

MAY 2023

# Nursing Workforce Intelligence Report



## OVERVIEW

# May 2023 Nursing Workforce Intelligence Report

Even though many key nursing workforce indicators are returning to pre-pandemic levels, underlying structural challenges remain.

The nursing workforce was challenged before COVID-19, but the pandemic further accelerated turnover, attrition and burnout. As a result, nurses under age 35 are leaving the profession at four times the rate of nurses over age 50. Coupled with lower passing rates on the National Council Licensure Examination (NCLEX), workforce challenges are expected to persist for years to come.

Considering some estimates show a gap of as many as 450,000 nurses by 2025, Vizient® and Vaya Workforce believe it is important to move quickly to address these challenges.

This report provides unique insights on the landscape of nursing as well as tactics for how to innovate beyond traditional workforce solutions.



## Key Takeaways



### Operational inefficiencies increase length of stay and reduce margins

Patients are staying in the hospital longer than expected based on their age and condition due to a number of factors, including staffing challenges and a lack of beds available in post-acute facilities. To improve their bottom line, providers should identify opportunities to reduce unnecessary time patients spend in the hospital.



### Contract labor is part of the staffing equation

Contract labor is 50% more expensive per hour than it was in February 2020. Providers should use these costly resources wisely. By shifting mindset to view contract labor as a strategic advantage that can bolster employee retention and promote a culture of flexibility, nursing leaders can rethink traditional approaches to staffing and margin improvement.



### Nursing workforce indicators stabilize, but concerns remain

Nursing hours and overtime have evened out, but at a level higher than before the pandemic. These are key reasons burnout and turnover have not returned to pre-2019 levels. Considering it costs up to \$88,000 to replace every RN who departs, leaders must prioritize workforce strategies to keep beds open and meet community need.



### The 'new normal' hasn't arrived—or has it?

Many providers are still benchmarking against 2019 data but a return to pre-pandemic numbers may be unlikely. Labor costs have increased due to inflation, and some services are shifting to the outpatient setting, leaving hospital admissions to reflect the most acute patients. With persisting margin pressures, providers should reimagine care teams to enable RNs to work at top of scope.

# Operational inefficiencies increase length of stay and reduce margins

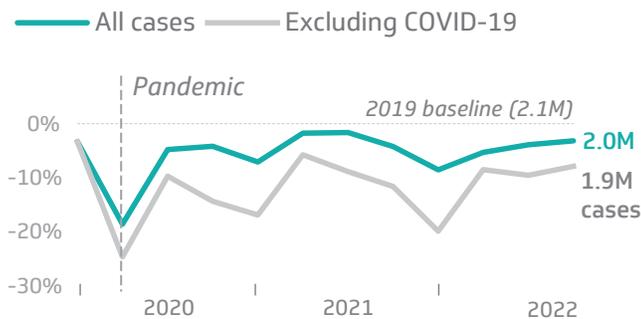
To identify solutions, providers need to understand what factors are driving workforce and post-acute care challenges.

- In-patient case volumes are running around 3-5% below 2019 baseline.
- Patients are staying in the hospital longer than expected, leading to avoidable additional costs for providers. The gap between expected and observed length of stay days continued to grow in 2022.
- As hospitals continue to rebound from COVID-19, it appears operating margins are stabilizing around -0.5% to -1%. Relatively flat margins are likely to continue in the near term.
- Though still higher than pre-pandemic levels, it is positive to see significant decreases in nursing labor costs (34%) and operating expenses (7%) since the second quarter of 2022.

