

# Reimagining Healthcare Staffing:

Partnership-Focused,  
Data-Informed, Nurse-Centric

Market Corner Commentary  
March 16, 2023

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In 2006, Warren Buffett quipped that, “GM is a health and benefits company with an auto company attached.”[1] America’s largest car manufacturer had just announced that the medical bills of its employees and retirees cost the self-insured company around \$7 billion that year, compared to only \$2.2 billion in net revenues on total revenues of \$207 billion.[2]

Given the financial and strategic importance that workforce management plays in hospitals today, Buffett could describe health systems as human resource organizations with care delivery businesses attached. Like GM with healthcare in 2006, few health systems today control this essential aspect of their business.

Labor is hospitals’ biggest expense, averaging 50% of overall costs. [3] Nurses represent around half of those costs, or 25% of total costs.[4] With hospitals’ historically narrow margins, managing labor and, particularly nursing costs, is the single largest factor driving organizational profitability.

Hospitals employ most of their nursing workforce directly, but also contract with temporary or contingent nurses to accommodate demand surges when they occur. While contingent nurses typically represent a small percentage of a hospital’s total nursing staff, the high incremental cost of temporary staff hits budgets hard. According to the American Hospital Association, from 2019-2021 hospital labor costs increased 19.1% per patient. [5]



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Since the pandemic, surging demand for contingent nurses has increased their bargaining power and significantly inflated overall labor costs. Emergency federal funding offset the increased labor costs initially, but the high cost of contingent nursing labor has persisted. The increased cost of labor is a primary reason that 2022 was among the worst on record[6] for hospital profitability.

Reliance on contingent nurses has receded modestly in recent months as demand from COVID-19 has subsided. Yet, health systems remain battle-shocked by their vulnerability to extreme labor volatility. Traditional approaches to sourcing contingent workers are no longer sufficient. Most health systems recognize the urgent need for more dynamic, efficient and comprehensive workforce strategies.

Fortunately, new models are emerging to improve staffing management in a sector that will struggle with labor scarcity and financial difficulty for the foreseeable future.

## THE CHANGING MARKET DYNAMICS FOR CONTINGENT LABOR

By 2025, healthcare will confront a shortage of 200,000 to 450,000 nurses, according to McKinsey.[7] At the same time, the demand for nurses is increasing as home health, ambulatory and retail/primary care business models compete with traditional health systems to hire available nurses.

The pandemic did not create these staffing challenges for hospitals, but has amplified them. As Bart Valdez, CEO of privately-held healthcare workforce solutions company Ingenovis Health observes, “In the pre-COVID world, we were already seeing the beginnings of a national crisis in the shortage of health care workers.”

Staffing shortages have negatively affected patient care and exacerbated nursing burnout and led many to leave the profession. In 2022, almost 30% of nurses in the U.S. reported that they were ready to leave their current role.[8] The majority cited diminished engagement, frustrations with their ability to provide appropriate care under trying circumstances, compensation and their personal health as reasons for wanting to leave the profession.

The contingency nursing workforce consists of travel nurses, per diem nurses and temporary nurses. Travel nurses work under agency contract in different regions and facilities. Representing approximately 2.3% of the total nurse employment market, the role appeals to a young, single, highly mobile, and more racially and ethnically diverse demographic. Per diem nurses fill temporary nurse vacancies and usually reside within ~2 hours of the facility.

For hospitals, contingent labor can sometimes be less cost-effective and, when not properly integrated into organizational workflows, can compromise operational efficiency and care quality. Integrating contingent labor can be challenging and healthcare workforce management solutions play an important part in making the transition as seamless as possible. Nevertheless, contingent labor is essential and enables health systems to respond effectively to ebbs and flows in demand.

During the pandemic, travel nurses accounted for most of the increase in labor costs. Use of agency and temporary staff grew 130% [9] while per patient labor spend rose 37% between 2019 and 2022. [10] According to Aya Healthcare’s National

Travel Nursing Job Volume tracker, demand for travel nurses surged. Their wages increased by 25%, three times more than for employed nurses. [11, 12] While demand has dropped considerably in 2022 and wages have returned to near pre-pandemic levels, open travel nursing job requisitions remain stubbornly high and health systems remain vulnerable to fluctuating staffing demands.

Partnering with staffing firms enables health systems to develop more comprehensive, integrated and strategic approaches to workforce management. They improve their ability to predict demand, identify qualified candidates and confirm credentialing.

