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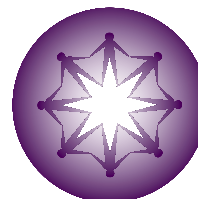
#### HOW POLICYMAKERS CAN HELP

##### *Avoid Higher Healthcare Costs and Limited Access to Quality Care*

To avoid future crises in healthcare costs and access issues, Minnesota must prepare now to meet the growing demands for healthcare services. There are no quick or easy solutions to this problem that has been building for years. Furthermore in order to be successful, all facets must be addressed – acting on singular issues of the whole just skews the problem. Many partnerships are underway to identify and implement strategies that will prepare Minnesota for the future, but leadership and investment from the legislature is essential to effectively address this problem. The key areas where you can help are:

##### *Increase Funding to Nursing and Allied Health Higher Education Programs*

- Adequate funding is among the top three barriers in nursing and allied health program expansion.
  - The other two include the availability of qualified faculty and clinical education sites – also affected by funding.
- Without increased funding, state programs cannot expand to meet the state's future demand for healthcare practitioners.



#### HEALTHCARE EDUCATION INDUSTRY PARTNERSHIP

Minnesota State University, Mankato  
www.heip.org  
Valerie DeFor, HEIP Director, 507-389-2140

##### *Expand Health Career Student Awareness and Tuition Assistance Programs*

- Existing state internship programs have helped to expand students' awareness of health careers.
- Tuition assistance programs have enabled providers to further the skills of their current staff and fill needed positions.
- Diversity programs have helped train many immigrants in skills needed by healthcare providers.

Further investment in these successful programs will help people secure stable employment while simultaneously preparing the state for healthcare's future labor demands.

##### *Support a Strong Healthcare System with Adequate Funding*

Because of state cuts, rates for long-term care have been frozen – as a result nursing homes have been unable to compete with other job opportunities causing high turnover and vacancy rate.

Minnesota's healthcare leaders recognize the impending healthcare crisis and have developed an innovative partnership – the Healthcare Workforce Collaborative – to identify and implement solutions. Since 2000, this collaborative effort helped prepare the state's healthcare delivery system to meet the increasing demand with fewer human resources. Led by HEIP, representatives of Minnesota's long-term care, hospital, practitioner, educator, government, and citizen groups prepared this document as an informational tool on healthcare workforce shortage issues.

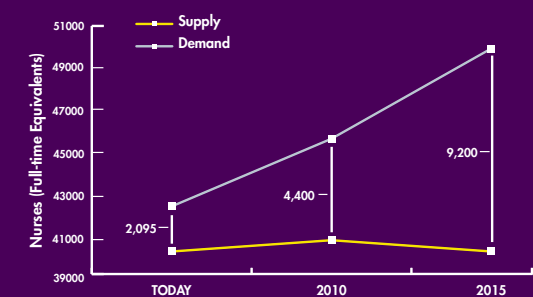
# HEALTHCARE LABOR SHORTAGE: GET THE FACTS.

Minnesota's healthcare community is on a demographically-induced collision course defined by an increase in retirees and fewer workers coupled with a growing demand for healthcare services.

Compounding these issues are significant capacity and funding constraints in the state's healthcare education programs – the key to our future labor supply of care providers. According to the Health Resources and Services Administration (HRSA), Minnesota will likely experience vacancy levels in registered nursing – the largest employment group in healthcare – of over 4,400 by 2010 and 9,200 by 2015. Alarming similar forecasts are anticipated in almost all healthcare programs including laboratory, radiology, pharmacy, home health aide, respiratory therapy, and nursing assistants.

*Labor analysts and healthcare experts agree that the undeniable and unavoidable aging of our state's population has the potential to cripple our healthcare delivery system.*

REGISTERED NURSES SUPPLY vs. DEMAND  
Today vs. 2015



The 2,100 nursing vacancies will more than double to 4,400 by 2010 and will keep rising to an estimated 9,200 vacancies by 2015.

Sources: Healthcare Resources and Services Administration and Minnesota Department of Employment and Economic Development



*The disproportionate growth in seniors will cause the demand for health services to increase at an unprecedented rate.*

Already Minnesota healthcare providers are reporting alarming labor shortages. Difficulties have been reported in all areas of the state in both hospital and long-term care settings. “We could lose one or two RN positions – it would be tight but we could get by,” comments Jon Linnell, CEO, North Valley Health Center, Warren, “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.”

## WHAT WILL THIS MEAN FOR MINNESOTANS?

### Increased Healthcare Costs

Healthcare is a labor-intensive service. Nearly 60 percent of a hospital’s and 70 percent of a long-term care provider’s budget goes to pay salaries and benefits. 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. Nursing homes are forced to limit beds or even close their doors when finances don’t allow them to provide adequate staff.

### Decreased Access to Care

As the shortage worsens, Minnesotans will experience longer waiting periods and limited resources for patient care. Currently, both urban and rural hospitals divert ambulances because of patient capacity issues. 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.**

The financial crisis in long-term care is real. Since 2000, 43 nursing homes have closed; 23 have closed since 2003. The impact is felt not just by residents who must find new nursing homes, but also in the communities that lose jobs and economic vitality.

