AN ACUTE CRISIS:

How Workforce Shortages are Affecting Access & Costs

IN THIS REPORT:

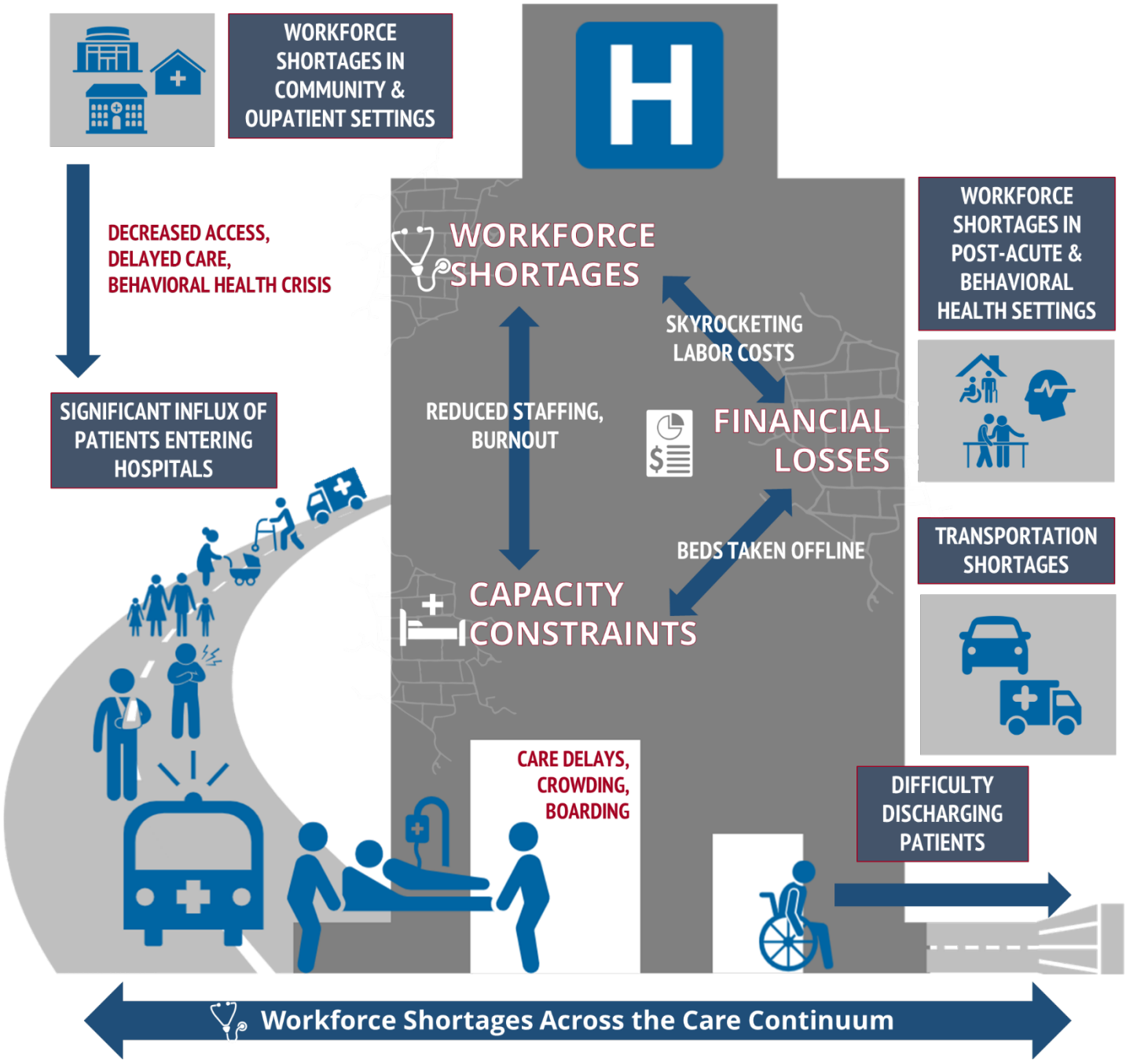
MHA MASSACHUSETTS Health & Hospital ASSOCIATION

October 2022

The Massachusetts healthcare system is in crisis. An estimated 19,000 acute care hospital positions are unfilled. Wait times have increased as hundreds of patients are boarding in emergency departments and other units. Hospitals are seeing unprecedented backups in transferring patients to post-acute care settings, as well as skyrocketing labor costs – including a projected $1 billion in travel labor costs this year alone – to recruit and retain the workers who make their facilities run.

