

 **OUR TAKE**

for post-acute leaders

The State of the Post-Acute Workforce

How to stabilize the exodus of clinical staff—while addressing long-standing workforce challenges

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Workforce challenges are among the most difficult threatening health care providers today. Nursing turnover, vacancies, and premium labor use are at their highest peaks in 15 years. Meanwhile, the frontline workforce continues to struggle with the personal and systemic impacts of the pandemic.

But this pain is not felt evenly across health care employers. Many post-acute providers, particularly SNFs, are facing staffing shortages so severe as to be existentially threatening. And perhaps more troubling: these shortages are driven not only by the trauma of the pandemic, but by the many structural workforce challenges present before March of 2020.

This report will explore those long-standing challenges and how they intersected with the pandemic. It will also detail where post-acute leaders have the best opportunity to address them—and chart a course to workforce stability and growth.

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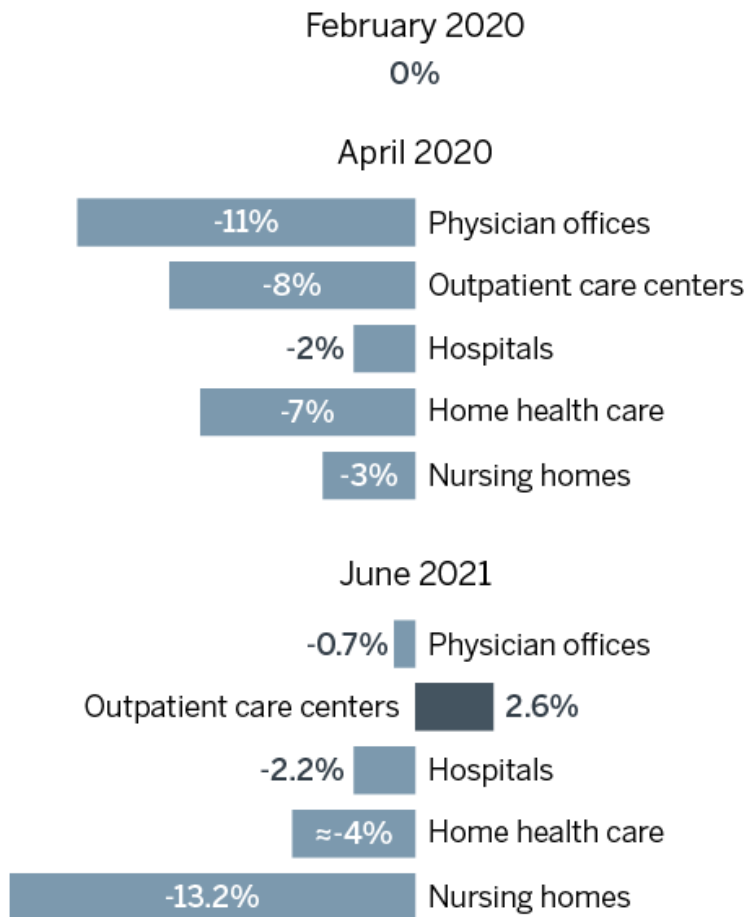
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The conventional wisdom

Staffing is one of the most significant challenges facing post-acute providers—specifically, a shortage of nursing staff including RNs, LPNs, CNAs, and other aide roles. But while most care settings have seen some rebound in employment since the early days of the Covid-19 pandemic, SNFs,¹ and to a lesser degree home health agencies,² lag the rest of the industry.

Change in U.S. total nurse employment in major health care sectors, relative to February 2020



1. Employment data is calculated using BLS definition of "nursing care facilities," which does not include CCRCS. Data can be accessed here: <https://www.bls.gov/news.release/empsit.t17.htm>

2. Employment data is calculated using BLS definition of "home health care services." Data can be accessed here: <https://www.bls.gov/news.release/empsit.t17.htm>

Source: "Nurse Employment During the First Fifteen Months of the COVID-19 Pandemic," *Health Affairs*, Jan 2022. <https://www.healthaffairs.org/doi/10.1377/hlthaff.2021.01289>

THE CONVENTIONAL WISDOM

Provider leaders and industry experts typically cite three causes behind the unique severity of post-acute shortages, all triggered by the pandemic.

