
CHEAT SHEET

The State of the Clinical Workforce

What healthcare industry leaders need to know about the clinical workforce today

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Key takeaways

Leaders across the healthcare industry should use this resource to:

- Understand the market dynamics driving today's clinical workforce shortages and the forces impacting supply, demand, and turnover of clinical roles
- Learn how provider and non-provider stakeholders are impacted by clinical workforce shortages
- Discover how provider organizations' priorities are changing—and what that means for non-provider stakeholders

What is the state of the clinical workforce?

The clinical workforce is at a crisis point across virtually all direct care roles. Organizations are struggling to fill vacancies. Turnover is at record highs. According to Advisory Board's 2021 hospital staff turnover and vacancy survey, turnover of full-time and part-time staff is the highest we've recorded in 16 years of benchmarking. Median turnover (excluding PRN, per diem, and casual staff) rose to 18.8% in 2021, up from 15.5% in 2020.

As of November 2022, healthcare employment remained below pre-pandemic levels, with the number of workers down by 1.1%, or 176,000, compared to February 2020, per the [U.S. Bureau of Labor Statistics](#).

3.2M

Predicted shortage of healthcare workers by 2026

18%

Of healthcare workers quit their jobs during the pandemic

47%

Of healthcare workers plan to leave their current role within the next two to three years

Typically, the labor market evolves slowly, or at least slowly enough for employers to plan for. But that has not been the case since 2020, as the pandemic rocked the foundations of workers' professional and personal lives. Burnout associated with the pandemic has exacerbated existing tensions in the workforce, and many clinicians are weighing whether to remain at the bedside or not—or in some cases exit healthcare altogether.

At the same time, we've witnessed a shift in the labor market. Current labor market conditions are not only making job movement possible, they also actively incentivize turnover. Demand for jobs, particularly for clinicians—but also in other sectors—has made it easier for people to leave their roles



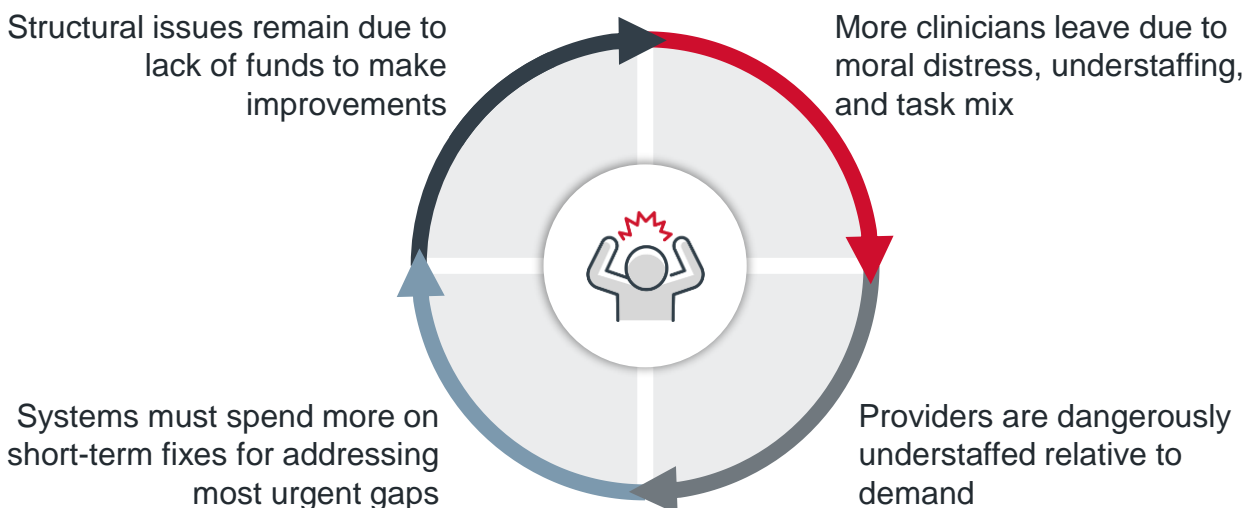
WHAT IS THE STATE OF CLINICAL WORKFORCE?

There are misconceptions that clinical workforce challenges occur on a cyclical basis and this will abate over time, and that these challenges fall under the purview of nursing and HR departments. But this is a new-in-kind, strategic challenge that will require the commitment of the entire C-suite.

