Recruitment and Retention of a High-Quality Healthcare Workforce

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Key Findings

- A variety of policies exist and have been proven effective to attract healthcare workers. To achieve recruiting targets cost-effectively, these policies have to be carefully chosen to match the goal at hand.
- During the transition period (now to 12 months), short-term financial and other incentives can be used to attract a temporary workforce.
- As the situation stabilizes, the focus should be on using incentives and recruiting drives to draw a stable workforce to New Orleans.
- After about two years, supplemental payments, bonuses and other incentives can be phased out in favor of policies that tackle overall shortages in the industry.

Functioning health services are key to making the community of New Orleans livable again. Conversely, a livable community is key to attracting a stable healthcare workforce to New Orleans. Hurricane Katrina forced the entire healthcare workforce to evacuate the City of New Orleans and a large majority of these workers have since found jobs elsewhere, such as in neighboring Parishes and Texas.¹, ² Temporary facilities, such as modular hospitals and hospital ships, are currently staffed and operating to provide care for reconstruction workers and returning residents, but attracting and retaining a high-quality and stable healthcare workforce over the long term will be one of the preconditions for successful reconstruction.

Given the nationwide shortage of healthcare workers,³ it may prove difficult to fill the gaps left by this brain drain, particularly while living conditions in New Orleans remain difficult. Substantial incentives will likely be needed in the short run. Incentive policies must be designed carefully, however, due to the potential magnitude of the incentives and the risk of attracting opportunists without a real commitment to the city and its people.

This brief summarizes policy options to create and maintain a healthcare workforce, as well as options to bridge the transition from the current situation to the point at which the

¹ Up to 5,944 active, patient care physicians working in the ten counties and parishes directly affected by the flooding may have been dislocated (Rickert, 2005).
² An estimated 13,000 registered nurses from New Orleans and surrounding areas have been displaced by Katrina. Texas has reported that 300 nurses from Louisiana, Mississippi and Alabama have applied for licenses in that state. (Brooks, 2005).
³ The US Department of Labor and the HRSA Bureau of Health Professions both report shortages of healthcare workers, in particular nurses and pharmacists (US DOL, 2004; HRSA BHPR website). Specifically, HRSA estimated a 7% shortage of nurses in the US for 2005; US DOL reported that more than one million new and replacement nurses will be needed by 2012. National surveys of nurses and physicians in 2004 found that a majority (82% and 81%) perceived shortages in nursing where they worked (Buerhaus, 2004). In 2001, 126,000 nurses were needed to fill vacancies in hospitals and 75% of hospital vacancies were for nurses (American Hospital Association, 2001).
interventions will show an effect. It focuses on nurses as the largest professional group but the recommendations can be applied to other professions as well.4

**Key Considerations in Policy Design**

**The Demand for Healthcare Workers**
The population size and demographic composition of post-Katrina New Orleans is likely to be different from that of pre-Katrina New Orleans, making demand prediction the key first step in determining the optimal size and composition of the future healthcare workforce. For example, a disproportionate number of the frail elderly may choose not to return, decreasing the need for long-term care nurses and home health staff. Similarly, New Orleans had an oversupply of hospital and long-term care beds before Katrina. Projections of workforce needs should be based on a consideration of the likely demands of the post-Katrina delivery system.

**Incentives**
An effective workforce policy will maximize return on investment, i.e., spend the least amount possible to attract each additional worker. To optimize returns, the State of Louisiana should consider how various interventions might interact and how policies can be avoided that would provide windfall gain for individuals who would have come to New Orleans anyway. The State will want to ensure that policy design reflects the policy goals at hand. For example, it may be necessary to attract staff who do not plan on settling permanently in New Orleans to meet immediate needs, but building a stable workforce requires drawing workers who will at least consider settling. Thus, the State might want to offer two different combinations of incentives that are selectively attractive, respectively, to short-term and long-term workers.

**Policies Targeted by Occupation**
The attractiveness of New Orleans as a place of employment will likely differ by occupation. To attract the full range of healthcare workers to New Orleans, the State might want to consider offering a variety of workforce policies that are targeted to the needs of specific healthcare occupations. For instance, offers of loan repayment might be effective for bringing in doctors5 given the large debt burden many of them have, while signing bonuses and career advancement initiatives might be better suited for attracting nurses. Better salary and health insurance benefits might be the most effective way to attract low-end workers (such as janitors and aides).

