

NAVIGATING THE HEALTHCARE WORKFORCE CRISIS



Michigan hospitals are vital to the health and wellness of our communities. Not only do they provide important scheduled and emergency care, but they also are large economic drivers. Our member organizations are dependent on labor and could not do what we do every day without a vast team of clinicians, such as physicians and nurses, and non-clinical support staff, ranging from administrators to environmental service and food service workers. With the baby boomer generation at retirement age, hospitals and health systems, regardless of size, were already experiencing talent challenges. Dramatically exacerbated by the COVID-19 pandemic, the healthcare workforce shortage is now a crisis.

Hospitals and health systems had no choice but to utilize contract labor to immediately respond to growing staffing challenges. These investments have come at a cost, as **hospitals statewide are projected to spend \$1 billion more in 2022** than they did prior to the pandemic on just contract labor and recruitment and retention expenses. Hospitals already operate on razor-thin margins and when 50% of overall expenses are related to labor, growth such as this is clearly unsustainable. Due to the discrepancy in available staff, Michigan currently has 1,400 less staffed hospital beds than in Oct. 2020 simply due to a lack of available workers.

Thankfully, our state's lawmakers answered our call and provided much needed state funding to help address the crisis in the form of \$225 million to hospitals for the recruitment, retention and training of healthcare workers. This report provides a snapshot of the impact the funding has already had in just the three months since it has been distributed into the field. It shows the many creative programs hospitals have developed to recognize and keep existing staff and hire new employees. For example, we are seeing new partnerships throughout the state between hospitals and post-secondary institutions to improve and expand nursing degrees. Programs like these are crucial to expanding the talent pipeline and creating career opportunities for students throughout Michigan.

However, hospitals are not out of the woods yet. While extremely valuable, this funding just makes up less than one quarter of increased yearly labor expenses for hospitals. **The data clearly shows we need more help.**

Efforts must continue to address the needed supply of healthcare workers, essential to providing safe and timely access to patient care across our communities. Hospitals and health systems not only offer well-compensated positions with strong benefits, careers in healthcare truly make a difference in the lives of our neighbors and society. Hospital careers also exist in communities large and small, helping to keep college graduates and young professionals in our state. It is our hope this report will demonstrate the tremendous impact state funding has had and illustrate the benefits of continued support of future workforce initiatives.



Brian Peters
MHA CEO Brian Peters



T. Anthony Denton
2022-23 MHA Board of Trustees Chair
T. Anthony Denton

ABOUT THE MICHIGAN HEALTH & HOSPITAL ASSOCIATION

OUR MISSION:

We advance the health of individuals and communities.

Based in greater Lansing, the Michigan Health & Hospital Association advocates in Michigan and Washington, DC, on behalf of healthcare providers and the communities and patients they serve. The MHA is a nationally recognized leader on initiatives that protect and promote quality, cost-effective and accessible healthcare. The MHA represents:



162 member hospitals,

of which 129 are community hospitals

18 health systems (11 based in Michigan;

7 headquartered in other states)

82 teaching hospitals

7 public hospitals

6 children's hospitals

51 rural hospitals

37 critical access hospitals

96 urban hospitals

MICHIGAN HOSPITALS SERVE PATIENTS 24 HOURS A DAY, 365 DAYS A YEAR.

- 4 million** people treated in emergency departments
- 33 million** outpatient visits conducted
- 5 million** inpatient care days
- 994,000** patients admitted for care & treatment
- 97,300+** babies delivered
- Average length of stay – **5.33 days**

2020 data from the American Hospital Association Annual Survey.



Leading Healthcare

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IMPROVING RECRUITMENT, RETENTION AND TRAINING OF MICHIGAN'S HEALTHCARE WORKFORCE



MHA HEALTHCARE WORKFORCE GRANT REPORT

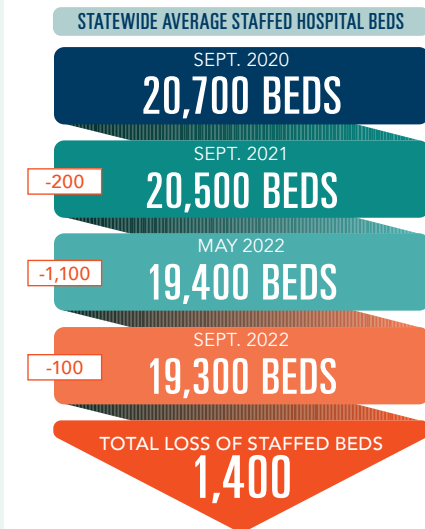


STATUS OF THE HEALTHCARE WORKFORCE

Hospitals and health systems experienced staffing shortages in recent years, but the situation became more severe once the COVID-19 pandemic began. Significant healthcare staff vacancies have led to astronomical unbudgeted and unexpected expenses associated with contract labor and the recruitment and retention of staff. Many vacancies were due to unscheduled and abrupt employee retirements, resignations and reduced hours due to burnout and increased rates of violence against healthcare workers. The continued need to temporarily fill these shortages through contract labor has led to overall contract labor expenses quadrupling and presents an untenable situation for hospitals and health systems moving forward. Overall, these challenges represent a serious risk to access to timely, appropriate care in many communities.