These attributes appeal to a younger, changing workforce that desires for mobility, flexibility and responsiveness.

Lennie Sliwinski, co-founder and CEO of Trusted, Inc., describes the evolving character of the staffing industry as follows,

*Before COVID, healthcare had serious labor problems, but they were probably number four or five on every health system's list. Now, it's number one for everyone. As a result, health systems are more willing to accept radical changes in how they operate and think about their workforce. They're looking for longer-term, sustainable solutions.*

## LEADING HEALTHCARE STAFFING SUPPLIERS

During COVID, as the demand for nurses exploded, states suspended licensing rules and staffing firms expedited credentialing. Desperate for nurses, many health systems expanded their vendor relationships to less-established firms who could fill ever-widening gaps in care.

The following leaders in healthcare workforce management were interviewed as a part of this article.

### Epic Staffing

Based in El Segundo, CA with 7 offices in the Eastern U.S. and one in the Philippines, [Epic Staffing](#) is a diversified staffing supplier to the biopharmaceutical sector and healthcare providers.

The firm operates 6 vertically integrated business units, each with its own trade brand, with centralized finance, operations, IT, marketing and HR. It was acquired by private equity firm The Pritzker Organization in 2022.

As a large regional player, Epic targets strong, growing markets. The company focuses less on travel nurses than many staffing firms because that market is subject to big swings. Instead, it serves providers that offer care in alternative settings, as well as schools, governments, and specialty areas like radiation therapy and life sciences.

CEO Mark Siegel says, "Over the last 5 years, I've seen customer relationships in staffing shift toward partnership. The sector is less a 'necessary evil' and more a solutions provider that can help the health system focus on their core business."

Siegel believes technology adoption is and will continue to be additive to Epic's solutions. Technology can accelerate, streamline and automate processes, especially in transactional areas, and is necessary to bring a staffing business to scale. But the sector needs the human touch as much as it needs automation.



### Ingenovis Health

Based in Greenwood Village, CO, [Ingenovis Health](#) was established in 2021, and includes 7 brands and a technology platform offering workforce solutions with nurses, physicians, allied healthcare professionals and other non-clinical healthcare providers. It is backed by PE-firms Cornell Capital and Trilantic North America.

Ingenovis Health works in contingent workforce solutions and strike preparedness, combining solutions and technology to meet health system needs cost effectively. It leverages shared services for economies of scale and technology to optimize efficiency. When plugged into a health system, its predictive analytics can help anticipate volume needs so providers are there when they are needed.

Ingenovis Health also emphasizes creating better work situations for clinicians. It offers more assignment-length variety than industry standard, and supports clinicians in career development and well-being, meeting lifestyle and personal needs through a collection of tools and resources including financial counseling.

CEO Bart Valdez believes that's a difference maker for the firm. "We take the time to listen to nurses and clinicians to understand the challenges they're facing, and then advocate for them. We want to help them build their careers around their lifestyle and needs."

## TECH-ENABLED SOLUTIONS

Technology is increasingly prevalent and necessary to automate the hiring, credentialing and placement of contingent nurses. Data analytics assess market dynamics and workforce patterns to predict needs, identify trends and optimize decision-making. Here are some interesting market leaders.

### Trusted, Inc.

Based in San Francisco, [Trusted](#) is a pure tech solution designed to optimize human capital. The firm was founded in 2017 by CEO Lennie Sliwinski who became interested in the challenge of matching nurses seeking positions with health systems seeking talent. Since then, over half a million nurses have created a Trusted profile and they've worked with healthcare employers in all 50 states.

Sliwinski believes the labor supply chain for clinicians is fundamentally broken. It requires tech-enabled solutions to solve both macro problems (like connecting employers with workers) and micro problems (like optimizing hours, shifts, skills and pricing points).

By uniting an employer's internal and contingent labor into one data-driven system, and intelligently needs across incentive, float, per diem, and long-term contract labor pools, Trusted creates supply-demand efficiencies that benefit all stakeholders. Its platform also automates the entire worker lifecycle, from sourcing and credentialing through time capture and payroll, reducing costs and making it easy for employers to manage their staffing programs in-house.

As Sliwinski notes: "I think we're at the early stages of an innovators' bell curve. Employers that get it realize that it's a competitive advantage for them to be at the forefront of workforce issues, not just in terms of being more efficient operators, but in creating the type of environment that attracts people to their systems."

