

Health Care Sector Session

Predicting the Future of Health Care Staffing



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Robert Livonius
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Livonius Consulting



Toby Malara, Esq.
VP, Government Relations
American Staffing Association




What's Happened from... **2019 to 2022?**

Healthcare Staffing goes from \$20B to over \$50B

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Travel Nurses Bring Gig-Minded Approaches To The Profession

- Becker's, Sept '21

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COVID-19 Exposed

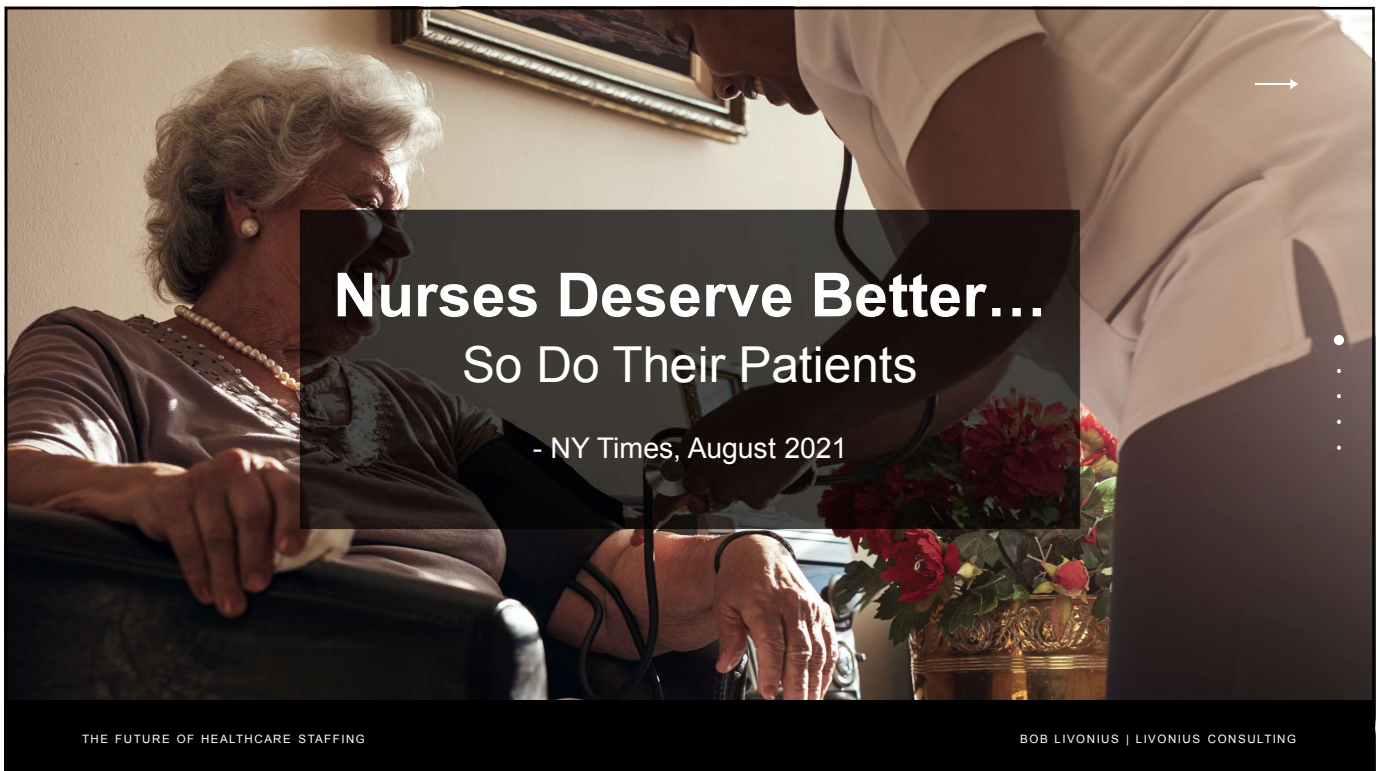
COVID-19 exposed the devastating consequences of staff shortages in Nursing Homes, but the problem isn't new.

- CNN, July 2021

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Nurses Deserve Better... So Do Their Patients

- NY Times, August 2021

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"It's a turnover tsunami... a global workforce disruption."

- April Hansen, AYA Group President

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Pandemic

Covid-19 push hospital losses to \$54B in 2021.

Becker's, Sept. '21

"We struggle with fill rates... willing to pay anything... but our nurses are leaving to fill travel jobs for others... it's crazy and awful."

- Eric Trish, VP Supply Chain,
University of Chicago Medicine

"Hospitals are looking for something else... MSP's/ agencies couldn't fill my needs...they are experimenting with new models"

- David Gillan, former SVP Vizient

"There has to be a lower-cost model in the future."

