



Causes & Consequences: INSIDE THE HEALTHCARE CRISIS

MHA

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ASSOCIATION

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HEALTHCARE IN CRISIS

Across Massachusetts, many patients are experiencing longer wait times and other challenges as they seek the care they need. Hospitals and healthcare organizations are working tirelessly to deliver timely, high-quality care for everyone, but they are up against an unrelenting set of pressures that has made their mission more difficult than ever before.

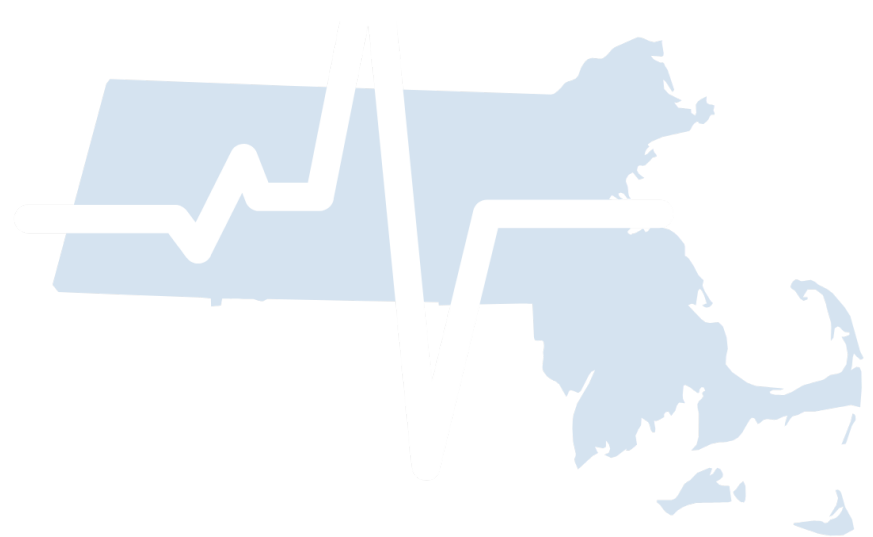
Healthcare is in a crisis, unmatched in scope, depth, and duration.

This situation is not unique to Massachusetts. But if the commonwealth is to resolve the intense challenges that are posing a greater risk to the healthcare system by the day, it will require an honest assessment of what is happening within – and outside – the walls of its world-class healthcare facilities.

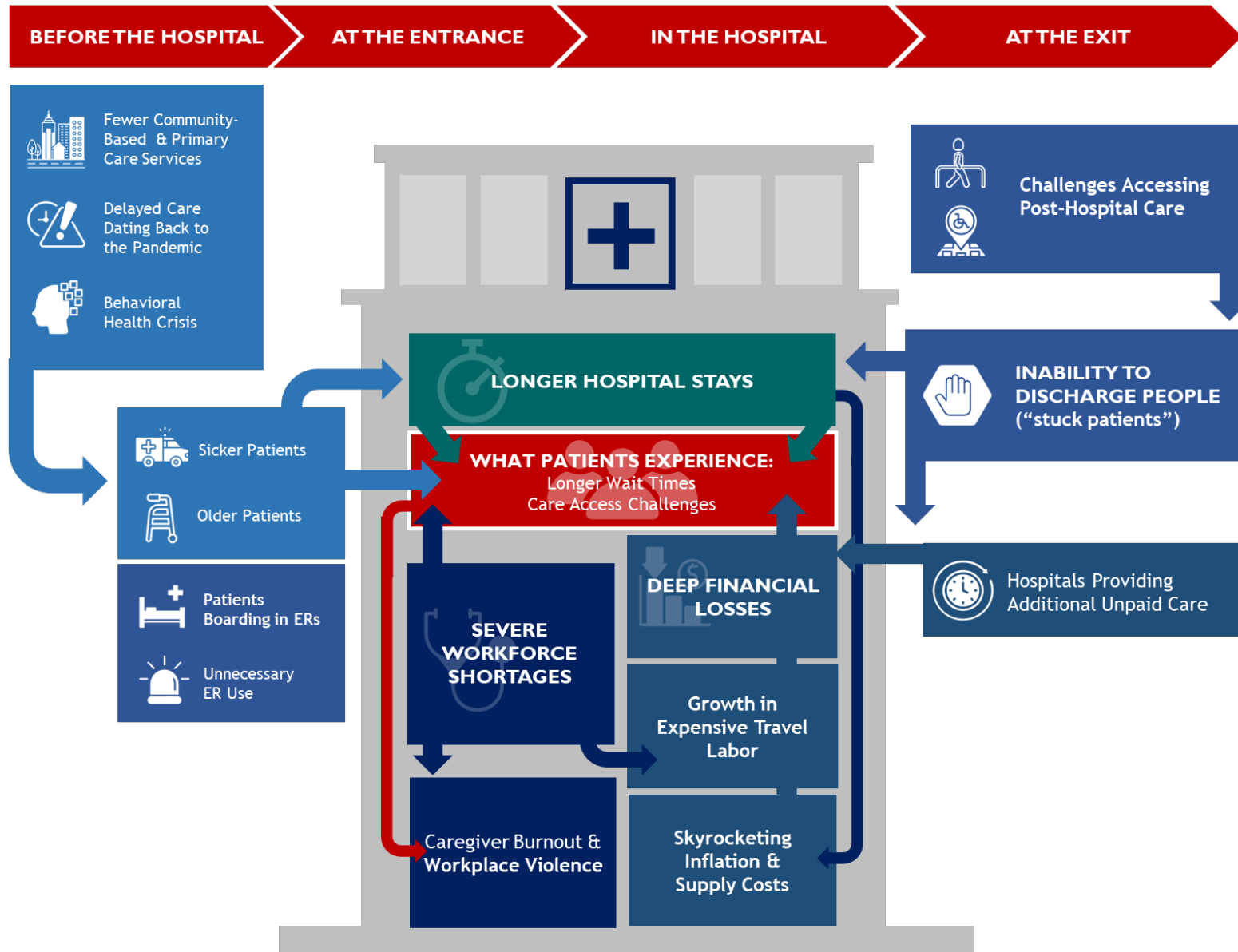
This report analyzes the everyday stresses within the healthcare system, explains how they escalated so quickly, introduces new data showing \$400 million in annual losses related to unreimbursed care, and offers solutions on what can be done to set Massachusetts on a path to recovery.

