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2016

NURSING WORKFORCE

&

COMPENSATION REPORT



Nurse understaffing threatens patient care:

- 77% of hospitals are feeling the beginnings of a nursing shortage.
- 52% of hospitals are unprepared for RN retirements.
- 67% of hospitals report using more contract RNs, costing as much as \$91.25/hour. (*average \$68.75/hr*)
- RNs are also feeling the effects of staff shortages. An overwhelming majority (77%), believe that current staffing levels are inadequate, that workloads are distributed unevenly (69%), and that workloads are excessive (43%).
- 65% of RNs reported vacancies affecting scheduling and overtime --- "more often than anticipated".

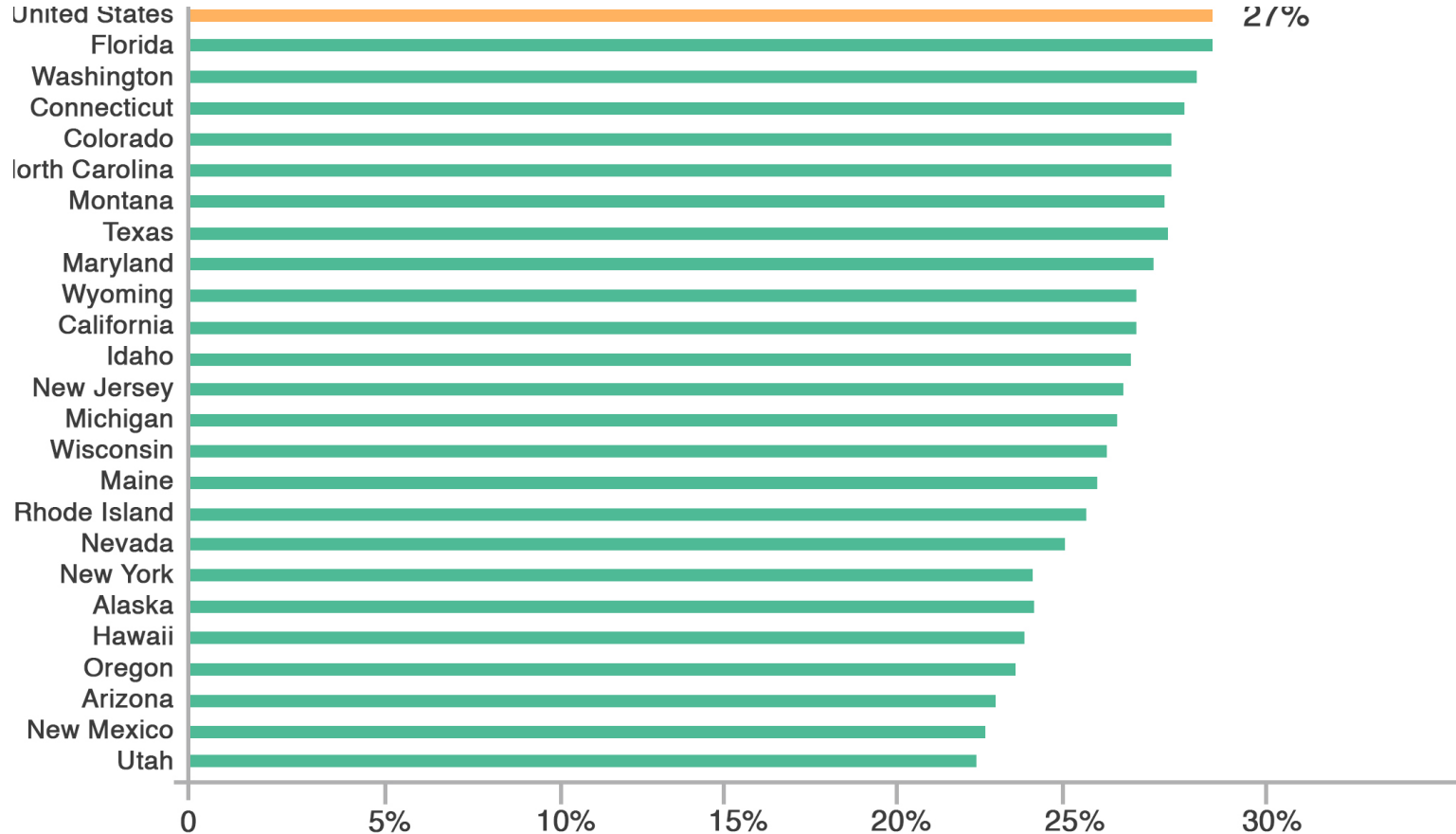
Sources: U.S. Census Bureau; FierceHealthcare, ANA, Bernard Hodes, ASA, SIA



