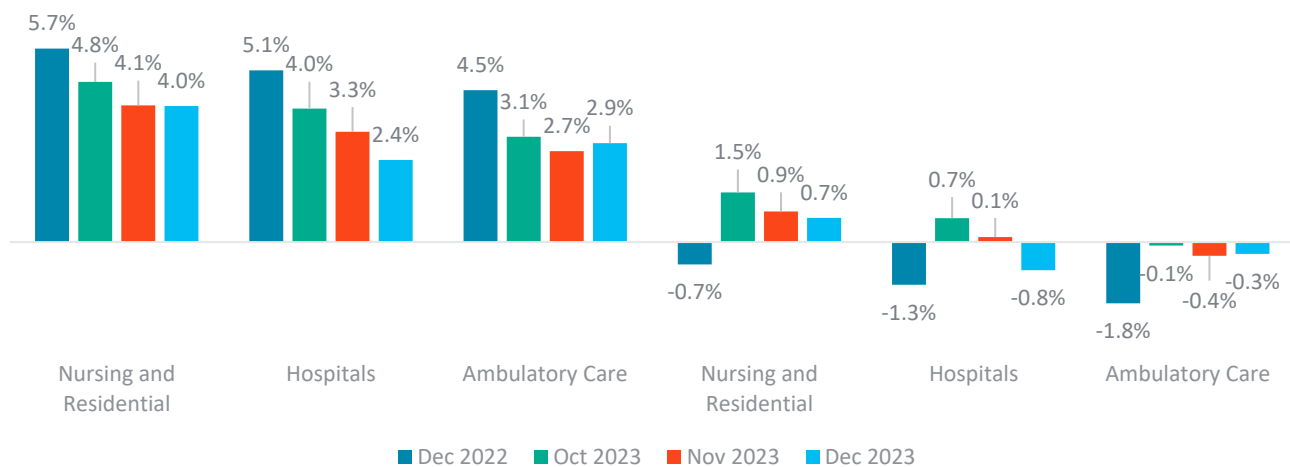
While wage trends varied across health care industries, they broadly reflect trends in the health care sector overall, with higher wage growth a year ago and steady declines in year-over-year wage growth over the past several months. In December 2023, wage growth was 4.0% year over year in nursing and 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
Non-Health Care	140,334	140,052	138,112	133,979	140,334
Health Care	17,366	17,295	16,661	16,035	17,366
Ambulatory Health Care Services	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 ^a	352	353	343	318	352
Hospitals	5,457	5,436	5,258	5,100	5,457
Nursing and Residential Care Facilities	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 ^b	1,783	1,775	1,701	1,616	1,783
Health Share of Employment	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.

^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	282.7	2,222.8	6,355.6	4,506.0
Health Care	70.3	704.2	1,330.4	885.0
Ambulatory Health Care Services	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
Hospitals	20.4	199.1	356.8	221.8
Nursing and Residential Care Facilities	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
Annualized Percent Change	One Month	12 Months	24 Months	Since Feb 2020
Non-Health Care	2.4%	1.6%	2.3%	0.8%
Health Care	5.0%	4.2%	4.1%	1.3%
Ambulatory Health Care Services	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 ^a	-2.7%	2.7%	5.3%	2.5%
Hospitals	4.6%	3.8%	3.4%	1.1%
Nursing and Residential Care Facilities	6.3%	4.9%	4.6%	-1.1%
Nursing Care Facilities	7.7%	5.1%	4.0%	-2.2%
Other Nursing and Residential ^b	5.2%	4.8%	5.0%	-0.1%

