

**TO:** Economic Transformation and Stabilization, and Workforce Development  
Advisory Commission  
**FROM:** Commissioner Esau, Director Osterman, and Budget Director Osmundson  
**DATE:** October 26, 2021  
**RE:** Montana Health Care Workforce Recruitment Initiative

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**Overview:** Montana is facing an acute workforce shortage across all sectors. Employers statewide have increased wages, enhanced benefits, and offered a myriad of incentives to retain existing employees and attract new hires but many still struggle to fill critical positions. Although the number of Montanans receiving unemployment insurance benefits has dropped by more than 90% since Governor Gianforte took office and the state's unemployment rate hit a 14-year low of 3.5% in August 2021, thousands of jobs remain unfilled.

The health care sector's workforce shortage is particularly pronounced, as the COVID-19 pandemic has resulted in longer shifts, employee burnout, and high turnover rates, especially for front-line skilled caregiver positions. Montana has long struggled to attract and retain health care providers, who in turn provide citizens access to basic high-quality health care services. The pandemic, as well as growing demand for health care from an increasingly aging population, rapid population growth, and an aging health care workforce, has exacerbated this longstanding issue.

Pre-pandemic projections from Montana's Department of Labor and Industry (DLI) indicated the need to fill thousands of health care sector jobs statewide. Specifically, DLI estimated a need for more than 2,100 new Registered Nurses, Nurse Practitioners, and Licensed Practical and Vocational Nurses next year alone and over 10,000 health care positions in Montana by the end of 2022 – a projection that ultimately understates current providers' immediate need for more clinical staff due to the pandemic.

As robust competition for qualified health care providers continues to exist nationally, Montana needs to design and implement an effective long-term strategy to recruit and retain health care sector employees. As an innovative solution, the Gianforte administration seeks recommendation to establish a health care workforce recruitment program to be jointly administered by DLI and the Department of Commerce. Specifically, the program aims to stabilize the statewide health care system and address increasing demand for services by establishing a relocation incentive program to complement existing public and private health care entity recruitment efforts.

Eligible employers ("employers") will receive grants to include (as an itemized *Governor's Health Care Workforce Relocation Assistance Reimbursement*) as part of a recruitment offer for a qualifying health care provider who commits to permanently relocating to Montana and remains employed for twelve consecutive months. **On a one-time basis**, employers can offer employees up to \$12,500 plus 35% of the total reimbursement amount – **which equates to nearly \$17,000** – to offset expected payroll tax deductions **for actual qualifying moving and relocation expenses** incurred by the

employee.

**Allocation Request and Deadlines:** \$4,000,000 to DLI to fund an employer-based incentive program that will reimburse up to \$12,500, plus 35% of the total reimbursement amount to offset expected payroll taxes, on a one-time basis for the actual qualifying moving and relocation expenses of eligible health care providers, as well as \$350,000 to the Department of Commerce for marketing and targeted outreach costs associated with the program. Pursuant to federal guidance, grants would need to be obligated no later than 12/31/24 and spent no later than 12/31/26.

Funds will be redirected to this effort from the unspent portion of the allocation made to DLI for the Return-to-Work Bonus Program, recommended by the Commission and approved by the Governor in May 2021.

**Structure:** Employers must provide qualifying health services, medical treatment, nursing, rehabilitative, or preventive care to individuals and must employ health care providers – defined as a person who is licensed, certified, or otherwise authorized by the laws of Montana to provide health care in the ordinary course of business or practice of a profession – on a full or part-time (>20 hours per week) basis.

As part of its routine recruitment and hiring efforts, and upon identification of a qualifying health care provider willing to relocate to Montana and agree to full or part-time (>20 hours per week) employment, an employer would seek pre-approval from DLI, within program criteria, to offer reimbursement for actual qualifying moving and relocation expenses to the potential hire. Within one week following an employee's start date, the employer would complete attestation of employment, provide details regarding actual qualifying moving and relocation expenses, and receive grant funds to allocate to the employee no later than one month following the start date. One year following the start date, employers would be required to prove the health care provider's continuous employment. Specifically,

- **DLI will:**
  - Design, implement, and administer the grant program for employers, including conducting verification of required documentation to prove the continuous employment and actual qualifying moving and relocation expenses of eligible health care providers for purposes of one-time reimbursement and coordinating with participating employers to disburse funds to eligible recipients.
  - Define actual qualifying moving and relocation expenses for purposes of the program and ensure that households with multiple health care providers are only eligible to receive one reimbursement.
  - As part of grant conditions, ensure that employers:
    - Report fund utilization and other information and metrics, as determined by the Department, on a frequent basis;
    - Do not conflate or bundle awards made under the program with other relocation, recruitment, or retention bonuses offered by the

employer (for example, ensure that reimbursements are itemized as the *Governor's Health Care Workforce Relocation Assistance Reimbursement* on paychecks); and

- Conduct health care provider eligibility verification processes as defined by the Department.
  - Report quarterly the amount of funds disbursed, as well as the number of providers who received reimbursements and their places of employment.
  - Provide technical assistance to employers and participating health care providers regarding occupational licensing and associated practice requirements.
  - Agree to grant-related audits as appropriate.
- **Department of Commerce will:**
- Facilitate a strategic marketing campaign and targeted outreach to out-of-state health care providers, including by leveraging the Department's existing Come Home Montana campaign where applicable.
  - Provide marketing-related technical assistance to employers as they use the initiative to bolster their hiring and recruitment efforts.

**Eligibility:** Health care providers eligible to receive reimbursement under the program:

- a. Must be a qualifying health care provider per program guidance;
- b. Must permanently reside outside of the state of Montana as of 11/1/2021;
- c. Must permanently relocate to Montana, incur actual qualifying moving and relocation expenses, and begin full or part-time employment (>20 hours per week) with an eligible employer;
- d. Must maintain continuous employment with the employer for a minimum of one year or may be subject to recovery of funds.
- e. May not be a provider of Medical Marijuana products or services.

**Application and Verification:** Upon approval of this program proposal, the Office of Budget and Program Planning will make these funds available to DLI and the Department of Commerce in the amount set forth for each agency.

**Equity:** To address health care disparities, especially amongst particular racial, ethnic, and geographic populations underserved by the health care system, DLI will ensure the equitable and appropriate distribution of grants to employers that serve rural and frontier communities, Indian reservations, and other Health Professional Shortage Areas. The Department of Commerce will adjust elements of its strategic marketing campaign and targeted outreach accordingly.

**Performance Metrics:** DLI will report on a quarterly basis the number and types of health care providers who have received reimbursement payments through the program. The Department of Commerce will report on a quarterly basis related marketing metrics including reach, impressions, and digital engagement.

**Recommendation:** Allocate \$4,000,000 to DLI to fund an employer-based incentive program that will reimburse up to \$12,500, plus 35% of the total reimbursement amount to offset expected payroll taxes, on a one-time basis for the actual qualifying moving and relocation expenses of eligible health care providers. Allocate \$350,000 to the Department of Commerce for marketing and targeted outreach costs associated with the program. Both allocations of funds are recommended to be allocated from the amount appropriated under Section 12 of HB 632. The total allocation is \$4,350,000.