

SIA NATHO Travel Nurse Historical Trends Report

Survey Years 2018 through 2023



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SIA NATHO Travel Nurse Benchmarking Survey: Historical Trends Report

Overview

The National Association of Travel Healthcare Organizations (NATHO) is a non-profit association of travel healthcare organizations that promotes ethical business practices, offers educational opportunities, creates a space for advocacy, and sets the gold standard for conduct in the travel healthcare industry.

Staffing Industry Analysts (SIA) is the global research and advisory firm focused on staffing and workforce solutions.

As an independent and objective observer of the staffing industry, SIA was commissioned by NATHO to analyze historical travel nurse benchmarking data in order to understand trends in traveler pay and pricing. This report is based on travel nurse staffing data that was submitted to SIA as part of an annual Travel Nurse Staffing Firm Benchmarking Survey, which measures financial and operating data of travel nurse firms including travel nurse pay rates, bill rates, and other metrics at a high level.

The analysis and results presented in this report are based on findings from the SIA NATHO Travel Nurse Benchmarking Surveys from years 2018 through 2023, as well as other reputable sources of information on the industry. Citations to other information sources referenced in this report appear on page 13.

Statistical Terms Used in This Report

- **Aggregate-** The result of combining total numerical values from multiple travel nurse staffing firms, and reporting out in a single representative value
- **Gross Margin-** The portion of revenue remaining after subtracting direct costs, such as wages, payroll taxes, housing, meals, travel, and insurance costs (expressed as a percentage of revenue, or dollar terms as a portion of bill rate)
- **EBITDA-** Measurement of a staffing firms' net earnings before interest, taxes, depreciation and amortization

Although the mix of staffing firms that participated in each annual survey varied slightly from year to year, we believe that the trends detailed in this report are representative of trends for the US travel nurse industry as a whole. For each survey year, staffing firm participants represented a majority of the US travel nurse market, by our estimates. More details on methodology can be found on page 12.

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Key Findings

- **Travel nurse pay rate is the largest component of bill rate**, at 52.3% for 2022, followed by travel nurse housing, meals and incidentals reimbursement at 20.7%. Other direct costs included in a travel nurse pay package include professional liability insurance, workers' compensation insurance, licensing costs, and health insurance.
- **Both bill rate and pay rate increased substantially over the past 5 years.** The percentage of aggregate average travel nurse wages and payroll taxes rose from 40.0% in 2018 to 52.3% in 2022, indicating that a larger portion of the bill rate was passed on to travel nurses as compensation.
- **Gross margin percentage decreased from 26.1% in 2018 to 23.3% in 2022.** Gross margin represents the difference between the bill rate to clients and the direct costs paid for nurse wages, housing, meals, and other direct costs mentioned above.
- **The US is in the midst of a chronic nursing shortage, which further fueled a nursing crisis.** The COVID-19 pandemic exacerbated a workforce that was already experiencing a nursing shortage. The total supply of RNs decreased by more than 100,000 between 2020 and 2021.
- **The US travel nurse market experienced rapid growth within the last 5 years.** The travel nurse market increased substantially from \$5.6 billion in 2018 to \$42.0 billion in 2022, according to SIA's US Staffing Industry Forecast. Growth was initially driven by economics, a skill shortage, and the aging population. As new COVID-19 variants were detected, increased demand for registered nurses became widespread across the country.
- **The COVID-19 pandemic resulted in a high level of health system staff attrition** due to burnout and retirement, resulting in a further deficit to the workforce. Even more worrisome for the future is the significant number of nurses who left the workforce that were under the age of 35. A reduction of younger RNs in the workforce threatens the prospect of continuing nurse shortages into the future.

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Key Findings (Continued)

- **Increased bill rates were necessary to meet intense national demand** that was exacerbated by the COVID-19 pandemic and contributed to the market growth in travel nursing. Compensation was an effective tool for motivating nurses to relocate to high need areas, such as hot spots that required a targeted public health response, and whose demand was met largely by traveling nurses. This was especially true for RNs who were skilled in Intensive Care and Emergency Medicine.
- **Travel nurse volume growth was notable.** The average number of travel RNs on assignment grew 39% from 119,829 in 2021 to 166,483 in 2022, according to SIA estimates.
- **During the COVID-19 pandemic, health systems received federal and state government funding** through FEMA and/or CARES to reimburse for the costs associated with COVID-19 testing and other pandemic related expenses. This funding contributed to growth in the volume of travel nurses.
- **RNs experienced negative mental and emotional outcomes** associated with intense demand and other pandemic related stressors. More than a quarter of all nurses reported feeling “like they were at the end of their rope” at least a few times each week, according to the National Council of State Boards of Nursing (NCSBN) and the National Forum of State Nursing Workforce Centers survey of 150,698 registered nurses in 2022.
- **The travel nurse market is experiencing contraction after a peak in 2022**, with the most recent SIA forecast projecting a 27% decline in travel nurse industry revenue in 2023 and a further 10% decrease in 2024.

