



STAFFING TRENDS AT MARYLAND HOSPITALS
FY 2000 to FY 2010

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Introduction

MHA has been monitoring staffing and agency use trends for the past ten years, as part of an ongoing effort to keep hospitals, regulators, and others informed about hospital operating expenses. The attached graphs and talking points provide a summary of some of the trends.

The key findings of the study are:

Graph I—Volume, Revenue, Expense Increases

- Hospital volumes and revenues have been increasing steadily over the past six years. Profitability did not increase as much as expected, in large part, because increases in salaries, medical-surgical supply costs, pharmacy costs, medical liability insurance, and other operating expenses.

Graph II—Wage Increases Compared to HSCRC Salary Provision

- Over the past ten years, actual wage increases were generally higher than the HSCRC wage provisions. In 2001, hospitals paid 0.8 percent more for hourly wages than the HSCRC provided. In 2002, hospitals paid 1.8 percent more than the HSCRC factor.
- In 2004, the HSCRC changed the Wage and Salary Survey, excluding positions that report directly to CEOs. The wage increase of 2.5 percent is understated because of this change. Hospitals in 2005 provided increases of 1.2 percent more than the HSCRC provision. Again in 2006, hospitals provided increases of 0.9 percent more than the HSCRC provision. The compensation increase in 2007 was the highest since 2002. The 2008 and 2009 increases of 3.8 percent and 4.1 percent were above the HSCRC provision. The 2010 decrease of 0.4 percent was significantly below HSCRC provisions.

Graph III—Hospital Agency FTEs

- Data quality is consistent between the two sources (MHA and HSCRC Surveys) noted on the graph.
- FY 2009 and FY 2010 represent periods of significant decrease in utilization of agency personnel.
- In FY 2008, agency usage reported in the annual HSCRC Wage and Salary Survey continues to moderate.
- The number of hospital agency RN FTE's decreased from FY 2003 to FY 2007.

Graph IV—Agency RNs Payment-Per-Hour

- Cost-per-agency hour has moderated from its peak of \$61.29 in FY 2006 to the current \$57.02; the significant increase in rates that took place during FYs 2005 and 2006 lowest in nine years.

Graph V—RN Staffing and Agency Usage

- Between FY 2001 and FY 2010, hospitals employed 43.4 percent more staff nurses and used 67.5 percent less agency nurses. Overall, in FY 2002, there was a 4.8 percent increase in RN FTEs available for care; two-thirds of the increased FTEs were provided by agencies. In FY 2003, there was a 2.7 percent increase in RN FTEs available for care; all of the increased FTEs were provided by employed nurses. In FY 2004, there was a 12.2 percent increase in RN FTEs available for care; the increased FTEs were provided by both employed and agency nurses. In FY 2005, there was a 4.5 percent increase in RN FTEs available for care; the increase in FTEs was provided entirely by employed nurses. In FY 2006, there was only a 2.0 percent increase in RN FTEs available for care. And, in FYs 2007 and 2008 hospitals were successful in increasing employed nurses by 3.6 percent and 5.5 percent respectively. FY 2009 and FY 2010 accelerated the trend of replacing agency personnel with employed RNs.

Graph VI—Comparison of Cost-Per-Hour—Agency vs. Staff RN

- Between 2001 and 2007, hospitals paid an average of 50.3 percent more for agency nurses than staff RNs. This variance has been significantly reduced during the 2008 to 2010 time period. In 2010, the average hourly wage plus benefits for staff RNs was \$45.26. The cost-per-hour for agency RN, was \$57.02, which is 26.0 percent higher than employed nurses.

Graph VII—Nurse Salary Trends for Maryland Hospital Nurses

- Nurse Manager definitions are HSCRC definitions.
- In 2007 to 2009, RN salaries rose 4.8 percent, 3.6 percent, and 1.5 percent respectively. In 2010, RN salaries decreased for the first time by 1.7 percent.
- From 2007 to 2010, LPN and Nurse Manager salaries increased at a higher rate of growth than RNs.

Graph VIII—Allied Health Salary Trends

- Consistent with the vacancy and turnover picture for allied health professionals, employees in a variety of fields outside of nursing also received significant salary increases between 2007 and 2009.
- In 2010, most of these positions received small increases or decreases in wages.

Graph IX—Hospital Positions with Volume Increases

- As the result of volume increases, staffing increased in many hospital departments over the past five years. Imaging had the greatest percentage increase in the number of positions over this time period.

Chart X—Maryland Hospital 2009 Hot Positions

- 2010 has been a very remarkable year so far. Even positions that are in high demand are receiving very small salary increases.

Conclusions

- Over the ten year period, hospitals experienced substantial growth in FTEs, volume, and wages. During this time period, the number of FTEs employed increased by 34.1 percent, admissions (EIPAs) increased by 51.0 percent, and wage and fringe benefits doubled with an increase of 118.7 percent.
- Volume growth during the ten year period has been significant. However, MHA expects rate of growth to moderate for the foreseeable future.
- These data demonstrate that in addition to nursing, other critical clinical areas also experienced personnel shortages which resulted in dramatic cost increases.
- On the national level, there are shortages in nursing and other clinical personnel that will not be alleviated in the foreseeable future. MHA also expects these trends to apply to Maryland and projects an increase in these shortages to continue.