1. **Many clinicians endured intense emotional and physical burdens during the pandemic, and those burdens were particularly hard on people working in long-term care facilities.** Despite leaders’ best efforts, environmental factors inherent to long-term care—specifically a patient population particularly vulnerable to infection and negative outcomes from the virus, and a lack of necessary infection control supports (such as negative pressure spaces, private rooms, and sufficient PPE)—made it arguably the most difficult setting in which to work during the pandemic. Yet while nursing home employees suffered the highest proportion of health care worker infections and deaths, the stigma surrounding these outbreaks excluded staff from receiving the widespread (and deserved) public recognition that many hospital staff received as “health care heroes.”

2. **Post-acute sites primarily employ the nursing roles with the largest exodus from the workforce,** including nursing assistants/aides. While RN turnover is creating widespread shortages across the care continuum, only 1% of RNs left the workforce from April 2020 to June 2021. In contrast, 10% of CNAs left the workforce during that same time. So, in addition to experiencing the rising turnover seen throughout the industry, providers (especially SNFs) are also competing for a smaller number of CNAs. While the drivers of this exodus are not fully understood, part of the explanation lies with broader labor market changes. Nursing assistants and aides have had significant incentive to leave health care entirely for better pay and hours offered by industries that were also suffering severe staffing shortages, including manufacturing, hospitality, retail, and order fulfillment.

Change in U.S. total employment for select nursing roles from April 2020-June 2021



Source: "Nurse Employment During the First Fifteen Months of the COVID-19 Pandemic," *Health Affairs*, Jan 2022. <https://www.healthaffairs.org/doi/10.1377/hlthaff.2021.01289>.



THE CONVENTIONAL WISDOM

3. Acute care RN turnover rose to 18% in 2021, the highest recorded rate in Advisory Board’s 15 years of collecting benchmarks. This turnover impacted post-acute organizations in two ways. First, hospital leaders are increasingly turning to other sources of talent to fill their nursing ranks—including LPNs, who have historically been employed largely by SNFs. Second, sky-high starting bonuses at hospitals and lucrative travel opportunities draw RNs from both SNFs and home health.

Today, shortages in post-acute care pose a nearly existential threat to financial stability—especially for nursing home and assisted living facilities. In September 2021, 58% of surveyed nursing home leaders reported limiting new admissions due to workforce shortages. And 35% of those leaders were “very concerned” their facility would close if those challenges persisted. While shortages are comparatively less dire for home health agencies, nearly 80% of home care leaders cite staffing shortages as the primary driver of declining client growth rates.

SNF staffing shortages will likely be exacerbated by minimum staffing requirements proposed in February 2022 amid a bundle of federal nursing home reforms. While CMS won’t issue their proposed rule until February 2023, the mandate will likely increase the number of nursing staff the average SNF needs to employ—compounding a projected increase in demand for LPNs and CNAs.¹

Source: “2021 Advisory Board hospital turnover and vacancy benchmarks,” Advisory Board, Mar 2022, <https://www.advisory.com/Topics/Retention-and-Recruitment/2022/01/Hospital-turnover-and-vacancy-benchmarks?msclkid=cb721c46b60b11ec9df42380f550a8d4>; State of the Long Term Care Industry, “AHCA/NCAL, Sept 2021, <https://www.ahcancal.org/News-and-Communications/Fact-Sheets/FactSheets/Workforce-Survey-September2021.pdf>; “A Huge Victory: Home Care Turnover Remains Stable at 65.2%,” *Home Health Care News*, May 2021, <https://homehealthcarenews.com/2021/05/a-huge-victory-home-care-turnover-remains-stable-at-65-2/>; “FACT SHEET: Protecting Seniors by Improving Safety and Quality of Care in the Nation’s Nursing Homes,” The White House, Feb 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/02/28/fact-sheet-protecting-seniors-and-people-with-disabilities-by-improving-safety-and-quality-of-care-in-the-nations-nursing-homes/>; “Nursing Assistants and Orderlies,” Bureau of Labor Statistics, Sept 2021, <https://www.bls.gov/oooh/health-care/nursing-assistants.htm>; “Licensed Practical and Licensed Vocational Nurses,” Bureau of Labor Statistics, Sept 2021, <https://www.bls.gov/oooh/health-care/licensed-practical-and-licensed-vocational-nurses.htm>.

1. The Bureau of Labor Statistics projected that CNA and LPN demand will grow by 8% and 9% respectively from 2020-2030.

Our take

There is no question that the pandemic disproportionately impacted post-acute providers and clinicians. Covid-19's effect on older adults and the staff who care for them, especially in residential facilities, left emotional and financial scars that will linger for years to come.

