Background

The Advocate Health Midwest (AHMW) Internal Agency was developed in the peak of the pandemic, September 2021, in response to the growing volume of nurses leaving their positions for travel. Teammates leaving (interceptions) and those who had already left (boomerangs) their positions for travel were offered the opportunity for a travel assignment within AHW facilities. Internal agency rates were set at 40% less than external agency. As a result, retaining nurses through the internal agency and thereby not needing to cover vacancies with external agency resulted in a 40% cost savings for the organization. In 2022, a difference of $12 million was realized with this retention strategy.

Over the course of two years, evolving hiring strategies and additional roles were added to the program.

Method

As the demand for agency nurses decreased and turnover stabilized, the pipeline of interceptions and boomerangs declined, however AHW remained challenged with high utilization of premium cost external agency. Thus, new strategies were implemented to recruit support for Internal Agency and decrease high-cost external contingent labor.

1. In partnership with Recruitment, a conversion campaign was launched to facilitate converting external agency currently working in the organization to the internal agency. Consideration was given to those candidates who had a referral from current site leaders, and where positions were determined to be of greatest need.

2. In departments where interceptions, boomerangs, and conversions were inadequate to meet staffing needs, positions were posted for external recruitment and hire.

In addition to nurses, the organization identified a need to introduce new roles to the internal agency based on external agency utilization rates. To justify the need for internal agency expansion, active external agency headcount, agency requests, and vacancy reports were analyzed. Internal agency leaders collaborated with numerous service line leaders to increase the scope of the Internal Agency department.

Results

- Through October 2023, 45 external agency nurses were converted to Internal Agency (Figure 1).
- Nineteen (19) external hires were brought into Internal Agency through external organizational recruitment (Figure 1).
- Additionally, 12 requests for external agency were rejected and filled with internal agency by implementing a formal approval chain process to ensure the most cost-effective staffing support was leveraged first.
- Additional roles added to the department included Respiratory Therapists, Surgical Techs, Radiology Techs, and Medical Lab Techs (Figure 2).
- Additional nursing specialties added to the program included Hospice, Cath Lab, Interventional Radiology, and Pediatric Emergency (Figure 2).
- From January through October, external agency utilization rates for nursing decreased from 7.3% to 3.5% (Figure 3).

Cost Savings

- Forty-five (45) external agency conversions to internal agency resulted in $900,000 in cost savings with just one agreement completed each. Avg of $20,000 per agreement.
- Preventing the use of external agency by filling 12 requests with internal agency resulted in an additional $240,000 of cost savings.
- 2023 YTD, Internal Agency utilization over external agency utilization has resulted in a total organizational savings of $8,875,660 (Figure 4).

Discussion

The Internal Agency has proven to be a successful cost reduction strategy for the organization. The program offers flexible staffing solutions for both teammates and departments seeking short term assignments.

As the program continues to grow and evolve, the organization remains optimistic about the future of internal agency. Pre-pandemic, the organization utilized external agency to support staffing needs, and while those needs look different today, the need for short term staffing solutions persists.

Despite new strategic hiring strategies, certain roles and specialties remain difficult to fill as the pool of candidates remains low. Further collaboration and strategic partnerships are needed to increase the volume of candidates nationwide. Additionally, challenges for the program include ongoing education and competency for a wide variety of skilled teammates and continuing to stay ahead of competitive wages offered in the market while adhering to our core pay principles.

Large organizations like AHW can benefit from a flexible workforce that continuously adapts to meet business and patients’ needs.

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