HealthCatalyst®

EBOOK

# A Healthcare Worker Shortage Action Plan: Short-Term Wins and Long-Term Strategy

Healthcare worker shortages are emerging throughout the industry, from nurses and physicians to pharmacy technicians, home health aides, medical assistants, and more. Projected worker deficits include: 200,000 to 450,000 registered nurses for direct patient care by 2025 (McKinsey) and 37,800 to 124,000 physicians by 2034 (Association of American Medical Colleges).

Drivers of these shortages range from burnout and new opportunities in a changing industry to an aging workforce, unhappiness, and even safety concerns in the workplace. The demands of the COVID-19 pandemic have left many overworked to unsustainable levels. Meanwhile, healthcare professionals are also finding alternatives to the traditional hospital setting, such as lucrative and less intense remote positions. Compounding these issues are reports that healthcare workers feel disrespected and undervalued. Nurses, for example, are predominantly female and underpaid, earning an average of 24% less than their male counterparts.

In addition to the impacts to clinical care, the healthcare worker shortage is modifying every aspect of organizations through unsustainable costs and interrupted workflows. In May 2022, Kaufman Hall reported that hospital labor expenses had increased one-third from pre-pandemic levels, reaching almost 50% of total expenses, including a fivefold increase in contract labor. Health systems must leverage quality data and work collaboratively to understand and proactively approach staffing.
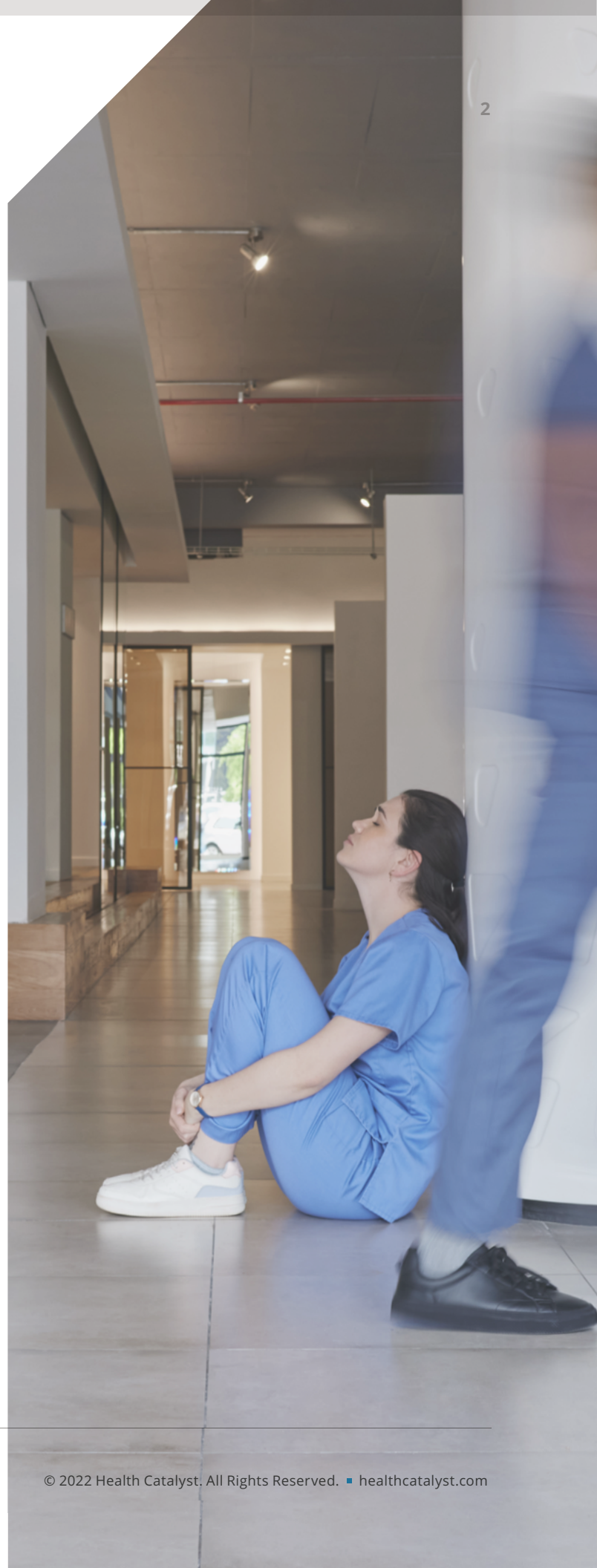
Chapter 1

Understand Your Organization's Problem: Areas Impacting Labor Costs

Healthcare has a workforce supply problem, with people leaving the profession at a greater rate than they're entering it. Meanwhile, demand and cost are rising, leaving organizations short on human and financial resources to meet community healthcare needs.

