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# Navigating the *Healthcare* Workforce Crisis:

## AN ORGANIZATION'S SURVIVAL GUIDE

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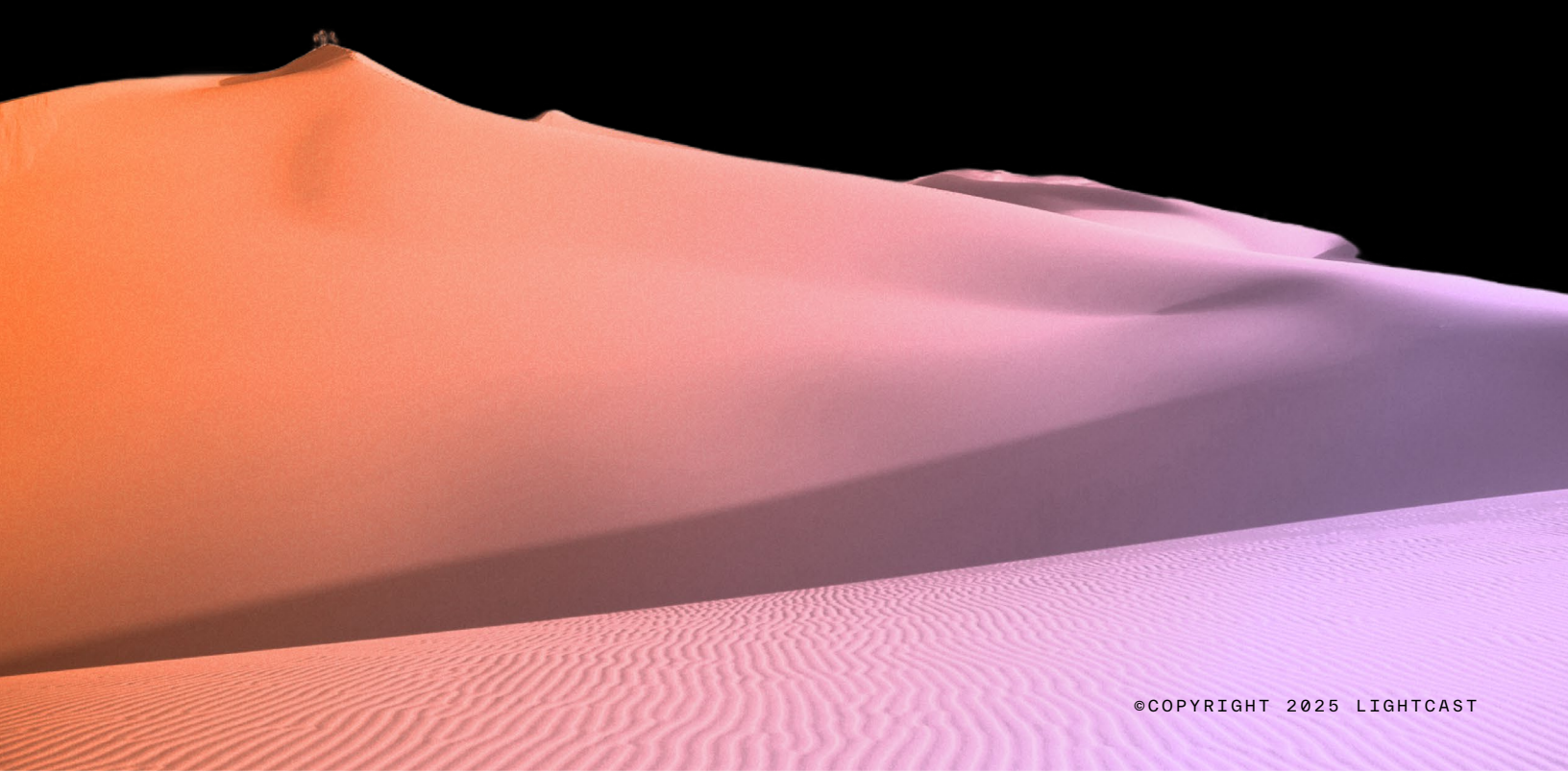# The *healthcare* labor crisis has reached a *tipping* point.

Hospitals and health systems nationwide struggle to recruit, retain, and fill skills gaps at the pace needed to meet patient needs.

