

THE HOUSTON STORY: GULF COAST'S HEALTH SERVICES STEERING COMMITTEE

Origin, Structure, and Financial Support

In the Fall of 2000, the Greater Houston Partnership convened a meeting of interested hospital CEOs to discuss workforce shortages. This meeting confirmed severe labor shortages in several healthcare professions, most important of which was the growing shortage of registered nurses. Hospitals expressed a strong interest in working together to solve the registered nurse shortage, and the Health Services Steering Committee was born as an informal, employer-led association. The committee (roster attached) is made up of hospital executives, business leaders, and representatives from institutions of higher education with nursing programs.

This industry committee is the direct result of a partnership between the Gulf Coast Workforce Board and the Greater Houston Partnership. In the beginning, the board provided financial support for the independent labor market study and staffed committee meetings. The Greater Houston Partnership provided facilities, hosted meetings, provided meeting logistics, but most important, it provided direct access to hospital CEOs and broad-based support from the larger business community.

As the Committee has grown and enjoyed success over its three-year existence, additional financial support now comes from a wide variety of sources: state and federal government, cash and in-kind contributions from participating hospitals, and grants from local foundations. Approximately \$18 million in additional funding has been tapped as of March 2004.

Mission and Goals

The Committee's mission is to help the Gulf Coast healthcare industry find the skilled workers it needs to compete in the global economy and provide high quality healthcare now and in the future. The Committee is presently committed to solving the registered nurse shortage in Gulf Coast hospitals.

By 2010, the Health Services Steering Committee hopes to achieve the following results for Gulf Coast hospitals and nursing schools:

- ◆ Hospitals will no longer face a chronic shortage of registered nurses.
- ◆ Nursing schools will no longer face a chronic shortage of faculty.
- ◆ The composition of the hospitals' registered nurse workforce will mirror that of the region's population in terms of race and gender.
- ◆ The percentage of nurses working in hospitals who earned their initial registered nurse degrees from a Gulf Coast nursing school will be significantly higher than it was in 2000.

The Committee carries out its activities through four workgroups:

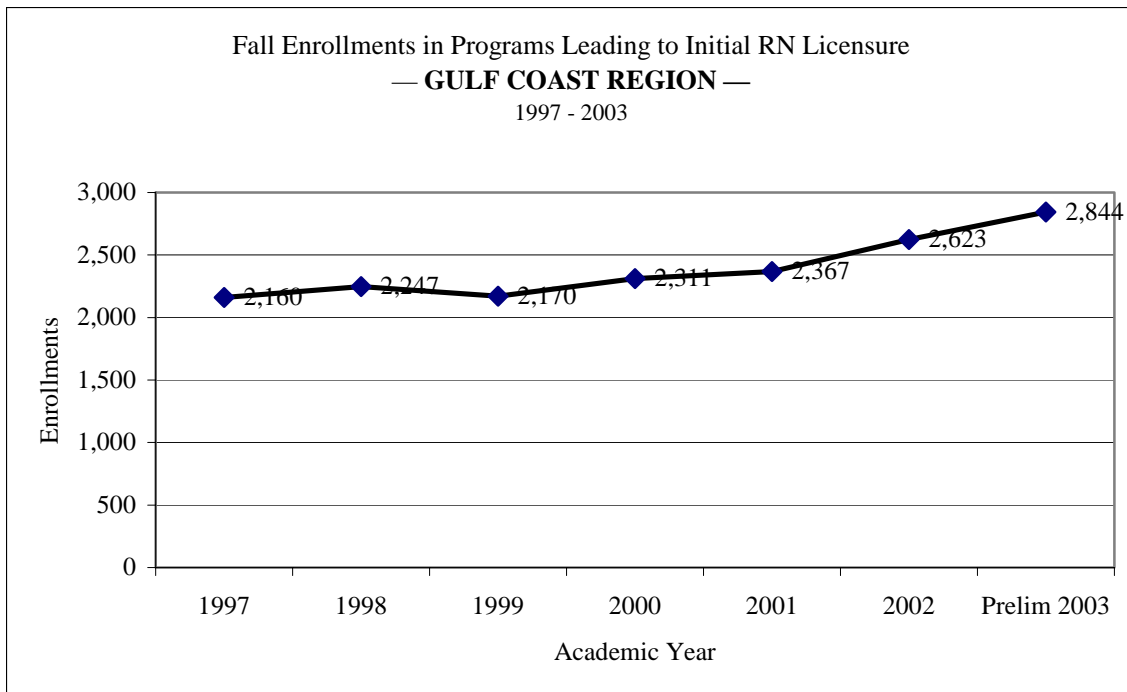
- Marketing Career Opportunities in Healthcare, Especially Nursing
- Enhancing Educational Capacity and Increasing Access
- Addressing the Internal Challenge: Improving the Work Environment in Hospitals
- Making Government a Facilitating Partner

