

Health Law & Business News



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Hospitals Trail Rebound in Hiring as Private Insurance Declines

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- Hospital employment down 60,000 jobs compared with last year
- Industry braces for decrease in private insurance coverage

Hospitals are lagging the rest of the health-care industry in hiring workers as executives navigate a changing landscape for insurance coverage.

The health-care industry gained 75,000 jobs in August, buoyed largely by the 49,000 jobs added by physician and dental offices, according to the latest Bureau of Labor Statistics data. By contrast, hospitals, which account for almost a third of all U.S. health-care jobs, employed 60,000 fewer Americans than they did during the same month in 2019.

This slower rebound in rehiring comes as hospitals expect lower profits as a result of fewer Americans having private, employer-sponsored health insurance, which pays higher rates than publicly funded coverage.

“It doesn’t take a lot of loss of employer-sponsored insurance to really impact the margins on a hospital,” Jim Porter, who consults for hospitals as the managing director at the management restructuring and advisory firm ToneyKorf Partners, said.

<https://news.bloomberglaw.com/health-law-and-business/hospitals-trail-rebound-in-hiring-as-private-insurance-declines>

The hospital industry's plight reflects that of the larger U.S. economy, which is still recovering from shutdowns prompted by the Covid-19 pandemic.

[Hospital, Health Center Financial Woes Continue as Jobs Return](#)



Staff members are seen working in a hospital hallway.
Photographer: PHILIPPE HUGUEN/AFP via Getty Images

Belt-Tightening

How many Americans have lost employer-sponsored insurance is yet to be determined because federal data won't be available until 2021. The Economic Policy Institute [estimates](#) that 6.2 million workers have lost access to health insurance that they previously got through their employers and, as a result, 4 million more Americans have joined their state Medicaid rolls.

Some hospital executives are looking at this trend and expecting they'll need to continue tightening their belts through the year, Porter said.

The shift doesn't affect all hospitals the same way, however, researchers say.

Some large hospital systems profited in the second quarter of 2020 because of cost-cutting and generous federal grants, while smaller systems didn't have those options, according to [data](#) released Thursday by the Medicare Payment Advisory Commission, a congressional advisory panel.

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The panel found that a sample of four large for-profit hospital systems together earned \$634 million more in the second quarter of 2020 compared with the same time in 2019, while a sample of three nonprofit hospitals had a combined loss of \$621 million over that period.

Demand Increases

That same report showed that hospital volume was close to pre-pandemic levels by June, meaning demand for hospital services increased months ago while jobs in the sector haven't fully returned.

Hospital industry groups have been [lobbying Congress](#) to give employers subsidies to preserve health benefits for their workers temporarily, and cover the cost of temporary health insurance for those who lose their jobs.

Insurers have asked lawmakers and the federal government to open Obamacare's individual health insurance marketplace for those who lost their jobs and didn't take advantage of the health law's option to buy plans shortly after they lost employer-sponsored coverage, according to federal lobbying disclosures.

Whether the requests from hospitals and insurers have enough congressional support to be included in future coronavirus response legislation remains to be seen.

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