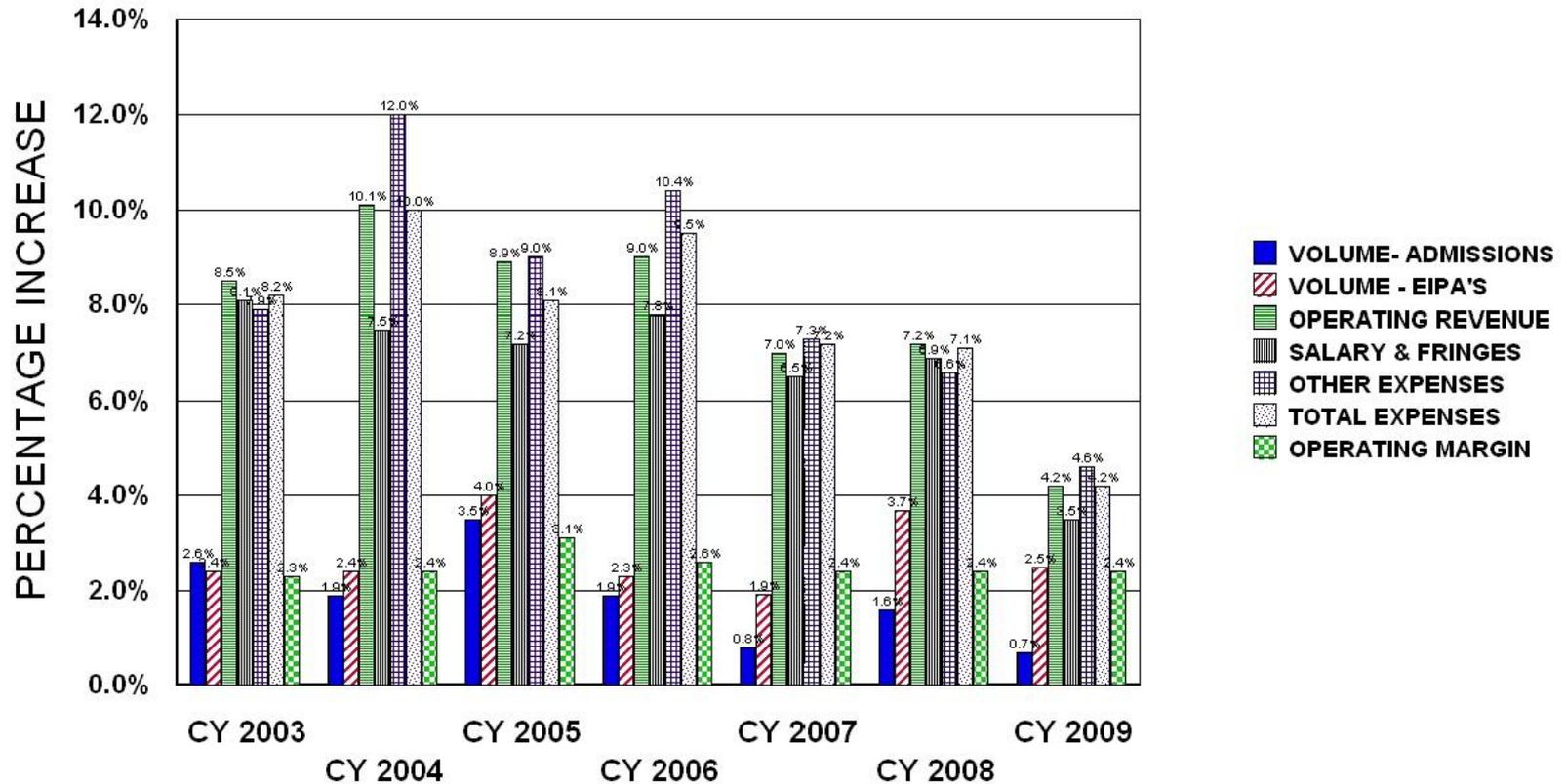
Attachments

References

- Global Insight Compensation Provision, 2001-2009
- Health Services Cost Review Commission Wage and Salary Surveys, 2001-2009
- Maryland Hospital Association Agency Nurse Surveys, 2001-2003
- Maryland Hospital Association Financial Condition Reports, 2002-2009
- Maryland Hospital Association Utilization Trends Reports, 2002-2009
- Maryland Hospital Association Vacancy and Turnover Survey, 2008

