

VITAL SIGNS U.S.A. 2010

***NSI* NURSING SOLUTIONS, INC.®**

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U.S. NURSE RECRUITMENT

(NSI RECRUITS ONLY, AMERICAN EXPERIENCED NURSES, AS YOUR EMPLOYEES)

**NSI IS NOT A FOREIGN RECRUITER,
NOR A TRAVEL OR TEMPORARY AGENCY.**

MOODY's, FITCH, S&P ACCENTURE 2010 OUTLOOK

POSITIVES:

- Volumes/Acuity Start to improve due to aging population and H1N1.
- Revenue Cycle & Supply Chain Management Improves.
- Increased Merger & Consolidation Activities.
- Stronger Physician Hospital Relationships.
- Profitable Service Line Growth
- Increasing Market Shares.
- Improvements in Investments may return.

NEGATIVES:

- Lower Medicare & Medicaid Reimbursement Expectations.
- Unknown Healthcare Reform effects.
- **Rising Costs Largely due to need for Contract Nurses, Physicians, and Utilities & Drugs...**
- **Crisis level Post-Recession: ...Nursing and Physician Shortages.**
- Economic Crisis Recovery may cause Increased Demand for Capital, Increasing Operating Costs.
- Higher Tax-Exempt Status Scrutiny.
- Competition with Outpatient, Retail Clinics and Rising Medical Tourism.

2010 FOCUS RETURNS TO RN RECRUITMENT AND RETENTION

- "In 2009..., turnover plummeted and vacancy rates stabilized.... But 2010 looks set to bring back these twin issues that plagued nursing for... Years.... The recession eased the RN shortages and turnover rates... allowing hospitals to put nurse recruitment and retention on the back burner...."
- With economists predicting... recovery... in 2010, the effects will be felt first in nurse employment. The recession and high unemployment caused a drop in RN vacancy rates.... As spouses lost their jobs..., nurses picked up extra shifts or went... full-time. Some returned from retirement, others delayed retirement.... Those who delayed retirement (8%) will start... their exit strategies.... So it's worth... examining what might be in store in 2010... you can examine turnover and vacancy trends.... note that the long-term nursing shortage is not going anywhere...."
- According to Staffing Industry Analysts, "The registered nurse occupation will add 587,000 new jobs, the most of any U.S. occupation between 2010 and 2018, according to estimates released... by the US BLS. To increase the nurses in your pipeline, there are long-term strategies to focus on now that can increase the supply of staff for your organization and ensure your plans are in place for whatever 2010... brings".

3.5 MILLION ADDITIONAL HEALTHCARE JOBS EXPECTED BY 2016

HealthLeaders Media, July 13, 2009; SIA, January 5, 2010

- According to the Council of Economic Advisors, "Healthcare remains the largest source of job growth...with 3.5 million new jobs needed by 2016... We emphasize that this growth... does not account for universal health care reform..."
(http://whitehouse.gov/assets/documents/Jobs_of_the_Future.pdf)
- "Healthcare..., which include physicians, registered nurses, and other allied health professions...are expected to have...dramatically increasing demand, that will significantly outstrip supply." The findings are consistent with U.S. BLS data, which show that healthcare continues to be one of the few areas of job growth amid the recession... (HealthLeaders)
- "Overall, healthcare—reported 267,000 new jobs in 2009 and 613,000 since the recession began. The fastest area of job growth (demand and **short supply**) in the healthcare sector continues to be physicians, **registered nurses and allied health professions.**" (U.S. BLS)

WHAT WOULD EXPERIENCED U.S. NURSES IN 26+ DAYS MEAN TO YOUR ORGANIZATION?

Would it...:

- ✓ Improve cash flow and reduce costs?
- ✓ Open closed and expansion beds?
- ✓ Stop the postponement of elective surgeries?
- ✓ Reduce or eliminate Travel/Agency nurse costs and enhance cash flow?