- Anamd Joshua, VP Strategic Sourcing, New York Presbyterian

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**"Lots of nurses are retiring...
but there's also lots of new interest in nursing.
The nursing mission is important to millennials."**

- Pam Stahl, Group VP/Chief HR Officer, Providence Health System

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**Venture Capital is flooding the
Healthcare staffing Market**

- Clipboard Health, an on-line hiring platform, snags \$80M to expand into more cities \$1.3B valuation
- Intelycare secured \$115M in April 2022
- Trusted Health nabbed \$149M in November 2021
- ConnectRN grabbed \$76M in December 2021
- ShiftMed landed \$45M in October 2021
- Nomad Raises \$105M to expand in June 2022.....total of \$218M

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Venture Capital is flooding the Healthcare staffing Market

- Snap Nurse raised \$33M
- ShiftKey receives undisclosed amount in Aug '21
- Incredible Health gets \$80M
- These add to nearly \$800M in Venture Capital investing in automating our industry and disintermediating the traditional players.
- This doesn't count what Traditional Staffing Agencies are investing in technology.

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What Are The Lasting Impacts From The Pandemic?

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“Traveling Nurse Bubble Bursts”

“...it was the best of times.... it was the worst of times...for nurses”

“....\$10,000 a week!”

“....overwhelming death”

Wall Street Journal, July '22

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Pandemic Lasting Impacts

Remote workers will remain a stable option as an operating model.

"The pandemic demonstrates the criticality of healthcare staff... it is a wake-up call for hospitals and healthcare workers.

We must be able to quickly scale up and down... will need to rely on more technology-driven solutions."

– Kim Howard, Chief Client Officer, Nomad Health

"Care models will be more virtual, more efficient.

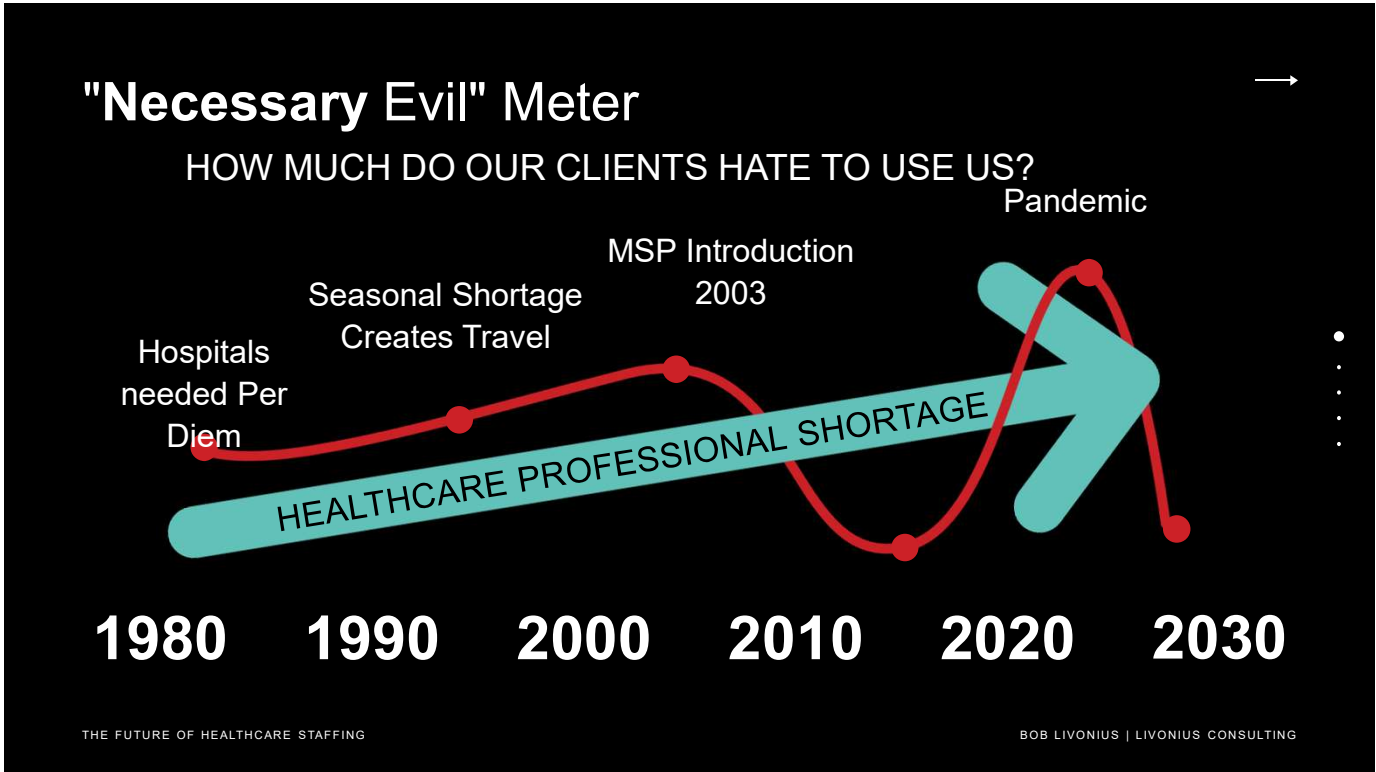
We need Universal Compact Licensure and more self-service."