Travel Nurse Pay is the Largest Component of Bill Rate

A pay package for a travel nurse has multiple components that include hourly wages, and additional costs such as housing stipends and per diem payments that are meant to reimburse the traveler for duplicated expenses.

The table to the right reflects 2022 aggregate data from the SIA NATHO Travel Nurse Benchmarking Survey and illustrates how the bill rate - the hourly rate a staffing firm charges the client for a travel nurse - breaks down to the pay rate (hourly wages), and additional costs.

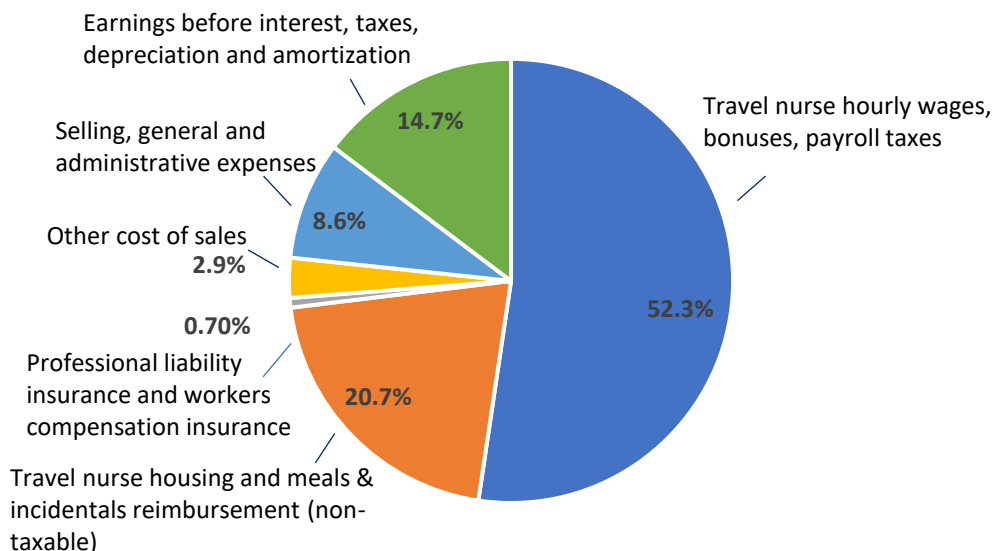
The “other cost of sales” line item includes things such as licensing and medical benefits for the travel nurse.

Selling, general, and administrative expenses (SG&A) includes all overhead costs and is calculated as gross margin minus EBITDA.

Earnings before interest, taxes, depreciation and amortization (EBITDA) is a measurement of a company's profitability and is the result of gross margin minus SG&A. Gross margin is bill rate minus the total cost of sales.

Components of travel nurse bill rate (\$), 2022 aggregate average

	2022	
Revenues		
Bill rate (average hourly)	134.96	100.0%
Direct costs		
Travel nurse hourly wages, bonuses, payroll taxes	70.63	52.3%
Travel nurse housing and meals & incidentals reimbursement	27.92	20.7%
Professional liability & workers compensation insurance	0.94	0.70%
Other cost of sales	3.96	2.9%
Total cost of sales	<u>103.45</u>	<u>76.7%</u>
Gross Margin	31.51	23.3%
Operating expenses and earnings		
Selling, general and administrative expenses (SG&A)	11.67	8.6%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	19.84	14.7%



Nurse Pay Increased Over the Last Five Years

As depicted in the table to the right, the percentage of aggregate travel nurse hourly wages and payroll taxes increased from 40.0% of the bill rate in 2018 to 52.3% in 2022.

Traveler housing and meals and incidentals decreased from 30.5% of the bill rate in 2018 to 20.7% in 2022.

The “other cost of sales” line item includes things such as licensing and medical benefits for the travel nurse.

