

# 2011 STUDY COMPARES... TRAVEL NURSE USE TO HIRING NURSES AS "YOUR EMPLOYEES"

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# TRAVEL NURSE USE

## COMPARED TO

# "EMPLOYED" NURSES

- **TRAVEL NURSE RECRUITMENT** ... as the economy recovers will get harder, & more costly, affecting cash flow, margins, continuity of care, quality & employee morale;  
  
compared to
- **"EMPLOYED" NURSES**... that have a higher work commitment rate, better productivity, and quality, and are much less costly.
- Although 63% of CNEs believe Vacancy Rates during the Recession improved, 77% believe Vacancy Rates will worsen after the recession and with Health Reform in 2014, will increase nursing demands by another 19.5%.

# PHYSICIAN AND NURSE SHORTAGE WORSENS BY 2016

Washington Post, June 14, 2010; American Association Of Colleges of Nursing (AACN), June, 2010; Association of American Medical Colleges (AAMC), June, 2010; US Census Bureau; Reuters, October 6, 2010

- With... Health Reform.... one issue... shortage & retirement of **doctors & nurses**. According to the AAMC 40% are over 55+. Included are: family medicine (37%); general surgery (42%); pediatrics (33%) and internal medicine (35%).
- According to Bernard Hodes 34% of **nurses** are 50+, and 55% have intentions to retire in the coming years. New GNs are flowing from colleges, but not enough to replace the number exiting. **"Moving into the near future... a very large shortage of nurses, about 300,000... and that does not account for the demand created by reform or new jobs created. That's a knockout number"** according to Peter Buerhaus, of Vanderbilt University.
- According to the AACN, 75% of nurses think the shortage "presents a major problem for quality-of-work life, the quality of patient care, and the amount of time that nurses can spend with patients."
- According to an NYU survey 13% of GNs changed jobs after a year, and 37% are ready to change professions.
- Another report found that nurse turnover rate was 13%, and forecasted to rise to 20%. **"... big story is... nursing is dominated by aging baby-boomer nurses who are going to (re)retire, then we are looking at massive shortages,"** (Buerhaus, 2010)

# HOSPITAL RN VACANCY, RECRUITMENT AND STAFFING

**After the Recession and due to Health Reform, Do CNEs Think the... YES**  
N=511

- ...RN Vacancy Rate will Worsen? 77%
- ...RN Recruitment will be more difficult? 83%
- ...Need to use Travel Nurses will be greater? 61%
- ...Use of Overtime will be greater? 69%
- ...Hospitals will "Divert" more often? 14%
- ...Hospitals will need to delay Surgeries more often, due to Short Staffing? 9%
- ...Hospitals will need to Shut Down Beds more often, due to Short Staffing? 4%
- ...Hospitals will need to Shut Down Units more often, due to Short Staffing? 3%

# HOSPITAL ENVIRONMENT

## A WINDING DOWN RECESSION AND COMING HEALTH REFORM

- ❑ Outpatient volume growth will be modest.
- ❑ Admissions will be up modestly (3%) and acuities up.
- ❑ ED Visits will be up modestly (4%).
- ❑ 50%+ of hospitals see a growth in cardiac inpatient volumes.
- ❑ Surgical, ICU and CCU inpatient volumes will grow.
- ❑ *56% of hospitals will need 19.5% more RNs, due to Reform.*
- ❑ *62% of hospitals will add more doctors.*
- ❑ *56% of hospitals will need 12% more allied health staff.*
- ❑ *RN vacancies will cause hospitals to use more travel nurses & excess overtime, which are expensive staffing approaches.*
- ❑ Hospitals anticipate a modest increase in net patient revenue.
- ❑ Health Reform's newly insured are strong factors in revenues.
- ❑ Hospitals have mixed organizational impact views related to private payer contracts, rates, and denial change:
  - ✓ 30% indicated a positive effect,
  - ✓ 39% indicated a negative effect.

# RECESSION PERIOD VS. POST-RECESSION & HEALTH REFORM TIMES

- Pre-Recession **Vacancy Rate:** 13.1%
- Recession Period Vacancy Rate: 5.6%
- Recession Period Vacancy Range: 4% to 11%
- Anticipated Post-Recession Vacancy Rate: 14%
- Post-Recession Vacancy Range (Forecast): 5% to 21%
- Pre-Recession **Time-to-Fill:** 97.1 days
- Recession Period Time-to-Fill: 59.4 days
- Recession Period Time-to-Fill Range: 39 to 77.3 days
- Forecasted Post-Recession Time-to-Fill Rate: 79.7 days
- Forecasted Post-Recession Time-to-Fill Range: 47 to 91 days