States with the Lowest Share of RNs by 2020

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Source: Anthony P. Carnevale and Nicole Smith, *Missing: Supply & Demand Thru 2020*; Georgetown University, Center on Education & Workforce, March, 2015



RN Shortage by 2030

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<u>STATE</u>	<u>SHORTAGE</u>	<u>STATE</u>	<u>SHORTAGE</u>	<u>STATE</u>	<u>SHORTAGE</u>
CA	193,100	SC	15,477	MS	4,550
FL	128,364	MD	12,894	PA	4,091
TX	109,727	NM	12,884	KS	3,827
AZ	56,781	CO	12,550	OH	3,630
GA	43,075	OR	11,321	MT	3,479
NY	39,696	OK	11,121	MN	2,750
VA	32,464	WI	10,530	WV	2,480
MI	25,725	UT	10,416	MO	1,757
NJ	23,358	LA	10,249	WY	1,689
NC	20,851	IN	9,112	IA	1,243
WA	20,609	TN	8,770	ND	811
NV	19,398	AR	8,545	NB	238
IL	18,240	AL	8,212	Nationally	949,035

Source: "United States Registered Nurse Workforce Report Card and Shortage Forecast", AJMC, 2012



RN Workforce Demographics:

- Total number of licensed RNs: **3,238,441**
 - Hospital employed RNs: (63.2%) **2,046,695**
 - Percent working Full Time vs. Part Time: **63% vs. 22%**
- Average RN age: **48 years**
- Number of RNs deferring retirement during the recession: **146,000**
- Percent of RNs eligible for retirement in 2014: **7%**
 - in 2015: **8%**
 - in 2016: **8%**
 - between 2017 - 2020: **29%**

• Is your hospital prepared to deal with RN retirements & the shortage?

NO – 52%

YES – 39%

Not Sure – 9%

Sources: FierceHealthcare; Harris; SIA, Healthcare Staffing Report; HealthLeaders, Nurse Leader, BLS



How do RNs feel about the shortage?

- 83% of RNs are confident in finding a new job and 46% are likely to do so within 12 months, increasing turnover possibilities.
- 53% of RNs are satisfied with their jobs, but believe conditions are worsening.
- 75% of the dissatisfied RNs believe nursing has changed for the worse.
- 47% of RNs report working more overtime and 71% indicate that vacancies are **affecting their Work/Life Balance**; such as, scheduling, overtime, etc...
- RNs agree that turnover is expect to rise. The following causes were cited:
 1. Short-staffing (80%)
 2. Wage dissatisfaction (73%)
 3. High workloads (73%)
 4. Vacancy creep (63%)
 5. Performance of non-nursing functions
 6. Regulatory requirements

Sources: Randstad, Harris, NLM, AONE, FierceHealthcare



In 2016, CNEs think...

	<u>Yes</u>
...the RN vacancy rate will worsen?	74%
...the need to use travel nurses will be greater?	67%
...overtime utilization will increase?	60%
...RN recruitment will be more difficult?	60%
...hospitals will “divert” more often?	5%
...surgeries will be delayed due to short staffing?	2%
...the frequency of bed closures will increase due to staffing?	2%
...the frequency of unit closures will increase due to staffing?	1%

Sources: NSI, ANA, HealthLeaders



Vacancy Rates on the rise:

- 74% of CNOs believe vacancy rates will worsen in 2016, increasing nursing demands. The average RN vacancy rate is projected to increase to 8.4%, from 7.2% in 2015.

Vacancy Range (N=513)

3% to 5.9%

6% to 7.4%

7.5% to 8.9%

9% to 12.5%

12.6% to 18.9%

19%+

2016 Hospital Expectations

11%

22%

34%

15%

8%

10%



RN Time-to-Fill:

- In 2015, the average time-to-fill a RN vacancy was **85 days**, ranging from 53 to 110 days, given specialty. Expect this to rise in 2016.

Med/Surg RNs:	68.3 days
PCU/Step Down RNs:	78.1 days
Labor & Delivery RNs:	82.7 days
Critical Care RNs:	91.3 days
Emergency Department RNs:	95 days
Operating Room RNs:	95.6 days

Note: The NSI RN Average time-to-fill is 34.2 days.



