

# 2014 Survey of Nurse Leaders



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4 Current and future management of contingent workforce operations



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Nurse Leaders**



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Current and future management of  
contingent workforce operations

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## Introduction

As healthcare transitions from volume to value-based care, every area of spending in a health system is required to become more transparent, efficient and have strategies in place to control costs. These requirements must be met without sacrificing fulfillment while providing a higher quality of care.

Many forward thinking health systems are actively implementing solutions to achieve these goals as it relates to contingent workforce

management. In this report, you will find the attitudes and perspectives from nurse leaders about current practices in contingent workforce management as well as strategies for the years ahead, providing valuable insight into this area for strategic improvement.

12 questions were asked of nursing leaders nationwide, which included but was not limited to department managers, directors, vice presidents, executives and officers. In total, 30 data points are reported. A free-form opinion option was also provided. Some, but not all, of those responses are in this report in order to provide context to the findings.

## Methodology

The intent of this survey was to gauge the attitudes of nursing leaders throughout healthcare in the U.S with regards to contingent workforce management practices now and into the future. To do so, surveys were emailed to a database provided by the American Hospital



Association, ShiftWise, Inc. and targeted ads through LinkedIn to nurse leaders based on their occupation and title. The ShiftWise database was modeled to

include a national sample of randomized health systems and only included a small, representative percentage of ShiftWise clients in order to avoid skewing results. In all, approximately 8,500 healthcare professionals with nursing and staffing leadership roles were asked to respond resulting in 112 survey respondents. All questions in the 12 question survey were optional. Respondents per question ranged from 88 to 109.

## Contingent Staffing Background

A contingent workforce consists of skilled professionals that meet human resource demands on a temporary or short term basis. A healthcare contingent workforce in nursing and related disciplines consists of both long term (travel/contract) assignments and short term (per diem/daily) assignments. In most cases these assignments are filled either by internal staff that are part of a resource pool/ internal “agency”, or through external third party vendors.

The use of contingent workers has grown both in terms of supply and demand in recent years. According to Staffing Industry Analysts, the travel nursing market through 2014 will have nearly doubled since 2010 while per diem nursing is estimated to have grown by 20% in the same time frame.<sup>1</sup>

According to the same report from SIA, the total estimated spending on travel and per diem nursing nationwide in 2014 is \$5 billion representing a year over year growth rate of 8% and 7% respectively. It should be noted that this data represents spending on external labor through and does not include internal labor resources.

<sup>1</sup>[http://www.staffingindustry.com/site\\_member/Research-Publications/Research-Topics/Region-North-America/Healthcare-Staffing-Growth-Update10](http://www.staffingindustry.com/site_member/Research-Publications/Research-Topics/Region-North-America/Healthcare-Staffing-Growth-Update10)

## Summary of Results

By gauging both the current attitudes of nurse leaders toward contingent workforce management as well as expectations for the future, this report provides compelling and useful data to those involved in contingent workforce management.

### 5 key takeaways from the survey

1. **In-house processes dominate.** The majority (83.7%) of nurse leaders say they are meeting contingent staffing demands through the use of processes and technology developed internally. These processes consist of one or more combinations of email, fax and phone communication. Management of resources is typically completed by a staffing office which coordinates contingent labor resources. While “in-house” solution is also the predominant choice in the future with 72.2% of respondents naming it the primary choice, this is a slight dropoff with VMS and MSP solutions gaining a