# CNEs FORECAST REASONS FOR USING TRAVEL NURSES

N=526

61.3% of CNOs Expect they may need to use Travel Nurses due to...:

	VERY IMPORTANT	SOMEWHAT IMPORTANT	LEAST IMPORTANT
	2011	2011	2011
...Post Recession RN Exodus (Retirements, Return to Part Time & travel status etc.)	49%	32%	19%
...Health Reform needs	64%	19%	17%
...Inability to Recruit	64%	21%	15%
...Turnover	44%	26%	30%
...FMLA needs	41%	20%	39%
...Replacement for VHS	36%	16%	48%
...Volume Increases	43%	21%	36%
...Maintain Quality	47%	18%	35%
...Prevent Closing Beds	39%	21%	40%
...Meet Staffing Ratios	26%	54%	20%

Sources: AMN Healthcare, "2010 Survey of CNOs"; SIA, "Reasons for Travel Nurse Use 2009"; National Association of Travel Healthcare Organizations; Medical Economics; Travel Nurse Journal

# STAFFING WITH EMPLOYED RNs COMPARED TO TRAVEL NURSE USE

- Employed Nurse Average Time to Fill: 79.7 days
- **Travel** Nurse Time to Fill: (Range 31 – 53 days) 43 days
- **Travel** Nurse Average Experience Level: 5 years
- **Travel** Nurse Cost Range: (Average Cost \$63.50/hour) \$58 to \$75/hour
- **Travel** Nurse Average EXCESS COST if Hospital nurse is NOT Employed (incl. Cost of Benefits): \$23.50/hour

## COMPARED TO *NSI* RECRUITMENT FOR “EMPLOYED” NURSES:

- ***NSI*** U.S. Nurse Average Time to Fill: 32 days
- ***NSI*** U.S. RN Average Experience: 13 years
- Average U.S. Nurse Cost if Hired as “Employee”: \$83,200 w/COB
- ***NSI*** SAVINGS by Hiring “Employed RNs” Net: \$48,880/RN
- ***NSI*** U.S. Nurse Interview to Offer Rate: 82.2%

# CONTRACT NURSE USE

- National Average Number of Contract RNs Used per Hospital: 21
- Contract Nurses used in Hospitals with 200 to 300 beds reported a range of: 9 to 21
- Contract Nurses used in Hospitals with 300 to 500 beds reported a range of: 19 to 34
- Contract Nurses used in Hospitals with 500+ beds reported a range of: 23 to 41

## Upwards of 50% of Vacancies are Filled with Contract RNs

(A general formula utilized).

### Vacancies are filled with Contract RNs and Overtime

- Average Cost of a Travel Nurse: (\$63.50/hour) \$132,080/year/RN
- Average Excess Cost that could be Saved: \$48,880/year/RN
- **Eliminating contract labor, may yield savings of \$33,062 to \$66,561 per nurse or \$661,240 to \$1,331,220 per 20 nurses.**

Sources: American Staffing Association; HealthLeaders, 3/16/09; AACN; NCSBN; By The Numbers, 2010; National Association of Travel Healthcare Organizations

# TRAVEL NURSE USE AND EFFECTIVENESS

	UTILIZATION FREQUENCY	EFFECTIVENESS RATING	COST
□ Contract RNs:	61.3%	17.5%	2X the "Employed" RN

NOTE: The "Travel Nurse" Commitment Index is: 73.

The Healthcare "Employed" Nurse Commitment Index is: 97.5

(based on ASHHRA's Drivers of Commitment to Work.)

**NOTE: Employed RN Cost with benefits \$83,200 vs.**

**Travel/Agency Costs at \$63.50/hour is \$132,080/RN/year**

**ROI and Additional Recoverable Net Profits per 21 RNs is \$1,026,480+**

The BLS, projects 1,000,000+ new and replacement RNs will be needed by 2018; and also forecasts a 23.5% (587,000+) increase in new RN positions, excluding any additional demands caused by Health Reform.

HRSA officials state that "...to meet the projected growth in demand for RN services, the U.S. must graduate 90% more nurses..."

# RN RECRUITMENT DIFFICULTY RATE

N=597

**Extremely Difficult: 11%**

**Very Difficult: 15%**

**Difficult: 44%**

**Somewhat Difficult: 18%**

**Not Difficult: 12%**

**RN RECRUITMENT DIFFICULTY  
RATING NATIONAL AVERAGE 88%**

Source: Amalgamation 2011 analysis: AONE; ASHHRA; NSI, Seventh Annual Study, 2011; SIA, 2010; American Staffing Association; National Association of Travel Healthcare Organizations; RN Journal; JONA