

***NSI* NURSING SOLUTIONS, INC**

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2009 TRENDED STAFF RN SALARY FORECAST and HEALTHCARE COST REPORT

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2009 STAFF RN PROJECTED SALARY and HEALTHCARE COST REPORT

- **The FITCH RATINGS Report on Healthcare Staffing** identified workforce trends leading to an industry crisis and affect credit ratings.
- **Driven by a Healthcare staffing shortage,** salaries and healthcare costs are accelerating.
- Recent **NSI** studies updating and aggregating Towers Perrin, Ernst & Young, HR Strategic Solutions, Inc, Segal & Co, Hewitt Associates, Watson Wyatt, Hay Group and William M. Mercer, etc **surveys indicate** the following 2009 trending:

RN SUPPLY, DEMAND, AND FORECASTS

- Demand will Increase by 587,000 by 2015.
- Demand in 2009 will increase by 12%*.
- Departing and Retiring Nurses will create another 413,000 openings by 2015.
- **Nursing School Faculty Retirements:** (National League for Nursing)
 - 2009 ... 3,500
 - 2011 ... 11,500
 - 2023 ... 28,000
- **Nursing Schools rejected qualified candidates due to capacity and faculty issues, while enrollments increased by 2%; representing a dramatic decrease from 16.6%:**
 - 2007 ... 40,285
 - 2006 ... 38,415
 - 2005 ... 37,514
- Source: Modern Healthcare, December 10,2007; Modern Healthcare;
*Conference Board, H&HN, January, 2009

STAFF RN SALARY 2009 FORECAST

RN demand is drastically outpacing the supply. The projected 2009 RN shortage is in the area of 188,201 to 211,000 RNs.

RN salary and benefit packages continue to improve. The RN median 2009 salary is expected to increase by 4.1% to \$62,778 (\$30.18/hr).

STAFF RNs	BASE/TOTAL SALARY		
	25 Percentile	Average	Upper Range
RN Increases:	3%	3.5%	4.7%
Wage Range:	\$51,291	\$62,778	\$78,473
Nurse Manager Increases:	4.5%	5.4%	6.1%
Nurse Manager Wage Range:	\$61,524	\$71,727	\$91,444
Nursing Director	\$88,400	\$98,945	\$111,759
Cost per RN Turnover:	\$62,778 to \$125,556		
Revenues per year per RN:	\$250,000 to \$300,000		
Sources: Hay Associates; Watson Wyatt; Hewitt Associates; William Mercer; Salary.com; HFMA			

RN SALARY DISTRIBUTION

Range:

Distribution:

\$20,000 to \$40,000	2%
\$40,000 to \$50,000	14%
\$50,000 to \$60,000	28%
\$60,000 to \$70,000	34%
\$70,000 to \$80,000	15%
\$80,000 to \$90,000	4%
\$90,000 to \$100,000	2%
\$100,000+	1%

Average \$62,778

Sources: Modern Healthcare; Hay Associates; Salary.com; Advance.com/nurses

COMPARE RN TRENDED SALARY BY EDUCATION AND SPECIALTY

JOB:	AVERAGE SALARY:	JOB:	AVERAGE SALARY:
RN	\$62,778	CERTIFIED SPECIALTY RN	+\$3,000 to \$8,000
		CCM	\$69,170
EDUCATION:		OCN	\$69,712
AD	\$61,860	RN,C	\$68,460
BSN	\$63,446	CNOR	\$73,402
MSN	\$68,735	CCRN	\$73,754
Doctorate	\$71,434		

Sources: Modern Healthcare; Hay Associates; Salary.com; Advance.com/nurses; Hewett Associates; Hay Group; William M. Mercer; Compensation Analyst, 2009

ADVANCE PRACTICE NURSE 2009 TRENDED COMPENSATION

POSITION	AVERAGE SALARY
Clinical Nurse Specialist (CNS)	\$78,602
Nurse Practitioner (NP)	\$81,974
NP Specialty Care	\$103,910
Nurse Manager ICU	\$82,050
Nurse Manager	\$71,727