The effect on access and costs is real. These challenges, which are resulting in care delays and reduced access to services, are now evident to many patients and families entering a healthcare facility or trying to address their care needs. Yet the direct connections between workforce shortages, capacity constraints, and financial losses — which are more extreme than ever — are often misunderstood by those outside of the healthcare system.

MHA, its membership, state leaders, and other partners are working daily to address these challenges in a direct, highly collaborative manner. **This report, which summarizes the results of a recent workforce survey, is intended to illustrate the relationship between these challenges and to help inform ongoing efforts to grow the commonwealth's base of healthcare professionals.**



The Hospital Workforce Shortage

The new Massachusetts Health & Hospital Association (MHA) survey was conducted in the summer of 2022 and found that respondent hospitals – representing 70% of total acute care hospital employment in the state – currently have 6,650 vacancies among 47 key positions that are critical to clinical care and hospital operations. These positions range from direct care nurses to laboratory personnel, clinical support staff, and more. The median vacancy rate for these positions is 17.2%, and for several positions, as shown in *Figure 1*, the vacancy rate is much higher. Forty-two of these positions have double-digit vacancy rates and 18 have a vacancy rate that is greater than 20%.

These 47 positions account for less than half of all positions within hospitals. **Extrapolating the vacancy data to all positions in all Massachusetts acute care hospitals, an estimated 19,000 positions are unfilled.**

Figure 1: *Massachusetts Hospital Vacancy Rates by Job Family & Position*

NURSING

Job Name	% Vacancy Rate
Licensed Practical Nurse (LPN)	56%
Infection Control Nurse	26%
Nurse-Midwife (Certified)	25%
Psychiatric RN	21%
Nurse Practitioner (APRN)	18%
Emergency Department RN	17%
Med/Surg RN (Acute Care)	17%
Nurse Anesthetist (CRNA)	17%
Operating Room Nurse	13%
ICU RN (NICU, PICU, ICU, etc.)	10%
PACU RN	8%
Labor and Delivery RN	8%
Clinical Nurse Specialist (CNS)	8%

SUPPORT

Job Name	% Vacancy Rate
Home Health Aide	34%
Sitter	30%
Certified Nurses Aide (CNA)	24%
Environmental Services Worker	18%
Food Services Worker	15%
Medical Assistant (Certified)	15%
Operating Room Aide	14%
Patient Transporter/Courier	14%

PT/OT

Job Name	% Vacancy Rate
Occupational Therapy Assistant	17%
Physical Therapist	13%
Physical Therapy Assistant	12%
Occupational Therapist	10%

BEHAVIORAL HEALTH

Job Name	% Vacancy Rate
Mental Health Worker/Technician (MHW)	32%
MSW Social Worker (LCSW)	29%
Psychologist	27%
Licensed Independent Social Worker (LICSW)	24%
Mental Health Counselor	17%
Social Worker (BSW)	17%

TECH

Job Name	% Vacancy Rate
Pulmonary Function Technician	35%
Paramedic	28%
Surgical Technician/Technologist	26%
Anesthesia Technologist	24%
Registered Respiratory Therapist (RRT)	20%
Cardiac Catheter Tech	19%
Endoscopy Technician	19%
Medical Technologist (MT)	16%
Pharmacy Technician	15%
Radiologic Technologist	13%

OTHER

Job Name	% Vacancy Rate
Patient Safety Specialist	22%
Phlebotomist	21%
Laboratory Assistant	17%
Physician Assistant	16%
Pharmacist	11%
Administrative/Clerical Staff	10%

While the pandemic affected employment across all sectors, the workforce disruption within healthcare is especially troubling. What's more, vacancies have accelerated within *all* settings across the continuum of care, creating further strain within hospitals. As non-acute organizations are forced to reduce care capacity due to their own severe workforce shortages, hospitals are full of patients who could otherwise be cared for in more appropriate settings. This new reality places further demands on an already-stressed system that is bracing for the approaching flu season, a predicted rise in COVID-19 cases, along with the rising needs of an aging population and a worsening behavioral health crisis.

