Policy Brief

October 29, 2021

Nursing Supply Shortages: The Travel Nurse Conundrum

As health systems continue to battle the COVID-19 pandemic, having highly-trained nursing staff to deploy is a critical part of the hospital industry's strategy. The risk of viral exposure, the continued treatment of high-acuity COVID-19 patients and high levels of on-the-job stress all contribute to nurse burnout—prompting some nurses to leave the profession entirely. Health care budgets during COVID-19 have suffered, with hospitals paying $24 billion more per year for labor. Health systems are increasingly competing with higher-paying staffing agencies to secure nurses. Staffing has become the latest bidding war, inspiring administrators to seek the best ways to attract, allocate and retain nursing talent.

Hospitals have long relied on traveling nurses to help fill gaps in staffing; some COVID-19 travel contracts can offer three times the salary that permanent positions offer.

This makes travel contracts attractive to nurses, but it also pits hospital HR departments against traveling nurse agencies. Jordan Sorenson, a rural hospital administrator in Utah, says they often see nurses "quit, join traveling nursing companies, and go work for a hospital down the street making two to three times the rate." Rural hospitals, already facing higher COVID-19 mortality rates, are concerned that they will be unable to afford the wages demanded by many traveling nurse agency contracts.

While lucrative contracts can seem beneficial in the short term, the high wages offered by travel agencies contribute to an upward-trending hiring cycle—where the biggest pockets win.

Health equity advocates are concerned that the most highly trained critical care nurses, like those with expertise in ECMO life-support devices, will gravitate to areas of the country with the most financial resources. Rural hospitals, critical access hospitals and hospitals in urban, lower-socioeconomic status communities are largely unable to offer permanent salaries that can compete with travel nurse contracts.

Health systems are exploring new ways to make permanent nursing positions more attractive to talent, to avoid losing nurses to traveling nurse agencies.

Some hospitals are getting creative, offering retention bonuses and, when it is financially possible, increasing base pay rates. Education is another way that systems hope to retain and invest in nursing talent, offering loan forgiveness, tuition benefits, and increased pay for nurses who complete additional critical care certifications. At times, existing nursing teams can be augmented with experienced virtual nurses; these nurses support more novice ones through video consultations. Despite these efforts, many hospital administrators say they still do not feel that they can compete with the lucrative contracts offered by travel nursing.

CMMI New Strategy for Fewer, More Focused Models

The Center for Medicare and Medicaid Innovation (CMMI) recently released a white paper detailing its 10-year strategy. This highly anticipated report provides insight into how CMMI will continue to drive forward success in innovation models. The white paper outlines steps to achieve its 5 priorities—accountable care, health equity, care innovations, affordability and partnerships aimed at health system transformation. This "strategic refresh" does not change

the overall direction of CMMI but instead provides realistic methods to streamline its models and strengthen provider participation. More resources can be found on the CMMI website.

How does CMMI hope to improve its models?

CMMI intends to push its initiatives forward by streamlining models, improving beneficiary experience and growing provider participation. Key strategies from the new white paper include:

- Testing volunteering beneficiary alignment through beneficiary education, benefits and other engagement incentives
- Expanding data access
- Encouraging coordination between accountable care entities and specialists for delivering high-cost specialty and episodic care
- Modifying risk adjustment and improving payment accuracy
- Aligning episodic models within total costs of care models
- Including multi-payer alignment and Medicaid beneficiaries in models

What does this mean?

The new CMMI strategies are expected to provide greater consistency and strengthen providers participation in models. The white paper provides insight into CMMI's intention to focus on total cost of care models and creating fewer, but more integrated, payment models that incentivize both primary care and specialists. This means that CMMI is shifting away from payment models for every episode of care or specialty and focusing on models that are harmonized, with little overlap or duplication. These total cost of care models will benefit health systems the most as they are being designated as the care delivery organizers.

What can we anticipate for the future?

By 2030, CMMI is setting a lofty goal to place all Medicare and most Medicaid beneficiaries into total cost of care alternative payment models that incorporate multi-payer alignment, moving them out of fee-for-service. Health policy experts expect that CMMI will most likely relaunch Direct Contracting and make changes to the Medicare Shared Savings Program (MSSP) as early as next year. We can also expect an emphasis on health equity in more models, which is a priority for CMMI and the Biden Administration.

Supply Chain Woes: What Can the Health Care Industry Expect?

Overall, consumer demand has jumped in recent months, breathing life into the global economy. However, the COVID-19 pandemic has left us with another hurdle to overcome–a massive supply chain disruption. The main culprit behind the crisis is transportation logistics, with a lack of warehouse space to store goods and insufficient seaport and trucking capacity. This global interruption is impacting virtually every industry, including health care. A recent report found that 80% of health care systems are currently affected by supply shortages or have seen significant price increases. Keep reading to learn more about what materials are hard to obtain, potential financial impacts on hospitals and how long the disruption might last.

What is in short supply?

One major supply-chain crunch that impacts hospitals is the availability of pharmaceutical goods. At present, the FDA lists 109 drugs in short supply nationally, with three of the top five shortages being drugs used for chemotherapy, heart conditions and antibiotics. There are reported cases where physicians have been forced to start swapping out drugs, cutting dosages or denying patients the best medication. Additionally, hospitals are struggling to acquire basic supplies and medical equipment. For example, a hospital in Utah is calling on Utahns to donate used metal crutches and other walk-assistant equipment as aluminum products are in short supply.

