



Nursing Solutions, Inc.

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2017 National Health Care Retention & RN Staffing Report

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Preface

We are proud to present the annual National Health Care Retention and RN Staffing Report. In January 2017, **NSI Nursing Solutions Inc.**, the industry leader in high volume recruitment for American experienced nurses, invited hospitals all across the country to participate in the nation's most comprehensive survey on healthcare turnover, retention strategy, nurse vacancy and recruitment metrics.

Health care continues to be a shining light in the jobs market where demand for nurses and allied professionals has outpaced the market. According to a March 10, 2017 news release from the Bureau of Labor Statistics, health care has added over 30,000 jobs, on average, per month for the past year. To keep pace with growth, hospitals need to be creative in their talent acquisition efforts and in protecting their human capital investment.

At *The Retention Institute at NSI Nursing Solutions*, we provide industry insight to help you benchmark performance, identify best practices and understand emerging trends. We sincerely extend our appreciation to all 136 facilities which participated and have helped to make this report possible. Your feedback and suggestions were encouraging and valuable. As promised, all information is provided in the aggregate to maintain the confidential and sensitive nature of the data provided.

Should you have any questions or recommendations on expanding the scope or depth of this survey, please feel free to contact me at bcolosi@nsinursingsolutions.com. I request your participation in future studies conducted by *The Retention Institute at NSI Nursing Solutions*.

Brian Colosi, BA, MBA, SPHR

NSI Nursing Solutions, Inc.

President

March 2017

About NSI Nursing Solutions, Inc.

NSI Nursing Solutions, Inc. is a national high volume nurse recruitment and retention firm. We only recruit U.S. experienced RNs (averaging 14 years) as your employees, who fit your culture, and do so in an average time-to-fill of 34 days. At NSI, we provide an industry leading one (1) year guarantee and the best part is that our services are risk-free... since you must hire the nurses before we are paid.

We have helped many clients and can help you! I encourage you to call Michael at (717) 560-3863 to learn how NSI can improve your bottom line results.

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Executive Summary

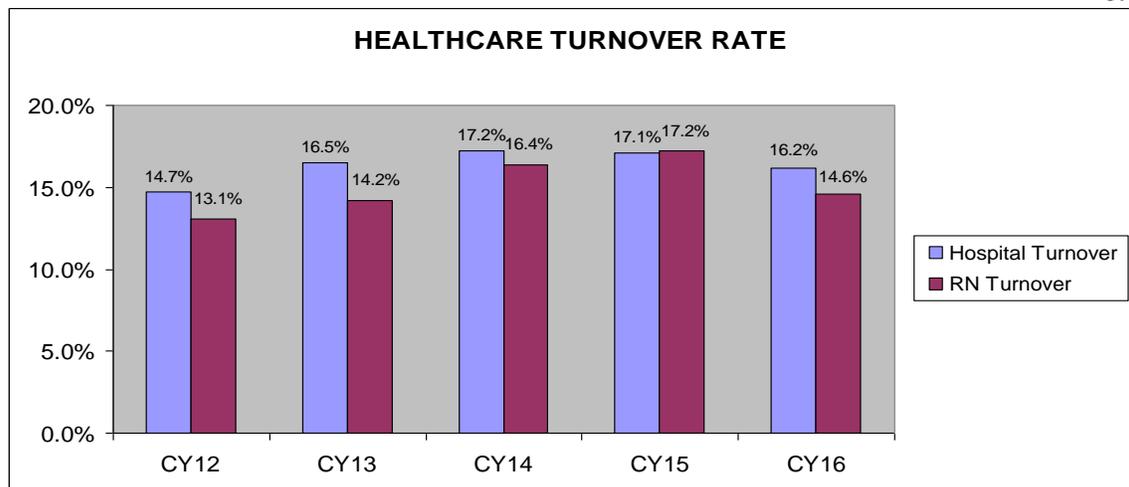
In 2015, hospitals experienced a flattening of the turnover rate. In 2016, and as a welcomed reprieve, hospitals reported a 0.9% decrease in overall turnover, which currently stands at 16.2%. Based on this study, the profile of a hospital with the lowest turnover rate is a not-for-profit hospital with under 200 beds and located in the North Central region. Conversely, a for-profit hospital with 350-500 beds and located in the South Central region should experience the highest degree of turnover.

From a nursing perspective, 2016 saw a significant decrease in RN turnover and a normalization with RN turnover once again falling below the hospital average. The turnover rate for bedside RNs is 14.6%, down from 17.2% in 2015. Registered Nurses working in Surgical Services, Pediatrics and Women’s Health recorded the lowest rate, while nurses working in Emergency Care and Behavior Health experienced the highest. Certified Nursing Assistant (CNA) turnover exceeded all other surveyed positions at 24.6%. Although the majority of Advanced Practice Nurses and Allied Health Professionals saw an uptick in turnover, they all posted rates well below the hospital average.

The cost of turnover can have a profound impact on the already diminishing hospital margin and needs to be managed. According to the survey, the average cost of turnover for a bedside RN ranges from \$38,900 to \$59,700 resulting in the average hospital losing \$5.13M – \$7.86M, annually. Each percent change in RN turnover will cost/save the average hospital an additional \$410,500.

Although the RN vacancy rate decreased to 8.1%, only eighteen percent (18.2%) of hospitals reported a RN vacancy rate of “less than 5%”. This is a 9.9 point drop from 2016 and a 30.1 point decrease from 2013. With the RN Recruitment Difficulty Index increasing to 86 days on average, it is clear that the RN labor market continues to tighten and has cost hospitals an additional \$46.7K to \$95.6K in excess labor utilization. The greatest potential to offset margin compression is in the top budget line item (labor expense). Recapturing lost productivity, and controlling contract labor and excess overtime can help offset this compression.