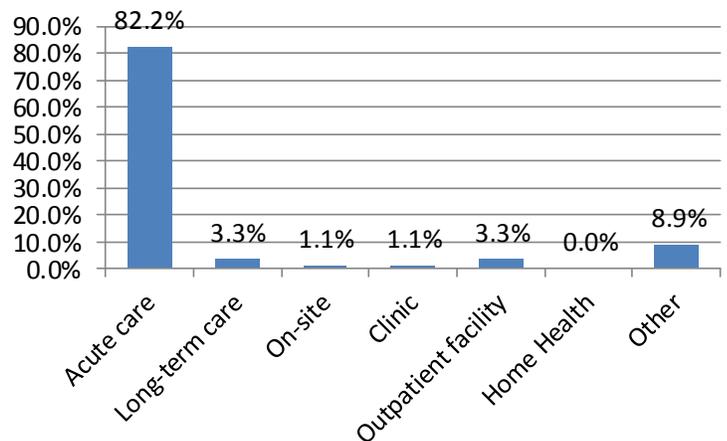
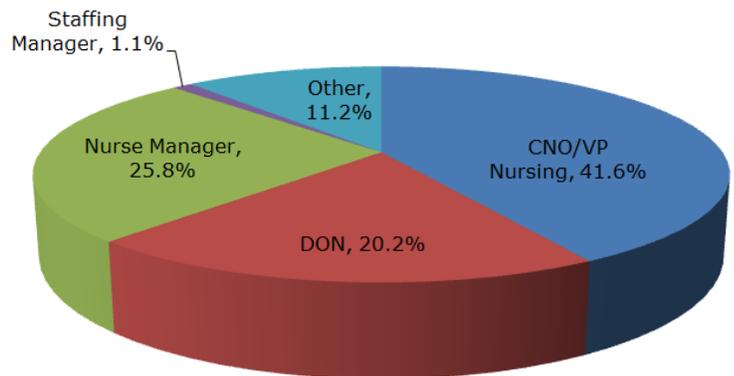
larger share of votes.

2. **Contingent operations continue to function in a silo.** Most respondents indicated that each facility manages its own contingent labor whether that’s within a networked system or a single healthcare delivery organization.
3. **Float pools and use of internal resources are most commonly used to meet staffing shortfalls.** Just over half of the respondents say they are using at least some agency, but float pools and internal PRN staff are the most used solution to fill needs.
4. **Quality is the number one factor** both now and into the future that nurse leaders care about when it comes to contingent labor. Costs and other operational concerns are considered, but quality leads the way.
5. **VMS vs. MSP.** When not considering in-house solutions, VMS holds a slight edge over MSP as a preferred solution to managing contingent labor. This holds true both now and with future expectations.

## Who took the survey?

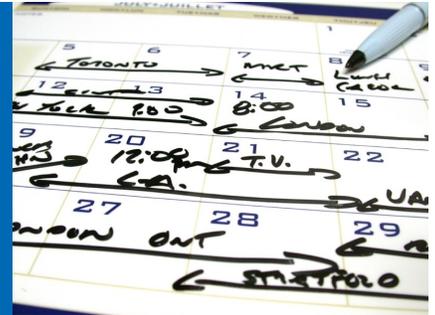
Respondents were allowed to remain anonymous with the option of providing some demographic information. Two questions were asked to provide context for survey representation. Of the 112 respondents, 44 optionally provided their state. 30 unique states were represented in that group, indicating that there was a nationwide response.

CNOs and VPs of Nursing were the largest responding group, followed by Nurse Managers. The vast majority (82%) of respondents represent acute care hospitals. While a larger trend continues to deliver care further along the continuum, it is possible that the databases reached for this survey skewed toward traditional acute care operations.



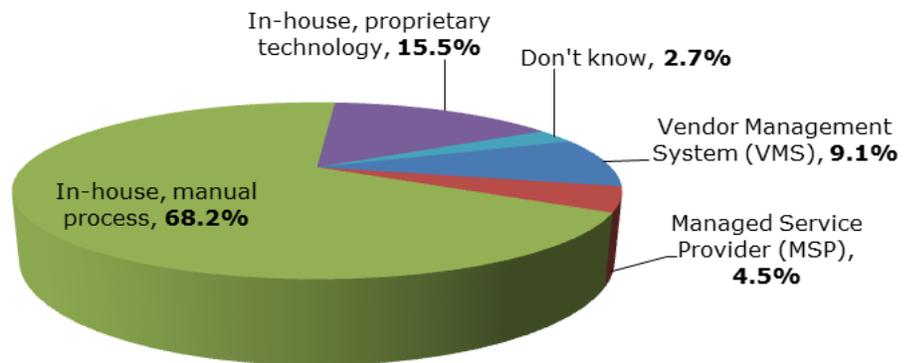
# Contingent Workforce - Today

A review of nurse leadership attitudes and opinions toward contingent workforce management in the present.