Gross margin percentage also decreased from 26.1% in 2018 to 23.3% in 2022.

Components of travel nurse bill rate as a % of bill rate

Percentage of Bill Rate (%)	2018	2019	2020	2021	2022
Travel nurse hourly wages, bonuses, payroll taxes	40.0%	38.0%	41.7%	50.3%	52.3%
Travel nurse housing and meals & incidentals reimbursement	30.5%	33.3%	29.7%	21.4%	20.7%
Professional liability & workers compensation insurance	1.14%	0.87%	0.91%	0.79%	0.70%
Other cost of sales	2.2%	3.2%	3.1%	3.3%	2.9%
Gross margin	26.1%	24.8%	24.6%	24.2%	23.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: SIA NATHO Travel Nurse Benchmarking Surveys, 2018-2023

Chronic and Ongoing Nursing Shortage Has Further Fueled a Nursing Crisis

The COVID-19 pandemic not only exposed underlying issues in the healthcare system, but it exacerbated a workforce that was already experiencing a nursing shortage, as depicted by the timeline below.

The total supply of RNs decreased by more than 100,000 between 2020 and 2021, the largest drop observed in the past four decades, according to a nursing workforce analysis using current population survey data [1].

Even more worrisome is that a significant number of nurses who left the workforce were under the age of 35. A reduction of younger RNs in the workforce could have threatening implications for the workforce that would last a generation [2].



81% of hospital CEOs stated one of their top three challenges regarding shortages is the availability of RNs [3]. -American College of Healthcare Executives-



2020 is declared as the year of the nurse and midwife as 9 million more nurses and midwives will be needed by 2030 [4]. -World Health Organization-



Over 91,000 qualified nurse applicants were turned away from US nursing schools due to an insufficient number of faculty, clinical sites, and clinical preceptors [5]. -American Association of Colleges of Nursing-



Over 200,000 openings for RNs each year is projected through 2031 due to nurse retirements and workforce exits [6]. -Bureau of Labor Statistics-

2019

2020

2021

2031P

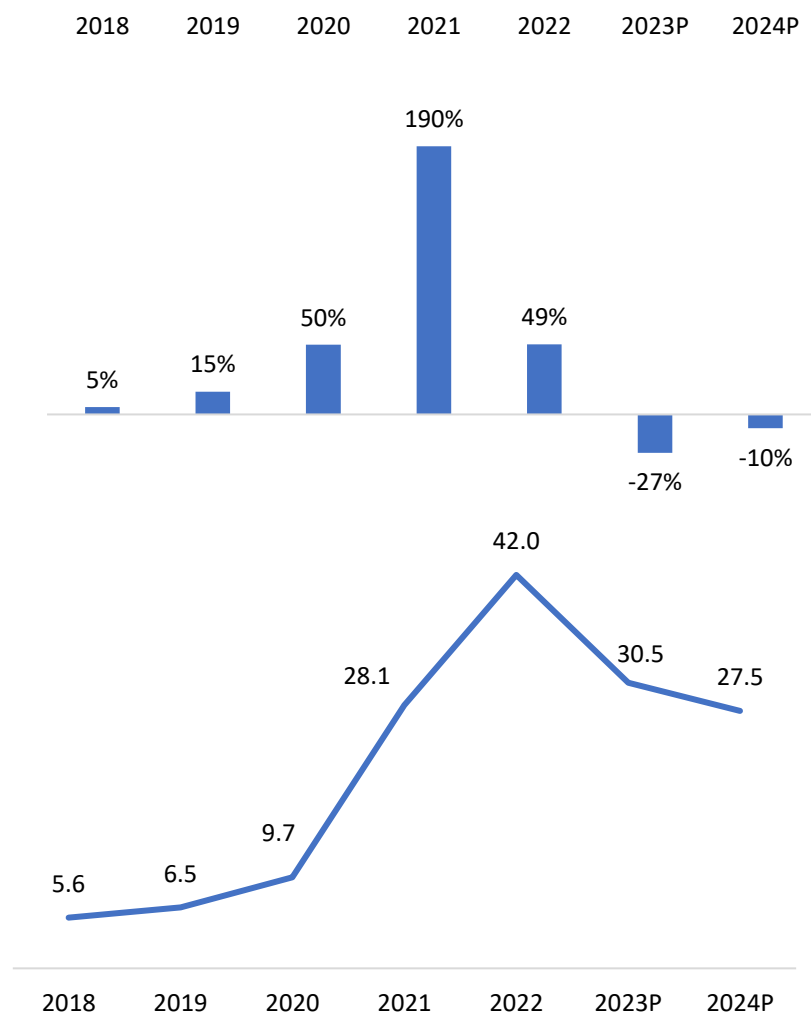
US Travel Nurse Market Grew Rapidly from 2018 Through 2022 and is Projected to Contract Sharply in 2023 and 2024