GRAPH I

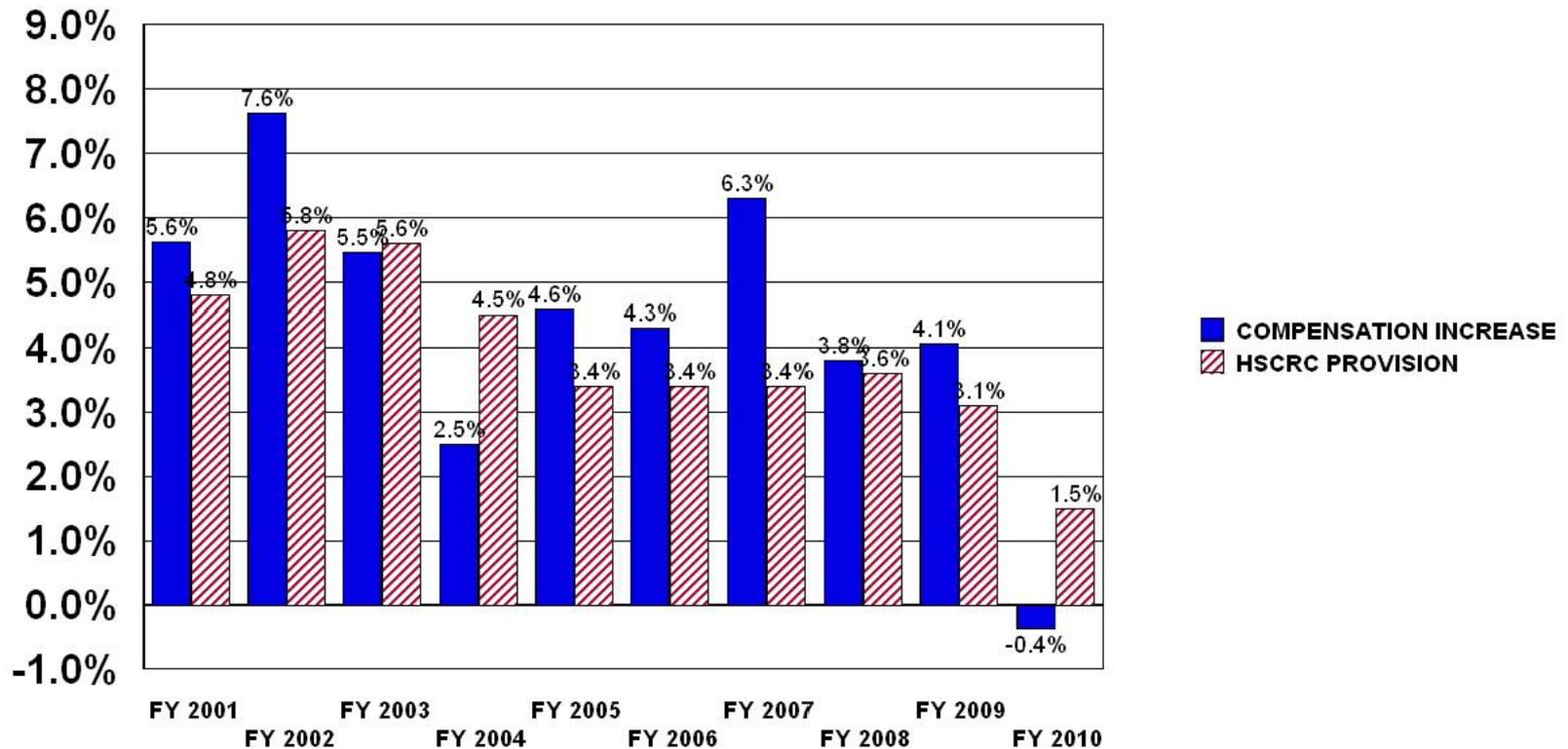
MARYLAND HOSPITAL VOLUME, REVENUE, EXPENSE INCREASES 2002 - 2009



SOURCE: ADMISSIONS -MHA UTILIZATION TRENDS REPORTS
 SOURCE : ALL OTHERS - MHA FINANCIAL CONDITION REPORTS

GRAPH II

MARYLAND HOSPITAL EMPLOYEE COMPENSATION INCREASE VS. HSCRC PROVISION

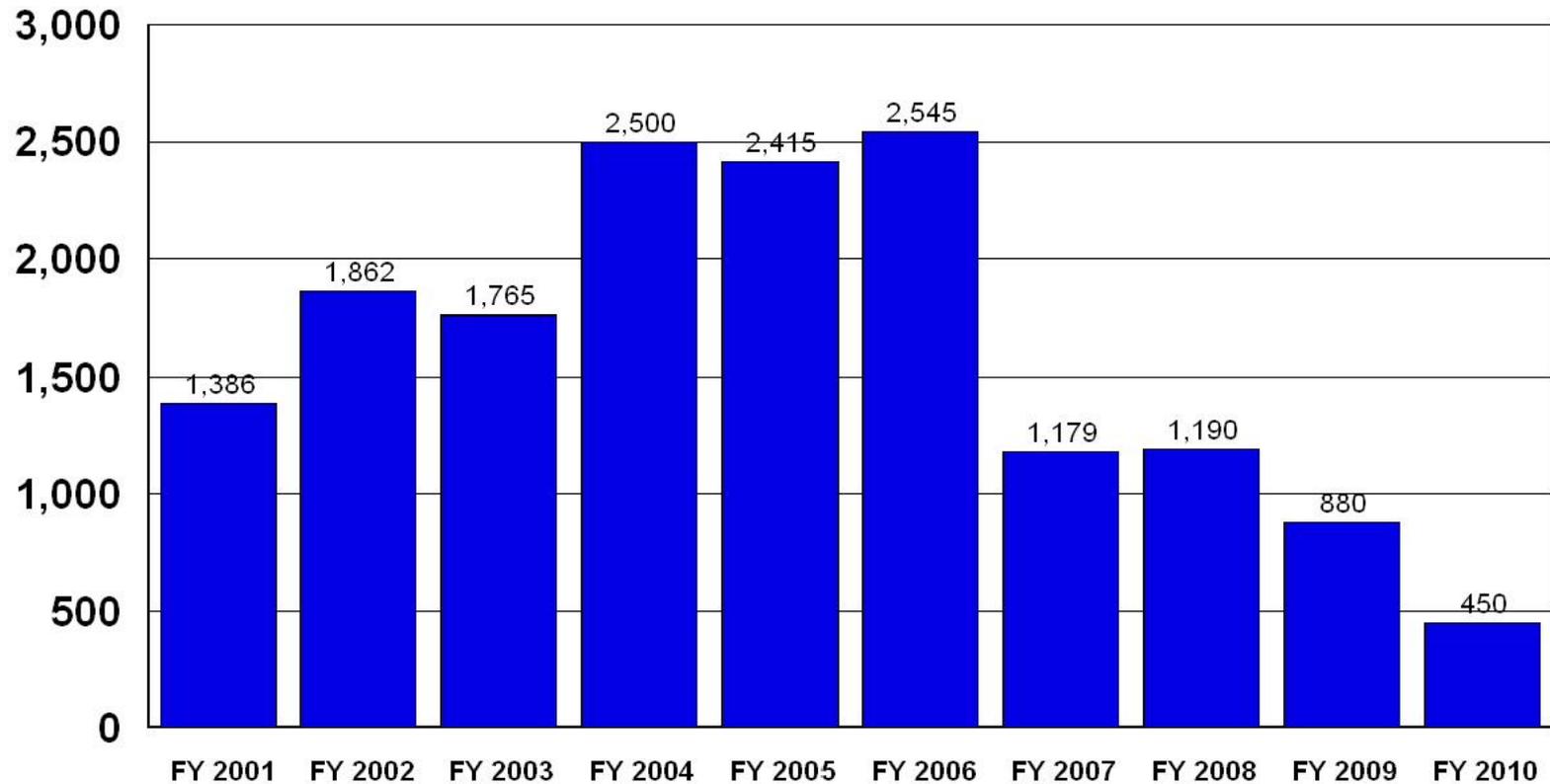


SOURCE:COMPENSATION INCREASE - 2001 -2010 HSCRC WAGE & SALARY SURVEY
 SOURCE:2001- 2009 HSCRC PROVISION - GLOBAL INSIGHT COMPENSATION PROVISION
 SOURCE:2010 HSCRC PROVISION BASE UPDATE

