

Alleviating Healthcare's Most Pressing Crisis: Labor Shortages

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It's undeniable that the Covid-19 pandemic has changed the face of healthcare over the last few years. In addition to affecting patients and health systems everywhere, it has left a lasting mark on the day-to-day experience of hospital staff. As a result, labor shortages and rapid turnover have compounded to form one of healthcare's most pressing crises – one that we can do more to understand and change.

When the Covid-19 pandemic arrived, it was a shock for U.S. healthcare because of a core lack of preparedness. The influx of cases and the type of care that was needed to handle this pandemic were too far out of scope from what clinicians had been trained to do and prepared to expect. Today, we are experiencing the unfortunate consequences: many of our frontline healthcare workers feel overworked and burnt out. The data proves this point – in Incredible Health's third [Nursing In The Time Of Covid-19 report](#), published in March 2022, 34% of the nurses surveyed reported that they plan to leave their jobs by the end of the year, and 44% of those cited burnout and stress as their reasons for departure.

Today, organizations are trying their best to accommodate the needs of their teams. Like employees across all industries, healthcare workers value different qualities in their work, from environment to flexible schedules, competitive compensation/benefits, and beyond. Healthcare organizations have sought new ways to improve the experience of their staff through these lenses, providing additional benefits and offerings. Unfortunately, a mere increase in benefits can have only a minimal impact to improve industry labor trends on the drastic scale we need.

These healthcare workers are essential to support our health system infrastructure, and their treatment will determine its fate. As we gather more data that points toward further labor shortages, our industry needs to pivot and change how we treat and retain healthcare employees to ensure a successful future of care delivery. Luckily, we are already seeing organizations take action to improve the experience for their frontline staff using their data and technology.

Understanding the impact of shortages

How much or how little time clinicians spend doing the part of the job they are passionate about is directly tied to physician and nurse burnout. Among all the other responsibilities that come with a healthcare worker's job description, like administrative tasks and paperwork, actual time on the floor treating and interacting with patients becomes scarcer, which can drive down morale and take away from healthcare workers' sense of fulfillment.

Sadly, clinical jobs have lost the appeal they once had. In addition to extensive paperwork, the pay scale and workplace quality continue to worsen. Staffing ratios and the lack of income predictability – especially for roles like physician assistants and nurses – are key contributors to clinicians leaving their current jobs for better paying ones or leaving the field altogether. These jobs used to be desirable for their promise of pay, along with the caretaking aspect that many candidates join the industry for, but higher pay can now be found elsewhere with much less labor-intensive and hazardous work, shorter and more structured shifts, and less risks to personal health and wellbeing.

The U.S. public health infrastructure and rising costs play a large role in why the clinician supply is struggling. As costs rise and impact healthcare organizations, one primary contributor to labor issues continues to be the drastic overhead costs seen in healthcare, in addition to costs related to insurance and [administration fees](#). Rising costs come at the expense of paying clinicians for their primary responsibility – providing care.

Identifying the problems to solve

Labor expense makes up approximately 50 percent of a health system's operating expense, and as a result, decisions made around productivity and labor management can make a significant impact on an organization's ability to move forward. To maximize the efficiency and engagement of current frontline staff, organizations are realizing the importance of making staffing-related decisions using complete, comprehensive data they can trust.

Today's organizations are expecting their clinicians to access and track very similar data across many different systems, with the involvement of different teams and with drastically differing expectations. This results in inconsistent accountability, which can have a massive effect on the team's ability to set and meet their targets. More than 60 percent of health systems today lack a consistent and data-informed process to establish expectations and set targets that can instill needed accountability. The most commonly cited root cause? Incomplete or old data.

As health systems look to make the most of their teams and retain their strong, experienced staff, it will be crucial that they provide frontline leaders with support for their day-to-day operations. When confronted with conversations around productivity and labor management, these leaders can feel as though processes to drive improvements view things through an exclusively financial lens versus one that can support operational needs and improvements. Instead of fueling this perception and creating friction, organizations need to affirm their teams with processes that support operational improvements and the needs of these leaders in addition to financial outcomes.

How we can improve

One step organizations can take to improve the employee experience and increase retention is to implement technology that makes clinicians' jobs easier and helps leadership gain a better understanding of their day-to-day work. Hospitals must find ways to make it easier for clinician leaders to understand and manage their drivers of labor expense, so it becomes easier for staff to make the right decision at the right time and improve. Data will become an important lever for organizations in the quest to retain their top talent and keep them feeling supported as they continue to make day-to-day decisions, freeing them up to continue providing excellent patient care.

For organizations, data can do wonders to help with staff retention and satisfaction. Tools that offer in-depth analysis around financial data, tying in staffing and other operational information, can provide clarity into which staff may be feeling overworked and where there is opportunity to reshuffle staff to reduce burnout and effectively man each department. They can also provide insight into which clinical or operational areas may have opportunities for savings, preventing organizations from having to make staffing cuts due to budget. When staffing shortages are prevalent in these areas, these tools can help units manage their patient care load within the confines of available resources by allocating staff more effectively at times when they are needed most. This will ultimately help them maintain satisfied employees, which can also aid in attracting new talent.

In our experience, healthcare organizations are finding success using data and information to drive retention. One example is giving managers direct access to compare staff schedules to trended volumes to ensure coverage, which can in fact positively impact employment rates by allowing for better usage of staff. Access to this information allows managers to more swiftly tailor and delegate resources to cover needs during busy times while reducing staffing levels in times of less need. This slight change can make a big impact on employees who are feeling burnt out. On a larger scale, staffing to demand and ensuring schedule optimization can be supported by providing teams access to technology that showcases staffing productivity. Other organizations are focused on understanding how to incentivize coverage of hard-to-fill shifts by rewarding internal staff. Solving the labor shortage in healthcare requires that organizations come together and try new strategies leveraging their own data to better understand what their teams need.

The healthcare labor market needs to make improvements to support its current workforce, but also to establish a better environment for clinicians of the future. We know that people will continue to step up and seek out the opportunity to help others and provide lifesaving care, so we must also continue to find ways to support them with more intuitive tools and data they can use to make the right decisions. Shifting the way we approach medical care and technological innovations will promote the successful delivery of care and address today's and tomorrow's issues of labor management.