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A Look Inside: Pressures Affecting Every Step of the Patient Journey





How It Got So Bad, So Fast

Massachusetts' healthcare system is fundamentally different than it was before COVID-19 began. As the graphic on page 3 illustrates, troubling trends that were apparent before the pandemic have accelerated in the last few years, leading to a rapidly escalating situation of instability. The uncertain future surrounding the state's third-largest hospital system, Steward Health Care, only stands to compound these issues.

The word "crisis" has been used to describe many aspects of the current healthcare environment, both in Massachusetts and across the country.

- › There's a **workforce crisis** in which tens of thousands of positions remain unfilled across all care settings.
- › A **patient backup crisis** is preventing 1,000 or more people from transitioning to the next level of care on any given day, leaving them stuck in hospital beds when they no longer need to be there.
- › The **behavioral health crisis** finds upwards of 500 patients per day waiting in an emergency department or medical-surgical floor — often for days or weeks — before a specialized bed becomes available.
- › Hospitals and other providers must take beds offline because they are unable to safely staff them, further fueling the patient backups and creating a **capacity crisis**.
- › The mounting pressures have resulted in a **crisis of burnout among — and violence against — healthcare workers**.
- › And because of all of this, many **hospitals are losing money at an alarming pace**, threatening their stability.

While these pressures are affecting all hospitals, patients, and communities, some segments of the population bear a higher burden than others. The COVID-19 pandemic brought greater attention to longstanding inequities in healthcare access and outcomes. Communities of color, individuals with disabilities, and people with lower incomes experience well-documented, significant differences in incidences of disease, hospitalizations, and mortality. These differences are rooted in social, political, and economic disparities and are made worse when the entire healthcare system is destabilized.

WORKFORCE SHORTAGES

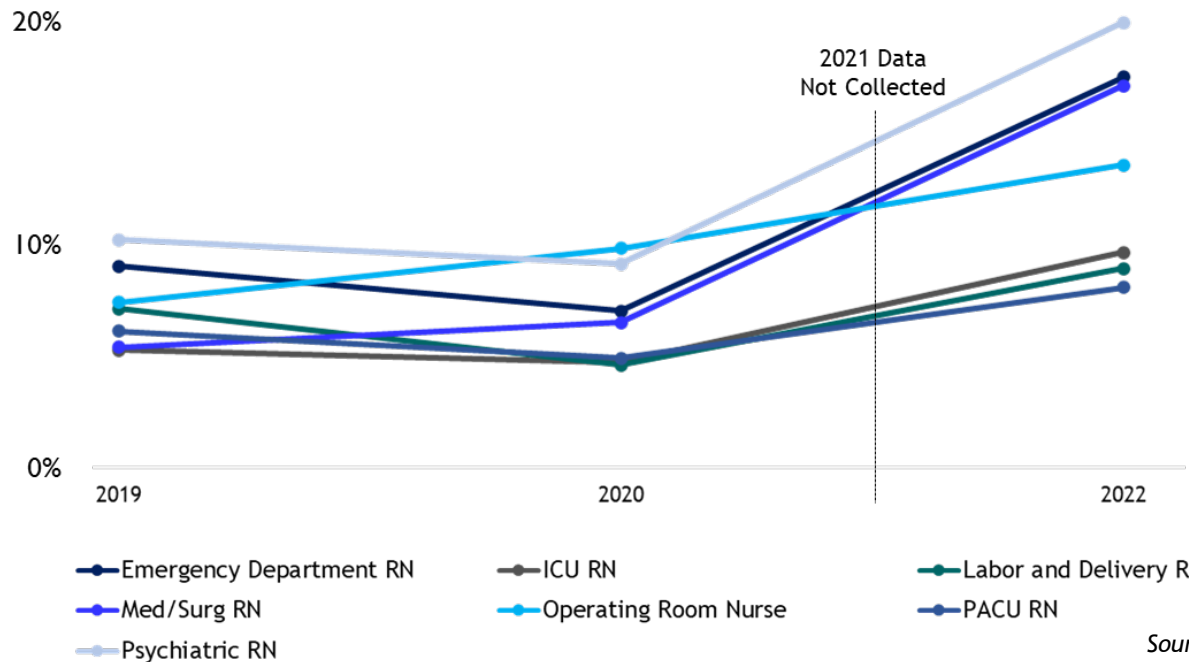


There is no greater challenge for Massachusetts healthcare providers than workforce. There are [nearly 20,000 vacancies](#) documented across all the commonwealth's hospitals, with no position immune. Healthcare organizations simply do not have enough professionals, from direct patient care to administrative support, to keep up with patient demand.

Workforce vacancies have worsened in recent years due to retirements among the baby boomer generation, a shortage of professionals entering the field, and a wave of exits due to stress and burnout. Mounting administrative burdens are adding further pressures on healthcare professionals.

Healthcare providers have experienced high rates of vacancies and turnover, including overall nurse vacancies that have doubled from 6% in 2019 to 14% in 2022, with some types of nursing positions having even higher vacancy rates.