And the projections are sobering: Lightcast projects that the healthcare sector will face a shortage of 160,000 workers each year through 2030, totaling nearly 800,000. These workforce gaps aren't distant hypotheticals—they are forming right now, with ripple effects that C-suite executives cannot afford to ignore.

This workforce shortage is not a cyclical issue that will resolve on its own. Demand for care is climbing rapidly as the population ages, despite the supply of workers failing to keep pace. Healthcare sits in the eye of the labor shortage storm—meaning workforce planning must be a mission-critical component of operational and financial continuity. In this report, we explore how this crisis formed, what it means for healthcare organizations, and importantly, what actionable steps leaders must take now to ensure their hospitals and healthcare systems have the staff needed to survive and succeed.

ⓘ Learn how these challenges will uniquely impact your organization. Get my score.

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# How Did We Get Here?

Storm conditions have been forming for decades, and the pandemic gave us a taste of the danger to come in the years ahead. Understanding this context gives us a forecast of the future, and what organizations can do next.

## As the population ages, demand surges.

Americans are living longer and requiring more care, especially for chronic conditions. By 2030, 21% of the population will be over the age of 65, equating to 72 million people—and hospitals can expect an influx of patients. Additionally, this creates a two-fold impact on the healthcare workforce; not only are nurses retiring, but roughly 3% of people are currently out of the labor force taking care of elderly relatives or friends—a number that is projected to rise to 5% or more as the elderly population grows.

## Burnout is creating mass exodus.

Healthcare workers aren't just leaving due to retirement—researchers found that a significant number of nurses exiting the workforce were under the age of 35. And the trend hasn't subsided. Lightcast 2025 data shows the registered nurse occupation has had a net loss of 22.4% of prime-age workers (ages 25-54). This level of turnover forces heavier loads or overtime on remaining staff, leading to a vicious cycle of burnout and turnover—and deterring would-be entrants from pursuing the field.

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## The education pipeline is declining and training bottlenecks are intensifying

Despite demand, the education system is struggling to produce enough graduates. Nursing schools are turning away tens of thousands of qualified applicants each year due to faculty shortages and lacking capacity. In 2023 alone, US nursing programs rejected over 65,000 qualified applicants because institutions lacked the professors, clinical placements, or facilities to teach them. Even those who enroll aren't guaranteed to finish—on average, 20-25% of nursing students drop out, and in some cases up to half don't graduate.

## An already tough work environment hasn't gotten easier.

A 2024 AMN Healthcare survey reported that 35% of nurses were extremely likely to change jobs in the next year due to stress, and 68% say they feel burned out most days. Caregivers cite excessive administrative tasks as the main culprit, with many physicians and nurses spending potentially 20 hours per week on paperwork and documentation, leading to job dissatisfaction. Additionally, perceptions of limited career growth erode engagement, highlighting that employers must focus on both work-life balance and paving caregivers' career paths for the future.

Demand is up, supply is down, and the pipeline is constrained at both ends: this is a perfect storm. Executive leadership must recognize that aging demographics, insufficient training capacity, burnout, and attrition require proactive, systemic solutions, and waiting to address these challenges makes their organizational futures exponentially riskier.

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# What This Means for Organizations, Talent, and Patients

Healthcare workforce risks are not just an HR problem—these risks impact every aspect of a healthcare organization, a crisis that translates across finances, talent management, and patient care.

ⓘ Uncover what risks face your industry and organization.

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## Workforce shortfalls carry a heavy price tag.

Hospitals are having to rely more on contract labor, such as travel nurses or agency staff, at enormously inflated costs. For example, between 2019 and 2022, median hourly wages for contract nurses more than doubled, rising from about $64 to $132, while median wages for employed nurses only rose about 11%. Overall, labor expenses per patient have jumped 25%. In 2022, over half of US hospitals ended the year with negative operating margins, citing workforce shortages as the primary driver. Smaller and rural hospitals are being hit especially hard—a 2024 study found that 50% of rural hospitals are operating at a financial loss, with 418 being vulnerable to closure soon. This threat to financial viability creates a brutal cycle: hospitals must invest in their workforce, but labor costs themselves are pushing systems toward insolvency.