As can be seen from the graphs to the right, growth in the travel nurse market increased substantially from \$5.6 billion in 2018 to \$42.0 billion in 2022, according to SIA’s estimates [7].

- **The Affordable Care Act propelled market growth in 2016** when the number of uninsured individuals fell by 20.0 million people, according to the National Health Interview Survey (NHIS) [8].
- **In 2018 and 2019, the US travel nurse market experienced steady growth** as the healthcare sector benefited from growth in the US economy, as well as secular trends such as an aging population, rising rates of chronic health conditions, and a skills shortage.
- **Market growth from 2020 through 2022 was driven largely by the COVID-19 pandemic.** Health systems experienced high levels of staff attrition due to burnout and retirements, and waves of demand as new COVID-19 variants were detected.
- **During the COVID-19 pandemic, health systems received federal and state government funding through FEMA and/or CARES** to reimburse for the costs associated with COVID-19 testing and other pandemic related expenses. This funding contributed to the market growth and was included in SIA market estimates.

SIA projects the travel nurse market will experience contraction of -27% in 2023 and -10% in 2024 as health systems turn their focus to improving care models, and reducing contingent traveler spend.

US temporary staffing market size (\$B) and y/y growth percentage



Source: Staffing Industry Analysts (SIA)

Travel Nurse Volume Nearly Doubled in 2021 and Increased 50% More in 2022

Prior to the COVID-19 outbreak, key drivers of the US healthcare staffing market were secular growth in healthcare spending arising from an aging population, an increase in chronic health conditions, a workforce of clinicians reaching retirement age, geographical variations of supply and demand, and increased acceptance of temporary healthcare professionals to assist with demand fluctuations.

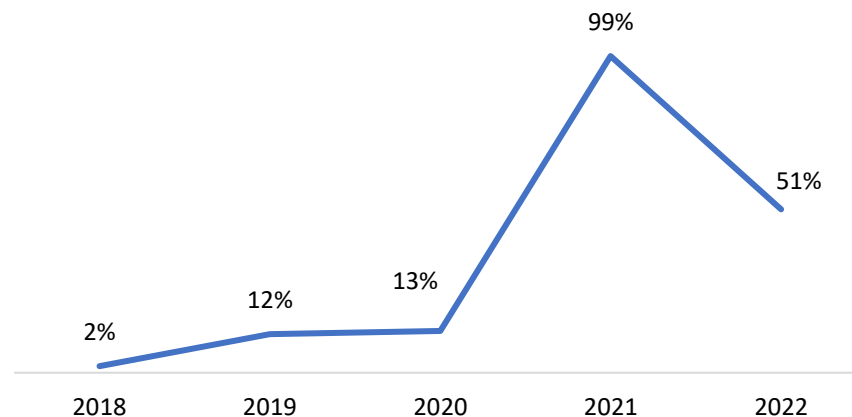
With the outbreak in March 2020, the major drivers for healthcare staffing shifted, as demand for specialties and settings that could treat COVID-19 multiplied.

Medical care that was separate from COVID-19 was delayed and decreased in demand. The growth in travel nursing during this time was also driven by higher bill rates that were necessary to meet intense national demand associated with the pandemic.

As depicted by the table to the right, travel RNs on assignment grew 39% from 119,829 in 2021 to 166,483 in 2022, according to SIA estimates. Similarly, as shown in the top graph, the total volume of billed travel nurse hours rose 51% in 2022 as compared with 2021, according to the 2023 NATHO Survey.

As discussed on the prior slide, SIA expects the travel nurse market size to decline by -27% in 2023 and looked to their bimonthly Pulse Survey—revenue and other metrics submitted by staffing companies-- to confirm the contraction. Of the 53 travel nurse firms who participated in the Pulse Survey for activity in April 2023, the travel nurse staffing segment experienced a 21% decline in year over year revenue, confirming the contraction in the travel nurse market.

