EXECUTIVE SUMMARY

HEALTH CARE WORKFORCE TRENDS AND CHALLENGES IN THE ERA OF COVID-19: CURRENT OUTLOOK AND POLICY CONSIDERATIONS FOR MASSACHUSETTS

SPECIAL FOCUS ON REGISTERED NURSES, DIRECT CARE WORKERS, AND BEHAVIORAL HEALTH PROVIDERS

MASSACHUSETTS
HEALTH POLICY COMMISSION

MARCH 29, 2023

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ABOUT THE MASSACHUSETTS HEALTH POLICY COMMISSION

The Massachusetts Health Policy Commission (HPC), established in 2012, is an independent state agency charged with monitoring health care spending growth in Massachusetts and providing data-driven policy recommendations regarding health care delivery and payment system reform. The HPC's mission is to advance a more transparent, accountable, and innovative health care system through independent policy leadership and innovative investment programs. The HPC's goal is better health and better care – at a lower cost – for all people across the Commonwealth.

HPC staff and its Board of Commissioners work collaboratively to monitor and improve the performance of the health care system. Key activities include setting the health care cost growth benchmark; setting and monitoring provider and payer performance relative to the health care cost growth benchmark; creating standards for care delivery systems that are accountable to better meet patients' medical, behavioral, and social needs; analyzing the impact of health care market transactions on cost, quality, and access; investing in community health care delivery and innovations; and safeguarding the rights of health insurance consumers and patients regarding coverage and care decisions by health plans and certain provider organizations.

FULL REPORT

Health Care Workforce Trends and Challenges in the Era of COVID-19: Current Outlook and Policy Considerations for Massachusetts

Special Focus on Registered Nurses, Direct Care Workers, and Behavioral Health Providers

EXECUTIVE SUMMARY

In Massachusetts and nationally, the health care workforce is in a state of substantial disruption. Today the health care system is experiencing significant workforce shortages at virtually all points on the care continuum – a preexisting challenge that has been exacerbated by the COVID-19 pandemic and is now impacting patient care.

In examining these dynamics in Massachusetts, the Health Policy Commission (HPC) found that current health care workforce challenges stem in part from a tighter labor market that has motivated many highly skilled health care workers to leave their current roles in pursuit of higher pay from comparatively well- resourced organizations or sectors or in contract roles, or to redirect their careers away from patient care to administration or research. At the same time, some lower wage health care workers who provide critical support services have left health care entirely, finding more lucrative jobs or jobs in non-health care fields. There is also a continued shortage of qualified behavioral health care professionals at a time of significant need for these services.

These trends, compounded by long-standing issues related to workplace stress, inflexibility, and administrative burden – all exacerbated by the pandemic – have led to an unusually mobile and in-demand health care workforce. As a result, health care delivery organizations have experienced high rates of vacancy and turnover, leading to an increased reliance on contract labor to fill key positions – a cycle that both increases labor costs and contributes to further workforce instability.

These systemic staffing challenges have disrupted efficient patient care and created bottlenecks that threaten the Commonwealth's efforts to advance health care affordability, access, and equity. For example, shortages of workers in post-acute/long-term care and behavioral health settings have made it difficult to discharge patients from acute care beds and led to boarding in emergency departments. Difficulty with access to timely outpatient behavioral care has resulted in avoidable – and costly — visits to the emergency department.

Within these broad trends, current workforce challenges and potential solutions are different for different occupational groups within the health care field, which the HPC considers separately in this report. In this report, the first in a series, the HPC specifically focuses on registered nurses, direct care (including home health aides and certified nursing assistants), and behavioral health providers, comprising about 65% of the Commonwealth's health care workforce, each having experienced unique difficulties resulting in differing implications for provider organizations:

- **Registered nurses**, especially those working in hospitals, have experienced high turnover and difficult and disrupted work environments
- For the **direct care workforce,** low wages contribute to pipeline, retention, and advancement challenges
- **Behavioral health care providers** face costly training yet lower rates of pay, experience high turnover and vacancies particularly in in-person settings of care

As health care leaders and policymakers consider solutions to these challenges, there is both an opportunity and an imperative to consider their impact on broader health equity aims. Strategies to respond to workforce shortages should focus on broadening representation in the future workforce, so that care providers reflect the patient populations they serve.