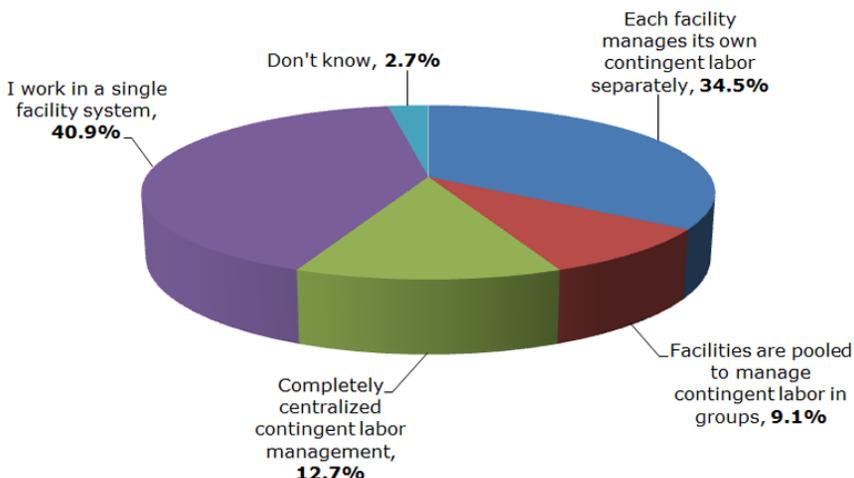


## 1 How are you currently managing contingent labor?

In-house processes are the preferred way of doing business in the current healthcare environment. VMS is 2<sup>nd</sup> and MSP 3<sup>rd</sup>. Healthcare is traditionally slow to adopt technology so it is unsurprising to see the high number of manual, in-house processes.



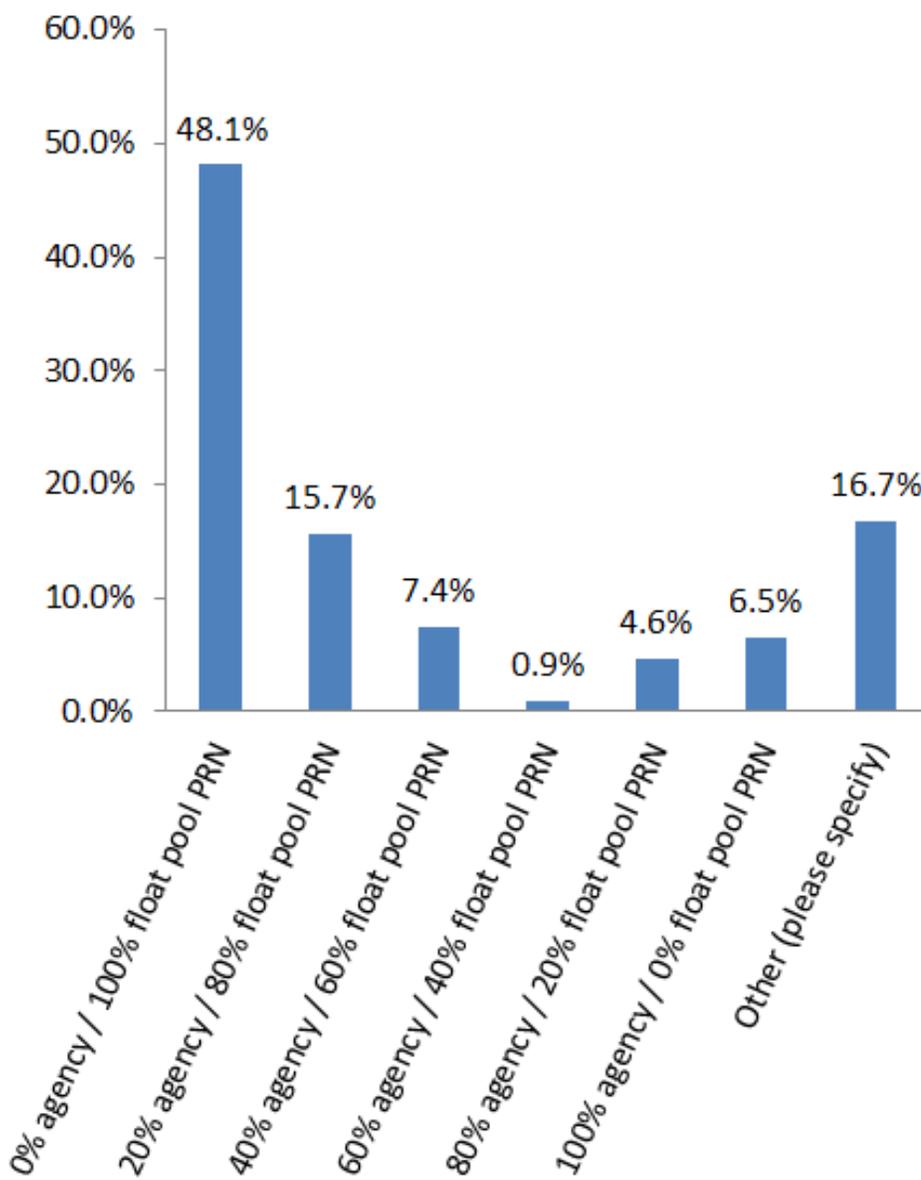
## 2 How is the management of contingent labor organized?



