Insights and Trends in Allied Healthcare Staffing

Jeff Decker, Senior Vice President and General Manager for AMN Healthcare

Featuring a case study review by Justin Border, OTR/L
Vice President of Rehabilitation Advantage Rehab Solutions
Today’s Agenda

- Welcome
- Insights & Trends in Allied Healthcare Staffing – Jeff Decker, Senior Vice President & General Manager, Allied Division
- Introduction to MSP in Healthcare – Bob Livonius, President Strategic Workforce Solutions
- Allied MSP Case Study – Justin Border, OTR/L, Vice President of Rehabilitation, Advantage Rehab
- Upcoming dates and events
Today’s Webinar

Insights and Trends in Allied Healthcare Staffing

- Jeff Decker, Senior Vice President and General Manager for AMN Healthcare - responsible for leading the sales and the day-to-day operations of the allied staffing division.

- Successful background in recruitment, operations management, marketing and brand development.

- Prior to joining the company, he was CEO and President of Resources On Call, a leading Allied Healthcare company. He led the company through the acquisition by Medfinders focused on driving organic growth, sales performance and operational management.

- As President of Resources On Call for eight years, he built the company from a regional resource to a national market segment leader.

- He has more than 20 years of experience with the healthcare industry, beginning with the branding of Humana, while with McCann Erickson, the world’s largest and most globally experienced advertising network.
Insights and Trends in Allied Healthcare Staffing
Healthcare Employment in the Industry

- 14 Million people employed in the Healthcare Industry in the United States
- Includes non-medical personnel
- Hospitals employ 34% of the total
- Healthcare Staffing expected to be a 10 billion dollar industry in 2013

Healthcare Employment Growth

Long-term macro growth drivers:
- Aging Baby Boomers
- Increasing life expectancy
- Technology advances
- Healthcare reform

Physical therapists to increase by 39%
Existing Jobs: 185,440
Number of Jobs added by 2020: 77,400

Occupational therapists to increase by 33%
Existing Jobs: 108,800
Number of Jobs added by 2020: 36,400

Source: Bureau of Labor Statistics, August 2012; BLS Monthly Labor Review January 2012; Association of American Medical Colleges, October 2010; Buerhaus, Peter, Health Affairs June 2009
Over the past ten years, the Allied healthcare staffing market has grown to reflect an increasingly larger percentage of the overall healthcare staffing market. In 2012, Allied is projected to be the single largest staffing segment for the first time since tracking the data in 2002, representing 33% of the overall market.
Allied Health is used to identify a cluster of health professions, encompassing as many as 200 health careers:

- 5 million allied health care providers in the U.S.
- More than 80 different professions
- Approximately 60% of all health care providers work in the allied space
- Allied health is involved (directly or indirectly) with patient health
- Some allied health professionals practice independently, others work as part of a healthcare team.
Projected Outlook of Top Allied Occupations

Values:
- Physical Therapists: 39%
- Occupational Therapists: 33%
- Physician Assistants: 30%
- Respiratory Therapists: 28%
- Pharmacists: 25%
- Speech-Language Pathologists: 23%
- Clinical Laboratory Technologists & Technicians: 13%
- Health Diagnosing and Treating Practitioners: 26%
- Total, All Occupations: 14%

Impact of Legislation:

<table>
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<tr>
<th>Date</th>
<th>Description</th>
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<tbody>
<tr>
<td>October 1, 2012</td>
<td>Cap</td>
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<td>January 1, 2013</td>
<td>New reporting requirements</td>
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<td>March 1, 2013</td>
<td>Sequestration</td>
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<tr>
<td>April 1, 2013</td>
<td>Multiple Procedure Payment Reduction (MPPR)</td>
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Healthcare Buyers Top Priorities in Contingent Labor Management

- Healthcare Buyers much more concerned with preparing for healthcare reform.
- Less awareness and application of contingent labor programs than other industries.
- Increase importance on recruitment of quality candidates for core labor need.

