Staffing costs—around 60% of hospitals’ total costs—have surged along with the delta variant.

Staffing agencies are commanding unprecedented rates for travel nurses and other staff. Clinicians are leaving employed positions at acute care, rehabilitation, and behavioral health hospitals for more money in travel roles, sometimes leaving the state altogether. Smaller hospitals are competing with larger counterparts for the same pool of critically scarce staff, and current rates are particularly threatening the viability of small and rural hospitals. While the state’s assistance to mobilize and place additional staff has been extremely valuable, it has not kept pace with recent needs.

Many hospitals are bearing extraordinary staffing costs from delta on their own with no federal Provider Relief Funds allocated to account for delta’s impact. The upcoming Phase 4 Provider Relief Fund distribution will cover lost revenues and expenses from July 1, 2020, to March 31, 2021, before the delta surge.

Contract labor expenses continue to mount.

Hospitals are contracting directly with staffing agencies to address their continued workforce shortages, and these staffing agencies are commanding particularly high rates for travel nurses during the delta variant surge, sending hospitals’ labor costs soaring. Texas hospitals report:

- Costs for travel staff are at least two times higher in 2021 than in 2020.
- Premium rates agencies currently charge for travel nurses are 150% to 200% of the standard hourly rates hospitals pay employed staff.
- Staffing agency registration expenses have doubled over the past year.

Staffing shortages from COVID-19 affect a whole hospital.

With capacity stretched to the limit, nurses have been retrained and allocated where they are needed most. But when a stretched emergency department or makeshift COVID-19 unit demands extra staff, vacancies stack up in labor and delivery, surgery, oncology and psychiatric units. Texas hospitals report nursing vacancies in non-COVID-19 care areas are around double normal levels.

Hospitals are pulling out all the stops to keep staff.

Hospitals have spent significant resources to ensure they have the staff necessary to care for any patient who walks in the door, as required by law. To recruit, retain and reward dedicated staff, hospitals across Texas are offering:

- Salary increases and market pay adjustments; bonus pay for staff in critical positions;
- Sign-on bonuses for nurses, laboratory staff, screeners and housekeeping;
- Overtime, double time or premium pay for staff picking up extra shifts and foregoing days off;
- Referral bonuses for existing staff who refer RNs;
- Additional paid time off; and
- Mental health support and other wellness services for employees.

THA proposes a one-time, $750 million allocation of Texas’ ARPA funds to offset:

- Aggregate cost of staffing at “crisis” rates for travel staff, and amounts paid for recruiting and retention bonuses;
- Extraordinary costs incurred related to filling existing vacancies;
- Cost of supplemental staffing for providers that were unable to access the state-supported staffing; and
- Cost of mental health and wellness services for staff.

Costs, vacancies and recruitment and retention strategies collected from survey of THA members (Sept. 1 – Sept. 16, 2021)