

***NSI* NURSING SOLUTIONS, INC.**

2055 State Street
East Petersburg, PA 17520
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<http://www.nsinursingsolutions.com/>

CFO COMPENSATION AND TOP CONCERNS

2012

CFO ECONOMICS (Top Issues Facing Staffing, Causes of Contract Labor Costs) **REPORT**

EXECUTIVE COMPENSATION

BASE SALARY % INCREASE TOTAL COMP % INCREASE MEDIAN SALARY AVERAGE SALARY

SYSTEM

CFO 5.5% 7.6% \$430.6 \$499.9

HOSPITAL

CFO 4.1% 1.5% \$310.8 \$338.3

BONUS PROGRAM PREVELANCE

BONUS TYPE	HOSPITALS USING	EFFECTIVENESS
Group Incentives	6%	71%
Gain Sharing	21%	63%
Key Contributor	7%	55%

Source: Amalgamation Analysis 2012: Towers Perrin; William M. Mercer; Watson Wyatt; Segal & Co; Hay Surveys; HR Strategic Solutions, Inc.; SSI Search Solutions, Inc; Sullivan Cotter and Associates ; Compensation Analyst; AON Consulting; Hospital & Health Networks; Modern Healthcare; Hewitt and Associates; Jackson Coker; Medicus Group

CFO

TENURE AND TURNOVER RATES

N=271

CFO TENURE

YEARS

Average Tenure

5.4 years

Median Tenure

4.9 years

JOB SEARCH TIME

4 to 7 months

CFO TURNOVER

PERCENTAGE

2010

14%

2011

6%

2012 (Forecast)

6%

Source: Amalgamation 2012 Analysis: HFMA; Watson Wyatt; Modern Healthcare; HealthLeader, July 20, 2010; AHA; William M. Mercer; SSI Search Solutions; HR Strategic Solutions, Inc; Lifeline-CFO, 2011

TOP REASONS FOR CFO TURNOVER N=271

Anticipating Job Change within 5 years	43%
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**For Free Networking Assistance,
CNO Job Leads, Network Contacts, Salary Data, or Sample
CNO Employment Contracts, call
Marco Colosi at 717-471-7404**

CFO REASONS FOR TURNOVER	%
Pursuing Advancement	35%
Conflict with CEO (CFO Resignation Requested)	29%
Dissatisfaction with Job	17%
Retirement	10%
Family/Personal	8%

Sources: Amalgamation 2012 Analysis: HFMA, William M. Mercer, HR Strategic Solutions

CFO CHALLENGES

ISSUES N=357

2012

❑ Finance — Credit Market Access, Bad Debt (28%) & Debt Financing, Capital Finance, Revenue Cycle & Stream, Reimbursements (32%)	77%
❑ Healthcare Reform:	52%
❑ Cost Reduction: (Staff and Contract Labor Costs 47%)	39%
❑ Physician Shortages/Recruitment:	30%/21%
❑ Competition:	29%
❑ Revenue Cycle:	24%
❑ Nurse Staffing & Recruitment:	17%
❑ Patient Experience/Satisfaction:	16%
❑ Malpractice:	15%
❑ Unionization:	12%

Sources: Amalgamation 2012 Analysis: HealthLeaders , January 28, 2011; HFMA; AHA; ACHE

CFO TOP PRIORITIES & COST DRIVERS

□ TOP HOSPITAL PRIORITIES:	Cost Reduction:	39%
	Quality/Safety:	34%
	Reimbursements:	32%
□ TOP HOSPITAL COST DRIVERS:	Labor Costs:	59%
	Government Regulations:	56%
	Technology:	48%

Source: HealthLeaders Industry 2011 Survey

CFO ASSESSMENT OF HOSPITAL ENVIRONMENT

□ Margin	0 to 1.5%	36%	3.6% to 5%+	12%
Expectations:	1.6% to 3.5%	29%	5% +	24%
□ Days Cash on Hand:	less 30 days	10%	31- 60 days	17%
	61-90 days	18%	91-114 days	17%
	115- 189 days	21%	190+ days	17%
□ Expected Cash on Hand:	Improved:	34%	Weakened:	23%
□ Current A/R days:	Less 35 days	14%	51-75 days	26%
	36 -50 days	26%	76+ days	8%
□ Financial Forecast:	Strong:	40%	Positive:	45%
	Flat:	37%	Negative:	14%
□ Health Reform Impact on Finances:	Improved:	10%	Weakened:	59%
□ Health Reform Impact on Morale:	Improved:	2%	Weakened:	53%

REUTERS: DOCTOR SHORTAGE MORE SEVERE, SO USE NURSES..., BUT WHERE WILL THEY COME FROM?

- "Nurses can handle much of the strain that Health Reform will place on doctors... given the education and the authority to take on more medical duties, by eliminating "scope of practice" barriers"... according to the IOM... **but where will the nurses come from....**
- Health Reform will add 32 million uninsured to the rolls. The IOM, AAMC, JAMA, ANA, AONE, NLN, Reuters, and ASHHRA etc, have all forecasted shortages of doctors, estimating 63,000 just in 2015 and high RN shortages.
- Considering that the nursing shortage returns starting in 2012, according to PcW, and according to Peter Buerhaus, "...the shortage may reach 300,000...this could be devastating to healthcare. (Reuter, October 6, 2010)