## WHAT IS CAUSING THE PROBLEM?

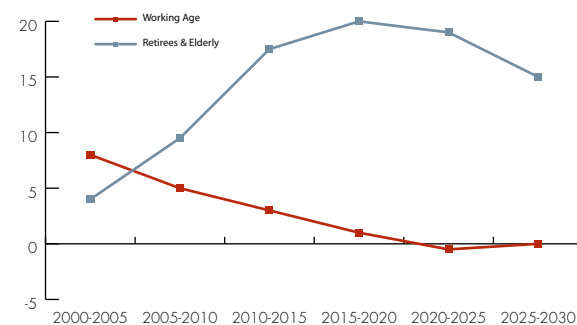
### An Aging Population

According to the Minnesota Department of Administration, in 2005 there will be almost 1.5 million baby boomers in Minnesota. This group accounts for one-third of the state’s total population.

### Fewer Workers and More Retirees

In 2005, there were approximately 3.5 million working-age Minnesotans (ages 15-64) and 620,000 Minnesotans at the retirement age (age 65 and older). 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. Healthcare providers will have a shrinking pool of applicants at a time when demand is burgeoning.

POPULATION PERCENTAGE GROWTH:  
Minnesota Working Age vs. Retirees & Elderly



Source: Minnesota Department of Employment and Economic Development

### Growing Demand for Healthcare Services

The disproportionate growth in seniors will cause the demand for health services to increase at an unprecedented rate.

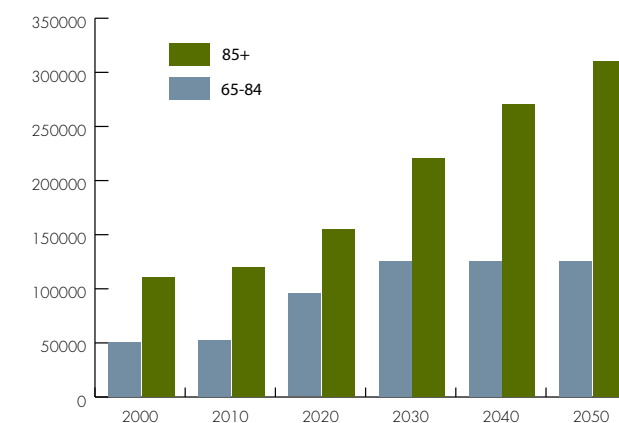
### Hospitals & Clinics

In a hospital setting, patients age 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, and heart disease, which can require significant healthcare maintenance services. By 2020, seniors will account for 16 percent of Minnesota’s population but 41 percent 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 45,000 Minnesotans live in senior care facilities in every part of the state, this represents approximately 7 percent of the state’s retiree population. Thousands more receive healthcare services in their homes and apartments. **By 2020 when the retiree population reaches 950,000 Minnesotans, the demand for senior care facilities could rise to over 65,000 – a 44 percent increase.**

MINNESOTA POPULATION 65-84 and 85+  
in need of long-term care: 2000-2050



Source: Minnesota Department of Employment and Economic Development

## WHY IS IT DIFFICULT TO FIX?

### Supply of New Graduates Not Meeting Demand

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 (Fall 2003) qualified students on waiting lists for public nursing programs, why can’t we just graduate more healthcare professionals? The answer is multi-faceted and varies by profession. The primary factors are outlined below:

- **Lack of Funding:** Healthcare education programs are among the most expensive to operate. 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 and provide adequate classroom space to meet the demand for expanded enrollment.

- **Shortage of Qualified Faculty:** Faculty shortages in nursing and allied health are limiting student capacity at a time when the need for healthcare professionals continues to grow. Budget constraints, an aging faculty, and increasing wage competition from providers contribute to this emerging crisis.
- **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, most clinical sites report they are at capacity and could not accept any more students.

## IDENTIFIED SOLUTIONS

Those concerned with the state healthcare system and our ability to meet future care needs – including healthcare providers, employees, education, government, and citizens – are partnering to address these issues before this labor shortage reaches crisis proportions.

### Increase the Supply of Qualified Healthcare Professionals

The only way to significantly impact the state’s capacity to graduate the healthcare professionals needed is to consider healthcare education’s unique constraints. A multi-faceted approach should include:

- increasing interest and opportunities in healthcare careers among traditional students, career changers, and diverse populations;
- providing graduate education and financial support for nursing educators;
- addressing the shortage of clinical sites; and
- increasing funding to support healthcare education and employment.

### Improve Retention of Existing Healthcare Professionals

In conjunction with increasing the supply of healthcare graduates to fill vacancies, healthcare employers are working to minimize workplace stress, provide opportunities for training and career advancement, and offer competitive wages and benefits. Many providers recognize that the most cost-effective strategy for addressing labor shortages is to improve retention. Many employers have partnered to address these issues and are working to share best practices throughout the state.