### IntelyCare

Founded in Quincy, MA in 2016, and backed in 2022 by Janus Henderson Group and others with a \$115 million investment [13], [IntelyCare](#) has built a digital workforce platform that leverages data, machine learning and AI to optimize staff resources, predict and manage future needs, and match openings with nurses in need of flexible, on-demand opportunities. Its app has over 50,000 nurse users, largely in the per diem space.

President and COO John Shagoury observes: "Pre-pandemic, there weren't a lot of businesses with real technology platforms behind their staffing initiatives. Some competitors had an app but no platform behind it. So, we were very disruptive and able to open new markets quickly to accelerate our growth."

IntelyCare is highly selective about the markets it enters and develops deep local knowledge of factors influencing supply

and demand. These factors include traffic patterns and client locations that might influence nurses in selecting job opportunities. "We don't enter a state," Shagoury explains. "We enter a market within a state, and we break that down into micro-markets at the zip code level to understand both sides of the two-sided market." IntelyCare then builds out from that foundation, expanding to include additional facilities and nurses.

"We have taken a more nurse-centric approach than a lot of other firms. We have to make sure they have enough work and that it meets their needs." IntelyCare's data science engine analyzes the personal circumstances and shift selections of every nurse to develop deep understanding of preferences and needs. It uses dynamic pricing to balance volume and demand.

### Gale Healthcare Solutions

Founded in 2016, Tampa, FL-based [Gale Healthcare Solutions](#) is a tech-enabled healthcare services and payment platform for per diem, contract and travel nurses.

Founder and President Tony Braswell, a staffing veteran of 30 years, is well-acquainted with the arduous challenge of manually finding nurses to fill open shifts through traditional staffing. He saw the potential to automate hiring, scheduling, payment and other transactions efficiently and at-scale with digital services. Along with creating the first "on demand" nurse staffing platform, Gale Healthcare was also the first to offer same-day pay. On average, nurses are paid within 8 minutes of completing their shift.

As Braswell puts it, "The traditional staffing model is on the way out. It's no different than Blockbuster. Why do I need to go to a video rental store when I have Netflix on my remote? It's the same for nurses and healthcare providers. We took a transactional business, automated it, and every day we get smarter about it because of the data we're collecting." In this way, technology becomes a powerful tool for meeting the workforce needs of healthcare communities, empowering nurses and providing patients with quality care.

Gale has approximately 250,000 nurses on its platform, with 60,000 employed clinicians. While hiring, scheduling and paying nurses is automated, the human side is still critical. Gale offers 24-hour advocacy and support. In addition, Gale hires nurses as W-2 employees, which gives clinicians, as well as health care providers, the liability and financial protections that come with W2-employment.

Though most nurses work for multiple staffing firms, IntelyCare has found that 22% of their nurses identify IntelyCare as their primary source of income. "If a nurse wants to work, we want to be the first place they look. And to make sure there's no need for them to go somewhere else," Shagoury says.

## CONCLUSION: A MASSIVE NEED FOR CARE

Today, healthcare providers are grappling with evolving care models and cost structures while adapting to market demands for more convenient care delivery. They need collaborative support from trusted partners in many areas of their business to enhance their operations, efficiency and financial strength.

Efficient, effective, flexible staffing of a contingent workforce is clearly a critical need. As the shortage of nurses grows and competition between providers intensifies, the staffing market will become even more complex and dynamic.

The most forward-thinking health systems work with innovative staffing firms to help meet their complex workforce needs. The best staffing firms are valuable and trusted partners rather than simply staffing agencies, able to manage and predict demand, match nurses to openings and optimize burdensome administrative processes at lower costs. They also help meet the needs of contingent nurses for flexible work, engaging situations and timely payment.

Not all staffing companies are up to meeting today's complex market challenges. Some traditional businesses, operating largely on volume and long-term relationships, may not evolve quickly enough to predict and manage volatility in cross-regional demand. Newer, technology-focused players may lack a deep understanding of healthcare and the ability to partner collaboratively with nurses and provider organizations. Expect the market to consolidate and rationalize with a focus on thoughtful technology-enabled solutions to help provider organizations better manage their full-time and contingent populations.

Given American's graying population and its bottomless demand for quality care in flexible settings, the role that staffing businesses serve in connecting nurses and providers will only grow. The full challenge is only beginning to reveal itself.

As Bart Valdez puts it, "There are no villains in this. Everyone is doing their best to figure it out. And it's going to take decades to fix."

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