– Tricia Brown, SVP Cross Country Healthcare

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Pandemic Lasting Impacts

Structural Change to the wages for nurses...resulting in a **30%+** increase over pre-pandemic rates for staffing agencies

Clients are angry at the agency model and are committed to finding alternatives

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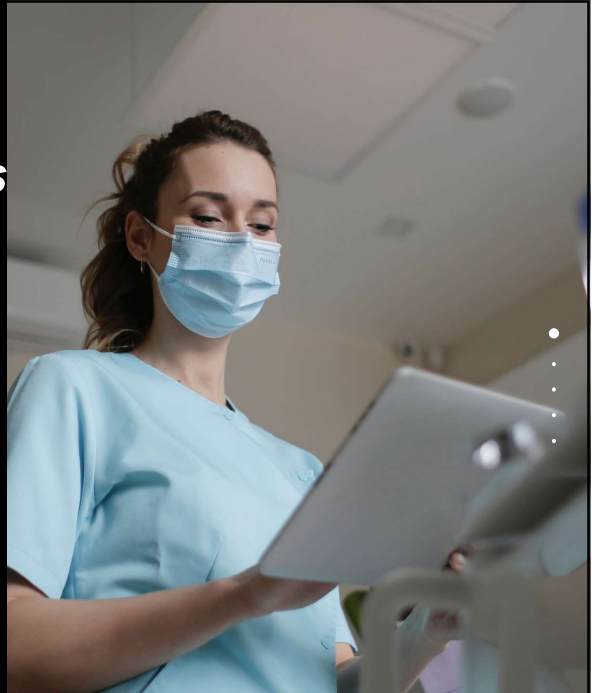
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Price Gouging Claims: 12 States Propose New Laws to Cap Rates and Regulate Agencies

- “Bad Actors” contributed to the bad press
- New 1099 Tech Platforms create more anger and confusion
- Nursing Home issues driving the most anger

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FAST
FORWARD
TO

2027

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2027 Assumptions

- Pandemic has been over for four years
- US economy is strong, post recession 2023-24
- Legislation is supportive of healthcare worker shortages
 - Global Sourcing of Healthcare Talent
 - Access to education is expanded
 - Apprentices/Residency program expansion
 - Medicare/Medicaid rates recognize the healthcare worker shortage.
- Severe supply shortages are a bad memory of the pandemic

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Nurse and Allied Staffing in 2027

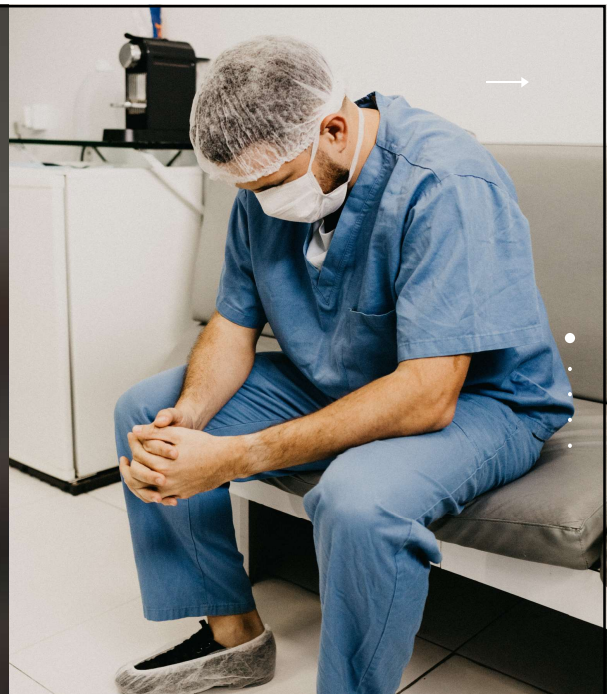
- In 5 years, there will be surpluses of nurse talent in some areas of the South and Southwest and shortages of over 500,000 in states like New York and California.

Mercer, Sept. '21

"Global Travel Nursing will be strong"

– Mike Bernard, CEO Acacuum

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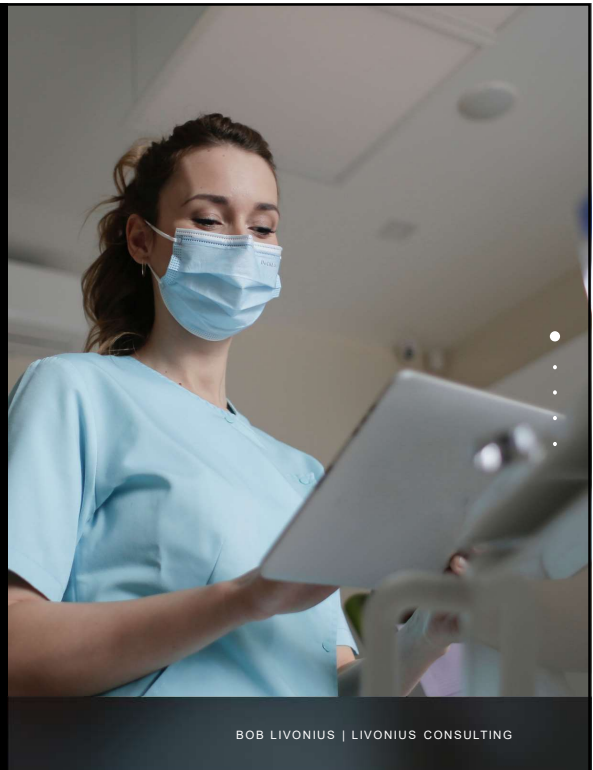
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2027 Predictions