You may add MILLIONS to your Bottom Line?

estimated Bottom Line Improvements may range
\$1,235,750 to \$36,637,055

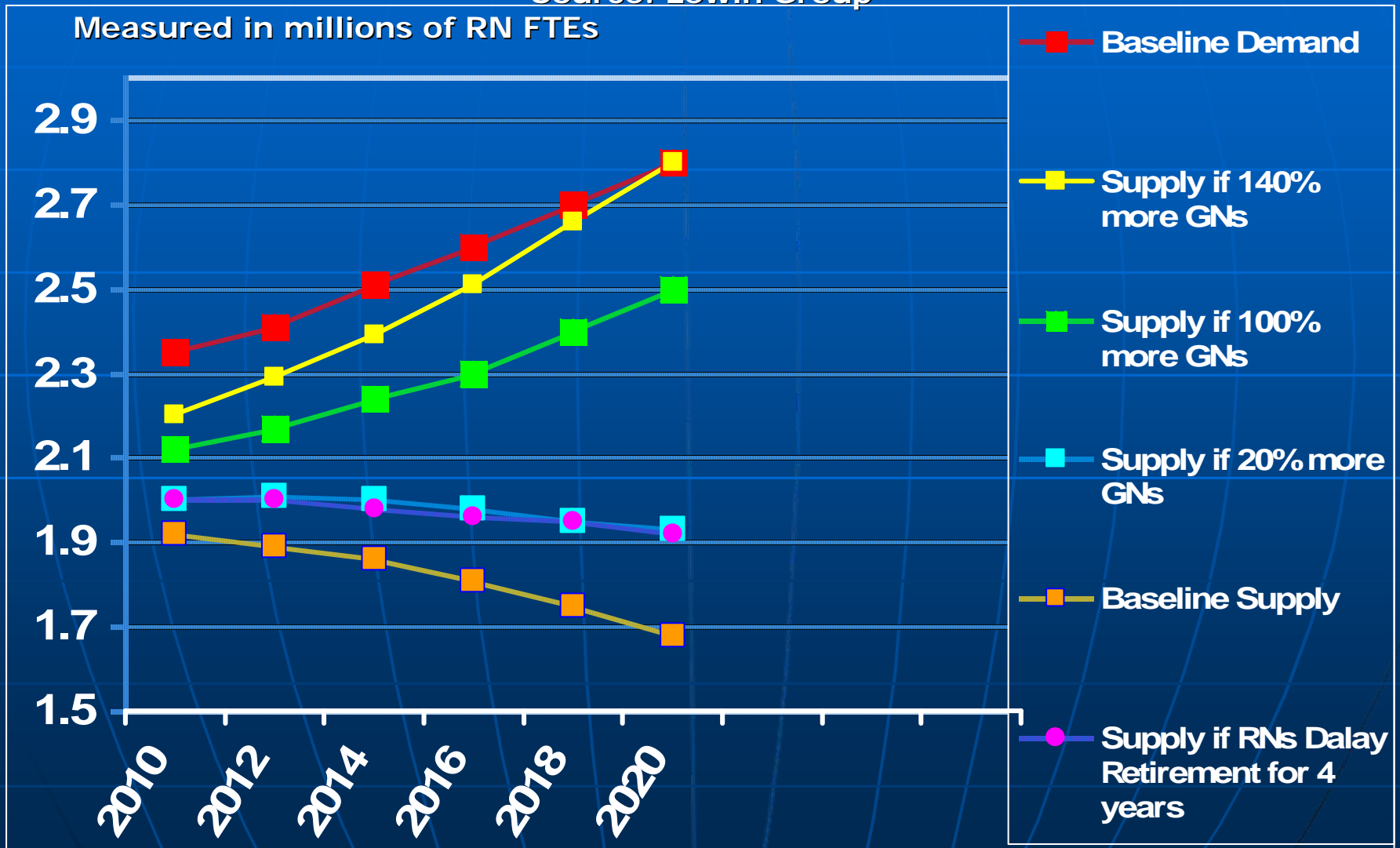
- ✓ Reduce or eliminate excess overtime cost?
- ✓ Improve safety issues for staff and patients?
- ✓ Improve physician satisfaction?
- ✓ Enhance staff morale by improving work and family balance, thus reducing nurse turnover?
- ✓ Improve your market competitiveness?

If your answers are "YES" then call NSI.

NURSE SUPPLY-DEMAND

GNs ADDED-RETIREMENTS SUBTRACTED

Source: Lewin Group



NATIONAL HEALTHCARE ECONOMICS

□ Total number of Staffed Beds:	767,000
□ U.S. Healthcare Costs: (2009 AON Consulting Forecast)	10.5%
□ National Health Expenditure 2010:	\$2,676 Billion
□ National Health Expenditure 2010 per capita:	\$8,624
□ National Health Expenditure for 65+ per capita:	\$8,947
□ National Health Expenditure 2011:	\$2,860.6 Billion
□ National Health Expenditure 2011 per capita:	\$9,141
□ Hospital Revenues:	\$887.1 Billion
□ Net Patient Revenues:	\$649.7 Billion
□ CPI/PPI 2009 Increased:	6.7%/2.9%
□ Hospitals in the Red: (Thomson Reuters; AHA, March, 2009)	23.6%
□ Days Cash on Hand: (Reuters 11/16/09)	150 days
□ ALOS: ALOS (www.hhn.com , February, 2009)	4.5 days