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5 There are also the so-called J-1 waiver programs under which non-U.S. physicians who trained in the U.S. on a J-1 training visa can get out of the requirement to return home after the training in exchange for a commitment to practice in underserved areas. Discussion of other options to attract physicians to underserved areas can be found in the rural health literature, see the website of the North Carolina Rural Health Research Program for information: http://www.shepscenter.unc.edu/research_programs/rural_program/.
Return of Evacuees in the Healthcare Field
Attracting healthcare workers who used to live in New Orleans would be desirable for a number of reasons. First, these individuals are especially likely to remain in the region permanently because of their pre-existing social and familial ties. Second, their knowledge of needs specific to their communities would enable them to improve the quality of care. Finally, attracting them to return would be less expensive than getting persons living outside of New Orleans to uproot themselves and move there.6

Opportunities for Synergy
The problems facing New Orleans are vast and multi-faceted. The State of Louisiana will want to seek out policies for attracting healthcare workers that also address other issues. For instance, offering subsidies to healthcare workers to help them rebuild their homes would help replenish the housing stock and help restore the livability of the city in addition to increasing the number of healthcare workers.

Available Policy Levers
There are a number of levers available to assist policymakers in attracting and retaining a high-quality workforce.

Financial Incentives
- **Signing bonuses**: Evidence from the military recruitment literature suggests that signing bonuses are a cost-effective way to increase enlistment (Warner, 2001). Because the financial gain is immediate, this policy is effective in drawing workers relatively quickly. To discourage “carpet-bagging,” the bonuses could be conditional on committing to work in New Orleans for a specified amount of time or be paid out in a staggered fashion on specified employment anniversaries.

- **Incentives to retain healthcare workers**: There is the risk that workers who have not yet left Louisiana might decide to do so for economic reasons. For example, several hospital operators have announced that they will lay off staff employed in facilities that have to be closed.7 Physicians whose practices have been damaged might decide that their prospects are better elsewhere. As retaining workers is likely to be less expensive than bringing them back later, the State should consider offering incentives (e.g., transition payments for laid-off staff, reconstruction grants) to keep healthcare workers in the State8.

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6 Evidence from the teacher recruitment literature is instructive on this point. Teachers have been shown to prefer working close to home. To induce them to work at schools far from where they live, they must be lured with extra compensation (Boyd et al., 2005).

7 King R and Pope J. Hospitals still closed after Katrina. Times-Picayune. Friday, September 30, 2005

8 The AMA Foundation has already offered physicians grants to rebuild their practices – physicians are eligible if practices damaged/destroyed are in areas declared disaster zones by FEMA. http://www.ama-assn.org/ama/pub/category/15614.html. The Susan G. Komen Breast Cancer Foundation offers rebuilding support for breast cancer providers http://www.komen.org/intradoc-cgi/ide_cgi_isapi.dll?IdeService=SS_GET_PAGE&ssDocName=katrina.
- Loan forgiveness/repayment programs: The large debt burden carried by many doctors would make this an obvious way to attract physicians back to New Orleans. In addition, nurses may also have significant debt to educational institutions and could find such a program attractive. Limiting such programs to graduates of local institutions would help keep costs contained and would target individuals with pre-existing ties to the region, increasing the likelihood that individuals drawn in by the policy would remain in New Orleans. Louisiana has a loan repayment program in place in response to a pre-Katrina health worker shortage (CHWS, 2002). The State might want to explore whether matching federal funds could also be obtained through the National Health Service Corps program of HRSA.

- Scholarships for schooling in healthcare professions: Research on military recruitment has shown that scholarship-related subsidies are a cost-effective way of increasing the number of enlistments, particularly because many recruits tended not to exhaust their benefits (Warner, 2001; Asch, 1994). A policy of this sort in New Orleans could be aimed at increasing the number of healthcare workers for the long term. Scholarships might be especially effective if they were limited to schools in Louisiana (or even New Orleans once the universities reopen) to help develop a native workforce. To mitigate the possibility of opportunism, any financial incentives should be tied to a commitment to work in New Orleans for at least several years.

- Housing reconstruction subsidies: Housing reconstruction subsidies, while not limited to healthcare workers, could be useful in attracting and retaining such workers and have the added benefit of helping with the physical rebuilding of the city. Subsidies might also be effective in attracting former residents back to town since the benefits would depend on having had a house in New Orleans.

- Other targeted financial assistance: Financial assistance, including dependent care benefits and financial support for children’s education, may be effective in retaining healthcare workers in New Orleans over the long term since such benefits will typically not be realized for several years.

