Michigan hospitals are vital to the health and wellness of our communities. Not only do they provide important scheduled and emergency care, but they also are large economic drivers. Our member organizations are dependent on labor and could not do what we do every day without a vast team of clinicians, such as physicians and nurses, and non-clinical support staff, ranging from administrators to environmental service and food service workers.

With the baby boomer generation at retirement age, hospitals and health systems, regardless of size, were already experiencing talent challenges. Dramatically exacerbated by the COVID-19 pandemic, the healthcare workforce shortage is now a crisis.

Hospitals and health systems had no choice but to utilize contract labor to immediately respond to growing staffing challenges. These investments have come at a cost, as hospitals statewide are projected to spend $1 billion more in 2022 than they did prior to the pandemic on contract labor and recruitment and retention expenses. Hospitals already operate on razor-thin margins and when 50% of overall expenses are related to labor, growth such as this is clearly unsustainable. Due to the discrepancy in available staff, Michigan currently has 1,400 less staffed hospital beds than in Oct. 2020 simply due to a lack of available workers.

Thankfully, our state’s lawmakers answered our call and provided much-needed state funding to help address the crisis in the form of $225 million to hospitals for the recruitment, retention and training of healthcare workers. This report provides a snapshot of the impact the funding has already had in just the three months since it has been distributed into the field. It shows the many creative programs hospitals have developed to recognize and keep existing staff and hire new employees. For example, we are seeing new partnerships throughout the state between hospitals and post-secondary institutions to improve and expand nursing degrees. Programs like these are crucial to expanding the talent pipeline and creating career opportunities for students throughout Michigan.

However, hospitals are not out of the woods yet. While extremely valuable, this funding just makes up less than one quarter of increased yearly labor expenses for hospitals. The data clearly shows we need more help.

Efforts must continue to address the needed supply of healthcare workers, essential to providing safe and timely access to patient care across our communities. Hospitals and health systems not only offer well-compensated positions with strong benefits, careers in healthcare help make a difference in the life of our neighbors and society. Hospital careers also exist in communities large and small, helping to keep college graduates and young professionals in our state. It is our hope this report will demonstrate the tremendous impact state funding has had and illustrate the benefits of continued support of future workforce initiatives.

**ABOUT THE MICHIGAN HEALTH & HOSPITAL ASSOCIATION**

We advance the health of individuals and communities.

Based in greater Lansing, the Michigan Health & Hospital Association advocates in Michigan and Washington, DC, on behalf of healthcare providers and the communities and patients they serve. The MHA is a nationally recognized leader on initiatives that protect and promote quality, cost-effective and accessible healthcare. The MHA represents:

- 162 member hospitals, of which 129 are community hospitals
- 18 health systems (7 based in Michigan; 7 headquartered in other states)
- 82 teaching hospitals
- 51 rural hospitals
- 37 critical access hospitals
- 96 urban hospitals

Michigan hospitals serve patients 24 hours a day, 365 days a year.

- 4 million people treated in emergency rooms
- 33 million outpatient visits conducted
- 994,000 patients admitted for care & treatment
- 97,300+ babies delivered
- Average length of stay – 5.33 days

2020 data from the American Hospital Association Annual Survey.

**OUR MISSION:**

We advance the health of individuals and communities.
STATUS OF THE HEALTHCARE WORKFORCE

Hospitals and health systems experienced staffing shortages in recent years, but the situation became more severe once the COVID-19 pandemic began. Significant healthcare staff vacancies have led to increased unemployment and unexpected expenses associated with contract labor and the recruitment and retention of staff. Many vacancies were created by layoffs, furloughs, and abrupt employee retirements, resignations and reduced hours due to burnout and increased rates of violence against healthcare workers. The continued need to temporarily fill these roles through contract labor has led to overall contract labor expenses quadrupling and unsustainable situations for hospital systems moving forward. Overall, these challenges represent a serious risk to access to timely, appropriate care in many communities.

HEALTHCARE SHORTAGES BY THE NUMBERS

The average national registered nurse vacancy rate at hospitals in 2022 is 15%, which is significantly higher than the 2020 vacancy rate of 9.9%, according to the 2022 NSI National Health Care Retention and Recognition Survey. A strong indicator of turnover amongst front line nursing staff, nurses report experiencing higher than the 2021 average of 9.9%, according to the 2022 NSI National Health Care Retention and Recognition Survey.

