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WHY HIRE NURSES AS “YOUR EMPLOYEES”?

**A Comparative Analysis of Hiring
TRAVEL VS. CORE STAFF RNs**



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- In 2016, the average RN vacancy rate was 8.5%. CNOs believe vacancy rates will continue to deteriorate, further increasing nursing demands.
- According to the “2017 Hospital Level Executive Priorities–CNE” survey, Retaining Talent/Employee Turnover and RN Recruitment continue to be in the top five priorities for Nurse Executives. *(NSI Nursing Solutions, Inc.)*
- As the economy expands, staffing will get harder and more costly, affecting cash flow, margins, continuity of care, quality, and employee morale.
- In 2016, travel nurse staffing increased 23%, and is forecasted to rise another 8% in 2017. *(SIA)*
- Compared to Travel Nurses, **Employed Nurses** ...have a higher work commitment, better productivity, quality, and **“...are 200% less costly.”** *(Steven H. Burger)*



Nurse Overtime is more cost effective than Agency Nursing:

- According to Columbia University School of Nursing “...use of employed more experienced RNs give higher quality of care.”
- The study showed the use of overtime as more cost effective “since the use of overtime fostered continuity of RN staffing, over the use of agency staffing nurses.”
- Unfortunately, overtime use to resolve vacancies also pushes increased RN turnover, negatively impacting cost and quality.
- The cost of overtime runs 165% to 173% of straight time pay. (*Social Security, Taxes, Healthcare, Pension, Life Ins, other Benefit cost roll-ups, etc...*)
- Shorter LOS indicates not only better quality, but more cost effectiveness due to overtime as compared to using agency RNs. Contract nursing can ...**increase costs by as much as 2X that of a staff RN.**



Hospitals to pay more for contract labor.

- **It's no longer a buyer's market.** As the economy improves, hospitals hiring contract labor no longer have the upper hand. As things improve, wages and demand for staff rises, especially RNs, Allied Health Professionals..." (*Travel Nurses, etc.*)
- Recruitment difficulties coupled with rising wages and sign-on bonuses is increasing costs for staffing firms. **Hospitals should expect both tougher negotiations and to pay more for contract staff.**
- The average **travel nurse fee has risen to \$75/hr, ranging \$65 to \$100+/hr**, pending specialty and geography.
- Since contract nurses increase labor costs by as much as 200%, hospitals must look at return on investment for each position.



Criteria for selecting a contract staffing firm:

Quality of candidates presented:	51%
Promptness/Availability of candidates:	42%
Cost:	38%

Pros'

- Clinical competence
- Maintain continuity of care
- Immediate availability
- Prevent loss of revenues
- Prevent staff burn-out

Cons'

- High Cost: *especially Travel RNs*
- Unfamiliarity with care delivery
- Learning curve/Cost of orientation
- Lack of commitment
- Cultural impact

Sources: *NEJM Career Center; ASA; US Census Bureau*



“Employed” vs. Travel Nurses:

Hospital average time-to-fill a RN vacancy:	82 days
Travel Nurse average time-to-fill:	21 to 32 days
Travel Nurse average experience:	7.6 years
Travel Nurse average cost: <i>(Range: \$65 to \$100+ /hour)</i>	\$75.00/hour
<u>Hospital average RN salary: <i>(Includes cost of benefits)</i></u>	<u>\$41.20/hour</u>
Annualized average Excess Travel Nurse Cost:	\$70,304/RN



Hospital Travel Nurse Usage:

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: \$65 to \$100+/hour)</i>	\$75.00/hour
<u>Annualized Travel Nurse average cost: <i>(\$75.00 * 2080)</i></u>	<u>\$156,000/RN</u>
Average Hospital Total Travel Nurse Cost: <i>(X24)</i>	\$3,744,000/yr

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



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“Employed” vs. Travel Nurse ROI:

	*Hourly Rate	Annual Cost
Travel Nurses:	\$75.00	\$156,000
<u>Hospital RN Average Salary: (includes benefits)</u>	<u>\$41.20</u>	<u>\$85,696</u>
Average Savings Per Eliminated Travel RN:	\$33.80	\$70,304

**All fees exclude 1% ACA pass-along.*

- **By eliminating Travel Nurse usage**, the average hospital (24 RNs/hospital) can experience an **Annualized NET Savings of \$1,687,296.**



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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.
- Call **Michael Colosi at (717) 575-7817** to discuss how NSI can help you!