- Pay raises: While it is important to ensure that salaries and benefits are competitive, overall pay raises tend not to be a cost-effective recruiting and

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9 In 2003, 85% and 81% of the graduates of public and private medical schools, respectively, were in debt. The median debt was $100,000 (public) and $135,000 (private). (Association of American Medical Colleges 2003 and Jolly, 2005).

10 The School of Nursing at the Oregon Health and Science University reports that its Class of 2000 had an average indebtedness of $17,000 for undergraduate students and $22,400 for graduate students (OHSU).

11 For example, one study found that on average, only $17,000 of a $65,000 award actually was claimed. It should be noted that individuals interested in healthcare professions might be more likely to use all available scholarship funds than are military recruits.

12 A good model for this might be the initiative of Abbott Northwestern Hospital, Minneapolis, MN: http://www.abbottnorthwestern.com/ahs/anw.nsf/page/community_home.
retention tool, as raises would have to be given to all healthcare workers and the balance between pay scales need to be maintained. However, the State might want to consider offering transitional salary supplements to compensate for the currently difficult living conditions in New Orleans. Salary supplements might also be a good way to attract low-wage healthcare workers (such as janitors and aides) for whom small wage changes could have an appreciable effect on financial well-being.

Career Development Incentives

- **Career ladder programs**: Career ladder programs “train up” workers who are already employed in a particular sector. Twenty-eight percent of states have instituted some form of career ladder program to alleviate staffing shortages (CHWS, 2002). The advantage of these programs is that they require shorter training periods and target people who have revealed their preference for working in healthcare settings, making them more targeted and presumably more cost-effective. The State might consider offering training to targeted individuals already employed in the healthcare sector, e.g., offer RN training for LPNs or LPN training for aides and orderlies.

- **Recognition programs**: Employees who choose to work in what promises to be a challenging environment should be recognized through a formal recognition program or program emphasizing civic duties. Examples of the latter type of program in other arenas include the Peace Corps and Teach For America. A recognition program could be instituted in collaboration with professional societies, such as the American Nurses Association. Such programs would be a good way to bring in young workers interested in serving the public.

Outreach Efforts

- **Advertising and use of recruiters**: Evidence from the military recruitment literature suggests that both advertising and the use of recruiters are cost-effective ways to increase enlistment (Warner, 2001). For both interventions, proper design and execution are critical. For example, the media mix and intensity has to be expertly chosen, and recruiters must be rewarded for ambitious but realistic targets. A wealth of information on those issues exists in the military recruitment literature and several advertising agencies have relevant experience.

- **Recruitment of foreign graduates**: Policies to recruit foreign graduates would take advantage of the eagerness on the part of foreigners to work in the United States, and would likely increase the number of healthcare workers over the short term. Drawbacks of such programs include language and cultural barriers, the need to ascertain adequate training levels and national security concerns. Before such a program is undertaken, the State would also want to consider the potential

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13 Similarly, signing bonuses and college tuition support for military recruits are more cost effective than salary increases (Warner, 2001) and graduated pay raises are more effective than across-the-board pay raises (Asch, Hosek, and Warner, 2001).
effect of the program on depleting the healthcare workforce of the workers’ countries of origin. Coordination with Federal agencies would be necessary.

- **Marketing of health-related careers**: Forty percent of states, including Louisiana, have instituted initiatives to increase awareness and interest in health-related careers, especially among youth (CHWS report). The impact of such initiatives would be felt only in the long run.14

**Elimination of Regulatory Constraints**

- **Licensing**: The State might consider reviewing, and possibly relaxing for a transition period, re-licensure requirements for professionals who have left the healthcare workforce temporarily.15 Facilitating procedures for reciprocity licenses of healthcare workers already licensed in other states on a temporary basis would remove an important obstacle for workers willing to relocate. However, those changes are unlikely to have a strong effect.