HEALTHCARE SHORTAGES BY THE NUMBERS

STATEWIDE VACANCIES



HELP WANTED

The median tenure of nurses working in hospitals from March 2021 to March 2022 **decreased 19.5% nationally**, a strong indicator of turnover amongst front line nursing staff, according to Epic Research, a leader in electronic health records.

HELP WANTED

The **average national registered nurse vacancy rate at hospitals in 2022 is 17%**, which is significantly higher than the 2021 average of 9.9%, according to the 2022 NSI National Health Care Retention and RN Staffing Report.

The loss in average staffed hospital beds statewide in Michigan is the equivalent to the state losing a large urban hospital. However, staffed beds have stabilized since the state workforce grant was distributed.

RATES OF VIOLENCE

Since the onset of the pandemic:

44% of nurses report experiencing physical violence.

68% of nurses report experiencing verbal abuse.

These worrisome statistics only make recruitment and retention harder. To combat it, hospitals are offering de-escalation trainings, improving incident reporting and tracking and pursuing changes to physical environments, work practices and administrative procedures.



MAINTAINING ACCESS TO CARE

Competition for ambulance, nursing and medical assistant positions are fierce and wages are the main factor. McKenzie Health System has not only used their funding to increase wages to retain staff but are sending potential ambulance staff to basic training and recruiting a primary care physician to a position that has been vacant since the pandemic. Operating in the Thumb, both ambulance staff and primary care physicians are crucial to access to care for a large rural region.

IMPACTING COMMUNITIES ACROSS MICHIGAN



INPATIENT VOLUMES AT MY HOSPITAL HAVE DOUBLED AND OUTPATIENT VOLUME IS UP 30%. THE STATE WORKFORCE FUNDING HAS BEEN CRUCIAL TO OFFSETTING SOME OF THE EXPENSE FROM TRAVEL CONTRACTS WHICH WERE INFLATED FOR SOME ROLES THREE TIMES PRE-PANDEMIC RATES. IT HAS HELPED US OFFER INCENTIVES TO THE FRONTLINE CAREGIVERS WHO STAYED EMPLOYED WITH US INSTEAD OF BEING LURED AWAY BY SIGN-ON BONUSES FROM OTHER BUSINESSES. AS THE MARKET SHIFTED DRAMATICALLY, IT ALSO HELPED OUR ABILITY TO PROVIDE HIGHER THAN NORMAL BASE WAGE INCREASES. ANYTHING THAT CAN BE DONE TO HELP ADDRESS RISING LABOR COSTS IS EXTREMELY APPRECIATED.

– Helen Johnson, RN, MSN, NEA-BC, FACHE, president, Sparrow Eaton Hospital



DESPITE MANY EFFORTS, HILLSDALE HOSPITAL CONTINUES TO HAVE STAFFING VACANCIES AND TURNOVER. TO MAINTAIN HEALTHCARE SERVICES IN THE HILLSDALE COMMUNITY, THE USE OF CONTRACT LABOR IS STILL REQUIRED. THESE OUTRAGEOUS COSTS HAVE NEGATIVELY IMPACTED THE OPERATING INCOME OF THE HOSPITAL GIVEN THE CONTRACT LABOR COSTS ARE EQUAL TO FOUR TIMES THE COSTS OF EMPLOYED STAFF. THE WORKFORCE GRANT IS DEFRAYING THE COSTS OF TEMPORARY LABOR WHILE SUPPORTING NUMEROUS ON-GOING EFFORTS IN OUR PURSUIT OF ATTRACTING, RETAINING AND TRAINING OUR WORKFORCE. THIS FUNDING HAS BEEN INSTRUMENTAL IN MAINTAINING OUR ABILITY TO PROVIDE CARE THROUGHOUT OUR REGION.

– JJ Hodshire, president and CEO, Hillsdale Hospital



AS A RESULT OF THIS FUNDING WE HAVE BEEN ABLE TO ADDRESS CRITICAL STAFFING SHORTAGES ACROSS OUR STATEWIDE HEALTH SYSTEM. WE HAVE INVESTED IN SHORT-TERM RETENTION STRATEGIES FOR MANY JOB ROLES, INCLUDING COMMITMENT INCENTIVES, SIGN-ON BONUSES AND TEMPORARY LABOR RESOURCES. LONG-TERM, WE HAVE LAUNCHED PIPELINE DEVELOPMENT AND TRAINING PROGRAMS THROUGHOUT THE STATE. THESE PROGRAMS HOLD GREAT PROMISE AND WILL HELP US ATTRACT AND RETAIN COLLEAGUES IN IDENTIFIED JOB CATEGORIES OF NEED. WHILE MORE WORK IS NEEDED AND ADDITIONAL INVESTMENT WILL BE REQUIRED TO ADDRESS FUTURE LABOR CHALLENGES, WE BELIEVE THIS WORK IS HELPING OUR MEDICAL TEAMS MEET THE NEEDS OF THE COMMUNITIES WE SERVE, WHILE ALSO CREATING PATHWAYS FOR OUR COLLEAGUES TO DEVELOP REWARDING CAREERS IN THE HEALTHCARE FIELD.

