

Understanding Employee Turnover in the Healthcare Industry.



2023 Edition

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Introduction

Turnover in the healthcare industry is at a record high. In the past five years, the average hospital saw 100% turnover of its workforce.* According to a study conducted by NSI Nursing Solutions, the hospital turnover rate in January 2022 was 25.9%, a 6.4% increase over the prior year. Further data reveals that 95.5% of all hospital separations in 2022 were voluntary terminations.*

Turnover can have a huge impact on the company's bottom line as every employee that a company loses results in substantial costs to the employer.

There are also indirect ways that turnover affects revenue. High turnover rates often cause low employee morale, and unhappy employees tend to be less productive.

[*2022 NSI National Healthcare Retention & RN Staffing Report](#)

Industry experts estimate the average cost of turnover across all occupations in the healthcare industry can range up to 150% of a mid-level employee's salary.³

For example, the average cost of turnover for a bedside RN was estimated at \$46,100 in 2022, resulting in the average hospital losing between \$5.2 and \$9 million per year. Each percent change in RN turnover will cost/save the average hospital an additional \$262,300 per year.⁴

The longer a job goes unfilled, the more impact it has on the bottom line of a business. For example, when a healthcare professional leaves, the hospital must account for multiple additional turnover costs.

Additional Turnover Costs

Staffing

A reduction in staff will require remaining employees to be paid overtime to pick up the slack left by those who have left. Employers also have to consider the costs of agency and travel nurses to fill in while waiting for new hires to onboard.

Continuity of Care

Turnover can be detrimental to the care of patients, especially those who are long term. It is an adjustment not only for the staff but for the patients who may have a hard time adapting to being cared for by different employees.



Training Costs

According to a survey conducted by Gallup in 2021, training and replacing an employee can cost an average of one half to two times the employee's annual salary.⁵

Staff Workloads

Remaining staff may have to take on extra workloads when there is high turnover. This can be dangerous in all industries because of exhaustion, but is especially dangerous in the healthcare industry.

³[DailyPay: Healthcare Turnover Rates, 2022](#)

⁵[Gallup, 2021](#)



Accident rates

Reduced staff and high turnover can increase accident rates due to staff being overworked and tired — two conditions that lend themselves to frequent accidents.

Absenteeism

High turnover can reduce the morale of remaining staff, increasing their need and desire to call out from work.

The data reveals that reducing turnover should be top of mind for all facilities in order to protect their profits and their reputation.

The importance of recruiting, retaining and engaging employees is critical to patient care, staff morale and profitability.

Improve Retention Strategies

Even with notoriously high turnover rates in the healthcare industry, only 19.7% of hospitals had retention strategies in place for tenured workers in 2020.⁶ With Baby Boomers moving into retirement, it's important for hospitals to develop a strategy to retain their knowledge base.

Conversely, 52.9% of hospitals had implemented new hire retention strategies in 2020. Though the tactic is useful, it doesn't appear to be comprehensive.⁷

Nearly three quarters (72.6%) of all hospitals in 2022 had retention initiatives; however, less than half (44.5%) had connected them to measurable goals.⁸ Finding ways to increase tenure at your facility can help to ease staffing gaps, improve patient care and evolve programs that maintain a well-trained arsenal of staff at your facility.



19.7%

of hospitals have retention strategies in place for tenured workers⁹



52.9%

of hospitals have implemented new hire retention strategies¹⁰



80%+

of all hospitals have retention initiatives¹¹

Focus on Employee Experience

Across the board, HR departments are starting to recognize that employee experience is a huge part of keeping employees engaged and happy in the workplace while increasing the quality of patient care. To offer an enhanced employee experience, facilities must get to the core of what their staff truly wants, whether it be financial wellness benefits, workplace flexibility or other benefits. Listening to employee feedback is a key ingredient for successful recruiting, retention and employee engagement.

Find Out What Your Employees Want

The first step to improving turnover rates is finding out what your employees really want. This is the key to enticing them to stay at your organization. Survey your employees to determine what benefits or other aspects of their work lives could use improvement. Maybe they are looking for educational opportunities, more support and feedback or even a more flexible pay period.

⁶Medical Solutions

⁷2022 NSI National Healthcare Retention & RN Staffing Report

⁹Medical Solutions

How an On-Demand Pay Benefit Can Help Fight Turnover

As the healthcare sector rehires post-pandemic, healthcare facilities must differentiate themselves in order to both attract and retain top talent. One way to do that is by offering employees an on-demand pay benefit.

DailyPay is building a new financial system that ensures money is always in the right place at the right time for everyone, starting with pay.

With DailyPay, employees accrue their net pay in their available balance, and they can easily transfer it to a bank account or debit card of their choice without having to wait for payday.

