

Healthcare Workforce Shortage

Do You Have the Facts?

**An overview of the current and projected
labor shortages in healthcare:
*what this will mean for Minnesota***



Provided by the Healthcare Workforce Collaborative – a unique partnership that actively works to develop and implement strategy solutions for healthcare labor shortage issues.

Care Providers

Minnesota Center of Rural Health

Minnesota Health and Housing Alliance

Minnesota Rural Health Association

Healthcare Education – Industry Partnership

Major Health Systems

Minnesota Hospital Association

Minnesota Nurses Association

Minnesota State Colleges and Universities

Health Occupations Students of America

Healthcare Labor Shortage: Fact or Fiction?

FACT. A reported reduction in some job vacancies in 2002 and 2003 has led a few to speculate that healthcare workforce shortages are over – this is not true, in fact it is worsening. However, it is not necessary to look too far down the road to see that we are on a demographically-induced collision course.

For Minnesota's healthcare community this means more retirees and fewer workers coupled with a growing demand for healthcare services. These in-demand services will be across-the-board, affecting almost all employment sectors in the healthcare field and all Minnesota communities.

Compounding these issues are significant capacity and funding constraints in the state's healthcare education programs – where our future labor supply of care providers.

According to the Health Resources and Services Administration (HRSA), Minnesota will likely experience vacancy levels in registered nurses – the largest employment group in healthcare – of over 4,400 by as soon as 2010 and 9,200 by 2015. This is well over twice the RN vacancy levels experienced in

2000, when vacancy levels in nursing were nearing crisis levels. Alarming, similar forecasts are anticipated in almost all healthcare programs including laboratory, radiology, pharmacy, home health aide, respiratory therapy, and nursing assistants.

Countless labor analysts and healthcare experts agree that the undeniable and unavoidable aging of our state's and nation's population has the potential to cripple our healthcare delivery systems. Unless unprecedented reform occurs, Minnesota is on

What Will This Mean for Minnesotans?

Minnesota's healthcare professionals provide care 24 hours a day, 7 days a week, 365 days a year. In 2003, 105,385 healthcare professionals were employed in ambulatory care, 105,181 in hospitals, 89,866 in long-term care, and 51,785 in social services.

Everyday the lives of Minnesotans are touched by our healthcare community. From emergency services in a car accident, the latest in techniques used to fight cancer, a phone call about a sick child or assistance with an ailing parent or grandparent. Healthcare providers

are often referred to as a community's safety net because they strive to serve all people in need – even those that can not afford the medical costs incurred.

Already Minnesota healthcare providers are reporting alarming situations due to labor shortages. Similar difficulties have been reported in all areas of the state including the metro area in both hospital and long-term care settings. One Twin Cities hospital reported having to fly a radiology technician in from another state to take x-rays and another

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recently had to schedule patients farther out than prescribed in order to be seen by an occupational therapist.

“We could lose one or two RN positions – it would be tight but we could get by, comments Jon Linnell, CEO, of North Valley Health Center, Warren, MN “however, if we lose just one x-ray or laboratory tech we may have to close our doors.” The supply and demand problem is especially severe in Greater Minnesota where there is a very limited supply of professionals in the face of an increasing demand.”

As the state demographic and healthcare utilization forecasts are realized, what will the shortage mean to the communities these providers serve and to the state’s already strained healthcare community?

Healthcare leaders recognize it will mean a crisis that will impact healthcare access, quality, and cost...

Increased Healthcare Costs

Experts agree that in the long-term labor costs will be one of the dominant drivers of healthcare costs. Nearly 60% of a hospital’s and 70% of a long-term care provider’s budget goes to pay salaries and benefits. When the demand for employees is greater than supply, the cost to recruit and compensate scarce qualified applicants rises until the shortage corrects itself. Staffing shortages are anticipated to continue for the next two to three decades.

In response to healthcare worker shortages, healthcare providers often take drastic – and expensive - measures to ensure adequate staff is available to deliver high quality care. Studies by a major healthcare system found that the cost to replace one RN ranges from \$75,000 to \$100,000 due to temporary agency personnel, signing bonuses, overtime pay,

higher salaries, and other recruitment and retention strategies. As the shortage increases and more and more critical professions are in short supply, and labor components associated with healthcare costs will continue to rise.

Decreased Access to Care

As the gap between supply and demand of healthcare professional services increases, Minnesotans will experience longer waiting periods and limited resources for patient care. When healthcare providers believe they do not have the resources to deliver quality care, they are forced to limit access. The access problems that Minnesotans currently face in dental and mental health may well extend into all types of healthcare.

Currently, both urban and rural hospitals are increasingly diverting ambulances because of patient capacity issues. Additionally, hospitals have difficulty discharging patients due to lack of available resources to care for patients, such as nursing homes, mental health facilities and home health. All facets of the health system are affected by staffing shortages. For example, a hospital will request that patients being transported via ambulance be “diverted” to the next nearest hospital and will delay scheduling for elective procedures.