The HPC proposes a number of potential actions that could be undertaken by government and health care delivery organizations to support the health care workforce, including investments in workforce development and wages, enhanced mentoring and onboarding support, innovations in scheduling and work environments, and clear and accessible career ladders. The HPC also recommends complementary efforts aimed at reducing the volume of avoidable care with care delivery reforms and eliminating the burden of administrative functions that provide no value to patients.

Alleviating current health care workforce challenges will require coordinated, sustained, and well-resourced interventions in the short, medium, and long-term. Many organizations across the Commonwealth are engaged in innovative efforts to address health care workforce challenges, with initiatives around training, recruitment, retention, and advancement. Such initiatives such as those examined in this report, offer lessons for efforts to scale and tailor to other organizations and sectors.

The HPC, in collaboration with the Healey-Driscoll Administration, looks forward to continued partnership, dialogue, and shared action with health care delivery organizations, health insurance companies, and health care workers to address this crisis today and in the years to come.

ABOUT THE REPORT

In two recent laws, the Legislature directed the HPC to analyze the impact of COVID-19 on the Commonwealth's health care workforce: Section 64 of Chapter 260 of the Acts of 2020: *An Act promoting a resilient health care system that puts patients first*, and Section 80 of Chapter 102 of the Acts of 2021: *An Act relative to immediate COVID-19 recovery needs.* These laws charged the HPC with completing a report on the state of the health care workforce, including an examination of workforce shortages and investments in the health care workforce as well as workforce development initiatives.

In this report, the Health Policy Commission takes a high-level perspective on system-wide trends and challenges throughout the workforce lifecycle as well as contextual factors such as cost of living.