Yet while the severity of staffing shortages is new, staffing instability is not. A study of SNF staffing in 2017-18 estimated average turnover rates for RNs and CNAs at well over 130%. Home health turnover clocked in at 64.3% in 2019, far above the 2019 U.S. national turnover rate of 22%. Even if post-acute employers were able to return to pre-pandemic staffing levels, they would likely still not have enough workers to position for growth.

“

**If I didn't have staffing problems,
I wouldn't have any problems.”**

Matt Bourque, Administrator

Chateau Senior Living

January 2020

In short, the pandemic didn't introduce new staffing challenges. It exacerbated pernicious challenges within the workforce that have left post-acute employers at a disadvantage in an increasingly competitive labor market. And it is essential post-acute employers focus their efforts on these legacy pain points if they are to make any progress on today's staffing shortages.

Source: "High Nursing Staff Turnover In Nursing Homes Offers Important Quality Information," *Health Affairs*, March 2021, <https://www.healthaffairs.org/doi/10.1377/hlthaff.2020.00957>; "A Huge Victory: Home Care Turnover Remains Stable at 65.2%," *Home Health Care News*, May 2021, <https://homehealthcarenews.com/2021/05/a-huge-victory-home-care-turnover-remains-stable-at-65-2/>; "North American employee turnover: trends and effects," Mercer, Jan 2020, <https://www.imercer.com/articleinsights/North-American-Employee-Turnover-Trends-and-Effects?msckid=316957d3b3c211eca2f437d25526a94>.

Three challenges to post-acute workforce stability

The rest of this report explores how the following structural challenges evolved during the pandemic. We will also detail the approach workforce leaders should take stabilize their workforce, with the goal of addressing both the historical pain points and those introduced or exacerbated by Covid-19.

01

CHALLENGE

Stagnant wage growth

02

CHALLENGE

Burnout

03

CHALLENGE

Limited career growth and development

01 Stagnant wage growth

Compensation has long been a barrier to recruiting and retaining clinical staff to post-acute organizations. Low reimbursement rates, driven by Medicare Advantage and Medicaid, in addition to an increasingly financially unfavorable payer mix, make for razor-thin profit margins. Those profit margins in turn have made it difficult for employers to increase their labor costs, resulting in staff compensation often not being competitive with other settings.

But today's intense competition has finally made compensation increases possible. Since March 2020 providers have been pushed to increase baseline compensation,¹ in addition to offering retention and sign-on bonuses, to stem the exodus of clinical staff.

These increases were particularly noticeable at SNFs and assisted living facilities, which raised total compensation for all employees at a much faster pace (6%) across 2021 than the health care sector more broadly (4.6%)².

1. Nursing homes raised average hourly wages by 5.5% per year from 2020-2022, compared to the average increase of 2.97% per year from 2015-2020. Home health agencies raised average hourly wages by 8.26% per year from 2020-2022, compared to the average increase of 3.67% per year from 2015-2020. Hourly wages are calculated using the Bureau of Labor Statistics' average hourly wages, seasonally adjusted.

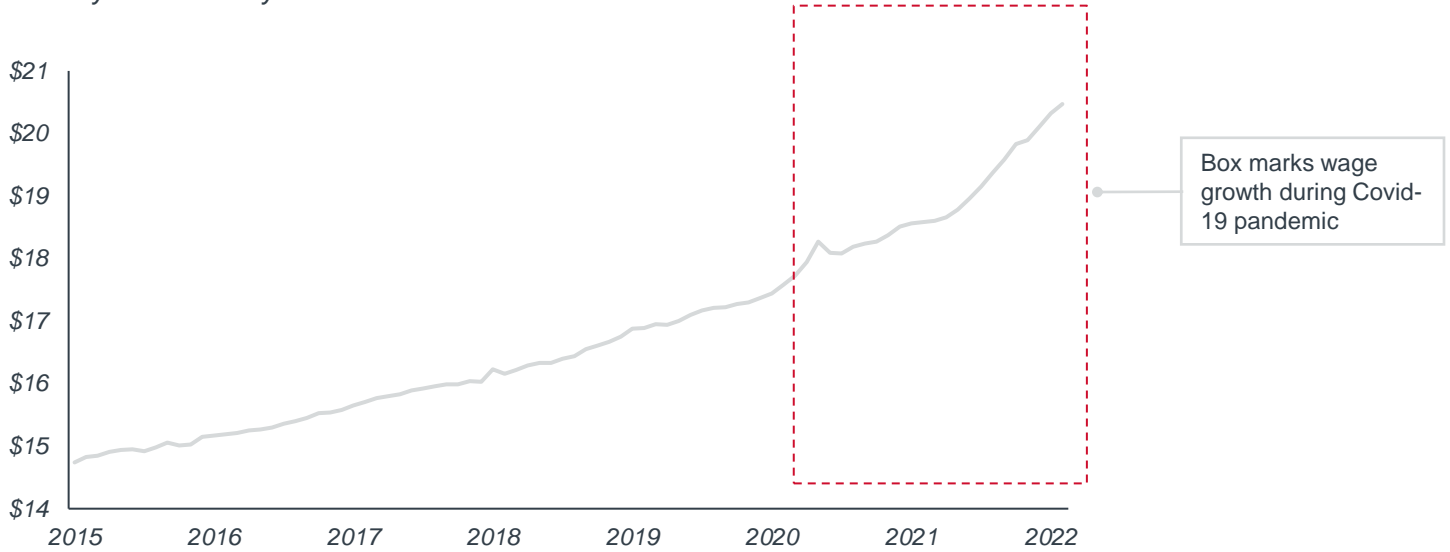
2. According to the Bureau of Labor Statistic's Compensation Cost Trends survey.

