

# Workforce challenges

## Maximizing value-based care and digital advancements in a labor-strapped industry

Many health care organizations find themselves chronically under-resourced during a time when specialized staffing is crucial for the success of value-based care and new digital strategies. This year, high turnover rates continue. Some estimates project a gap as high as 200,000–450,000 registered nurses and 50,000–80,000 doctors by 2025.<sup>1</sup>

With health costs increasing, benefits packages – beyond health coverage – have become more important to attract new employees and retain existing ones. The projected growth in health care labor costs, combined with the clinical labor shortage, may result in an additional \$170 billion in costs by 2027.<sup>1</sup>

On the positive side, it is estimated that implementing digital and AI-driven interventions in care delivery, administrative simplification, clinical productivity and technology enablement could generate over \$1 trillion in savings.<sup>1</sup> But this too will require investments in technology, training and transition management.

### Forces driving workforce decisions in 2024

Care utilization continues to rise, putting more pressure on existing staff. Growth in the aging population and an increasing demand for mental and behavioral health services is not matched by growth in the workforce.

To bring that ratio into balance, leaders are using upskilling, automation, remote work, telehealth and progressive hiring and retention strategies. They prioritize talent leadership, invest in leadership training and provide change management resources.



Health care employers are also uncovering generation-specific strategies, such as offering telecommuting opportunities to experienced RNs and wellness and lifestyle benefits to younger employees. With a broadening array of ancillary benefits becoming available, employers expect to increase employee satisfaction and well-being and achieve the anticipated ROI over the long term.

However, as restructuring of the workforce continues, providers may still be compelled to seek higher rates from payers as they cope with current wage hikes, workflow transitions and inflationary pressures. Even if employment levels do stabilize next year, health plans should anticipate challenges due to labor costs associated with increased utilization of care.

## **Workforce: Progress, challenges and what to watch**

Workforce challenges have significant implications for patient care and access. Patients may experience delays or even forgo care altogether due to shortages and limited availability. Access delays can also have a negative impact on revenue and quality for both providers and health plans alike – including Star Ratings, CAHPS scores and performance-based incentive payments.<sup>2</sup> Delays can erode the consumer experience and amplify the costs associated with workforce challenges.

Automation continues to emerge as a promising strategy to manage workforce challenges. Intelligent automation can streamline processes, reduce administrative burdens, expand capacity and allow health care professionals to focus on high-value tasks. To maximize any technology investment and to ease transition in the workflow, it's important to reduce waste or eliminate redundancies or inefficiencies and identify increased productivity needs *before* automation. Developing a business case for automation investments and reaping the benefits from redesign can help health systems manage the near-term labor shortage and prepare for the future workforce and new workflows.

It is crucial to prioritize proactive workforce management. This involves planning for future care team models and implementing policies for labor management. These include strategies for recruitment, vacancy management and the timely replacement of positions. With proactive management strategies in hand, leaders are equipped to make decisions that serve not just the immediate need but accommodate the overall growth goals of the organization and long-term plans to cultivate talent.

Finally, culture and a safe and supportive work environment are essential. With mental health demands rising, longer hours, heavy workloads, and emotional and psychological stress, the health care workplace can be extremely challenging. Building resilience into the workforce will require proactive measures such as front-line de-escalation strategies, behavioral health emergency response teams, and resources for working caregivers and parents that create a safe culture and make team members feel valued.



To effectively address the challenges in the care environment, such as rising violence and stress, it is essential to implement front-line de-escalation strategies that support the front-line staff and foster a culture of safety and value for all team members.

**– Rob Linnander**

VP Optum Advisory Services

## Moving forward on workforce challenges



Be proactive in developing a workforce management strategy.



Encourage talent leadership by providing opportunities for growth, promoting a culture of autonomy and recognizing leadership qualities.



Understand the related risks workforce shortages pose for your quality scores.



Identify ways to cut waste and redundancy, as well as increase productivity, as you build a business case for workforce automation.



Employ safety protocols, foster open communication and invest in training and development to keep the culture safe, supportive and resilient.

## Why the time to act is now

The need to find clinical employees is intense and growing more so every day. In today's competitive talent landscape, health systems need a strong workforce strategy to avoid negative consequences like delayed services, lower quality ratings, high turnover and reduced reimbursements.

The role of generative AI is expected to grow in 2024. To match resources to consumer demand, health organizations should strive to keep pace with the adoption of new technologies, apply it to serve the growing populations in their markets and to help support the diverse needs and productivity of their workforce.

### Workforce challenges sources

1. Fleron A, Krishna A, Singhal S. [The gathering storm: The transformative impact of inflation on the health care sector](#). McKinsey & Co. Sept. 19, 2022.
2. Linnander R. Optum C-Suite Trend Report Interview – Workforce Challenges. March 2024.



[optum.com](https://www.optum.com)

Optum is a registered trademark of Optum, Inc. in the U.S. and other jurisdictions. All other brand or product names are the property of their respective owners. Because we are continuously improving our products and services, Optum reserves the right to change specifications without prior notice. Optum is an equal opportunity employer.

© 2024 Optum, Inc. All rights reserved. WF13199504 05/24