



Closing the Health Care Workforce Gap

Reforming Federal Health Care Workforce Policies
to Meet the Needs of the 21st Century

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Introduction and summary

America's five million health care professionals directly influence the cost and quality of health care through their diagnoses, orders, prescriptions, and treatments.¹ These primary care and specialist physicians, dentists, nurses, and other medical and dental assistants labor every day to take care of their patients, but experts say there are too few of them today, and by 2020 there will be a shortage of up to 200,000 physicians and 1 million nurses.² Rural Americans and those living in other underserved areas across the country are especially vulnerable to these current and growing health workforce shortages.

As our nation grapples with reforming the U.S. health care system to cover the uninsured, improve the quality of health care, and cut overall costs in the long term, we must consider provisions to assure an adequate health care workforce. Primary care clinicians—those providing the most basic, frontline health services—continue to decrease in numbers and there are many pockets around the country without enough health care providers overall. Researchers estimate that policies to expand coverage to all Americans would increase demand for physician services by 25 percent.³ Our nation already suffers from a long-standing shortage of nurses—the U.S. Bureau of Health Professionals estimates today's shortage to be over 400,000 nurses.⁴ And the American Hospital Association calculates 116,000 registered nurse positions are unfilled at U.S. hospitals and 100,000 jobs are vacant in nursing homes.⁵ Some expect the shortage to worsen as 78 million baby boomers⁶ begin to hit retirement age in 2011 and require more care for chronic illnesses.

This is an especially important time to examine these shortages as Congress considers expanding access to health care to the entire nation and the jobless rate in our country hovers at 10 percent.⁷ Congress and the Obama administration have a historic opportunity to prepare the nation for health care reform in 2010 as well as solve several long-standing problems in the way federal subsidies support health care workforce training programs.

But what to do? There remain some questions whether the problem is a shortage of health professionals overall or just with the distribution of particular types of health professionals in certain areas of need, such as by geography or by profession. Assessing health workforce needs is difficult because there are many variables that determine its adequacy and no single entity in the United States is in charge of workforce planning. Variables that make workforce planning difficult to estimate include regional maldistribution of health professionals, overspecialization of physicians, and the current and expected demographics of the health

workforce and the population they serve, among others. Few models are available to accurately predict what an adequate ratio of health professionals should be to the population served in a given area.

Still, several remedies that can be acted upon now are clear. First and foremost, training a high-performing health workforce will enhance the success of policy reforms directed at health insurance coverage, access to quality care, and controlling costs. The United States lacks a cohesive approach to workforce shortages, modern training of health professionals across disciplines, and distribution of health professionals to areas of need. Reliable access to quality, affordable care is not available in many areas and for certain populations. Rational reform of the federal support for health workforce training and distribution will create a more efficient, higher quality health system.

Federal funding, including subsidies from the federal government's Medicare program and the joint federal-state Medicaid program, for physician training has not been overhauled for decades. The federal government pays for health care workforce development in two broad categories. The largest is payment to teaching hospitals to train physicians in residency programs and for the higher costs associated with their teaching mission. The payments to these hospitals are based on complex formulas paid through Medicare and Medicaid, totaling about \$12 billion per year.

The second bucket of funding for the health workforce is through Health Resources and Services Administration programs, about \$530 million allocated at the discretion of Congress. HRSA funding supports primary care, general dentistry, nursing, and grants and incentives for providers to work in medically underserved communities and in shortage specialties such as primary care. For every dollar spent on HRSA's programs, teaching hospitals are paid \$24 by Medicare and Medicaid to subsidize physician training. Funding of teaching hospitals is the bulldozer to the HRSA rake in reshaping the health workforce landscape.

Alas, there is little relationship between what the federal government funds and the quality of education or even the costs of educating physicians and other providers. This paper offers the following mix of recommendations to fiscal, legislative, and regulatory policies to assure the balance, mix, and distribution of health professionals necessary for a well-functioning, cost-efficient U.S. health system in the 21st century. In the pages that follow, we identify numerous recommendations to alleviate these problems, but broadly our proposals fall into three general areas.