Source: "Nursing and Residential Care Facilities: NAICS 623," *Bureau of Labor Statistics, April 2022*, <https://www.bls.gov/iag/tgs/iag623.htm>; "Health Care and Social Assistance: NAICS 62," *Bureau of Labor Statistics, April 2022*, <https://www.bls.gov/iag/tgs/iag62.htm>.

1. STAGNANT WAGE GROWTH

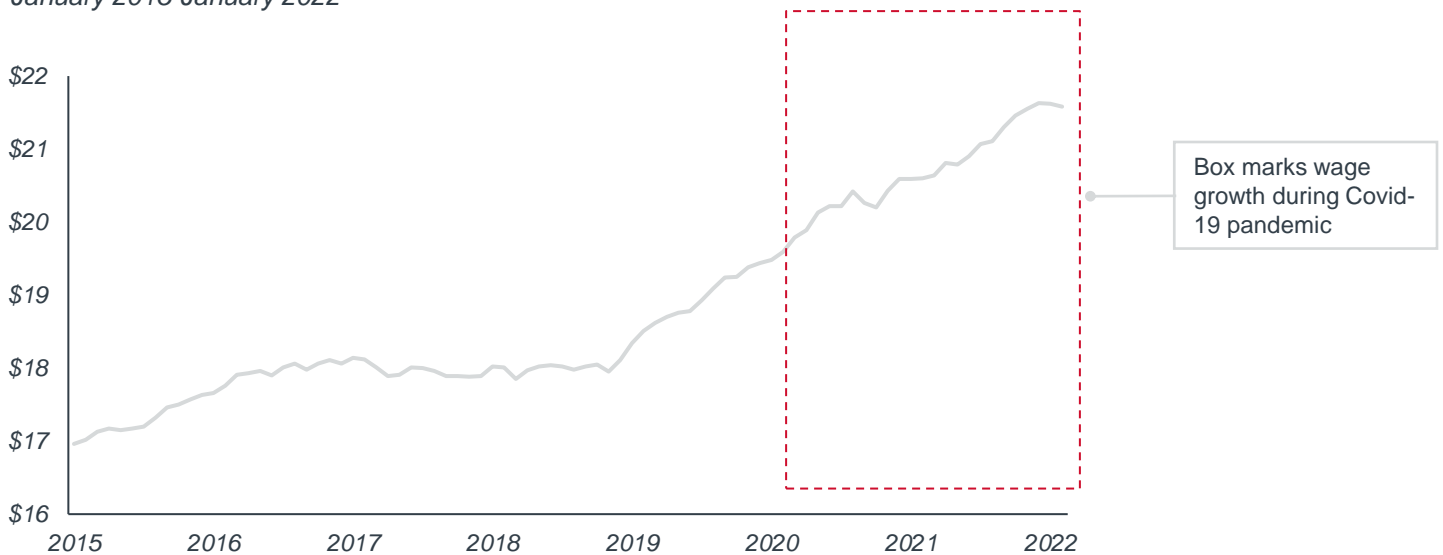
Average hourly earnings of all U.S. production and nonsupervisory employees in nursing and residential care facilities¹

January 2015-January 2022



Average hourly earnings of all U.S. production and nonsupervisory employees in home health care services¹

January 2015-January 2022



1. Seasonally adjusted.

Source: "Nursing and Residential Care Facilities: NAICS 623," Bureau of Labor Statistics, April 2022, <https://www.bls.gov/iag/tgs/iag623.htm>; "Health Care and Social Assistance: NAICS 62," Bureau of Labor Statistics, April 2022, <https://www.bls.gov/iag/tgs/iag62.htm>.