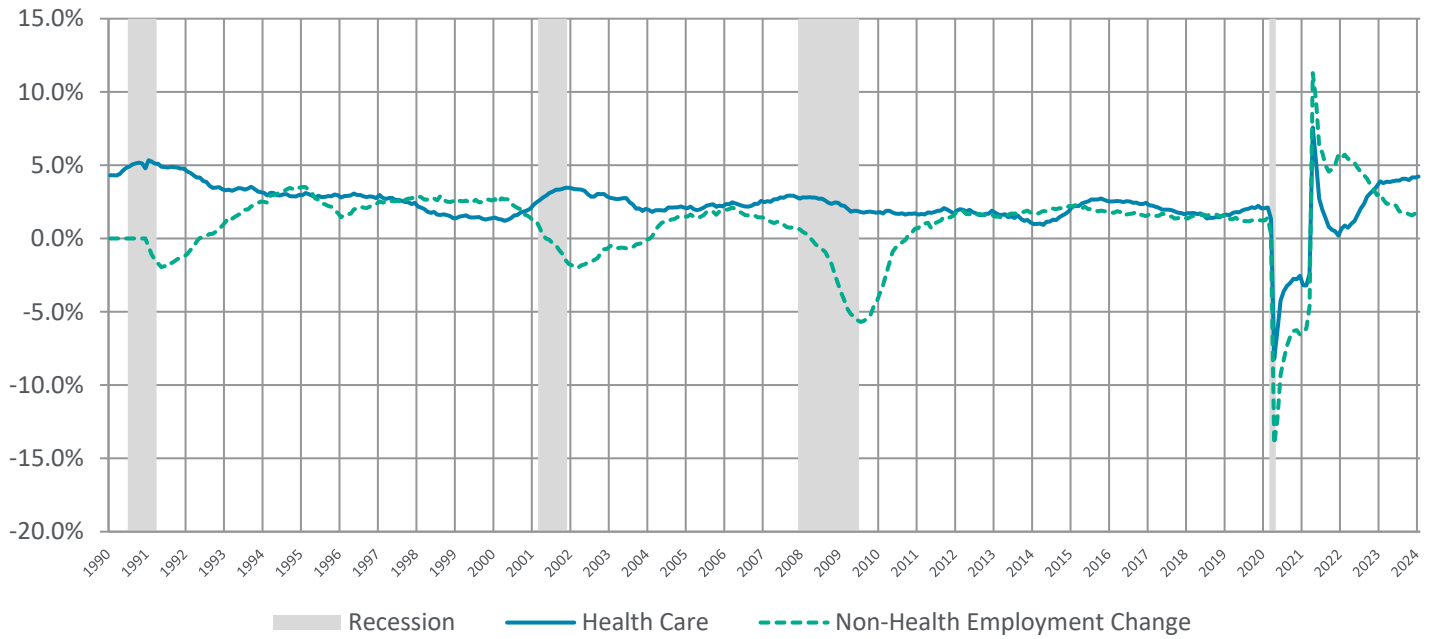
Source: Altarum analysis of BLS Current Employment Statistics data. Change since February 2020 represents a comparison to pre-pandemic peak employment.

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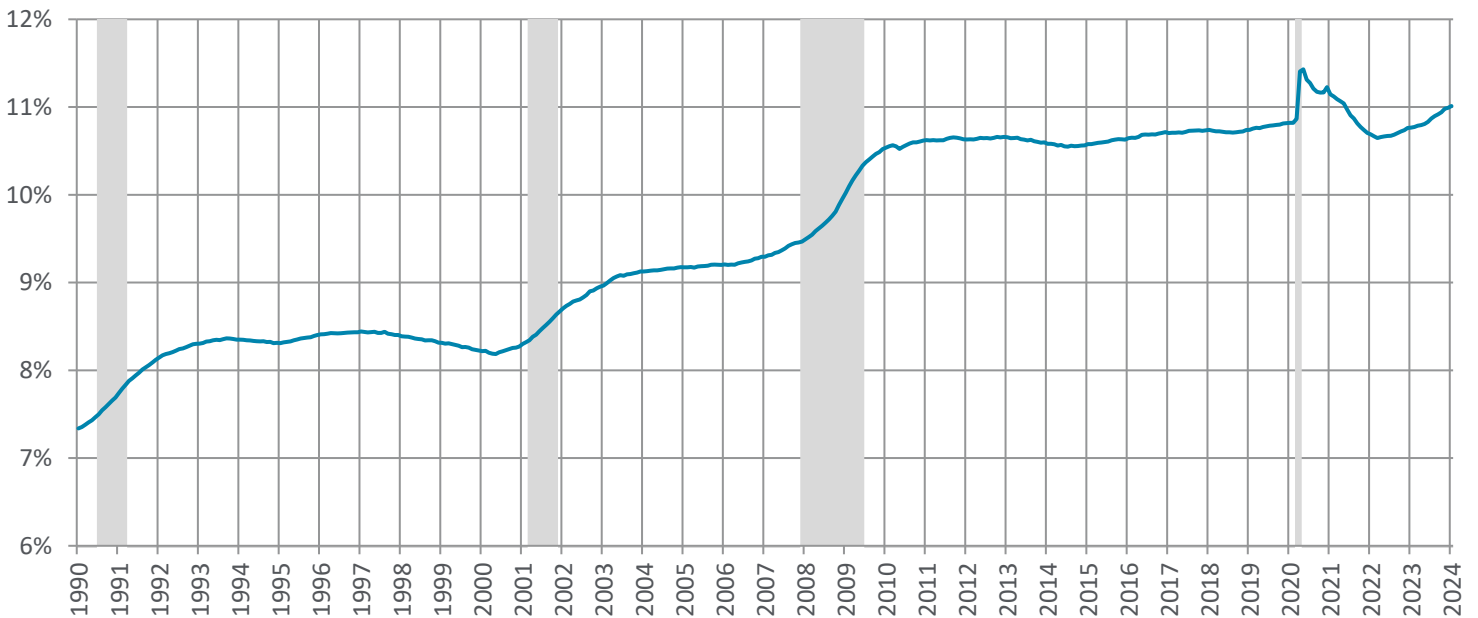
TIME SERIES TRACKER

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.