

TO: Economic Transformation and Stabilization, and Workforce Development Advisory Commission
FROM: Director Brereton, Department of Public Health and Human Services
DATE: December 21, 2022
RE: Hiring & Referral Incentives at DPHHS Healthcare Facilities

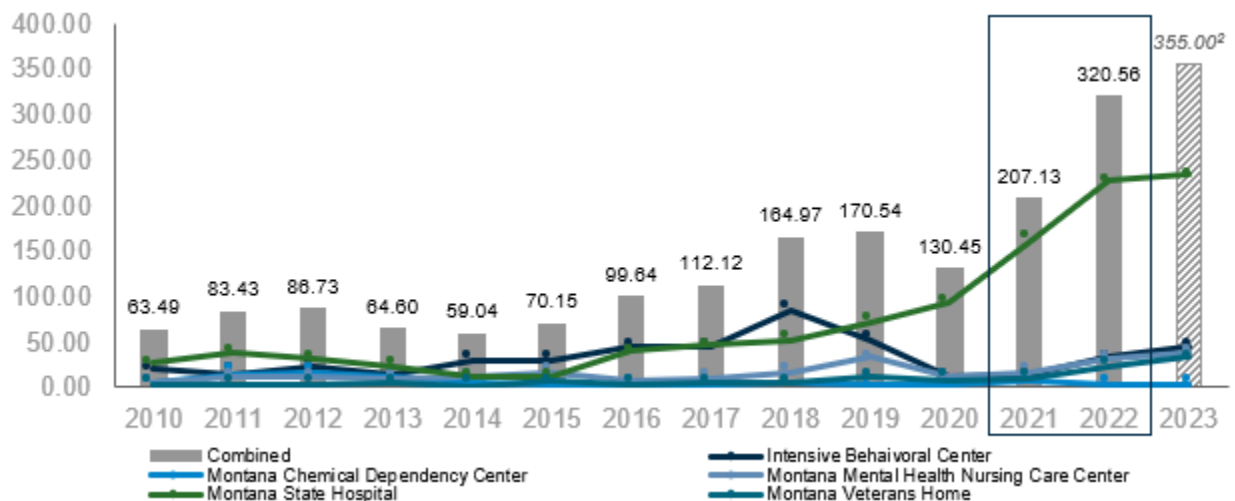
Overview: Montana is facing an acute workforce shortage in the healthcare sector. In particular, the Department of Public Health and Human Services’ (DPHHS) healthcare facilities continue to face challenges recruiting for direct patient care roles.

DPHHS competes with nonprofit and for-profit healthcare facilities for healthcare workers. Hiring and referral incentives have become industry standard for direct patient care roles, and major healthcare employers in Montana like Billings Clinic, Intermountain Healthcare, and Benefis all offer similar hiring incentives.

Hiring at DPHHS’ healthcare facilities has remained relatively stagnant over the past year and is contributing to the usage of more expensive contract/traveler staff. DPHHS recently increased wages for direct patient care roles but these increases did not significantly impact hiring levels to the extent anticipated. High vacancies have contributed to significant cost overruns at the facilities and increase the risk of poor patient outcomes.

Vacancies within DPHHS’ Healthcare Facilities Division (HFD) increased by 58.8% in 2021, partially fueled by the COVID-19 pandemic. Concurrently, there has been a 120% increase in Montana’s average home value over the last decade, which poses challenges for recruiting and attracting talent to fill these vacancies.¹

Chart 1: Vacancies at Montana State-Run Facilities: FY10 – FY23^{2,3}



It is also important to note that many of DPHHS’ legacy healthcare facilities exist in rural and less populated geographic regions, which can exacerbate the challenges associated with recruiting and retaining direct patient care positions. Between January 2020 and November 2022, there were 796

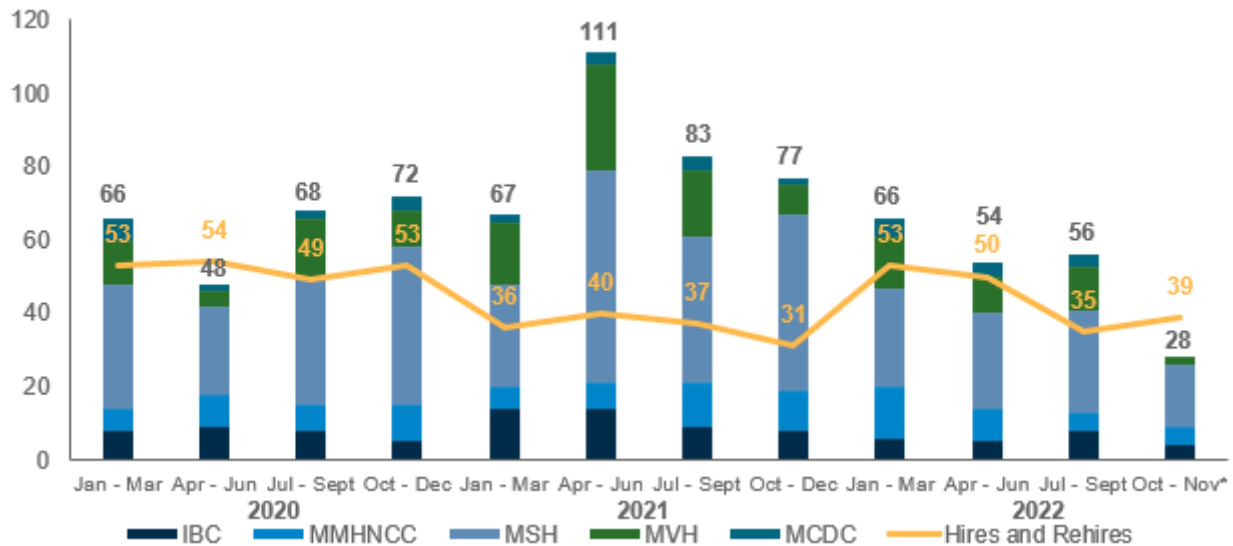
¹ Source: [Zillow Home Value Index](#), last retrieved September 9, 2022.