What is the potential financial impact on the health care industry?

The COVID-19 pandemic and the recent supply chain disruptions have significantly increased the cost for hospitals to obtain needed equipment and supplies. For example, prices for drugs have climbed 24% since the start of the pandemic. The extensive range of input costs that allow hospitals to offer care, such as wages, prescription drugs, food, medical devices and utilities is rapidly increasing. Steep increases in input prices can undermine hospitals' efforts to reduce the cost of care for patients.

How long will this last?

Transportation Secretary Pete Buttigieg, gave a statement in which he forecast that "a lot of the challenges that we have been experiencing this year will continue into next year." One of the

largest kinks in the supply chain is a shortage of 80,000 truck drivers needed to disperse goods and clear the backlog. Business groups have urged the White House to consider out-of-the-box ideas to address the problem. President Biden floated the idea of utilizing the National Guard to speed up the process. However, no executive action has been taken at this time.

Senate Finance Committee's Behavioral Health RFI

The U.S. Senate Finance Committee is soliciting a Request for Information (RFI) for policy recommendations that Congress could adopt to address behavioral health challenges. The Finance Committee is interested in evidence-based solutions and ideas that address strengthening the workforce, increasing integration and access to care, ensuring behavioral health parity, expanding telehealth and improving access for children. The deadline to submit a response is November 1st. The AHPA response will be shared in the following AHPA policy brief under the Regulatory Resources section.

The Latest on the Reconciliation Package

Despite the Democrat leaders' efforts to pass a reconciliation package, the party still remains ununified and unable to reach an agreement on the package. Legislators are still making new proposals and ways to pay for them. Key area of disagreement are ways to expand Medicare benefits, lowering the price of prescription drugs and agreeing on a framework for a budget reconciliation package. Speaker Nancy Pelosi (D-CA) said that she will try to bring the bill to the Senate floor as of Thursday, but it remains to be seen. President Biden's $1 trillion Infrastructure package is also still under negotiations.

Surprise Billing Part II: Bipartisan "Dear Colleague" Letter

In response to Part II of the Surprise Billing interim final rule, Representatives Tom Suozzi (D-NY) and Brad Wenstrup (R-OH) are circulating a "dear colleague" letter, asking that the Biden Administration review the rule's Independent Dispute Resolution (IDR) process. The lawmakers are concerned that, as is, the IDR process outlined does not fully reflect Congressional intent. Instead, the letter states that the new provisions essentially establish a de-facto benchmark rate that incentivizes insurance companies to set artificially low payment rates.

Updates to COVID-19 Regulations

AHPA continues to follow new COVID-19 regulations, guidance and other government actions. The updates below are the latest guidance and other developments since October 18th to help mitigate the impacts of COVID-19.

Public Health Emergency Extended for 90-Days

Xavier Becerra, the secretary of Health and Human Services (HHS), has renewed the Public Health Emergency (PHE) for COVID-19. This marks the 6th PHE renewal, pushing the expiration date back until January 16th, 2022.

Pfizer Claims COVID-19 Vaccine is 91% Effective in Kids 5-11

Pfizer released a briefing document claiming that the proposed lower-dose COVID-19 vaccine for kids ages 5-11 is over 90% effective. The FDA's advisory committee will meet this week to discuss FDA authorization for Pfizer vaccine usage in younger children.

CDC Backs Booster Shots for Moderna and J&J Vaccine

The Centers for Disease Control and Prevention (CDC) recommended an extra shot, or booster, of Moderna and Johnson & Johnson COVID-19 vaccines for those over 65, at risk for severe COVID-19 complications or who work in high-risk jobs. The CDC also cleared the use of mixed boosting schedule, allowing eligible patients to receive any of the three FDA-approved COVID-19 shots as a booster.

CMS Issues Guidance to States on Medicaid and Chip Coverage for COVID-19 Treatment

CMS issued guidance to states about the statutory requirement that states cover COVID-19-related treatment without cost-sharing in Medicaid and CHIP for many seniors, low-income adults, pregnant women, children, and people with disabilities.

AHPA Resources

Missed an AHPA webinar lately? No problem!

Visit AHPA's YouTube channel, where members can stream webinars on demand at their convenience.

Below is a list of the recent regulatory work that AHPA has conducted.

- OSHA ETS — AHPA Comment
- Surprise Billing; P1 — Regulatory Summary | AHPA Comment | Comment Summaries
- Surprise Billing; P2 — Regulatory Summary
- IPPS — Regulatory Summary | AHPA Comment | Comment Summaries
- PFS — Regulatory Summary | AHPA Comment | Comment Summaries
- OPPS — Regulatory Summary | AHPA Comment | Comment Summaries

WHAT WE'RE READING…

4.3 Million Workers Are Missing. Where Did They Go? – Wall Street Journal

Another Struggle for Long COVID Patients: Disability Benefits – The New York Times

How Billing Turns a Routine Birth Into a High-Cost Emergency – KFF