Close to 60% of respondents are working in a multi-facility health system, but even in that group, it is most common for each facility to manage its own contingent labor. This indicates potential to improve operational efficiency across the board as benefits are typically realized when moving to a more centralized management system.

### 3 Which option best describes your mix of temporary staffing resources?

Roughly half of the respondents are at least using some staffing agency resources with the other half indicating no use at all. Those that rely heavily on agency (60% of the mix or more) is 12%. The majority of "Other" respondents indicated low agency usage under 20%.



**Quotable**  
Opinions on the current state of contingent staffing

“One of the most difficult parts of our jobs is to staff for the unpredictable changing volumes.”

“...even with open positions we still have difficulty hiring employees who would fit our needs. I believe it is because my area is a specialized one.”

“...have to work with multiple agencies to find right candidate and even then candidates are not as strong as they were a couple of years ago.”

“Staffing issues, whether solved by in-house support or agency support always brings about a hundred other issues that adversely effect healthcare such as quality, increased cost and training.”

”

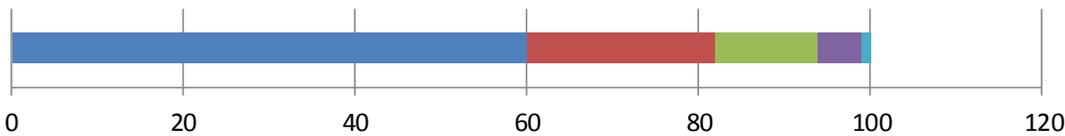
## 4 What is most important when working with staffing agencies? Rank each item from 1 (most important) to 5 (least important)

Quality of labor is far and away the most important thing that healthcare providers consider when working with staffing agencies. Cost of labor is a clear 2<sup>nd</sup> place. After that, the results are more divided. This is a strong indicator that nurse leaders are placing a high emphasis on value.

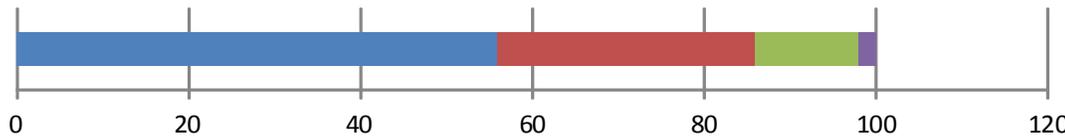
Rank	Answer	Avg. Rating	1	2	3	4	5	N/A
#1	Quality of labor	1.47	67	10	3	3	4	8
#2	Cost of labor	2.90	7	32	26	9	14	7
#3	Fill rate success	3.32	5	17	23	31	12	7
#4	Quality of relationship	3.53	8	14	13	25	25	10
#5	Time to fill	3.71	1	15	22	19	30	8

## 5 Compared to other temporary staffing options, our float pool....

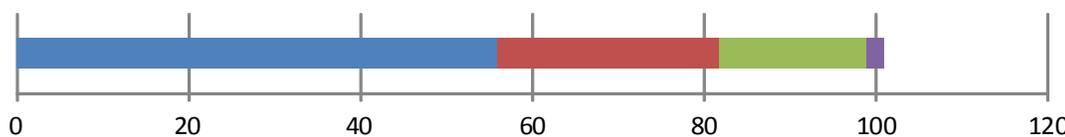
Lowers our costs



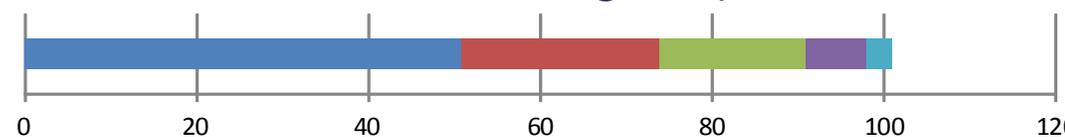
Improves our quality



Makes us more efficient



Eliminates our need for agency



Respondents overwhelmingly agree with each of the statements in this question. This data embodies the perceptions staffing agencies must battle even when studies have shown that, for example, quality is maintained with agency workers.