## The competition for talent is fierce.

As if there weren't enough challenges already facing this workforce, many nurses are leaving the field even before they enter it. A 2024 Cross Country Healthcare survey reports 41% of nursing students said they are considering leaving the profession. This same study found that 96% of nurses advocate for increased pay and incentives, highlighting wage wars and signing bonus battles between hospitals, telehealth companies, and other healthcare employers. Additionally, nursing has an image problem: early-career clinicians report discouraging working conditions that have prevented them from following in later-career professionals' footsteps. HR leaders now face soaring vacancy rates, longer time-to-fill for open roles, and constant churn.

## When hospitals are short-staffed, patient outcomes worsen.

Research has long shown that nurse shortages are linked to higher rates of medical errors, complications, and even mortality—in fact, a University of Pennsylvania health economics study found that each additional patient added to a nurse's workload increased the chance of patient death by 7%. In extreme cases of patient to caregiver imbalance, hospitals have had to divert ambulances or cap admissions. For healthcare executives, failing to address workforce gaps means failing the very mission of patient care—a risk no leader wants to take. Workforce shortages are not abstract HR statistics; they manifest as real human consequences.

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# The Healthcare Workforce Risk Outlook

Lightcast studied 15 industries across the Fortune 1000 to assess workforce challenges ahead, and our findings quantify what many feel anecdotally: healthcare scored as the highest-risk sector for talent shortfalls.

Healthcare has limited levers to pull to fill workforce gaps compared to other industries that can address these gaps through a combination of growing local talent, sourcing foreign-born workers, globalizing, or automating tasks with AI and other technologies.

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# Healthcare, by nature, is constrained in several areas.

Local workforce development is critical, but it takes time, and the pipeline is limited—however, this is the key area in which healthcare organizations must invest resources and prioritize strategies.

Healthcare, unlike technology or communications, cannot be globalized. While telehealth and virtual nurses have helped with talent shortages, care delivery still requires in-person human interaction, and hospitals cannot be shipped overseas.

Immigration is subject to geopolitical uncertainty. Historically, foreign-born nurses and doctors have been the most relied-upon source to fill talent shortages, but visa caps and restrictions—both within the US and abroad—limit an organization's ability to use this relief valve as a long-term talent strategy.
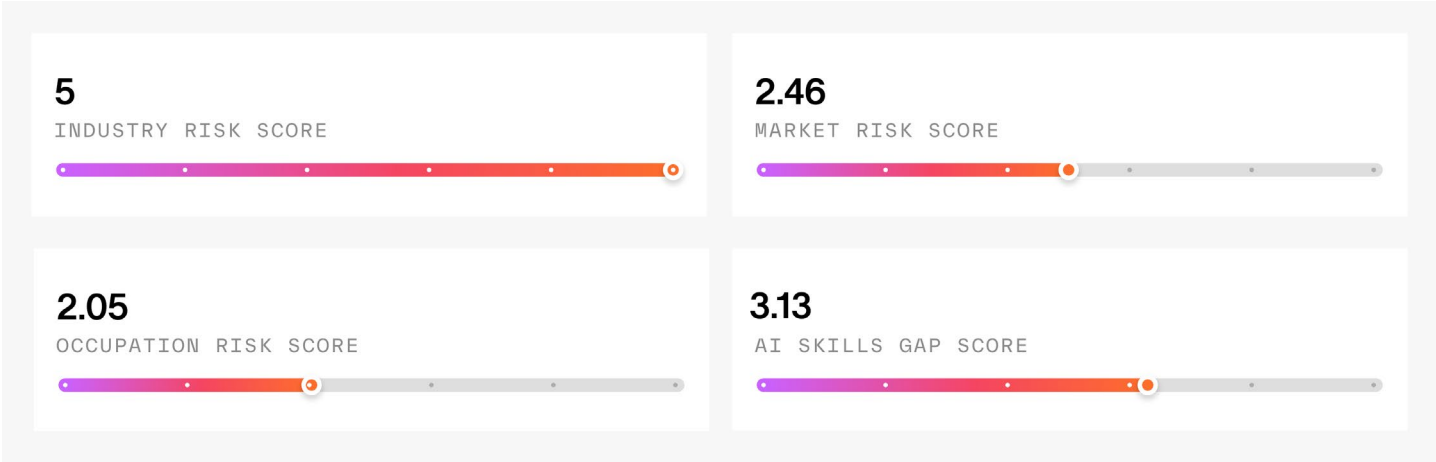
Automation and AI can only go so far in healthcare. The core of patient care can't be automated; you cannot replace a bedside nurse with a robot or have AI perform a surgery. AI can ease documentation or predictive analytics, but it won't suddenly eliminate the need for nurses, physicians, therapists, and aides at the bedside and faces regulatory and HIPAA challenges.