- The majority of staffing will be done through highly tech driven platforms.... It won't be recruiter-driven or phone-driven
- There will be operating leverage. The benefit will go to:
 - Staffing Agency – **LESS**
 - Client – **MORE**
 - Healthcare Professional – **MOST**
- **Operating margins will be lower for us**

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"Shortage of active physicians... 124,000 by 2034.
40% of today's active physicians will be 65+."

-AAMC, August '21

NP's and PA's have expanded roles filling in-bound patients while Physicians deal with chronic/severe disorders.

"Locums will double in size... rates won't go back to pre-pandemic... and remote work through tele-health is a 'lifestyle.'"

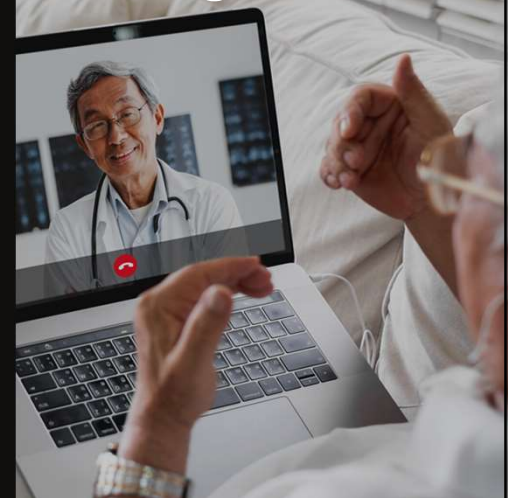
-Sean Ebner, CEO Cardio Solutions

"Top Locums Recruiters will do 2x the performance because of new tools."

– Jeff Bowling, CEO Curative

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Locums Tenens Staffing in 2027



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How Will Clients Address Healthcare Professional Supply Shortage in 2027?



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Supply Challenges

"What do we need to do to attract and retain staff? If we don't change, the burden is on us."

"It's a calling for us to harvest those individuals who would be healthcare workers, and train and retain through work/life balance."

– Keith Minnis, VP HR, Integris

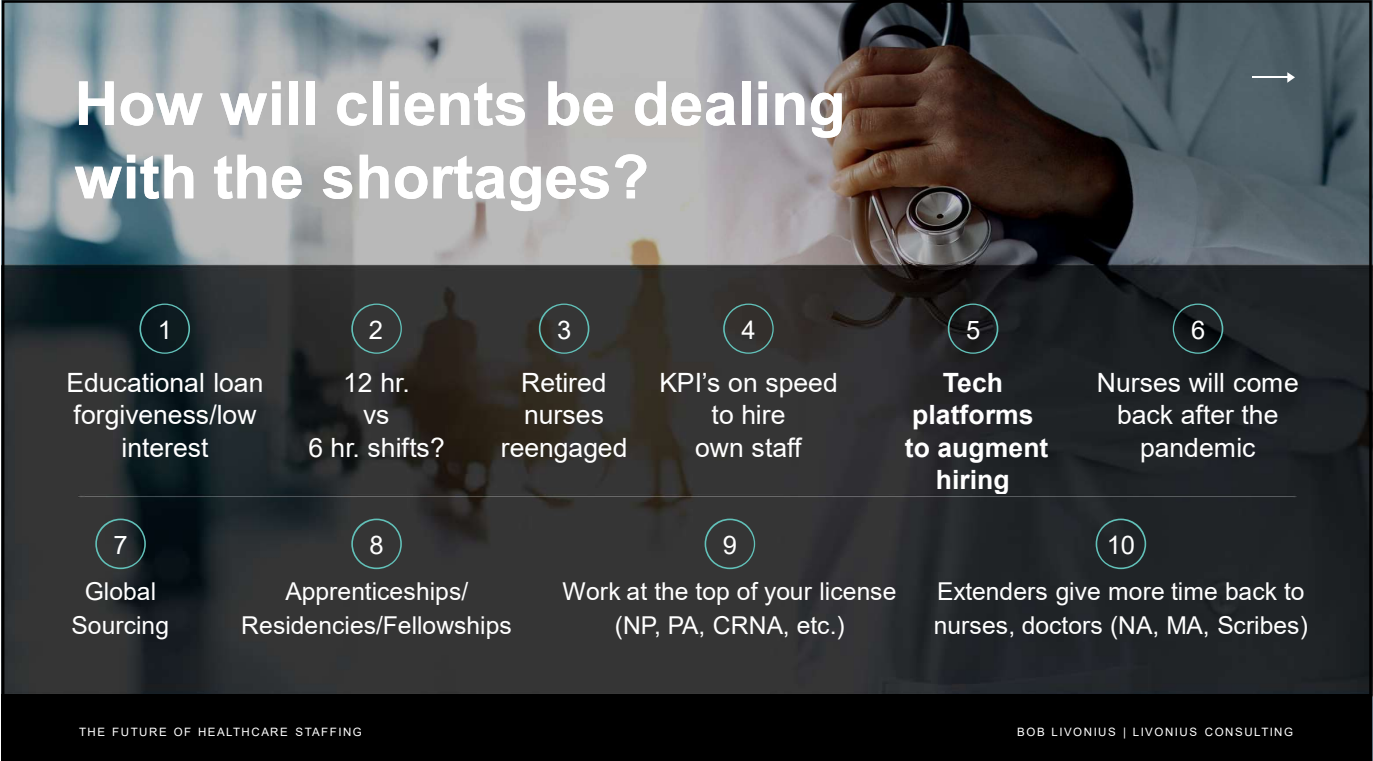
"We must have progressive career management, from housekeeping, to CNA, to LPN to RN."