(ADD LTC INTRO) Twenty nursing homes have closed their doors in the past 5 years because of constraints in providing quality care to residents. The impact is felt not just by residents who must find new nursing homes, but also throughout the communities that lose jobs and economic vitality.

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Building Blocks of the Workforce Shortage Problem

Aging Population

We've all hear of the population segment called the baby boom. Baby boomers are those people born between 1946 and 1964 and represent the largest segment of the US population that will continue to impact everything from the types of food we eat and cars we drive to the type of healthcare and services we need. According to the Minnesota Department of Administration, in 2005 there will be almost 1,500,000 baby boomers in Minnesota. This group accounts for one-third of the state's total population. As they rise in age so will the demand for services typically required by older

people.

A Growing Demand for Healthcare Services

The disproportionate growth in seniors will cause the demand for health services to increase at a rate never before seen. The healthcare sectors projected to be the most affected are those that rely the most heavily on healthcare labor: hospitals, clinics and long term care.

Hospitals & Clinics

In a hospital setting, patients 65 and older typically consume more than three times the amount of healthcare services and have twice as many physician visits as patients under 65. Additionally, this population typically experiences high incidences of chronic conditions such as arthritis, hypertension, diabetes, or heart disease, which can require significant healthcare maintenance services. By 2020, seniors will account for 16% of Minnesota's population but 41% of hospital discharges. If utilization patterns remain the same, inpatient admissions could increase by 80,000

visits per year by 2020.

Long Term Care

Today forty-five thousand Minnesotans live in senior care facilities is every part of the state, this represents approximately 7 percent of the states retiree population. Thousands more receive healthcare services in their homes and apartments. Statistically by 2020 when the retiree population reaches levels over 950,000 Minnesotans, the demand for senior care facilities could rise to over 65,000 – a 70 percent increase.

Fewer Workers and More Retirees

In 2005, there will be approximately 3.5 million working-age Minnesotans (ages 15-64) and 620,000 Minnesotans at the retirement age (age 65 and older). This means there will be approximately six working persons for every retiree. In 2020, there will be approximately 3.8 million working age Minnesotans, an increase of 8.5 percent. In contrast, the number of Minnesotans age 65 and older is expected to be more than 950,000 - an increase of more than 50 percent. The ratio of working persons to retirees is expected to decrease from 6 to 4. Healthcare providers will have a shrinking pool of applicants at a time when demand is burgeoning.

Workplace Stress

Under the MN/US XXX Law, it is unlawful for a nurses or other care provider to leave their post until a qualified staff replacement arrives. In response to shortages, healthcare providers have been forced to mandate overtime to solve gaps in staffing. At the same time, providers are treating more and more patients. The frantic pace and mandatory overtime caused by staffing shortages –

Currently, Minnesota's education system does not have the capacity to provide the supply of graduates needed to fill future demand. With reports of almost 1,000 qualified students on waiting lists for public nursing programs, why can't we just graduate more healthcare professionals to take care of our current and future demand? The answer is multi-faceted and varies by profession. The primary factors are outlined below:

- (1) **Lack of Funding:** Healthcare education programs are among the most expensive to operate, whether the program is offered at a private or public institution. In the Minnesota State Colleges and Universities system, tuition typically covers less than one-third of the cost of providing the instruction. Without public support, programs are unable to hire faculty, provide adequate classroom space, and coordinate clinical to meet the demand for expanded enrollment.
- (2) **Shortage of Qualified Faculty:** Faculty shortages in nursing and allied health in Minnesota and across the country are limiting student capacity at a time when the need for healthcare professionals continues to grow. According to the American Association of Colleges in Nursing, budget constraints, an aging faculty, and increasing wage competition from clinical sites have contributed to this emerging crisis. Highly educated nurses and allied health professionals are needed as faculty but can command much higher wages in practice settings. To meet demand for increasing enrollments programs must recruit potential faculty and provide flexible, affordable graduate education programs.
- (3) **Availability of Clinical Education Sites:** Students in nursing and allied health programs must complete an education experience at a clinical site – a hands-on, internship-type experience in a healthcare setting. Currently, almost all clinical sites report that they are at capacity and could not accept any more students. In nursing programs this is a major obstacle when considering expansion; in 4-year laboratory programs, there are only two accredited programs in the entire state.
- (4) **Student Awareness and Interest:** During the last decade, student enrollment in many allied health or the "behind the scenes" fields decreased, causing programs to either close or reduce in size. Anecdotal evidence indicates that many school counselors are unaware of these professional opportunities, commonly only being aware of high-visibility healthcare jobs such as nurses (where there are 1,000 students waiting on lists) and doctors, therefore are unable to educate others on available health career choices. In addition, today's high school students have many more opportunities from which to choose. So not only is the pie shrinking, so to speak, it is also being