Hiring in Healthcare: No Relief in Sight
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Introduction

Americans hear a lot about manufacturing jobs, automation and outsourcing, but the less heralded set of changes in healthcare are just as profound. According to the Bureau of Labor Statistics (BLS), healthcare professions will add the most jobs of any occupation group from 2014 to 2024. Yet those new jobs will not necessarily resemble the healthcare jobs of the past: not only will the total level of healthcare employment rise, but also its composition will shift. The traditional role of healthcare as a modest but steady and predictable source of job growth is about to change.

For healthcare recruiters, these changes raise questions that are as clear as they are unsettling. Are these trends already evident? How does the tightness of the labor market as a whole affect this industry? This report reviews data from the BLS and iCIMS’ proprietary data to assess the current state of hiring in healthcare, with an eye out for those big changes on the horizon.

Key Findings:

• Ambulatory-care employers and nursing/residential facilities face the greatest challenges in attracting applicants, yet ambulatory-care employers fill positions faster than other categories.

• Nursing and residential facilities see the fewest applicants per position.

• Technical healthcare positions receive the fewest applicants per position and have seen the steadiest tightening in their competition.

• Healthcare support positions (such as home health aides) get filled faster than other healthcare occupations, despite usually receiving the most applicants per position.

From Old Normal to New

Amid the many transitions in the U.S. labor market in recent years, healthcare looks at first glance like a rock. Through the ups and downs of recessions over the last 25 years, healthcare has been one of the steadiest sources of job growth.

![Figure 1: Healthcare vs. Total Nonfarm Payroll](image1)

As a share of nonfarm payrolls, healthcare has increased with each of the last three recessions, because this industry has continued growing even as other industries slimmed down in the lean years. Already, nationwide employment in the healthcare industry has risen by 16% since the Great Recession, compared to only 11% for total nonfarm payrolls. The BLS projects that healthcare-related occupations will grow between 10.5% and 23% from 2014 to 2024, compared to only 6.5% for all occupations.1

![Figure 2: Boom or Bust, Healthcare Keeps Growing](image2)

1. For the BLS projections across occupation groups, see [http://www.bls.gov/emp/ep_table_104.htm](http://www.bls.gov/emp/ep_table_104.htm)
This shouldn’t be too surprising: Medical needs aren’t driven by economic trends. While that fundamental truth is not changing, just about everything else in the healthcare industry is, from the mix of services that patients require to the medical technology and business models employed to meet those needs.

To meet patients’ evolving needs in the most efficient way possible, many of the new positions will be for non-physician clinicians, such as occupational therapists, physical therapists, and physician assistants. The healthcare industry’s needs for non-clinical administrative jobs will also grow and shift, as hospitals and other service providers adapt to developments in insurance markets and federal and state government policy.

Drivers of Change

Aside from ongoing advances in medical technology, there are two factors driving these changes in healthcare hiring: demographics and policy.

The core driver of change in American healthcare is the aging of the U.S. population, which will lead to a sustained boom in healthcare employment. Baby Boomers began turning 65 in 2011 and are retiring at an estimated rate of about 10,000 per day.

Also, the large millennial generation will likely leave their mark as they have in other domains, as they mature and begin consuming more healthcare. For instance, millennials may be more likely to rely on ambulatory care services.

While the future of healthcare policy has recently been thrown into question, several years of the Affordable Care Act (ACA) have already set forces in motion. The early signals from the new Administration suggest it will seek to preserve some key elements of the law – such as preventing denial of service for pre-existing conditions and allowing young adults to stay on their parents’ insurance plans until they reach age 26. Any such policies that last will continue to support growth in healthcare employment in years to come, as the newly insured begin consuming more healthcare once they have insurance to help pay for it.

