Without enough qualified caregivers and support staff, hospitals will not be able to successfully meet the growing health care needs of their communities. With the passage of health care reform legislation and an aging population, hospitals must be well-prepared for increasing service demands at the same time that physician, nurse and allied health professional workforce shortages are looming.

The shortage of needed hospital professionals is a critical challenge for hospitals, and should be a priority for their boards of trustees. According to American Hospital Association (AHA) research, the pipeline of new graduates from nursing, pharmacy, and allied health education programs is insufficient to meet emerging demand across the nation. Resolving the workforce shortage will take action on many fronts, very importantly through retaining valued and essential health care workers by improving employee commitment and loyalty to the organization and its community health improvement mission.

Today’s health care workforce is changing, and the way people access health care services in the future will change – from new technology to in-home care to medical homes. As the field moves forward to embrace a new generation of caregivers and new ways of providing care, boards of trustees must set the agenda and provide the will and resources to ensure their organizations’ success. Employee motivation, dedication, commitment and loyalty, as well as encouragement of creativity and employee empowerment to use technology and people in new and innovative ways, will play critical roles in quality and patient satisfaction improvement, and employee recruitment and retention. Hospitals’ ability to successfully meet patient, payer and community needs will be dependent on hospitals’ ability to ensure a workplace culture in which employees are valued, involved, engaged and empowered to play a vital role in achieving the mission and strategic objectives.

**New Times, New Workforce Needs**

Health care organizations have been coping with a workforce shortage and the impending retirement of the baby boomers for many years, but the causes of and solutions to the continuing shortage are evolving, driven by the direction of health care transformation, technology innovation and consumer expectation. While in the past the shortage was in large part addressed by increasing the supply of caregivers, trustees and hospital leaders must re-think the ways they will prepare for and address solutions to future workforce shortages.

The American Hospital Association’s 2009 Long-Range Policy Committee evaluated the workforce issues that health care organizations will likely face in the coming decade, and developed recommendations and tools for hospitals to develop successful workforce strategies in the AHA report, *Workforce 2015: Strategy Trumps Shortage*. As trustees work with senior leaders and medical staff leaders to develop a workplace culture and workforce development strategies that will ensure success in meeting future needs and opportunities, they should be prepared for the changes in the way health care
Critical Questions Every Hospital Board Needs to be Able to Answer

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is delivered. Trustees and senior leaders need to understand the imperative to use employees and technology differently in a transformed and technology-driven environment. Key findings included in the AHA Workforce 2015 report include:

• New scientific developments are occurring in the area of biomedical sciences, biomedical materials, medical devices, and computer services;
• Reimbursement is shifting from payment for individual services to payments for episodes of care, requiring coordination amongst multiple providers;
• Payments will be based on achieving quality measures, and penalties will be experienced for poor outcomes;
• There may be fewer uninsured patients, and more patients will be covered by governmental programs, particularly in the wake of the Patient Protection and Affordable Care Act (ACA);
• New care models, such as ambulatory, home and community care will become more prevalent, replacing traditional inpatient care, and new communication and monitoring technologies will be increasingly used; and
• Broad implementation of electronic record keeping, monitoring and reporting will enable patients and providers to communicate real-time.

Although There Are Fewer Employment Vacancies Today, the Long-Term Outlook Remains the Same. Experts have predicted a shortage of nurses, pharmacists, primary care physicians, and allied health professionals for years. The recent recession temporarily alleviated health care workforce challenges for some organizations, in part because demand for services was also down in some areas, and many hospitals reported having to lay off employees.

The greatest current shortage of physicians is in primary care, with only 30 percent of U.S. doctors specializing in that field.1 Reports estimate that 65 million people presently live in areas designated by the federal government as having a shortage of primary care providers—and those estimates are before more people receive insurance coverage through implementation of the ACA. The American Hospital Association reports that by 2020, the U.S. will face a shortage of 91,000 physicians, divided about evenly between primary care physicians and specialists.2

All Business Sectors Will Face a Tighter Labor Market, Not Only Hospitals. Over the past several decades the U.S. workforce has fared well for several reasons: a large number of women have entered the workforce, and the number of baby boomers working far out-weighed the small number of people born during the Great Depression who were retiring. Requirements for the future health care workforce are different for two compelling reasons: 1) the aging population will need more health care services, and 2) there simply aren’t enough up-and-coming health care workers to off-set the large numbers of retiring baby boomers. According to the U.S. Bureau of Labor Statistics, projections for the decade from 2006 – 2016 estimate that 15.6 million jobs will be available, but the civilian labor force will only increase by 12.8 million people. This disparity means that health care organizations across the nation will be seeking additional caregivers to meet an increased demand for services at the same time that all other industries will also be developing initiatives to attract the same labor force.3

The challenge for health care organizations is amplified by the projected increase in demand for services, resulting in greater shortages of physicians, nurses and other allied health professionals. And while an increase in enrollment in medical schools is anticipated over the next ten years, most of those students will not have completed their training by 2020. In addition, training for nurses, therapists, and other health care providers is limited by school budget challenges, faculty shortages and space limitations.