- Completely Agree
- Somewhat Agree
- Neutral
- Somewhat Disagree
- Completely Disagree

# Contingent Workforce - Future

A review of nurse leadership attitudes and opinions toward contingent workforce management in the next 5 years.



## 6

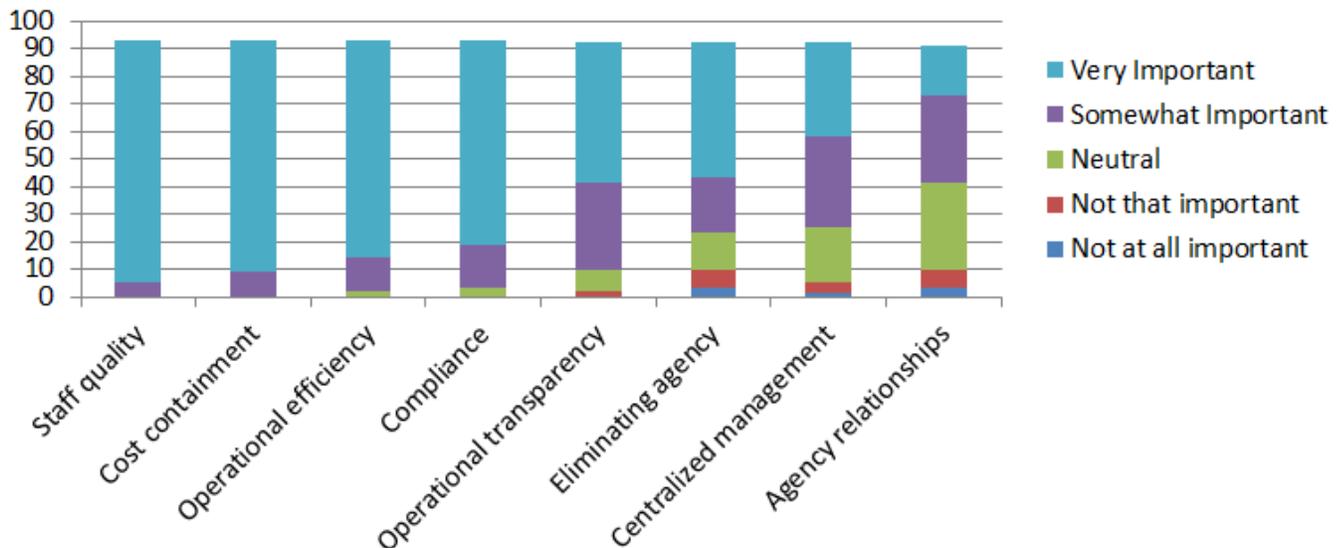
In the next 5 years, how do you rate the importance of each item with respect to contingent labor?

"Quality," "Cost containment" and "Operational efficiency" led the way for outcomes considered "Very Important". This is the 2<sup>nd</sup> time in the survey we've seen Quality listed as a "most important" factor. All of the items below are more heavily considered somewhat or very important as opposed to having little importance. "Agency relationships" and "Centralized management" received the fewest "important" votes, but even they skew toward the important side.