The catch with these trends in both demographics and policy is that they will not only increase the total amount but also change the nature of the healthcare services required, which translates directly into the kinds of healthcare organizations and occupations likely to post the most rapid growth in the coming years.
How Demographics and Policy Will Change Healthcare

The most obvious change in the healthcare landscape will be a shift toward primary care, since both older people and the newly insured require more of it. Older patients need help coordinating care across specialists and addressing the chronic, sometimes low-intensity issues that occur among aging populations. In addition, a combination of financial pressures and training bottlenecks will push the healthcare system to diversify away from primary care physicians and rely more on non-physician clinicians and allied healthcare professions.

Ultimately, healthcare systems will adapt to future needs through a combination of technological innovation and new organizational designs – everything from emergency rooms and special clinics to telemedicine and data analytics – but they will also require a greater number and different proportions of healthcare workers to meet the demands of the future. How much have these long-term forces already made themselves felt, and how does that interact with current conditions across the U.S. labor market as a whole? The following section of this report explains what government and iCIMS data can reveal about the current state of healthcare hiring.

Where the Competition is Stiffest: Hiring by Employer and by Occupation

Government data do not indicate any sudden upswing in hiring or wage growth, but they do provide some evidence of the effect of longer-term trends. Figure 1 above shows how payroll growth in the “healthcare and social assistance” sector has been steady. Figures 4 and 5 below show that neither wages nor total compensation have been growing faster than in the U.S. labor market as a whole, as measured by the Employment Cost Index (ECI).

The following chart, of average hourly earnings (AHE), displays a somewhat different pattern, and it is a revealing one. The ECI is an index designed specifically to measure wage inflation – how the price of labor is changing from the perspective of macroeconomics. To do so, it adjusts for the composition of the workforce. AHE is a rawer measure than the ECI and can be driven up or down by a shift in, for example, the seniority or occupation of the workers being hired.

Healthcare’s several divergences from the broader trend suggest that immediately after the Great Recession healthcare organizations slowed their hiring of lower-paid positions and in subsequent years have accelerated their hiring of lower-paid positions. This may be a sign that healthcare organizations have begun relying more on allied health professionals as Baby Boomers have been retiring. Healthcare may not be providing any more inflationary pressure than the rest of the labor market, but that does not mean that important trends are not afoot.

Figure 4:
Wage & Salary Growth (ECI)
Healthcare in Line with Other Industries

Source: BLS
None of this suggests that life has not grown harder for healthcare recruiters. iCIMS proprietary data indicate that recruiters are being forced to pay up for healthcare talent with time and effort, if not money.

**Applicant Supply and Demand within Healthcare Industries**

The more straightforward of iCIMS’ hiring metrics is the number of applicants per position – what iCIMS calls the talent supply/demand ratio (TSD). This has been declining over the last three years, not only for healthcare as a whole, but also various subcategories of the industry: hospitals, standalone ambulatory care clinics, nursing/residential facilities (which include nursing homes and assisted living facilities), and social assistance organizations (see Table 1 for examples of each of these categories). The other major metric we review in this report is time to fill (TTF). While time to fill does not exhibit as strong of a trend as the TSD ratio, comparing the two metrics is still illuminating.

<table>
<thead>
<tr>
<th>Occupation Type</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ambulatory Care</td>
<td>Outpatient Clinics, Doctors’ Offices</td>
</tr>
<tr>
<td>Nursing/Residential</td>
<td>Nursing Homes et al.</td>
</tr>
<tr>
<td>Social Assistance</td>
<td>Day Care, Rehab Clinics</td>
</tr>
</tbody>
</table>

Beyond the general downward trend in Figure 7, there are two major patterns immediately apparent in the TSD ratio for healthcare employers. First, ambulatory-care employers and nursing/residential facilities face the greatest challenges in attracting applicants. Their TSD ratios display a more consistent downward trend and have maintained lower levels (18 and 14, respectively, as of December 2016) than hospitals (26) and social assistance organizations (27). This pattern looks consistent with the demographic and policy trends outlined above: demand for nursing, health aides, and outpatient clinics has been growing as the population has been aging and the newly insured seek out greater primary care, which is often provided outside of hospital systems.