1. STAGNANT WAGE GROWTH

Leaders of post-acute organizations focused this rise in employee compensation primarily on unlicensed staff, including CNAs and home health aides, for two reasons:

- While wages did keep pace with inflation, average hourly wages for both nursing homes and home health organizations are far below the U.S. national average of \$31.56 in January 2020.¹ This highly motivates staff to leave roles for relatively small increases in base compensation, creating a compensation arms race between employers that accelerates staff turnover.
- Both SNFs and home health agencies employ primarily aide-level staff who may not be required to hold licenses, who can switch between industries with relative ease (and without feeling the opportunity cost of not using education they invested significant time and money to get). Because many post-acute sites operate on tighter margins than both other care settings and out-of-industry competitors, they are at a disadvantage to match competing offers.

Despite the rapid growth in base compensation over the past two years, many post-acute leaders believe that these increases are reaching a ceiling given current reimbursement rates.

1. According to the Bureau of Labor Statistic's Compensation Cost Trends survey, average hourly wages for nursing homes were \$20.32 in January of 2022 and \$21.62 for home health organizations.

Source: "Nursing and Residential Care Facilities: NAICS 623," Bureau of Labor Statistics, April 2022, <https://www.bls.gov/iag/tgs/iag623.htm>; "Health Care and Social Assistance: NAICS 62," Bureau of Labor Statistics, April 2022, <https://www.bls.gov/iag/tgs/iag62.htm>.


1. STAGNANT WAGE GROWTH

Opportunities for post-acute employers to address workforce challenges

HISTORICAL CHALLENGE



Pay all employees a competitive market rate ...

Prior to the pandemic, the labor market was employer-centric enough for post-acute organizations to mostly sustain staffing levels even with deflated base compensation. Though staff turnover was high, employers were able to recruit and train enough individuals to keep beds open.

Today, paying market rate (and ideally a living wage) is nonnegotiable. Any post-acute organization that isn't matching market rates for this labor pool risks losing their workforce entirely.

EMERGING CHALLENGE



... while defining the post-acute employee value proposition beyond competitive compensation

But even a market-competitive wage won't be sufficient to retain staff in the long term, especially in a tight labor market. Nor can post-acute employers outcompete Amazon, Target, Starbucks, and other out-of-industry employers with large profit margins.

To retain staff in the long term, post-acute providers should communicate and reinforce the unique (or at least differentiated) qualities that their top talent values in a work environment, including a connection to mission, team environment, and flexible scheduling.