MEDICARE CUTS 2012-2016

California	-\$19,300	Missouri	-\$4,100	Utah	-\$1,000
New York	-\$17,100	Minnesota	-\$2,500	Mississippi	-\$1,900
Texas	-\$15,000	Wisconsin	-\$3,100	Nevada	-\$1,400
Florida	-\$21,800	Arizona	-\$3,500	New Mexico	-\$800
Pennsylvania	-\$8,000	Indiana	-\$1,900	West Virginia	-\$1,500
Illinois	-\$9,000	Colorado	-\$1,900	Nebraska	-\$1,100
Ohio	-\$8,500	Connecticut	-\$3,300	Maine	-\$900
Michigan	-\$9,400	Louisiana	-\$3,100	DC	-\$800
Massachusetts	-\$4,900	Oregon	-\$3,400	Rhode Island	-\$600
New Jersey	-\$9,200	South Carolina	-\$3,300	New Hampshire	-\$800
North Carolina	-\$6,400	Alabama	-\$3,700	Idaho	-\$800
Maryland	-\$3,400	Kentucky	-\$3,300	Vermont	-\$300
Virginia	-\$3,900	Oklahoma	-\$2,300	Delaware	-\$800
Georgia	-\$5,800	Kansas	-\$1,900	Montana	-\$500
Washington	-\$3,400	Iowa	-\$1,900	South Dakota	-\$800
Tennessee	-\$4,800	Arkansas	-\$2,200	North Dakota	-\$400
Wyoming	-\$200			Alaska	-\$200

Source: American Medical Association

CFO RN STAFFING ECONOMICS...

RN Turnover Rate: (NSI FY annualized 5.07%)	15.1%
New Employee 1 st /2nd Year Turnover Rate:*	30%/57%
Cost of RN Turnover:	\$70,668 to \$141,336
RN Retention Rate: (NSI FY annualized 94.97%)	84.9%
RN Vacancy Rate Ranges:	5%-23%
Average RN Salary: (\$33.97 per hour)	\$70,668
Travel RN Cost per year/RN:	\$120,640 to \$176,800
Travel RN Cost Saved per 25 RNs employed:	\$1,320,800
RN Cost-per-Hire: Vanderbilt University School of Nursing Dean Welch reports RN Cost per hire at \$40,000 to \$90,000 (The Tennessean, June 7, 2007)	\$29,278-\$34,168
RN Recruitment Difficulty Rating:	78%
RN Average Time-to-Fill: (NSI 28.9 days)	68.7 days

Sources: AHA; Modern Healthcare; Daily Dose; HealthLeaders; HFMA;

HR HEALTHCARE COSTS ACCELERATING RAPIDLY

Type of Cost	2012 Healthcare Costs		
	2010	2011	2012
Labor & Benefit Expense per FTE	\$78,473	\$88,200	\$95,948
Cost of Benefits Increase (Natural range; 25% - 31%)	6.7% -7.7%	8.9%	7.9%
RNs Working in Agencies	29,367 Represents Economic Crisis	32,167	29,271

Sources: Amalgamation 2011 Analysis: William M. Mercer; Hewitt Associates; Watson Wyatt; Hay Group; Segal & Co; Towers Perrin; ACH; AONE; Staffing Industry Analyst; and HR Strategic Solutions surveys, etc.

SOURCES

- MODERN HEALTHCARE, BY THE NUMBERS AND DAILY DOSE
- FITCH REPORTS
- PRESS GANEY
- MOODY INVESTER SERVICES
- AMERICAN HOSPITAL ASSOCIATION (AHA)
- AMERICAN NURSE ASSOCIATION (ANA)
- AMERICAN ASSOCIATION OF COLLEGES OF NURSING
- HOSPITAL FINANCE MANAGEMENT ASSOCIATION, "Financing the Future"
- AMERICAN SOCIETY OF HEALTHCARE HUMAN RESOURCES ADMINISTRATION
- SARATOGA INSTITUTE
- WILLIAM M. MERCER CO.
- HAY GROUP
- WATSON WYATT CO.
- TOWERS PERRIN
- AHCA FINANCIAL DATA
- HRSA BUREAU OF WORKFORCE STUDIES, THE NATIONAL SAMPLE SURVEY OF RNs, 2008
- HOSPITALS & HEALTH NETWORKS
- SULLIVAN COTTER AND ASSOCIATES
- PINNACLE HEALTH GROUP
- ALMANAC OF HOSPITAL FINANCIAL & OPERATING INDICATORS #7353
- WARREN SURVEYS
- COMPENSATION ANALYST
- MEDICUS PARTNERS
- DELTA MEDICAL CONSULTING
- AON CONSULTING
- JACKSON COKER
- HOSPITAL & HEALTH COMPENSATION SERVICES
- US BUREAU OF LABOR STATISTICS, 2008 REVISION OF US HHS 2003 REPORT

All survey information and data is obtained from: consulting firms and other published data, professional journals, white papers, professional associations and governmental websites, NSI surveys, etc., and all are coalesced, amalgamated and as applicable are trended and forecasted in the variously published NSI surveys and reports.

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NEED NURSES?

- ***NSI*** NURSING SOLUTIONS, INC is a 12 year old national high volume U.S. nurse recruitment firm; that recruits only within the continental U.S. for American *Experienced Nurses*, as your core employee staff, in an average **time-to-fill of 32 days**.
- ***NSI*** is not a foreign recruiter nor a travel or temporary agency.

The partnership is "RISK FREE,
since you must hire the nurses BEFORE ***NSI*** is paid.

- The relationship is also a "WIN-WIN", since not only are the nurses guaranteed for 6 months, ***NSI*** provides "On-Boarding Coaching" for the nurses, for 365 days.