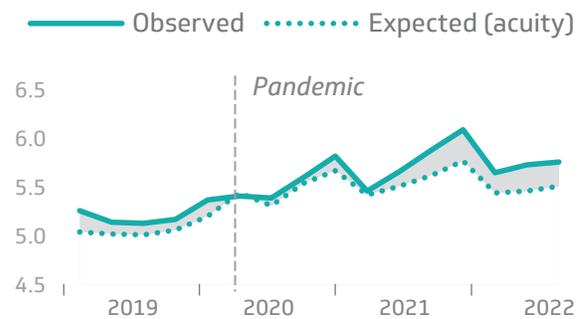
## Volume remains below pre-pandemic levels as patients stay in the hospital longer

Vizient CDB<sup>1</sup>, 2019Q1 – 2022Q4

### % change in inpatient cases vs. 2019



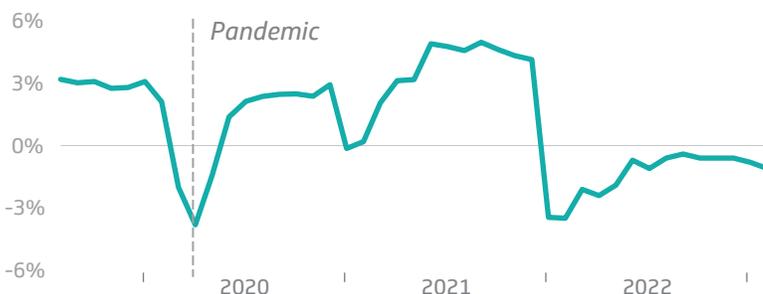
### Average length of stay days



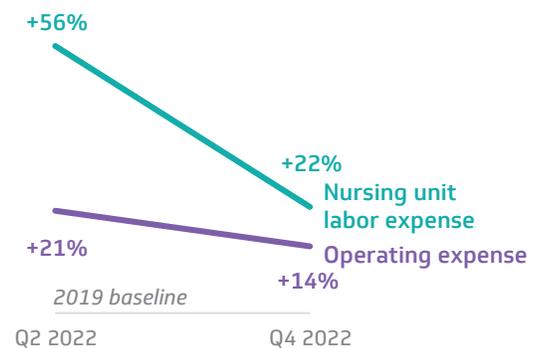
## Decreased costs provide some relief, but margins remain negative

Operating Margin: Kaufman Hall<sup>2</sup>, Aug 2019 – Feb 2023; Expenses: Vizient ODB<sup>3</sup>, 2019Q2 – 2022Q4

### Monthly operating margin index YTD



### Increase in expenses vs. Q4 2019





## Nursing workforce indicators stabilize, but concerns remain

**Higher baseline overtime and turnover numbers lead to burnout, even if the worst of the COVID-19 crisis is behind us.**

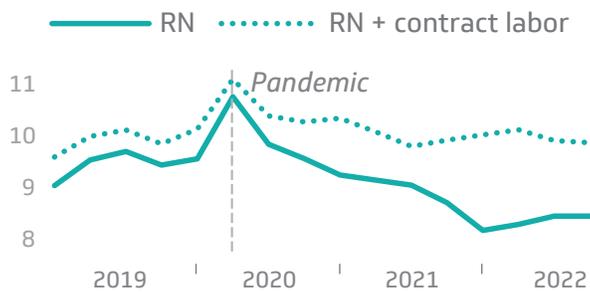
- While nursing hours per patient day stabilized in the second half of 2022, contract labor continues to supplement nurse labor to keep staffing at appropriate levels.
- Nursing overtime hours remain cyclical but are still considerably higher than before the pandemic.
- Licensed nursing staff turnover has leveled off between 7% and 8%, which is still considerably higher than pre-pandemic levels.

### Nursing hours, overtime and turnover level out, but remain higher than pre-pandemic

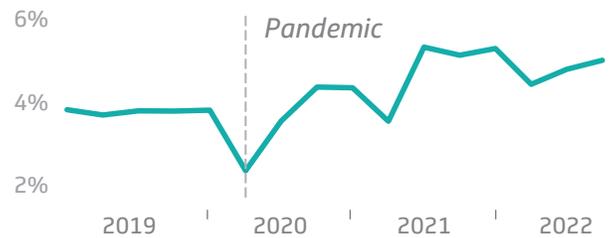
Nursing Hours, Overtime, and Turnover: Vizient ODB<sup>3</sup>, 2019Q1 – 2022Q4