– Pam Stahl, Group VP/Chief HR Officer, Providence Health System

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How will clients be dealing with the shortages?

- 1 Educational loan forgiveness/low interest
- 2 12 hr. vs 6 hr. shifts?
- 3 Retired nurses reengaged
- 4 KPI's on speed to hire own staff
- 5 **Tech platforms to augment hiring**
- 6 Nurses will come back after the pandemic
- 7 Global Sourcing
- 8 Apprenticeships/Residencies/Fellowships
- 9 Work at the top of your license (NP, PA, CRNA, etc.)
- 10 Extenders give more time back to nurses, doctors (NA, MA, Scribes)

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More clients are desperately wanting to build in-house float pools and take in-house control of contingent labor... again


They have forgotten how hard it isbut new technologies will make it much easier now

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What Will Healthcare Staffing Service Offerings Look Like in 2027?




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Healthcare Service Offerings in 2027


"Client usage of Per-Diem slowed because fewer agencies were willing to provide it."
Bob Livonius




Per Diem



Local Contracts



Short Term Travel



Traditional Travel

"We are in the midst of a Per Diem Renaissance."

– Randy Sparks, CSO, Favorite Healthcare

"The travel bubble is going to burst."

– Kevin Jordan, Founder, NMS Capital

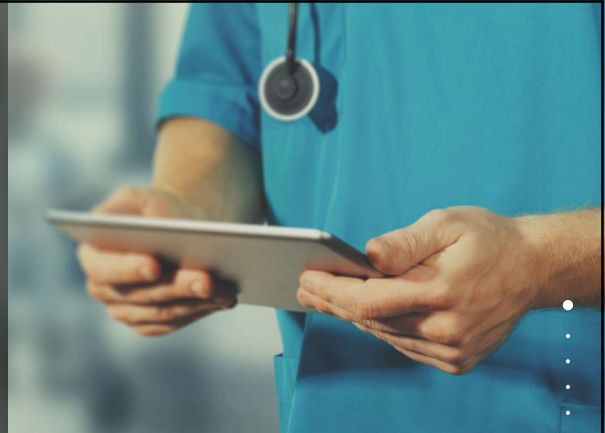
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2027

- Data analytics will be “table stakes.”
- Clients will be well educated about their spending and how to manage it better.
- Healthcare professionals will have control of their own documentation



"Healthcare professionals are tired of filling out applications and emailing credentials."

"They will have their own centralized repository as their universal source of truth."

– Ron Gonzales, CEO, UNA Health

"Innovation, efficiency, and reduced cost must be the focus."

Not just a staffing company...be an innovator in managing costs."

– Tricia Brown, VP, AMN Healthcare

Evolution of the “Agency Model”

2002

High Touch
Recruitment Centric
With High Compensation

← 10 years →

2022


Tech Enabled
Higher Recruiter
Productivity With
High Compensation

← 5 years →

2027

High Self-Service
Low People Support Costs
Pass Savings on to the Clients
And Healthcare Professionals
Lower Gross Margins
Continued Consolidation of Staffing
Companies

Venture
Capital
Infusion
2017



Evolution of the "MSP Model"

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"Our solution must provide leading indicators and not just lagging ones."

"The future of MSP will be about Vendor Engagement and Accountability to the client."


– Randy Sparks, CSO, Favorite Healthcare

"Leaders will make the shift to taking risk around cost per hour of labor."

– Mike Bernard, CEO Acacuim

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2027 Client Staffing Model

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Attract and Retain Our Own Staff with High Tech Platforms

High Tech Float Pool Management

**Marketplace of Direct Sourcing:
High Tech, Lower Bill Rate
Contingent Staffing Option**

TRENDS

- Internal Schools/
Virtual Education
- Progressive Career Opportunities
- Apprentice Licensure
- Global Sourcing

TABLE STAKES

- Higher Wages/
Benefits
- Flexibility

MSP/VMS
Traditional
Agency Network

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How "Touchless" Can Healthcare Staffing Be?