GRAPH III

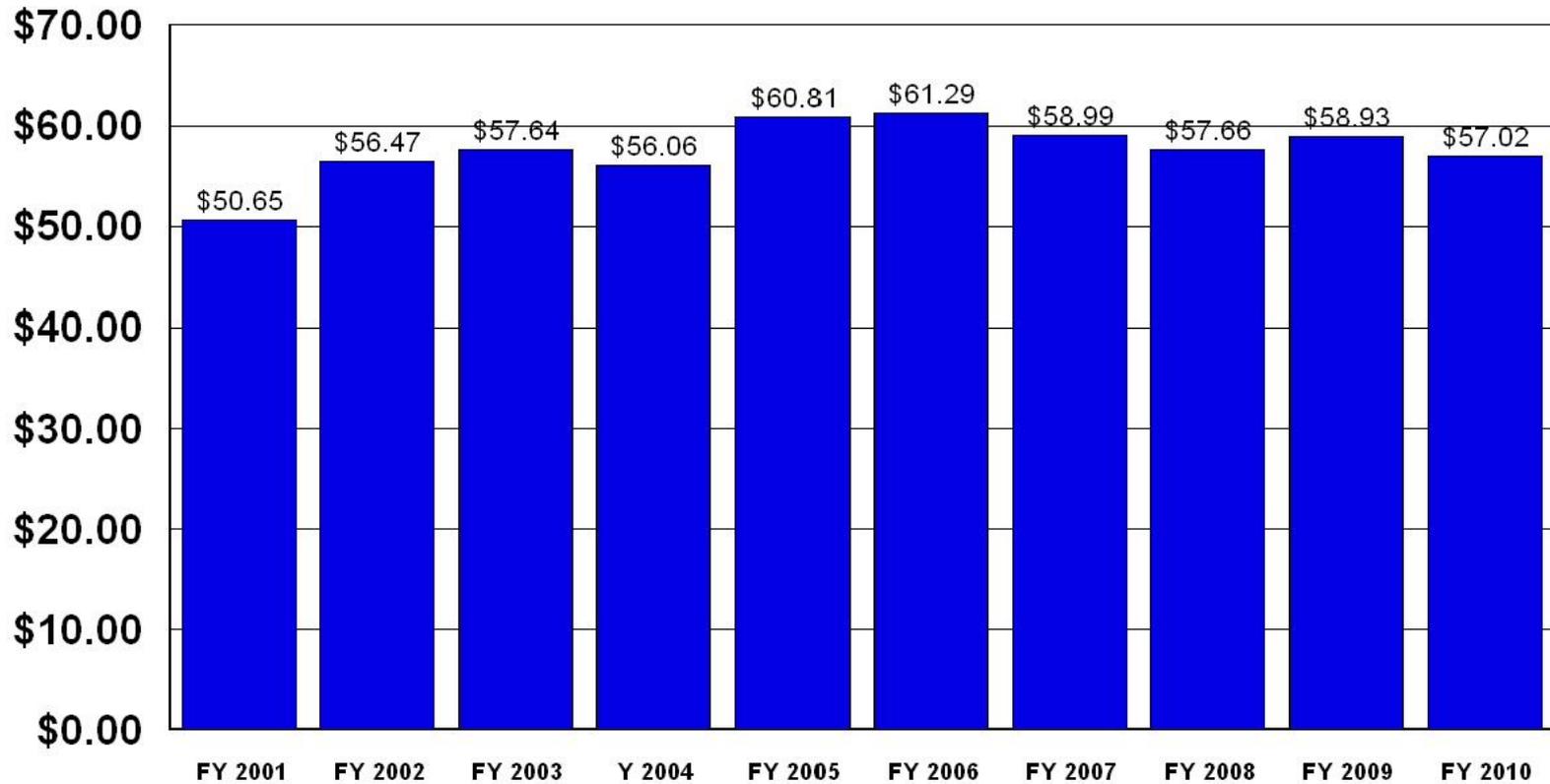
MARYLAND HOSPITAL

AGENCY RN FTE'S



SOURCE: 2001-2003 MHA AGENCY NURSE SURVEY'S
SOURCE: 2004 -2010 HSCRC WAGE & SALARY SURVEY'S

GRAPH IV MARYLAND HOSPITAL AGENCY RN'S PAYMENT PER HOUR

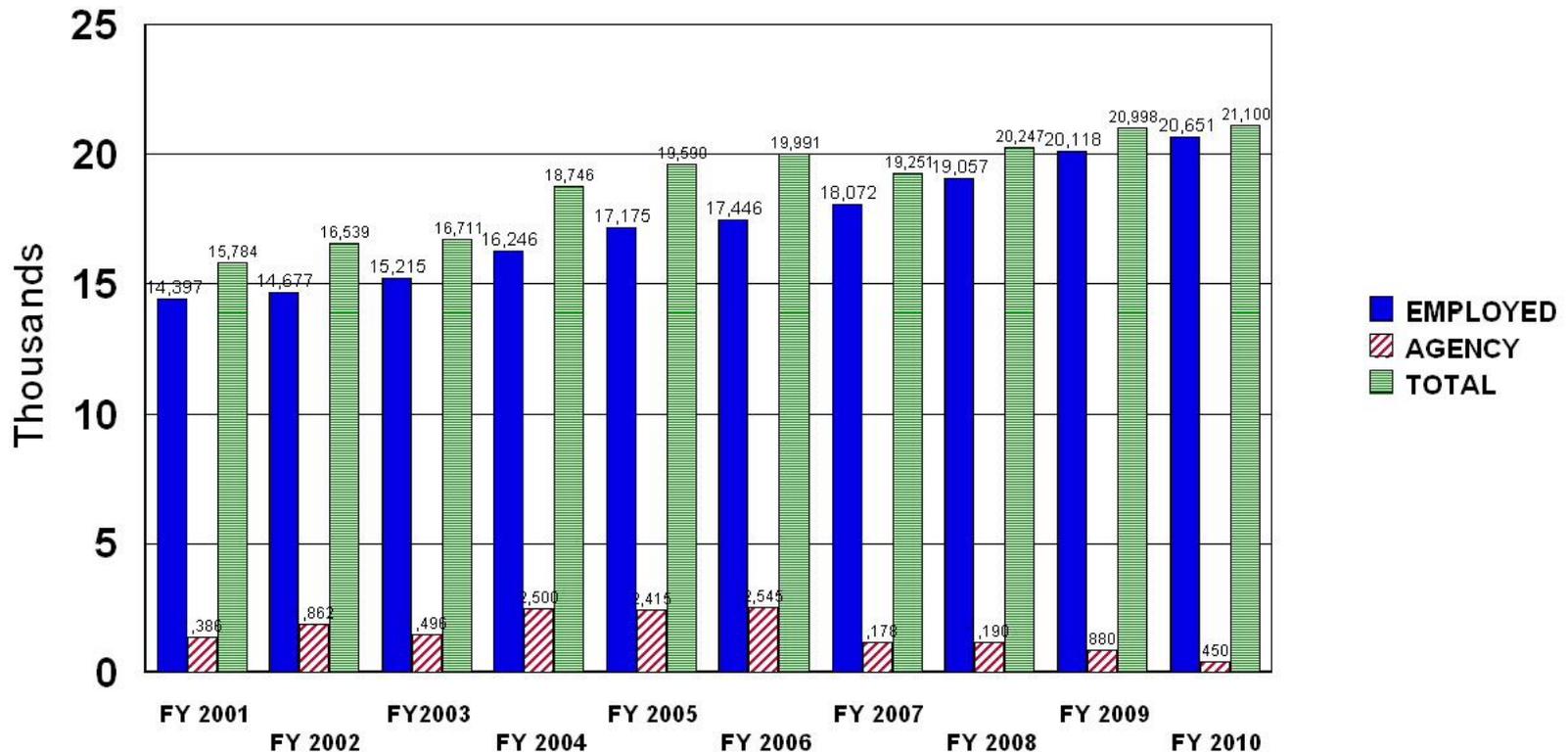