Several significant factors are driving the healthcare supply shortage:

- *Retirement:* An aging population means a substantial portion of seasoned healthcare workers is approaching retirement.

- *Retention:* Healthcare workers are leaving their jobs in record numbers. Drivers for this exodus include burnout, the inability to practice at the top of their licenses, and a lack of respect in the workplace. Workers are leaving healthcare for opportunities in other industries and within healthcare in newer innovative partnerships, in which disparate entities (e.g., CVS-Aetna) are teaming up to provide higher-quality, lower-cost care and more welcoming workplace environments.

- *Recruitment:* Not enough younger people are entering healthcare professions.

- *Quiet quitting:* While many people are not leaving their jobs, healthcare is seeing less engagement and a higher incidence of workers completing only their role's minimum requirements.

- *Shift to travel positions:* With the rise of contract labor to fill staffing shortages, nurses, in particular, have opportunities to transition to travel positions. These positions earn higher payer and offer more flexibility than hospital-based positions.

As the workforce supply diminishes, the demand for healthcare services is growing. After a COVID-19-driven slowdown in patient volumes in 2020 and 2021, numbers are rising again to pre-pandemic levels. Organizations have turned to contract labor and travel positions to bridge the supply-demand gap, increasing labor expenses by more than one-third compared to pre-pandemic levels.

Chapter 2

Healthcare Worker Shortage Action Plan: Achieve Long-Term Goals Starts with Short-Term Impact

With the scope of issues impacting healthcare workforces, organizations have short- and long-term opportunities to improve their labor outlook. While the bigger-picture, long-term goals stand to be transformative, they'll also require years of preparation, training, and cultural shifts. In the meantime, leaders can focus on shorter-term areas of impact to start reversing the healthcare worker shortage immediately and create pathways for longer-term aims.

LONG TERM: BUILD AND MAINTAIN HEALTHCARE TALENT

There is no overnight solution for healthcare workers retiring or leaving and a lack of people entering the profession. It requires investment in the nursing pipeline, starting with training and recruitment, and building workplace cultures and environments that attract and retain top talent. Organizations must address these large-scale challenges to reduce turnover and reliance on contract positions and ensure their future success.

Increase the Supply: Build the Workforce Pipeline

Strategies health systems can enact to increase the supply of available nurses include following:

- Sponsor scholarships for education and training for nursing and other high-demand roles.
- Support public marketing campaigns to promote and grow the healthcare workforce.

- Provide support and flexibility to existing staff members who want to return to school to become an RN or another in-demand role.
- Invest in nurse training programs and faculty to increase capacity.
- Partner with schools to provide training opportunities and experience in a future work environment.

Attract and Retain Top Talent: Create a Great Workplace

Being the "employer of choice" is more important than ever. With healthcare workers leaving their jobs due to burnout, the inability to practice at the top of their licenses, lack of respect, and abuse from patients and families, healthcare has a culture and environment problem.

Organizations can stand out, thereby attracting and retaining top talent, by building engaging and rewarding workplaces. This means a culture shift that prioritizes the employee experience, recognizes staff members as valuable assets, and treats them accordingly.

Being a great workplace can also mean having proactive strategies to retain existing employees. Tactics include bonuses for longer-term staff and shifting to becoming a millennial and Gen Z destination with other non-monetary incentives to stay (which may be more lucrative than paying to replace that role).

SHORT TERM: STAFF FOR PATIENT VOLUME IN THE MOST COST-EFFECTIVE, HIGH-QUALITY WAY

While long-term strategies to address healthcare require time and effort before they yield measurable impact, organizations can do a lot today to optimize their current resources. The core of these efforts will be leveraging data to become more efficient in seeing patients in a high-quality way. In other words, health systems must identify ways to deploy the workforce better to meet patient volumes (supply and demand).

Bridging the supply and demand gap to manage costs requires a comprehensive, AI-equipped view of healthcare labor data by system, department, team, and job role, including particular contract and pay categories. Health systems must predict patient volumes and proactively schedule resources to decrease waste and increase productivity while ensuring excellent patient care.