### Top 3 responses listed as "Very Important"

- #1 **Quality**  
95% of respondents
- #2 **Cost Containment**  
90% of respondents
- #3 **Operational Efficiency**  
85% of respondents

## In the next 5 years, how do you rate the importance of each item with respect to contingent labor?



## 7 Which temporary workforce management solution will be most used in 5 years throughout healthcare?

Rank	Answer	Avg. Rating	1	2	3	4
#1	In-house solution	1.64	65	7	3	15
#2	VMS	2.28	15	46	18	11
#3	MSP	2.77	6	24	45	15
#4	MSP powered by VMS	3.31	4	13	24	49

In the future, respondents still believe an in-house solution will be the most prevalent way to operate contingent labor. There is surely some natural bias given how many answered that they are currently using an in-house process. However, there is some indication that change is coming. The percentage of respondents that rank "In-house solution" #1 (72.2%) is an 11.5% drop from the number that indicated they are currently operating in-house (83.7%). VMS appears to be the front-runner over MSP for future operations when not considering "in-house." The lean toward VMS over MSP might be due to the fact so many are currently using an in-house process. VMS is more conducive to an in-house process given that it is generally operated internally rather than by a 3rd party.

## 8 Which temporary staffing supply method do you think will be most prevalent in 5 years?

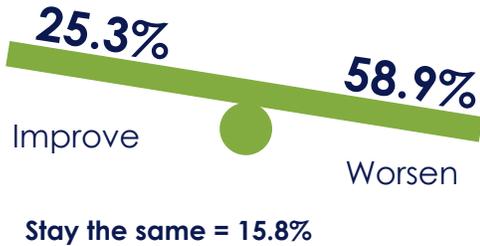
Rank	Answer	Avg. Rating	1	2	3	4
#1	Float pools (internal resources)	1.32	71	15	4	2
#2	Staffing Agencies	2.33	13	46	23	10
#3	Independent Contractors	3.12	2	11	53	26
#4	Direct online hiring	3.24	6	20	12	54

It would appear that respondents are keen on using internal resources in the future. Staffing agencies are still an overwhelming 2<sup>nd</sup> choice. Direct online hiring probably suffers somewhat from lack of awareness as to what it is. Many other industries (IT, notably) are already using direct online hiring through web portals such as eLance and oDesk, but for the most part, it is not yet a model that has come to healthcare. This is definitely something to watch as a potential disruptor and will be interesting to see if the attitudes shift at all in coming years.

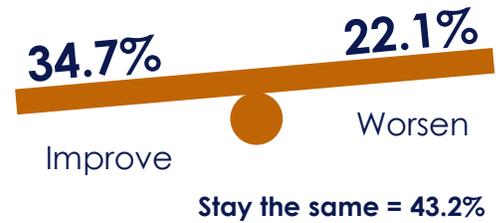
# 9

Predict the future of temporary staffing 5 years from now for each item below

## COSTS



## QUALITY

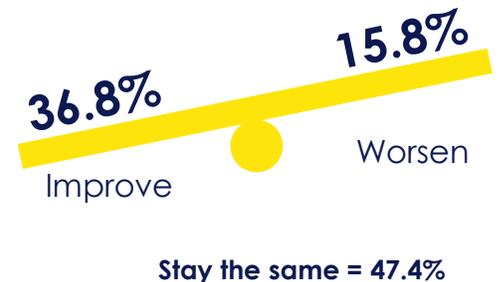


Respondents are pretty split for the most part on each item in this question, but generally have a more favorable view on the future than unfavorable. The one exception is costs. 59% of respondents think costs are going to get worse while only 25% believe they will improve.

## EFFICIENCY

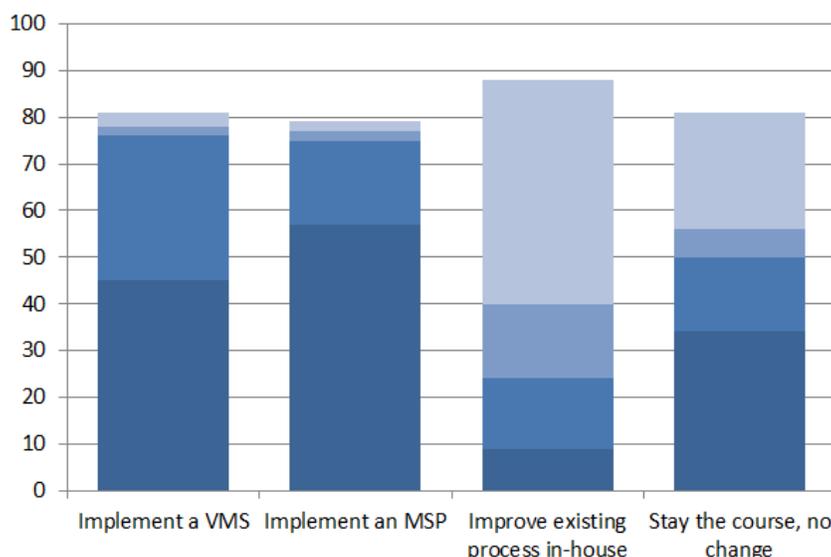


## COMPLIANCE



# 10

With regards to your contingent staffing process, are you planning on making any of the following changes?