These workgroups are made up of Committee members as well as other individuals interested in helping to solve the nurse shortage. This significantly broadens the number of partnerships and the scope of the Committee’s influence across the region. A hospital CEO, board chair, or chief nursing officer chairs each workgroup.

Major Results to Date

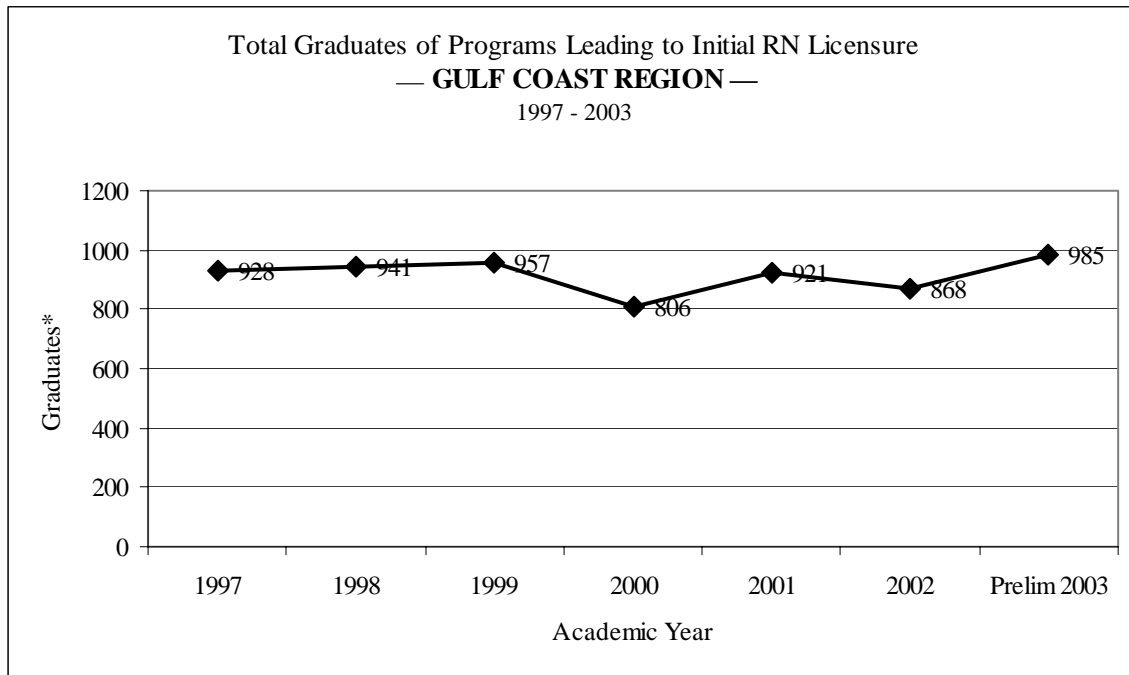
Since its inception three years ago, the Health Services Steering Committee and its four workgroups have been active on a number of fronts. Their combined activities have produced the following results:

- ◆ Fall 2003 enrollments in Gulf Coast nursing schools in programs leading to initial RN licensure are up 23 percent over Fall 2000, an increase of 533 students in three years.



Source: State Board of Nurse Examiners

- ◆ Graduations from these programs for the same time period are up 22 percent, an additional 179 students. These statistics mark a dramatic reversal of the trend of declining applications and enrollments to and graduations from area nursing programs that persisted throughout the late 1990s.



Source: State Board of Nurse Examiners

- ◆ An additional \$52 million in state funding has been appropriated — and most of it allocated to nursing schools across the state — to support dramatic increases in enrollments and to fund innovative approaches for recruiting and training more registered nurses and nurse faculty. A good portion of that money will end up in the Gulf Coast Region.
- ◆ For the third year in a row, participating hospitals are contributing staff qualified to teach in area nursing schools. For the 2003-2004 academic year, their contribution has grown to approximately 28 full time staff equivalents, a contribution worth a conservatively estimated \$1.6 million.
- ◆ Over the past two years local foundations have provided over \$900,000 to supplement nurse faculty salaries and fund additional teaching positions to help ameliorate the critical faculty shortage which is preventing further enrollment increases in area nursing schools.

