



American Organization of Nurse Executives

Acute Care Hospital Survey of RN Vacancy and Turnover Rates

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Acute Care Hospital Survey of RN Vacancy and Turnover Rates in 2000

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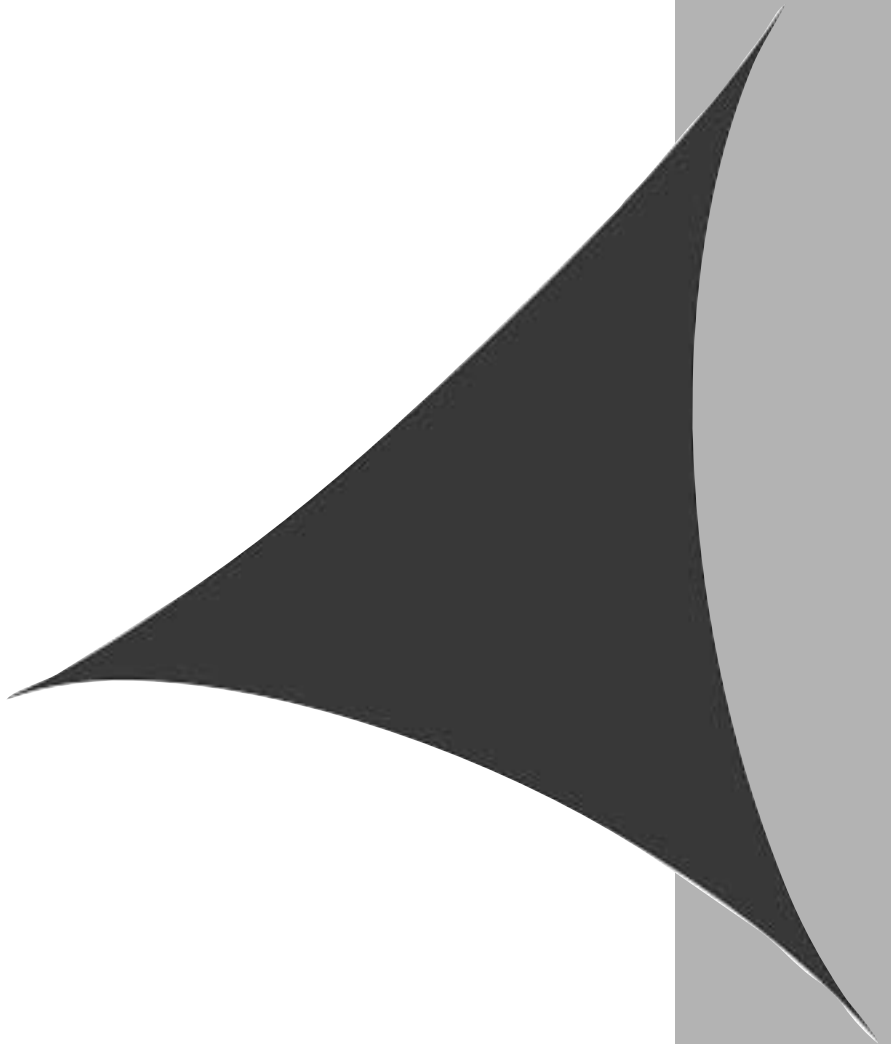
by

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Executive Summary



Background

The HSM Group, Ltd. (HSM), an independent health care marketing research and consulting firm based in Scottsdale, Arizona, was engaged by the American Organization of Nurse Executives (AONE) to conduct research with nurse executives from acute care hospitals on RN vacancy and turnover rates in 2000. While the problem of RN turnover and high vacancy rates is well known to every health care facility in the country, this research was designed to establish valid estimates and benchmarks so that solutions and policy formation will be based on reliable information.

Respondents representing 693 different acute care hospitals completed the survey during July and August 2001. Nurse executives were asked to provide information on budgeted staff levels, actual staffing levels, terminations and hires, and other data for specific RN categories, for the calendar year 2000. (See pages 72-73 for the survey instrument.) These data were used to calculate the vacancy and turnover rates described in this report.

