Historically, inflation in the healthcare sector (blue line) has been tightly linked to wage growth for healthcare workers (green line). This relationship is not surprising as healthcare is labor intensive; according to the BEA, labor accounts for more than 80 percent of output in the healthcare sector. In recent years, however, PCE healthcare services inflation has been surprisingly subdued despite significant wage pressures. Nevertheless, as higher wages have tightened margins for healthcare service providers, PCE inflation for healthcare services is likely to increase.
Rising Labor Costs in the Healthcare Sector Are Poised to Buttress Services Inflation


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I joined the Kansas City Fed’s research team in July of 2022 after completing a BA in Economics and a minor in Mathematics at Occidental College in Los Angeles. At the Fed I have the pleasure of working with Brent Bundick, Lee Smith and Taeyoung Doh on both research and policy work regarding Macroeconomics. Working for the bank I’ve had the opportunity to continue to tune the research skills that I began to develop as an undergraduate and develop technical skills in a host of coding languages and with an array of data repositories. Further the economists here place an emphasis on my education and do all they can to incorporate me as an asset and partner in their widely varied research projects. This job has bolstered my interest in graduate study with a cohort of likeminded individuals and dedicated mentors, allowing me to feel well positioned on the pathway towards a Phd.