Nurse Vacancy Rates in Massachusetts



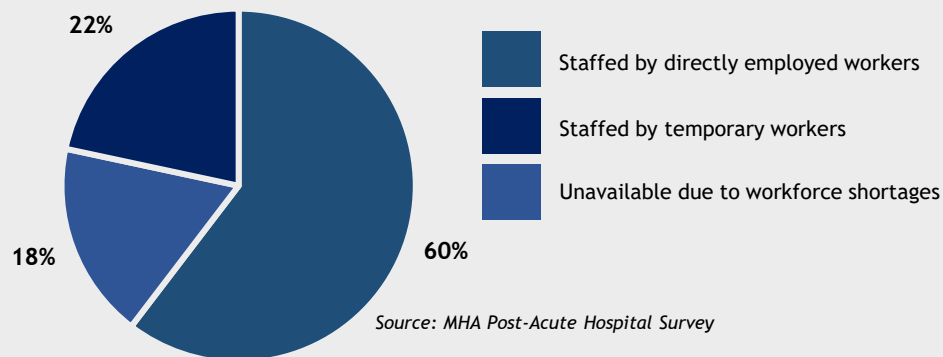
Source: MHA surveys

Healthcare organizations [have taken an array of steps](#) to support existing workers and grow the pipeline of talented professionals. Yet, as the problem persists, the shortage of workers means fewer hospital beds are available for patients in need. Workforce vacancies are having a detrimental effect on patient access, including delayed discharges to post-hospital settings, long waits in emergency departments (EDs), and challenges in providing timely care.

Workforce Shortages: No Setting is Immune

Workforce shortages are not just affecting the commonwealth’s 60-plus hospitals. “Post-acute” care settings such as inpatient rehabilitation facilities (IRFs), long-term acute care hospitals (LTACHs), nursing homes, and home care services are experiencing their own set of workforce pressures, further complicating the healthcare system’s ability to transfer patients from one place of care to another in a timely manner.

Post-Acute Hospital Beds



[A recent MHA survey](#) revealed more than 500 open positions among the state’s IRFs and LTACHs. This represents a 10% vacancy rate, with shortages for nurses and licensed practical nurses particularly severe. To make up for the vacancies, these organizations are spending 11 times more on temporary labor than they did in 2019. Approximately 190 post-acute care hospital beds (or 22% of those in the state) are currently unavailable solely because there are not enough workers to staff them.

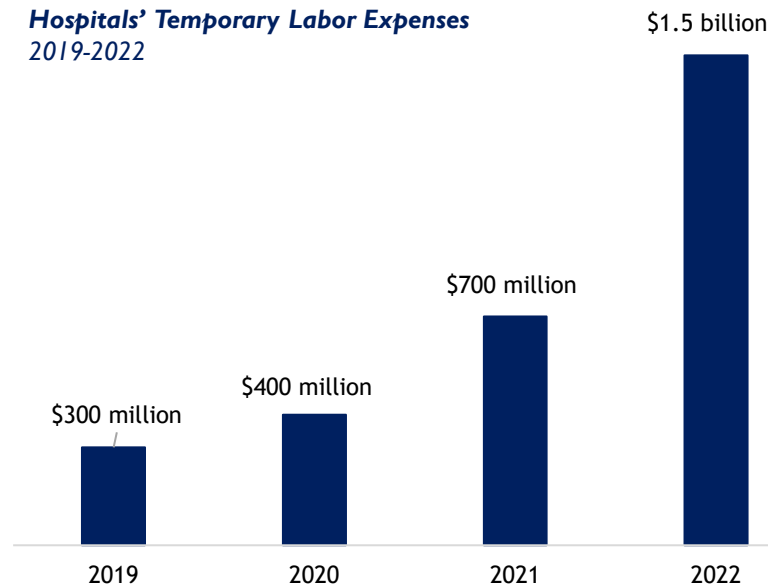
It is a similar story for nursing homes. The Massachusetts Senior Care Association last year reported 5,800 vacant positions and a 22% vacancy rate for direct caregiving staff among Massachusetts nursing homes. According to the state’s Department of Public Health (DPH) there was a 13% decline in licensed nursing home beds between 2018 and 2023. All of this is occurring as the population is aging and the demand for beds is increasing.

The Cost of Shortages

Labor expenses are the largest portion of a hospital’s total costs. More than 60% of each dollar a hospital spends goes directly to workers’ wages, salaries, and other labor expenditures. And those workforce costs over the past three years have been spiking upwards as the demand for workers far outstrips supply. A recent MHA survey found that the median increase in average hourly wages for 47 in-demand job positions exceeded 13% compared to the pre-pandemic period, with some positions increasing more than 20%. Hospitals are also offering extensive signing bonuses and retention packages to keep employees, particularly those who work at the bedside.

Every hospital has relied on expensive temporary labor to fill the gaps. [According to the state’s Center for Health Information and Analysis \(CHIA\)](#), hospitals spent a total of \$2.9 billion on temporary staffing between 2019 and 2022 to keep beds open and accessible for patients. This includes a seven-fold increase in temporary staffing costs for nurses during that time. The average hourly rates for travel nurses – those who work temporary assignments at one hospital before moving on to another – far exceed the rates paid pre-pandemic, with an average increase of 90% since 2019. Hospitals have absorbed these skyrocketing costs even as they navigate the ripple-effects of a global pandemic, a systemic behavioral health crisis, and other severe cost pressures.

Hospitals’ Temporary Labor Expenses 2019-2022



Source: CHIA’s Massachusetts Acute Hospital and Health System Financial Performance; HFY 2022
Types of temporary labor within the totals include RNs, non-RN clinicians, and physicians/hospitalists.

No Beds to Spare

Simply put, hospitals are packed. The relationship between the number of beds in hospitals and the amount of people staffing them helps explain the story.