Turnover & Orientation:

- 67% of hospitals report rising turnover rates. **The 2015 average turnover rate for bedside RNs was 16.4%.** This is projected to increase.
- **The cost of RN turnover ranges from \$36,00 to \$145,000.**
- Studer Group study: “...every 1% reduction in turnover saves direct costs of \$250,000 and \$500,000 in indirect costs.”
- How many hours do Hospitals use to orient a Nurse?
 - **Up to 100 hrs per RN: 26%**
 - **101 to 200 hrs per RN: 21%**
 - **201 to 300 hrs per RN: 23%**
 - **Over 300 hrs per RN: 30%**
- **Nursing orientation costs range from \$33,000 to \$69,000.** *(Nurse Leader)*



How to trim labor costs:

- The largest expense in a hospital budget is labor: **40% to 60%**
- Payroll leakage is overspending due to lost productivity, or contract labor use or unnecessary overtime...which needs to be managed.
- Places to trim are: Scheduling & Overtime, Call Coverage, Absenteeism, Shift Differentials, Staffing Shortfalls, Non-Productive Time, Contingency Staffing, etc...
- **Non-Productive Time amounts to an average of 13%** or 270 hours per year per nurse. Multiplying this at the average rate of \$35.09/hr is equivalent to \$9,474 per year per nurse. A hospital with 1,000 RN FTEs loses \$9.5 Million...recapturing just 20% **drops \$1,894,800 to the bottom line.**
- For every **Travel Nurse replaced by an “Employed” nurse**, the average hospital will recapture \$58,573. Given that the average number of travel RNs per hospital is 24, this strategy can **drop \$1,405,752 to the bottom line.**



So how will hospitals respond?

- With 74% of CNOs believing vacancy is creeping up, typically the **first recruitment response** is sign-on bonuses, which currently ranges from \$2,500 to \$30,000, with an average of \$7,257.... Expect this to increase dramatically.
- **The second recruitment response** is engaging travel nurses, ...a very expensive approach. 67% of hospitals report RN agency use rising, as reflected by the contract labor index, and is expected to grow 6% per year thru 2018.
- Further, for contract labor (RNs)...**it's no longer a buyer's (Hospital) market.** As the economy improves, hospitals hiring contract labor no longer have the upper hand. **Hospitals should expect tougher negotiations and to pay more for contract staff.** "The market has changed, and attitudes are different...be prepared for stiff negotiations and higher prices." ...all leading to margin concerns.

Sources: *Travel Nurses, ASA, SIA*



Hospital Travel Nurse Usage:

Employed vs. Travel RN Ratio:	90:10
Average number of Contract RNs per hospital:	24
Number of Contract RNs by hospital bed size:	
•200 to 300 beds	7 to 31
•301 to 500 beds	11 to 48
•500+ beds	15 to 111
Travel Nurse average cost: <i>(Range: \$57.10 to \$91.25/hour)</i>	\$68.75/hour
<u>Annualized Travel Nurse average cost: <i>(\$68.75 * 2080)</i></u>	<u>\$143,000/RN</u>
Average Hospital Total Travel Nurse Cost: <i>(X24)</i>	\$3,432,000/yr

Sources: ASA, NCSB: By the Numbers, National Association of Travel Healthcare Organizations



RN Compensation:

- In 2015, the average RN salary was increased by 3.75% to **\$35.09/hr or \$72,987/yr.**
- **Hospitals plan to raise RN wages in 2016:**
 - 62% of hospitals plan a 3-4% increase
 - 12% plan a 5-9% increase
 - 6% plan a 10%+ increase
- Certified specialty RNs earn \$4,100+ more.
- **National average RN Salary by Education:**

Diploma:	\$66,355
AASN:	\$68,990
BSN:	\$71,836
MSN:	\$74,975
PhD:	\$89,869
- **71% of all RNs work up to 10 hours of overtime per week with an average of 8.9 hrs/wk.**

Sources: SIA, Randstad, Mercer, ANA, Modern Healthcare, Advance.com



2016 RN Salary by Specialty

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SPECIALTY

RANGE

AVERAGE RATE

• ICU/CCU	\$65,819 to \$74,755	\$73,999 (\$35.58/hr)
• Emergency Room	\$65,742 to \$83,889	\$78,310 (\$37.65/hr)
• Operating Room	\$65,988 to \$82,839	\$78,996 (\$37.98/hr)
• Oncology	\$64,765 to \$81,224	\$73,999 (\$35.58/hr)
• Med/Surg	\$63,960 to \$79,780	\$71,358 (\$34.31/hr)
• Orthopedics	\$65,921 to \$78,432	\$72,666 (\$34.94/hr)
• OR First Assist	\$75,498 to \$112,220	\$91,144 (\$43.82/hr)
• PACU	\$65,575 to \$85,426	\$74,473 (\$35.80/hr)
• OB/Gyn	\$63,176 to \$78,237	\$68,991 (\$33.17/hr)
• Pediatrics	\$64,314 to \$71,445	\$70,123 (\$33.71/hr)
• Psychiatry	\$61,219 to \$78,059	\$70,730 (\$34.00/hr)