Burnout: Safe and Reliable Healthcare<sup>4</sup>, 2019Q3 – 2022Q3

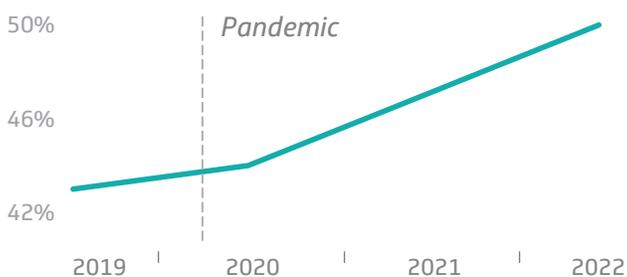
#### Nursing hours per patient day



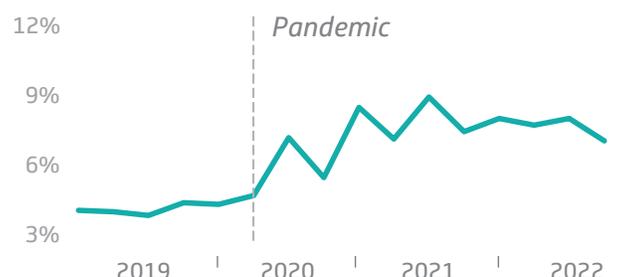
#### Nursing overtime hours as % of worked hours



#### Hospital rolling benchmark median nursing % burnout



#### % of licensed nursing staff turnover





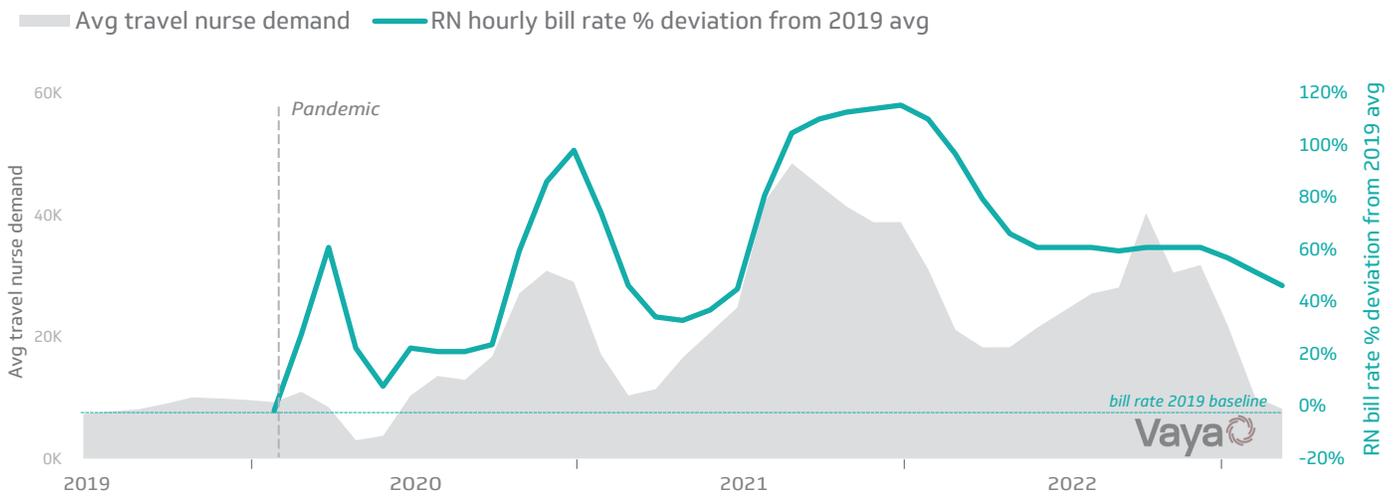
## Contract labor is part of the staffing equation

**Organizations should seek to maximize value and use contract labor strategically, only following the implementation of internal float pools, overtime and local per diem.**

- Travel nurse demand has fallen steadily to some of the lowest rates since 2019. Open travel nurse positions were down 61% from March 2022 and down 83% from the peak in September 2021.
- Although hospitals are constrained financially, hourly contract labor rates are expected to stay 15% above pre-pandemic levels due to inflation and other external economic factors.