The combination of increased competition for qualified, skilled health care employees and the fact that higher education programs turning out health care providers will not be able to keep up with market demand places a new challenge on health care leaders: not only is recruitment and retention more important than ever, but the way that health care leaders think about how the future workforce will be used and managed will require greater creativity, foresight and leadership thinking.

Traditional Staffing Practices Will Change. Because of the long pipeline for training and producing health care professionals, the supply of graduates increases slowly. Many hospitals and health systems simply won’t have enough physicians and other caregivers in the next decade to provide the care that will be demanded.

As hospitals anticipate a tighter labor market and more competition for highly qualified health care workers moving forward, they will not be able to successfully recruit and retain staff to work in a work environment known for being stressful, hectic, unappreciative or threatening. Boards of trustees have the power to demand an environment that improves efficiency and effectiveness, nurtures workforce loyalty and dedication, and improves the patient experience.

Hospital boards of trustees can play a vital role in encouraging...
The Board’s Role in Nurturing a Positive Workplace Culture

**Workplace Problems the Board of Trustees Should Provide Leadership to Avoid**

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<tr>
<th>Problem</th>
<th>Description</th>
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<tr>
<td><strong>1. Dysfunctional leadership team.</strong></td>
<td>Lack of a cohesive, unified leadership team sends a mixed message to employees and can cause divisiveness among the leadership team as well as employees that take “sides” with specific members of the leadership team.</td>
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<td><strong>2. Uneven and inconsistent performance evaluation process.</strong></td>
<td>Lack of consistency in the manner in which employee evaluations are conducted can not only result in employee perceptions of unfair promotions and a poor employee-management relationship, but it also tends to coincide with employees receiving little feedback (positive or negative), limiting employees’ ability to improve their performance.</td>
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<td><strong>3. Lack of organizational transparency and sharing of information.</strong></td>
<td>Building employee morale and a sense of trust is difficult when employees do not feel included in organizational decisions. For example, employees should never read about organizational news in the newspaper before hearing it first at work.</td>
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<td><strong>4. Unclear mission, vision and strategic direction.</strong></td>
<td>Although the board and leadership team may have a clear direction for the future, if it is not clearly communicated to employees they may feel that the organization has no direction and/or decisions are made without a “bigger picture” in mind.</td>
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<td><strong>5. Confusion in organizational structure and functions.</strong></td>
<td>Employees must know who they report to, who conducts their annual evaluation, and understand the “chain of command” if they need to discuss an issue with someone above their immediate manager or supervisor.</td>
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<td><strong>6. Lack of a sense of value.</strong></td>
<td>Employees must feel valued and appreciated; although constant feedback from co-workers is critical, positive feedback from management as well as the executive team plays a crucial role in ensuring that employees feel appreciated.</td>
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<td><strong>7. Culture of blame.</strong></td>
<td>Developing workable solutions to problems without placing blame is a key factor in quality improvement. Likewise, employees and managers should not engage in “finger-pointing” and placing blame on one another when problems arise, but should rather use the occasion as an opportunity to pinpoint a performance gap that must be closed.</td>
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<td><strong>8. Inconsistent and mixed communication.</strong></td>
<td>Employees must feel that they are valued enough for the leadership team to share current issues and decisions, as well as seek employee ideas and input before making decisions that significantly impact employees and their patients.</td>
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<td><strong>9. Lack of interaction and decision protocols.</strong></td>
<td>Lack of a clear definition and adherence to simple protocols addressing reporting relationships can create animosity among employees, supervisors or managers that believe their authority and responsibility has been undermined.</td>
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<td><strong>10. Rumors, misinformation and mixed messages.</strong></td>
<td>Lack of effective communication can result in rumors about the organization or mixed messages from the leadership team, leading to a confused workforce and a perceived lack of management consensus and cooperation.</td>
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**Workforce Shortages Have Quality and Safety Implications**