The Hospital Workforce Shortage: Skyrocketing Labor Costs

The unprecedented shortage of healthcare workers is driving labor costs to an unsustainable level and destabilizing the already fragile state of hospital financials.

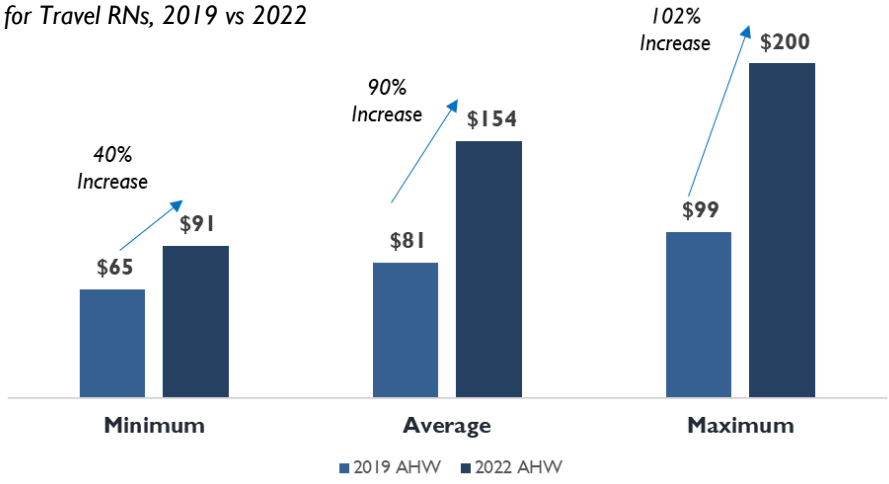
High Labor Costs: Investments in Increased Compensation

Approximately 70% of the typical hospital dollar is spent on labor costs, including wages, benefits, and purchased services. Today, hospitals are spending much more on those labor costs with significant increases in average hourly wages (AHW) for hospital employees in key positions. Hospitals are offering extensive signing bonuses and retention packages to keep employees, including those that work at the bedside. The MHA workforce survey found that the median increase in AHW for the 47 positions surveyed exceeded 13% compared to the pre-pandemic period, with some increases over 20%.

High Labor Costs: Travel Labor Spending

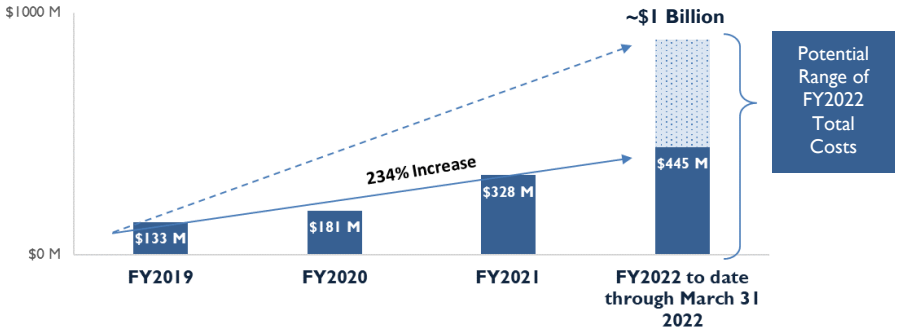
In addition to compensation-related spending for recruitment and retention, hospitals have had to rely on high-cost temporary staffing through "traveler agencies" to fill critical positions that allow them to maintain care for patients. **The average hourly wage rates for travel nurses far exceed the rates paid pre-pandemic, with an average increase of 90% since 2019**, as shown in *Figure 2*. Given the mission and imperative to continue treating patients in the midst of a severe workforce shortage, a global pandemic, and a behavioral health crisis, hospitals have painfully absorbed these skyrocketing costs.