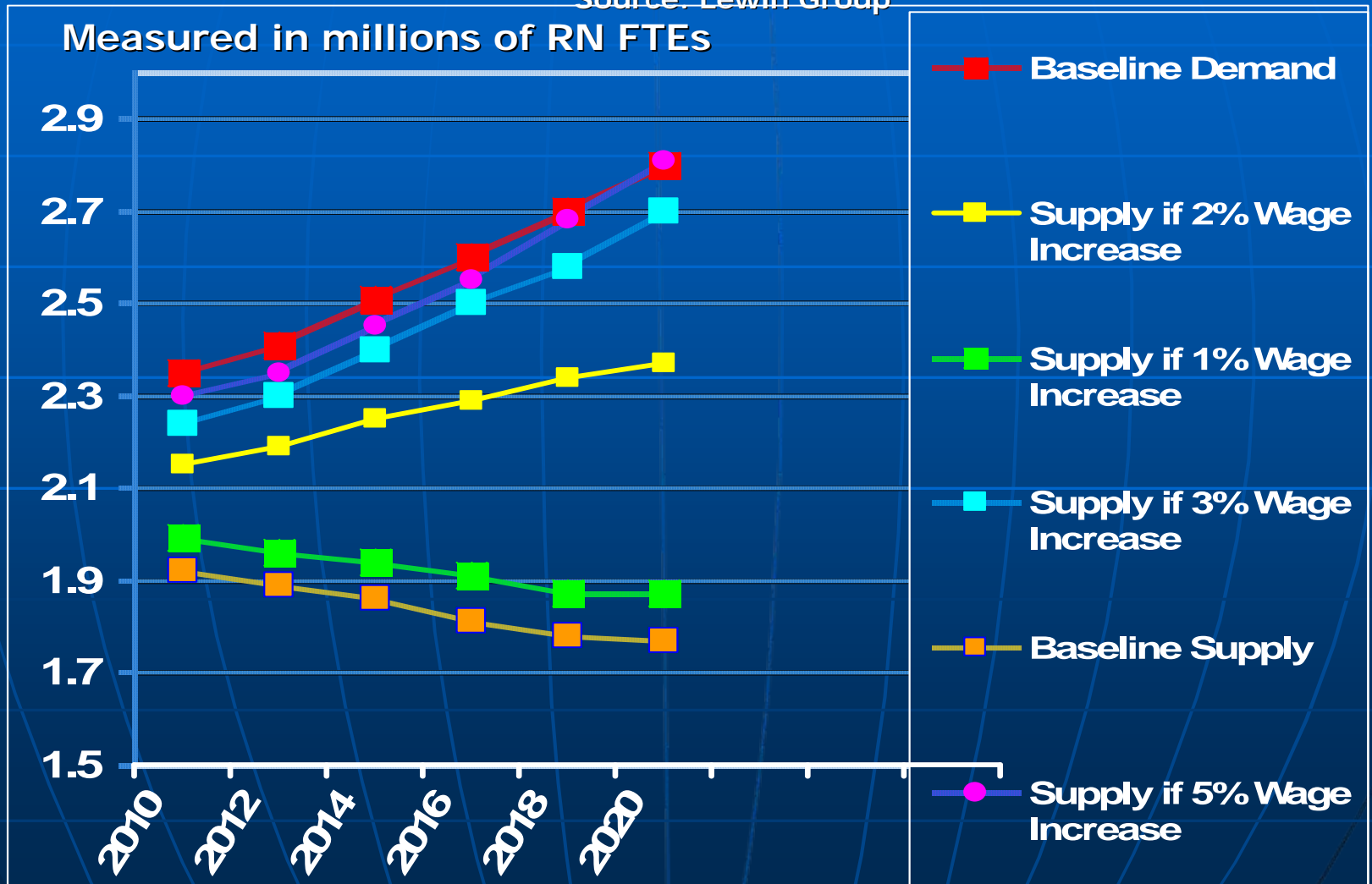
Source: AHA; H&HN; ACHE; Modern Healthcare; SHRM; By the Numbers; CBO; HealthLeaders; Moody; Hospital Statistics, 2009; Nursing Economics; Towers Perrin; Health Affairs