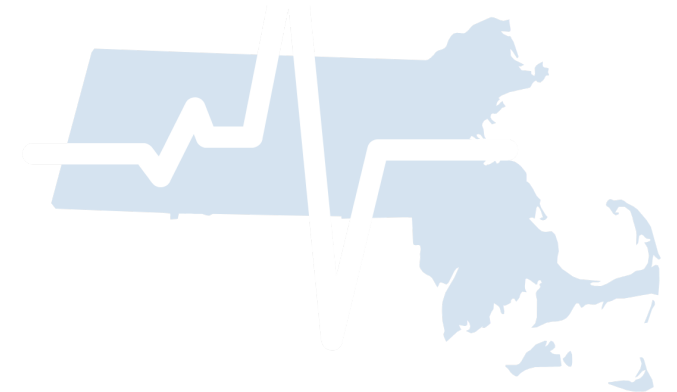
Staffed Beds & Occupancy

Medical/Surgical Beds	2021	2024	% Change
Staffed Beds	11,541	10,542	-9%
Aggregate Occupancy %	77%	85%	
Intensive Care Unit Beds			
Staffed Beds	1,590	1,328	-16%
Aggregate Occupancy %	73%	78%	

Source: DPH COVID-19 hospital data; includes surge and post-acute beds

The state assigns each hospital with the number of licensed beds it can operate. But the *actual* number of beds available within a hospital – or “staffed beds” – depends on how many workers are available to care for patients. Because there is a severe shortage of healthcare professionals, many hospitals are not using all of their licensed beds. **Staffed medical-surgical beds and ICU beds have dropped significantly, by an average of 9% and 16%, respectively, over the past three years.**

Fewer beds means that average occupancy levels have risen to unprecedented heights at most hospitals. This leads to the overcrowding and ED wait times now occurring. These factors would only worsen if beds in Steward Health Care hospitals are suddenly unavailable.



SICKER PATIENTS & LONGER STAYS

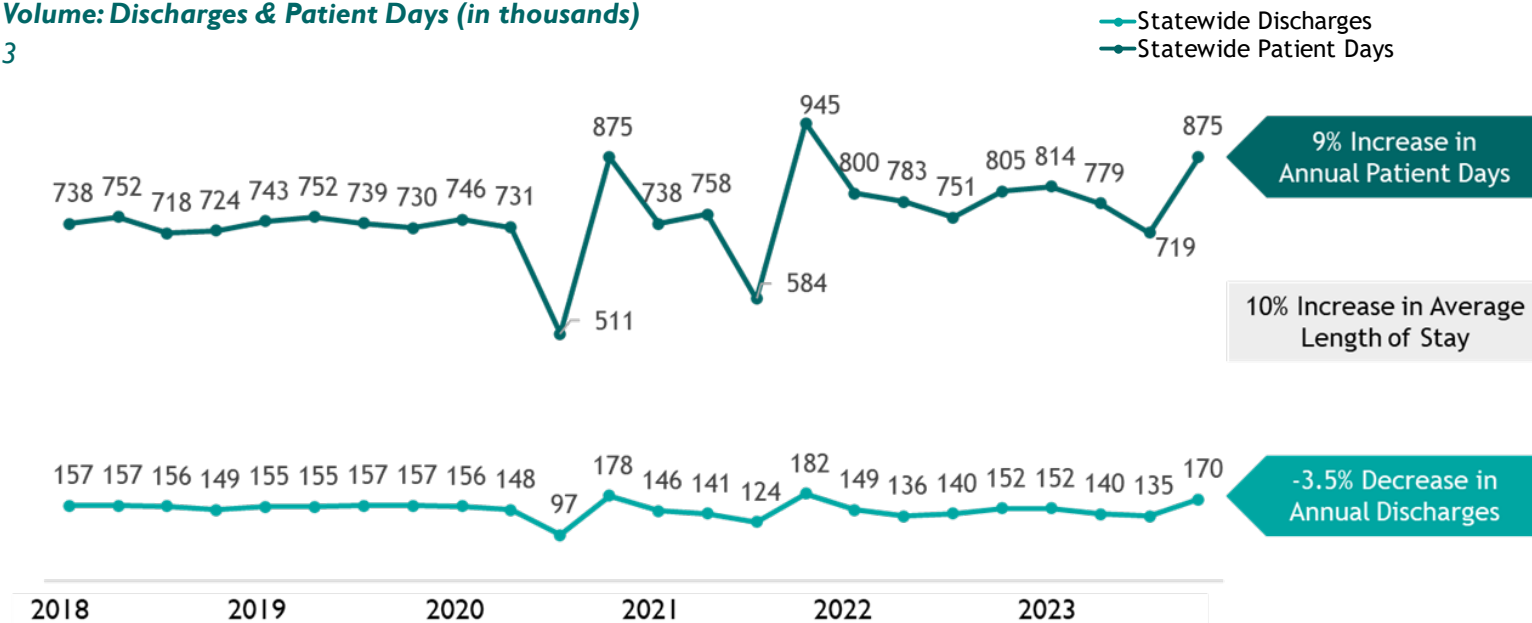


It is also important to understand how the patient population has changed. Fewer people are being admitted to hospitals compared to before the pandemic, but they are staying for longer periods of time. State agencies confirm this trend, which is most clearly seen among patients awaiting placement in post-hospital care settings.

When certain services were limited during the pandemic and people delayed care, the total number of patients within Massachusetts hospitals plummeted. This is shown through “inpatient discharges,” which are the best way to track the volume of patients a hospital sees.

Recent data show the number of patients in hospitals is now increasing but has not yet reached pre-pandemic levels. **But at the same time, data clearly show that “patient days” – the amount of time that patients stay in hospitals – have risen dramatically.**

Hospital Volume: Discharges & Patient Days (in thousands)
2018-2023



n=41 hospitals
Source: MHA Quarterly Utilization Survey

Why Are Patients Staying Longer?