IMPACTING COMMUNITIES ACROSS MICHIGAN

IMPETUS VOLUMES AT MY HOSPITAL HAVE DOUBLED AND OUTPATIENT VOLUME IS UP 35%. THE STATE WORKFORCE FUNDING HAS BEEN CRUCIAL TO OFFSETTING SOME OF THE EXPENSES FROM TRAVEL CONTRACTS WHICH WERE INFLATED FOR SOME ROLES THREE TIMES PRE-PANDEMIC RATES. IT HAS HELPED US OFFER INCENTIVES TO THE FRONTLINE CAREGIVERS WHO STAYED EMPLOYED WITH US INSTEAD OF BEING LURED AWAY BY SIGN-ON BONUSES FROM OTHER BUSINESSES. AS THE MARKET SHIFTED DRAMATICALLY, IT ALSO HELPED OUR ABILITY TO PROVIDE HIGHER THAN NORMAL BASE WAGE INCREASES AND ANYTHING THAT CAN BE DONE TO HELP ADDRESS RISING LABOR COSTS IS EXTREMELY APPRECIATED.

MANY FORMER NURSES ARE RETURNING TO THE WORKFORCE

MANY FORMER NURSES ARE RETURNING TO THE WORKFORCE

AS A RESULT OF THIS FUNDING WE HAVE BEEN ABLE TO ADDRESS CRITICAL STAFFING SHORTAGES ACROSS OUR STATEWIDE HEALTH SYSTEM. WE HAVE INVESTED IN SHORT-TERM RETENTION STRATEGIES FOR MANY JOB ROLES, INCLUDING COMMITMENT INCENTIVES, SIGN-ON BONUSES AND TEMPORARY LABOR COSTS. LONG-TERM, WE HAVE LAUNCHED PIPELINE DEVELOPMENT AND TRAINING PROGRAMS THROUGHOUT THE STATE. THESE PROGRAMS HOLD GREAT PROMISE AND WILL HELP US ATTRACT AND RETAIN COLLEAGUES IN IDENTIFIED JOB CATEGORIES OF NEED. WHILE MORE WORK IS NEEDED AND ADDITIONAL INVESTMENT WILL BE REQUIRED TO ADDRESS FUTURE LABOR CHALLENGES, WE BELIEVE THIS WORK IS HELPING OUR MEDICAL TEAMS MEET THE NEEDS OF THE COMMUNITIES WE SERVE, WHILE ALSO CREATING PATHWAYS FOR OUR COLLEAGUES TO DEVELOP RENEWING CAREERS IN THE HEALTHCARE FIELD.

IMPACT OF STATE WORKFORCE FUNDING

Through Public Act 9 of 2022, Michigan's lawmakers significantly assisted hospitals in reacting to the healthcare workforce crisis and provided stability to the industry. Hospitals experienced improved retention rates and lower total vacancies since funding was received June 2022. Hospitals have used the funding for recruitment, retention and referral bonuses, contract labor, pay scale adjustments for clinical and support staff, education reimbursement and orientation and training. It has also led to the development of innovative workforce training, helping to grow the talent pipeline in areas such as nursing. However, more support is needed to address record growth in labor expenses through this year and create a sustainable financial environment for hospitals.

INNOVATIVE HOSPITAL NURSING PROGRAMS

Innovative Hospital Nursing Programs

INNOVATIVE HOSPITAL NURSING PROGRAMS

As a result of these workforce shortages, both Pine Belt Christian Mental Health Services and Hillsdale Hospital are offering similar tuition reimbursement and student loan or tuition assistance support.

HOSPITAL FINANCIAL IMPACT

One Community’s Experience

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STATEWIDE VACANCIES

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MAINTAINING ACCESS TO CARE

Competition for ambulance, nursing and medical assistant positions are fierce and wages are on the rise. Michigan Health System has not only used their funding to increase wages to retain staff but are sending potential ambulance staff to back cover the ambulance service. This has allowed a primary care physician to position that had been vacant since the pandemic. Operating in the Thumb, both ambulance staff and primary care physicians are crucial to access to care for a large region.

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