**Job Redesign**

- **Nursing-friendly policies**: Many health professionals suffer from “burn-out” and frustration and switch occupations.16, 17 This will likely be especially serious in post-Katrina New Orleans. Therefore, an important long-range goal should be to make the healthcare work environment more attractive compared to other settings. This might be accomplished in several ways for nurses, who constitute an especially important segment of the healthcare workforce. One option is to adopt nurse-friendly practices such as prohibition of mandatory overtime and minimum staffing ratios.18

- **Establishment of Magnet Hospitals**: Magnet Hospitals possess a number of organizational characteristics that are known to promote professional nursing practice and to increase retention and job satisfaction, such as flat organizational structures, unit-based decision-making processes, influential nurse executives, and investments in the education and expertise of nurses. The American Nurses Association operates a recognition program for hospitals meeting those criteria.19

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15 Louisiana has already relaxed some regulations to allow volunteer physicians to practice in the state (Rickets, 2005).
16 Burnout has been identified as a common problem in every health care specialty studied, including oncologists, critical care, family practitioners, radiologists, surgeons and gastroenterologists (Penson et. al., 2000).
17 More than 40% of nurses working in hospitals report being dissatisfied with their jobs (Aiken et. al., 2001).
18 In hospitals with high patient-to-nurse ratios, nurses are more likely to experience burnout and job dissatisfaction (Aiken et. al., 2002).
19 The Magnet Recognition Program was developed by the American Nurses Credentialing Center based on these characteristics. See [http://pcs.mgh.harvard.edu/abt_magnet2.asp](http://pcs.mgh.harvard.edu/abt_magnet2.asp).
Recent studies have shown that these hospitals also have good outcomes. The State could enlist experts to help hospitals adopt the required characteristics and achieve Magnet Hospital status.

- **Targeted benefits**: The State might also consider offering benefits targeted to female workforce such as high-quality child-care and generous maternal leave programs.

**Timing of Implementation**

The need for different types of workforce policies will vary over time. Broader workforce programs combining the types of policies described above could be implemented in three phases: 1) The Transition Period (now to 12 months after Katrina), 2) The Stabilization Period (six months to two years from now), and 3) The Maintenance period (beyond two years from now).

**Transition Period Program (now to 12 months)**

Staffing New Orleans’ healthcare facilities is a critical component of the reconstruction process. The ability to provide healthcare is necessary for residents to return and temporary workers to do their jobs; it is also a cornerstone of the efforts to make the city livable again. Given the substantial shortfall of staff at the moment and the pressing need to fill this gap, there won’t be time to craft and pilot-test elegant policy designs, but the State should consider undertaking some limited market research to determine the right mix of incentives. Incentive programs are likely to be expensive and may not attract a stable workforce and should thus be phased out as soon as possible in favor of long-term policies designed to convince temporary workers to stay.

Broadly, two types of individuals will be tempted to work in New Orleans in the current situation. The first, “the mercenaries”, will be attracted by the above-average pay and career opportunities and the thrill of working in a rapidly evolving environment. The second, “the idealists”, will be attracted by the opportunity to make a meaningful difference, the ability to serve their country and the camaraderie of a like-minded group.

Both types are more likely to be found among recent graduates, who tend to be younger and more flexible with regard to living conditions, have fewer familial commitments, and may be more mobile. These individuals might be targeted through recruiting at nursing and medical schools. Other target groups might include mid-career professionals who are seeking a job change and, possibly, healthcare workers leaving the military after completion of their duties.21

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20 Magnet hospitals have a 4.6% lower mortality rate than non-magnet hospitals. The same factors that lead hospitals to be identified as effective from the standpoint of the organization of nursing care are associated with lower mortality among Medicare patients. (Aiken et. al., 1994).

Models for attracting temporary workers include:

- **The Traveling Nurse Model**: There is a substantial pool of experienced nurses who are used to traveling and "hitting the ground running." They usually sign contracts for 13 weeks, but these can be shorter and can always be renewed. The most common arrangements include above-average salary, room and board and travel. Sometimes, if the nurses like the environment/job at the present location, they renew the contract a couple of times and then decide to become permanent staff at local prevailing conditions. Contracts of this sort would obviously be attractive to recent graduates as well.

- **The Volunteerism Model**: Another option for attracting temporary workers would be to appeal to the public’s sense of civic responsibility, especially given the public’s sympathy for the enormous challenges New Orleans now faces. A program could be established in which healthcare workers would sign up for a term of service and then be recognized upon completing it. The program would have to be endorsed by the leading national professional associations. A similar program, Teach For America, has been shown to be effective at attracting new teachers who are often assigned to challenging inner city classrooms (Decker, 2004; Raymond, 2001; Lewin, 2005). While the program would be targeted to recent graduates, it might also appeal to mid-career professionals or those who have temporarily left the workforce.

In addition, creative use of technology will be required to fill some of the immediate gaps on a temporary basis. For example, telemedicine could be used to provide some specialty medical care and off-site disease management vendors could be enlisted to support local healthcare providers.