NATIONAL HEALTHCARE ECONOMICS

- **Cost of Hospital stay:** (85% increase since 1999) **\$329 Billion**
- **Uncompensated Care 2009:** (+7.1%) **\$36.4 Billion**
- **JCAHO Requirements for Staffing:** **>6%**
- **Healthcare Benefit Cost Increase Range:** **5.5%**
- **Average Cost of Family Healthcare:** (Kaiser) **\$13,375**
- **2001 to Present increase is:** (Kaiser; Towers-Perrin=140%) **131%**
- **Employee Healthcare contribution-** (Family Plan \$3,515, **78%/**
Single Plan \$779): (Kaiser Family Survey 2009; Hewitt; Towers-Perrin) **5 yr increase**
- **RN's generate revenues:** **\$250,000 to \$350,000/RN**
- **Travel/Temp Agencies fail certification on** **41%**
24 JCAHO Standards & 120 Elements:
- **Travel/Temp Agency Price Increase:** **Flat**
 - **Cost per RN hour:** (Average Travel Nurse Cost \$63.50/hr) **\$50 to \$85**
 - **Estimated Excess Cost-Lost Profit/25 travel RNs:** **\$1,560,000**

HOW WAGE INCREASES EFFECT THE RN SUPPLY?

Source: Lewin Group



NATIONAL HEALTHCARE FINANCE

- Agency RN Cost/% of personnel cost: 7.1% to 12.7%
- Average Agency Rate per RN (\$65/hr): \$135,200/yr
- Average Rate per employed RN (30.18/hr) \$62,778/yr
- Average EXCESS COST per RN that c/b **SAVED**: \$72,422/yr
- Excess Saving for 23 employed RNs: \$1,435,200

***NSI* Computed Average ROIs/SAVINGS: \$3,108,500**

- ROI by hiring permanent RNs: 2+ times/RN

***NSI* Computed ROI Recoupment Time: 26+ weeks**

- National RN Salary Pay Policy Line: 50% to 55%
- Average RN Experience: 7 to 9 years

***NSI* Average RN Experience: 13 years**

HEALTHCARE RN STAFFING

- Hospital Employed RN Commitment Index: 88.4
- Temporary Agency RN Commitment Index: 73.1
- Average Annual RN Applicant Flow (excludes GNS): 419
- Annual RN Applicant Flow Range (excludes GNS): 69 - 1,115

***NSI* Average Applicant Flow: 1,082 RNs**

- Number RNs lost since 2002: 494,726
- If Recession Period continues RN Time-to-Fill: 67.4 days
- Post-Recession Period RN Time-to-Fill: 96.7 days

***NSI* Average Time-to-Fill: 32 days**

Note: Applicant Flows, Offer Acceptance Rates, Time to Fill, Turnover & Retention are different for each employer, due to Hospital: Image, Culture, Reputation, Geography, Market Competitiveness, Professionalism, Practice Modalities, Management Style, Focus, Policies, Employee Relations, Mission and Vision etc.

- RN Time-to-Fill Range: 63 to 207 days

***NSI* Targeted Time-to-Fill Range: 26 to 33+ days**

IMAGINE THESE RESULTS:

LOCATION (EXAMPLES)	CONTRACTED RNs	ACTUAL RN HIRES	TIME- TO-FILL	YEARS OF EXPERIENCE
South	72	79	36	13
South	20	27	15	12
Northeast	20	51	14	14
West	25	41	32	13
Mid-West	25	25	37	8
South	20	33	18	9
South	45	107	35	10
South	40	40	31	13
Mid-West	25	27	23	11
South	20	89	15	11
Northeast	20	31	32	11
Western	20	168	38	14
AVERAGE:		59.8/client	27.2 days	11.6 Years

INTERVIEW to OFFER RATES

Referral Interview-to-Offer Rate National

Defined as the number of applicants who are referred by an Employment Agency or by the HR Department to the Nurses Managers vs. the number of job offers that are made by that nurse manager.

- Employment Agency's Interview-to-Offer Rate: 15%
- NSi Interview-to-Offer Rate: 82.2%

***Note:** Applicant Flows, Referral Interview-to-Offer Rates, Offer Acceptance Rates, Time to Fill, Turnover & Retention are different for each employer, due to Hospital: Image, Culture, Reputation, Geography, Market Competitiveness, Professionalism, Practice Modalities, Management Style, Focus, Policies, Employee Relations, Mission and Vision etc.