SOURCE: 2001-2003 MHA AGENCY NURSE SURVEY'S
SOURCE: 2004-2010 HSCRC WAGE & SALARY SURVEY'S

GRAPH V

MARYLAND HOSPITAL RN FTE STAFFING

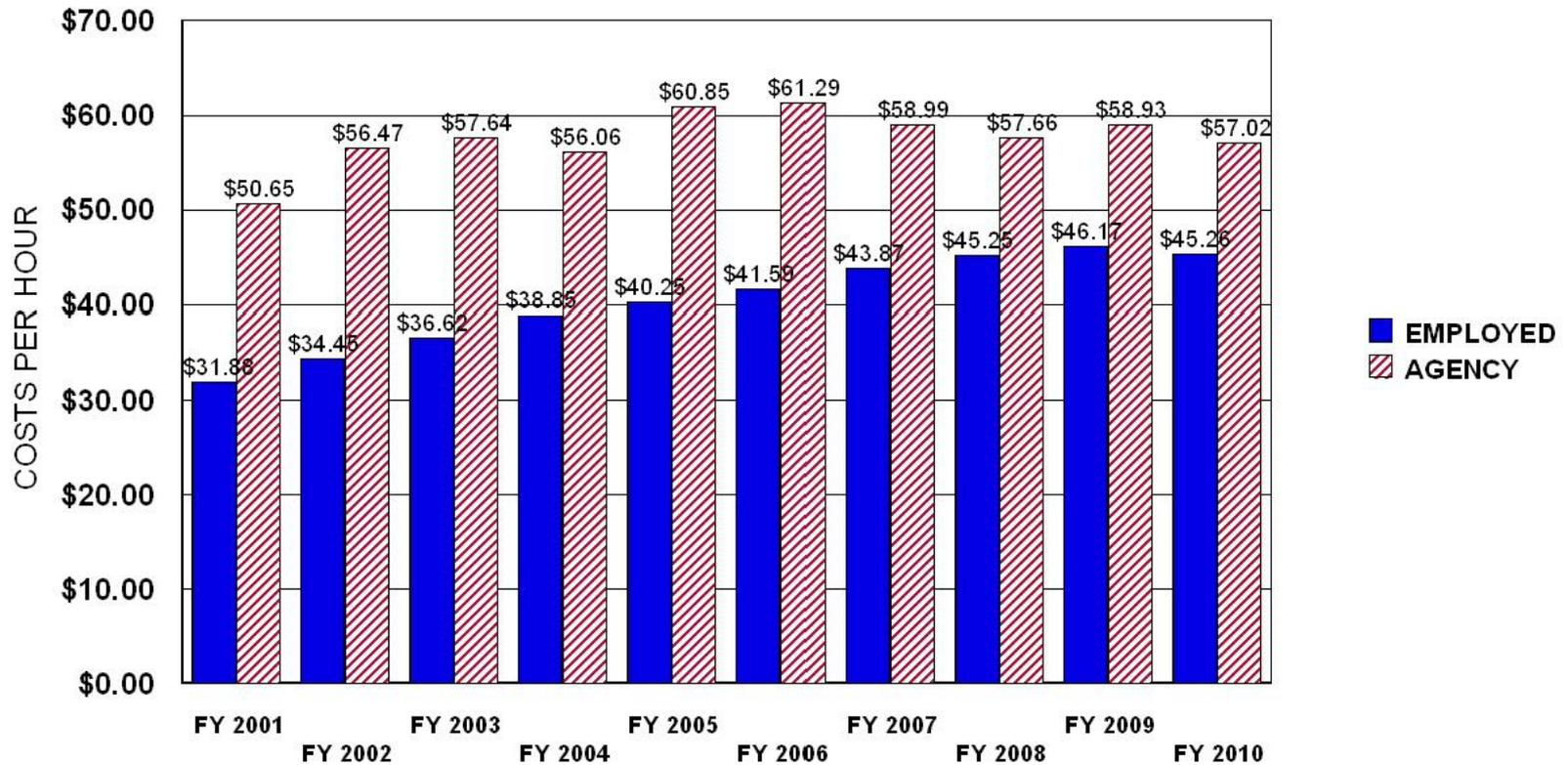
FY 2001- FY 2010



SOURCE EMPLOYED: 2001 -2010 HSCRC WAGE & SALARY SURVEY'S
 SOURCE:AGENCY : 2001-2003 MHA AGENCY NURSE SURVEY