The “average length of stay” for patients in hospitals has increased nearly 10%. This can be attributed to a variety of reasons:

- > **Patients admitted to the hospital are generally sicker;**
- > **They’re older;**
- > **And they cannot access the next level of care they need, leading them to be stuck in hospital beds.**

Hospitals, whenever possible, are directing less sick patients to outpatient settings. Meanwhile, due in part to care delays during the pandemic, many patients’ chronic conditions worsened, as did undiagnosed health problems. Now, people who need hospital-level care are being admitted sicker than they would have been if they had been able to maintain their health.

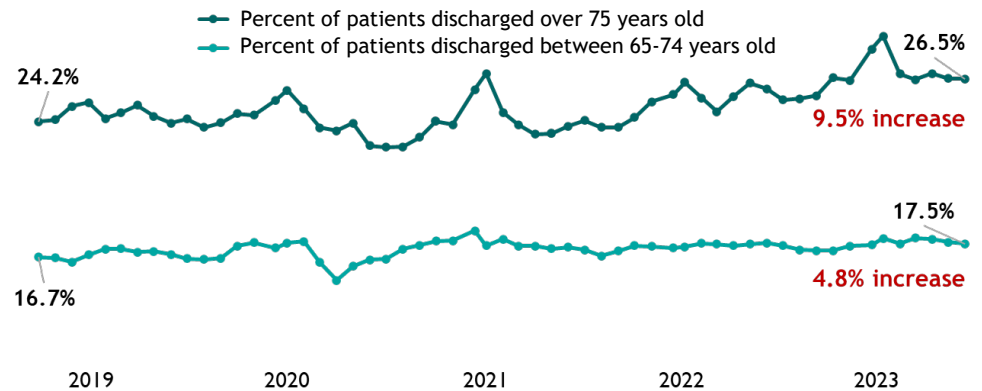
The trend is made apparent through the state’s ability to track the severity of patients’ illnesses and medical conditions. This “case mix index” has increased by 15% since 2017 – with a majority of the uptick occurring during the pandemic years.

At the same time, the population is aging. There has been a nearly 10% increase in the proportion of patients admitted to Massachusetts hospitals who are more than 75 years old. This trend may only intensify as the baby boomer generation – which makes up approximately 20% of the American population – continues to age.

These trends have extended the average duration of hospital stays. But because hospitals are largely paid based on how many patients they have, as opposed to how long those patients stay in their facilities, their payments do not generally increase as patients’

length-of-stay increases. This situation can lead to financial losses for hospitals, both because they cannot admit new patients and because they must shoulder the costs of extended stays on their own.

Percentage of Older Patients Admitted to Hospitals
2018-2023



Source: CHIA Acute Care Hospital Inpatient Discharge Database

Longer Stays Lead to Hospital Losses

Commercial insurance companies typically pay hospitals a fixed amount per-patient, per-diagnosis – say, for example, \$15,000 for a surgery. All the patient’s care – operating room costs, anesthesia, medications, labs, meals, etc. – is covered by that \$15,000 (plus any co-pays, co-insurance, and deductibles the patient pays). If the patient is discharged within, perhaps, three days, the hospital could cover the cost of care it provided with the \$15,000 it receives from insurance. But if the patient needs follow-up care and there is not an available rehabilitation bed, then they may end up stuck in the hospital for weeks or even months. The \$15,000 has been exhausted, leaving hospitals on their own to cover the additional costs for the weeks or months of care delivered to patients as they await discharge.

The Massachusetts Medicaid program *does* reimburse hospitals for a small percentage of the cost of caring for patients who are ready to be discharged but cannot secure placement in a post-acute setting. But commercial insurance companies typically do not.

STUCK PATIENTS & LACK OF AVAILABLE BEDS

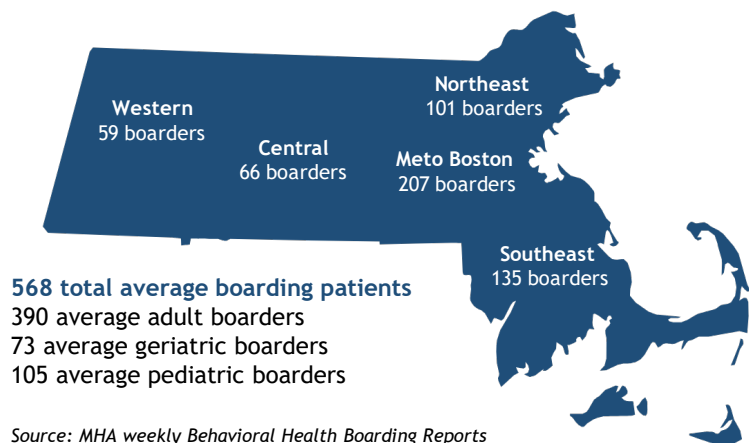


Providing safe, high-quality care is job number one. Moving patients efficiently through the healthcare system is the next priority – and it is not being met. Each of the factors already outlined – fewer workers, fewer beds, and sicker patients - lead to the patient backups and longer wait times that people are experiencing today.