HEALTHCARE FORECASTS

- Overtime Rate: 82%
- Average Turnover Rate: 15.5%
- FY Annualized NSI Turnover Rate: 6.3%**
- Average Cost of Turnover per RN: \$62,778 to \$125,556
- Average Retention Rate: 84.5%
- FY Annualized NSI Retention: 93.7%**

- Retention is a Client's responsibility,
and we have clients (IA, ID, OK, SC, PA, VA etc.)
boasting multi-year retention rates: -80% to 97%
- RN Shortage 2010 forecast: 211,000 – 351,523
- To Stem the RN Shortage nursing
school enrollments need to: increase 40%/year
over the next 10 years

RECESSION PERIOD VERSES ANTICIPATED POST-RECESSION

- Pre-Recession **Vacancy Rate:** 13.1%
- Recession Period Vacancy Rate: 5.6%
- Recession Period Vacancy Range: 4% to 7%
- Anticipated Post-Recession Vacancy Rate: 14%
- Anticipated Post-Recession Vacancy Range: 12.2% to 23.7%
- Pre-Recession **Time-to-Fill:** 107.1 days
- Recession Period Time-to-Fill: 67.4 days
- Recession Period Time-to-Fill Range: 51 to 77.3 days
- Anticipated Post-Recession Time-to-Fill Rate: 96.7 days
- Anticipated Post-Recession Time-to-Fill Range: 71 to 108.4 days

CLIENT SERVICES

- **U.S. Nurse Recruitment Campaign**
- U.S. Recruitment Strategies
- **U.S. Recruitment Campaign with On-Site Coordination**
- ROI and Bottom Line Review
- Market Environmental and Market Competitive Studies
- **On-Site Client** Cultural, Practice Modalities and HR Studies
- RN Recruitment “Employee STAR” & Management Style Profiling
- **On-Site** End-Study Reports
- Nurse Pre-qualification and Culture Matching Interview
- **On-Site NSI Interview team**
- NSI Completes your Employment Process
- NSI performs RN On-Boarding Coaching
- Nurse follow-ups every 30, 120, 200 and 365 days- an “On-Boarding and Mini-Employee Opinion Study Process”
- **Guaranteed 6 Month Replacement**
- **ON-Site** Pre-Boarding Presentation
- **On-Site** On Boarding & Customized Retention Seminar

THESE UNSOLICITED COMMENTS SAY IT ALL:

A Major "For-Profit" Health System:

- ❑ " I am just glad that my boss agreed to bring you guys in here" ...KPW

Major University Medical Centers:

- ❑ "I'm very pleased with the results--I had some naysayers here who said it couldn't be done, etc, etc. Your folks did a great job..." ...SZ
- ❑ "97% retention rate after 3 years is phenomenal...that is a testament to NSI."...JLS
- ❑ "...you guys really jump started us so well and fast that we have become the Employer of Choice"JA
- ❑ "I'm excited about the 60+ interviewees you have lined up for next week and anticipate the continued success reflective of the first week's accomplishments. Your team is trained and managed for extraordinary results and have equipped us to demonstrate the wonderful workplace for nursing practice that we provide".....ji

Community Hospitals:

- ❑ "Your team has exceeded our expectations. Thank you again for running a very swift and successful campaign. We are very happy about the quantity and quality of nurses that you were able to recruit" ...RG and "after 2 years we only lost 2 nurses"JB
- ❑ "I just wanted to take a moment to let you know that we are enjoying working with NSI. Your team has been very professional and organized & the caliber of the candidates has been very good." ... DG
- ❑ "What we needed were nurses & we needed them now. Prior to working with NSI, we had spent \$3.2 million on agency & travel nurses. Already we've seen a major savings..." RET, Jr. and "85% retention after 2 years" ...JB

SOURCES

- MODERN HEALTHCARE, "BY THE NUMBERS" AND DAILY DOSE
- FITCH REPORTS
- PRESS GANEY
- MOODY INVESTER SERVICES
- BANK AMERICA
- 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, 2008
- HOSPITALS & HEALTH NETWORKS
- CHIS SERB, LABOR-COST DRIVERS
- ALMANAC OF HOSPITAL FINANCIAL & OPERATING INDICATORS #7353
- MARTIN ARRICK, S&P
- HOSPITAL & HEALTH COMPENSATION SERVICES
- US BUREAU OF LABOR STATISTICS, 2008 REVISION OF US 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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***NSI* fees are based solely on nurses hired and are invoiced only after a client has hired the nurses.**

All statements, studies or calculations are to be considered marketing or promotional representations and are not to be considered promises or guarantees. All computations are forecasted guestimations based upon your data. Formulas are available on request.