Financial wellbeing resources are vital to healthcare worker retention and recruitment

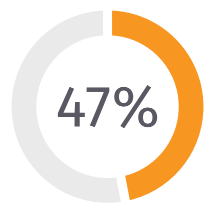
With the high rate of healthcare workers (HCWs) switching employers or leaving the field entirely since the start of the COVID-19, hospitals and health systems are scrambling to consistently attract and keep quality staff. While there is a persistent call among healthcare employees for higher pay, employers throwing money at the problem may be treating the symptoms instead of the cause.

Healthcare organizations panicking at the idea of having to increase their labor costs in an era of already tenuous finances will be glad to know that investing in financial wellness for their employees can boost both retention and recruitment while also having a net positive impact on the company's bottom line.

Healthcare workers are leaving in droves and it may only get worse

With turnover rates since the start of the pandemic above 30% for nurses, it's no surprise that a recent survey noted that personnel shortfalls now top the list of most pressing worries for hospital CEOs. Especially alarming, though, is that without significant changes to how staffing levels are maintained, the most challenging times may be yet to come.

It can be enticing to take a rearview mirror perspective and point to the height of the pandemic as the main driver of elevated turnover in the healthcare field, but research from a variety of sources points to a large segment of the workforce still seeking change. ***A recent study from Elsevier Health found 47% of US healthcare employees planning to leave their job within the next two-to-three years.***



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Compounding this issue is the fact that the average nurse in the US is 52, per the 2022 National Nursing Workforce Survey. That's a whopping 10 years above the mean age for American workers in general. The US Bureau of Labor Statistics forecasts 500,000 registered nurses to retire by the end of 2022, creating a shockwave resulting in a shortage of 1.1 million RNs in 2030.

Pipeline changes, such as recruiting more workers from overseas, may in the years ahead alleviate some of the staffing pressures healthcare employers are experiencing, but the fact remains that more needs to be done to build employer affinity among workers once they're in the door.

Turnover has potentially catastrophic financial ramifications for the healthcare field

The 2022 NSI National Health Care Retention & RN Staffing Report calculated ***the average net negative to an employer of losing an RN at $46,100.*** That works out to a hit of up to $9 million annually for the average hospital. In a period of already thin margins for hospitals and health systems, these figures verge on the existential.

As financially deleterious as the worker churn of the past few has been, the downstream effects of turnover—like paying excessive overtime to remaining workers and/or relying on travel nurses—only serve to intensify the challenges. Frankly stated, a revolving door employee roster isn't sustainable.

Healthcare workers are burned out and financial stress is at the forefront

The common narrative about stress among nurses attributes it overwhelmingly to the challenges of providing care during COVID-19. The facts don't necessarily bear that out. ***A 2021 study from FiVana revealed 76% of nurses feeling burned out and 50% of their stress relates to their finances.***

Debt is a primary harrying factor in the financial lives of many HCWs. Despite having a mean age much higher than American workers on the whole, nurses are still burdened with an average student loan debt upwards of $50,000. Not surprisingly, a Grant Thornton study found debt specifically to be the leading stressor for HCWs.

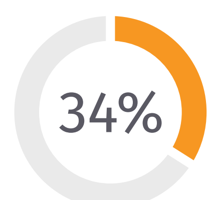
Debt isn't isolated in its effect on the financial lives of HCWs. It appears to have a corrosive effect on even the most fundamental practices of financial wellness, like saving for emergencies. ***A study by Fidelity of over 300,000 nurses uncovered that 61% of respondents were "overwhelmed" by their inability to maintain even a small financial cushion against unforeseen expenses.***

While many of the financial challenges for HCWs existed prior to the pandemic, COVID-19 has without question exacerbated them for many. Almost 60% of HCWs reported the pandemic has made it more difficult to create a more secure financial situation, per the findings of Lincoln Retirement Power.

Without concerted intervention, the impacts of the pandemic will have ripple effects on the financial life of HCWs for years, if not decades. A survey of over 10,000 nurses by the American Nurses Foundation revealed some dangerous money behaviors by many nurses during the peak of the COVID-19 outbreak. Almost one-third used credit cards to cover basic expenses and almost a quarter halted student debt payments. The snowball effect of debt will assuredly lock in future financial difficulties for those engaging in these types of behaviors.

Confirming the precarious financial standing of HCWs, there is evidence that a huge part of their fear of contracting the coronavirus is financial. A 2021 study by the University of Massachusetts Boston found that of the nurses surveyed, 41% were concerned about their own healthcare costs because of COVID-19, while 44% were worried about their financial situation should they become infected.

A recent survey conducted by the University of Pittsburgh found ***34% of hospital workers queried already carrying medical debts they can't pay off.*** It's easy to see why the prospect of a bout with COVID-19 would be so worrisome, beyond even the physical dangers.



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Financial stress is a major reason HCWs are leaving

Money concerns aren't just causing stress for HCWs, but driving action as well. A poll from Morning Consult found that ***50% of HCWs who recently left their healthcare job did so because they wanted more money and/or superior benefits.***

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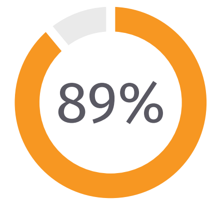
It is important to keep in mind that relief from financial stressors does not necessarily follow from receiving greater pay. While workers may see a higher income as their ticket to easy street, a lack of financial knowledge combined with poor habits can make a bigger paycheck nothing more than a Band-Aid that fails to treat some bigger, ongoing problems.

A core precept of financial wellness is that happiness is not represented by having the most money, but by understanding how to use one's available resources to achieve the best quality of life. It is true that HCWs, like other workers, have every right to seek the maximum compensation available in the labor market. It is also true that sometimes people don't realize how much money they really have until they know where to find it and how to put it to work for them.