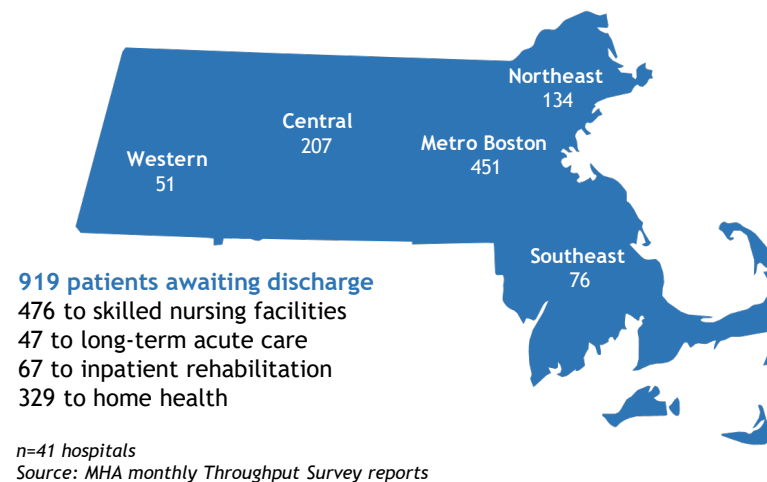
On any given day, as many as 1,500 patients or more are “stuck” in Massachusetts hospitals, tying up one in seven medical-surgical beds in the state:

- › An average of 568 patients [are “boarding” around the clock](#) in emergency departments or hospital units as they await a specialized behavioral health bed.
- › As many as 1,000 people are [simply unable to find placement in post-acute care settings](#), such as rehab hospitals, long-term care facilities, nursing homes, or home care. More than a third of these “stuck patients” have been waiting in hospital beds for a month or more.

Average Number of Behavioral Health Boarders June 2021-February 2024



Number of Patients Awaiting Discharge to Post-Acute Settings February 2024



According to new MHA findings, Massachusetts hospitals are devoting more than \$400 million annually to care for patients who are occupying beds while awaiting placement at the next level of care. They receive little to no additional payment for accommodating these patients, leading to enormous financial losses. This figure does not include the lost revenue that accumulates when hospitals cannot accept new patients.

Hospital staff [report a number of reasons](#) for the stuck patients, each of which is beyond their control: a lack of beds in post-acute care and psychiatric settings, lengthy guardianship cases with the courts, transportation delays, and more.

But the most common reasons for patient discharge issues are insurance-related, including administrative delays and “prior authorization” decisions (the permission insurance companies need to give hospitals to perform certain services or transfer people to another care setting) - especially from national Medicare Advantage plans. Some national Medicare Advantage plans, which represent a growing share of the Medicare marketplace, have caused significant transfer roadblocks. Hospital case managers, those responsible for working with patients and their families as they transition to new care settings, tell of prolonged delays in receiving responses from insurers to approve transfers, or of insurers denying the stays completely.

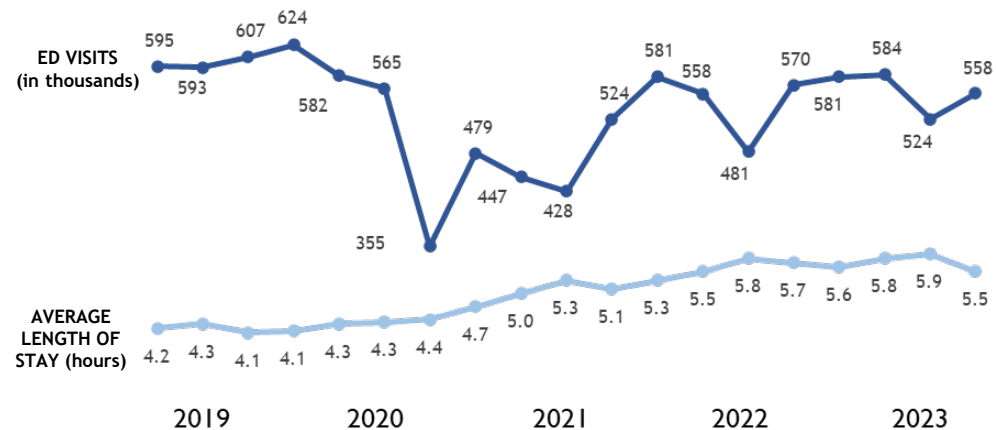
As a result, patients are not getting the level of care they require, precious beds are tied up and unavailable for others in need of care, and hospitals’ sustainability is further threatened.

The Ripple Effects on Patients & Providers

Even though emergency department visits are not back up to pre-pandemic levels, the amount of time an average person is spending in the ED has increased significantly, [as noted in a recent CHIA report](#). National data show that in 2022, Massachusetts had the fourth-highest median ED wait times. DPH reports that the percentage of patients waiting in EDs for 12 hours or more has almost tripled since before the pandemic.

Much of this can be explained by the stuck patient crisis and the decline in staffed ED beds driven by workforce shortages.

Trend in ED Visits and Length of Stay
October 2018- June 2023



Source: CHIA 2024 Annual Report on the Performance of the Massachusetts Health Care System

The situation is especially severe for behavioral health patients seeking care through emergency departments. The behavioral health crisis has intensified to the point that, on average, nearly a fifth of all staffed ED beds are occupied by patients awaiting a specialized psychiatric bed.

Behavioral health positions are among those with the highest vacancy rates in Massachusetts hospitals, contributing to access problems for patients in need of mental health and substance use services.

The workforce and capacity crunch places additional burdens on those who have historically lacked access to care. As community-based healthcare options decrease, patients are unable to receive timely appointments for primary and behavioral healthcare. Populations that have experienced disparities are often forced to seek more expensive hospital care by default. People who are underinsured, or who harbor mistrust toward the healthcare system due to historical inequities, may avoid seeking care, which worsens their illnesses or chronic conditions. Hospitals remain strongly committed to [continuing their support of community-based programs](#) and [the nation-leading Medicaid waiver](#) that puts health equity at the heart of their patient interactions.

Tensions Frayed

Each day, it is up to healthcare professionals to keep the system afloat through each of these pressures. But such work often comes at a steep price – their wellbeing.