While an overwhelming majority (85.7%) of organizations view retention as a “key strategic imperative” it is not evident in operational practice/planning. Almost all hospitals have retention initiatives, however, less than half or 43.4% have translated these into a formal retention strategy.



Overview of Survey Participants

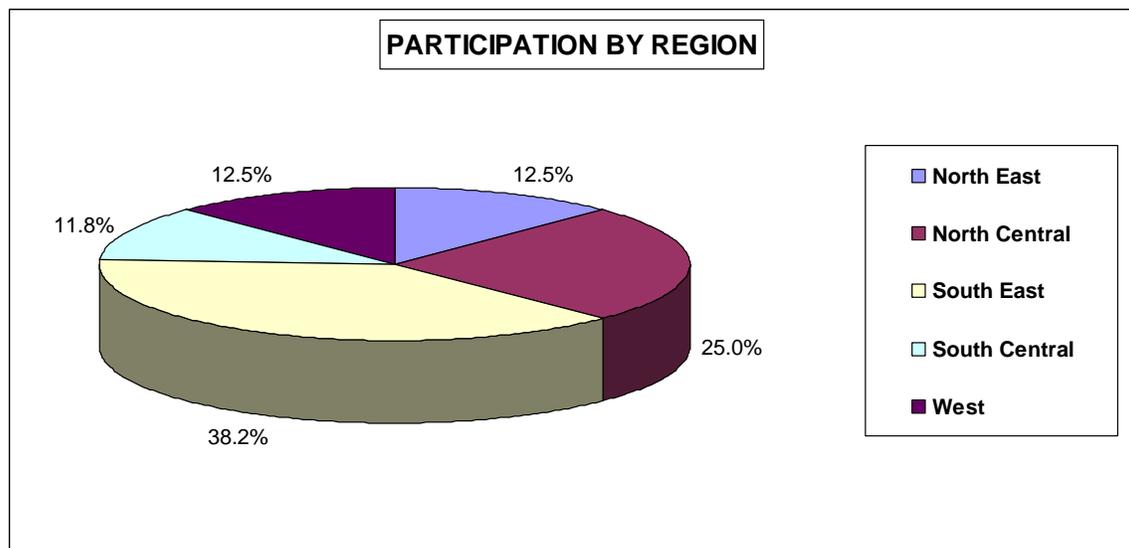
In January 2017, over 3,900 invitations were sent to healthcare facilities across the nation to participate in the “National Health Care Retention Survey”. To maintain consistency and integrity, all facilities were asked to report data from January, 2016 through December, 2016. I am pleased to announce that 136 facilities responded, which is comparable to the previous year. In total, this survey covers 413,544 healthcare workers and 114,052 Registered Nurses.

The following tables and graphs identify the region, healthcare organizational classification and bed size of the respondents.

REGION

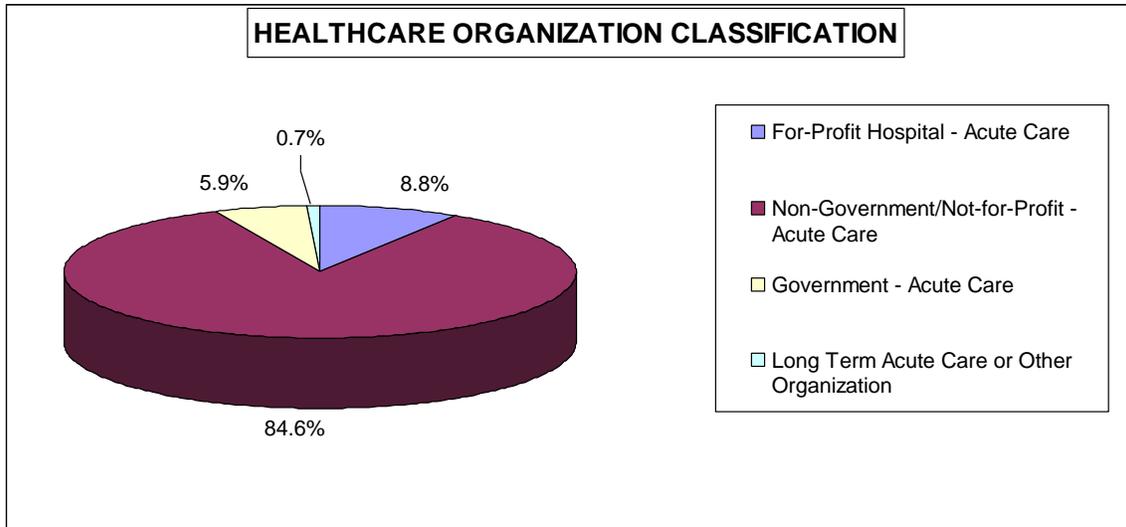
Responses were received from twenty-nine (29) states. To identify trends and establish regional benchmarks, the data was split into five geographic regions, as indicated by the following matrix. All regions are well represented. The participation rate for the South East and North Central regions were strong and account for over half (63.2%) of the respondents.