Travel nurse y/y volume growth (billed hours), NATHO Surveys



	2021	2022
Average travel nurses on assignment - NATHO survey	72,068	105,043
Average travel nurses on assignment in the US market	119,829	166,483
Total staffing firm participants	n=28	n=31

Source: SIA NATHO Travel Nurse Benchmarking Surveys, 2022 and 2023

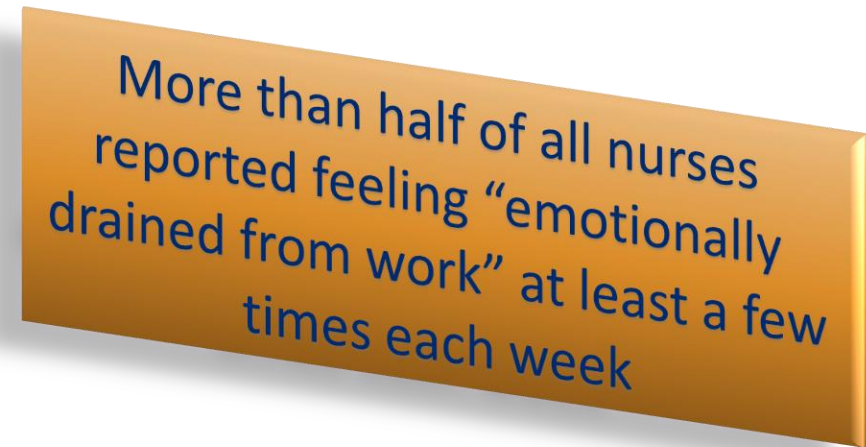
The COVID-19 Pandemic Had Adverse Effects on the Nursing Workforce

The National Council of State Boards of Nursing (NCSBN) and the National Forum of State Nursing Workforce Centers conducted a national level survey in 2022 [9], which asked registered nurses how the COVID-19 pandemic impacted them.

Of the 150,698 registered nurses that responded to the survey:

- **More than 60% of all nurses** reported an increase in their workload
- **More than half of all nurses** reported feeling “emotionally drained from work” at least a few times each week
- **More than a quarter of all nurses** reported feeling “like they were at the end of their rope” at least a few times each week

Specifically, nurses working in intensive care units (ICU) during the COVID-19 pandemic experienced adverse psychological outcomes, with unique stressors and challenges observed among both permanent intensive care unit and travel nurses, according to a scoping review from the American Association of Critical Care Nurses in April of 2023.



More than half of all nurses reported feeling “emotionally drained from work” at least a few times each week

The predominant finding was the prevalence of negative psychological impacts on nurses, including stress, distress, anxiety, depression, fear, posttraumatic stress disorder, and burnout.

During 2021 and 2022, the SIA NATHO Travel Nurse Benchmarking Survey found that ICU nurses had the most significantly above average demand, and the highest level of recruitment difficulty of all nursing specialties. With intense national demand and a challenging work environment, increased bill rates were necessary to entice ICU nurses to accept contracts in the direst of locations.

Demand Was the Primary Driver of Increased Travel RN Rates

Increased demand from the COVID-19 pandemic as well as inflation led nursing incomes to rise significantly across the country. The median RN annual earnings increased from \$70,000 in 2020 to \$80,000 in 2022, according to the Journal of Nursing Regulation [9].

Reallocating workers to the highest-need places created more demand for nurses. In order to meet demand from hot spots, the national supply of nurses needed to expand through longer work hours, hiring nurses who normally worked in less acute settings, hiring temporary nurses, and enticing nurses back into the labor force [10].

Higher compensation was necessary, in order to find nurses willing to travel so far from home, according to Joshua Gottlieb, Health Care Economist at the Harris School of Public Policy [10].

Nurses who accept travel positions far from their homes, do so when pay is higher, according to a study from the University of Chicago on the flexibility of nurse supply across the US [10].

Compensation is an effective tool for motivating nurses to relocate to areas of the country experiencing increased staffing needs.

Travel RN rates increased primarily due to surges in demand as certain states became hot spots, requiring a targeted public health response, and whose demand was met largely by traveling nurses.

This suggests that a national staffing market can benefit from demand increases in specific geographic areas as nurses' ability to relocate to high need areas can help mitigate a local shortage.

Intense demand at the national level required further rate hikes, especially for RNs with skills in high demand, such as Intensive Care and Emergency Medicine, creating a very competitive labor market.

