

# Healthcare Employers in Dire Need of an Expanded Workforce Pipeline

The pandemic has led to one of the worst U.S. recessions in history and has dramatically exacerbated cyclical workforce shortages in healthcare. But this period is unlike any other the healthcare sector has experienced; it's an historic disruption that is reshaping the workforce and the workplace. For healthcare providers – who must staff 24/7, largely in-person operations where lives literally are at stake – today's workforce challenges are on an unprecedented level.

While the pandemic prompted large shifts to remote work, including telemedicine, the majority of essential healthcare services requires in-person performance. In past workforce shortages, healthcare providers have recruited nurses and other workers from other states or even other countries, but COVID-19's worldwide impact has created a global competition for staff. And perhaps no other industry has seen its team members tested and strained as healthcare has in this pandemic, with burnout and fatigue settling in for many of these dedicated caregivers.

Not only has there been increased demand for clinical care providers, but the pandemic has also had a universally negative effect on the available workforce in general, with challenges in virtually all sectors of business and industry competing for talent at all levels. Healthcare job openings for both skilled and unskilled support workers are now harder and take longer to fill with competition from all types of industries. While these industries may not offer the satisfaction of caring for others and saving lives, they can compete with healthcare in flexibility, remote work, strong wages, benefits packages, and incentives to attract workers.

## Quantifying the Gap

A recent survey of N.J. hospitals by the New Jersey Hospital Association showed that it is taking longer and costing more to fill healthcare jobs. Because of those challenges, hospitals are increasingly turning to agency and traveler staff to fill essential positions that are needed to maintain healthcare capacity in New Jersey.

NJHA's survey, representing 70 percent of the state's acute care hospitals, illuminated some concerning trends:

- For registered nurses, the vacancy rate increased 64 percent, from 8.2 percent in 2020 to 13.4 percent in 2021. The vacancy rate measures the number of unfilled positions relative to the total number of employees.
- The vacancy rate for nurse extenders (which include positions such as certified nurse aides) increased 37 percent, from 12.4 percent in 2020 to 16.9 percent in 2021.
- The reliance on agency registered nurses increased 66 percent, from 3.6 percent in 2020 to 6.0 percent in 2021.
- For nurse extenders, the reliance on agency staff increased 68 percent, from 2.9 percent in 2020 to 4.9 percent in 2021.
- Hospitals spent approximately \$499 million for overtime in 2020 and are projected to have spent approximately \$592 million in 2021.
- Hospitals spent approximately \$222 million for agency and traveler staff in 2020 and are projected to have spent more than three times that amount – \$670 million – in 2021. This represents an increase of 202 percent in just 12 months.

### 2021 vs 2020 Registered Nurses Vacancy Rate



### 2021 vs 2020 Registered Nurses Agency Reliance Rate



New Jersey's experience is reflected in national trends, including:

- Hospitals and health systems are paying \$24 billion more per year for qualified clinical labor than they did pre-pandemic.
- The annual rate of turnover in emergency, ICU and nursing departments increased from 18 percent pre-pandemic to 30 percent in 2021.
- The use of agency and temporary labor increased 132 percent for full time workers and 131 percent for part-time workers.
- Travel nurse rates jumped more than 200 percent.
- Hospitals are spending approximately 63 percent more for travel RNs than they did at the start of 2020.  
(Source: AHA 2022 Environmental Scan, <https://www.aha.org/environmentalscan>)

### Burnout and Fatigue Fuel “The Great Resignation”

The U.S. Bureau of Labor Statistics reports that 4 million Americans quit their jobs in July 2021. A recent in-depth analysis using data from 4,000 global companies across a variety of industries and more than 9 million employee records identified two key trends of what is referred to as the “Great Resignation.” Resignation rates are highest among mid-career employees, particularly between 30 and 45 years old; and resignations are highest in the tech and healthcare industries. In 2021, 3.6 percent more healthcare employees quit their jobs than did in 2020. (Ian Cook, *Who Is Driving the Great Resignation*, Harvard Business Review, Sept. 15, 2021, <https://hbr.org/2021/09/who-is-driving-the-great-resignation>)

## Workforce Amid the Omicron Surge

Hospital volumes remained depressed in the fall of 2021, even before the highly contagious Omicron variant began to spread, straining hospital capacity and driving up expenses beyond pre-pandemic levels. In January 2022, COVID hospitalizations in New Jersey breached the 6,000-case level, a COVID patient volume not seen since May 2020. The elevated volumes combined with widespread labor shortages have the combined impact of stressing hospital resources, as all healthcare providers compete for a limited labor pool. Increased labor expenses and a growing workforce shortage are creating a significant operational challenge as many hospitals moved to contingency staffing to ensure bed capacity. The N.J. National Guard and Federal Emergency Management Agency deployed strike teams to hard-hit parts of the state to bolster healthcare staffing levels.

In a Jan. 6, 2022, report issued by Standard & Poor's Global Ratings, the rating agency opined that "labor expenses and shortages pose the biggest near-term risk for most providers and will likely remain a pressure point beyond 2022. Labor, by far, is the highest expense category for a health care organization—typically more than half of annual expenses—so even minor disruptions can be costly. Although the healthcare industry has always had periods of staffing challenges, those ignited by the pandemic are more widespread, severe, and expensive to address."