PARTICIPATION RATE BY REGION	
North East – (CT, DC, DE, MA, MD, ME, NH, NJ, NY, PA, RI & VT)	12.5%
North Central – (IA, ID, IL, IN, KS, MI, MN, MO, MT, ND, NE, OH, SD, WI & WY)	25.0%
South East – (AL, FL, GA, KY, MS, NC, SC, TN, VA & WV)	38.2%
South Central – (AR, AZ, CO, LA, NM, OK, TX & UT)	11.8%
West – (AK, CA, HI, NV, OR & WA)	12.5%



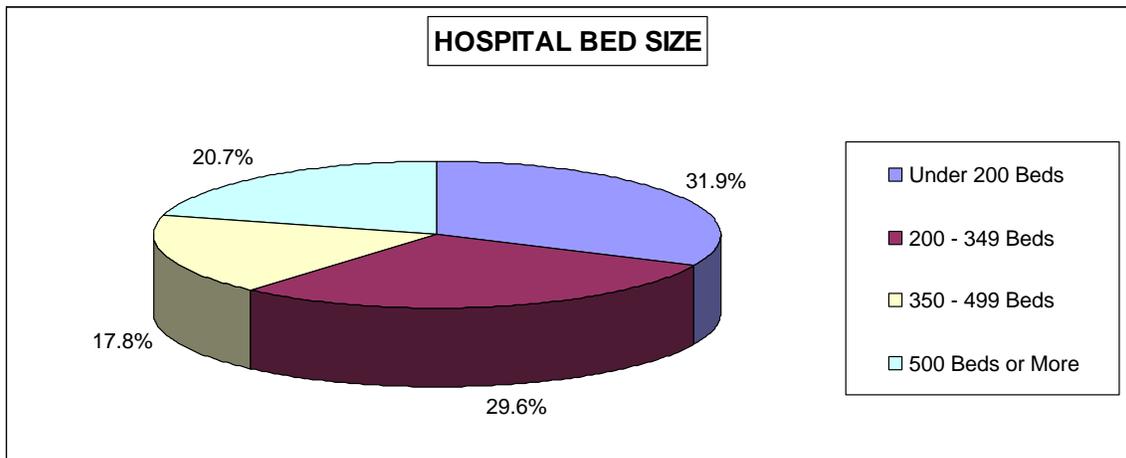
ORGANIZATIONAL CLASSIFICATION

Healthcare Organizational Classification was requested to maintain the focus of the survey. Acute care facilities were further delineated by ownership. As consistent with previous years, the overwhelming majority of responses (84.6%) were from Non-Government/Non-Profit Acute Care Hospitals. For-Profit and Government owned facilities made up 8.8% and 5.9% of the responses, respectively. Results for these hospital classifications will be provided. However, given the participation level for stand-alone Long Term Acute Care facilities, we are unable to report findings for these institutions.



HOSPITAL BED SIZE

When viewing the bed size of the participating facilities, it is observed that all groups are well represented. Given this mix, results by bed size will be reported. It is important to note that in the previous survey, over a third of the participating hospitals had “500 beds or more”, which can skew some metrics.



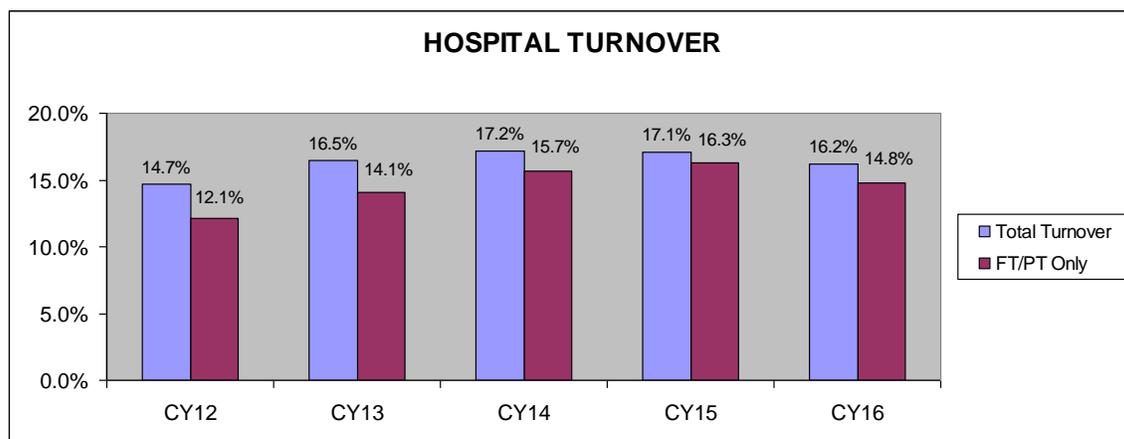
Survey Findings - TURNOVER

This section records the results of the survey. All findings are reported in the aggregate, with no individual hospital identifying information provided. Since organizations track and report turnover differently, it is important to establish a consistent methodology. To this end, raw data was collected on all employee terminations, whether voluntary or involuntary. Temporary, agency and travel staff were specifically excluded. Also, this survey does not measure “internal terminations” or transfers.

According to the findings, hospitals continue to be split on which employment classifications are included when calculating turnover. By a slight majority, 54.9% of hospitals include all employment classifications, such as full time, part time, per diem, prn, casual, occasional, etc. when reporting turnover. The remaining hospitals only include full time and part time employment classifications when reporting turnover. Given this split, respondents provided data on all employees and for full/part time staff only. For comparative purposes, we will adjust for this distinction and report “TOTAL Turnover”, which includes all employee classifications, and we will report “FULL/PART TIME Turnover”, which only includes these two classifications.

HOSPITAL TURNOVER

As a welcoming sign, the following graph illustrates a reprieve from steadily increasing turnover rates. For the first time this decade, hospital turnover decreased. In 2015, hospitals experienced a flattening of the turnover rate followed by a downturn in 2016. The national average “TOTAL” hospital turnover rate is 16.2%, 0.9% lower than 2015, with the median and mode being 16.9%. Hospitals that only measure “FULL/PART TIME” separations reported a 1.5% decrease to 14.8%, with a median of 15.4% and a mode of 15.6%. Presently, hospital turnover ranges from 5.7% to 27.2%. Since 2012, the average hospital turned over 81.7% of its workforce.



The following table records the average “TOTAL Turnover” and “FULL/PART TIME Turnover” by region, hospital ownership and bed size. The number in parenthesis reflects the percent change from 2015. Non-Profit hospitals with under 350 beds and located in the North Central and West regions experienced turnover below the national average and tend to have a greater retention level. Conversely, the profile of a hospital with the highest turnover is a For-Profit facility with 350-500 beds located in the South Central region.