The second clear pattern in these metrics is that hospitals and ambulatory clinics have the least volatility in
both the number of applicants per position and time to fill. This likely reflects the highly regulated nature of both their demand and supply for this labor, especially for physicians, physician assistants, and registered nurses, and nurse practitioners. The extensive credentialing processes, the regulated hiring procedures, and the often predictable hiring timelines – these all serve to facilitate the matching of workers and employers. Along with the stability of many medical careers, they also simply limit the number of new workers entering the healthcare labor pool at a given time.

Hospitals’ relatively high TSD ratios (latest: 26) and modest time to fill (latest: 46 days) indicate job seekers consider them attractive places to work. With their high profiles and large budgets, hospitals can use their employment brand recognition to fill their job openings relatively quickly, but their highly specialized needs and complex organizational structures may help explain why they still post longer time to fill than ambulatory care facilities. The latter are able to post a shorter time to fill, despite receiving fewer applicants per position, likely because they are smaller organizations and may have fewer subspecialist roles that take longer to recruit. As smaller organizations, though, they may have had the need and the opportunity to innovate and streamline their hiring.

Compared to hospitals and ambulatory care, the social assistance and nursing/residential sectors display much more variability in both applicants per position and time to fill. These groups of employers likely face more seasonal and other fluctuations, due to the way demand for their services can rise and fall with weather patterns and school-year calendars. Their longer times to fill for social assistance (latest: 57 days) may reflect the complications associated with the strong interpersonal component of their work and the generally slower hiring processes associated with their funding and budgeting processes.

**Figure 7:**
TSD Ratio by Healthcare & Industry
Nursing/Residential Faces Tightest Market

**Figure 8:**
Time to Fill by Healthcare & Industry
Ambulatory Care Fills Positions Faster

Understanding healthcare employment requires looking at not only hiring trends at healthcare institutions (which employ a lot of non-healthcare workers on the administrative side), but also hiring trends among healthcare occupations (cutting across categories of employers but concentrated in the healthcare industry). The first step is
looking at the relative proportions of different occupation types across the institutions we have already been discussed.

At employers like hospitals and ambulatory care facilities, the relative proportions of occupation types are very similar. Unsurprisingly, technicians and core healthcare professions such as physicians and nurses (the occupation category for “healthcare practitioners and technical operations”) made up much large proportions of last year’s hires – about 45% to 50%. At nursing/residential facilities, the “healthcare support occupations” (roles such as home health aides, orderlies, and assistants to various categories of nurses and therapists) outnumber the healthcare practitioners and technicians (35% versus 28%), but there is also a greater reliance on counselors and social workers.

At social assistance organizations, nearly 60% of new hires were providers of “community and social service” (counselors, social workers, and community health workers). Interestingly, the “other” occupations rise to 35% from around 30% in the other three employer categories. That is entirely due to a jump in in “personal care and service” (a broad category that includes funeral directors and concierges, but also childcare workers and a variety of wellness workers, including fitness workers and other personal assistants), from around 1% to 2% in other employers to about 12% in social assistance. Excluding that group, which is likely engaged in direct services to clients, “other” would only be about 23%. That is much lower than for other employers, suggesting that low-margin social assistance organizations were either keeping non-essential staff to a minimum or saw low turnover in this area.

Turning to the hiring metrics for health-related occupations, we can see that the competition for talent is even fiercer for healthcare occupations than for healthcare industries themselves. In the healthcare occupations of physicians, nurses, and various kinds of therapists, the metrics are stable and resemble the patterns for hospitals and ambulatory care facilities, where these professions represent a plurality of the employees. Similar to those industries, the average number of applicants per position has declined (to 13) and the time to fill is relatively long (48 days). Both metrics have trended in a stable fashion over time, reflecting the regulated nature of these professions.

