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Fitch: Wage Growth Levels Off as Job Openings Remain High for U.S. NFP Hospitals

Fitch Ratings-Austin-12 June 2023: Payroll growth is slowing for U.S. not-for-profit hospitals with no near-term relief in sight for high labor inflation, according to Fitch Ratings' latest labor dashboard.

Average hourly earnings (AHE) wage growth for hospital and ambulatory healthcare employees remains well below recent highs as of April 2023. This sign that labor inflationary pressures are easing is positive, but wage growth for hospitals is still well above pre-pandemic averages.

Healthcare and social assistance job declined somewhat in April 2023, but job openings and quits rates are still high. "Hospitals are reducing non-clinical staff positions after experiencing material operating losses starting in early 2022," said Director Richard Park. "Commercial rate increases will help alleviate profitability pressures but will not cover wage inflation from the past two years on their own." The number of quits in the healthcare and social assistance sector also remains high compared to before the pandemic.

One plus of late is the continued improvement of nursing facility staff shortages. Facilities reported nurse and aid shortages for April well below the January 2022 peak. "Sustained staffing improvements at nursing homes should help improve length of stay/discharge challenges at hospitals," said Park.

The full dashboard is available at 'www.fitchratings.com'.

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