 SOURCE AGENCY: 2004-2010 HSCRC WAGE & SALARY SURVEY'S

GRAPH VI

MARYLAND HOSPITAL RN'S EMPLOYED WAGES & BENEFITS VS. AGENCY



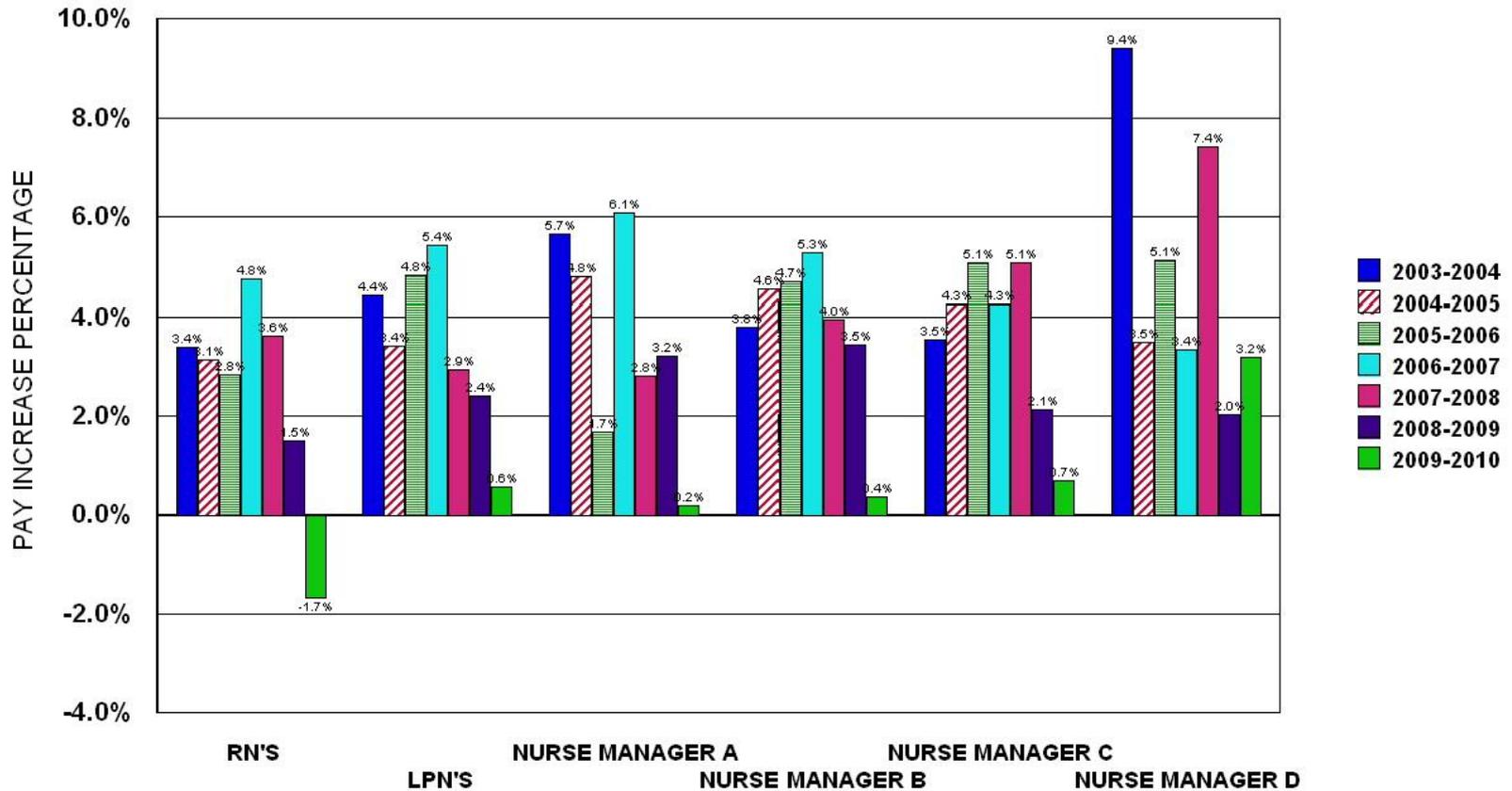
SOURCE : EMPLOYED - 2001-2010 HSCRC WAGE & SALARY SURVEY'S INCLUDES WAGES & BENEFITS