Drivers of clinician turnover include:

- **Burnout:** Staff experience chronic workplace stress exacerbated by the pandemic and inadequate staffing.
- **Feelings of disrespect:** Staff voice ongoing concerns about pay, treatment, work-life balance.
- **Concerns about workplace safety:** Staff live with the threat of workplace violence and harassment from patients and families.

Clinician turnover often creates a vicious cycle. Staff leave due to their working environment, which puts an enormous strain on the workers who are left behind. Those left behind then leave due to the working environment, restarting the cycle. This cycle leaves facilities understaffed and forced to rely on short-term fixes like travel nursing expenditures to fill in the gaps. These short-term fixes are expensive and leave no money to invest in underlying workforce issues, further perpetuating cycle shown below.





WHAT IS THE STATE OF CLINICAL WORKFORCE?

Key clinical roles of concern

There are significant areas of supply and demand imbalances across many roles in the delivery system. The table below outlines turnover and the status of the pipeline for future staff.

Role	Turnover numbers	Pipeline status
Registered nurses	18% turned over in 2021	Weakening ; qualified applicants being turned away due to lack of academic capacity
Licensed practical nurses	20% left the workforce from April 2020 to June 2021	Weak ; lack of schools available, reduction in hiring hinders interest
Nursing aides	35% turned over in 2021	Weak ; lack of training programs available, difficulty enticing interest in role due to low pay and physical labor
Physicians	7% median turnover in 2020	Moderate ; varies by specialty; length of training delays new physician availability
Pharmacy technicians	21% turned over in 2021	Weakening ; scope of role changing as techs take on more patient-centric work
Medical assistants	21% plan to seek training and/or employment in an occupation outside healthcare in the next 5 years	Weak ; lack of training programs available, difficulty enticing interest in role due to low pay and physical labor
Pharmacists	10% turned over in 2021	Weak ; lengthy training program delays new pharmacist availability
Nurse practitioners	15% turned over in 2021	Strong ; predicted surplus of NPs over the next decade

Sources: "MAs MIA? The COVID-19 pandemic made hiring medical assistants harder than ever," MGMA, May 2021; "Nurse Employment During the First Fifteen Months of the COVID-19 Pandemic," Health Affairs, Jan 2022; Healthcare Occupations, Bureau of Labor Statistics, Apr 2022; "2022 NSI National Health Care Retention & RN Staffing Report," NSI Nursing Solutions, March 2022.

Why does the clinical workforce shortage matter?

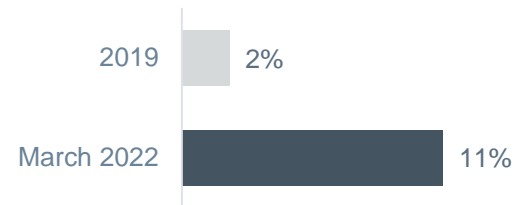
Provider organizations face rising costs and budget concerns

The healthcare industry is dominated by increasing costs and tightening margins. Even before the pandemic, labor costs typically made up more than 50% of hospitals' total expenses. Staffing shortages and an increased reliance on contract labor have caused labor expenses to jump sharply. Labor expenses per adjusted discharge increased by more than one-third from pre-pandemic levels through March 2022, while contract labor as a percentage of total labor expenses increased more than five times the rate from pre-pandemic levels.⁴

Median labor expense per adjusted discharge



Total labor expenses made up by contract labor



With these expenses on top of other rising costs, such as supply and energy costs, providers are struggling to keep their margins positive. This forces organizations to make tough decisions including service rationalization, layoffs, leadership changes, and even closures. Providers are also seeking higher reimbursement rates from commercial payers, which will in turn show up in higher premiums charged to patients.

69%

Of health system strategic planners report operating margins below pre-pandemic performance, 2022

10%

Median proposed premium increase for individual market plan across 72 insurers in 13 states and Washington, DC, 2023

Source: "The Financial Effects of Hospital Workforce Dislocation," Kaufman Hall, May 2022; 2022 Strategic Planning Survey, Advisory Board, May 2022; "An early look at what is driving health costs in 2023 ACA markets," Peterson-KFF Health System Tracker, July 2022.



WHY DOES THE CLINICAL WORKFORCE SHORTAGE MATTER?

An understaffed workforce negatively impacts care quality and patient safety

A shortage of healthcare professionals limits patient access to healthcare. Patients experience longer wait times and delays in care, which may potentially worsen patients' health outcomes.