In-house process improvements lead the way, followed by a slight edge to VMS over MSP. One thing everyone agrees on? Change is happening. Between improving in-house processes or implementing a VMS or MSP, nearly every respondent at least said "Maybe" to one of them.

- Yes, in 2014
- Yes, after 2014
- Maybe
- No

## Survey Analysis

### Opportunity for efficiency

#### In-house processes prevail

According to survey data, 83.7% of contingent staffing operations in healthcare are currently run using an in-house process. Of that group, only 15.5% have a technology-driven solution. That means over 2/3 (68.2%) of respondents are still using manual processes driven by phone, fax and email.

#### Operating in a silo

The healthcare industry continues to consolidate operations with health systems making acquisitions to grow their footprint. We see this all the way down the continuum of care to include not just hospitals, but clinics, outpatient centers, long-term care facilities, etc. A primary driver for this acquisition behavior is to increase the economies of scale and become more efficient.

Respondents to the survey indicated they are largely working in a silo when it comes to contingent operations. Of those that do not work in a healthcare system comprised of a single facility, 61% of respondents indicated their facility operates contingent staffing on its own.

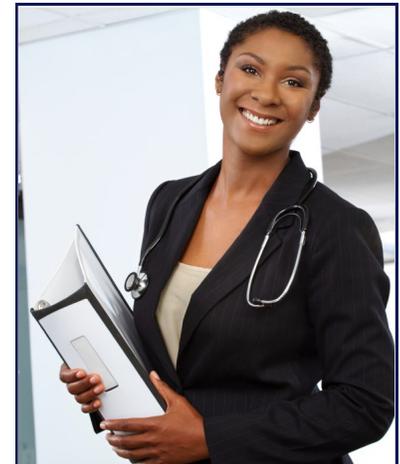
### The problem

When viewing the data to display just those that have single facility contingent staffing operations, the number using an in-house, manual process jumps to 73.8%. Put another way, when we analyze those that are partially or completely centralized on their management, the percentage of those using an in-house manual process drops to 58.33%.

This tells us that operations in a silo tend to skew toward using in-house, manual processes, both of which are commonly associated to operational inefficiencies, including:

- **Lack of visibility.** Facilities don't have as much insight into the overall picture to better understand what is and is not succeeding. Cost overruns are more likely as staff works unintended overtime.
- **Lack of data.** Vendor and float pool performance data is harder to come by and takes longer to react to without real-time access to metrics.
- **Minimal scaling.** Purchasing power is greater at a larger scale and can give additional leverage when negotiating rates.

One respondent, who identified as operating with an in-house, manual process in a facility that manages labor separate from



#### From the survey

##### Opinions on contingent workforce management

“Too fragmented. Staff willing to work may be too tired (no way to know how many hours they may have already worked in any given week).

“Technological solutions along with improved management structures will help with staffing needs and issues.”

“Overall it's improving in larger hospitals.”



## From the survey

### On Quality

“Contingent staff does not have the same level of experience as they have had in the past. They are also less engaged and less committed to the facility and patients.”

“EHR makes outside agency temp help difficult (with) so many systems, and if not proficient, our staff have to do the charting or reenter off paper. (This is) not efficient (with) more chance for error.”

“Needs to move to hire BSN nurses and improve quality of nursing practice in those clinicians.”

“Agencies are improving but cost constraints make contingent staffing options difficult.”

others, illuminates these problems when summing up the current state of contingent staffing.

“Too fragmented. Staff willing to work may be too tired (no way to know how many hours they may have already worked in any given week).

## Moving forward – opportunity knocks

What this data illustrates is that there is room for improvement. Simply put, aggregating facilities into a centralized staffing operation and doing so with technology-driven tools can improve operations. Scaling efficiencies are best realized with automation that can schedule, notify and report on activities quickly and cost-effectively across an entire organization. Whether this is done with an MSP, VMS or in-house technology is up to the healthcare system and what works best to meet objectives.