Short-term labor management strategies include:

- *Implement shared governance:* Choosing initiatives within nursing and other fields support workforce engagement. Known as shared governance, tactics include staff participation with scheduling, which gives individuals input on the flow and activity in their department.

- *Improve patient flow (throughput):* Patient flow, or the movement of patients through a healthcare facility, can hold significant opportunities for improvement, especially when it comes to optimizing staffing. For example, overscheduling in one area (e.g., elective surgery) will cause a bottleneck in another (e.g., post-operative overcrowding), leading to staffing strain.

- *Find the appropriate setting for each patient (patient aggregation or placement):* Optimizing resources includes ensuring that patients are cared for in the most appropriate setting. For example, does a patient need a Med-Surg bed after a procedure, or can they recover just as well or better at home with telemonitoring? Does a patient need to stay hospitalized, or are they ready for discharge? Health systems can build on lessons learned during the pandemic—such as rapidly responding to patient surges with makeshift expansion to facilities—to accommodate patients as unforeseen needs arise.

- *Optimize the nursing skill mix:* Healthcare leaders must evaluate their nursing roles to ensure a good combination of education and experience, including registered nurses (RNs), licensed practical nurses, and nursing assistants, and ensure each role is in the appropriate setting to perform at the top of their license. For example, are RNs mostly performing duties that require an RN? Or does the health system have higher-paid RNs performing too many non-RN responsibilities, such as transporting stable patients? The right skill mix can help organizations minimize costly contracts, travel nurses, and overtime labor.

- *Create new care models:* Telehealth opened the doors to a model shift during the pandemic. Although we see a swing back to prior models, we must re-examine and capitalize on proven virtual models. Imagine nurses and providers having the opportunity one or two days a week to practice remotely with patients who recognize that a virtual visit can provide the same or better care.

- *Enhance workforce flexibility:* Provide opportunities for different shift lengths, part-time positions, and other flexible scheduling practices that can open access to individuals in search of shift options that fit their specific availabilities.

Labor Management in Action: $2.2 Million Saved in 16 Months

Health systems that commit to improving labor management need a comprehensive data-driven approach to reduce unnecessary costs while maintaining high-quality care and patient and employee satisfaction. Leaders need a data and analytics platform to help understand everything from predicting patient volumes and matching supply to demand to optimizing skill mix and scheduling.

For example, in 2022, Hawaiʻi Pacific Health (HPH) sought to improve its staffing practices and better manage labor needs. The organization used its data and analytics platform and a labor-management analytics application (Health Catalyst® PowerLabor™) to help managers facilitate more efficient labor force utilization. PowerLabor helped HPH leaders visualize labor management, understand productivity, and identify hours detail versus the budget and full-time equivalent (FTE) utilization compared to budgeted FTE.

The data uncovered opportunities to reduce costs in healthcare labor management and identified areas across four hospitals with the most significant potential to improve. HPH's meaningful insights into their labor management included the following:

- A unit that others in the organization perceived as overstaffed used the data to demonstrate the need to add FTEs.

- Another unit analyzed the overtime and double-time employees were using and converted those high-expense dollars to regular hours by adding one staff member. In many cases, reallocating positions improved staffing without additional costs.

With its data-driven approach to labor management, HPH forecasted its workforce needs and effectively managed staff schedules. These changes led to significant cost savings—$2.2 million in just over a year.

Continue the Cycle: Managing the Healthcare Worker Shortage Is an Ongoing, Dynamic Process

With labor expenses comprising nearly 50% of total hospital and health system operation expenses and projected healthcare worker shortages reaching millions in just a few short years, the industry has a complex course of challenges ahead. Restoring the balance between labor supply, demand, and cost will require a multifaceted investment with long- and short-term approaches.

While foundational elements like drawing more people to healthcare professions and building great places to work that attract and retain talent are critical for a sustainable industry, organizations must also address acute issues in the short term. Backed by a comprehensive, data-driven labor management solution, these short-term actions can deliver immediate returns by optimizing existing resources for lower costs, better quality, and an improved workforce experience.

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About
Health Catalyst

Unlike other solutions, Health Catalyst is exclusively focused on healthcare that provides people, process, and technology solutions proven to transform raw data into measurable value.

We offer a data-informed solution that empowers healthcare organizations to instantly identify the most valuable opportunities for improvement across the care continuum, offering actionable guidance for success in risk-based contracts. We partner with our clients to explore opportunities within the complete clinical, operational, and financial context for a given population.

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