The percent change in regional turnover, from 2015, ranges from -3.2% to +3.1%. The West region experienced the greatest decrease in turnover from the prior year, while the North East experienced the greatest increase. The North Central and West reported the lowest turnover rate and were below the national average. All other regions were above the national average with the South Central being the highest.

When sorted by ownership, Non-Profit acute care hospitals posted turnover rates below national norms. For-Profit entities exhibited the greatest increase and posted turnover rates above the national average.

Upon review of turnover by bed size, hospitals with 200-349 beds experienced a significant drop in turnover from 2015. This group along with hospitals having less than 200 beds experienced turnover rates well below the national average. Those with more than 500 beds were close to the national average, while facilities between 350 - 500 beds were well above.

REGION	TOTAL TURNOVER	FULL/PART TIME TURNOVER
North East	18.4% (+3.1%)	16.5% (+2.5%)
North Central	15.7% (+0.2%)	14.1% (-0.1%)
South East	16.5% (-0.4%)	15.1% (-1.1%)
South Central	18.4% (-0.3%)	18.3% (+0.2%)
West	15.9% (-1.8%)	13.8% (-3.2%)
OWNERSHIP		
For-Profit – Acute Care	21.4% (+2.6%)	19.5% (+2.4%)
Non-Government/Non-Profit – Acute Care	15.8% (-1.3%)	14.8% (-1.3%)
Government – Acute Care	17.2% (+0.1%)	12.5% (-3.7%)
BED SIZE		
<200 Beds	15.7% (-0.9%)	13.6% (-1.8%)
200-349 Beds	15.8% (-5.7%)	13.9% (-6.0%)
350-500 Beds	18.8% (+1.5%)	16.4% (-0.4%)
>500 Beds	16.0% (-0.7%)	14.9% (-0.9%)
NATIONAL AVERAGE		
	16.2% (-0.9%)	14.8% (-1.5%)

Voluntary terminations accounted for 89.2% of all hospital separations. To further understand turnover, respondents were asked to identify the top three (3) reasons why employees resigned. Participants were asked to select from a list of 20 common reasons. Personal reasons (*caring for a child/parent, marriage, disability, etc*), relocation and career advancement remain the top drivers. Rounding out the top ten reasons include: salary, workload/staffing ratios, retirement, scheduling, immediate manager, commute/location and education.

While an overwhelming majority (85.7%) of organizations view retention as a “key strategic imperative” it is not evident in operational practice/planning. Almost all hospitals have retention initiatives, however, less than half or 43.4% have translated these into a formal retention strategy. Sixty percent (60.7%) of hospitals have strategies in place to protect new hires, but only 19.0% have a strategy on retaining older workers. With retirement being a major driver of turnover, expect hospitals to focus more energy on retaining this knowledge base.

RN VACANCY RATE

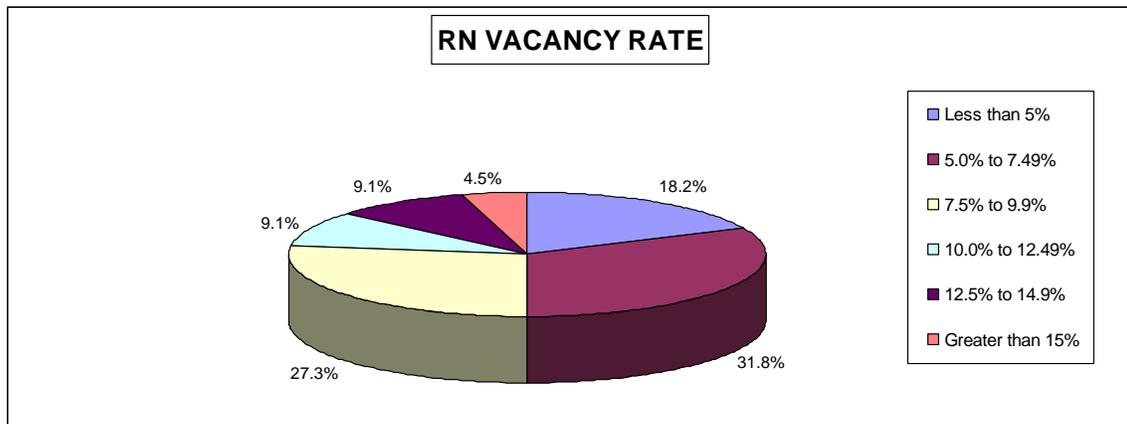
The vacancy rate for Registered Nurses continues to be of concern and currently stands at 8.1%. Last year, this stood at 8.5%. However, only eighteen percent (18.2%) of hospitals reported a RN vacancy rate of “less than 5%”. This is a 9.9 point drop from 2016 and a 30.1 point decrease from 2013. In 2013, 48.3% of hospitals indicated a vacancy rate of “less than 5%”. This rightward shift, along with the RN Recruitment Difficulty Index, (*see page 7*) is a clear indication that the RN labor shortage has returned and is intensifying.

The vacancy rate of “7.5% to 9.9%” saw the greatest increase to 27.3% of the respondents. Of significant concern is that a half of all hospitals have a RN vacancy rate higher than 7.5%. This is up from 37.1% in 2013. As the economy improves, as RNs no longer delay retirement, as RNs reconsider travel nursing, as part time RNs take less shifts and as the demand for RNs increase expect the vacancy rate to further deteriorate.

When the labor market tightens, hospitals have historically sought to bridge the gap by utilizing overtime, agency staff and travel nurses. All of which are costly strategies and can lead to issues with quality, safety, physician satisfaction, employee satisfaction and the patient experience. The greatest potential to offset margin compression is in the top budget line item (labor expense). When patient volume is flat; when Medicare/Medicaid is squeezed; when commercial insurance rates decrease or are bundled; when health care legislation is uncertain;... recapturing lost productivity, controlling contract labor and excess overtime can help offset this compression.