For these and other measures, the report includes frequency distributions and measures of central tendency (means). The margin of error for this study (at the aggregate level) is about $\pm 4\%$; the margin of error for sub-segments (e.g., region, number of staffed beds, location, and organization type) is greater. The data were examined by region (U.S. Census Bureau region classifications), number of staffed beds (<50, 50-99, 100-349, and 350+), location (self-identified as urban, suburban, or rural), and type of organization (self-reported as individual, multi-hospital, specialty, or integrated delivery system).

Findings and Implications

Turnover Rates in 2000

- The national average turnover rate for RNs in 2000 was 21.3%. (The turnover rate is defined as the number of resignations or terminations in 2000 divided by the average number of direct and indirect care RN FTE [full-time equivalent] positions for the same year.) Most of the hospitals reported turnover rates between 10% and 30%, although some experienced even higher rates. Very large hospitals (350+ staffed beds) reported a lower average turnover rate (17.1%) than smaller hospitals. Specialty hospitals had a higher turnover rate (25.2%) than individual hospitals, multi-hospital systems, or integrated delivery systems.

Such turnover levels represent substantial recruiting, training, and orientation costs. For example, a facility with 400 RNs must develop a system to recruit and train up to 80 new RNs each year. Estimates of actual turnover costs vary widely in the literature, but even a conservative estimate of \$10,000 per RN implies a considerable annual cost. Investments to reduce "churn" may pay considerable dividends in decreased costs and improved quality of patient care.

Vacancy Rates in 2000

- Nursing staffs typically handle high turnover rates while also dealing with the challenges of understaffing. The national average acute care hospital RN vacancy rate of 10.2% (*defined as the average number of vacant FTE positions divided by the average number of budgeted FTE positions*) in 2000 illustrates the importance of cultivating and retaining an adequate supply of nurses to meet America's health care needs.
- On a national basis, average RN vacancy rates were highest in critical care (14.6%), medical/surgical care (14.1%), and emergency room care (11.7%). The average RN vacancy rate in obstetrics was 9.6%, and in OR/peri-operative care, 9.4%. The average RN vacancy rate for nurse managers was 6.5%.
- The West faced the highest average RN vacancy rate, with 12.2% of budgeted positions unfilled. The West reported a higher average level of OR/peri-operative care vacancies (11.9%) than other regions. The West's 2000 turnover rate was 22.2%, and this region reported a larger proportion of RNs in the 50- to 59-year-old age group than other regions.
- The Midwest had the lowest average RN vacancy rate (8.9%) compared to other regions, and a turnover rate of 20.2%.
- The average RN vacancy rate in the South was 11.0%. At the departmental level, the South had higher average RN vacancy rates than other regions in critical care (16.4%), medical/surgical care (15.8%), emergency room (13.6%), and obstetrics (12.5%). The South had a higher turnover rate compared to other regions (24.0%), and a larger proportion of nurses in the 20-29 and 30-39 age groups.
- The Northeast's average RN vacancy rate was 9.3%, and the turnover rate was lower than other regions at 17.4%.
- The shortage of nurse managers is most pronounced in the West (8.5% vacancy rate) and South (8.2% vacancy rate). The management load is comparable in these regions to the national average. An individual nurse/first line manager was responsible for approximately 34 staff members (e.g., RNs, CNAs, LPNs, unit aides, unit secretaries) in the West and 32 in the South. This compares to 36 in the Northeast and 29 in the Midwest. Regional differences in management load do not appear to be related to the average nurse manager vacancy rates.
- Urban hospitals reported higher average RN vacancy rates in emergency room (15.2%), OR/peri-operative care (10.9%), obstetrics (10.9%), and nurse managers (8.3%) than suburban or rural facilities.
- Suburban hospitals reported higher average RN vacancy rates in medical/surgical care (16.3%) than urban or rural facilities.

