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Fitch: Labor Picture Continues to Brighten for U.S. NFP Hospitals

Fitch Ratings-Austin-11 April 2023: Some more rays of light are emerging for U.S. not-for-profit (NFP) hospitals on the labor front, according to the latest sector dashboard from Fitch Ratings.

“Hospital and ambulatory healthcare services payrolls have risen for 14 and 26 consecutive months, respectively, as of last month. Hospital and ambulatory healthcare services monthly job additions are also up an average of 15,150 and 24,300 per month, respectively, between March 2022 to February 2023. These statistics point to the potential of alleviating labor market pressure,” according to Fitch Ratings Director Richard Park.

The improving picture also extends to nursing facilities, which have been plagued by severe staff shortages the last several months. While still high, nursing facilities reported shortages of 17.3% and 17.7% of nurses and aides, respectively, through the end of February. These figures are well below the peak in January 2022, when 28.3% and 29.8% of nursing facilities reported shortages of nurses and aides, respectively. ‘Sustained staffing improvements at nursing homes should help improve length of stay/discharge challenges at hospitals,’ said Park.

That said, quits rate are still high. The number of quits in the healthcare and social assistance sector were at 2.7% as of February 2023, compared with the 1.6% average from 2010 to 2019. Hospitals will have to invest in cost effective care solutions and develop enhanced business models that incorporate flexible staffing to adapt to labor costs that have been reset to a permanently higher level,” said Park.

Fitch’s latest “Hospitals and Healthcare Systems Labor Dashboard: April 2023” is available at www.fitchratings.com.

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