

BUY OR BUILD?

Solving the Nursing Shortage

Turning your in-house talent into **tomorrow's nurses**

Introduction

Hospitals and health systems have been debating buy-vs.-build decisions for decades. Do they buy a solution to a specific administrative, clinical, financial or operational challenge? Or do they build their own solution to solve the problem? The former may be faster but more expensive. The latter may be slower but cheaper.

AI tech and tools are the latest grist to go through this decision-making mill at many hospitals and health systems. Before that it was physician practices. Before that it was health information technology and electronic health record systems. And so on.

One challenge for which hospitals and health systems traditionally have bought a solution is dealing with the nurse shortage. It could be a chronic nurse shortage caused by the supply and demand dynamics of their market. Or it could be an acute nurse shortage caused by a one-time pandemic or a “great resignation.” The “bought” solution for most hospitals and health systems was traveling nurses, temporary nurses or agency nurses.

The solution, as reflected on the balance sheets of many hospitals and health systems after the COVID-19 pandemic, was faster but more expensive — often much more expensive — and unsustainable.

The slower but cheaper option was and is to build. But hospitals and health systems often don’t have the time, resources or competencies to build their own nursing schools to educate and graduate the numbers of new nurses they need to alleviate their nurse shortage now and into the future.

This Trailblazers report from the American Hospital Association’s (AHA’s) Market Scan explores a third option for hospitals and health systems: a built-for-you solution. This report showcases how one health system that chose this third option and, in doing so, is solving their own nurse shortage challenge. ●

189,000

**The projected average number
of open RN positions per year
from 2024 through 2034**

Source: U.S. Bureau of Labor Statistics, 2025

The numbers for hospitals and health systems don't add up

For hospitals and health systems hoping to reverse increases in their nurse turnover and vacancy rates, the numbers don't add up. Supply is not keeping up with demand. Here are the numbers confronting hospitals and health systems with chronic and acute nurse shortages.

ON THE SUPPLY SIDE:

- The number of entry-level baccalaureate nursing programs rose 1.3% to 869 in the 2024-2025 school year compared with the previous school year, according to the American Association of Colleges of Nursing (AACN).
- The number of applications to baccalaureate and higher-degree nursing programs rose 6.8% to 728,819 in the 2024-2025 school year compared with the previous school year, the AACN stated.
- The number of students enrolled in entry-level baccalaureate nursing programs rose 4.9% to 267,889 in the 2024-2025 school year compared with the previous school year, according to the AACN.
- The number of students who graduated from entry-level baccalaureate nursing programs totaled 91,541 after the 2024-2025 school year, basically unchanged compared with the previous school year, according to the AACN.

ON THE DEMAND SIDE:

- The number of employed registered nurses (RNs) is projected to grow 4.9% to almost 3.6 million by 2034 from about 3.4 million in 2024, according to the latest projections from the Bureau of Labor Statistics (BLS).
- The number of open RN positions will average more than 189,000 a year from 2024 through 2034, according to the BLS.

INSIGHTS

Though **expenditures on contract labor** have moderated since pandemic highs, the spending remains elevated and has added to the financial challenges hospitals and health systems face.

— "Cost of Caring." American Hospital Association, April 2024



“Hospitals and health systems aren’t getting the nurses they need in terms of quantity, quality and readiness to practice.”

— **TOM MCNAMARA** —
Chief transformation officer, Unitek Learning

A combination of factors will drive up openings and demand, according to the BLS, including:

- RNs transferring to different occupations.
- RNs leaving the workforce, including retirements.
- RNs needed to care for an older and sicker population.
- RNs needed to educate patients with chronic medical conditions like diabetes and obesity.
- RNs needed in nonacute settings like residential care, home care, outpatient care and same-day chemotherapy, rehabilitation and surgery services.

The net result for hospitals and health systems has been higher labor costs as they compete to fill open nurse positions. Hospitals and health systems spent \$890 billion, or 56% of their total costs, on labor in 2024, according to the AHA's 2025 "Cost of Caring" report. Although that's down from 60% in 2023, labor is still the biggest piece in hospitals' total cost pie.

"Hospitals are among the few sectors that consistently employ a highly educated, highly paid workforce — anchoring local economies with middle- and high-skill jobs that cannot be outsourced or automated," the AHA report states. "Amid ongoing workforce shortages, hospitals offer competitive wages to retain and recruit staff."