- ◆ The Committee has identified and expanded a very successful model for upgrading incumbent healthcare workers to jobs as licensed vocational nurses, registered nurses, and other healthcare professional in labor-short occupations. This program helps hospitals attract, train, and retain quality employees. Known as the Work School Program, this initiative has a 95 percent completion rate. Since March 2001, 250 workers from 20 participating hospitals enrolled in the program. Sixty-eight percent of those enrolled were preparing for initial licensure as registered nurses. Federal and state agencies have provided approximately \$5.5 million in discretionary funding to support this initiative.

- ◆ Finally, the Committee has developed an innovative model for improving the work environment in Gulf Coast hospitals, not just in a few hospitals but across the entire industry. This model has four key elements: 1) envisioning the ideal hospital work environment (identifying the key components of that environment and setting the highest standards of performance possible), 2) defining the current industry norm, 3) assessing the current hospital work environments against this industry norm, and 4) recognizing outstanding performance and sharing best practices. This is a continuous-improvement model designed to make Gulf Coast hospitals the employers of first choice for nurses and other healthcare professionals. The Department of Health and Human Services has committed just over \$600,000 to support this initiative over the next three years.

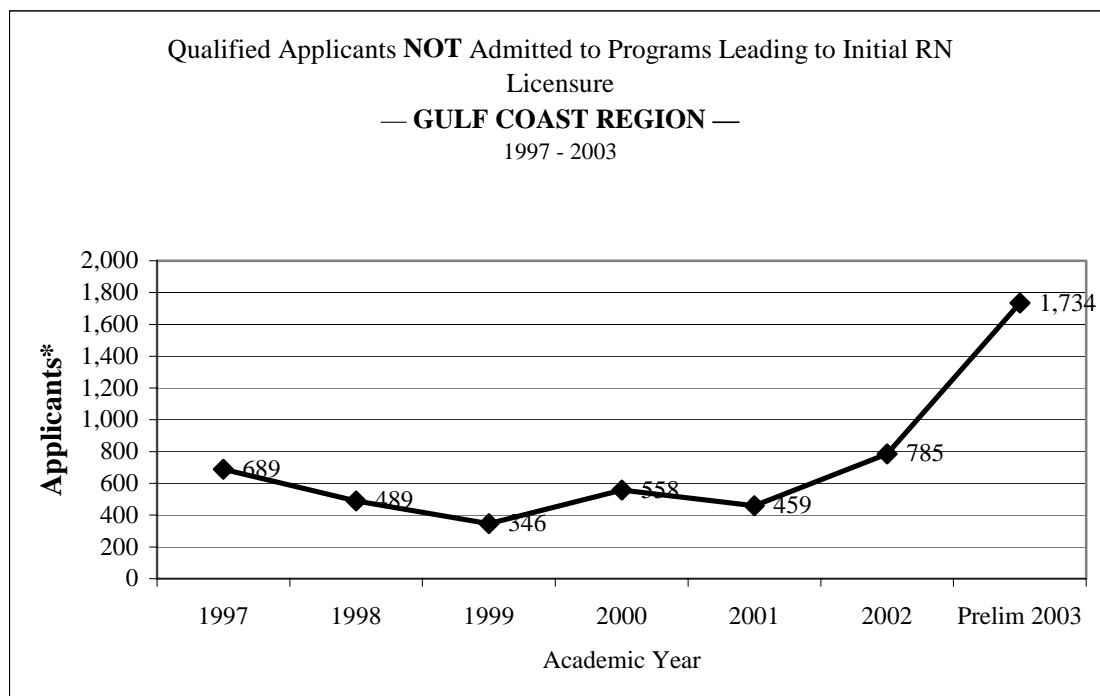
These and other efforts undertaken by the Gulf Coast Health Services Steering Committee over the past three years have brought an additional estimated \$18 million to bear on the nursing shortage in our region:

Activity	Funding Source	Amount
Nurse Faculty Salary Initiative	Philanthropic organizations	\$907,000
Loaned Faculty Initiative	Gulf Coast hospitals	4,200,000
Additional State Funds for Nurse Education*	State of Texas	4,617,026
Summer Youth Internships	The WorkSource	138,840
Work School Program	Texas Workforce Commission, U.S. Department of Labor and Gulf Coast hospitals	7,087,327
Ideal Work Environment Project	U.S. Department of HHS	213,060
Nursing Blitz – Middle School Initiative	The WorkSource	111,411
Foreign-Trained Nurse Initiative	Center for Houston’s Future and The WorkSource	56,000
Healthcare Workforce Market Research	The WorkSource	49,700
Staff, Consultant and Logistical Support	The WorkSource and Greater Houston Partnership	617,250
TOTAL		\$17,997,614

* Indicates the Gulf Coast portion of additional allocations of over \$50 million statewide.

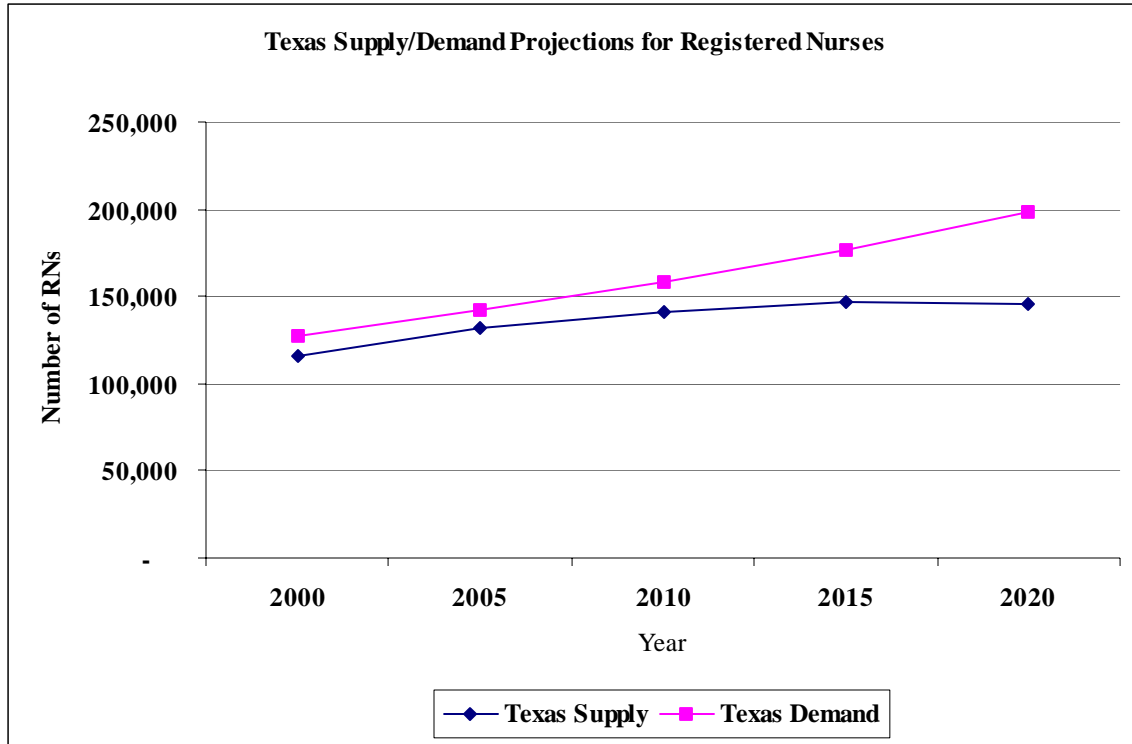
Current Situation

Despite the successes outlined above, the problem of the nursing shortage in Texas and the Gulf Coast region remains far from solved. Enrollments have grown both regionally and statewide in response to concentrated efforts to expand enrollment and even more importantly, faculty capacity. Graduations are beginning to show an upturn, appropriately lagging the increased enrollments by 2-3 years. However, the crux of the problem can be seen in the dramatic increase in the number of qualified applicants not admitted to nursing programs in Fall 2003. According to the State Board of Nurse Examiners for Texas, over 6,000 qualified applicants were not admitted to programs leading to initial RN licensure statewide --- a 68% increase over the Fall 2000 level. Even more dramatically, the Gulf Coast figures for 2003 are up 210% over Fall 2000 levels. While there is some duplication in these figures due to students applying to more than one school, even if the statewide figure were halved --- that would still mean over 3,000 qualified applicants being turned away at a time when estimates are that Texas is approximately 36,000 nurses short of the national average measured by RNs per 100,000 population.