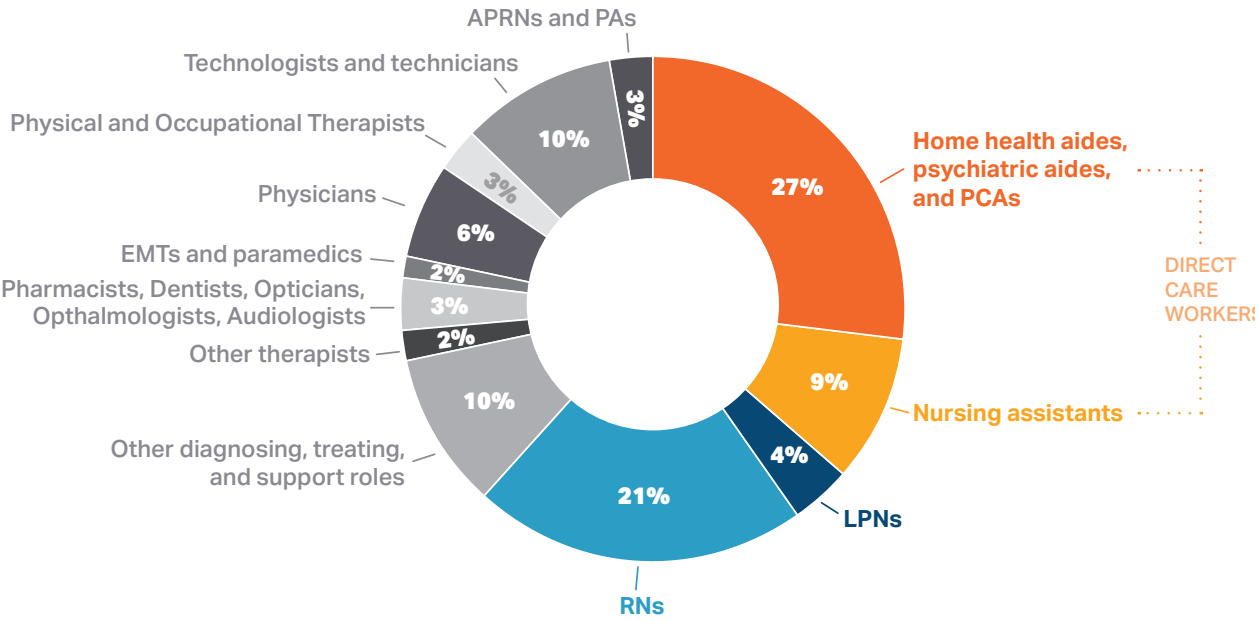
PIPELINE AND TRAINING → **EMPLOYMENT** → **RETENTION** → **ADVANCEMENT**

The report also examines three workforce sectors who provide care in all sectors and settings of the health care system, and which together make up about two-thirds of the Commonwealth's health care workforce: nursing, direct care, and behavioral health.

About 40,000 of the workers (6%) included in this graph care for patients in behavioral health settings, including offices, outpatient treatment centers, and inpatient or residential psychiatric facilities.[1] There are also an additional 24,000 social workers, counselors, and marriage and family therapists providing behavioral health care in the Commonwealth.[2]

This report is the first in a series of planned studies by the HPC into health care workforce trends in Massachusetts. Recognizing that there are significant workforce pressures and trends in other roles and sectors, the HPC anticipates future reports that will more closely examine other professions (e.g. primary care providers) and settings of care (e.g. community health centers, ambulatory settings). The HPC's ongoing workforce research agenda will be developed in consultation with a broad cross-section of stakeholders.

Composition of the Massachusetts health care workforce, 2021



1 Quarterly Census of Employment and Wages, Bureau of Labor Statistics, Q2 2022

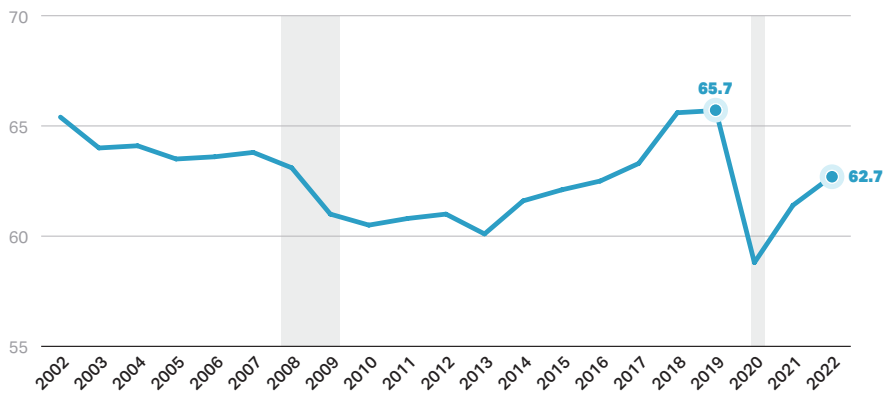
2 Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment and Wage Statistics, 2021.

WORKFORCE TRENDS

Current health care workforce challenges partly stem from broad labor market trends in the Commonwealth following the onset of the pandemic. There is an overall shortage of workers in the economy: the ratio of workers to the total population in Massachusetts remains below the pre-pandemic level, as shown below, primarily due to a reduction in labor force participation among older workers.[3] Likewise, the Massachusetts unemployment rate at the end of 2022 was at a historic low of 3.3%.[4]

The resulting tight labor markets, combined with high turnover in health care roles, has contributed to a shortage of workers across settings of care and disrupted health care workplaces in which workers make frequent entries and exits.