Source: Hewett Associates, Mercer, Salary.com, CareerBuilder's



2016 Average RN Salary by State

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<u>STATE</u>	<u>SALARY</u>	<u>STATE</u>	<u>SALARY</u>	<u>STATE</u>	<u>SALARY</u>
AL	\$67,891 (\$32.64)	LA	\$62,513 (\$30.05)	OK	\$66,336 (\$31.89)
AZ	\$73,777 (\$35.47)	MA	\$74,880 (\$36.00)	OR	\$75,913 (\$36.50)
AR	\$65,333 (\$31.41)	MD	\$73,313 (\$35.25)	PA	\$66,970 (\$32.20)
CA	\$83,775 (\$40.28)	ME	\$65,924 (\$31.69)	SC	\$67,955 (\$32.67)
CO	\$76,803 (\$36.92)	MI	\$68,400 (\$32.88)	SD	\$58,231 (\$28.00)
CT	\$75,971 (\$36.52)	MN	\$73,951 (\$35.55)	TN	\$61,999 (\$29.81)
DC	\$77,413 (\$37.22)	MO	\$67,623 (\$32.51)	TX	\$74,148 (\$35.65)
DE	\$71,488 (\$34.37)	MS	\$62,968 (\$30.27)	UT	\$62,787 (\$30.19)
FL	\$65,879 (\$31.67)	MT	\$64,800 (\$31.15)	WI	\$67,990 (\$32.69)
GA	\$69,914 (\$33.61)	NC	\$66,262 (\$31.86)	VA	\$65,393 (\$31.44)
IA	\$65,918 (\$31.69)	ND	\$65,987 (\$31.72)	VT	\$63,300 (\$30.43)
ID	\$68,912 (\$33.13)	NE	\$68,618 (\$32.99)	WA	\$75,622 (\$36.36)
IL	\$71,472 (\$34.36)	NJ	\$74,406 (\$35.77)	WI	\$65,341 (\$31.41)
IN	\$68,870 (\$33.11)	NM	\$65,521 (\$31.50)	WV	\$65,451 (\$31.47)
KS	\$64,857 (\$31.18)	NV	\$79,940 (\$38.43)	WY	\$61,888 (\$29.75)
KY	\$66,956 (\$32.19)	OH	\$66,830 (\$32.13)	U.S.	\$72,986 (\$35.09)



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Selecting the Right Staffing Strategy

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Company Type	Ability 1-5 <i>(low-high)</i>	Quality 1-5 <i>(low-high)</i>	Time-to-fill 1-5 <i>(slow-fast)</i>	Cost 1-5 <i>(high-low)</i>	Replacement Guarantee 0-4 <i>(based on quarters)</i>	Retention Strategy 0-1 <i>(No-Yes)</i>	Score
Contingency	Low (1)	Low (1)	Slow (1)	Low/Med (4)	3 months (1)	No (0)	8
RPO	Low (1)	Med (3)	Moderate (3)	Med (3)	3 months (1)	No (0)	11
Foreign	Low (1)	Low/Med (2)	Slow (1)	High (1)	6 months (2)	No (0)	7
Travel	Med (3)	High (5)	Moderate (3)	High (1)	None (0)	No (0)	12
Agency	Low (1)	Med (3)	Moderate (3)	Med/High (4)	None (0)	No (0)	11
High Volume	High (5)	High (5)	Fast (5)	High (1)	12 Months (4)	Yes (1)	21



Why NSI?

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- NSI is a high volume nurse recruitment firm; that only recruits within the continental U.S. for “**Experienced RNs**”, as **your** core staff.
- NSI utilizes a full service executive search model.
- Focus is on cultural fit and core competencies to enhance retention capacity. NSI **first year retention rate of 94.2%**.
- Founded in 2000, NSI continues to lead the industry:
 - Proven success rate with an average **time-to-fill of 34 days**.
 - High quality; with an 82% interview-to-offer rate and an average **RN experience rate of 14.5 years**.
 - **One (1) year replacement guarantee**.
- All NSI engagements are “**Risk Free**” since you must hire the nurse **before** NSI is paid.