Many hospitals and health systems are paying more in a race for nurses they can't win. ●

Interest in becoming a nurse remains high

Despite well-publicized challenges facing many nurses — from staffing levels to workplace safety, advancement opportunities and burnout — most nurses like their jobs, and the interest in becoming a nurse remains high. For example:

- **55%** of the nurses surveyed by Nurse.org rated their job satisfaction as either a four or five on a five-point scale.
- **63%** of the nurses surveyed by Nurse.org said they were “very unlikely” to leave the nursing profession entirely.

INSIGHTS

Many (nurses) still feel that **nursing is a meaningful, worthwhile calling**. Whether through bedside care, education or telehealth, nurses are adapting, evolving and shaping the future of health care.

— 2025 Nurse Survey. Nurse.org. June 2025

- 69% of the nurses surveyed by Nurse.org said joining the nursing profession was worthwhile despite the challenges.

Nursing schools, however, have not been able to take advantage of that interest to produce more nurses due to a variety of factors such as insufficient placement sites and faculty. In fact, nursing schools rejected 65,398 qualified applications for the 2024-2025 school year, according to AACN data. That’s a jump of nearly 19% compared with the 2023-2024 school year, when nursing schools rejected 55,111 qualified applications. ●



65,398
 Number of qualified applications rejected by nursing schools for the 2024-2025 school year

Source: American Association of Colleges of Nursing

A new market-driven strategy

It’s clear from the data that hospitals and health systems can’t buy their way out of this problem on any sustainable basis. It’s also clear from the data that hospitals and health systems can’t build their way out either by themselves or by relying on traditional nursing schools.

The answer is a market-driven, built-for-you strategy. For an increasing number of hospitals and health systems, partnering with a for-profit workforce education company offering accredited nursing programs to create a dedicated online nursing school has proven a successful buy-and-build strategy. Here’s how it works:

- The hospital or health system partners with a workforce education company to establish a hybrid nursing school.
- The company provides the curriculum and the faculty and wrap-around student support.
- The hospital or health system provides on-site space for clinical training, simulations and rotations.

- The hospital or health system supplies the students.
- The hospital guides curriculum priorities and clinical experience design, while Unitek develops and delivers the training to match workforce needs.
- The hospital or health system works with the company to tailor the curriculum as well as the clinical training, simulations and rotations based on their clinical needs.
- The cost of buying a nursing school in a box and subsidizing student tuition is typically less than the cost of paying for traveling nurses or recruiting, onboarding and training new nurses.

Who are the students and where does the hospital or health system get them? The students typically are current employees of the hospital or health system. They are people who work in other jobs and positions and who always wanted to become nurses but hadn’t had an opportunity or career path forward to become one.

BEST PRACTICES

Based on interviews with hospitals and health systems that have adopted this built-for-you solution to their nurse shortages, the following best practices and practical advice emerged for others interested in pursuing a similar solution.

- **Build** a solid business case that compares the cost of nurse turnover, vacancy rates and temporary nurse staffing with the cost of buying and building an online nursing school for current employees. Get the chief financial officer involved early in the process.
- **Forecast** long-term demand for RNs, LPNs/LVNs, and other licensed nursing roles, using longitudinal workforce planning to align education capacity with future needs (i.e., plans to open or expand facilities or service lines).
- **Translate** workforce demand into an enrollment plan, aligning student intake with the hospital's future staffing needs.
- **Use KPIs** benchmarked to best-in-class standards — enrollment, dropout, graduation, NCLEX pass rate, placement into nursing roles.
- **Track** existing KPIs like nurse turnover and vacancy rates to monitor the impact of the program.
- **Calculate** and address the potential impact on shortages in other positions that may be left open by current employees who become nurses.
- **Preemptively** let surrounding nursing schools know that the hospital or health system is opening a hybrid nursing school for current employees to avoid any unwanted surprises or pushback.
- **Continue** to offer clinical sites to surrounding nursing schools. Don't cut anyone out. Continue to be a partner in educating, training and graduating new nurses.
- **Invest** in education and career pathways so that your hospital becomes the place to work — attracting, developing and retaining talent while strengthening your reputation as an employer of choice.
- **Create** a designated portal on the hospital's or health system's employee website for the online nursing program to ensure that prospective students are aware of enrollment deadlines and current students are aware of important program updates. ●



“Hospitals and health systems can build a sustainable, ready-to-work nursing pipeline by developing their current non-nursing employees.”