² Vacancies for each fiscal year are a point-in-time count from June of each year, with the exception of FY23 (see note below).

³ FY23 counts are as of December 12, 2022.

separations at DPHHS’ healthcare facilities. However, in that same period, there have only been 530 new hires or rehires – creating a net loss of 266 staff over the course of 35 months. While few of these separations cited pay as the reason for leaving, 54 percent instead cited “personal reasons” or a “career choice” as their rationale, which can include reasons related to low salaries or moving to a higher paying position. Separate from pay, DPHHS continues to invest in its healthcare facilities and work to improve culture and morale.

Chart 2: Separations & Hires from January 2020 to November 2022



As of December 12, 2022, there were 355 vacancies at the state-run facilities. The top five vacant positions across the facilities were all in direct patient care roles, accounting for nearly 75 percent of facility-wide vacancies (see Table 1 below).

Table 1: Top 5 Vacancies at State-run Facilities

Position	# of Vacancies	% of Total Vacancies
Psychiatric Aide	106	30%
Registered Nurse	52	15%
Certified Nurse Aide	46	13%
Direct Support Professional	34	10%
Psychiatric Aide FMHT ⁴	23	6%

Allocation Request and Deadlines: Reallocate \$500,000 from the Department of Labor and Industry’s (DLI) Claim Allowance for Relocation Expenses (CARE) in Montana Program to DPHHS to fund hiring and referral incentives for all vacant direct patient care positions, including RNs, CNAs, DSPs, and Psychiatric Aides. HFD and DPHHS’ Office of Human Resources will use funding to provide a \$7,500 one-time hiring incentive six months from a new employee’s start date, and a \$5,000 one-time referral incentive to existing state facilities employees six months from a new, directly referred employee’s start date. DPHHS’ five state-run healthcare facilities that are not operated by a contractor would be eligible. These facilities include Montana State Hospital, Intensive Behavior Center, Montana Chemical Dependency Center, Montana Mental Health Nursing Care Center, and Montana Veterans’ Home (Columbia Falls). Pursuant to federal guidance, grants would need to be obligated no later than 12/31/24 and spent no later than 12/31/26.

Table 2 below outlines potential breakdowns of how the \$500,000 would be spent on hiring and referral incentive.

⁴ FMHT stands for Forensic Mental Health Technician – these psychiatric aides only work at the forensic facility at the state hospital.

Table 2: Potential Scenarios of Hiring and Referral Incentive Spend

	Scenario #1	Scenario #2	Scenario #3
Hires	60	54	50
Referrals	10	19	25
Total	\$500,000	\$500,000	\$500,000

Funds will be redirected to this initiative from the unspent portion of the allocation made to DLI for the CARE in Montana Program, recommended by the Commission and approved by the Governor in May 2021.

Structure and Eligibility: DPHHS will advertise the availability of hiring and referral incentive. A candidate hired into a full-time position at the five state-run facilities will qualify for a hiring incentive and will receive \$7,500 after remaining in their position for a consecutive six months from their start date. Existing state facilities employees will be eligible for a referral incentive if they directly recommend someone that is hired into a full-time position and will receive \$5,000 after the new hire remains in their position for a consecutive six months from their start date. State facilities employees who are still within their six-month probationary period may still refer employees, but can only receive the referral incentive after both their own *and* the referral’s probationary periods have ended. HFD and the Office of Human Resources will develop and implement the processes, policies, and procedures for both incentive structures.

Application and Verification: Upon approval of this program proposal, the Office of Budget and Program Planning will make these funds available to DPHHS.

Performance Metrics: DPHHS will report on a quarterly basis the number and types of hires made under this program.

Recommendation: To improve recruitment and hiring outcomes, allocate \$500,000 to DPHHS to implement hiring and referral incentives for all vacant direct patient care positions, including RNs, CNAs, DSPs, and Psychiatric Aides, across all five state-run healthcare facilities.