HCWs expect financial education and counseling from their employer

HCWs tend to be skilled and knowledgeable professionals. However, those abilities don't always extend to the world of money management. For example, a survey conducted by Fidelity found that 56% of nurses lacked confidence in their financial decisions.

In the current work environment, employees lacking financial self-assuredness are looking to their employer for assistance. ***A 2022 John Hancock research initiative revealed that 89% of workers felt it was important for their employer to offer a financial wellness program.***



of workers felt it was important for their employer to offer a financial wellness program.

With hospitals and health systems looking to attract younger workers to fill in for the massive wave of soon-to-be retirees, it seems salient to note that Generation Z employees across all sectors are in lock-step with expecting financial guidance from their employer. BrightStar recently conducted a study revealing that among the youngest cohort of today's workforce, 75% trusted their employer more than any other source for improving their money know-how.

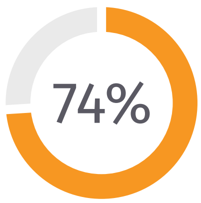
Providing counseling and education can be effective in promoting financial wellness

Utilization is one of the greatest endorsements for the value of financial guidance. ***A PWC study in 2019 found that 71% of employees use financial wellness benefits when provided them.***

There are other reasons to believe counseling and education provide real, demonstrable benefits to workers. In the 2018 PWC Employee Financial Wellness Survey, 41% of employees said that an employer-supplied financial wellness program had helped them get their spending under control. Given the above evidence that HCWs seem to be struggling more with their finances as opportunities for higher pay abound, this finding seems especially relevant for the healthcare field.

Interestingly, the same PWC research found 31% of employees reporting that their company's financial wellbeing efforts had assisted them in paying down their debts. With those in the healthcare field typically experiencing elevated educational debts, this is another area of educational efficacy worthy of special attention.

Employees who receive professional guidance on their money decisions usually receive a boost not just to their accounts, but to their mental wellbeing as well. ***A recent study from Employee Benefit News found that the percentage of employees reporting high levels of money stress dropped from 52% to below 20% after the subjects completed a financial wellbeing program. Furthering this notion, John Hancock in 2022 published findings that 74% of employees believe financial wellness programs relieve stress.***



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Financial education and counseling as a benefit can be a powerful recruiting tool

Word has been getting out about financial wellbeing programs—both among employees and employers—to the extent that they are now a must-have for companies looking to stay competitive in the labor market.

Confirming this is BrightPlan research revealing that from 2021 to 2022, ***the number of employees naming financial wellness as their most desired benefit jumped from 29% to 54%.*** For hospitals and health systems utilizing financial wellbeing resources, the recruiting pitch practically writes itself.

Once again there is evidence of financial wellness as a driver of action for employees. ***According to a 2019 report from PWC, 78% of workers surveyed would even be willing to change jobs if they felt another employer cared more about their financial wellbeing.***

Employers are seeing this effect in the action. Findings from a study by Bank of America released in fall of 2022 revealed that ***84% of surveyed employers confirmed that financial wellness tools help them land more high-quality employees.***

Financial education and counseling can positively impact retention

The 2022 PWC study referenced above uncovered another attention-grabbing number. ***One of the findings was that 38% of employees who were stressed about their finances were looking for a new job, while only 16% of employees not stressed about money were doing so.*** This dovetails with the previously discussed evidence of HCWs leaving their job for financial reasons.

Companies directly addressing this financial strain are coming out ahead. ***A FinFit survey of over 14,000 employees in 2022 found an 18.8% increase in retention among workers whose company offered a financial wellbeing program.*** It shouldn't be surprising that a John Hancock report from the same year pointed to 66% of employees agreeing with the statement that being offered such a program increased their loyalty to their employer.

More and more employers are offering financial wellness services to their employees every day. Hospitals and health systems not providing money education and counseling will lose stressed-out employees to companies seen as caring more about worker financial wellbeing.

Offering financial wellness program makes bottom line sense for healthcare providers

Based on the above information, the benefits of offering financial wellbeing resources to recruiting and retention are readily apparent. What should not be overlooked is the impact to the employer's overall financial outlook. ***Nursing Solutions, Inc. in a 2020 report noted that every percentage point boost in a hospital***

system's worker retention tally brought with it an annual savings of over $373,000.

The net impact of worker financial wellness to hospitals and health systems isn't confined to retention. Absenteeism and the loss of productivity among employees who are stressed about money can also have huge negative repercussions. ***A 2019 study by Salary Finance found that poor employee financial wellbeing costs organizations a total equal to between 11% and 14% of annual payroll expenses.***

With these numbers being what they are, it seems clear there is a big opportunity for healthcare providers to positively impact both the finances of their workers and their enterprise as a whole. But is a financial wellness program really worth the outlay? ***The Consumer Financial Protection Bureau thinks so, projecting a $3 benefit to a company for every $1 spent on financial wellbeing resources.***

Something has to change

The current staffing dynamic for hospitals and health systems—high levels of turnover and a dependence on expensive travel nurses—is not financially sustainable. While retention and recruitment issues were made more challenging by COVID-19, the stumbling blocks won't be removed until employers understand what HCWs are saying they need.

Workers have made it known they want greater financial security and better benefits. Given the budget constraints faced by hospitals and health systems currently this might seem like a no-win situation. However, research has shown that providing financial education and counseling can check both main boxes for the employees while also benefiting the bottom line for employers, too.

Financial wellbeing isn't the only way healthcare providers can attract and keep quality employees, but the reality is that if this piece of the puzzle is missing, workers are a lot more likely to look elsewhere. With healthcare staffing being so competitive, hospitals and health systems wanting to hire the best candidates need to offer employees ways to heal their money maladies.

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