— **CAITLIN MASTERSON** —
Senior vice president of workforce solutions,
Unitek Learning

Current employees offer hospitals and health systems a deep well of prospective nursing students and future nurses from whom to draw, often requiring graduates of their buy-and-build approach to stay at the hospital or health system in a nursing position for several years.

Filling jobs and positions vacated by employees who want to become nurses isn't a problem. Others in the community who want to work at a hospital or health system and become nurses apply for and fill the open spots quickly.

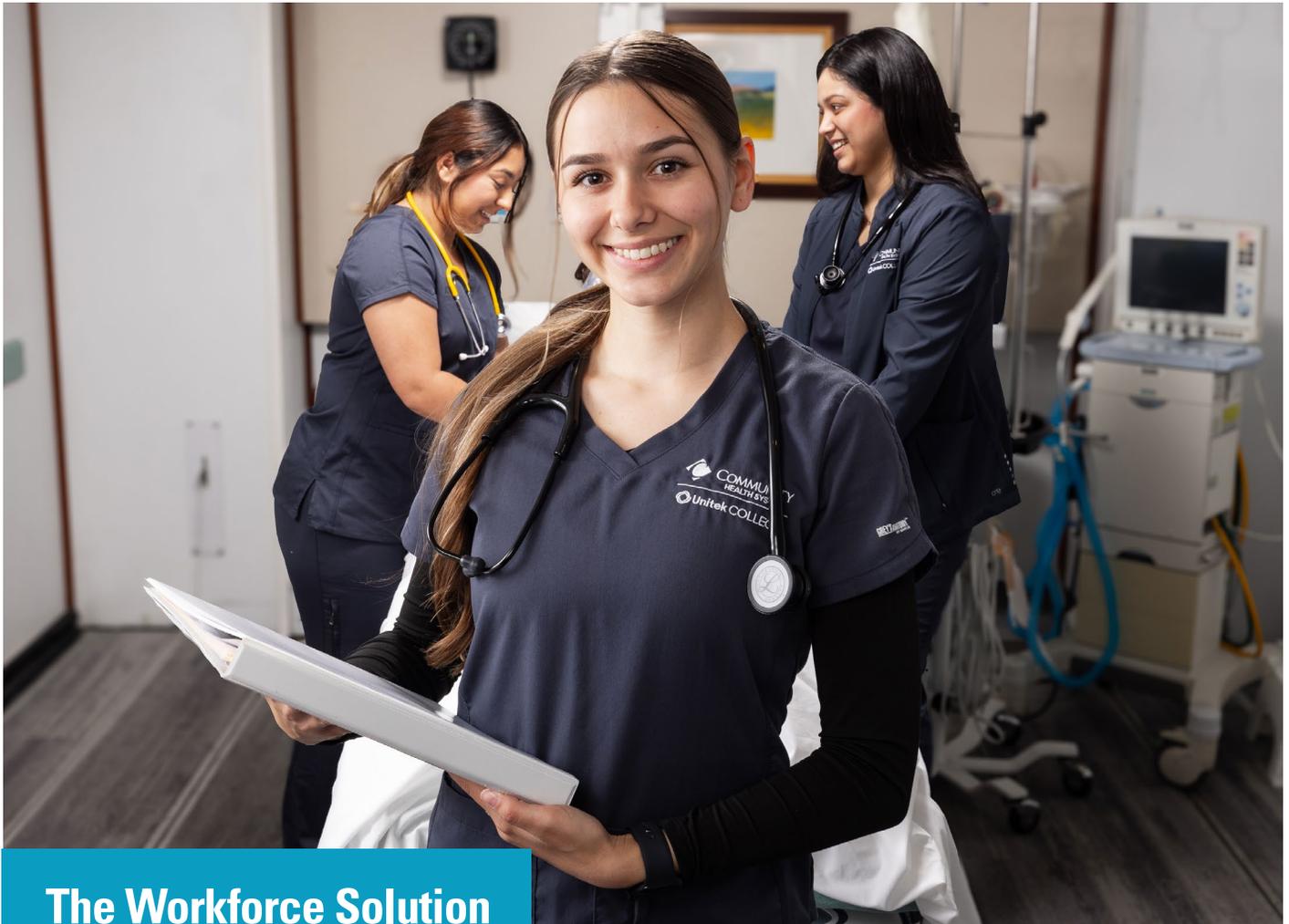
The approach is sustainable and addresses chronic and acute nurse shortages, high nurse vacancy rates, high nurse turnover rates and artificially high labor costs.