Source: US DHHS, HRSA BHP; Hay Associates; Watson Wyatt; Hewett Associates; Hay Group; William M. Mercer

2009 TRENDED AVERAGE SALARY BY EMPLOYMENT SETTING

SETTING:	SALARY:	BY BEDS:	SALARY:
Urban	\$64,520	500+	\$64,100
Suburban:	\$62,723	400-500	\$63,750
Rural:	\$58,982	300-400	\$62,300
		200-300	\$61,500
RECEIVE SHIFT DIFFERENTIAL	71% NO 29% YES	100-200	\$61,250
WORK OVERTIME	18% NO 82% YES	50-100	\$59,500
UNIONIZED	79% NO 13.5% YES	to 100	\$57,400

Source: Modern Healthcare; Advance.com/nurse; Compensation Analyst, 2008; RN Journal; Hewett Associates; Hay Group; William M. Mercer

2009 TRENDED SPECIALTY SALARY

Hewett Associates; Hay Group; William M. Mercer

BY SPECIALTY

Average Rates

□ ICU/CCU	\$64,559 (\$31.04/hr)
□ ED	\$68,163 (\$32.77/hr)
□ OR	\$69,663 (\$33.49/hr)
□ M/S	\$61,920 (\$30.73/hr)
□ Orthopedics	\$65,630 (\$31.55/hr)
□ Oncology	\$66,620 (\$32.03/hr)
□ PACU	\$68,523 (\$32.94/hr)
□ OB/GYN/Newborn	\$66,297 (\$31.87/hr)
□ Pediatrics	\$67,556 (\$32.48/hr)
□ Psychiatry	\$67,991 (\$32.69/hr)

FORECASTED 2009 TRENDED RN SALARY BY REGION

REGION	AVERAGE SALARY
□ West Coast	\$78,392
□ Northeast	\$72,982
□ Rocky Mountains	\$64,673
□ Mid-Atlantic	\$67,172
□ Southwest	\$64,881
□ Midwest	\$60,438
□ Southeast	\$59,570
□ South	\$56,664

Source: RN Journal; Compensation Analyst, 2009; Advance.com; Salary.com; Hewett Associates; Hay Group; William M. Mercer

2009 TRENDED STATE AVERAGE SALARIES

Advance for Nurses, Advance Watch 2009; Hewett Associates; Hay Group; William M. Mercer

STATE	SALARY	STATE	SALARY	STATE	SALARY
AI	\$56,886	IA	\$59,378	OK	\$59,226
AZ	\$74,880	LA	\$61,443	OR	\$61,678
AR	\$54,995	MD	\$69,409	PA	\$62,640
CA	\$88,129	IN	\$58,842	SC	\$60,379
CO	\$66,976	MS	\$58,868	TN	\$54,804
CT	\$73,403	MO	\$56,623	TX	\$64,106
FL	\$58,739	NV	\$77,646	VA	\$63,856
GA	\$60,996	NM	\$60,916	WA	\$67,912
IL	\$62,836	NC	\$59,262	WY	\$58,474
MI	63,382	OH	\$60,972	U.S.	\$62,778

2009 TRENDED STATE AVERAGE SALARIES

Advance for Nurses, Advance Watch 2009; Hewett Associates; Hay Group; William M. Mercer

STATE	SALARY	STATE	SALARY	STATE	SALARY
AK	\$58,120	ME	\$63,294	RI	\$65,104
HI	\$89,980	MA	\$82,201	VT	\$59,363
IO	\$56,896	MN	\$68,120	DC	\$72,321
KS	\$59,966	NY	\$74,609	WV	\$63,440
WI	\$63,710	PA	\$67,641	NJ	\$69,534
DE	\$67,662	KY	\$59,629		

