

County of Santa Clara

Santa Clara Valley Health & Hospital System

Valley Medical Center



HHS03 051909

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DATE: May 19, 2009

TO: Board of Supervisors

FROM:

A handwritten signature in black ink, appearing to read "Kim K Roberts".

Kim Roberts
SCVHHS - Chief Executive Officer

SUBJECT: Delegation of Authority to Execute Agreements and Subsequent Amendments for the Provision of Travel Nurse Staffing Services at Santa Clara Valley Medical Center, and Children's Shelter and Custody Health Services

RECOMMENDED ACTION

Adopt resolution delegating authority to the SCVHHS Chief Executive Officer, or designee, to execute agreements and subsequent amendments with Advanced Clinical Employment Staffing, LLC, Cross Country TravCorps, Inc. dba Cross Country Staffing, HealthSource Global Staffing, Inc., HRN Services, Inc., Maxim Healthcare Services, Inc. dba TravelMax, and Medical Staffing Network, Inc. dba IntelliStaf Travel relating to the provision of travel nurse staffing at Santa Clara Valley Medical Center, and Children's Shelter and Custody Health Services in an amount not to exceed \$2.5 million per fiscal year for period July 1, 2009 through June 30, 2014, following approval by County Counsel as to form and legality, and approval by the Office of the County Executive. Delegation of authority shall expire on June 30, 2014.

(Roll Call Vote)

FISCAL IMPLICATIONS

There is no impact on the County General Fund as a result of this action. Sufficient funds to cover the costs of supplemental staffing are included in the FY 2010 Recommended Budget.

The requested maximum contract amount of \$2.5 million per fiscal year represents less than 1% of the FY 2010 payroll Nursing Department budget and will provide funding for approximately 16 FTEs of travel nurse staffing. The Nursing Department will continue to monitor these contracts closely to ensure that the maximum expenditure for all six contracts does not exceed the budgeted funds available.

The May 5, 2009 transmittal submitted to the Board of Supervisors included a maximum contract amount of \$3.5 million per fiscal year. This item was held due to concerns expressed by Supervisor Kniss. As a result, the transmittal was amended to reduce the maximum contract amount to \$2.5 million per fiscal year. If additional travel nurse staffing is needed during the year, SCVMC will return to the Board with a request to increase contracting authority.

Supplemental nurse staffing is funded as a part of budgeted payroll expenses. Reducing the maximum amount to be spent each fiscal year will not reduce budgeted expenses.

CONTRACT HISTORY

In order to ensure that appropriate core levels of staffing are maintained at all times, Santa Clara Valley Health and Hospital System (SCVHHS) must have a group of temporary staffing agencies to draw upon as needs arise. As it is impossible to predict which agencies will have qualified nurses available at a given time, contracts with several agencies are necessary.

On May 1, 2007, the Board of Supervisors adopted a resolution delegating authority to the SCVHHS CEO to execute 19 agreements and subsequent amendments with 15 agencies related to the provision of registered nurses (RNs) for temporary supplemental staffing at SCVMC and Children's Shelter and Custody Health Services in an amount not to exceed \$3.5 million per fiscal year. This delegation of authority expires June 30, 2009.

A Request for Proposal for travel nurse staffing services was issued in January 2009. A summary of the competitive selection process for these agreements is described in the Background section. The following six agencies are recommended for contract award.

Travel Nurse Staffing Agreements

Advanced Clinical Employment Services, LLC dba ACES

Cross Country Travcorps, Inc. dba Cross Country Staffing

HealthSource Global Staffing, Inc.

HRN Services, Inc.

Maxim Healthcare Services, Inc. dba TravMax

Medical Staffing Network, Inc. dba InteliStaf Travel

Of the six nurse staffing agencies recommended for a travel nurse staffing contract, two of the agencies are being offered a contract with the County for the first time and four have provided travel nurse staffing services to SCVHHS in the past. See Attachment B for the contract history and payment history of the six agencies that are being recommended for a travel nurse contract.

Overall, the average base hourly rates will increase by approximately 0.35% for travel nurse contracts compared to the current contract rates that have been in effect since July 1, 2007. This is the first time that all travel nurse staffing contracts will include the same hourly rates. The base hourly rate to be paid agencies recommended for a travel nurse contract will range from \$71 to \$74, depending on the specialty area of the assignment and the number of hours worked per shift. Travel nurse rates include cost of housing and initial transportation to the Bay Area.

The current average hourly rate paid to the majority of County per diem nurses is \$73.93. Under the terms and conditions of the Registered Nurses Professional Association (RNPA) contract, this hourly rate is anticipated to increase four percent (4%) on November 2, 2009. Therefore, for the first time since the County initiated travel nurse staffing agreements, the all inclusive hourly rate for a travel nurse will be less than our hourly per diem pay rate. After the initial term of these agreements, SCVMC may negotiate rate adjustments as warranted by market conditions and our ability to attract travel nurse candidates.

A sample Travel Nurse Staffing Agreement has been provided for your review. The six travel nurse staffing contracts are Type I service contracts, subject to the Resolution of Contracting Principles adopted by the Board of Supervisors on October 28, 1997. The required documentation is on file with the department.

REASONS FOR RECOMMENDATION

SCVHHS strives to meet variable staffing needs through the use of part-time, per diem, or extra help RNs, but agency contracts are necessary to supplement staffing when there are insufficient resources available to fill existing needs. It is highly undesirable for census to be limited due to the lack of RN availability.