### Buyers' top priorities for their CW programs in 2012

<table>
<thead>
<tr>
<th>Priority</th>
<th>Healthcare industry</th>
<th>Other buyers</th>
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</thead>
<tbody>
<tr>
<td>Controlling costs of CW program</td>
<td>20%</td>
<td>23%</td>
</tr>
<tr>
<td>Preparing for healthcare reform</td>
<td>21%</td>
<td>2%</td>
</tr>
<tr>
<td>Internal customer service</td>
<td>17%</td>
<td>17%</td>
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<tr>
<td>Recruiting quality non-agency contingents</td>
<td>17%</td>
<td>5%</td>
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<tr>
<td>Integrating CW program into broader strategic planning</td>
<td>17%</td>
<td>7%</td>
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</table>

Source: 2012 SIA Healthcare Buyers Survey – North America
Forces Driving Increased Demands on Workforce Management

Hospital C-Suite Strategic Mandates
- Improved cost management
- Deliver high-quality care & outcomes
- Reduce malpractice & reimbursement risks

Projected Shortage of Skilled Healthcare Professionals

Nurses
Allied
Physicians

Workforce Share of Total Costs
49%

Workforce Pressures
- Wages & benefits
- Higher skills required for more complex patients
- Unions targeting healthcare
- Training on EMR technology
Typical Healthcare Staffing Model

Problem . . .

• Multiple contracts
• Pricing disparities
• Agency OT
• Co-employment risk
• Service inconsistencies
• Varying degrees of quality
• Multiple systems and data
• Management involvement
AMN Managed Services Staffing Model

... Solution

- Single Contract
- System-wide Standardized Bill Rates
- Reduced Agency OT
- Eliminate Co-employment Risk
- Service Consistency
- Continuous Quality Alignment
- Standardized Systems and Data
- Reduced Management Involvement
Managed Services Program (MSP) Model

Benefits to Clients
- Single Point of Contact
- Increased fill rates
- Better clinician quality
- Operational efficiency
- Standard market rates
- Utilization management
- Contact and payment efficiency

MSP Model
- Access to Sourcing
- Vendor Management
- Clinical Oversight & Compliance
- Workforce Planning
- Reporting & Analysis
- Consolidated Invoicing
- Single Contract

Benefits to Affiliate Vendors
- Access to prestigious clients/orders
- Orders leverage vendors' strengths
- Incremental business
- Reduced marketing costs
- Better DSO
Case Study - MSP Solutions

Flagship Rehab – MD, VA, WV & PA

**Situation**
- Approximately $7M in annualized spend
- Vendor pool of 100 suppliers
- Lack of visibility per facility usage

**Solution**
- Launched national MSP with 82 locations
- Implemented program-wide VMS technology solution
- Implemented hiring process for all contract labor

**Results**
- Reduced per hour cost of Therapist
- Improved Quality and Mitigated Risk
- Client able to grow Business with support from MSP Program
Today’s Webinar

Case Study: MSP and Allied Healthcare Staffing

• Justin Border, OTR/L, joined Advantage Rehab Solutions in 2011 as Vice President of Rehabilitation.

• He began his career as an Occupational Therapist in 1998 working in a variety of settings, including acute care, skilled nursing, home health, NICU, pediatrics, and mental health.

• In 2001 he became a Director of Rehabilitation for Mariner Health Care/Sava Senior Care, leading an existing program while developing and opening a new building which became the flagship for the company.

• In 2006 he joined RehabCare Group in the dual role of directing both the Acute Rehabilitation Unit and the Transitional Care unit in Culver City, California. Later he became the Director of Operations in California for their subcontracted skilled nursing rehabilitation programs.

• In his career he has developed and led multiple aspects of long term care operations, including clinical services, recruiting, human resources, business development, financial planning, budgeting, metrics, and compliance processes.

• Justin was a featured speaker at the American Occupational Therapy Association national conference and has received awards for financial performance, employee retention, and clinical outcomes during his career.
Allied Key Objectives

• Reduce Contract Labor Cost
• Improve Staffing and Flexibility
• Improve Quality
• Manage Risk
• Facilitate Growth
## Current State/Future State