- Suburban and urban hospitals reported comparably high rates of critical care vacancies (15.5% and 15.3%, respectively).
- Individual hospitals and multi-hospital systems reported higher average RN vacancy rates than integrated delivery systems in several areas. Individual hospital vacancy rates were 14.5% in medical/surgical care, 15.1% in critical care, 9.4% in obstetrics, and 7.3% for nurse managers. Multi-hospital system vacancy rates were 13.8% in medical/surgical care, 14.3% in critical care, 10.1% in obstetrics, and 5.6% for nurse managers.
- Integrated delivery systems reported higher average RN vacancy rates in emergency room (12.3%) and OR/peri-operative care (11.8%) than other types of organizations.

Coping with the Problem

- The percentage of facilities using temporary staff or travelers to fill vacancies was 53% in critical care, 46% in medical/surgical care, 34% in emergency room care, 28% in obstetrics, and 24% in OR/peri-operative care. Overall, more than half (54%) of respondents reported using non-permanent RN staff in some capacity.
- The reported impact of RN shortages on the cost and ability to deliver quality care at the time this study completed was substantial. Of the acute care hospitals that were at or above the national average RN vacancy rate in 2000, respondents reported that they were experiencing significant impacts in 3rd Quarter 2001. Sixty-nine percent reported higher costs to deliver care, 51% reported emergency department overcrowding, and 26% had gone on emergency department diversion for an average of four hours per week. Twenty-five percent had closed beds, 23% had restricted admissions, and 20% had exceeded 90% census at peak. Seventeen percent reported other impacts, including overtime, lower morale, higher stress, restricted expansion, changes in recruiting and hiring practices, decreased quality of care, and increased scheduling coordination. Eleven percent had increased waiting time for surgery, and 6% had reduced or eliminated services. Only 10% reported little or no effect.

The Aging Workforce

- Consistent with data presented in AONE's *Perspectives on the Nursing Shortage: A Blueprint for Action* (2000), the largest RN age group segment was 40- to 49-year-olds in all regions of the country.

The "Age Wave" implications for RN staffing are considerable. Over 15% of RNs are currently in the 50-59 age group, and more than 35% fall in the 40- to 49-year-old group. During the next few years the increasing RN retirement rate will collide with the aging Baby Boomer population and the resulting rise in medical care demands.

Reasons for Resignation

- A large majority (90%) of hospitals conduct exit interviews with RNs upon resignation. When asked to list the top reasons given by resigning RNs at their facilities, 65% of nurse executives cited relocation, 57% a desire for more money, and 54% a desire by resigning RNs for another nursing position. Twenty percent of respondents said that job dissatisfaction was a top cause of RNs leaving their hospital, and 16% cited retirement.

Developing Solutions

- A majority of acute care hospitals are investing in the education of new nurses to address the nursing shortage. Fifty-four percent of all respondent facilities have agreements with schools of nursing to provide clinical training to more than 25 basic RN nursing students per year. Organizations that most often reported such agreements were: hospitals with 350+ staffed beds (94%), hospitals with 100-349 staffed beds (90%), urban hospitals (90%), suburban hospitals (81%), and multi-hospital systems (72%).
- Eighty-one percent of respondent facilities hired at least one newly graduated RN in 2000. The largest proportion of facilities (41%) hired one to five new graduates. More than one-third (37%) of facilities with 350+ staffed beds reported hiring 50 or more newly graduated RNs in 2000.
- Specialty hospitals reported a higher average number of nurses in the 20-29 age group than other types of organizations.
- The most effective methods of recruitment and retention include increased and competitive salaries, outreach efforts to nursing schools and colleges, improvements in staff satisfaction and input, bonuses, and flexible scheduling.

Organization and Management Loads

- On a national basis, respondents reported that 64% of the individual RNs employed were full-time, 31% were part-time, and 5% were contract/travel in 2000. Eighty-nine percent were direct care RNs (nurse managers and staff nurses), and 11% were indirect care RNs (quality management, case management, infection control, etc.)
- The management load increases as the size of the facility increases. Hospitals with 350+ staffed beds reported that each individual nurse/first line manager was responsible for approximately 54 staff members, compared to 44 in facilities with 100-349 staffed beds, 30 in facilities with 50-99 beds, and 16 in hospitals with fewer than 50 beds.