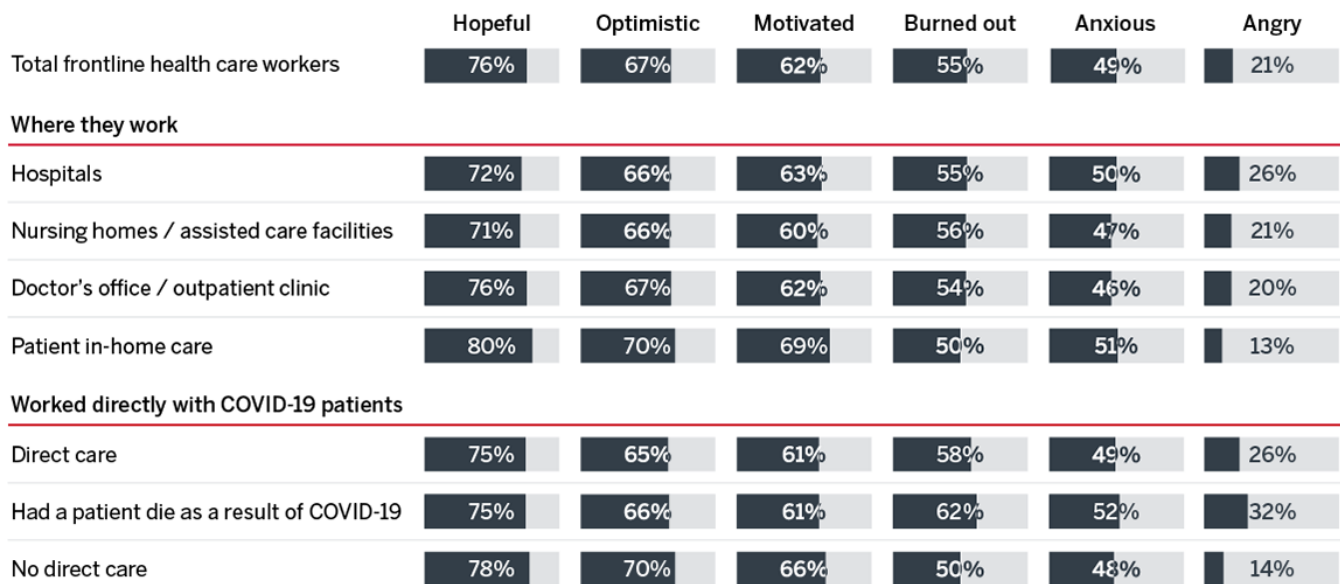
02 Burnout

It's hard to overstate the toll that the Covid-19 pandemic had on health care workers, particularly those in post-acute care. Infection control measures, such as halting visitation in facilities and time spent donning and doffing PPE, increased the already high workload of clinicians. Many in post-acute settings cared for patient populations most vulnerable to severe complications from Covid. Staff in post-acute settings who were not accustomed to significant infection control measures often didn't have adequate PPE on site. In addition, many patients and residents of post-acute facilities have cognitive challenges and are difficult to keep masked or separated, leading to moral distress among staff who felt unable to protect their charges. And nursing home employees died from Covid at nearly twice the rate as hospital employees.

2. BURNOUT

Recent data indicates that over 50% of nursing home and home health workers are burned out, especially those who worked directly with Covid patients and had patients die of Covid.

Excerpt of results from 2021 KFF/Washington Post Frontline Health Care Workers Survey



Source: "KFF/The Washington Post Frontline Health Care Workers Survey," KFF, Apr 2021. <https://www.kff.org/report-section/kff-the-washington-post-frontline-health-care-workers-survey-toll-of-the-pandemic/>

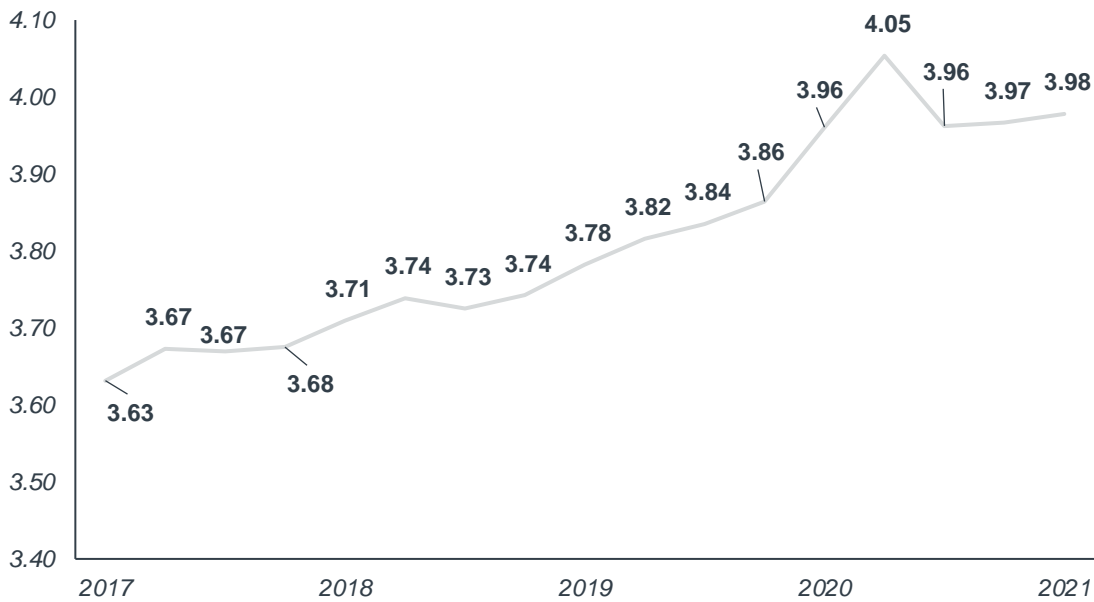
2. BURNOUT

With Covid-19 rates down significantly from their 2020 peaks, employers may expect that the worst of clinician burnout is behind them—and what remains will decrease as staffing levels stabilize.