## Quality is #1

As healthcare reform marches forward, the shift from [volume to value-based care](#) has put special emphasis on quality. Patient outcomes have a greater effect on the bottom line than before and everyone is paying special attention to quality-based metrics. For example, under federal health reform law, about \$1 billion in Medicare reimbursements nationwide were tied to [HCAHPS scores in 2013](#).

With that said, it should be no surprise that quality is on the top

of nurse leader’s minds. In two instances in this survey, quality was identified as the number one factor in response to the given question.

Quality of labor was far and away the most important thing identified when working with staffing agencies. Then, when asked to look 5 years down the road, nurse leaders identified Staff Quality as “Very Important” more than any other factor. 100% of respondents identified it as “Important” or “Very Important.”

Survey respondents held a mostly neutral or positive view of where clinical quality is headed with 77.9% indicating that quality would stay the same or improve in the next 5 years. Granted, more felt it will stay the same than improve, but with quality as an emphasis, nurse leaders display little pessimism.

Anecdotally, respondents frequently brought up the quality issue, specifically around their concerns. A sampling of those responses are included on this page’s sidebar.

## Agencies fighting perceptions

The healthcare industry has long held views on staffing agency labor as less preferred to that of its own full-time workforce. Whether fair or not, this is the perception that agencies fight and we see that within this report.

In question #7, respondents were asked to identify their feelings

about how float pool/internal resources meet specific objectives when compared to staffing agencies. In all 4 objectives, over 90% of respondents agreed that their internal resources did a better job when compared to agencies. This is an overwhelming statistic endorsing the usage of internal resources.

But history tells us that agencies aren't going away. Healthcare leaders have long said "we want to eliminate agency" but it's often unrealistic as agencies are invaluable in providing a much needed service. And the quality issue is debatable. Findings have shown that "use of temporary nurses alone does not appear to affect patient safety."<sup>2</sup> It's often noted that perceived quality issues stem from problems in a hospital's onboarding process rather than with the staffing agency nurses themselves.

### Agencies need to deliver value

Moving forward, agencies have to focus on the value they provide. Quality of Relationship ranked 2<sup>nd</sup> lowest in question #4 in what's important to nurse leaders working with agencies. Ranking highest? "Quality," followed up by "Cost." This data tells us that the agencies that provide real, evidence-based value will succeed in the marketplace.

## The future looks a lot like the present

The survey didn't reveal any major shifts in attitudes toward the future. Given that the move to a value-based care model has been under way



for a few years now, it's not shocking to see the current emphasis on quality and costs hold up with future expectations.

It's also not surprising to see respondents managing contingent staff hold on to their current way of doing business with their expectations for 5 years down the road.

However, there is some indication of potential change. As

noted through the report, "In-house solution" dropped by 11.5% as the answer to what temporary workforce management solution will be most used in 5 years with VMS and MSP picking up the votes. This suggests some acknowledgement that manual

processes may not be the answer to meet efficiency objectives in the long-term.

## Potential for Disruption

Despite opinions in the survey holding the line, there are potential disruptors in the marketplace. Other industries have been using direct online hiring methods for years now. Websites like eLance.com and oDesk.com allow employers to directly hire independent contractors for services through a web portal. Will healthcare staffing follow suit? It's hard to tell. There are problems in many states with the independent contractor model in nursing. It's certainly something to keep an eye on in future years as Staffing Industry Analysts has predicted that the current online staffing market for onsite/local work of \$.3 billion will grow to anywhere from \$5.5 billion to \$14.5 billion by 2020. How much will healthcare factor in? Time will tell.

2 <http://www.psnet.ahrq.gov/resource.aspx?>



## About ShiftWise

Leading health care systems nationwide [click ShiftWise](#) to lower costs, ensure compliance and improve quality when using flexible, temporary and contract professionals. With an easy to use, Web-based suite of applications and services that are highly flexible to the needs of each client, ShiftWise maintains a broad client base across the entire spectrum of health care providers and includes some of the most clinically advanced health care systems in the U.S. ShiftWise is based in Portland, OR. More information about ShiftWise can be found at [www.shiftwise.com](http://www.shiftwise.com).



The ShiftWise Staffing Vendor Management System has earned the exclusive endorsement of the American Hospital Association.