At NSI Nursing Solutions, Inc. we encourage our clients to minimize excess labor utilization and focus on a strategy that embraces full staffing and builds retention while enhancing ROI. I encourage you to contact Michael Colosi at (717) 560-3863 to learn how NSI can improve your bottom line results.

RN VACANCY RATE	2013	2014	2015	2016	2017
Less than 5%	48.3%	41.0%	34.3%	28.1%	18.2%
5.0% to 7.49%	14.7%	20.5%	25.7%	23.4%	31.8%
7.5% to 9.9%	18.9%	17.9%	15.7%	15.6%	27.3%
10.0% to 12.49%	11.2%	10.3%	10.0%	14.1%	9.1%
Greater than 12.5%	7.0%	10.3%	14.2%	18.8%	13.6%

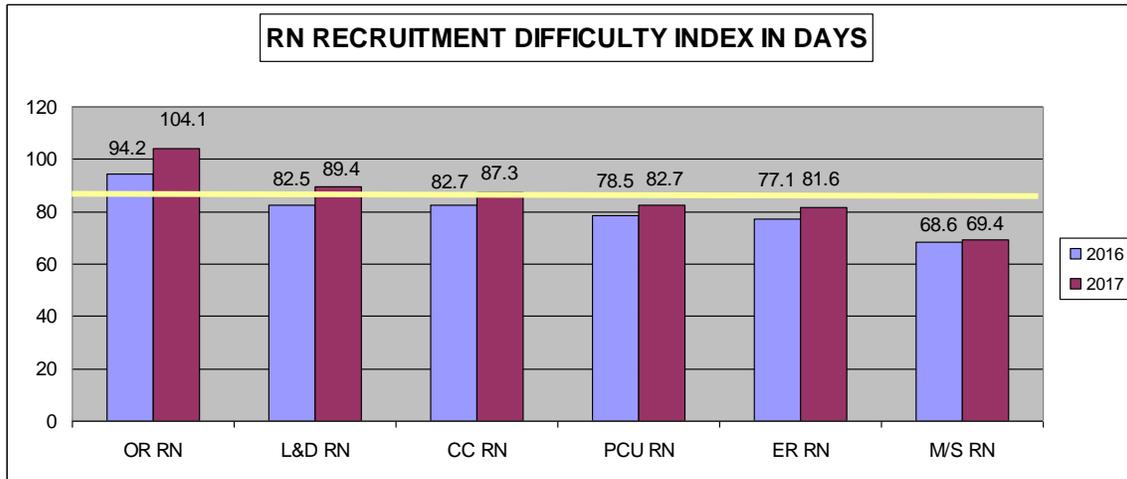


RN RECRUITMENT DIFFICULTY INDEX

The RN Recruitment Difficulty Index (RDI-RN) gauges the average number of days it takes a hospital to recruit an experienced RN. Participants were asked to identify the range which best describes the time to fill an experienced RN, given specialty. This year saw an increase in the RDI-RN by 5 days, which costs the average hospital between \$46.7K and \$95.6K in excess labor utilization. The average time to recruit an experienced RN ranged from 55 to 119 days, pending specialty.

The following graph illustrates the average number of days it took to recruit an experienced RN by specialty. The yellow line is the current RN Recruitment Difficulty Index and represents the average time to fill an experienced nurse vacancy regardless of specialty. Currently, this stands at 86 days. Although Med/Surg RNs were hired at a faster rate, it still took over 2 months (69 days) on average to fill.

RN positions are becoming more difficult to fill with all disciplines posting a longer time to fill. The time to fill RNs in OR, L&D and Critical Care is higher than the index. These positions essentially were vacant for approximately three months before being filled. For the fifth straight year, RNs in Surgical Services continue to be the most difficult to recruit. On average, it took 90 to 119 days to fill an experience OR RN, with the average being 104 days. This is 10 days slower than 2016. L&D saw a jump in time to fill by a week. Based upon this information, it is easy to understand the magnitude of the shortage and the challenge facing Human Resources.

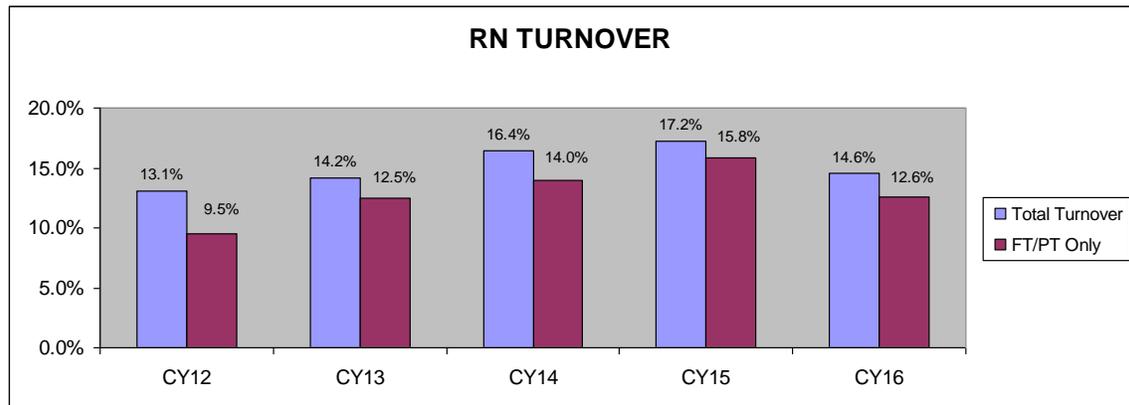


When it comes to recruiting experienced RNs, not all regions perform the same. The North East and North Central markets continue to outperform all other regions and were able to recruit experienced RNs quicker than the national average, with an average time to fill of 68 and 69 days, respectively. The South East saw the greatest increase where it now takes 96 days on average to fill RN vacancies. The South Central region reported the longest time to fill at 102 days. The West was slightly below the average at 85 days.