SOURCE : AGENCY - 2001-2003 MHA AGENCY SURVEY'S

SOURCE: AGENCY - 2004-2010 HSCRC WAGE & SALARY SURVEY'S

GRAPH VII

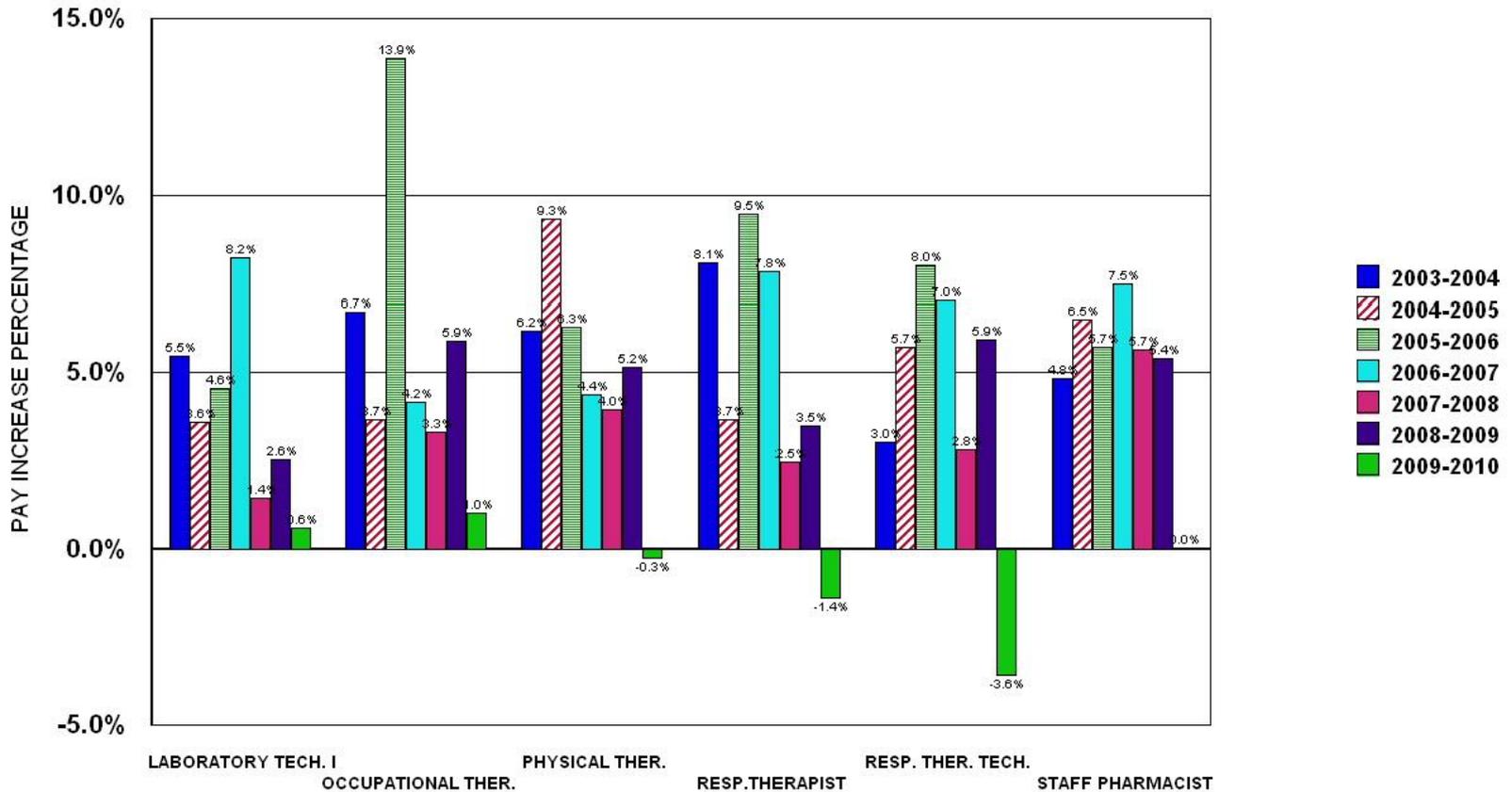
MARYLAND HOSPITAL NURSING SALARY INCREASES