<table>
<thead>
<tr>
<th>Current State</th>
<th>Future State</th>
<th>Area</th>
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<tbody>
<tr>
<td>Rate Disparity</td>
<td>Consistent Rates</td>
<td>Cost</td>
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<td>Staff Mix</td>
<td>Balance mix of Registered and Assistants</td>
<td>Cost</td>
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<tr>
<td>Utilization</td>
<td>Flexibility of Assignment Length</td>
<td>Cost</td>
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<td>Invoice Accuracy and Consolidation</td>
<td>Visibility into Invoice Accuracy</td>
<td>Cost</td>
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<td>Performance Management</td>
<td>Do Not Returns, Visibility, Remediation</td>
<td>Quality</td>
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<tr>
<td>On-Boarding / Orientation</td>
<td>Enhanced On-Boarding and Orientation program to ensure candidate quality, improved performance and better patient outcomes</td>
<td>Quality</td>
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<tr>
<td>Credentialing Process</td>
<td>Mitigate exposure to poor credentialing by vendors and limited visibility into providers on assignment</td>
<td>Risk</td>
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<td>Co-Employment</td>
<td>Streamlined processes, consistent communication, and assessment of Long Term contractors</td>
<td>Risk</td>
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Improving Staffing and Flexibility

- **Utilization Management**
  - Reduce ‘automatic’ use of 13 week contracts unless situation calls for them
  - Create program requirement for flexible contract length based on level of position and difficulty to fill
  - Increased visibility through AMN Account Management and Technology to create ‘pool’ of providers willing to float between facilities to maximize utilization

- **Skill Mix Collaboration**
  - Assess with organization Executive Team opportunities to change skill mix based on current placements and staffing levels
  - Dedicated Account Manager communication to enhance visibility
  - Market trending and dynamics by AMN offers “intelligence on time” to replace Registered Therapists should turnover occur
  - Current market dynamics allow for easier recruitment of Assistants

*Subject to market and validation that this mix would provide more flexibility within the market*
Managing Risk

• Contract Management by AMN
  – AMN manages all subcontracts with other vendors – Organization has only one contract with one set of contract terms
  – AMN audits vendors for compliance to contract terms
  – Indemnification for expired or missing credentials

• Credential Management
  – Dedicated Credentialing Team to manage licensure, references, credentials and expirations for all contract labor provided through AMN or AV network
  – AMN’s technology allows 24/7 access to licensure and credentials
  – Assurance of fully credentialed and licensed therapists in buildings at all times

• Managing Co-Employment
  – Current risk due to providers working contract assignments longer than 12 months
    • Note: Providers were located in some chronically “hard-to-staff” facilities
  – AMN will monitor time worked by provider and report to executives for all that exceed 12 months
  – AMN’s On-Boarding program provides education about working at the facility, and specifically about what they and the contractors are entitled to in the employment relationship

healthcare WORKFORCE
WEBINAR SERIES
Improve Quality

• Contractor Charting
  – Understand areas for improvement and collaborate on opportunities to enhance contractor training
  – Consistent performance evaluations of contractors issued by AMN

• Interviewing/Screening *(optional, Advantage Rehab manages their own)*
  – Customized interview process
  – Dedicated Account Management who knows organization process, ideal requirements and any unique individual facility needs/requirements

• Clinical Performance Management and Reporting
  – Extensive “Do Not Return” Lists
  – Dedicated Clinical Resources for training and remediation
  – Customized surveys for feedback on contract labor results to be shared in Quarterly Business Reviews
Discussion
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<tr>
<th><strong>Inaugural Members</strong></th>
<th><strong>2013 Additional Members</strong></th>
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<td>Doug Kelleher</td>
<td>Bill Rivard</td>
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<td>Ed Mosley</td>
<td>Bob Eskridge</td>
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<td>Geoff Pridham</td>
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<td>Jane Renkin</td>
<td>David Baker</td>
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<td>Keith Minnis</td>
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<td>Kent McMackin</td>
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<td>Kristin Bradley</td>
<td>Janet Smith-Hill</td>
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<td>Mamoon Syed</td>
<td>Jim Boylen</td>
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<tr>
<td>MariLou Prado-Inzerillo</td>
<td>Justin Border</td>
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<tr>
<td>Maureen McCausland</td>
<td>Lilee Gelinas</td>
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<td>Pam Stahl</td>
<td>Nancy Dean Melcher-Webb</td>
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<td>Piper Frithsen</td>
<td>Paul Helm</td>
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<td>Matrix Providers</td>
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THANK YOU FOR YOUR TIME TODAY