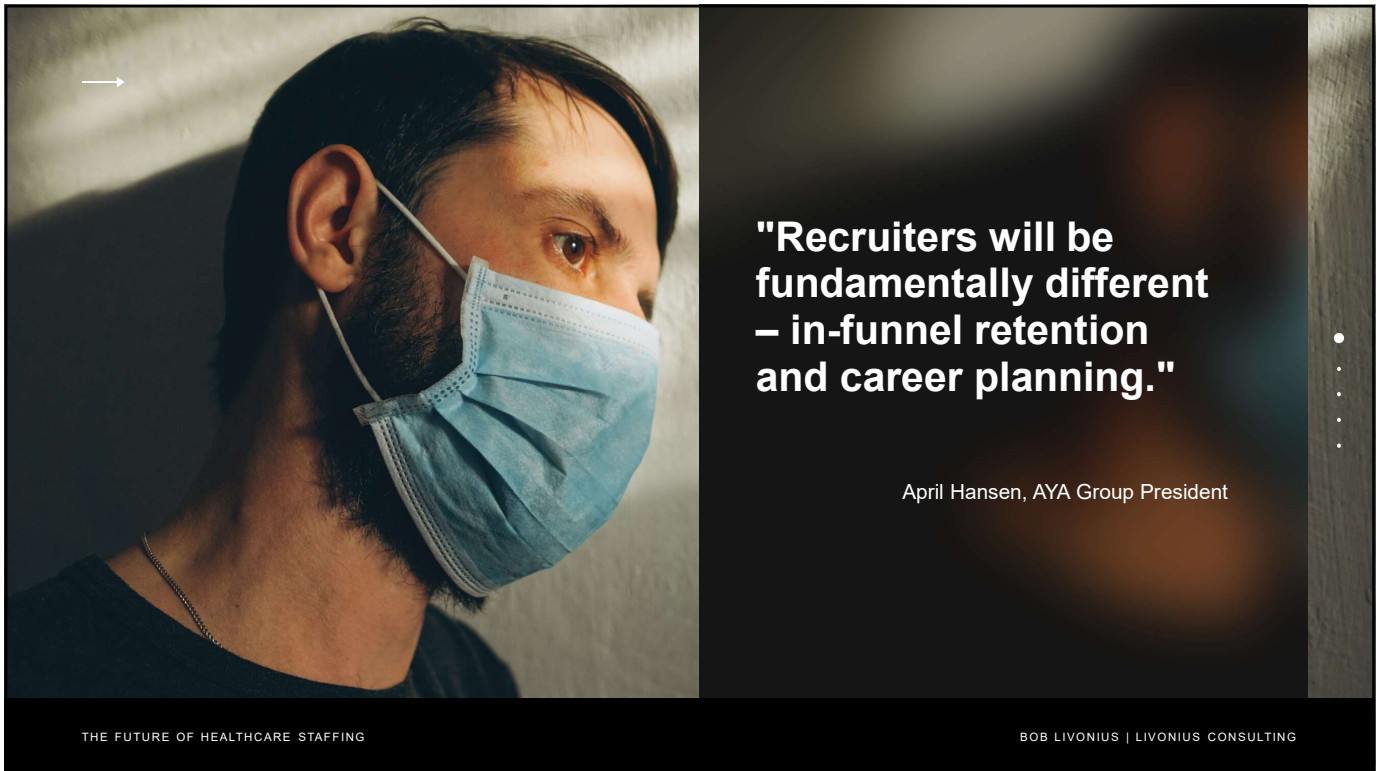
"This is the ultimate human business... we must let people do only what people must do and automate everything else."
– Alexi Nazem, CEO, Nomad Health

"Self-service will be the norm. The new generation of nurses won't need handholding."
– Ron Gonzales, CEO, UNA Health

"Touchless" is a misnomer... there are still people behind the technology."
– Sean Ebner, President CardioSolutions

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"Recruiters will be fundamentally different – in-funnel retention and career planning."

April Hansen, AYA Group President

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"The most successful model will be having the proper balance between the latest technology and amazing people."