– Shannon Striebeck, president, Trinity Health Oakland and senior vice president of operations, Trinity Health Michigan

IMPACT OF STATE WORKFORCE FUNDING

Through Public Act 9 of 2022, Michigan's lawmakers significantly assisted hospitals in reacting to the healthcare workforce crisis and provided stability to the industry. Hospitals experienced improved retention rates and lower total vacancies since funding was received June 2022. Hospitals have used the funding for recruitment, retention and referral bonuses, contract labor, pay scale adjustments for clinical and support staff, education reimbursement and orientation and training. It has also led to the development of several innovative workforce training programs to grow the talent pipeline in areas such as nursing. However, more support is needed to address record growth in labor expenses through this year and create a sustainable financial environment for hospitals.

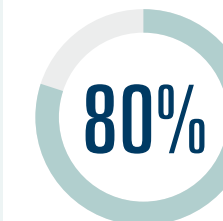
WORKFORCE GRANT RESULTS

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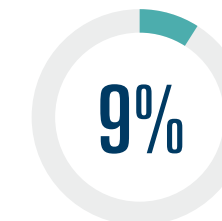
Michigan hospitals submitted expenses from Dec. 2021 – July 2022.

\$164 million

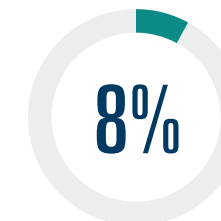
Reimbursed expenses during this time period.



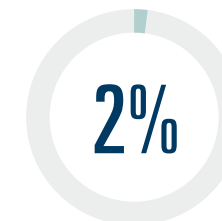
Contract and Temporary Labor



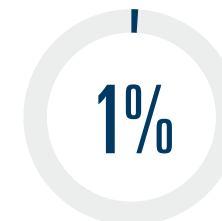
Retention



Training

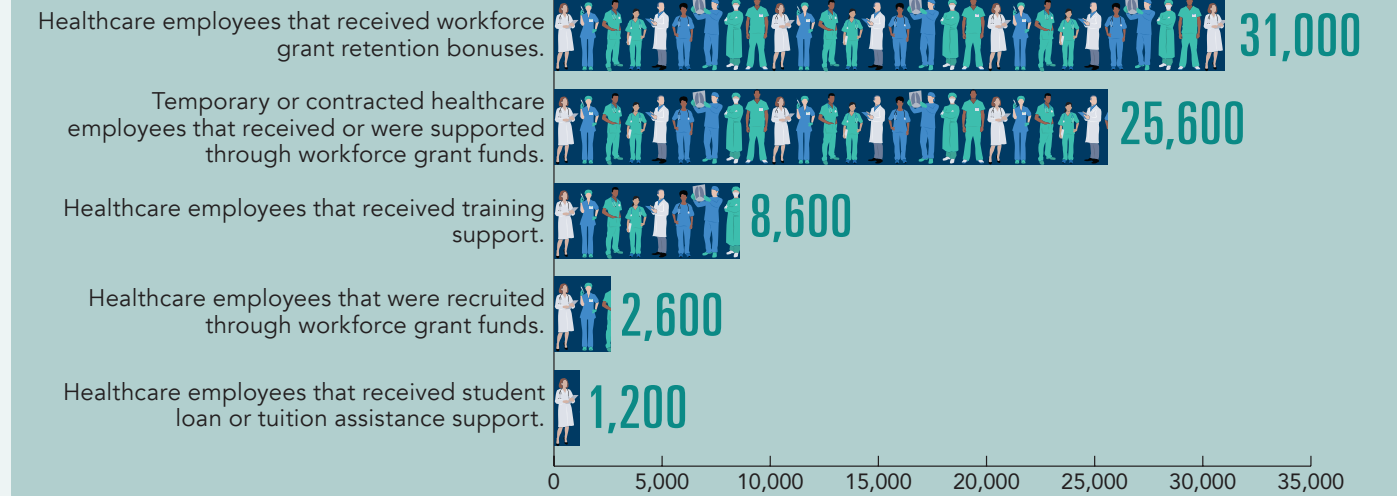


Recruiting



Tuition Assistance and Student Loan

69,000 HEALTHCARE WORKERS IMPACTED



HOSPITAL FINANCIAL IMPACT

One Community's Experience

Sparrow Eaton Hospital's salaries and wages increased \$3.5 million year-over-year. 63% of that growth was due to a contract labor expense of \$2.2 million.



INNOVATIVE HOSPITAL NURSING PROGRAMS

Multiple hospitals are utilizing grant funds to address nursing shortages. Both Pine Rest Christian Mental Health Services and Hillsdale Hospital are offering similar tuition assistance programs for nursing students, while BSH System has partnered with Oakland University and Grand Valley State University to provide investments that should ultimately lead to 500 additional nursing students in each region.