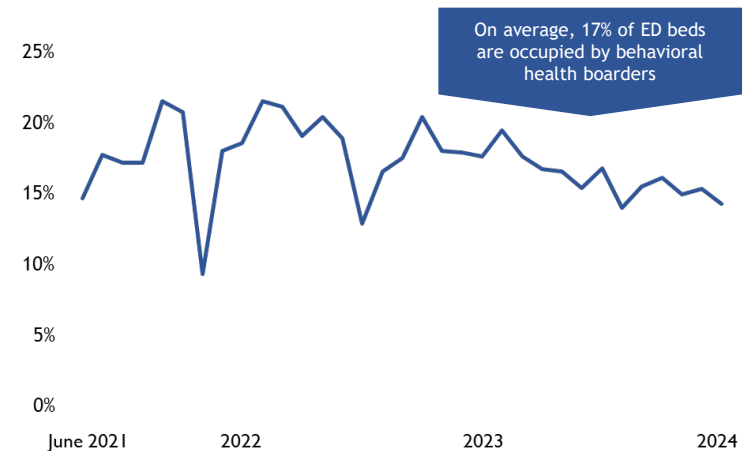
[Unnecessary administrative complexity in the healthcare system](#) – delays in obtaining prior authorizations, insurance claims denials, among other stresses – are a leading cause of clinician burnout, as well as anxiety and delayed care for patients. Partly as a result of this, about one quarter of physicians in the state say they plan to leave medicine in the next two years, [according to a survey](#) from the Massachusetts Medical Society, while more than half have or will reduce their clinical hours.

[Acts of verbal and physical abuse](#) are also contributing to workers leaving the healthcare profession.

Every 36 minutes in a Massachusetts hospital, someone – most likely a clinician or employee – is either physically assaulted, endures verbal abuse, or is threatened.

Due in part to the trauma brought on by violence and harassment, healthcare professionals are choosing to leave the field and sever their exposure to harm. And they are exiting at a time when an estimated 20,000 full-time vacancies already exist across hospitals and when capacity pressures remain historically high. Violent incidents do more than harm those who have devoted their careers to saving lives; they affect access to compassionate, timely care for patients in need.

Average Percent of ED Beds Occupied by Behavioral Health Boarders 2021-2024



n=40 hospitals
Source: MHA Quarterly Utilization Survey; MHA weekly Behavioral Health Boarding Report

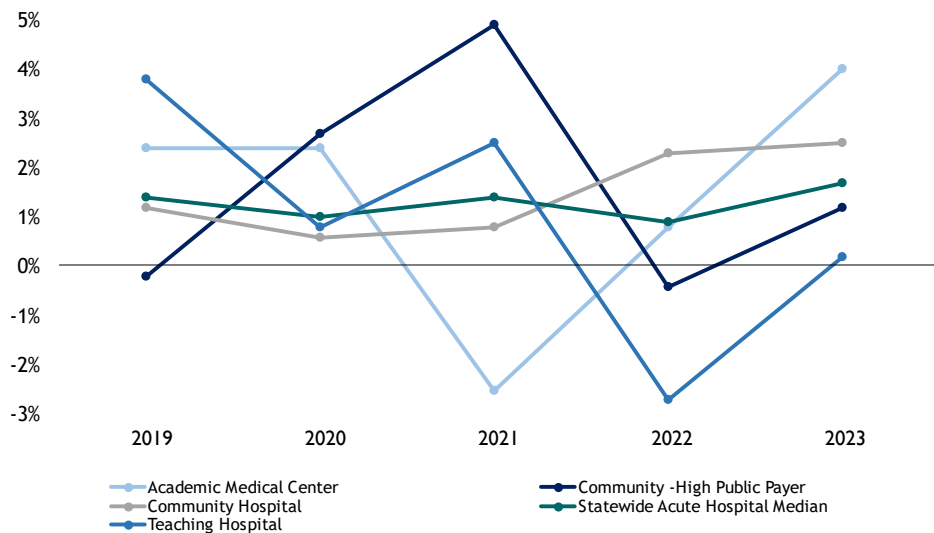
THE BOTTOM LINE



All of these challenges mean that hospitals are losing money by the day – losses that pose a serious threat to their long-term viability.

As patients are stuck in beds, hospitals must absorb the costs of unpaid care for people that can't be transferred out. Patients are boarding in hospital emergency departments because they can't be admitted. Hospitals are spending enormous sums of money to hire temporary workers to continue providing high-quality care. Licensed beds can't be staffed because there are not enough workers. Bed occupancy is unrelentingly high.

Massachusetts Hospital Operating Margins by cohort; 2019-2023



Source: Center for Health Information and Analysis

All of this is happening at a time of consistent inflationary pressures, increased overall workforce costs, and meager to non-existent margins.

The most recent CHIA data show that statewide, hospitals' median operating margin – the key metric for measuring hospitals' financial health – stood at just 1.7% in December 2023, meaning that half of the state's hospitals are below this level. **Thirty-seven percent of hospitals reported negative operating margins**, meaning they were spending more than they took in for daily operations. **Seventy-five percent of "hospital health systems," which include affiliated physician groups, experienced negative operating margins during this same time period.**

This financial situation is threatening hospitals' daily operations and ability to invest in the future of patient care. It is making it nearly impossible for them to find the resources and employ the additional staff needed to relieve the pressures detailed in this report.



The Massachusetts healthcare system, recognized globally for its medical excellence and relied on locally for defining the commonwealth's way of life, once again finds itself at a critical crossroads.

It is clear that bold reforms are needed to modernize how healthcare is accessed and delivered in the commonwealth. Any sweeping changes that policymakers consider – from resolution of the Steward Health Care crisis, to reworking the state's healthcare regulatory structure, and beyond – must first acknowledge the here-and-now problems relating to workforce, bed capacity, and financial stability. And all changes – both immediate and long-term – must continue to address the inequities and disparities inherent in the system.