Figure 2: *Change in Median Average Hourly Wage Range for Travel RNs, 2019 vs 2022*



To fill these vacancies over the past year and more, Massachusetts hospitals reported that halfway through Fiscal Year 2022 they had spent $445 million on temporary registered nurse staffing, which is significantly more in just the first six months of this year than they had spent in total in any previous years. **From Fiscal Year 2019 to March 2022, temporary RN staffing costs increased 234%. If this trend continues, Massachusetts is on track to approach an unprecedented $1 billion in spending on just temporary RNs for the full FY2022** (see *Figure 3*)**.**

Figure 3: *Temporary RN Staffing Costs, FY2019 through March 31 FY2022*



> *To ensure we have enough workers at the bedside to deliver safe care, we are paying traveler agencies in one month what we used to expend for travelers in an entire year. It's the most unsustainable cost pressure my hospital has ever faced.*
>
> - Community Hospital CEO on travel agency costs

In addition to hiring temporary nurses, hospitals have also had to rely on temporary staff for non-nursing positions. A recent MHA survey of hospitals, which represented 83% of staffed beds in the state, found that the cost of temporary non-RN clinical staffing reached $179 million halfway through FY2022 and is on track to reach $350 million-plus by year's end if the trend continues.

The billion-plus dollars in spending for temporary labor, and the sharp increases of healthcare wages in Massachusetts – an already high-wage state relative to the rest of the U.S. – is simply unsustainable.

High Labor Costs: Financial Losses

Hospitals, which have never closed their doors over the duration of the public health crisis, are losing money on a daily basis.

The Center for Health Information and Analysis' (CHIA)'s most recent quarterly report through June 30, 2022 shows:

- The statewide median operating margin for hospitals was *negative* 1.4%, 3 percentage points worse compared to the same period last year.
- The statewide total margin was *negative* 4.4%, 9.7 percentage points worse compared to the same period in the prior year.
- Of the 59 hospitals reporting, 78% reported *negative* total margins during this time period. 39 of 41 hospital affiliated physician organizations reported a net loss for the period.
- **Through June of 2022, aggregate expenses exceeded aggregate total operating revenue by $278 million, a figure that includes government relief.**

While the state and federal government have provided meaningful relief funding, hospitals and their affiliated providers have reported an excess of $2.5 billion in further pandemic-related losses.

Inflation is also a major compounding factor. Like the rest of the economy, healthcare providers are grappling with historic inflationary cost pressures within all essential areas of their operations, including labor, fuel, supplies, pharmaceuticals, and cybersecurity. But unlike other sectors, providers cannot simply pass along increases to their customers (patients), meaning they must absorb those increases on their own.

Faced with such staggering losses and thin margins, hospitals will be required to make difficult decisions, including potential reduction of services.

The Hospital Workforce Shortage: Severe Capacity Constraints

Thousands of healthcare positions are unfilled at the same time patient volumes are increasing, a dynamic that has created severe capacity pressures at Massachusetts hospitals. The hospital capacity crisis is being driven by an uptick in emergency department demand, inpatient and ICU admissions, a lack of available beds in other care settings, as well as increasing numbers of staff taking leave or being affected by COVID-19. Delayed care during the pandemic has led to sicker patients who need longer stays – adding pressure on a depleted workforce. Staffing shortages have also led to delays in accessing outpatient care and surgeries.

All of these capacity constraints are leading to lengthy wait times, patients boarding in hospital emergency departments and other units as they await inpatient services, difficulties discharging patients to other care settings, and increasing demands on healthcare personnel, which in turn can contribute to individuals leaving the caregiving profession, more vacancies, and a continuation of the spiral.

Capacity Constraints: Surge Capacity

Throughout the COVID-19 pandemic and continuing today, regional Health and Medical Coordinating Coalitions (HMCCs) meet to share capacity and clinical data. Some regions are once again reporting that hospitals are moving towards "surge capacity" – that is, a markedly increased volume of patients that challenges or exceeds normal operating capacity both in terms of staffing and space constraints. **Capacity issues are expected to worsen during the 2022-2023 winter months due to flu admissions and the possible resurgence of COVID-19 cases.**