Shortages of personnel have many potential implications. Not least among them is a higher likelihood of errors. Labor shortages may force organizations to require overtime, which is not only expensive, but for some categories of health care professionals poses a risk to patient safety. In November 2003, the Institute of Medicine (IOM) stated that the long hours many nurses work is one of the most serious threats to patient safety as decreased reaction times and energy can result in a reduced attention to detail. A study by the University of Pennsylvania School of Nursing found that nurses who worked shifts lasting more than 12 hours (at least 12.5 hours) were three times more likely to make an error than nurses who worked less than 8.5 hours.
Retention and recruitment become more difficult as health professionals seek to avoid an environment in which they are over-worked. Workforce shortages may also force organizations to utilize contract employees. The use of contract employees, such as “agency” nurses, is expensive and places additional strains on employees as they assist non-employed health care workers who do not understand the organization’s policies, procedures and protocols.

Creativity in Retaining Current Staff
Retaining current valued health care professionals is the first and most vital step in preparing to succeed despite coming workforce shortages. Creating an environment that strengthens employee commitment and builds employee loyalty reduces turnover and makes recruitment of new employees less expensive and time-consuming. Hospital leaders should consider several approaches as they develop retention strategies.

Find Ways to Motivate and Retain Employees on the Edge of Retirement. Retaining employees close to retirement is an opportunity to minimize shortages while simultaneously capitalizing on their years of training and workplace experience and expertise. While older employees may not be able to or be interested in working the same rigorous schedule as younger employees, they can bridge a critical gap by providing training, mentorship, and other roles that utilize their extensive experience and expertise.

The current economic downturn may strengthen this opportunity for health care organizations, as many employees nearing retirement may choose to postpone their retirement due to declines in their retirement funds and other investments. According to a 2009 survey conducted by the Employee Benefit Research Institute (EBRI), 72% of workers report that they expect to work for pay in retirement. Although it is unknown whether current economic challenges will alter these predictions, some experts predict that the percentage of workers interested in working past the typical retirement age will increase even more.

Understand and Adapt to the Needs and Goals of Different Generations. Today’s workforce is generally comprised of four unique generations: 1) Traditionalists (born before 1945); 2) Baby Boomers (born between 1946 – 1964); Generation X (born between 1965 – 1978); and Millenials (born 1979 – present).

Each generation has unique workplace priorities and preferences, and successful workplace cultures must respond to each of these generations at the same time. The board must ensure the necessary flexibility and creativity that ensures that each generation’s unique needs and desires are met – whether it’s more flexible schedules, employee empowerment, encouraging innovation, or simply more enjoyment in the workplace.

According to the AHA report, the typical hospital culture does not match the work expectations of the Millennial generation (the generation born between 1979 and the present). For example, while the typical hospital culture is hierarchical, with fixed schedules and hours, the younger generation seeks greater workplace flexibility. In addition, the Millennial generation is more likely to seek to use computers, virtual networks, texting and other technology tools in their work. Hospitals must evaluate their cultural capacity, and determine their ability to attract employees in this generation.

New Opportunities for Care Delivery. Many health professional associations are raising education requirements and seeking to expand their opportunities to practice. Physical therapists may now earn a Doctor of Physical Therapy (DPT), and envision opportunities for direct access and patient referral in the future. Similarly, nurse anesthetists seek to administer anesthesia without physician supervision, and nurse practitioners seek to be recognized as licensed, independent primary care providers. The role of the pharmacist as a health provider is also garnering increasing attention.4, 5

As health care providers’ roles evolve and the health care field shifts to an environment focused on coordinated care, bundled payments, ACOs and medical homes, hospital leaders must be forward-looking and creative, preparing for a changing industry combined with the impending increase in demand for health care. The shortage of primary care physicians is rapidly advancing deliberations to expand the nation’s delivery of care to encompass broader roles by other professions; however, many of these professions are expecting shortages of their own. According to the American Hospital Association, the largest percentage of unfilled, budgeted positions in U.S. hospitals are registered nurses (RNs), followed by licensed practical nurses (LPNs), pharmacists, imaging technicians, nursing assistants and laboratory technicians. The combination of workforce shortages and a greater emphasis on coordination
of care across provider types and care settings is a trend that hospital leaders should be preparing for today. Health care reform will continue to push hospitals in this direction, and it is an opportunity for hospitals to capitalize on now to stay ahead of the curve.