SOURCE:HSCRC WAGE AND SALARY SURVEY'S

GRAPH VIII

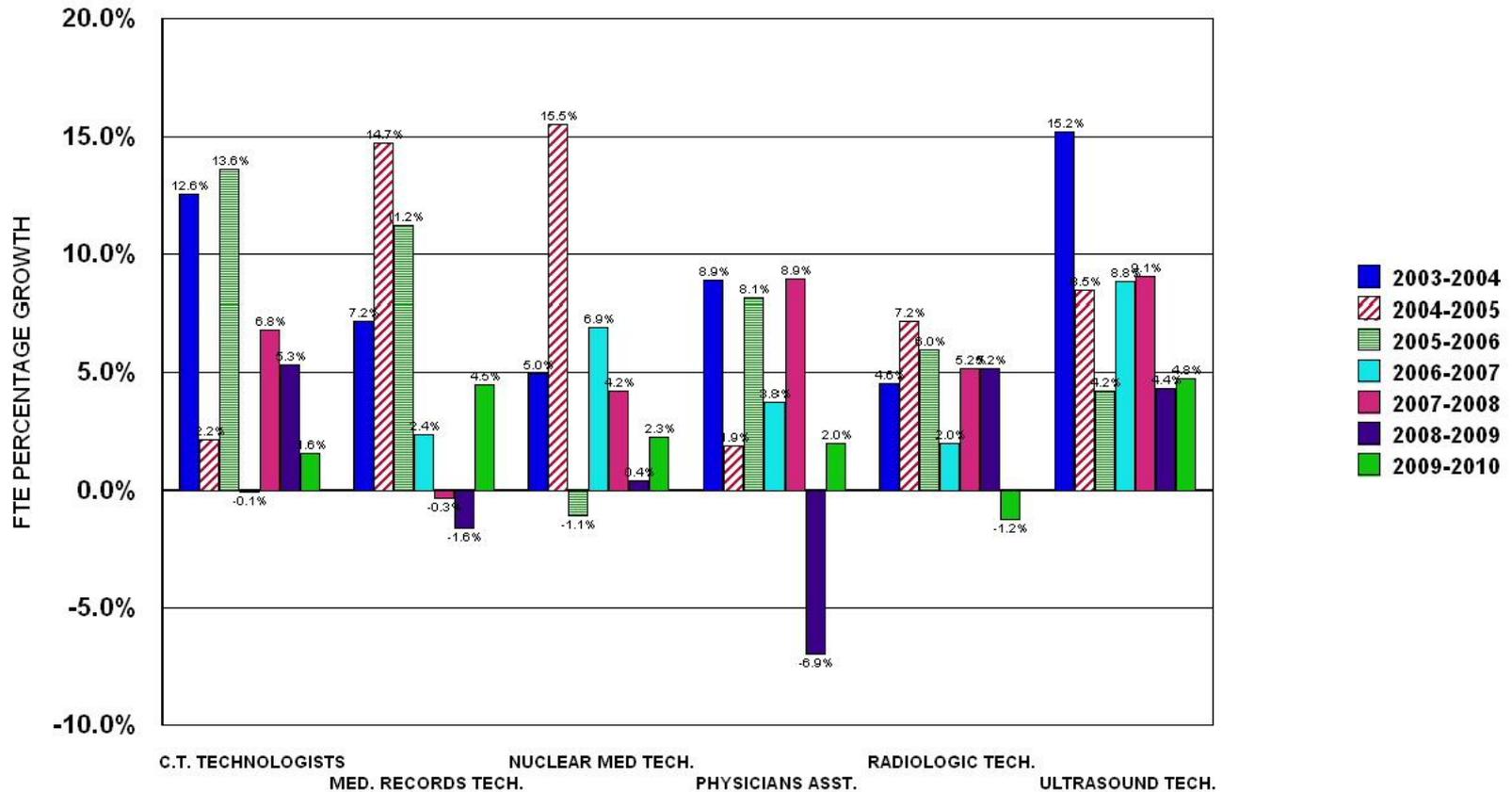
MARYLAND HOSPITAL CLINICAL POSITIONS WITH GREATEST % SALARY INCREASES



SOURCE:HSCRC WAGE & SALARY SURVEY'S

GRAPH IX

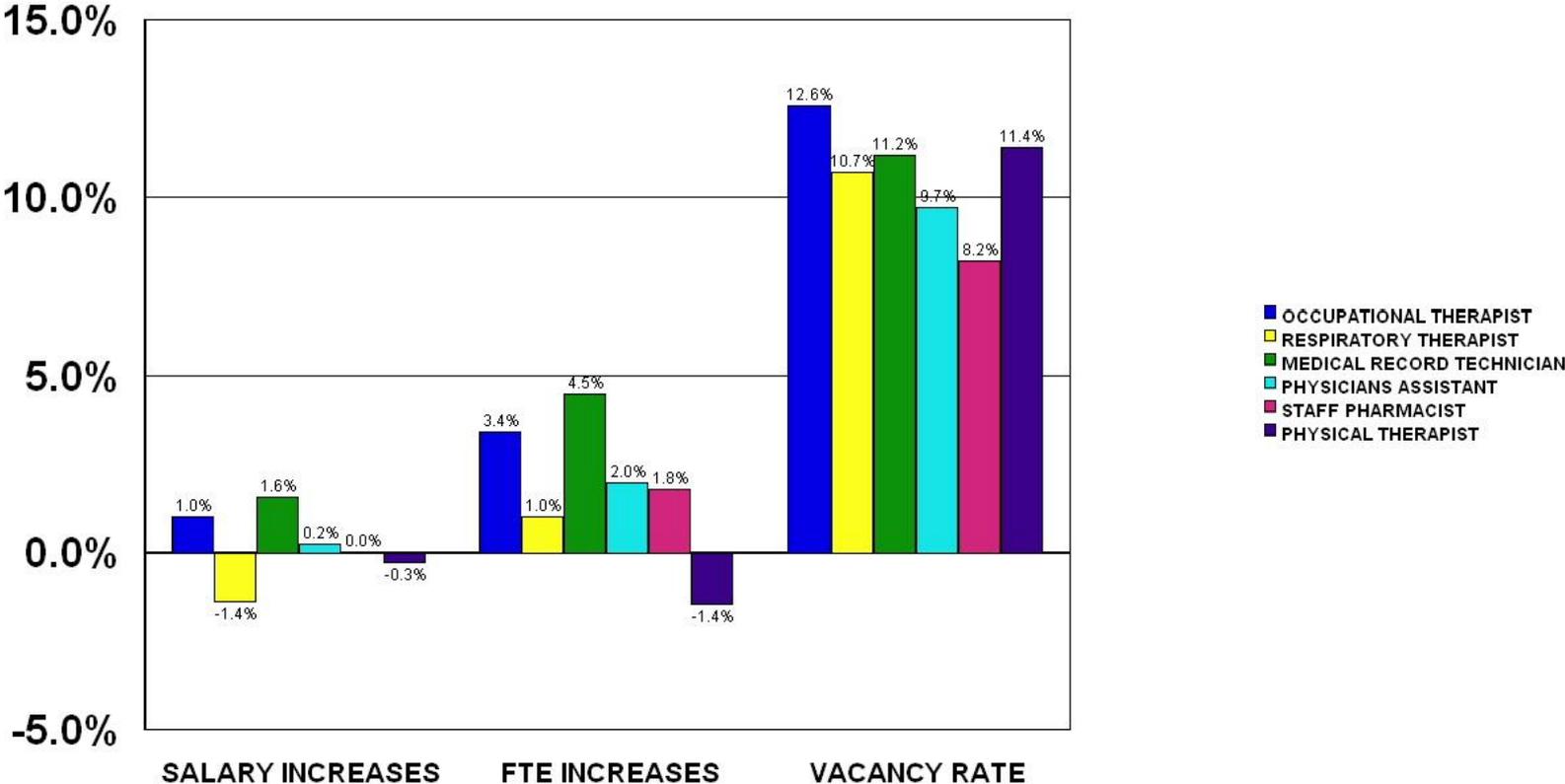
MARYLAND HOSPITAL POSITIONS WITH GREATEST % INCREASE IN FTE'S



SOURCE:HSCRC WAGE & SALARY SURVEY'S

GRAPH X

MARYLAND HOSPITAL 2010 HOT POSITIONS



SOURCE: 2010 HSCRC WAGE AND SALARY SURVEY
 SOURCE: 2009 MHA HOSPITAL PERSONNEL SURVEY