– Steve Heeg, CEO, GrapeTree Medical Staffing

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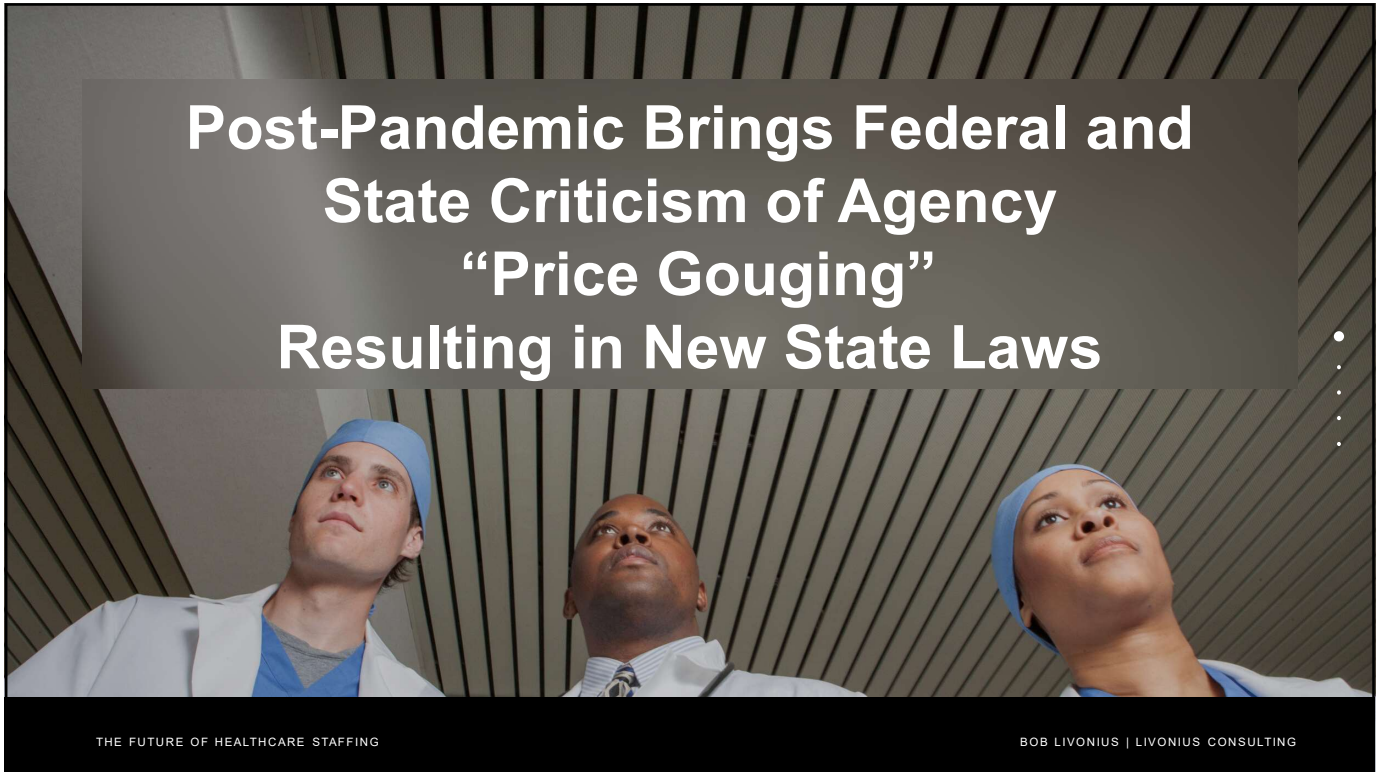
Let's shift focus to two current topics:

Legislation and Legal and Worker Misclassification

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Post-Pandemic Brings Federal and State Criticism of Agency “Price Gouging” Resulting in New State Laws

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LEGISLATION AND LEGAL ACTIONS HAVE BEEN DRIVEN BY UNPRECEDENTED PRICES AND PROFITS IN THE PAST 3 YEARS

- SUMMARY OF STATE LEGISLATIVE ACTIONS AND PREDICTIONS FROM TOBY MALARA

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LEGISLATIVE IMPACTS OF THE PANDEMIC

- OVERALL LEGISLATIVE THEMES
 - Agencies were price gouging, hiring “our staff” and non-compliant with credentials
 - Rate Caps being pushed hard..... but failed so far
 - States requiring Registration
 - Compliance requirements enforced
 - Elimination or modification of temporary-to-hire fees
 - Quarterly reporting includes both bill and PAY rate averages
 - Facility Complaint processes put in place
- FEDERAL UPDATES
 - Initially, a lot of “political noise” asking DOL, DOJ and the FTC to investigate....no action
 - Travel Nurse Agency Transparency Act by the GAO
- STATE UPDATES
 - Colorado, Connecticut, Illinois, Iowa, Kentucky, Louisiana, Missouri, and Oregon have enacted new laws
 - Ohio and Pennsylvania still have bills pending

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LEGISLATIVE IMPACTS OF THE PANDEMIC

- OUTLOOK
 - Overall, more good news than bad....some “bad actors” will fall out
 - Push for Rate Caps in some states will continue but Hospital Associations are generally opposed
 - Lots of focus on Nursing Homes with Medicare and Medicaid funding constraints....more challenges to come.
- WHAT YOU SHOULD DO
 - Join the ASA Healthcare Coalition Conference Calls
 - Volunteer to provide testimony as needed
 - Help review proposed language

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Health Care Worker Misclassification puts Facilities, Caregivers & “Platforms” at Risk



