

# Locum Tenens: Are You Paying Too Much?



A Closer Look: **Locums Labor Costs**

**HC** Healthcare Council of the  
National Capital Area  
**NCA**

Powered by: healthcare  
workforce  
logistics **HWL**

# Are you paying market rates for Locums? Or are you overpaying?

If you are negotiating rates with agencies individually and without the benefits of a competitive process you are most likely overpaying. The reality is that most health systems do not do a great job ensuring that they are competitive in the marketplace and not being overcharged for fees and conversions.

- Managing multiple contract labor agencies is time consuming and frustrating. Email and phone-based communication make it nearly impossible to focus on your regular job functions.
  - Track progress
  - Manage costs against budget
  - Access quality and performance metrics
- Healthcare Workforce Logistics' Vendor Management System (VMS) engages all client stakeholders in a careful process:
  - Ensure competitive market rates
  - Gain supplier commitment
  - Standardize fees, conversions and other terms and conditions

## A CLOSER LOOK: THE HCNCA PROCESS FOR LOWERING CONTRACT LABOR COSTS

This document provides an overview of a proprietary process that HCNCA has developed which helps clients to better understand the local locums market with insights that allow most organizations to achieve cost savings.

### DID YOU KNOW?

- The Locums staffing industry is highly concentrated: the top 5 firms account for 72% share of the total market.

Managing an RFP process is time consuming and requires buyers to allocate internal resources and time. Because most organizations spend less on locums staff than other types of staffing it usually is not worth the effort for an organization to conduct an RFP of its own. The locums staffing market is the least penetrated by MSP and VMS solutions. Approximately 10% of healthcare employers use an MSP or VMS to manage locums versus >70% of nursing. This means that most organizations must negotiate individual contracts with different locums agencies, resulting in non-standard pricing structures, contract rates and other contractual terms and conditions.

HCNCA's consultative approach and locums-focused technology platform results in savings from market-competitive rates and operational efficiencies.



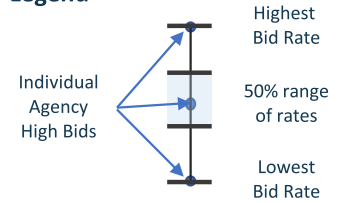
# How HCNCA Gets You the Best Rates

## Analyze RFP Response Rates

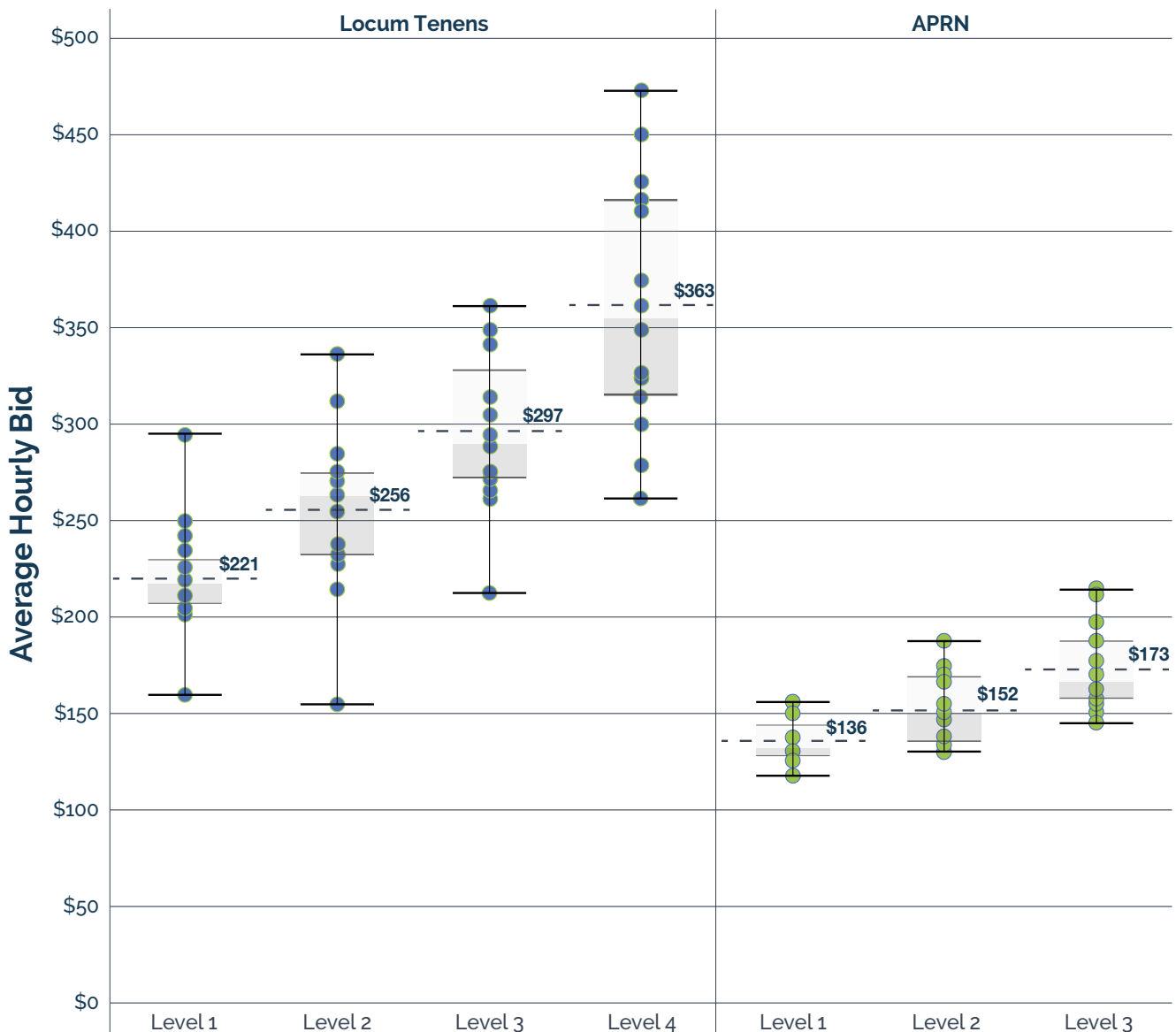
### RATES BY AGENCY:

- Responses reveal variation both across and within specialty groups.
- Despite the variation in bids, the responses support our ability to effectively put Locums and Advanced Practitioners into rate tiers with similarly-priced specialties.

### Legend



### Distribution of Bid Rates for Locums and APRNs



# Preliminary Rate Analysis

## Recommended Rate Ranges by Specialty and Rate Type







		Hourly Rates and Multiples			Daily/Flat Rates					
		Weekday Hourly Rate Range		Multiple for OT, Holiday & Call-Back	Weekday Daily Rate Range (8 hr. day)		Weeknight Call		Weekend Call	
		Low	High		Low	High	Low	High	Low	High
Locum Tenens	Level 1	\$150.00	\$260.00	1.40	\$1,200	\$2,080	\$200	\$400	\$1,200	\$2,300
	Level 2	\$200.00	\$300.00	1.40	\$1,600	\$2,400	\$250	\$450	\$1,600	\$2,700
	Level 3	\$230.00	\$360.00	1.40	\$1,840	\$2,880	\$300	\$500	\$1,800	\$3,200
	Level 4	\$250.00	\$500.00	1.40	\$2,000	\$4,000	\$350	\$700	\$2,000	\$4,500

		Hourly Rates and Multiples			Daily/Flat Rates					
		Weekday Hourly Rate Range		Multiple for OT, Holiday & Call-Back	Weekday Daily Rate Range (8 hr. day)		Weeknight Call		Weekend Call	
		Low	High		Low	High	Low	High	Low	High
Nurse Practitioner/Physician's Assistant	Level 1	\$150.00	\$260.00	1.40	\$800	\$1,200	\$130	\$200	\$500	\$1,200
	Level 2	\$200.00	\$300.00	1.40	\$960	\$1,440	\$140	\$220	\$550	\$1,400
	Level 3	\$230.00	\$360.00	1.40	\$1,040	\$1,680	\$150	\$240	\$600	\$1,600

## ANALYSIS FOR OTHER RATE TYPES

- We examine all rate types in terms of submitted bids and in relation to the base hourly rate ranges.
- We recommend rate ranges to contain total costs while allowing flexibility to ensure the availability of quality staff to fill your openings.

## Seamless Implementation Steps:

-  Analyze current bill rates among Locums agencies
-  Develop rate recommendations and finalize rate card
-  Review agency submissions and current vendors to establish final vendor panel
-  Finalize SOW and distribute new standardized contract to vendor panel
-  Train physician recruiter personnel on HCNCA VMS
-  Announce Go Live Date to vendors

# Why Healthcare Workforce Logistics?

## TRANSPARENCY

We believe in open markets and complete transparency. An open ecosystem empowers our clients to make better decisions to improve their business. Combining real time market data with exchange management tools like our VMS and Direct Hire technology, our clients achieve better fill rates, reduced vacancies and lower overall costs.

## ADVANCED COMMUNICATION TOOLS

We leverage the strength of your internal resources to reduce reliance on external agencies. Through a combination of advanced communication tools inherent in our VMS and proven process strategies, our clients are able to optimize internal resources before having to go outside the organization to source talent.

## VENDOR NEUTRAL APPROACH

We provide a vendor neutral approach so our clients are not locked into one vendor and can achieve true scalability by adding vendors when needed. When all vendors are on an even playing field, our clients benefit through true competition resulting in a reduction in bill rates and higher quality of staff.

## LOCUMS LABOR BALANCE

We work with our clients to help them achieve a healthy balance of locums labor use necessary to balance out supply and demand in an ever changing healthcare labor market. We take pride in establishing positive relationships with our vendor partners to ensure that everyone involved is adding value to the client and the patients they serve.



# Smarter Agency Management

Finding High Quality Locums Just Got Easier!



## HCNCA SHARED SERVICES

A HCNCA Program in Partnership with HWL

### MEMBER BENEFITS



#### MARKET RATES

Competitive rates and favorable buy out terms for all labor types. Supplier funded, no cost model.



#### ONE CONTRACT

One standard contract for all staffing agencies. Access a pre-vetted network of national, regional and local agencies.



#### WEB BASED TECHNOLOGY

Streamline your process with our easy to use next-generation Vendor Management System.



#### REPORTS & DASHBOARDS

Gain real-time visibility into all agency performance, spending and quality.

“ We appreciate the value of the HWL system to work on Acadia job openings. It saves time and gives us the ability to quickly fill openings. We see more opportunities in real time. It also speeds up the paperwork process before and after each placement. ”

**Ron Mays, Interim CEO**

Riverwoods Behavioral Hospital and Desert Hills Behavioral Hospital

Contact us today for a no obligation demonstration and to learn more.

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