



The Economic Benefit of Addressing the Nursing Shortage

Illinois needs nurses – more than 3,000 each year during the next five years. That is the annual gap between the number of nurses produced by Illinois' 123 nursing schools and the demand for nurses in hospitals, clinics, home care and doctors' offices.

The nursing shortage may not be obvious to the public, but those of us who work in healthcare know that it's a chronic problem here in Illinois and across the U.S. Here in Illinois, we are working hard to address the problem and increase the number of professional trained nurses.

Three years ago, the Illinois Center for Nursing (ICN) was established with its primary goal of producing more nurses to meet the health care needs of the state's citizens. ICN is part of the Illinois Department of Financial and Professional Regulation (IDFPR), the agency that licenses nurses and other healthcare professionals.

The Governor's Sub-Cabinet on Economic Development identified the nursing shortage as its highest priority and targeted the northeastern and southern regions of the state as the initial focus areas for the nursing workforce pipeline. The Metropolitan Chicago Healthcare Council (MCHC) in the northeast and Connect SI in the south are two regional partners.

Each region faces distinct challenges and requires specialized solutions. Regional stakeholders and state agency leaders have identified four key areas to help increase the number of qualified nurses:

- Develop a diverse, qualified nursing school applicant pool
- Expand program capacity and improve student progress and completion
- Connect nursing program graduates with jobs
- Retain experienced nurses

For more information about region-specific activity, please visit these Web sites: MCHC (www.mchc.com); Connect SI (www.connectsi.us); and ICN (www.nursing.illinois.gov).

There is no doubt that health care costs are directly affected by the nursing shortage. Costs rise due to high turnover rates and avoidable errors, which often occur when there are too few nurses. Other costs resulting from the nursing shortage are passed onto businesses and consumers in the form of higher premiums and cost sharing. Managed care organizations experience an increase of nearly one percent in hospital inpatient costs for every one percent increase in the nursing shortage. (Hay, JW, *American Journal of Managed Care*, June 2003).

The number of potential caregivers, including nurses, is projected to decrease 4.2 percent between 2000 and 2020, while the number of those who need care is projected to increase by 31 percent. Nurses provide quality, skilled health care, including care coordination, chronic care management, and preventive care services. Research demonstrates that the care provided by nurses saves lives and improves patient outcomes.

Health care facilities and other settings where nurses work often are important economic anchors in local communities. Nursing salaries can have a considerable direct, or indirect economic impact on cities and towns across the U.S. Nursing schools also have positive impacts on local economies. A recent analysis found that the typical nursing school contributes \$110 million to the local economy and \$115 million to the state economy. Any expansion in the number and size of nursing schools as part of the effort to solve the nursing shortage provides an opportunity to provide sizeable boosts to local and state economies.

The Illinois Center for Nursing is coordinating efforts amongst state agencies, regional partners, industry professionals and educational institutions to ensure that Illinois has a nursing workforce necessary to meet the demands of a growing and aging population. Investing in nursing education, educating new nursing faculty, expanding education capacity, individualizing strategies by region under in partnership with regional partners is ICN's priority.

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