

# Successful Healthcare Staffing Despite RN Shortage

Presented by Convergence Services Group

*Peter Druker: "The greatest danger in times of turbulence is not the turbulence; it is to act with yesterday's logic."*

While core staff members are needed and valued, creating a scalable staff to augment census spikes and cover shift vacancies better aligns staffing and increases revenues. To date, traditional "Float Pools and PRN's" have not been effective in attracting, disseminating, and retaining qualified flexible staff. Multiple agency usage can become cumbersome, expensive, and present security issues. Additionally, the pool of available nurses is shrinking. It is now incumbent upon Health Care Leaders to look at innovative solutions to manage their talent needs.

## Census Changes:

- Correct Nurse to Patient Ratio has proven to result in the best patient outcomes and to be the most cost effective.
- Inadequate adjustment of staffing to census most often results in forced floating, mandatory overtime and being called off shift – creating instability for employees.
- Instability leads to nurse dissatisfaction, disengagement, and burnout. These factors have been proven to cause high incidents of errors, accidents, and inadequate patient care.

## Vacancy Rates:

- Labor Bureau statistics indicate that 1.3M *additional* RN's will be needed by 2024.
- In 2019, 55.3% of hospitals reported RN vacancy rate higher than 7.5% - an increase of 39.9% since 2015.
- High vacancy rates for RN's is the top contributor to overtime expense, agency usage and Nurse Manager attrition.
- The complexity and the time needed to recruit and hire RN's contribute to rising vacancy rates.
- Hospitals should expect increase in vacancy rates as the large "Baby Boomer" population of RN's retire.
- The severity of a hospital's vacancy rate can be quantified in the cost of contract labor and overtime.

## Retention:

- RN's have become more mobile, have increased opportunities for employment away from the bedside, and seek work alternatives that enhance their quality of life.
- More than 60% of Nurse Managers plan to leave their roles in the next five years. Employee attrition keeps Nurse Managers involved in bedside care instead of what they are hired to do - leading, training and retaining employees.
- National Nurse attrition is at 17.2% for 2019.
- The average cost of attrition for a bedside RN ranges from \$40,300 to \$64,000 resulting in the average hospital losing \$4.4M - \$6.9M. A 1% change up/down will cost/save a hospital \$328,400.
- Trending attrition data is the leading indicator of future organizational pressure.

## Control of Labor Costs:

- Deliberate control of Labor Expense offers the greatest potential to offset margin compression on the top line.

## Conclusion:

- Healthcare Organizations who operate value driven staffing programs that rapidly adjust to census changes, manage RN vacancy rates, increase RN retention, and control labor costs will have better patient outcomes and bottom lines despite an unprecedented shortage of nurses.
- Whether these programs are managed in-house or with consultant help, their effectiveness will be a result of innovative design, commitment, and transparent reporting.



*Greg Allen, Managing Director*

**“Now is the time for leaders to question where their organization *could* go and where it *might* be if their supply of talent was ample on a consistent basis. Labor is one of the most expensive investments, costly overhead items, and most complex undertaking for an organization – yet critical for survival now and in the future. “**

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**Convergence Services Group is a talent advisory firm with over 100 years of combined experience in Healthcare Staffing. We offer a value proposition that no other staffing or consulting firm can prove through our customizable MSP and our proprietary flexible staffing methodology - Mobius Systems®.**

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