

Addressing the labor shortage crisis by improving the employee experience

By Joseph Grimaldi

January 27, 2023

There's no single solution, but physicians, nurses, and managers all have roles in recruiting and retaining employees.

Even as COVID-19 cases [begin to drop](#) across the U.S., the clinical labor shortage crisis remains prominent. Nurse burnout – which was pervasive before the onset of the pandemic, and has only been exacerbated further – continues to be one of the biggest issues the health care industry faces today, with the demand for nurses continuing to grow as the supply drops. Recent Bain & Company surveys have shown that [25% of clinicians are considering switching careers](#), while the [U.S. Department of Health and Human Services](#) shares that the demand for nurses will reach 3.6 million within the next eight years. There is also a demand for primary care physicians, which are in short supply – the Association of American Medical Colleges [expects to see a shortage of physicians of 21,000 to more than 55,000 by 2033](#).

Recruiting and retaining clinical staff is an overarching challenge that we now face to continue to deliver safe care for our patient populations, and one of the most common mitigation strategies employed by health systems is to look more closely at health care cost reduction and savings. These rapidly rising costs are forcing organizations to prioritize finding creative methods to recruit and retain their staff, with a focus on improving the employee experience, as an indirect way to reduce costs.

Convening an ongoing semimonthly panel of clinical and financial leaders from industry-leading hospitals and health systems across the U.S., Strata has identified a few crucial steps these organizations are taking. As they move to focus on employee experience, leaders are now investing in improved managerial experiences, a new suite of employee incentives, and a reduced reliance on expensive agency workers.

Recruiting employees

Incentives have quickly become a primary recruitment tactic, and health systems are teaming up to better source staff while creating programs that draw more people toward a profession that has become less desirable. Although there is high motivation to bring more health care workers into the field, there is intense competition when it comes to the hiring process. One of the top draws in a recruiting process is desirable pay, and health systems are not only fighting each other for top talent, but also staffing agencies. Agency staffing costs have skyrocketed as much as 75% at some hospitals within the first nine months of 2022, according to recent reports from [Becker's Hospital Review](#).

While this increase is primarily due to rising wage rates, extensive onboarding time and costs for incoming workers (both employed and contingent) are major factors for this increase in overall labor cost. As health systems look to their managers to reduce labor spending, orientation processes are being overhauled to be as efficient as possible.

Not only is there a shortage among nursing resources, primary care providers, and clinical support functions, but specialty areas are also reporting a huge lack of workforce availability. We are specifically seeing these shortages in cath labs, respiratory therapy, and even surgical areas. This is especially challenging because health care systems are reporting higher volumes in areas like emergency and psychiatric departments than pre-pandemic days, with unclear explanations as to why. As health systems work to serve their patients with diminished resources, they are having to find new solutions to share and float staff between units. Many organizations are focusing hiring efforts on creating internal float pools to accommodate the interest for flexible job duties, to reduce reliance on contingent workers, and to ensure coverage for units that need additional resources.

Retaining employees

Hospitals have begun creating internal incentive programs to reward employees who work hard-to-fill shifts to ensure there is plenty of coverage throughout the hospital at all times. Certain health care systems are also creating programs that help individuals who are hired for administrative hospital jobs, such as housekeeping, complete further education to become medical assistants, another primary area where organizations are experiencing shortages.

Improving the experience between managers and staff is also important when it comes to job satisfaction and retention. Some of the biggest adjustments made by health systems are ensuring that existing staffing levels are supported by demand and focusing on schedule optimization to ensure coverage during key periods. These processes can be achieved through technical solutions that showcase staffing productivity. Having the proper coverage required for various shift times can help minimize the stress put on nurses, therefore reducing the burnout staff may feel. Another push from nursing leadership is to allow nurses and managers to work “at the top of their license,” by increasing clinical support staff levels to allow nurses to spend their time on activities requiring licensure rather than activities like patient sitting and bathing. As previously mentioned, internal float pools are also becoming more popular, so that nurses are able to move to different departments within the organization where extra help may be needed.

Recommended next steps

While there is no singular solution to solving the labor shortage crisis, there are plenty of steps that organizations can take to move toward a fully staffed workforce. Implementing technology to empower managers to make more cost-informed decisions, paired with a complimentary accountability process, are key factors in managing existing staff and the business operations of their unit more effectively. Finances play a major role in determining whether there is enough available coverage within the organization, and labor rates – including agency costs – should be rigorously monitored.

Furthermore, labor optimization, not just employee productivity, should be a main priority, according to Strata Decision Technology's recent StrataSphere State of the Union [report](#). For example, recent National Library of Medicine studies covered by [Harvard Health](#) show that for each hour a primary care physician spends with a patient, up to two hours of work are generated to do away from the patient. Non-value-added work should not be a primary focus, and instead leaders should look toward task substitution to assure that all time at work is productive and optimized. Continuous improvement plans can help organizations look at unnecessary variations and waste to drive accountability and action. These plans enable department heads to access data and examine where employees' time may not be properly utilized, therefore allowing them to expand internal float pools to keep other departments fully staffed on an as-needed basis.

Fluidity is key when it comes to retention and recruiting in the health care industry. Incentive programs, minimizing agency spending and maintaining a strong relationship between managers and employees can build a robust clinical team, but a flexible financial planning method and the ability to cut out unnecessary variations are major steps in the right direction.

Joseph Grimaldi is senior manager for labor and workforce solutions at [Strata Decision Technology](#), a Chicago-based company with a mission and passion to help heal health care through better financial planning, analytics, and performance. He focuses on delivering Strata's suite of planning and performance solutions through budgeting, forecasting, labor management, and variance analysis.