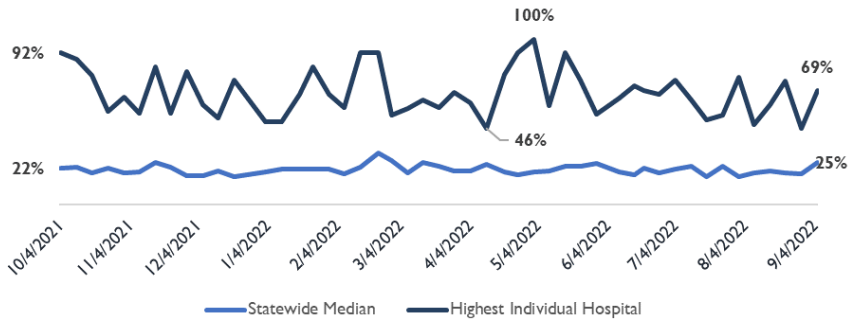
Capacity Constraints: Behavioral Health

In some cases, beds must be taken offline due to workforce shortages. **In the behavioral health space alone at Massachusetts hospitals, nearly 20% of inpatient psychiatric beds are offline because there are not enough workers to staff them.**

As a result, patients needing behavioral health beds face long waits. MHA's weekly survey of member hospitals shows that between 500 and 700 patients – many of them children – are forced to "board" in hospital emergency departments (EDs) and medical/surgical units as they await a behavioral health evaluation or an inpatient behavioral health placement.

The large number of patients in hospital emergency departments awaiting behavioral health evaluation or an inpatient behavioral health bed often occupy a very high percentage of overall ED capacity, further increasing wait times for all other patients. *Figure 4* shows the statewide median percentage of ED staffed beds occupied by behavioral health boarders for each week, as well as the hospital with the highest percentage of boarder ED occupancy for that week. **On a daily basis over the past year, close to 25% of ED beds in the state have been occupied by patients awaiting behavioral healthcare. At certain points, some hospitals saw 100% of their ED beds occupied by these patients.**

Figure 4: *BH Patients Awaiting BH Evaluation and Boarding in the Emergency Department as % of Staffed ED Bed Capacity*
Statewide Median and Highest Individual Hospital



Further compounding the problem is that patients ready for discharge from inpatient psychiatric beds can wait for weeks or months on inpatient floors for post-acute, community-based, and Department of Mental Health continuing care beds to become available.

Capacity Constraints: Post-Acute Care

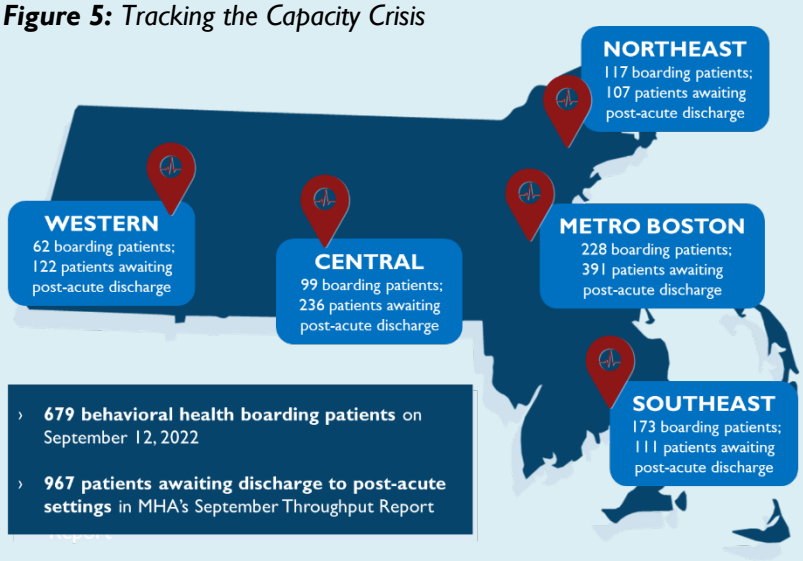
In addition to the behavioral health backups, delays in patient discharges to post-acute care settings have become a growing challenge for hospitals and post-acute care providers, which include inpatient rehabilitation facilities, long-term acute care hospitals, skilled nursing facilities, assisted living residences, home care services, and other settings. **Currently in Massachusetts, close to 1,000 patients daily are stuck in hospitals awaiting discharge to post-acute settings.**

One of the major factors driving this trend is the fact that nursing and other post-acute facilities themselves are facing significant staff vacancy rates. Massachusetts nursing facilities, for instance, have reported a vacancy rate of 23%. (Mass. Senior Care Annual Employment Trend and Quarterly Reports, July 2022)

The duration of these delays has become especially disturbing. In some cases, patients who require specialized post-acute care services wait weeks or even months in an acute care hospital to find an appropriate bed or service.