But rising burnout will stay the rule for the post-acute workforce, not the exception. The work of clinical care delivery itself is becoming more challenging. The pandemic greatly exacerbated a trend that began well before 2019: patients in post-acute care are becoming more complex, while staffing models stay the same.

Average HCC of inpatients discharged to SNFs

January 2017-January 2021



Unless employers intervene, this rising complexity will fall squarely on the shoulders of clinicians struggling to heal from the pandemic—threatening both workforce integrity and patient outcomes.

Source: "The Post-Acute Care Pathways Explorer," Advisory Board, April 2017, <https://www.advisory.com/Topics/Retention-and-Recruitment/2022/01/Hospital-turnover-and-vacancy-benchmarks?msclkid=cb721c46b60b11ec9df42380f550a8d4>.

2. BURNOUT

Opportunities for post-acute employers to address workforce challenges

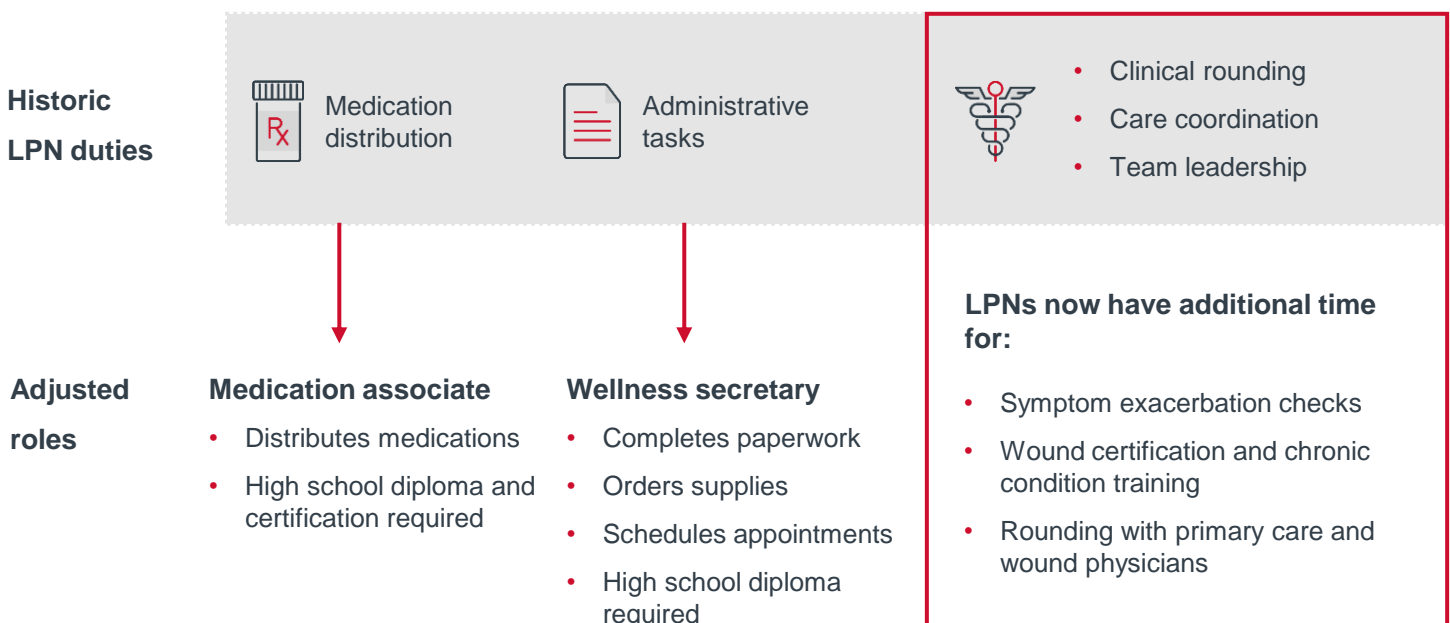
HISTORICAL CHALLENGE

Redesign the care team to reduce clinician burnout ...

Rather than attempting to recruit additional clinicians in short supply, leaders should consider re-scoping their existing team to ensure clinicians are practicing at top-of-license—while adding additional roles only as necessary.