Source: State Board of Nurse Examiners

Data from the U.S. Department of Health and Human Services *Projected Supply, Demand and Shortages of Registered Nurses: 2000 – 2010* report indicates that the difference between the Texas supply of RNs and the Texas demand for RNs will grow from an estimated 11,409 in the year 2000 (9% shortage) to an estimated 52,076 (26% shortage) by the year 2020.



Data from the Texas Workforce Commission indicates that the Gulf Coast region will require an annual average of 1,450 job openings between 2000 and 2010 (840 from growth and 610 from replacement positions). The most recent figures for our region indicate total annual RN graduates of 1,089. Even assuming that all of the regionally trained nurses remain in the local workforce (not likely given the national stature of several of our area’s nursing schools), we would need to increase annual graduations by over 350 per year to meet this demand.

Quite simply, we must find ways to drastically increase the state’s educational capacity for producing more registered nurses now if the situation is not to worsen further.

Action Needed

SHORT TERM – USING EXISTING RESOURCES BETTER

We might do several things now to raise enrollments and graduation rates in programs leading to initial RN licensure and encourage those graduates to go to work in hospitals in Texas. We can increase the supply of registered nurses by:

- Protecting funding for all nurse education initiatives that in any way support increased enrollments in and graduations from programs leading to initial RN licensure

(This involves carefully monitoring proposed changes coming from education cost studies, allocation formulas, discretionary fund allocations, and student financial aid.)

- Using the approximately \$1 million remaining in tobacco fund earnings plus the \$4 million already earmarked for the 2006-2007 biennium to fund a large preceptor demonstration project

This will accomplish two things simultaneously, 1) help ameliorate the current nurse faculty shortage and 2) expand the number of clinical slots in hospitals. A small preceptor program recently implemented by the University of Texas at Tyler offers a model. Establishing the demonstration would entail fine-tuning the Tyler initiative and then expanding it to one or two urban areas where the number of hospitals and variety of nursing programs would better test the long-term efficacy of such initiatives.

- Establishing a follow-up system to track nurse graduates in the labor market similar to the Automated Student and Adult Learner Follow-up System already in place for graduates of community colleges

Even if this began as a demonstration project, it would allow the state, individual nursing schools, hospitals, and other funding entities to look at their return on investment in educating registered nurses by answering questions such as: How many graduates go to work in and then continue working in health care or in hospitals within the healthcare industry? How many graduates go to work in other industries? How many stay in the region where they trained? How many stay in Texas?

LONGER TERM—GETTING READY FOR THE 2005 LEGISLATIVE SESSION

The 79th legislative session is fast approaching. It's time to develop a legislative agenda aggressive enough to produce significant increases in state funding. This is the only way

we can reduce the current and projected shortages of registered nurses in Texas. Specifically, we would urge the Coordinating Board to consider:

- Giving nurse education an “above the cut line” priority in the agency’s Legislative Appropriations Request (LAR) for the 2006-2007 biennium and protect it throughout the legislative process
- Supporting full funding of regular formula allocations to programs leading to initial RN licensure
- Supporting the creation of a separate fund at the Coordinating Board to provide temporary salary supplements for nurse faculty who spend at least three-quarters of their appointed time preparing students for initial RN licensure
- Funding the Health Care Profession Student Grant, an initiative from the last legislative session designed to provide an additional financial incentive for students, especially minority students, enrolled in programs leading to initial RN licensure (This initiative would offer students up to three times the amount normally available under the TEXAS Grant Program.)
- Increasing funding to encourage and support dramatic enrollment increases in RN programs. This would involve:
 - 1) providing funding to help finance enrollment increases at the four nursing programs associated with the state’s health-related institutions
 - 2) lowering the threshold to qualify for funding to match that of the four-year, general academic institutions
 - 3) setting aside enough state money to provide the full amounts that schools earn from their enrollment increases
- Supporting the use of state funds as incentives to encourage institutions of higher education to shift resources in response to fundamental changes in market demand (For example, some project an oversupply of licensed vocational nurses in Texas in the near future. If that proves true, the Coordinating Board should have the authority and financial resources to encourage institutions to shift resources from their LVN programs to programs whose graduates are in greater demand.)
- Requiring institutions of higher education to spend the state funds they earn from professional nurse education programs on those same programs

Reducing the shortage of nurses in Texas is not just a healthcare or Workforce issue – but a broader one of quality of life and economic development (i.e., investments in professional nurse education will yield economic benefits to the state in terms of jobs, income, and the availability of quality healthcare, all of which will make Texas a better place to live and work and therefore a stronger competitor for new and expanding industries.