With those imperatives in mind, MHA offers the following recommended steps that policymakers can take to uplift a system in need of support:

SUPPORT & GROW THE HEALTHCARE WORKFORCE

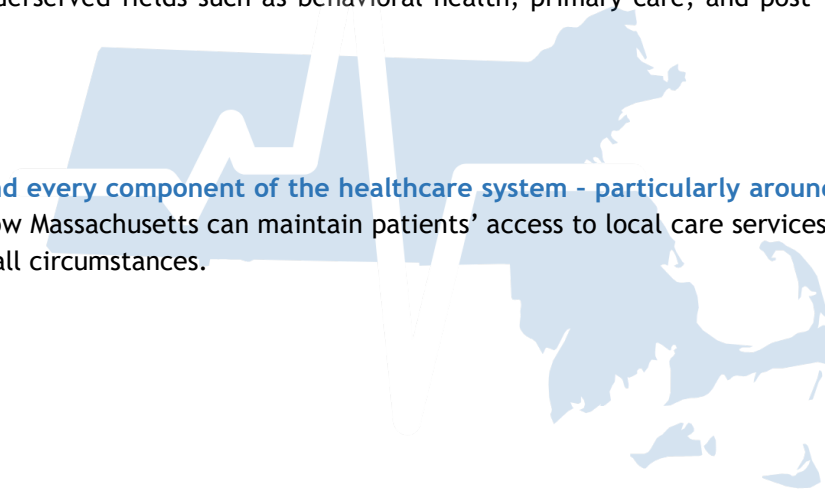
Immediately expand Massachusetts' base of nurses by joining the Nurse Licensure Compact, which has been adopted by 41 other states and jurisdictions. The compact allows qualified nurses to hold one multistate license with the ability to practice in all other compact states, eliminating the arduous re-licensure process ([H.1211](#) | [S.747](#)).

Pass comprehensive workplace violence reforms to protect caregivers in the line of work. Massachusetts hospitals have come together and put forth their strongest proposal to date, which would set new statewide safety standards for hospital security, increase penalties for individuals who intentionally assault caregivers, enhance employee support, and implement regular reporting to the state ([H.2381](#) | [S.1538](#)).

Reduce the barriers of entry for aspiring professionals - particularly diverse candidates - through continued scholarship investments, tuition reimbursement, pipeline development programs, and an increased emphasis on underserved fields such as behavioral health, primary care, and post-acute care.

PRIORITIZE EMERGENCY PREPAREDNESS

Continue close coordination and contingency planning between state leaders and every component of the healthcare system - particularly around the uncertain future of Steward hospitals. This planning should revolve around how Massachusetts can maintain patients' access to local care services, protect the healthcare workforce, and safeguard the stability of the system under all circumstances.





STRENGTHEN CARE INNOVATION & COORDINATION

Empower care that is delivered outside of the hospital setting, particularly through telehealth, hospital-at-home programs, and mobile integrated health. Many of these programs are still unsustainable without permanent, predictable policies and equitable reimbursement from insurers.

Improve patient transitions to post-acute care settings and improve coordination across all types of providers. Hospitals are advocating for funding a Complex Care Ombudsman Program to assist with patient transitions, providing long-term support for the state's Hospital-to-Home Partnership Program, and focusing resources to make beds available for specialized populations, including those requiring long-term, dementia, and geriatric-psychiatric care.

Strengthen commercial insurance reimbursement for the extended care that hospitals provide. The state's MassHealth program provides additional funding to hospitals for each day a patient is ready for discharge but a post-acute placement not available. Commercial payers should provide similar reimbursement to support the continued care of patients they cover.

Improve transitions for children under the supervision of state agencies who are ready to be discharged and require services outside of medical/behavioral health inpatient care or the emergency room. ([H.146](#))

Support and expand the Department of Mental Health's ability to transition patients from inpatient psychiatric settings to continuing care programs.

MINIMIZE ADMINISTRATIVE BARRIERS

Make sensible reforms to insurers' prior authorization processes, which often cause care delays, accelerate caregiver burnout, and result in hundreds of millions of dollars in cost waste across the healthcare system. MHA, the Massachusetts Medical Society, and Health Care For All have come together to champion legislation that streamlines or eliminates low-value prior authorization requirements ([H.1143](#) | [S.1249](#)).

Address the administrative barriers and inappropriate insurance denials that prevent behavioral health patients from getting the care they need. Ensure the viability of services that the 2021 Mental Health ABC Act requires by aligning the law's behavioral health crisis services with reforms made through the state's Roadmap for Behavioral Health ([H.4058](#) | [S.1267](#); [H.1087](#) | [S.663](#))

Improve the judicial processes that often keep patients in hospitals for longer than they need by resolving guardianship, conservatorship, and healthcare proxy cases. Recruit individuals to serve in these roles on behalf of patients.

MODERNIZE HEALTHCARE OVERSIGHT

Modernize the state's cost growth benchmark to better reflect the real-time, on-the-ground pressures that hospitals and patients are experiencing. An updated benchmark tool can help Massachusetts better assess its affordability goals both in the short- and long-term.

Increase oversight over Medicare Advantage plans, which have exhibited a pattern of denying prior authorization for medically necessary care.

Everyone Plays a Role

Some of the most important solutions to the healthcare crisis extend far beyond the halls of Beacon Hill or the workers on the grounds of hospitals. They lie in the everyday actions and decisions of community members, meaning *everyone* can help alleviate the pressures described in this report.

The general public stepped up in countless ways to support healthcare providers throughout COVID-19. Hospitals are now urging community members to renew that solidarity by taking these actions:

- › Do not hesitate to seek care when you need it, but avoid visiting the emergency department unless you are in an emergency situation.
- › Practice patience and civility for healthcare workers on the front lines and for those you encounter on your healthcare journey.
- › Keep up with regular medical appointments to maintain your long-term health.
- › Stay up to date with vaccinations, including those for the flu, COVID-19, and RSV.
- › Create a personal care plan, fill out a healthcare proxy form, and designate a person to speak on your behalf should the unexpected ever occur.



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