

Recruiting Travelers: More Economical than You Might Think

True or false? Agency nurses are an expensive staffing solution, and you could hurt patient care by relying too much on agency nurses.

You might lean toward saying that this statement is "true." We have found that many nurse leaders view the use of agency nurses as a last resort for easing staffing shortages. But the real truth is: It depends, especially when you consider travel nurses versus per diem agency nurses.

Both travelers and per diem nurses are employed by agencies. But travelers are growing in popularity. Travel nursing revenue grew 8 percent in 2006, according to Staffing Industry Analysts. In comparison, per diem nurse revenue remained flat in 2006 ("Temporary Staffing Revenue on Upswing," *Modern Healthcare Daily Dose*, Sep. 24, 2007).

Why Travelers?

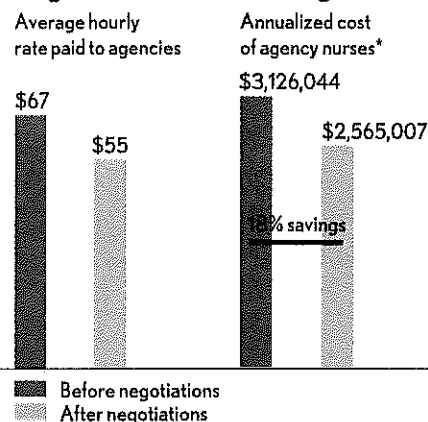
More nurse leaders are starting to rely on travel nurses for good reasons. For one, travel nurses can be an economical choice if you know how to negotiate with agencies. Hospitals can save hundreds of thousands of dollars by contracting with travelers versus per diem agency nurses.

Plus, using travelers gets around the continuity-of-care argument against agency nurses. Travelers sign on to work for months at a time so they can develop the patient and family relationships that are so important to quality care. In addition, travelers are your "staff" for the length of their contract. You make their schedule, according to your facility's needs. Travelers also tend to be flexible regarding the units where they work. Typically, travelers have bundled their experience. So, for example, an ICU nurse can also work ED, PACU, cardiac cath, radiology specialty, CCU, step-down, and telemetry.

Negotiating Lower Traveler Costs

Agency nurses tend to be expensive; however, this is true only because hospitals tend to treat this contract differently from every other contract they manage. There are many reasons why travel nurses can be contracted at a lower rate than per diem agency staff. However, few people think to negotiate that rate. We believe that is because the average contract manager and nurse recruiter doesn't know the ins and outs of the travel nurse business. There are two key points they should keep in mind.

Hospital Example: Agency Negotiations Yield Savings



* The hospital contracts with about nine different nursing agencies, using agency nurses for 46,636.5 hours a year.

Source: Nexera, Inc. Reprinted with permission.

Leaders at a 450-bed hospital in a large, East Coast city are saving more than a half million dollars a year after re-thinking their contracts with nursing agencies. After negotiating a lower hourly rate for traveler nurses, hospital leaders took advantage of this more beneficial rate by converting all per diem agency usage to travelers.

Hospitals are paying more for travelers—needlessly. Agency nurses (both travel and per diem) are employees of their agencies. The agency pays their salaries and ensures that their licensures, history and physical, etc. are kept up to date. Some agencies offer health insurance and bonuses and use creative retention strategies to keep their nurses happy and on staff. All these costs are shifted to the hourly rate that the hospital is paying for agency nurses. Hospitals pay agencies a percentage of a temporary nurse's salary to cover the agency's "back office" expenses.

Agencies tend to charge hospitals a higher fee for travelers than per diem nurses. This is because hospitals tend to believe that travelers cost the agencies more. However, in actuality, travelers do not cost agencies any more than per diem nurses. Salaries and back office costs are about even. Yet our research shows that agencies often make 20 percent more profit off traveling nurses than per diem nurses.