**GULF COAST HEALTH SERVICES STEERING COMMITTEE
MEMBERSHIP ROSTER**

Organization	Representatives	Title
Baylor College of Medicine	Peter Traber, M.D. Rachel H. Caillouet	President Vice President, Human Resources
CHRISTUS Health Gulf Coast Region	Pat Carrier Jeff Webster Laura Fortin Pam Connors	President, Gulf Coast Region Administrator and CEO, St. Joseph's Hospital Chief Nursing Executive, St. Joseph's Hospital Vice President, Human Resources, GC Region
HCA - Gulf Coast Division	Mike Snow Nancy Edgar	President Vice President
Harris County Hospital District	John A. Guest	President and Chief Executive Officer
Houston Community College System	Dr. Bruce Leslie	Chancellor
Houston Northwest Medical Center	James (Jim) Kelly	Chief Executive Officer
Michael DeBakkey VA Medical Center	Edgar Tucker	Administrator
The Institute for Rehabilitation and Research	John Kajander Jean Herzog Ann Nichols	President and CEO, TIRR Systems Executive Vice President/Chief Operating Officer Chief Nurse Executive
Memorial Hermann Healthcare System	Dan Wolterman Doug Beckstett Timothy Schauer	President Chief of Human Resources Director, Government Relations
The Methodist Hospital	Ronald G. Giroto Fred B. Pluckhorn Margaret Eaton Kathy Puperi, RN	President Vice President, Human Resources Vice President, Human Resources Nursing Program Specialist
North Harris Montgomery Community College District	Dr. John E. Pickelman Dr. Steve Head	Chancellor Executive Vice Chancellor
Park Plaza Hospital	Lex Guinn Terry Kirk	Chief Executive Officer Vice President, Patient Care Services
Polly Ryon Hospital	David B. Rowe	Chief Executive Officer

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Organization	Representatives	Title
St. Luke's Episcopal Health System	Michael K. Jhin Rosemary Luquire Irene Helsinger Jack Lynch	CEO Emeritus Senior Vice President, Patient Care/Quality Officer Senior Vice President, Chief HR Officer Chief Executive Officer
San Jacinto College District	Dr. Bill Lindemann	Chancellor
Shriners Hospital for Children	Steven Reiter	Administrator
Texas Children's Hospital	Mark A. Wallace Susie M. Distefano Myrtle Williams Linda Aldred	President Vice President, Patient Care Services Director, Clinical Training and Development Director, Human Resources
Texas Medical Center	Dr. Richard Wainerdi Patricia C. Mitchell Dr. Kathryn Stream	President and Chief Executive Officer Senior Vice President Senior Vice President
Texas Woman's University	Ann Stuart, Ph.D. Lucille Travis	Chancellor and President Interim Dean, College of Nursing
University of Texas Health Science Center	James T. Willerson, M.D. Dr. Patricia L. Starck Chase Untermeyer	President Dean, School of Nursing Executive Vice President, Governmental Relations
University of Texas M.D. Anderson Cancer Center	John Mendelsohn, M.D. David Callender, M.D. Barbara Summers	President Executive Vice President/Chief Operating Officer Vice President, Operations and Nursing Practice
University of Texas Medical Branch	John D. Stobo, M.D. Ben G. Raimer, M.D. Karen Sexton Kathy Shingleton Pamela G. Watson Katie Winslade	President Vice President for Community Outreach Chief Operating Officer Chief Human Resources Officer Dean, School of Nursing Director of Workforce Development
Greater Houston Partnership	Robert Mosbacher, Jr. Kathleen Lilly	Chairman Staff, Health Care Taskforce
The WorkSource	Rodney Bradshaw Mike Temple Marilyn Stadler Karen Love Bob McPherson Donde Batten	Human Services Manager Workforce Program Manager Employer Services Manager Health Industry Liaison Consultant to The WorkSource Consultant to The WorkSource