Employees have access to their available balance 24/7/365. With DailyPay, employees can avoid incurring late fees, overdraft fees or payday loan interest, and they can access their earned pay whenever they need it.

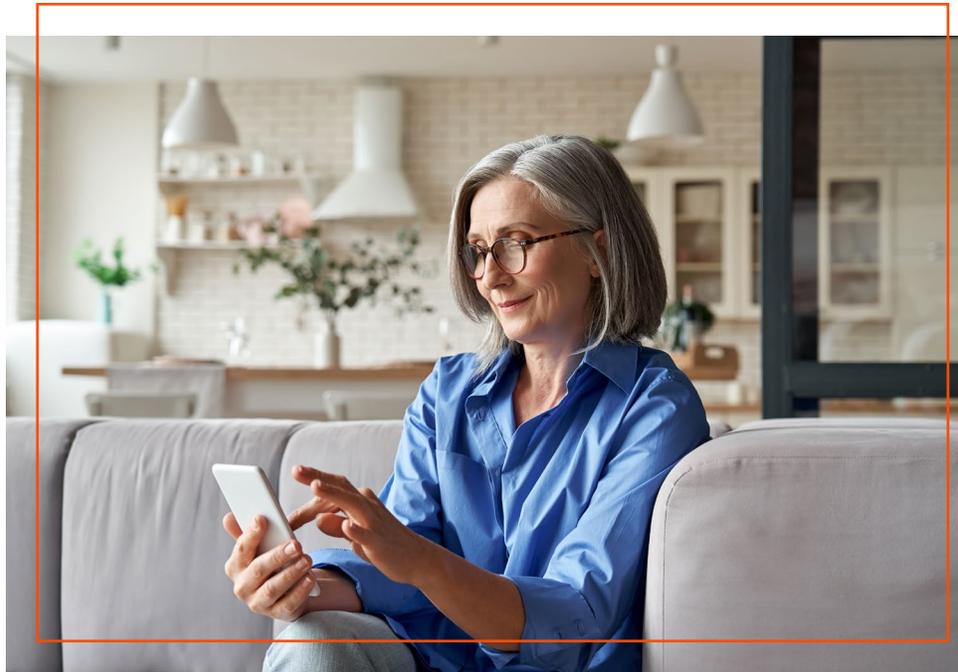
DailyPay requires no changes to your current payroll setup and costs nothing to implement. Companies that offer an on-demand pay benefit are able to build a loyal and productive workforce. About 64% of healthcare employees say that if they were seeking a new job, they would be more attracted to an employer that offered an on-demand pay benefit than an employer that did not, and 71% said they would be more likely to stay at a job that offered on-demand pay.¹²

The average tenure of employees who used DailyPay increased by 27% over non-DailyPay users, resulting in an additional 39 days on the job.¹³

As more healthcare organizations adopt DailyPay, more data is coming to light that shows that DailyPay's technology platform can deliver on the promises of on-demand pay.

[Christian Horizons](#), which provides a continuum of care and support services for older adults, offers DailyPay to its employees. In a four-month period, the company reported that DailyPay helped reduce turnover by 7.2%, saving them an estimated \$500,000 in turnover costs.

CommuniCare, the nation's largest provider of post-acute care, also offers its employees DailyPay. Their VP of Human Resources Gregory Keller [stated that](#) "offering [DailyPay] means that employers like us will not be faced with changing our existing payroll process while extending the benefit of on-demand payment to our employees."



BrightSpring Health Services employs more than 60,000 employees across 49 states and offers DailyPay to its staff. “We see caregivers saying they’re picking up additional hours because they can get paid for those hours quicker than working somewhere else. We also see some early impact on retention with the people who are engaging in daily pay,” [said Rexanne Domico](#), President Home Health Care and Rehabilitation Services at BrightSpring.

DailyPay is an award-winning bestseller and Platinum Partner on ADP Marketplace and an integrated partner with six out of the 10 leading HCM firms, including UKG, Ceridian, Paycor, SmartLinx and Viventium.

“With low unemployment and high turnover in healthcare markets, DailyPay’s innovative solution will help our customers meet the increasing challenges of employee retention and engagement,” [said Marina Aslanyan](#), CEO of SmartLinx.





Conclusion

While turnover in the healthcare industry is a significant issue that can severely affect your employee's financial well-being, the quality of patient care and your bottom line, there are simple changes you can make to reduce turnover. DailyPay's on-demand pay solution has helped numerous healthcare companies reduce turnover easily because employees want to stay at companies that care about employee financial wellness.



Please contact us to learn what DailyPay can do for your company and your employees.

Thank you for reading.

[Get a demo](#)