## Travel nurse demand falls; bill rates remain elevated

Vaya Workforce<sup>5</sup>, July 2019 - Mar 2023



2023 projected travel nurse demand vs pre-pandemic

**+15%**



2023 projected hourly bill rate vs pre-pandemic

**+15%**

## THE 'NEW NORMAL' HASN'T ARRIVED—OR HAS IT?

### Current nursing workforce data trends are unsustainable

Key metrics have stabilized at an elevated level that cannot be supported long-term. This requires providers to rethink their workforce's division of duties.

Vizient and Vaya Workforce's extensive health system data provides a unique vantage point for how successful organizations are navigating nurse workforce challenges.

To reimagine care delivery, providers should consider the following:



#### Ensure nurses are working at the top of their license.

One option is to utilize unlicensed assistive personnel to create extender capacity at the bedside by assisting with non-clinical activities, like helping patients to the bathroom or finding an IV pole. Organizations can also implement a 'Blended Nursing' care team model, which includes an RN, LPN and medical assistant working together to care for a cohort of patients. When nurses work at the top of their license, they feel like they have a safe work environment and are less likely to be burned out.



#### Embrace flexible shift options.

Retain licensed nurses by offering options such as block scheduling (six weeks on, four weeks off), shorter school-hours shifts, or summer term employment. Consider positions that allow employees to waive benefits, overtime or shift differentials in exchange for augmented shifts.



#### Improve efficiency by reducing administrative tasks.

Get rid of documentation tasks that do not support patient care or regulatory requirements – audit existing processes and remove repetitive tasks. Optimize technology and enact policies that support work-life balance, such as the use of scribes or dedicated time for documentation.



#### Plan ahead for seasonal contract labor use.

Even with lower demand, early indicators show consistent use of contract labor in the fall and winter. Organizations wishing to limit use of contract labor should create internal incentives and programs to encourage staff nurses to commit to meeting the need.



#### Technology is a key enabler but not a standalone solution.

We live in a virtual world, so providers that embrace technology will overcome workforce challenges faster than non-adopters. Virtual nursing allows clinicians to monitor, assess and join the care team remotely. Artificial intelligence can help nurses make clinical decisions faster and alert them of a patient's risk for an adverse event. Robots can serve as delivery couriers for supplies, medications, and patient samples.

## Works cited

1. Data from the Vizient® Clinical Data Base (CDB) used with permission of Vizient, Inc. All rights reserved. Ages 18+. Leverages Vizient 2022 Academic Medical Center risk model. Excludes Pediatric and Oncology Specialty Hospitals as well as Critical Access hospitals. Vizient CDB is a repository of patient outcomes data from more than 1,000 Vizient member hospitals.
2. Kaufman Hall National Hospital Flash Report, based on data supplied by Syntellis Performance Solutions. The Hospital Operating Margin Index is comprised of the national median of the dataset which is a representative sample of more than 900 hospitals, adjusted for allocations to hospitals from corporate, physician and other entities.
3. Data from the Vizient® Operational Data Base (ODB) used with permission of Vizient, Inc. All rights reserved. Values represent the median of the dataset. Vizient ODB houses department-level analytics and financial metrics for more than 650 hospitals.
4. Data from Vizient Safe and Reliable Healthcare. 2022 Safety, Communication, Organizational Reliability, Physician, and Employee Burnout and Engagement (SCORE) survey domains of emotional exhaustion and emotional exhaustion climate. Survey responses include more than 26,000 nurses nationwide. Data updates on an annual basis.
5. Vaya Workforce. Data is as of April 1, 2023, and is based on Workforce Solutions data including direct contracts, managed service contracts, and support of third-party staffing programs. Travel RN jobs include all open jobs for travel, contract, EMR and strike needs. Data representative of 75-80% of healthcare staffing.



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