BEDSIDE REGISTERED NURSE TURNOVER

This section will follow the same format as “Hospital Turnover”. The following graph illustrates the turnover range for bedside RNs since 2012. After consecutive years of increased turnover, 2016 saw a reversal in this trend. Also, 2016 saw a normalization with RN turnover falling below the hospital average. With an increased focus on retention, hospitals are feeling the positive rewards. The question becomes can this be sustained with a tightening of the RN labor market.

Currently, turnover for bedside RNs ranges from 4.6% to 26.4%. The national average “TOTAL” RN turnover rate is 14.6%, a 2.6% decrease from 2015, with the median being 16.0% and a mode of 15.8%. Hospitals that only measure “FULL/PART TIME” separations reported a 3.2% decrease to 12.6%, with a median of 14.2% and a mode of 15.7%.



The cost of turnover can have a profound impact on the already diminishing hospital margin. As hospitals recognize this fact, more are measuring this metric. While the overwhelming majority (80.4%) still do not track this cost, this is a 10.5% improvement from last year. Based upon feedback, the average cost of turnover for a bedside RN increased by 2.6% to \$49,200 and ranges from \$38,900 to \$59,700 resulting in the average hospital losing \$6.48M. RN turnover will cost a hospital from \$5.13M – \$7.86M. Each percent change in RN turnover will cost the average hospital an additional \$410,500. Whereas the cost of turnover can range to two times annual salary for professional positions, this conservative figure still represents a tremendous drain on profits.

The following table records the average “TOTAL” and “FULL/PART TIME” turnover by region, hospital ownership and bed size for staff RNs. The number in parenthesis reflects the percent change from 2015. From a national perspective, “Total RN” turnover decreased to 14.6%, while “Full/Part Time RN” turnover decreased to 12.6%. Non-profit hospitals located in the North Central region and having 200 - 349 beds experienced the lowest turnover. The profile of a hospital with the greatest RN turnover is a For-Profit hospital with 350 – 500 beds and located in the North East and South Central regions.

Compared to the previous survey, the North Central region realized the greatest decrease in turnover, while the North East reported the highest increase. The North Central and West regions reported rates below the national average. The North East and South Central regions experienced the highest RN turnover rate.

When sorted by ownership, RN turnover at For-Profit-Acute Care hospitals experienced the highest increase and continues to outpace the national average with a turnover rate over 20%. As expected and given participation levels, Non-Profit entities mirrored the national average.

Upon review of RN turnover by bed size, hospitals with 350 - 500 beds reported the highest turnover and is the only group reporting an increase from the prior year. Hospitals with 200 – 349 beds reported the lowest turnover and experienced the greatest decrease.

REGION	TOTAL RN TURNOVER	FULL/PART TIME RN TURNOVER
North East	18.8% (+4.2%)	16.0% (+2.9%)
North Central	10.5% (-6.5%)	9.1% (-4.7%)
South East	16.4% (-0.2%)	13.9% (-1.4%)
South Central	16.5% (-3.3%)	16.7% (-3.0%)
West	14.3% (-2.9%)	11.9% (-3.9%)
OWNERSHIP		
For-Profit – Acute Care	20.5% (+3.1%)	19.1% (+1.6%)
Non-Government/Non-Profit – Acute Care	14.4% (-2.7%)	12.6% (-3.0%)
Government – Acute Care	15.3% (-1.2%)	14.0% (-1.8%)
BED SIZE		
<200 Beds	14.7% (-1.0%)	12.9% (-2.7%)
200-349 Beds	12.9% (-5.5%)	11.0% (-7.7%)
350-500 Beds	16.9% (+0.6%)	14.8% (+0.1%)
>500 Beds	16.1% (-1.4%)	13.2% (-2.8%)
NATIONAL AVERAGE	14.6% (-2.6%)	12.6% (-3.2%)