Employment to population ratio, Massachusetts, 2002–2022



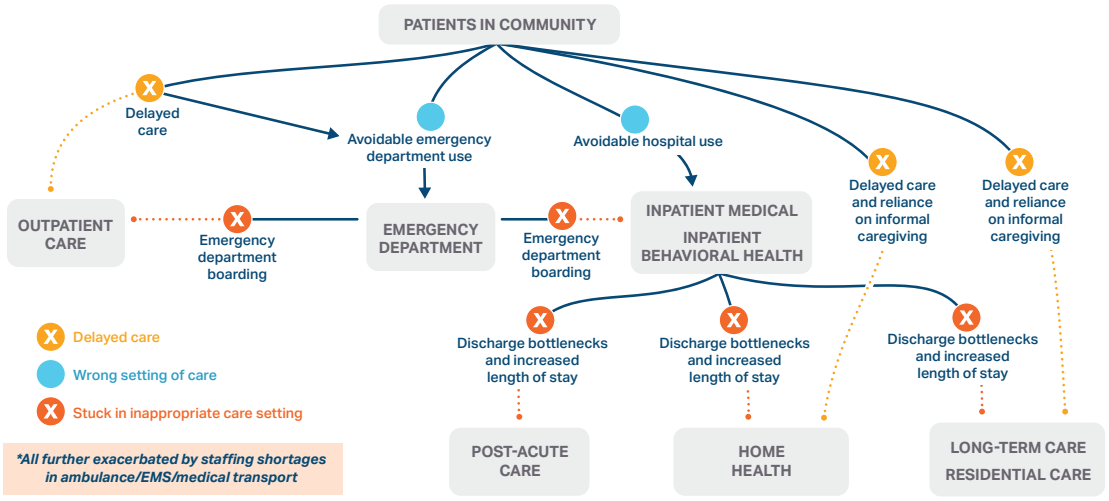
CURRENT CHALLENGES

Current health care workforce challenges have created disruptions for patients and health care delivery organizations alike. Workforce shortages throughout the health care system have adversely impacted patient care and have led hospitals and nursing facilities to turn to contract workers at high rates to fill staffing gaps.

In an interconnected system, workforce shortages in one setting of care can affect patient access in other settings, as well as the timely transition of patients among settings. This can result in patients remaining in the wrong setting of care or unable to access needed care in a timely way.

For example, employment in MA nursing and residential care facilities has not recovered since the onset of the pandemic, and this reduced capacity has contributed to hundreds of patients spending more time in inpatient settings awaiting discharge to post-acute care. As of September 2022, there were at least 200 patients in Massachusetts hospitals who had been waiting over a month for discharge to a skilled nursing facility. Similarly, staffing shortages in behavioral health settings meant that as of June 2022, 50% of patients admitted to emergency departments (EDs) for mental health conditions remained in the ED for longer than 12 hours (i.e., "boarded"), up from 38% in 2019.

To maintain services, many hospitals and long-term care facilities have relied more heavily on contract workers, which can increase operational costs because of agency fees and higher hourly wages. For example, in long-term care facilities, the share of nursing hours worked by contracted registered nurses has quintupled, from 4% in 2019 to 19% in 2022.[5]



3 Favilukis, Jack Y and Li, Gen, The Great Resignation Was Caused by the COVID-19 Housing Boom (January 24, 2023). Available at https://ssrn.com/abstract=4335860