For example, LPNs at Country Meadows Retirement Communities in Pennsylvania were overburdened with medication distribution and administrative tasks while their increasingly complex patient population required additional time and attention. To allow LPNs to practice at the top of their licenses, Country Meadows added new staff roles dedicated to medication management and documentation. With a reduced medication and administrative burden, LPNs spend more time on tasks such as rounding, checking for symptom exacerbation, and receiving additional education.

Change in LPN scope of practice at Country Meadows Retirement Communities



Source: Country Meadows Retirement Communities, Hershey, PA.



2. BURNOUT

EMERGING CHALLENGE



... while embedding emotional supports to heal pandemic trauma

Health care organizations have long provided emotional support resources for staff, such as employee assistance programs (EAPs) or debriefs following major emotional events. But staff often don't use these emotional supports, instead relying on individual coping mechanisms so they can prioritize patient needs over their own well-being.

To move beyond this long-standing "I'm fine" culture, organizations need to provide a baseline level of emotional support resources. At a minimum, organizations need to provide at least one formal resource for each of the following:

- Major events that could lead to emotional distress, trauma, grief, or PTSD
- Moral distress
- Routine stress related to frontline care that can contribute to compassion fatigue



For strategies to build baseline emotional support with staff, access [our report](#).

03 Limited career growth and development

Providing frontline career development is uniquely challenging for post-acute employers relative to other care settings. High turnover disincentivizes employers from investing in staff training and skill development. And even if employers were to do so, it isn't always clear what the frontline staff would want them to provide. For example, many staff see CNA and aide roles as a low-barrier opportunity to start their careers, but may not be interested in working as a clinician permanently. Others drawn particularly to health care's mission may be enticed by pathways to licensed roles.

As a result, post-acute care organizations often fail to reward clinicians for additional skills and responsibilities—or motivate employees to grow their careers within the organization.

Maintaining this status quo is a key missed opportunity for employers, for two reasons. First, development provides motivation for staff to acquire the skills necessary to care for the highly complex post-acute population. Second, the promise of future reward can give post-acute employers a much-needed edge over out-of-industry employers wooing staff with compensation bumps.

3. LIMITED CAREER GROWTH AND DEVELOPMENT

Opportunities for post-acute employers to address workforce challenges

HISTORICAL CHALLENGE



Create career development opportunities within roles ...

To provide career development within roles, employers will need to stratify role responsibilities and rewards (e.g., offer tiers of CNA roles). Ideally, this can support top-of-license practice in addition to engaging employees.

There are two approaches to creating intra-role development. Employers can either stratify roles by skill level and experience, or create a variety of career paths that align with needed areas of specialization (e.g., CNAs trained in caring for patients with behavioral health needs).

EMERGING CHALLENGE



... while creating an interprofessional career ladder

Out-of-industry employers like Amazon are focusing on tuition reimbursement as an in-demand benefit in a competitive labor market. Yet career pathing has always been one of health care employers' greatest opportunities. Most settings of care employ a variety of clinical roles with concrete educational pathways to advance to each one.

But empowering employees interested in these pathways to achieve them will require a more intentional effort by employers. Educational programs may be incompatible with typical shift options or they may be too costly for employees to afford. By strengthening collaboration with local colleges and offering tuition reimbursement benefits, post-acute employers can recruit and retain existing staff in addition to building a future pipeline of quality candidates.

Source: "3 things to know about Amazon's plan to cover 100% of employees' tuition," *Fortune*, Sept 2021. <https://fortune.com/education/business/articles/2021/09/10/3-things-to-know-about-amazons-plan-to-cover-100-of-employees-tuition/?msclkid=4fc233bbaa4a11ec8117b37462216a54>

Parting thoughts

Providers have never been more committed to attracting and retaining the talent they need—none more so than post-acute care organizations. Yet with limited resources and heightened competition for talent, leaders aren't sure what else can be done. One avenue to achieve both objectives is to build an intentionally differentiated employer value proposition that sets the organization apart from competitors, both within and outside the health care industry.

The key to a successful employer value proposition is outperforming on a small set of compelling values while simply doing “well enough” on the others. But the problem post-acute leaders face won't be indecision around which values to choose. Many leaders are already aware of their organizations' natural workforce strengths (e.g., connection to mission, interprofessional career pathing, flexible hours, and independent practice, among others) and weaknesses (primarily compensation).

The challenge will be highlighting these values in a way that meaningfully inflects retention. Merely communicating them to existing staff or candidates won't be sufficient. Leaders must find intentionally reinforce them within the work environment. By doing this, they can both stabilize the current exodus of staff and create long-term solutions to staffing instability.

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