Read this report's case study to learn how a forward-looking health system has embraced a buy-and-build approach to solving their nurse shortage. ●



\$61,110
The average cost to a hospital in 2025 of a turnover in one bedside nurse position

Source: NSI Nursing Solutions, 2025



The Workforce Solution Health Care Has Been Waiting For

School-in-a-Box is Unitek Learning's **hospital-embedded nursing education program** that not only prepares your existing employees to become licensed nurses — but also serves as your long-term workforce planning partner.

This isn't a vendor transaction — it's **strategic capability building**. You gain a permanent workforce development engine that strengthens your competitive position, reduces market vulnerability and creates barriers for competitors trying to recruit your talent.

Built for working adults: Employees keep working while pursuing their degree, supported by **flexible scheduling** and **financial assistance**. With School-in-a-Box, you unlock the hidden potential in your workforce — opening nursing careers to employees who otherwise couldn't access them.



Learn more at UnitekLearning.com

CASE STUDY **Community Medical Centers**

From fellow employees to nursing peers



Community Medical Centers (CMC), a not-for-profit health system based in Fresno, California, operates four hospitals and four outpatient care centers in its service area.

Challenge

CMC faced a chronic nurse shortage, and the COVID-19 pandemic only made the situation more acute through resignations, illnesses and the ensuing “great resignation.” The system compensated before, during and after the pandemic with traveling nurses.

There were too many travelers and they were too expensive. Local nursing schools couldn’t increase capacity and graduate more nurses. Students who had completed their prerequisites and electives were waiting two or three years to get into nursing school.

Solution

CMC opened its Nursing Education Pathway, powered by Unitek College, in January 2024. The program is open to

CMC employees who want to become nurses and features a program that has two pathways for employees to become RNs. The first is a two-year associate degree in nursing (ADN) and the second is a three-year bachelor of nursing (BSN) degree.

Unitek provides the online classroom work, instructors and custom curriculum. CMC provides the on-site clinical training, simulations and rotations. CMC offers \$10,000 per year in tuition reimbursement for students on the three-year path and \$7,000 per year for those on the two-year path.

Results

CMC has 175 students going through the program in seven cohorts of 25 students each. The first two-year ADN cohort will graduate in September 2026. The first three-year BSN cohort will graduate in January 2027. All graduates will be patient care-ready as they’ve trained at CMC clinical sites and in the departments and service lines in which they hope to work. The program requires BSNs to work at CMC for three years and ADNs must stay for two years. ●

“The response to the program has surpassed our expectations. Our culture is changing for the better as team members in roles across our health system become peers with the nurses they know and work with every day.”

— **DANNY DAVIS** —
Division president, hospital, Community Health Systems



Conclusion

To solve their chronic and/or acute nurse shortage, many hospitals and health systems need to start thinking about out-of-the-box solutions. Ironically, the solution for a growing number of hospitals and health systems is spearheading a nurse education program internally.

Rather than buying or building a solution, they're implementing a built-for-you solution. They're partnering with workforce education companies, enrolling their own employees as students, giving employees generous tuition reimbursement, powering up online classrooms and using their own facilities for clinical training.

The net result, say sources interviewed for this report, is a reliable, consistent and predictable source of highly trained and ready-to-work nurses to fill vacant nursing positions now and in the future. ●



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The AHA's Market Scan thanks the following people and organizations for their insights, support and contributions to this Trailblazers report:



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ABOUT UNITEK LEARNING WORKFORCE SOLUTIONS

Unitek Learning Workforce Solutions partners with health care providers to build sustainable pipelines of skilled professionals and reduce dependency on external recruitment. Through hospital-embedded training models and customized education pathways, Unitek Learning helps providers address staffing shortages, improve retention and achieve predictable workforce stability. With proven expertise in nursing and allied health education, Unitek Learning delivers practice-ready graduates who strengthen health care systems and improve patient care.

For more information, visit www.UnitekLearning.com.



MARKET SCAN

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