



Tuition Reimbursement vs. External Hiring

Tuition Reimbursement vs. External Hiring in Allied Healthcare: Which Saves More Money?

In any industry, the ability to backfill roles with the right candidates is critical for the continued success of a business. That is especially true for healthcare employers around allied healthcare roles, where the search for more help can be a never-ending challenge.

According to the [2024 US Mercer Turnover Survey](#), the average voluntary turnover rate overall for full-time jobs in the United States was 13.5%. However, for many positions within the allied healthcare field – especially because of burnout – the turnover rate is far greater. For example, the 2024 NSI National Healthcare Retention & RN Staffing Report [found](#) the annual turnover rate for Certified Nursing Assistants is 41.8% and 36.3% for Patient Care Techs.

The most common solution to this problem is conducting a search for an external hire, which, while sometimes unavoidable, is costly.

Explore Allied Health Hiring Costs Further



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A [2023 study by LinkedIn data scientists found](#) it takes on average 59.5 days to fill a healthcare role. Meanwhile, a case study of a major medical center [revealed](#) the minimum cost of staff turnover, including hiring, training and productivity loss costs, represented a loss of more than 5% of their total annual operating budget.

Complicating the picture further, the American Hospital Association [reports](#) that between 2021-2023 hospital labor costs – which represent 60% of a hospital's budget – increased by \$42.5 billion. When it comes to hiring for allied health positions, the status quo has become too costly.

One alternative to external hiring is using education benefits to upskill existing employees. Through upskilling opportunities like tuition reimbursement programs, healthcare providers can create education pathways to take valued team members currently in non-clinical roles and train them to fill vacant allied health positions.

The value of upskilling programs to employees seeking higher-paying allied health positions is clear; however, will they also save healthcare providers money relative to hiring external candidates who don't need training? All available research on the question paints a very consistent picture.

The Hidden Costs of External Hires in Allied Health

When looking to fill a vacancy, the default assumption by healthcare employers is to look outside your organization for help. However, in most cases, that makes the hiring process more expensive with no guarantee that the externally recruited employees will stick around long-term.

Here are some of the costs to consider when evaluating the strategy of filling your allied healthcare positions through an external search:



Recruitment Costs Add Up

A 2017 [study](#) of a large academic Family Medicine clinic found during a single year they lost 59% of their medical assistants at a turnover cost of **\$14,200 per employee; 40% of the average salary of medical assistants at the time.**

Allied health professionals don't have a high salary compared to other healthcare roles. However, given how proportionally expensive it is to replace allied healthcare workers, combined with high turnover rates, means in the aggregate recruitment costs are enormous.



Signing Bonuses are Often Required

When certain positions are in high demand, it often takes a sweetener to close the vacancy. For example, the "Assisted Living Salary & Benefits Report" [found](#) that around **55% of assisted living communities are providing sign-on bonuses to attract new talent**, with an average bonus of \$2,046 for certified nursing assistants.

Huge Costs Related to Overtime and Efficiency Issues

A 2022 survey on pharmacy technician shortages in hospitals and health systems found 97% of pharmacy administrators [increasing](#) the use of overtime. Factoring in the cost of staff needing to cover extra shifts combined with efficiency problems related to reduced productivity, expenses related to an external search balloon quickly.

For example, the Dental Assisting National Board [found](#) it takes approximately 5 months to hire and train a new dental assistant, at a turnover cost of \$10,000 per assistant. 90% of that money is associated with overtime costs, decreased productivity and reduced patient volume. Hiring costs only represent 10% of expenses.

Why Upskilling is a More Effective Way to Address Allied Healthcare Staffing Shortages

Upskilling existing employees offers healthcare employers several strategic advantages over filling vacancies with external hires, including lowering overall costs and improving staff retention.

Additionally, tuition reimbursement plans give employers and employees even more flexibility around the financing of those upskilling opportunities, meaning even when budgets are tight, training is affordable. These programs are only becoming more popular in healthcare. For instance, Aon's 2024 Benefits Survey of Hospitals found 67% of hospitals are **enhancing** their tuition reimbursement programs, with an additional 12% considering it.

Here are the specific reasons upskilling, within the context of tuition reimbursement plans, is more cost-effective than external job searches:



Upskilling Fills Vacancies Faster

A 2022 AMN Healthcare survey found 85% of healthcare facilities experiencing a shortage of allied health professionals. Given the knowledge that employers always need more allied health help, upskilling is inherently faster than holding an external search because you're not reactively waiting for an existing employee to quit. Qualified help is always waiting in the wings, avoiding the expensive overtime costs associated with a prolonged search.

Creating a sustainable educational pathway only takes a few months to yield dramatic results for employers.

For example, UnityPoint Health (UPH), a hospital network in Iowa, Illinois and Wisconsin, addressed their Medical Assistant shortage by partnering with MedCerts on a Medical Assistant Career Pathways Program. During the first year of the training program, 39 UPH employees graduated and were promoted to Medical Assistants at UPH. The program took employees 3-6 months to complete during their off-hours, there was a 97% employee retention rate after a year and all of that was accomplished without an external job search.

Tuition Reimbursement Improves ROI and Retention

Cigna, the managed healthcare and insurance company, evaluating their tuition reimbursement plan, found for every dollar spent on employees' college tuition, the company recouped that dollar and saved \$1.29 more in "talent management costs", an ROI of 129%. Their study also found employees participating in Educational Reimbursement Program initiatives were 10% more likely to get promoted and 8% more likely to be retained compared to non-participants.

Additionally, an EdAssist survey of 22,000 Educational Reimbursement Program participants found 80% were more likely to stay with their employer as a result of the tuition assistance, regardless of any policy requiring them to stay. In many cases, the retention impact will more than offset the tuition assistance cost.

Tuition Reimbursement Programs Can Be Fully Tax-Deductible

According to the IRS, up to \$5,250 of tuition reimbursement per employee per year is tax deductible for the employer. This means in many cases, the cost for healthcare employers to offer upskilling opportunities to their employees is completely offset by tax savings. For example, 89% of the allied healthcare training programs offered by MedCerts cost \$5,000 or less, making upskilling an affordable option for both employers and employees.



Conclusion

Thanks to factors like tax breaks and positive impact on retention, there's no question upskilling through tuition reimbursement creates more cost savings for healthcare employers than trying to hire allied healthcare positions externally. Promoting internally avoids competing on the open market for talent and the high overtime expenses associated with lengthy job vacancies.

Additionally, thanks to MedCerts Partner Solutions, there's more flexibility than ever to provide tuition reimbursement for allied health programs. When employees can't afford to pay for an upskilling program upfront, MedCerts facilitates the financing, which the employer can reimburse some or all after the program's successful completion.

Want more information about the MedCerts Partner Solutions tuition reimbursement program and how we can help create career pathways for your employees around allied health? Contact us at partnersolutions@medcerts.com to learn more!

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