Methodology

The data and analysis included in this report is based on results from the SIA NATHO Travel Nurse Benchmarking Surveys, for years 2018 through 2023, and was commissioned by NATHO and conducted annually.

SIA conducted these surveys as an independent third party and invited staffing firms to submit their annual revenue and other travel nurse metrics such as hours billed, hourly wages, and travel RNs on assignment, among others. NATHO did not have access to the submitted staffing firm revenue and metrics, due to the proprietary nature of the data.

SIA analyzed the data submitted from travel nurse firms for the current year's report, which is reflective of activity in the prior two years. For example, the 2023 published report is reflective of data regarding 2022 and 2021 activity. For the purposes of this report, SIA provided the most current years' data from each report as an approximate measurement of trends in the travel nurse segment.

Although the mix of staffing firms that participated in each annual survey varied slightly from year to year, SIA believes that these reports are representative of trends in the industry as a whole. As shown in the table below, for each survey year, the participating staffing firms represented a majority of the market (ranging from 56.9% to 64.3%.)

Upon completion of each year's survey and analysis, SIA provided the SIA NATHO Travel Nurse Benchmarking Survey report to NATHO and to participating staffing firms.

NATHO Survey Market Representation, 2018 to 2022

	2018	2019	2020	2021	2022
Total revenue represented in the NATHO Survey (\$billion)	3.6	3.7	5.6	16.9	26.5
% of market represented in the NATHO Survey	64.3%	56.9%	57.7%	60.1%	63.1%
US travel nurse market size, as estimated by SIA (\$billion)	5.6	6.5	9.7	28.1	42.0
Total number of staffing firm survey participants	n=33	n=22	n=24	n=28	n=31

Articles and Other Research Cited in This Report

- [1] [American Association of Colleges of Nursing. Nursing Shortage Fact Sheet.](#)
- [2] [Health Affairs. Current Population Survey. A Worrisome Drop in the Number of Young Nurses.](#)
- [3] [American College of Healthcare Executives. Addressing Personnel Shortages in Hospitals.](#)
- [4] [World Health Organization. Year of the Nurse and the Midwife 2020.](#)
- [5] [American Association of Colleges of Nursing. Nursing Faculty Shortage Fact Sheet.](#)
- [6] [US Bureau of Labor Statistics. Occupational Outlook Handbook.](#)
- [7] [SIA. US Staffing Industry Forecast, April 2023.](#)
- [8] [National Health Interview Survey. Trends in the US Uninsured Population.](#)
- [9] [Journal of Nursing Regulation. National Nursing Workforce Survey, 2022.](#)
- [10] [The University of Chicago. Nurses Move for Higher Pay to Confront Pandemic Hot Spots.](#)



About the National Association of Travel Healthcare Organizations (NATHO)

The National Association of Travel Healthcare Organizations (NATHO) is a non-profit association of travel healthcare organizations that promotes ethical business practices, offers educational opportunities, creates a space for advocacy, and sets the gold standard for conduct in the travel healthcare industry.

Mission

The National Association of Travel Healthcare Organizations is dedicated to promoting ethical guidelines in the industry by providing a forum and resources to travel healthcare organizations through common standards of practice, committee and partnership involvement, government and regulatory advocacy and compliance, and educational programming.

Vision

The collective goal of our membership is to create a clear understanding of Travel Healthcare throughout the healthcare industry and to develop a program that ensures a quality service experience for all those involved including Travel Healthcare professionals, healthcare organizations, and patients

About Staffing Industry Analysts (SIA)





Founded in 1989, SIA is the global advisor on staffing and workforce solutions. Our proprietary research covers all categories of employed and non-employed work including temporary staffing, independent contracting and other types of contingent labor.

SIA's independent and objective analysis provides insights into the services and suppliers operating in the workforce solutions ecosystem including staffing firms, managed service providers, recruitment process outsourcers, payrolling/compliance firms and talent acquisition technology specialists such as vendor management systems, online staffing platforms, crowdsourcing and online work services. We also provide training and accreditation with our unique Certified Contingent Workforce Professional (CCWP) program.

Known for our award-winning content, data, support tools, publications, executive conferences and events, we help both suppliers and buyers of workforce solutions make better-informed decisions that improve business results and minimize risk. As a division of the international business media company, Crain Communications Inc., SIA is headquartered in Mountain View, California, with offices in London, England.

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