# Leaders must get ahead of these workforce risks by using data to forecast and address the future.

A common flaw of workforce planning in hospitals is that they have been short term and reactive in the past, which is wholly unsustainable moving forward, especially across the next decade. Just as leaders model patient volume and revenue, they need to model workforce scenarios to identify the most critical roles, anticipate gaps, and implement mitigation strategies. No single tactic will solve this crisis overnight—but by quantifying the external forces at play, organizations can start to regain control.
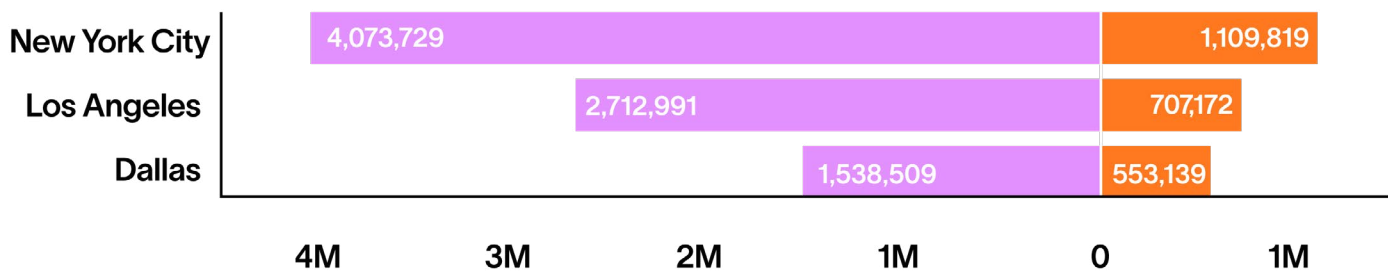
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# THE HEALTHCARE WORKFORCE RISK OUTLOOK SCORECARD

**5**
INDUSTRY RISK SCORE

**2.46**
MARKET RISK SCORE

**2.05**
OCCUPATION RISK SCORE

**3.13**
AI SKILLS GAP SCORE

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MARKET RISK EXAMPLE

## Prime-Age Workers Are Leaving Key Healthcare Markets

● LEAVING  ● ENTERING  SOURCE: LIGHTCAST WORKFORCE RISK OUTLOOK

| Market | Leaving | Entering |
|---|---|---|
| New York City | 4,073,729 | 1,109,819 |
| Los Angeles | 2,712,991 | 707,172 |
| Dallas | 1,538,509 | 553,139 |

4M   3M   2M   1M   0   1M

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OCCUPATION RISK EXAMPLE

## Entrances and Exits of Top 3 Occupations Needed in the Healthcare Fortune 1000

● LEAVING  ● ENTERING  SOURCE: LIGHTCAST WORKFORCE RISK OUTLOOK

| Occupation | Leaving | Entering |
|---|---|---|
| Registered Nurses | 918,114 | 131,988 |
| Heath Services Managers | 197,049 | 10,177 |
| Health Technologist and Technicians | 40,010 | 17,309 |

1,000,000   800,000   600,000   400,000   200,000   0   200,000

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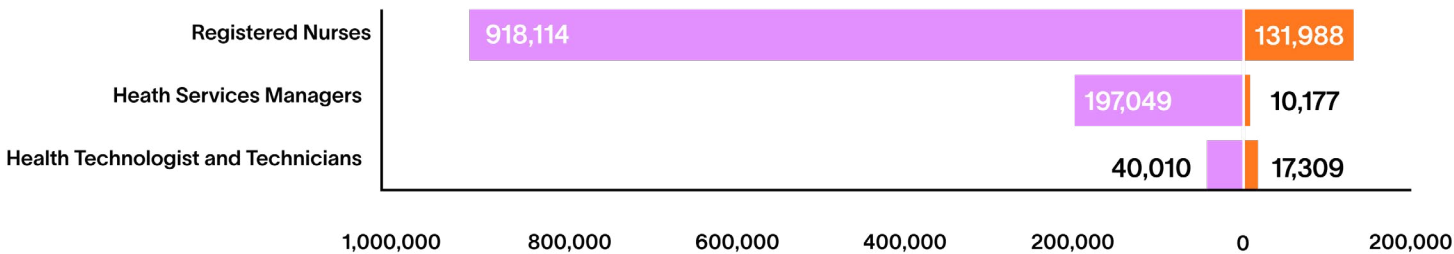
# Strategic Workforce Solutions

Organizations must attack the problem from multiple angles, both internally and externally. An effective workforce strategy would be the "Build, Buy, Borrow, Bot" model, which means developing your own people, hiring aggressively, using contingent talent, and strategically investing in technology.