4 Massachusetts unemployment rate as of Dec. 2022. Bureau of Labor Statistics: https://www.bls.gov/eag/eag.ma.htm

5 Centers for Medicare and Medicaid Services, Payroll Based Journal Daily Nurse Staffing Data, Q1 2019 - Q3 2022.

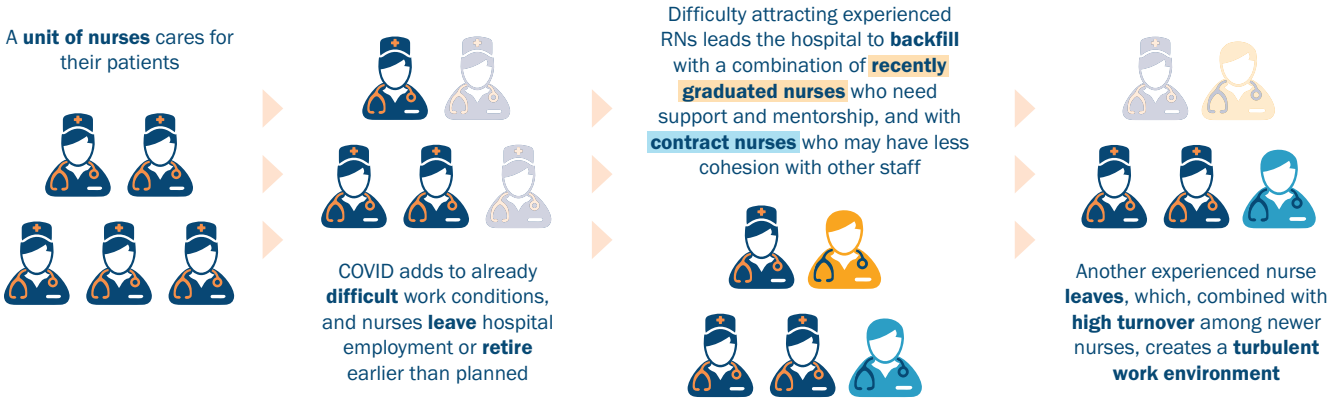
FOCUS ON NURSING

Nursing shortages are well-documented in the Commonwealth. For example, registered nurse (RN) vacancy rates in Massachusetts acute-care hospitals doubled from 6.4% in 2019 to 13.6% in 2022.[6] Notably, the HPC finds that shortages are not related to an overall decrease in the nursing workforce. MA has more RNs per capita than the U.S. as a whole, with 1,291 nurses per 100,000 residents as of 2021, compared to 1,070 in the U.S., and has experienced 12% per capita growth in RNs since 2015. Likewise, completion of nursing education was unchanged with the onset of the pandemic.

Challenges in nursing appear to relate mainly to retention difficulties and high rates of turnover. Work environment concerns such as stress and inflexible schedules contributed to retention challenges prior to the pandemic, and these were exacerbated by the arrival of COVID-19, which increased burnout, early retirement, and departures of RNs to non-clinical jobs.

While needed to fill key staffing gaps during times of crisis, heavy reliance on contract labor can further strain incumbent employed nurses, who may need to orient contract workers and pick up added administrative or organizational responsibilities not assigned to contract workers. This strain may lead additional experienced nurses to leave, exacerbating turnover and loss of institutional knowledge within hospital nursing units, and raising costs as additional nurses must be hired or contracted to replace them. When remaining nurses lack the capacity to adequately mentor new nursing graduates, these new hires may also have high turnover.

The experience with COVID-19 contributed to a cycle of turnover in many hospital nursing units



RESULTING STAFFING SHORTAGE

More nurses leave in a **cycle of turnover** that creates a **challenging** work environment, **depletes** institutional knowledge, **raises** costs, and **worsens** continuity of patient care

6 MHA Survey on Staffing Vacancies and Temporary Staffing, 2022

FOCUS ON DIRECT CARE

For the Commonwealth's direct care workforce, low wages are the source of challenges at all stages from training and employment through retention and advancement. There were 21% more CNA vacancies in Massachusetts long-term care facilities in October 2021 than in May 2019,[7] and as of April 2022, 65% of Massachusetts nursing facilities reported closing admissions due to staffing shortages.[8]

On average, CNAs earned $18.12 per hour as of 2021,[9] while the estimated wage for a single adult with no children in MA given the high cost of living in the Commonwealth would need to be $21.88 per hour.[10] Given tight labor markets in the Commonwealth, the prospect of low wages may limit the pipeline, and direct care workers may leave health care entirely for comparable wages in other sectors such as food service or retail. Likewise, retention challenges in direct care are often related to low wages without clear opportunities for advancement.