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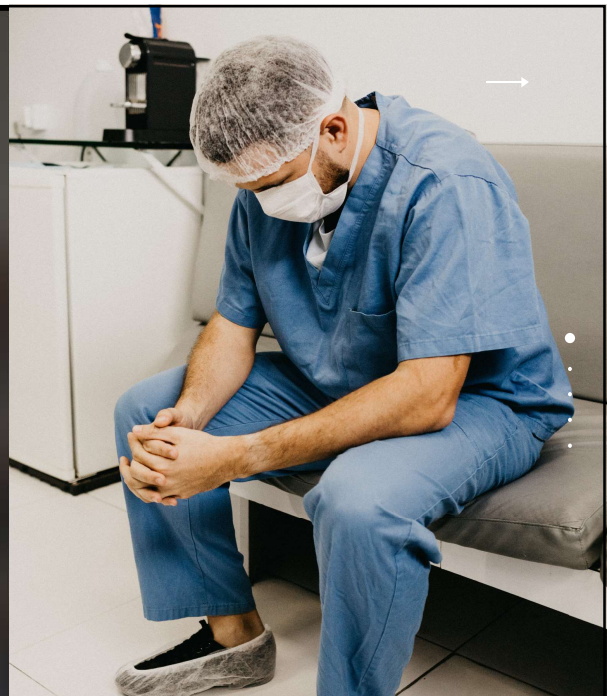
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1099 TRAVEL NURSES OPEN HOSPITAL EMPLOYERS TO LEGAL RISK

- ...”Independent Contractors...huge legal issue subject to class action”
-”If you’ve got a (independent) contractor and they have a problem, it’s your problem too”

Bloomberg Law, August '21



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HEALTH CARE WORKER MISCLASSIFICATION

- A GROWING NUMBER OF ONLINE JOB PLATFORMS ARE AVOIDING PAYROLL TAXES AND OTHER COSTS BY MISCLASSIFYING NURSES AND NURSE AIDES AS 1099 WORKERS
- MISCLASSIFICATION PUTS CLIENTS AND WORKERS AT RISK
 - *Payroll tax liability*
 - *Unpaid overtime*
 - *Coverage for workplace injuries?*
 - *Professional liability insurance coverage?*

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ASA ACTION TO COMBAT MISCLASSIFICATION

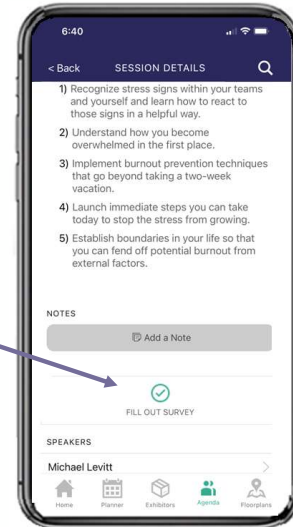
- EDUCATION
 - Disseminate new [ASA issue paper](#) on misclassification risks to staffing agencies, health care facilities, trade groups, media, and regulators
 - Alert clients and caregivers of legal risks (suggested client letter included in issue paper; employee letter available from ASA)
- LEGAL ACTION
 - Identify law firms that might sue to collect unpaid overtime for health care workers misclassified as independent contractors
 - Tech Platforms that operate as W-2 on the offense with IRS and DOL regulators

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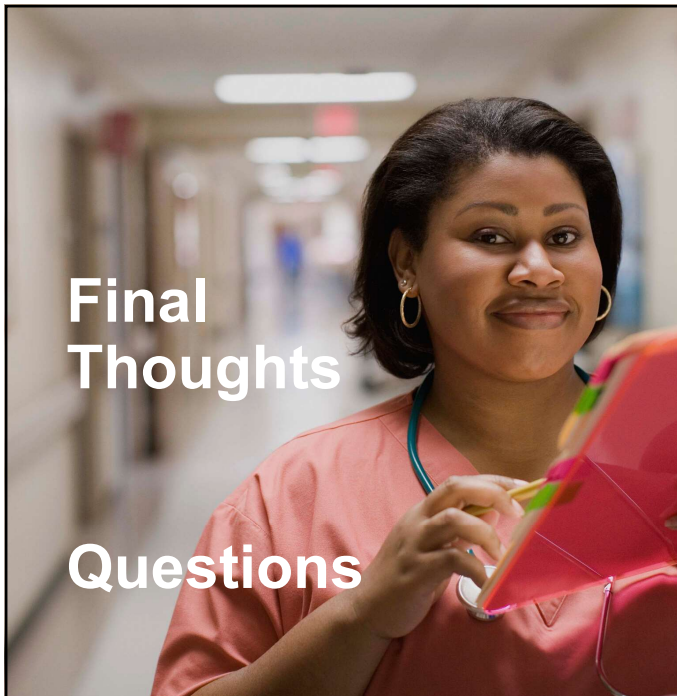
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Final Thoughts

Questions



Clients will increasingly command lower bill rates



Technology will enable us to deliver at lower costs and higher pay rates



Supply will still be an issue... but may be more manageable



“We are all very fortunate to be in this business.”

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