In August, more than 40% of patients awaiting discharge to some types of post-acute facilities faced delays of more than 30 days (as show in *Figure 5*), **which also illustrates that prolonged delays of 30-plus days are an ongoing issue.**

Figure 5: *Tracking the Capacity Crisis*



HOSPITAL PATIENTS AWAITING DISCHARGE TO OTHER SETTINGS
Percent of Patients Waiting Over 30 Days

	Home Health	LTACH / IRF	SNF
April	11%	34%	36%
May	16%	24%	40%
June	9%	32%	36%
July	12%	36%	41%
August	18%	42%	41%
September	10%	35%	34%

Delivering the "right care, at the right time, in the right place" – a hallmark of efficient, high-quality, patient-centered care – is threatened by the ongoing workforce/capacity/finance crisis hospitals are now experiencing.

Capacity Constraints: Wait Times & Violence

Patients are beginning to see the symptoms of these challenges first-hand as they seek care for themselves or their loved ones.

Because of capacity constraints, wait times to see clinical care workers are increasing. This can, in turn, result in increased frustration from patients and their families, which can lead to increased tensions with over-stressed healthcare workers. **Hospitals are reporting markedly increased incidents of violence and incivility against healthcare workers**. And because healthcare workers are under unprecedented strains, they are reporting increased incidents of burnout and clinician distress.

A Call to Action

There are no easy solutions to the workforce crisis that is being felt across the United States. However, some steps Massachusetts can take include:

Advancing New Models of Care

- Maintaining the public health emergency flexibilities at both the state and federal levels that have been in place throughout the pandemic and have enabled effective licensing, staffing, and capacity innovations.
- Continued investments and policies to empower services like telehealth and Hospital at Home, which maximize the abilities of healthcare professionals and enable patients to be treated at home.

Expanding the Workforce Pipeline

- Launching a statewide campaign to encourage entrance into healthcare careers with direct connections to jobs, education, and training opportunities.
- Continued development and prioritized recruitment of registered nurses in all setting across the entire care continuum.

Investing in Training and Educational Advancement

- Increasing training for behavioral health, substance use disorders, and trauma-responsive competencies across the care continuum to expand capacity to care for — and discharge — patients to non-hospital settings, including skilled nursing facilities, other post-acute care settings, group homes, and other residential settings.
- Extending to the entire healthcare system loan forgiveness, scholarship, and other pipeline development strategies that the Baker Administration and legislature afforded the behavioral health providers.
- Creating an "AmeriCorps-type" program where new entrants into the field receive targeted tuition assistance for healthcare employment.

Protecting the Safety of Healthcare Workers

- Passing comprehensive workplace violence prevention legislation, including enhanced penalties for patients and visitors who intentionally attempt or carry out violence against healthcare personnel.
- Doubling down on zero tolerance policies and the cultivation of a culture of reporting among caregivers.

Providing Financial Support

- Providing additional federal funding in addition to the dispersal of remaining American Rescue Plan Act funding.
- Factoring these unprecedented hospital pressures into conversations about the Cost Growth Benchmark and upcoming policy reforms, so that providers are not penalized unfairly for factors beyond their control and the system has the ability to stabilize.

The fundamental access to care that is at the heart of the Massachusetts healthcare system is currently in conflict with a series of enormous pressures, exacerbated during a pandemic of generational significance. Hospitals and health systems have not yet recovered from these challenges, and patients are now beginning to see the ripple effects as they seek care for themselves or their loved ones.

The system has never been more fragile and is in need of additional support, before wait times become even longer and access to patient care is further jeopardized. It will take everyone to make it happen. Providers, payers, public officials, and government agencies must come together to address these issues with urgency on behalf of the seven million patients in the commonwealth.

MASSACHUSETTS
Health & Hospital
ASSOCIATION

500 DISTRICT AVE.
BURLINGTON, MA 01803
(781) 262 - 6000

MEDIA CONTACT:
communications@mhalink.org
(781) 262 - 6091