**Stabilization Period Program (six months to two years)**
The goal for this period is to attract a substantial amount of workers who will stay in New Orleans. As it will not be possible to draw significant numbers of new workers into the health field locally in this timeframe, the policies would aim to attract workers from other areas by making New Orleans a more attractive place to work compared with other locations. Policies to attract workers from other states are likely to lose power in the longer run, as other states or employers might try to match any incentives to retain their workforces. Sustaining the comparative advantage of New Orleans might then become prohibitively expensive. Consequently, the program would need to be phased out beginning after the first year or so. As the envisioned timeframe allows for some planning and testing, the details of the program should be informed by thorough market research and evidence-based planning. The State should also consider piloting some program elements as well as collecting data for a later evaluation.

Given the challenging living conditions in New Orleans, the program will have to rely heavily on compensatory incentives. Competitive salaries and benefits should be offered combined with a supplemental pay that will decrease over time with improving
conditions. A signing bonus slightly exceeding typical amounts might be paid with half provided upon take-up of duties and the remainder given at specified job anniversaries. The State might also consider a loan forgiveness or repayment program structured in a way that pays benefits over a period of two to five years. Finally, a financial assistance program for housing construction or reconstructions (such as mortgage subsidies) and a dependent care benefit program (such as credits at State schools) could be instituted for the early comers. Alternatively, the size of the benefits could be tied to the time of arrival to reward workers who come soonest. The deferred nature of those benefits could tie temporary workers to New Orleans in the long run.

Over time, financial incentives might be supplemented by accelerated promotional opportunities and career advancement programs. Regulatory obstacles will also need to be addressed, without endangering their function of ensuring adequate qualifications of healthcare workers.

The program needs to be communicated with an advertising campaign and the use of dedicated recruiters. It is imperative that a realistic picture of the current living conditions, as well as their gradual improvement, is painted in those outreach activities. The message needs to counter the perception that New Orleans is now a dangerous and unpleasant place to live; however, the message will also need to create realistic expectations to avoid discontent and early departures. Recruiters need to be properly trained, incentivized and managed to ensure their effectiveness. The State could coordinate with Federal agencies to extend the recruitment drive abroad.

**Maintenance Period Program (beyond two years)**

In this period, supplemental payments, bonuses and other incentives should be phased out and compensation for healthcare workers should convert to a competitive level, in tandem with the return to normal living conditions. To maintain a stable healthcare workforce in the long run, however, policies need to tackle the salient problem of overall shortages in this industry. Thus, policies are needed to draw more talented individuals into healthcare careers and to make the State of Louisiana a destination of choice. The State can capitalize on the enthusiasm, creativity and funding available in the wake of Katrina to enact visionary policies in this high-growth sector. Designing and implementing these long-term policies should wait until the more pressing problem of staffing healthcare facilities in the transition period has been addressed. Obviously, long-term policies need to be well-crafted and evaluated to avoid wasting this historic opportunity and to match the actual demand for services in post-Katrina New Orleans.

The policies under this program will aim either to attract more people to a health career or to reduce the likelihood that people drop out of healthcare careers through job changes or temporary and permanent retirement. Reducing the drop-out rate is particularly

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22 Of course, tackling the problem of pre-existing healthcare worker shortages should not be done in lieu of trying to bring back evacuees and other measures that might more immediately address the challenges confronting New Orleans.
important as this tends to be high in the nursing profession. The State might also consider instituting scholarship and loan programs for healthcare related professions at State schools, combined with a campaign to market healthcare careers to high-school students and job seekers. Dedicated career ladder programs might also be offered to those already working in healthcare. Finally, the State should weigh the costs and benefits of a variety of nursing-friendly policies, such as prohibition of mandatory overtime, minimum staffing ratios, magnet hospitals and mentoring programs.

23 14% of the current nursing workforce plans to leave the profession in the next three years (NurseWeek Survey 2002[0]).
24 1 out of every 3 hospital nurses under the age of 30 planned to leave their current job in the next year (Aiken et. al., 2001).
Background Material

Statistics on Healthcare Worker Dislocations


Statistics on National Healthcare Worker Shortages


Teaching Recruitment

State Responses to Nursing Shortage

Responses to Teacher Shortages


Evidence on Successful Military Recruitment Strategies


Physician and Nurse Student Debt


Physician and Nurse Burnout and Drop-Out Rates


Magnet Hospitals


http://pcs.mgh.harvard.edu/abt_magnet2.asp.