In addition to reducing access, clinician shortages also negatively impact care delivery. Due to understaffing, clinicians are responsible for a larger number of patients, which can increase clinician burnout and lead to an increase in medical errors, higher morbidity, and higher mortality rates. Researchers are already quantifying the current shortages' negative impacts on care quality and patient safety. One study from the U.S. Centers for Disease Control found that healthcare-associated infections increased significantly in 2020 after years of decline.

Researchers attribute this increase to labor shortages and patient volumes, which limited hospitals' ability to follow standard infection control practices.

How will clinical workforce shortages impact non-provider organizations?

Staff who look to change jobs are trying to improve their circumstances, whether it's a better employer, better staffing, or better pay. There are real opportunities for non-provider employers to attract talent. Non-provider employers of healthcare workers include life sciences organizations, health plans, and tech companies. These players have more flexibility to accommodate the pay, hours, and benefit needs current clinicians are asking for. This positions non-provider organizations to be even more competitive in attracting new employees.

However, non-provider stakeholders that partner with provider organizations in any way must recognize that the acute nature of the workforce crisis trumps any strategic initiative or partnership opportunity they are trying to forge. As health providers continue to deal with clinician shortages, non-provider organizations must understand how their customers' priorities are changing—and what that means for their customer engagement, evidence generation, and communication strategies.



HOW WILL CLINICAL WORKFORCE SHORTAGES IMPACT NON-PROVIDER ORGANIZATIONS?

Impact of clinician shortages on non-provider organizations

Non-provider stakeholder	Impact of clinician shortages
Life sciences	<ul style="list-style-type: none"> • Hard to engage healthcare professional customers due to their limited time, bandwidth, and capacity • Decreased bandwidth for clinical staff to be trained on new product use • Delayed clinical trials • Difficult to build real-world evidence collection workflows <p><i>For more information on how the state of the clinical workforce will impact the life sciences industry, check out the following resources:</i></p> <ul style="list-style-type: none"> • The four independent physician trends that life sciences leaders need to know about in 2022 • The role life sciences plays in closing the nursing experience-complexity gap
Health plans and purchasers	<ul style="list-style-type: none"> • Pressure from providers for increased reimbursement, passed on to purchasers in the form of increased premiums • Push for health plan revenue diversification due to shrinking margins from premium dollars • Increased need for alternative, scalable entry points into healthcare due to provider shortages
Big tech	<ul style="list-style-type: none"> • Increased interest in technology solutions to reduce administrative burden and provider burnout • Decreased bandwidth for clinical staff to be trained on new technology use

How will clinical workforce shortages impact provider organizations?

Providers will likely experience clinician shortages for years—but these shortages will not be evenly felt across all employers.

Skilled nursing facilities (SNFs) and acute care hospitals are losing talent due to the long hours, high patient load, low compensation, and physically demanding work that characterizes these sites of care. Post-acute employers cannot afford to pay as much as other providers, and the taxing nature of working in a SNF makes it a less attractive option to candidates. In contrast, payers and ambulatory care sites can offer higher compensation and better hours, which positions these employers to gain talent in today's market.

It's a complex situation: attracting workers away from healthcare organizations in one setting will result in staffing difficulties in another. For example, if a SNF experiencing staffing shortages is unable to accept transfers from a hospital, that hospital is left full of patients who cannot be discharged to subacute care. See the table on the following page for more details on the impact of clinician shortages on provider organizations.



HOW WILL CLINICAL WORKFORCE SHORTAGES IMPACT PROVIDER ORGANIZATIONS?

Impact of clinician shortages on provider organizations

	Provider employer	Factors that impact gaining or losing talent
POTENTIAL TO LOSE TALENT 	SNFs	<ul style="list-style-type: none"> • Low compensation • Physically demanding job • 24/7 care environment • High burnout • High patient ratios • Limited career growth and development opportunities
	Home health providers	<ul style="list-style-type: none"> • High burnout • Low compensation • Limited career growth and development opportunities • Safety concerns
POTENTIAL TO GAIN TALENT 	Acute care hospitals	<ul style="list-style-type: none"> • High burnout • Lack of flexibility • Insufficient staffing levels
	Outpatient care	<ul style="list-style-type: none"> • High compensation • Better, more regular work hours • Good work-life balance
	Virtual health providers	<ul style="list-style-type: none"> • High compensation • Better, more regular work hours • Good work-life balance

Conversations you should be having

01 What can the healthcare industry do to make healthcare jobs more desirable?

02 How will provider and non-provider organizations influence what clinical work looks like in the future?

03 How can provider and non-provider organizations partner to change how care is delivered in the face of a clinician shortage?

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