To start creating an action plan, organizational leadership needs to identify the operational and financial challenges they are up against. If the end-stage impacts are those such as long patient wait times, an imbalanced nurse-to-bed ratio, or inventory issues, these will directly connect to the talent gaps that need to be bridged. Taking an outside-in approach by first mapping the internal organization (where there are shortages, turnover risks, and potential retirement surges) and comparing these insights to the external market (unemployment rates, career pathways, or graduation pipeline) will better shape a holistic talent strategy.

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# Build: Develop Internal Talent

Focus on upskilling, reskilling, and retaining existing talent. Developing internal talent is more cost-effective than recruiting from scratch, and it improves retention by making staff feel valued when their employers invest in their growth.

Data insights that will help are:

- Standardizing job titles, roles, and skills taxonomies to enhance understanding of career pathways

- Talent gain into your organization versus talent drain to your competitors to strengthen your employer value proposition

- Skill growth, value, and importance, and benchmarks against the healthcare industry and peers to proactively upskill employees

- Compensation benchmarks to ensure market competitiveness for retention, especially in evaluating recruitment or contingent worker costs

- Identify when internal talent is approaching retirement and implement mentorship programs so retiring workers can assist early-career talent transition into their roles, reducing the loss of institutional knowledge

# Buy: Recruit External Talent

While retention is the most important workforce strategy, healthcare systems will still need to recruit. This means being aggressive and smart to attract talent—not just talent with the right skills for the moment, but early talent that can be grown with your internal development programs. This also means streamlining processes to move quickly, avoiding the risk of losing talent to faster-moving competitors.

In addition to the "build" data, insights that will help recruitment efforts are:

- Market conditions, including population increase or decrease by age, inbound or outbound area migration, job growth, and occupation-level data on supply, demand and unemployment, in order to understand recruiting dynamics in a given region

- School listings to uncover where potential talent might graduate from, compare adjacent programs, and promote your organization in partnership with these institutions

- Hot and cold skills by job postings: knowing which skills are in demand over time allows you to track skills volatility and evaluate the costs of recruitment versus upskilling internally

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## Borrow: Leverage Flexible and Contingent Workers

Healthcare systems must create a robust supplemental workforce strategy, including per-diem pools, float teams, part-time retirees, travel/agency staff, and other contingent labor that can be "borrowed" as needed. However, it's important to manage the costs of borrowing talent. Strive to convert valuable contractors to permanent hires when possible by offering incentives.

## Bot: Automate and Apply Technology

Strategic use of automation and AI can relieve staff of non-value-added tasks to free capacity; while clinicians cannot be replaced, their work can be augmented and technology can free up their time for patient care. However, organizations must introduce technology thoughtfully, involving frontline workers to ensure technologies truly integrate with their work and that talent has ample opportunity to adopt AI skills.

Data insights to help inform "borrow" strategies are:

- Real-time staffing patterns across job postings to see agency recruitment trends among top companies, occupations, and titles

- Identify skilled staff that can be involved in internal float pools, and grow this team through upskilling

- Skills data can be used in models to prioritize when talent needs to be "borrowed" versus "built" or "bought." Benchmarking travel role supply, demand, and compensation against stationary roles can help control costs

Data insights to help inform "bot" strategies are:

- Internal data on how much of clinicians' time is spent on administrative tasks, like documentation, coding/billing, scheduling, or routine monitoring

- Benchmark internal AI skills against the external market to identify future skill needs and skills gaps, and to develop a roadmap to close gaps

- Use internal skills analyses to assess which teams are most AI-ready to pilot AI and automated tools

While taking these steps, measure progress in your workforce analytics platforms. Tracking metrics like vacancy rates, turnover, time-to-fill, training completion, internal promotion rates, and labor cost per patient day unlock opportunities for COOs, CFOs, and CHROs to have a shared understanding of business challenges, and the workforce solutions that create the right trajectory.

