

The US jobs market is strong, touting a 3.7% unemployment rate. The lowest since 1969. Healthcare has helped fuel this growth and ranked as the #2 industry driving these results. Although positive news on the economic front, the tight labor market is challenging all hospitals to meet their staffing needs. Compounding labor competition, hospitals should anticipate wage growth.

As tight as the US labor market is, the RN labor market is even tighter. According to the US BLS, the unemployment rate for "healthcare practitioners and technical occupations" is 1.7%. Today, the shortage is estimated between 188,000 and 327,000 RNs. The question now is: how do we staff while controlling labor costs?

RN VACANCY AND TURNOVER

RN vacancies exacerbated by rising turnover drives overtime, travel nurse usage and increased patient loads. All of which are linked to higher costs, reduced quality & patient engagement, and further fuels turnover. Currently, the national turnover rate for bedside RNs is 17.2%.

According to the [2019 National Health Care Retention & RN Staffing Report](#), 55.3% of hospitals reported a vacancy rate greater than 7.5%. As RNs retire, as demand grows and as turnover rises, it will further push vacancy rates. This explains why 78% of CNEs are concerned about RN recruitment and costly travel and overtime utilization.

TRAVEL RN COST

Hospitals nationwide face tough choices when it comes to filling RN jobs and are opting to engage travel RNs rather than risk patient safety or closing beds or units. Staffing Industry Analysts (SIA) reports that the cost nationally for travel RNs alone nearly doubled to \$4.8 billion between 2015-2017.

According to NSI Nursing Solutions, the 2019 average travel nurse fee is \$78/hr and ranges to \$120/hr. When comparing the average cost of one 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

Contract labor and excess overtime usage are quantifiable measures of the severity of an institution's staffing shortage. Management must not view contract labor 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, 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 or fees one can immediately see the savings.

CONCLUSION

The outlook for the US jobs market remains strong. As the labor supply continues to be stressed, HR will have their hands full. 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.