**Being Proactive in Today's Environment.** Resolving the shortage on a national basis will require action on several fronts locally—from new opportunities for care delivery to new recruitment and retention strategies. Experts agree that one of the most significant challenges associated with health care reform is the projected increase in demand combined with the expected shortage of providers. To address this, the ACA included the development of the National Healthcare Workforce Commission, a 15-member commission created to investigate health care workforce challenges and potential solutions. While the members of the non-partisan commission were appointed in 2010 after the ACA was passed, the group has never met. Republicans have blocked funding of the Commission, preventing the group from meeting or having any work or contact with one another until funding is implemented. Despite political gridlock preventing federal action, health care organizations across the country are increasingly exploring alternative options. The American Hospital Association predicts that new delivery models will include “more primary care-based, easy-access, low cost models for patients to receive certain services such as immunizations and school physicals.” Realistically, the current primary care system of physician offices and hospital emergency departments is not practical—physician offices will be overloaded, and emergency departments are too expensive and unnecessary for non-emergency care. One low-cost alternative predicted by the AHA and others is retail-based clinics, which can provide vaccines and basic primary care in a more cost-effective, timely manner.

**Physician Integration.** Whether hospital leaders are considering an ACO or simply preparing for payment incentives that are based on patient outcomes, hospital/physician relationships are essential. Health reform encourages more than hospitals and physicians cooperating to care for patients. It requires hospitals and physicians to provide integrated care - care that is coordinated, uses seamless technology, and involves providers across the spectrum working together to care for each patient as an entire “episode of care.” This is a new shift in thinking for most health care leaders, but a necessary shift for both predicted changes in reimbursement and provider shortages. Trust has been a longstanding barrier in hospital/physician relationships, and a recent study by the PricewaterhouseCoopers Health Research Institute shows it continues to be. When asked whether they trust hospitals, 20 percent of physicians surveyed said “no,” and 57 percent said “sometimes.” At the same time, physicians are seeking to reduce their risk and increase financial security. In the same survey, nearly three-quarters of physicians said they are already aligned financially in some way with hospitals, including directorships, employment, and joint ventures. Hospital trustees and leaders should be preparing for these growing partnerships, working jointly with their medical staff and other community providers to develop shared solutions and forge relationships that will provide better care and prepare all health care providers for a more stable and effective future.

**Governance Leadership Actions to Help Ensure a Positive Workplace Culture**

**Be Involved At the Right Level.** The board of trustees should ensure that the executive team has a plan of action to achieve specific organizational goals, such as employee and provider loyalty and satisfaction, living the organizational ethics and values, employee empowerment, growth, quality and patient safety, etc.

**Ensure Meaningful Performance Evaluation Methods and Results.** The employee performance evaluation process should ensure that:

- Managers conduct employee evaluations at least annually;
- All employee evaluations include a dialogue between the manager and employee, providing positive and constructive feedback;
- The process effectively evaluates employees’ performance in meeting their job descriptions, overall organizational expectations, and assisting the organization in achieving its mission, values and vision; and
- Employee evaluations are conducted fairly and equitably, including if or how employee compensation is affected based on employees’ annual review process.

**Involve Employees in Organizational Decision-Making, and Recognize High Performance.** Boards of trustees and senior leaders must continually strive to find new and innovative ways to seek employee feedback, and demonstrate that employee ideas and opinions are highly valued. When seeking employee ideas, management must follow-up on the feedback received,
take action and update employees on the status of their ideas and suggestions, and keep the board of trustees aware of trends in employee satisfaction and engagement.

Management recognition of individual accomplishments and achievements is also essential; while praise from co-workers is meaningful, and receiving rewards and recognition from the executive team and/or the board is a critical component of employee morale. Developing cross-functional teams comprised of employees and managers can help organizations develop approaches to recognize and reward their high-performing employees.

Ensure Organizational Transparency. Increasing the transparency of operations can help organizations to improve employee satisfaction. For some organizations, becoming transparent requires a cultural change. Transparent organizations allow employees to see and share information and make suggestions. They communicate strategies and objectives to employees, and provide regular updates about progress toward achieving those objectives. Updates may include specific metrics the organization is striving for, challenges identified for the future, financial information, and the organization’s progress in meeting community needs.

Identification and recognition of the challenges facing the workforce enables hospitals to redesign work and workplace environments so that they are able to offer careers that attract, retain, and develop the “best and the brightest” in adequate numbers. Nurturing a positive workplace culture should be a prominent part of the board’s strategic agenda.

Sources and More Information