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# AI and the Healthcare Workforce:
## *Hype Versus Reality*

Implementing AI is a balance. Organizations must walk the line between rolling out tools that relieve overburdened capacity without adding more work, and ensuring AI yields return on investment without excess financial or regulatory risks.

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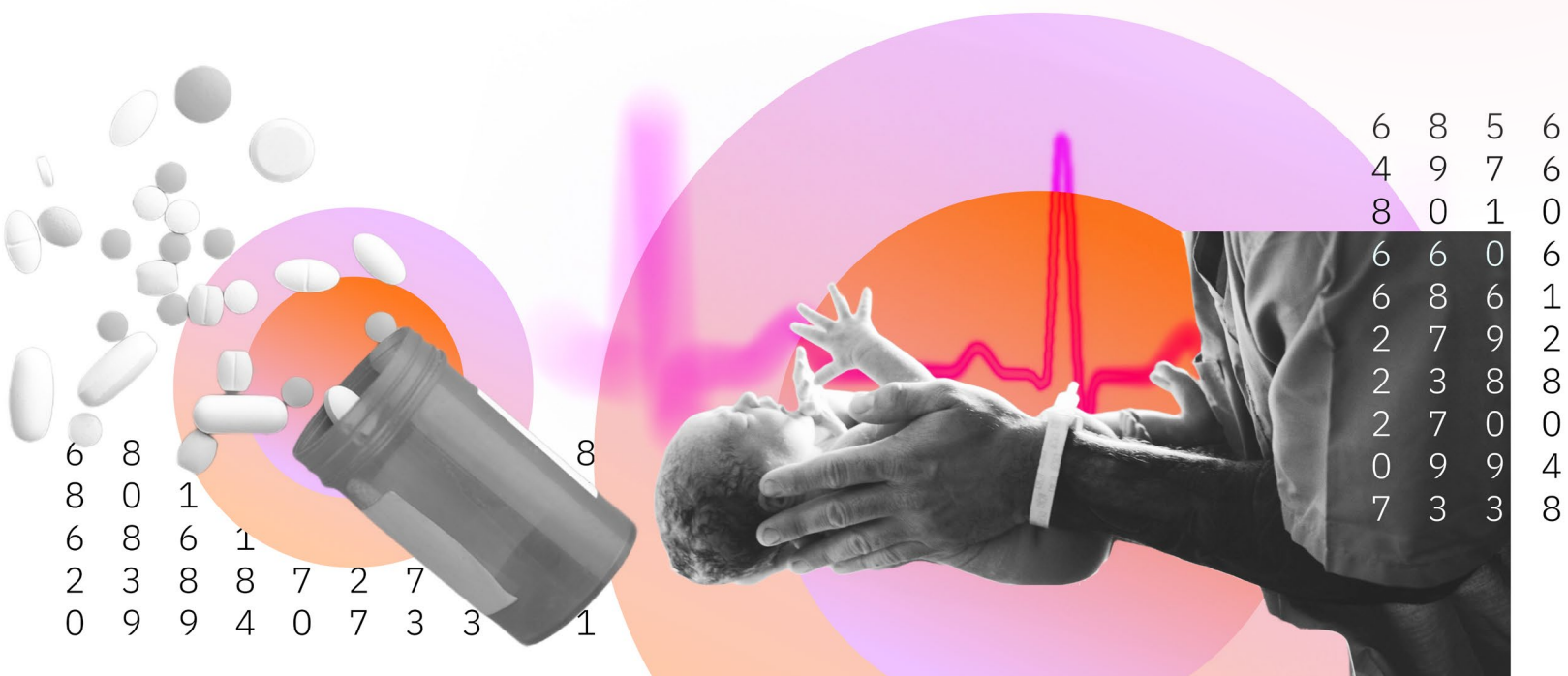
# Where AI Can Add Value

AI can be a force multiplier by performing repetitive or data-heavy tasks quickly and consistently. When implemented well, these tools can reduce burnout, improve accuracy, and accelerate patient throughput. Some examples of how AI and automation can augment clinical capabilities to offset staffing shortages are:

**Documentation and coding:** Natural language processing can transcribe provider notes or patient encounters into structured records, reducing hours of administrative tasks.