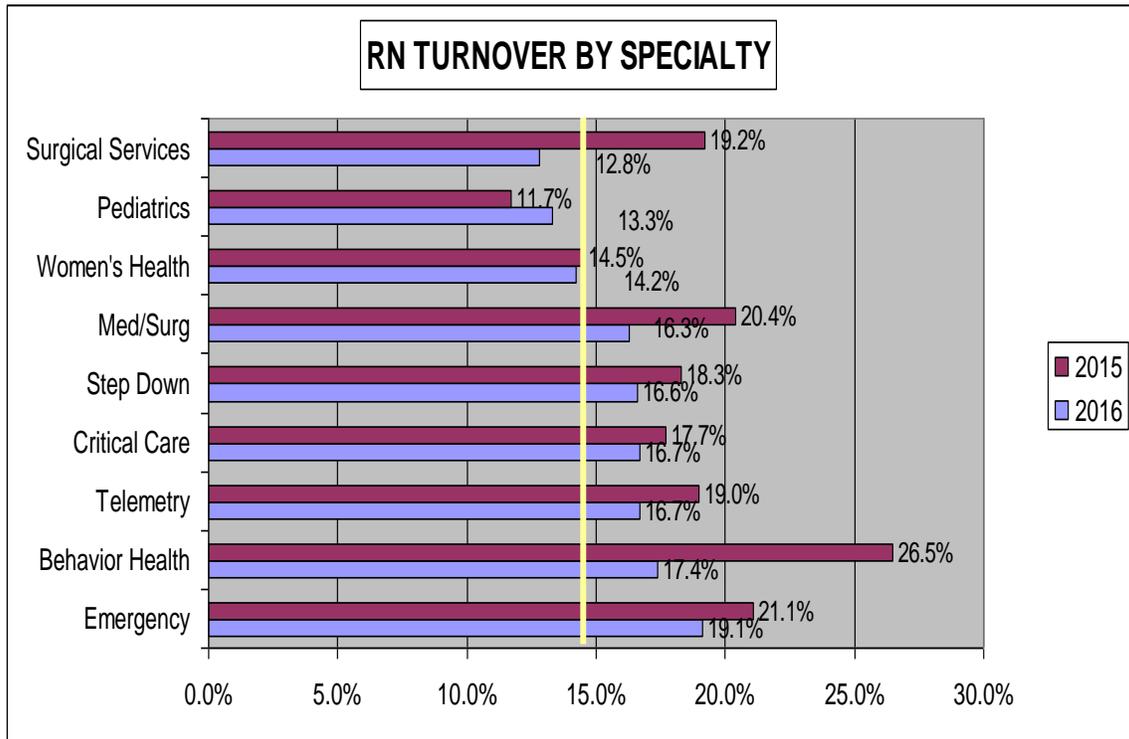
Respondents were also asked to identify the top three (3) reasons why RNs voluntarily resigned. Participants were asked to select from a list of 20 common reasons. Personal reasons, relocation, and career advancement continue to top the list. Rounding out the top 10 reasons why RNs voluntarily resigned include: scheduling, retirement, workload/staffing ratios, salary, commute/location, immediate management, and benefits. Of note is retirement moving into the top 5. Given the aging of the nursing workforce, expect retirement to remain a prime driver for RN turnover.

REGISTERED NURSE TURNOVER BY SPECIALTY

The following graph compares the average RN turnover rate by specialty for the past two years. The solid yellow line represents the national turnover rate for RNs (14.6%). Emergency Room nurses moved up a slot to become the most mobile specialty and exceeded the national average. Also exceeding the national average were nurses in the Behavior Health, Telemetry, Critical Care, Step Down, and Med/Surg areas. Women’s Health, Pediatric and Surgical Service RNs were more stable with turnover rates below the national average.

Pediatric nurses historically have shown the most stability. Coincidentally, this is the only group which saw an increase in turnover from 2015. All other specialties experienced a decrease in turnover.

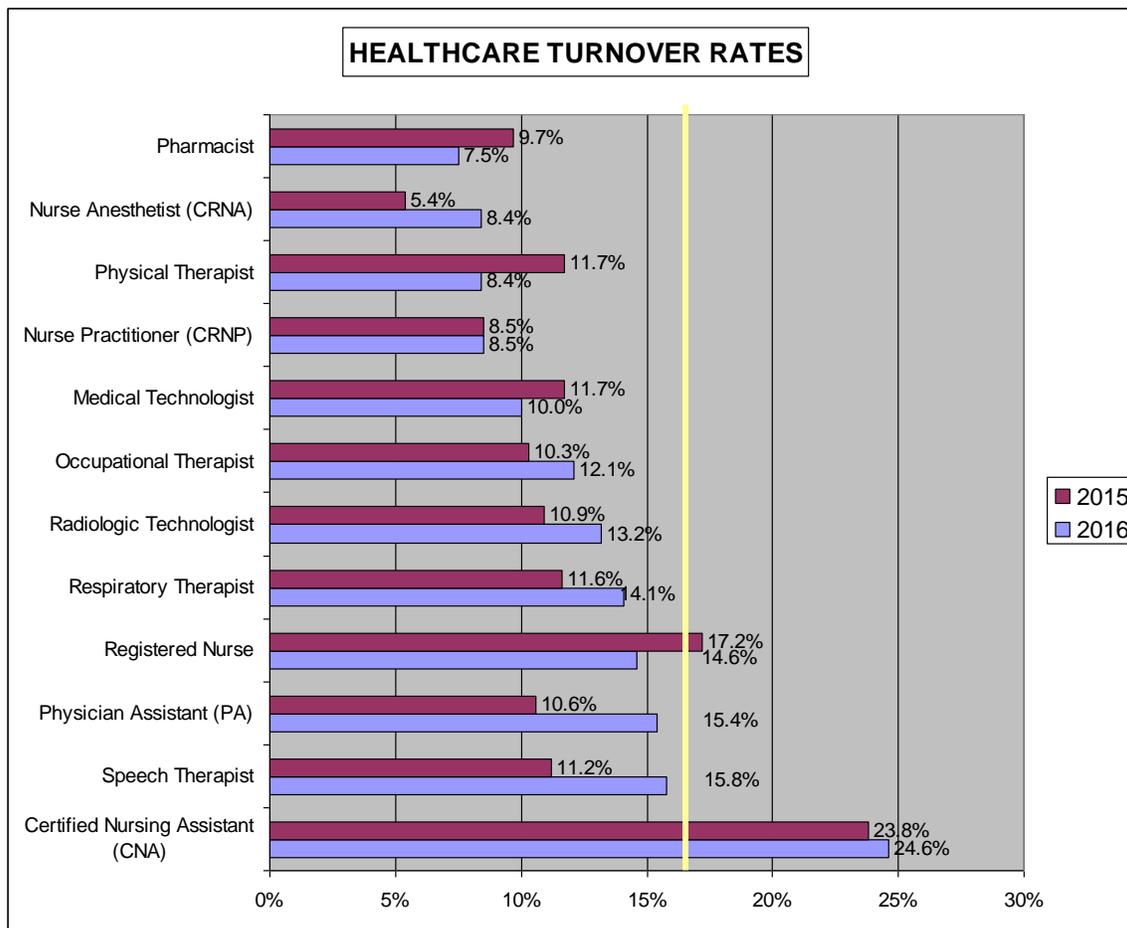
In the past two years, Emergency Departments turned over 40.2% of their RN staff. Nurses working in Emergency Services, Behavior Health, Telemetry, Critical Care, Step Down and Med/Surg have consistently turned at a rate higher than the national average. Managing retention should be a strategic imperative, particularly given the high cost of turnover.