A 450-bed metropolitan hospital on the East Coast was using both per diem agency and travel nurses at the hourly rate the agency requested. The hospital paid a higher hourly rate for the travelers, because the hospital leaders thought they had to. The organization's annual cost for supplemental staffing was over \$3 million. By converting all their per diem usage to travelers, and negotiating the rate to something they were willing to pay, the hospital leaders were able to save more than \$560,000, an 18 percent savings, without any negative impact on the quality and quantity of patient care. (See exhibit at left for more details.)

Travelers are eligible for lucrative tax subsidies.

If a nurse meets federal criteria for a traveler nurse, she becomes eligible for tax-free payment options. These payment options include a small hourly rate, set by the government and based on location, as

well as significant tax-free subsidies for housing, utilities, food, uniform, travel, licensure, and other work-related expenses. The effect of these tax-free subsidies on the take-home pay is significant. In fact, a traveler tends to take home much more of his paycheck than a nontraveler.

Knowing this should help ease your conscience about negotiating lower rates with agencies. Individual traveler nurses should not be negatively impacted by your negotiations.

How to Find the Best Travelers

Notify as many agencies as you can find that you are looking for travel nurses, the rate you are willing to pay, and the length of your ideal contract. Typically, 90 to 120 days is ideal. You can always try to extend the time period, if you need to, as the contract comes to an end.

Review resumes and select the nurses that meet your criteria and then interview them over the telephone. If they fit the bill, talk to the agency. Remind the agency of what you are willing to pay for a travel nurse. This may require a bit of negotiating, as do all contracts. But it's worth it in the end.

Run the Numbers

If you analyze what you would be paying for per diem agency staff, and compare that with what a traveler will cost you with your negotiated rate, you can save significant dollars. The key is to accept the inevitable: It can take months to fill vacant positions. The argument that you will be "stuck" with a nurse that you don't need as soon as the perfect candidate walks through the door is a fantasy. Using the traveler takes the pressure off and allows you time to recruit and screen until you do hire the perfect candidate.

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Investing in Retention

Support, communication, and respect are your most valuable retention tools.

We seem to be able to recruit nurses, but then we can't keep them. What can I do as a nurse manager to make staff want to stay working on my nursing unit?

Sanford: Research shows that people choose to stay with an organization for two main reasons: positive relationships with coworkers and good relationships with supervisors. These issues are just as important as salary, scheduling, or perks. Basically, if you don't like your boss and coworkers, the money just isn't worth it. We also see nurses leave because of a lack of support; this is particularly true with new nurses just out of school.

The best thing you can do for your staff is to facilitate good relationships—within shifts as well as between shifts. Make sure the nurses on different shifts are communicating well and getting along, and that each shift is working to support the others. Don't wait to be approached with problems; ask questions formally and informally to see if staff are feeling supported and respected at work. For example, the following question can start a conversation that will give you information about current inter-shift relations: "I'm doing a quality check on how well we are doing patient handoffs from shift to shift. Are you getting the information you need during report from the day shift?"

If you see communication breakdowns or other pitfalls starting to occur, intervene before they become larger difficulties that eventually affect morale. I once had two shifts that had developed such poor relationships that I set up facilitated team meetings for several months to work on team building and open communications. During those meetings, the staff developed standards for how they would communicate with each other and what each shift could expect the previous group of nurses to have completed before the

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patients were handed off. Follow-up meetings were scheduled quarterly so that the nurses could assess how well they were meeting their agreed upon standards.

You should take time to work with new employees, both one on one and in formal orientations to make sure that they have the tools they need to be successful. In addition to clinical orientations, new nurses need to be taught about your organization's systems for communicating with other nurses, with physicians, and with others within the organization (such as the hierarchy to follow when questioning a physician's orders or the information to have available before calling a physician about a patient).

They also need training on how to deal effectively with "difficult customers"—that is, patients, families, co-workers, and others who may not treat them as respectfully as they should. It can be valuable for more experienced nurses to provide them with tricks of the trade that will make their work go more smoothly throughout the day.

Finally, be sure to provide your staff, old and new, with feedback and praise. When the work gets hard, knowing that your efforts are appreciated can go a long way.

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