**AI-assisted coding:** This software reads charts and assigns billing codes, reducing manual review.

**Imaging:** Algorithms can scan images and flag abnormalities, speeding up diagnostic workflows.

**Pharmacy supply chain:** Dispensing robots and AI-powered supply chain systems automate medication dispensing and inventory management.

**Virtual assistants:** These can handle scheduling, symptom triage, or post-discharge follow-up, expediting processes to allow for more complex clinical needs.

**Wearable devices:** AI monitoring can keep track of patient vitals and alert staff only when intervention is needed, rather than continuous manual checking.

So when can AI add value? In the near future, but not overnight. It's important to begin taking steps now as there are quantifiable benefits to relieving the talent shortage, but with the understanding that regulatory compliance as well as technological cultural changes require meticulous vetting and upskilling to implement.

# Where AI Cannot Replace Workforce Shortfalls

Despite its enormous future potential, AI has clear limits in healthcare. Machines lack empathy, ethical judgment, and the ability to build trust, where nurses provide comfort, notice subtle cues of patient distress, and make nuanced care decisions that algorithmic logic cannot. Complex clinical reasoning requires synthesizing diverse types of information and being able to adapt, and if something goes wrong, humans must respond.

Additionally, HIPAA requirements remain a roadblock to large-scale adoption; personal health information would need to be handled and processed in ways that adhere to these standards, and controlling the usage of this information can be hard to track. AI also requires informed consent from the patient. Risk assessments, encryption, and transparency are important for implementing AI tools, and though necessary, can slow down adoption.

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# AI Skill Building

When integrating AI, the goal is to streamline workflows and reduce hassle, not create new complexities or expose the organization to even more risk. AI should be viewed as a strategic ally, not a bandage for filling gaps. Executives must invest wisely and cultivate empowerment, which is why skills are at the forefront of operational competitiveness. Clinicians should provide input on the value and viability of AI tools, and there must be skilled regulatory and cybersecurity talent in place. Consider pilot programs within one department, gather feedback, refine, then scale—rather than a big rollout that overwhelms staff or exposes compliance vulnerabilities.

Here are some strategies that can make your healthcare workforce more prepared for the future:

**Actively involve clinicians** in decision making and refinement, such as improvements to data accuracy and addressing bias, and create feedback channels for concerns or suggestions.

**Celebrate and incentivize** successful outcomes, especially when clinicians can delegate certain tasks to AI and have more time with patients.

**Communicate** that skills growth means career growth, and implement mini-courses or certifications to mark employees' progress. An example: Epic EHR skills have a projected demand growth of 16.4% and patient management software skills will grow by 18.5%. Growing nurses' skills as these technologies rapidly evolve AI capabilities boosts paths toward physician assistant roles, where these skills are in higher demand.

**Integrate liaison roles** between clinical, tech, and regulatory teams who can align AI use cases with security and HIPAA compliance.

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# Next Steps for Leaders

Across the C-suite, the executives that feel the impacts of workforce risks most severely are the CEOs, CFOs, and COOs.

In fact, 72% of CEOs say talent shortages and skills gaps are their number one business challenge. Why? The dots are directly connected to any health system's mission—and ignoring the signals means the future is flashing red:

Escalating financial losses as labor costs continue to climb and revenue opportunities are missed due to capacity constraints

Service line reductions and possible facility closures, ceding market share and leaving communities without care

Deterioration in care quality, with patient outcomes worsening and public reputation suffering

Burnout contagion, where top talent leaves and staffing problems compound, creating a downward financial and operational spiral that is hard to reverse

While the healthcare workforce shortage is the gravest challenge, leadership can meet the moment if they act now. Every initiative to train a new nurse, retain a seasoned technician, or improve a workflow with technology is a step toward securing your organization's future. Healthcare, at its heart, is delivered by people. Taking care of the workforce today ensures the ability to take care of patients tomorrow. The message to the C-suite is clear: investing in workforce planning now is not just an HR initiative—it is the foundation of your institution's survival and success. In terms of business continuity, 2030 is already here. The organizations that thrive will be those that started preparing now.

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Experience the Lightcast Workforce Risk Outlook for a deeper analysis and understanding around the unique risk scores across 15 industries and the Fortune 1000.

LIGHTCAST.IO/WHY-LIGHTCAST/RISK-OUTLOOK