FOCUS ON BEHAVIORAL HEALTH

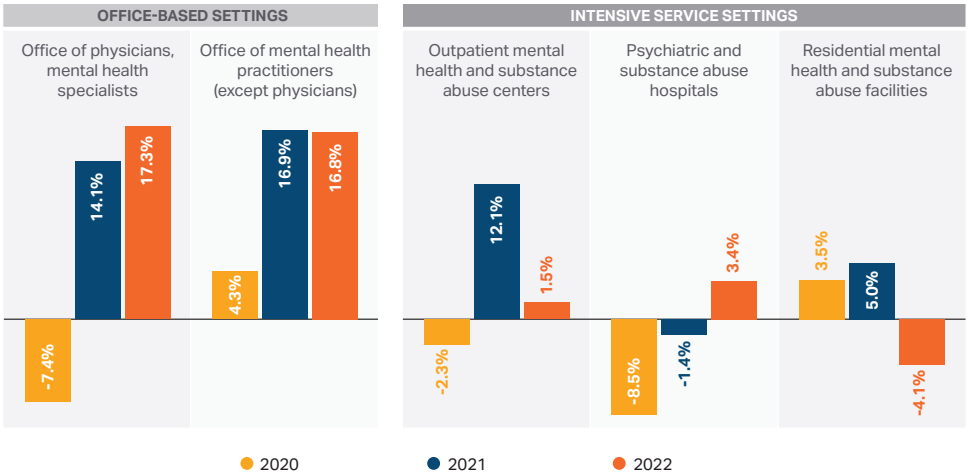
The Commonwealth's behavioral health workforce includes a wide variety of roles, from licensed providers (e.g., social workers, counselors, and psychiatrists, and nurses) to aides, and other staff who work in behavioral health settings – including community and office-based settings as well as intensive outpatient, acute inpatient, and residential facilities.

The HPC finds a shrinking pipeline of behavioral health providers, with the number of people completing mental and behavioral health degrees and certificate programs declining in recent years, with the steepest drops in completion of advanced degrees. Likewise, employment has shrunk in some roles requiring advanced degrees: for example, employment of mental health and substance use social workers fell by 15.7% from 2019-2021.[11] Compensation for many behavioral health care roles is relatively low, which may be particularly challenging for workers who carry student debt.

Additionally, while turnover is high throughout the behavioral health care continuum, trends vary by setting of care. Employment has grown in office-based settings that can be adapted to telehealth, while care settings that are not adaptable to telehealth have lost workers.

Total cost of living for a single adult and average compensation for selected occupations, Massachusetts, annual, 2021

Year to year percent change in average monthly employment (Q1-Q2 average) in behavioral health settings, Massachusetts, 2020-2022



7 Workforce Survey Report, Massachusetts Senior Care Association. October 2022.

8 Mass Senior Care Association & Mass Senior Care Foundation. Quarterly Workforce Survey. Quarterly Update April 2022.

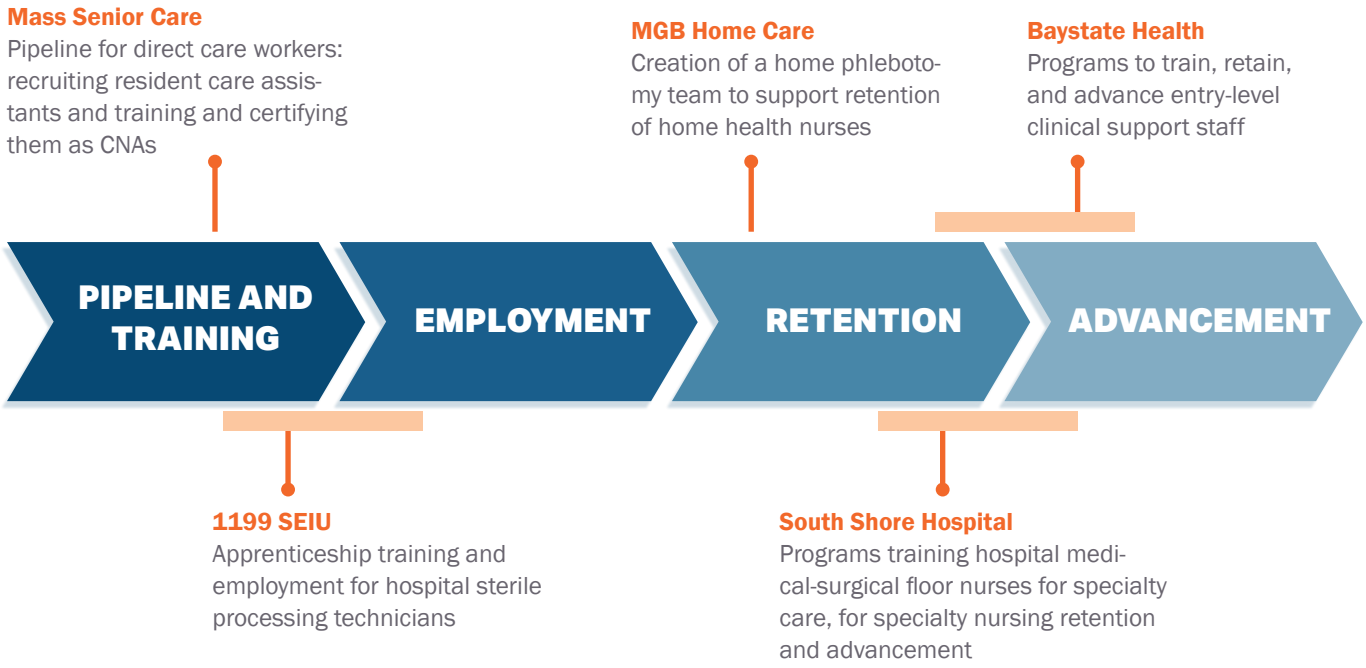
9 Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment and Wage Statistics, 2017-2021.

