

2019 RN Labor Market Update – Feb.

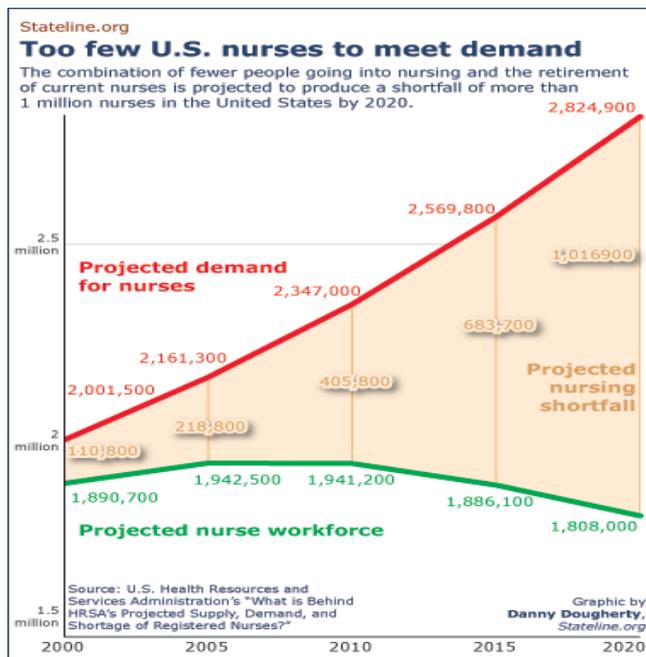
The RN labor shortage is challenging all hospitals to control costs, improve quality, expand service lines and grow bed capacity. By 2024, the Bureau of Labor Statistics (BLS) projects the shortage to reach 1.13m RNs. Although the supply varies geographically; on a national level, a major crisis is evident and deteriorating. Today, the shortage is estimated between 180,000 and 300,000 RNs.

According to NSI Nursing Solutions, the average travel nurse fee is \$78/hr and ranges to \$120/hr. In comparing the annual cost of a travel RN at \$162K to that of an employed RN at \$90K (*includes 28% cost of benefits*), it is obvious that employed RNs provide a great savings opportunity.

STAFFING STRATEGIES AND ROI

A quantifiable measure of the severity of an institution's increasing vacancies is contract labor use, RN turnover and their costs. Trending RN turnover based on historical data is a leading indicator of future hospital financial pressure. Management must also identify contract labor costs and not view it as an "operating expense", but rather view it as aggregated with labor costs and integrated within the position control system. This integration with the payroll cost line, will provide insight into the actual direct cost of labor, turnover, vacancies, and sluggish recruitment efforts.

To trim labor cost, hospitals should look to lower: (1) travel RN use, (2) overtime and (3) non-productive time. For every 20 travel RNs eliminated, a hospital may save on average \$1,435,000. When viewed against recruitment costs, hospitals can see an immediate savings.



Vacancy rate growth is being fueled by the retirement of 60,000+ RNs/year¹ and rising turnover rates. This explains why CNEs are concerned about RN recruitment and costly travel & overtime utilization. The question remains is: how do we staff while controlling labor costs?

RN TRAVEL COSTS ON THE RISE

Nationwide, hospitals are opting to engage travel RNs rather than risk patient safety or closing beds. Staffing Industry Analysts (SIA) reports that the cost, nationally, for travel RNs more than doubled between 2015-2018 and is forecasted to increase another 6% in 2019, further straining finances. Given the shortage, hospitals must realize it's no longer a buyer's market and expect to pay more for agency/travel staff.

CONCLUSION

In short, the nursing shortage is back and spiraling out of control. To strengthen the bottom line, hospitals need to build retention capacity, manage vacancies, bolster recruitment initiatives and control labor costs. The battle for RN talent is on and NSI can help!

At **NSI Nursing Solutions**, we encourage our clients to minimize excess labor utilization and focus on a strategy that embraces full staffing, builds retention and enhances ROI. Since 2000, NSI has helped clients open towers, expand bed capacity, stabilize their workforce, and we can help you too. Contact Michael Colosi at (717) 575-7817 or macolosi@nsinursingsolutions.com to learn how NSI can improve your bottom line results.

¹ Buerhaus, Skinner, Auerbach, Staiger, Four Challenges Facing the Nursing Workforce in the United States, Journal of Nursing Regulation, July 2017