## Long-Term Outlook

In its report, *Supply and Demand Projections of the Nursing Workforce*, the U.S. Health Resources and Services Administration predicts that New Jersey will face the third largest nursing shortage in the nation by 2030, with a projected shortfall of 11,400 nurses. And that report, issued in 2017, precedes the compounding impact of COVID-19. (U.S. HHS/HRSA, *Supply and Demand Projections of the Nursing Workforce: 2014-2030*, July 21, 2017, <https://bhw.hrsa.gov/sites/default/files/bureau-health-workforce/data-research/nchwa-hrsa-nursing-report.pdf>)

New Jersey healthcare employers must continue to collect and use critical data not only to gauge such shortages but also to generate solutions to retain and augment existing staffing, including ways to rebuild a consistent pipeline of workers across the healthcare continuum. These metrics – including vacancy, time-to-fill, turnover and related reasons for leaving – along with efforts toward building a culture of retention, are significant in identifying common challenges and helping to generate ideas to promote a stable employment culture. Now more than ever, the basic economic theories of supply and demand require collective action to increase the short- and long-term supply of candidates who choose a career committed to healing and caring.

## Strategies to Rebuild Healthcare's Workforce

The magnitude of the staffing crisis faced by New Jersey hospitals revealed by NJHA's survey data, demands a coordinated, systemic and strategic approach, both now and for the future. While this analysis has focused primarily on hospital staffing issues, the workforce crisis exists across the full spectrum of healthcare providers.

Several strategies have been undertaken to curb further immediate outflow of available healthcare staff. The following short-term strategies are focused on supporting the patients at the bedside.

N.J. Executive Orders 280 and 281 – The reinstatement of a Public Health Emergency by Governor Murphy was critical to extending prior temporary staffing waivers beyond Jan. 11, 2022. The full list of waivers included is extensive, but the following examples illustrate some of the relief afforded to healthcare organizations regarding staffing:

- Reinstating reciprocity for out-of-state certified nurse aides (CNAs) to be hired by N.J. long term care facilities, assisted living facilities, assisted living programs and comprehensive personal care homes.
- Reinstating waivers permitting foreign nurses, graduate nurses and student nurses to work as CNAs under certain circumstances.
- Allowing CNAs with expired certifications to continue working during the existence of the public health emergency and for 45 days thereafter.
- Extending by 90 days the expiration dates for CNA certifications.

Healthcare Workforce Law – Passage of the Healthcare Workforce Law (P.L. 2021, c.368) extends the licensure or certification deadline for the following healthcare workers until June 30, 2022:

- *Temporary Emergency Licensure Program* – The TERL program grants emergency licenses to healthcare practitioners from states outside of New Jersey. In addition to nurses, the program applies to an extensive list of healthcare professionals including medical doctors, home health aides, social workers and psychologists. Without the extension of this temporary emergency licensure, N.J. would not be able to employ nurses who are licensed in New York or Pennsylvania unless these out-of-state licensees obtained their plenary N.J. licenses, which is a much lengthier process.
- *Graduate Nursing Program* – This program allows nurses who have graduated, but have not yet received their license, to work in hospitals (under proscribed requirements for supervision and oversight). This should have immediate impact since nurses recently graduated in December 2021. It will also apply to May 2022 graduates, who will be permitted to work under emergency licensure until June 30, 2022.
- *Temporary Nursing Aides (TNAs)* – Individuals were approved by the Centers for Medicare and Medicaid Services and the N.J. Department of Health to work as temporary nursing aides during the pandemic. They were permitted to be recognized as full CNAs after they completed an 8-hour online course and their competencies were documented by the facility. Individuals who received their TNA certification by Jan. 11 are permitted under the statute to work until June 30, 2022. No new applicants for TNA status are permitted after the Jan. 11 date.

In addition to such short-term approaches, mid-to-longer term strategies can be directed toward ensuring a future workforce pipeline. Coalition activities including diverse stakeholders, so as to ensure the recruitment of a future workforce from disadvantaged communities, is a critical component of this planning. Working together, a coalition of healthcare organizations, education (with a focus on community colleges and vocational-technical schools) and government partners such as the N.J. Department of Health, Department of Education and the Division of Consumer Affairs and its professional and occupational boards and committees, can engage to target the goal of improving the future pipeline of healthcare workers. This work must include assessing and implementing curriculum changes, opening more slots for students who want to work in a healthcare setting, examining the availability of appropriate numbers of faculty to support an increase in student enrollment, examining the qualification requirements for faculty in different healthcare training programs, and exploring other systemic changes that will benefit future healthcare workers and further support the health of the people in New Jersey communities.

Government intervention in the form of up-front investments can also contribute to building a diverse workforce pipeline as well as ensuring an ongoing means of support for the professional development of existing staff. The ultimate goal is for hospitals to have a healthcare workforce adequate enough to meet the needs of the communities they serve without overt reliance on supplemental staffing (i.e., travel and agency nurses).

Visit [www.njha.com/chart](http://www.njha.com/chart) for additional resources.