10 Living Wage Calculation for Massachusetts, Massachusetts Institute of Technology. 2022. Available at: https://livingwage.mit.edu/states/25.

11 Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment and Wage Statistics, 2019-2021.

WORKFORCE INITIATIVES

The HPC explored five examples of initiatives that aim to address health care workforce challenges throughout the workforce lifecycle, each with lessons that can be learned from and applied to other organizations and settings.



Several common themes emerged across workforce initiatives:

- Collaboration and planning across teams and organizations is important for successfully launching, running, and expanding programs, and for retaining newly trained workers
- Training programs often strain existing staff who serve as mentors, who may already be stretched thin due to the workforce shortages the training programs seek to address – particularly because mentors and preceptors are rarely compensated for their mentorship work
- Hands-on learning is important for preparing trainees for their future roles and is often more engaging than the classroom component of training programs
- Successful advancement initiatives create the challenge of backfilling newly vacated roles, which are often lower-wage positions for which recruitment remains difficult
- Educating organizations about health care apprenticeships may support expansion of training programs into new roles and organizations
- Workforce initiatives are often expensive for organizations to run, and funding support could ensure their sustainability or help expand them to less well-resourced organizations

TAKEAWAYS AND RECOMMENDATIONS

- Targeted government investments can help in areas such as reducing barriers to entry to health care careers, seeding training opportunities, innovations, and initiatives, and increasing wages for under-resourced sectors.
- Health care delivery organizations should invest in their care delivery workforces and innovate to provide attractive schedules and career advancement opportunities, including innovative approaches to staffing and care delivery, and efforts to streamline administrative functions.
- Given tight labor markets today and likely into the future, rebalancing health care worker supply and demand will require adjustments that enhance the attractiveness of health care positions (e.g, in working environments and schedules and compensation) for which there are workforce gaps.

Additionally, workforce challenges, and potential solutions, are somewhat different for different occupational groups:

	RECOMMENDATIONS FOR HEALTH CARE DELIVERY ORGANIZATIONS	RECOMMENDATIONS FOR THE COMMONWEALTH
REGISTERED NURSES	• Improved mentoring and coaching for new nurses • Enhanced administrative support and effective use of direct care roles and other paraprofessionals • Improved compensation and schedule flexibility • Increased support around incidents of workplace violence • Reduce avoidable hospitalizations	• Support nursing schools in streamlining their clinical education requirements for nursing students • Join the Nurse Licensure Compact to facilitate permanent hires from other states • Policies to support the shifts in site of care from hospital settings
DIRECT CARE	• Support workers in transitioning from training to employment and offer opportunities for professional development and advancement • Clear and accessible career ladders for direct care workers will help the entire health care workforce better resemble the patients they serve	• Expand upfront financial support for training and education, and support additional avenues for career advancement • Consider policy change to enhance wages
BEHAVIORAL HEALTH	• Focus on reducing turnover through higher wages and opportunities for professional development and advancement, particularly for entry-level workers and higher-intensity care settings	• Provide upfront support to alleviate the financial burden of education and training, including for advanced degrees and for the period between education and licensure for licensed roles

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