Travel nurses are a critical resource needed to ensure that SCVHHS can quickly respond to situations requiring additional RN staffing such as:

- surges in volume that cannot be managed with existing resources (for example, the rapidly increasing volume of patients presenting to the Emergency Department);
- short-term seasonal staffing augmentations (for example, staffing up for the winter flu season in Pediatrics);
- coverage for difficult-to-fill vacant positions while recruitment efforts are underway;
- coverage for positions that have been frozen for several months pending inplacement during the budget process; and
- coverage for FMLA medical, maternity and other extended leaves of absence.

The utilization of travel nurse staffing agencies has been significantly reduced over the past 2 years, going from 14.7 FTEs in FY 06/07 to 1.1 FTEs in FY 08/09 (as of March 31, 2009). However, due to the surge in Emergency Department patients and recent staffing vacancies, utilization is projected to be higher through the end of the fiscal year and into FY09/10. Approval of the recommended action will provide needed access to a supply of temporary nurse staffing resources.

An "urgent needs rate" provision is included in these agreements. This provision provides SCVHHS with the option of offering a higher base rate of pay not to exceed \$15/hour to attract RNs for difficult to fill, high needs assignments. This

type of rate was first included in the travel nurse staffing contracts that became effective on July 1, 2007. The "not to exceed amount of \$15/hour" remains unchanged from the July 1, 2007 agreements. This provision improves our ability to find a travel nurse when a difficult to fill need arises. The increased hourly base pay amount will be determined and authorized by Nursing Administration for a specific assignment. The incentive will be offered only after all normal efforts to secure a traveler have been exhausted and are unsuccessful.

The need for registry contracts to supplement nurse staffing when the preceding resources are insufficient to meet staffing requirements has been discussed with RNPA.

The delegation of authority to the SCVHHS Chief Executive Officer will provide for timely execution of agreements and subsequent amendments in a streamlined manner.

BACKGROUND

Request for Proposal Process

The County's BidSync website was utilized to issue an invitation to bid on the Request for Proposal (RFP) in January 2009. The RFP was posted on the County's BidSync website for five weeks. Minimum requirements for submission of a proposal included: 5 or more years of experience providing travel nurses to acute care hospitals with 200 or more licensed beds; demonstrated ability to consistently provide a significant number of travel nurses from a broad array of clinical specialties to acute care hospitals in the past year; and current certification by The Joint Commission to provide Health Care Staffing Services. Of the 126 agencies that were invited to bid, 99 viewed the RFP and 43 agencies submitted a proposal. Of the 43 proposals received, 40 proposals met the minimum requirements and were considered. No protests concerning the RFP process were received.

Each proposal went through an extensive review process. Evaluation criteria included: scope of services and standard processes; historical considerations; selection, screening and assessment processes; proposed rates; current contract history with SCVHHS or references; provider of choice justification; and local preference. Telephone reference checks were conducted for each agency scoring in the top 50%. All agencies with a score of 75 or higher out of a possible score of 100 are being recommended for a contract. The Local Preference Policy was a decisive factor in the recommendation of two of the six contractors.

Nurse Staffing Shortage

There is a continued shortage of registered nurses (RNs) in the Bay Area, statewide, and nationally. This shortage is attributed to several root causes including rising hospital census, aging of the workforce, retiring nurses, and limited capacity for nursing students in educational facilities. The employment arena for nurses in the Bay Area remains extremely competitive. The annualized FY 2008/2009 RN vacancy rate in the Inpatient Nursing areas at SCVMC is 23.3 FTEs, or 2.9% of the coded RN personnel budget. The annualized RN vacancy rate in Children's Shelter and Custody Health Services is 3.5 FTEs or 3.8 % of the coded RN personnel budget.

Retention and recruitment of nurses remains a top priority at SCVHHS. Throughout the winter months, SCVHHS continued to utilize the internet to recruit experienced per diem intensive care nurses for our evening and night shifts. There was some response to the advertising. However, due to planned budget reductions, nurse recruitment of registered nurses outside SCVHHS has been significantly reduced. Outreach to local schools of nursing has been done on a much smaller scale when compared to last year. SCVHHS is still engaged in much discussion with new graduates, but active recruitment was temporarily suspended on March 3, 2009 due to the current County hiring freeze.

SCVHHS continues to support employees that are pursuing their registered nurse license. There are many employees in the pipeline and approximately 6 will be graduating this spring. As soon as it is fiscally practical, SCVHHS plans to

promote and train the new registered nurses into specialty areas including critical care. The new registered nurses will require extended training programs and months of orientation before they will be able to meet SCVHHS competency requirements.

SCVHHS has successfully used travel nurses for over 30 years. Travel nurse agencies provide nurses for blocks of time, typically 8 to 13 weeks, thus providing coverage for staff on leaves of absence or persistent vacancies while recruitment and/or training of coded RNs is underway. Well-established national travel nurse agencies have the largest databases of experienced nurses qualified to work in a wide variety of specialties.

A high priority has been given to reducing the use of supplemental nurse staffing agencies over the past several years. SCVHHS has not used per diem nurse staffing agencies to provide nurses on a shift-by-shift basis in more than 3 years. The primary reasons for this change were poor response by local agencies, lack of available nurses, the high cost of orientation for these nurses, and regulatory requirements that are difficult to comply with. Coverage for all of the short-notice staffing requirements arising from sick calls, sudden census peaks or high acuity patients is currently being provided by partial coded staff working overcode, per diem or extra help staff, and overtime. Therefore, no per diem nurse staffing contracts are being recommended at this time.

SCVHHS will continue to closely monitor the use and cost of travel nurse staffing. Usage will continue to be limited to only what is absolutely necessary.

CONSEQUENCES OF NEGATIVE ACTION

Failure to approve these contracts could limit the ability to staff nursing units and reduce capacity for admissions.

ATTACHMENTS

- Contract History
- Sample Travel Nurse Staffing Agreement
- Delegation of Authority Resolution