For the “healthcare support” occupations, the number of applicants per position is a relatively high 22 – in line with the average for the healthcare industry as a
whole, across occupation types. Despite the fact that recruiters must sort through a relatively large population of candidates willing to apply for low-skilled positions, this occupation category enjoys a relatively short time to fill of 38 days. This suggests that a relatively large portion of the applicant pool is easy to exclude for one reason or another.

In contrast, the category for social workers and counselors has a longer time to fill (49 days) despite a slightly higher number of average applicants per position (24). As noted above, recruiting for these positions may be complicated by the stronger interpersonal component of the work.

Figure 10:
TSD Ratio by Occupation
More Stable for Technical Healthcare

Figure 11:
Time to Fill by Occupation
Healthcare Support Positions Get Filled Faster

Conclusion

Hiring in healthcare is not easy today, and it does not appear likely to get any easier for the foreseeable future. Healthcare recruiters face intense pressure to maintain their current pace of hiring, adapt to emerging trends, and plan for longer-term shifts – all at the same time. While government data do not indicate any major upswing in hiring or wage growth, they do provide some evidence of the effect of longer-term trends. In addition, iCIMS system data indicate a steady ratcheting up of the competition for talent across this industry and the professions most closely aligned with it.

Demographic trends in the U.S. point toward sustained growth in this sector, and the past few economic cycles strongly suggest that even once the U.S. economy eventually enters another recession, healthcare payrolls will continue their steady march upwards. Once a recession hits, newly unemployed workers may be easier to attract to fill positions in lower-skilled health-related occupations, but the supply of workers in the high-skilled professions will remain constrained by the regulations and government funding that already shape their talent pipelines. In the meantime, U.S. demographic trends and the advent of new technologies will continue to change the nature of healthcare in fundamental ways.
About Us

About iCIMS System Data
This report presents data from January 2014 through September 2016 in a sample of more than 1,500 employers drawn from iCIMS' customer base of more than 3,200 contracted customers. The data is generated by user interactions with iCIMS software, which processes over 2 million jobs a year and over 32 million applications, with broad geographic and industry representation across the U.S.

A team of iCIMS engineers and data scientists extracted and cleaned the data, applying a variety of filters and then aggregating it to protect the privacy of iCIMS clients and their job candidates. Employers are assigned to industries under the North American Industry Classification System (NAICS).

About iCIMS Hiring Insights
iCIMS Hiring Insights is a research house that focuses on labor market insights and recruitment trends. Our team of researchers and writers use iCIMS' exclusive data, proprietary, and secondary research to develop reports and articles that cover the most recent developments in the workforce. Led by iCIMS' Chief Economist Josh Wright, iCIMS Hiring Insights helps its readers stay well-informed on the latest recruitment, economic, and technology advancements. To learn more visit: www.icims.com/hiring-insights

About iCIMS Chief Economist:
Josh Wright is Chief Economist at iCIMS and oversees the organization’s proprietary research. Prior to joining iCIMS, Josh served as a U.S. economist with Bloomberg L.P., where he analyzed current macroeconomic trends and was a frequent guest contributor on Bloomberg Radio and Bloomberg TV.

As Chief Economist at iCIMS, Josh is responsible for analyzing proprietary data in order to produce fresh insights on emerging trends in the U.S. labor market. He contributes to the publishing of quarterly trends reports, as well as semi-annual reports and blog posts on ad hoc labor topics. In addition, Josh supports in the development of software that allows clients to analyze their own performance relative to industry benchmarks by collaborating with data scientists, software developers, and marketing executives.

A former Federal Reserve staffer, Josh helped build the Fed's mortgage-backed securities (MBS) portfolio of more than $1 trillion, among other responses to the global financial crisis. As a researcher, he has published on labor and housing markets, as well as U.S. monetary policy, and advised policymakers across the legislative and executive branches of government.