Three sets of recommendations to boost our health care workforce

- Create a permanent National Health Workforce Commission to better align federal payment policies for health professions
- Support for health care workers in high-need specialties and underserved areas
- Reform the training of health professionals to grow our health care workforce

Better align federal payment policies for health professions

With so many moving parts and so many different programs in different federal agencies, there needs to be a body specifically assigned to examine and make decisions about the

U. S. health workforce. The best way to accomplish this realignment is by creating a permanent National Health Workforce Commission.

This new commission would make recommendations to Congress and appropriate agencies to design funding and incentives, and to evaluate the implementation and revision of programs, grants, and regulations related to the nation's health workforce. The commission's recommendations would assist Congress and federal agencies address the long-term health care workforce needs for our nation and help to better allocate funding.

In addition, we recommend new federal support for graduate school-level nursing education to ensure there are enough nursing teachers to train the millions of nurses we need in the coming decade. Today, the number of nursing faculty at our universities is insufficient to address current shortages, let alone those projected in 10 years. Improving the nursing workforce must include hiring more faculty, creating loan programs to help nursing students, and redirecting Medicare subsidies to nursing specialties who provide care to Medicare beneficiaries.

Lastly, payment of primary care providers needs to be enhanced and new payment methodologies developed to reward prevention, coordination of care, and management of chronic diseases such as diabetes. If Medicare leads the way by increasing the rates primary care clinicians are paid in the current reimbursement system and developing new ways of paying for care that reward outcomes that typically come from better delivery of primary care, then private payers will likely follow. Innovative payment models include paying for better coordinated care and improved outcomes through so-called Medical Homes and Accountable Care Organizations, which treat patients for "episodes" of care rather than on a per-visit basis, and coordinate care as patients are discharged from the hospitals to prevent rehospitalizations.

Support for health care workers in high-need specialties and underserved areas

Definitions of health care workforce shortage areas include primary care, mental and behavioral health, dental, and other specialties, as well as geographic and population designations. Enhanced funding for the National Health Service Corps would help fill vacancies in these areas, and should include scholarship and loan repayment programs to help recruit and retain an adequate health care workforce.

Increasing funding for nursing workforce programs is necessary to expand nursing faculty to train enough nurses to meet the nation's needs. Special programs to encourage low-income, rural, and minority students to pursue health careers, such as the Health Careers Opportunities Programs and Centers of Excellence funded through the Health Resources and Services Administration, also would help assure a diverse health professions workforce and reduce health disparities due to socioeconomic, geographic, race, and ethnicity factors.

Reform the training of health professionals

Training reform can be accomplished by enhancing and modernizing subsidies for the education of health care professionals of all stripes. This can be accomplished in several ways, by balancing the current emphasis on training in highly subspecialized “tertiary care” hospitals with training outside the hospital in outpatient, rural, and community sites, and changing the content of education to include the provision of health care in teams and coordinated across disciplines, both inside and outside the hospital. These changes will mean increasing the necessary faculty to provide interdisciplinary and team-based training to teach the skills needed to work in a reformed health system.

To achieve these ends, we recommend that current federal dollars now spent on training physicians in hospitals also be available for spending in community-based sites. Currently the funding for medical residents does not allow reimbursement for training in community-based sites. This ban must be lifted. Since most of the health care Americans receive occurs outside the hospital, there needs to be more of an investment in nonhospital-based training for physicians. This could be done through hospitals to expand training locations or with payments directly to community-based sites, a provision known as Teaching Health Centers.

Federal funding also should be expanded to provide grants and loans for the start-up costs associated with developing new community-based training sites in underserved communities. And in addition to new locations, the content of the training must be revamped. Training should be more interdisciplinary and move toward a more team-based approach.

All these reforms, taken together, can prepare our country for the steep health care challenges we face as the baby boom generation enters retirement in force and as health care reform increases demand and further propels us to grow our health care workforce. After reading our paper, we’re confident you’ll agree that demonstrable steps can be taken by Congress and the Obama administration in league with health training institutions to ensure America boasts the best, deepest, and most diversified health care workforce in the world.

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