2009 Healthcare Hourly Salary Rates

JOB TITLE	2006	2007	2008	2009 Forecast
Managers	\$35.96	\$37.76	\$39.27	\$40.44
Pharmacists	\$43.48	\$46.74	\$48.84	\$50.79
Physicians' Assistants	\$25.59	\$27.37	\$28.49	\$29.35
Physical Therapist	\$30.52	\$32.20	\$33.17	\$35.05
RNs	\$27.54	\$28.39	\$29.27	\$30.18
Occupational Therapists	\$27.46	\$29.11	\$29.98	\$31.18
Rad Techs	\$24.71	\$26.07	\$26.85	\$27.92
LPN	\$17.77	\$19.02	\$19.59	\$20.18

Source: *National Compensation Survey*, Bureau of Labor Statistics, US Department of Labor. Health Care salary data from the National Compensation Survey is provided as a service to non-WageAccess® salary survey participants; Compensation Analyst, 2008

HEALTHCARE COSTS ACCELERATING RAPIDLY

Type of Cost	2009 Healthcare Costs Forecast <small>N-510</small>		
	2006	2007	2008
Labor & Benefit Costs per Staff Occupied Bed	\$435,123	\$455,147	\$475,111
Labor & Benefit Expense per FTE	\$74,208	\$76,168	\$78,473
RX Costs per Adjusted Discharge at 50%	\$574	\$631	\$694
Cost of Benefits Increase	7.7% - 9.6%	8.7% - 10.2%	6% - 9%
RN Working in Agencies*	109,354	111,798	101,387 (Represents a shrinking pool)

* Represents an estimated \$12,000,000,000 in Industry Cost compared to \$6,000,000,000, with RNs as employees. **This represents cost savings of \$76,573/employed RN or an average hospital cost savings of \$1,531,460.**

Sources: Amalgamation Analysis from: William M. Mercer; Hewitt Associates; Watson Wyatt; Hay Group; Segal & Co; Towers Perrin; SIR and HR Strategic Solutions Compensation surveys

CAUSES OF RN TURNOVER

N-442 Reasons	Primary Reason	Secondary Reason	Not a Factor
Increased Market Demand	71%	22%	7%
Workload/Staffing	94%	5%	1%
Better Pay Elsewhere	91%	6%	3%
More Flexible Scheduling Elsewhere	91%	7%	2%
Better Career/Developmental Opportunities Elsewhere	69%	14%	17%
More Desirable Work Culture Elsewhere	59%	21%	20%
Better Benefits Elsewhere	77%	20%	3%
Inadequate Managerial Skills	51%	37%	12%
Physician Relationships	50%	41%	9%
Better Employer Reputation Elsewhere	49%	21%	30%

State comparisons to National and *NSI* are also available free of charge on request.

BE AWARE OF UNIONIZATION

Jean DerGurahian, Daily Dose, February, 18,2009

- Three groups form 150,000-member nurses union
- The United American Nurses (UAN), California Nurses Association (CNA), and the Massachusetts Nurses Association (MNA) joined together to create a union of 150,000 registered nurses.
- Called the United American Nurses (UAN) - National Nurses Organizing Committee, the new union focuses on RNs and will advance the interests of direct-care nurses across the country, the new organization said in a statement released jointly. A “substantial” part of its budget will be dedicated to efforts to organize all nonunion direct-care RNs.

NURSES RETIRING

**Nurses will begin to retire
in greater numbers beginning:**

2007	2%
2008	4%
2009	4%
2010	8%
2011 to 2015	27%
2016 to 2020	28%
After 2020	26%

Source: H&HN, January 2008; The Bernard Hodes Group, "2008
Aging Nurse Workforce Survey"

SOURCES

- MODERN HEALTHCARE, BY THE NUMBERS AND DAILY DOSE
- FITCH REPORTS
- PRESS GANEY
- MOODY INVESTER SERVICES
- SULLIVAN COTTER
- 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 RN SURVEY, 2007-08
- HOSPITALS & HEALTH NETWORKS
- CHIS SERB, LABOR-COST DRIVERS, 2004
- 2004 ALMANAC OF HOSPITAL FINANCIAL & OPERATING INDICATORS #7353
- HOSPITAL & HEALTH COMPENSATION SERVICES
- US BUREAU OF LABOR STATISTICS, 2006 REVISION OF HHS 2000 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 where 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 9 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.