ADVANCE PRACTICE AND ALLIED HEALTH TURNOVER

The following graph compares the average turnover rate for advance practice and allied health personnel in an acute care setting for the past two years. The solid yellow line represents the current turnover rate for acute care hospitals (16.2%). For the third year in a row, all advance practice nurses and allied health professional positions reported turnover rates below the hospital average. Certified Nursing Assistants consistently post turnover rates higher than the hospital average. With a 24.6% turnover rate, the average hospital will turnover their CNAs every 4 years.

In comparison to 2015, the majority of advance practice and allied health professionals reported an increase in turnover. Physician Assistants and Speech Therapists experienced the greatest increase of 4.8% and 4.6%, respectively. Physical Therapists saw the greatest decrease of 3.3%.

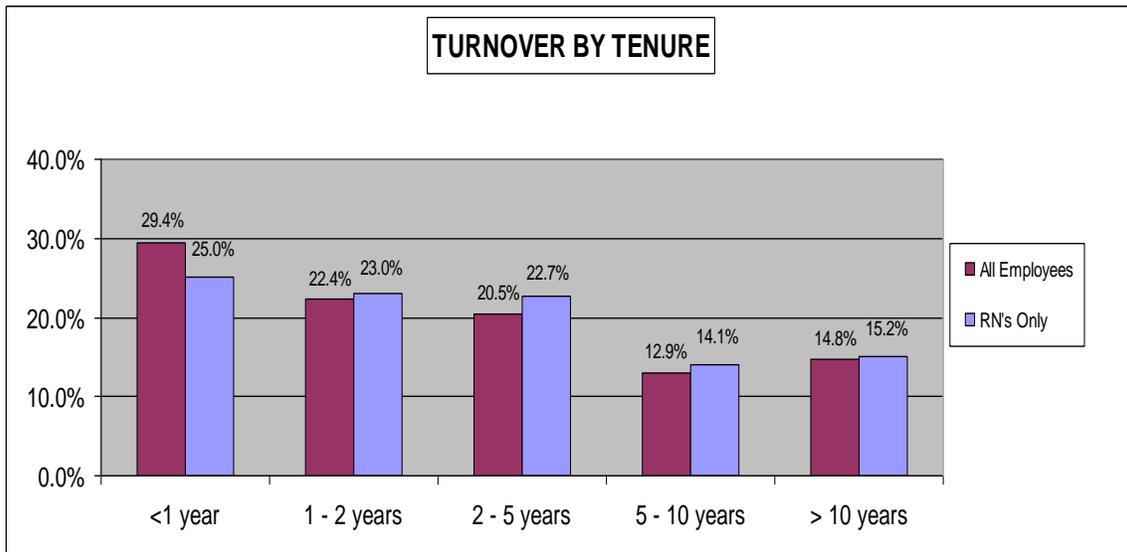


TURNOVER BY TENURE

The following graph illustrates the years of service (tenure) for all employees and RNs who left during the survey period. Over a quarter (25.6%) of all new hires left their position within a year. This group alone accounts for approximately a third (29.4%) of all turnover. In fact, more than half or 51.8% of the exited employees had less than two years of service. As expected, employees with “5 – 10 years” and those with “more than 10 years” of tenure experienced a greater level of organization commitment.

Consistent with previous surveys, first year turnover continues to outpace all other tenure categories. When looking at the range of those employees who terminated with “less than one year of service”, this group can make up 57.8% of a hospital's total turnover. Expanding this to include all employees with less than two (2) years of service, the range can jump to over 68%. Without saying, this is not the typical or average facility. However, the point is that a large percent of all separations can be caused by employees with less than two years of tenure. Although not as dramatic, when viewing RNs, a similar trend is noted. First year turnover accounted for a quarter (25.0%) of all RN separations. As the RN labor market continues to age and as more nurses retirement, expect the “greater than 10 year” category to increase.

A significant opportunity to protect a hospital's investment in Human Capital and recapture revenue exists. Operational considerations must address the aging workforce and how employment decisions are made to include programs that build relationships, commitment and confidence early on in the employment cycle.



Conclusion

The healthcare industry has been in a constant state of flux. The expanding healthcare rolls, the aging population, the mandate on quality & safety, the squeeze in reimbursements, the competition for patient volume, the shift in the delivery of care, the shortage of physicians, nurses & allied professionals, and the legislative uncertainty have all stressed the industry.

With these challenges, hospitals and the labor force have responded. Hospitals have ramped up recruitment and retention efforts resulting in job creation and lower turnover. Healthcare workers continue to seek alternatives to enhance their quality of life. Compounded by the RN Recruitment Difficulty Index, CNOs and CHROs need to be creative in bridging the staffing divide. The question each hospital must ask is how do we shorten this bridge?

The value hospitals place on their people will have a direct correlation to their commitment, confidence and engagement. Enhancing culture and building programs to reinforce these values is critical to driving retention. Hospitals believe that retention is a “key strategic imperative”, yet are slow to translate this into a formal strategic plan. More focus is needed on strategies that enhance culture and eliminate those that do not.

To strengthen the bottom line, hospitals need to build retention capacity, manage vacancy rates, bolster recruitment initiatives and control labor expenses. Breaking through the myopic ways of hiring travel and agency staff to band-aid the issue or utilizing excessive overtime which taxes the staff, the quality and the patient experience is a start. Building and retaining a quality workforce is paramount to navigate the shifting paradigm. NSI Nursing Solutions, Inc can help.

CLOSE