Alaska's SHARP Program

Providing Support-for-Service to Healthcare Clinicians Statewide

SHARP-1: Alaska's HRSA Partnership Grant
Proposed Sub-Project – Demonstration-2

Recruitment and Retention of Clinicians to Replace Locum Tenens

Sub-Project Proposal to
Health Resources and Services Administration
U.S. Department of Health and Human Services

May 7, 2018

Project Title:	Alaska's SHARP Program
Applicant:	Department of Health and Social Services, State of Alaska
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Performance Period:	September 1, 2018 through August 31, 2022 (4 years)
Budget Four-Years:	
HRSA Request:	$ 459,900
Employer Funds:	$1,170,000
AMHTA Funds:	$ 170,100
Total Project:	$1,800,000

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Providing Support-for-Service to Healthcare Clinicians
http://dhss.alaska.gov/dph/healthplanning/pages/sharp/

Demonstration-2
Recruitment and Retention of Clinicians to Replace Locum Tenens

Statement of Need: A report from the Alaska Physicians Supply Taskforce (2006) detailed the increasing difficulty Alaskan healthcare employers have had in recruiting physicians to the state. Problems with recruitment and retention have worsened since then.

In addition, the challenge has become yet more difficult for rural as opposed to urban facilities. For instance, the *Status of Recruitment Resources and Strategies* (SORRAS) reports I and II stated that costs of recruitment are very high, especially in rural areas. The University of Alaska Anchorage in collaboration with the Family Medicine Residency in Anchorage and other partners conducted vacancy studies, which revealed not only statewide healthcare provider shortages, but also disproportionate workforce shortages in rural locales. Reports from rural facilities and the SORRAS reports point out several adverse impacts of delayed hiring:

- **Cost:** Reliance on *locum tenens* physicians or other practitioners is a very high-cost practice. In addition, the costs of staff time used for scheduling and follow-up with short-term clinicians can be substantial.
- **Quality:** Rapid turnover whether of direct-hire staff or locums or contractual staff disrupts continuity of care.
- **Patient satisfaction:** Patients do not appreciate seeing different clinicians and thus having to establish relationships with new practitioners, especially when those new clinicians are culturally challenged in the remote Alaska settings; and
- **Length of time to fill** is associated with high costs for recruitment as regards advertising, paying "head-hunter" agencies for assistance, and/or putting staff time into attending conferences and conducting other types of outreach.

To illustrate, the Alaska Health Workforce Vacancy Study (2012) provided estimates of healthcare workforce vacancy and vacancy rate in numerous occupations.

With this as context, it is not surprising that recent reports have documented (a) the widespread and growing use of locum tenens, and (b) the assorted problems, and much higher costs, of over-reliance on temporary staffing. For instance, Medicaid cost analyses point to the overuse of locum tenens as one (of the assorted) drivers that have exacerbated Medicaid expense.

One of the key downsides to Locum Tenens overuse is that temporary personnel can be comparatively quite expensive. Some of the main drivers of this expense include locum tenens premiums on wage-rates are often 40% (or more) above those expenses for long-term staff. To hire a Locum typically requires that this occur through a "Locums agency," which charges its own substantial management or finder/agency fees. Recently, a new "second-tier" type of business has emerged, which provides Locum Tenens "brokerage services" that are overarching across lower-level locum agency "customer" businesses, who must also be paid. The cost of the employer staff time to handle frequent temporary hiring is often considerable, because of increased staff time consumed by scheduling, credentialing, travel arrangements, short-term contract negotiations and ongoing follow-up. If the employer ends up liking the Locum, and

thus seeks to flip that situation into a long-term hire, then the employer must first "buy out" the Locum agency's contract. Finally, there are the usual ancillary expenses of travel costs, per diem, local lodging and local transportation. These added expenses are often simply passed on to the system's ultimate payers, e.g. Medicaid, Medicare and private insurance. This dynamic is directly contributing to the inflation of Alaska's healthcare costs.

In addition to expense, overuse of Locums can create other "system problems." The quality of care can be reduced because of the rapid turnover, since continuity of care is often disrupted. The functioning of the local practitioner networks and treatment teams can be compromised. Key institutional memory can be diluted. In turn, these factors can impede the Locum's ability to practice at "top-of-scope." Finally, the Locum's personal spending is more likely to occur in other states or countries as opposed to in the local economy.

To understand how such overuse can become entrenched, the analogy of addiction may help. An employer's use of Locum Tenens often does yield a short-term benefit, that being a relief from the pain of being understaffed. However, as to the costs of that relief, even the immediate costs can be huge. In addition, there is also the opportunity cost, that is, the non-occurrence of investment that the employer could have made in long-term personnel solutions but did not, because the employer was instead spending its personnel budget on very short-term "fixes." Therefore, the opportunity for long-term resolution is either delayed or disallowed.

Council Resolution: Alaska's SHARP Council has passed a unanimous resolution (4/10/18) that SHARP should examine the feasibility of whether clinicians receiving support-for-service can replace the use of higher-cost locum tenens. The Council indicated that cost-avoidance might be realized, and thus required that financial impact should documented by use of approved metrics.

Purpose: The purpose of this demonstration project is three fold: (a) to provide direct assistance to selected healthcare employers, which are struggling with overuse of temporary staffing; (b) to demonstrate the feasibility that longer-term staffing solutions is achievable by the use of support-for-service; and (c) to demonstrate that meaningful cost-savings can be achieved.

Proposal: We propose to conduct a demonstration sub-project to recruit longer-term clinicians to fill positions now occupied by temporary staffing. We will recruit 36 SHARP-eligible clinicians for this, which will include 12 Tier-1 (physicians and pharmacists) and another 24 Tier-2 clinicians (NP, PA, RN, etc.). We monitor all clinicians quarterly, thus detailing total patients and care-visit counts, by payer type (e.g. Medicaid, etc.). This monitoring directly supports our program evaluation plan.

Budget: Total budget for this sub-project will be $1,800,000 ($1,170,000 employer, $459,900 HRSA and $170,100 AMHTA) for the period 9/1/18 - 8/31/22. These funds will be spent only on clinician loan repayment, and none will be spent for program administration.

SHARP-1 - Demonstration-2: Clinicians to Replace Locum Tenens - Total FTE - Regular Fill			
EM %	**Tier-1**	**Tier-2**	**Count**
50%	6	12	18
80%	6	12	18
Totals	12	24	36

SHARP-1 - Demonstration-2: Clinicians to Replace Locum Tenens - Expense by Category						
EM %	**Tier-1**	**Tier-2**	**Total Exp**	**Employer**	**HRSA 73%**	**AMHTA 27%**
50%	$ 420,000	$ 480,000	$ 900,000	$ 450,000	$ 328,500	$ 121,500
80%	$ 420,000	$ 480,000	$ 900,000	$ 720,000	$ 131,400	$ 48,600
Totals	$ 840,000	$ 960,000	$1,800,000	$ 1,170,000	$ 459,900	$ 170,100