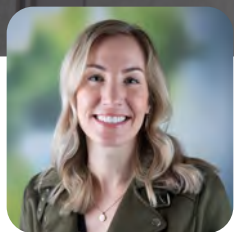


Innovative Staffing Solution: The Internal Travel Agency



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The pressures of rising costs, high turnover, and a workforce seeking extensive schedule flexibility call for health system leaders to operate and think differently if they want to recruit and retain sufficient staff.

Historically, health systems have often lacked a flexible workforce and relied on external labor, with 5% to 7% coming from agencies. Flexible labor (such as weekend or float pool programs) made up about 3% to 10% of the workforce, and the remaining 85-90% consisted of departmental core hires. Unfortunately, the COVID-19 pandemic led to inflated reliance on external labor, with some health systems operating with 15% to 20% levels of contract labor. To stay competitive, health systems should develop flexible workforce strategies, with 2% to 5% reserved for external labor, 20% to 35% for flexible workforce options (such as internal travel agency, system float, weekend, and PRN programs), and the remainder of the workforce reserved for departmental core positions.

To implement such models and thereby optimize their clinical workforce, some health systems have adopted the internal travel agency concept—an innovative strategy that can improve employee satisfaction and save money by eliminating use of external travel agencies. But operationalizing an internal travel agency is often easier said than done. This guide, based on best practices, explains the internal travel agency concept and provides a step-by-step approach you can use to develop and implement your own internal program.

What is an internal travel agency?

As the name implies, an internal travel agency is owned and operated by a health system and consists of clinicians employed by the system. It's essentially a travel agency, but in this case, clinicians—who can be nurses, allied health professionals, or technicians—may be traveling within a single hospital or to multiple hospitals within the health system.

An internal travel agency can be system or local based on the amount of travel involved. In a system travel agency, the employee's assignment is 50 miles or more from their primary residence, but in a local travel agency, the employee lives within 50 miles of the assignment. Because of the wider geographic range, employees of a system travel agency receive a housing stipend and meal allowances, along with their hourly wages. They also are on contracted assignment (4-26 weeks) for an inpatient unit or float pool at a hospital or region (supporting hospitals within driving distance).

Clinicians in a local travel agency live closer to home, so they don't need a housing stipend or meal allowance. They may be on a 4- to 8-week contract and assigned to a specific hospital unit when the schedule is built. They also can be assigned to a unit on a daily basis for specific staffing needs such as sick call coverage or census fluctuation demands.

The table below compares the types of agencies. The example benefits are the same between the two but will be based on employment status such as full-time, part-time or per diem. In each case, employees need to be licensed in the state where they practice. Not surprisingly, employees in the system's internal travel agency are the highest paid clinicians in the system, followed by those in the local agency.

	System	Local
Travel distance	50 miles or more from primary residence	Less than 50 miles from primary residence
Assignment	Contracted (4 to 26 weeks) to work on a unit or in a float pool for a hospital or in a system float pool.	Contracted (4 to 8 weeks) to work in a specific hospital unit (when schedule is built) or assigned to a unit on a daily basis for specific staffing needs
Stipend/ reimbursement	Housing stipend, meal and incidental allowance; may receive a mileage allowance if required to travel daily	Reimbursed for travel expenses between facilities if floated mid-shift
Employment status	Full- or part-time	Full-time, part-time, or per diem
Sample benefits (depend on employment status)	Paid time off (including time off between assignments), retirement, incentive pay, certification pay, licensure reimbursement	Paid time off (including time off between assignments), retirement, incentive pay, certification pay, licensure reimbursement
Required experience	1 to 2 years	1 year
Licensure	Needs to be licensed in states where practicing	Needs to be licensed in states where practicing

Here's how you can build a successful internal travel agency in four steps, with best practices included. A checklist at the end summarizes key points.

Step 1: Set the stage

Most big projects start with building a team, and creating an internal travel agency is no different. Your interdisciplinary team should include representatives from strategic partners, such as nursing, human resources, talent acquisition, finance, and information technology.

The first step for the team is to conduct an environmental scan to gain key insights that can be used to build the program and determine the return on investment (ROI) model. The scan should include:

- Use of external agency staff for the past 6 to 18 months, including specialties needed and the amount of money spent. Convert the agency hours into full-time equivalent (FTE) positions and note the agency hourly rate.
- Any flexible workforce programs that currently exist in the health system (such as float pools, PRN programs, and weekend programs) and any unique incentive programs. Gather job descriptions, compensation models, and operational policies. If you operate in a union environment, review the contract for relevant pay and practice information.

Once you have analyzed the environmental scan results, your team will be ready to set the high-level vision for the program. This strategy session should include key stakeholders who might not be part of the main interdisciplinary team, such as a representative from the C-suite. This is the time to dream big. List everything you would like the program to accomplish to help promote staffing flexibility and retention; also consider future operational models of use such as contract assignments, daily deployment, or new models of care such as tele nursing.

Several questions can help drive the discussion and provide information that will help operationalize the agency:

- Will the agency operate at the system level, with all hospitals participating in the internal travel agency? Or does a local travel agency model make more sense? Consider the number of states the system has facilities in and the overall geography, which will determine distances staff may need to travel.
- Will the internal travel agency be for-profit or not-for-profit? A for-profit agency could be marketed to other health systems, but this option would require further visioning work, particularly in terms of how to promote and sell a staffing service.
- What tools and technology will be needed to manage the agency? For example, you'll need a vendor management system (VMS) that is designed for healthcare to manage the internal travel agency onboarding, credentialing and contract assignments.
- What roles will be eligible for the agency? You may choose to focus only on nurses or include technicians and allied health professionals.

Best practice tip: Start simple so you can get up and running quickly, test proof of concept, and work out the details. That means launching as a not-for-profit entity and focusing on a single discipline (usually nursing) at a couple of hospitals before you launch system wide.

Step 2: Build the operating framework

You'll need this framework to guide the nuts and bolts of the program.

Start by setting up a management team for the agency, including a hiring manager. Add technology to execute the program and extend resources. For example, an effective VMS can allow one manager to manage 150 to 200 employees through the onboarding, competencies, and contracts life cycles due to the automation. You'll also need to set up a cost center if you are using the not-for-profit model.

Other components of the framework are job parameters, compensation, operational principles, manager education, and metrics.

Establish job parameters

Create a job description that includes years of experience and that specifies employee type (full-time, part-time, or per diem) and flexibility requirements such as travel within a prescribed geographic area. Employees should have a minimum of 1 year of experience to participate in a local agency and 1 to 2 years' experience for participation in a system agency.

Build onboarding and training plans for the employees who will participate in the agency, making sure that initial and ongoing education and competency assessments align with existing organizational practices. You will need to have a checklist for each facility that employees complete at the start of each new assignment, along with documentation for speciality competencies, and any organizational education requirements.

Determine compensation

Partner with your compensation team to develop a travel compensation model. For instance, employees who have to travel more than 50 miles from their place of residence and stay overnight for an assignment will need compensation for meals and incidentals, as well as a housing stipend in addition to their hourly rate. Those who don't travel 50 miles will need reimbursement for mileage if they drive mid-shift to another facility in addition to their hourly rate, which would cover mid-shift travel. A resource for establishing per diem rates for items such as housing and meals/incidentals is the U.S. General Services Administration website (<https://www.gsa.gov/travel/plan-book/per-diem-rates>), where you can search by city, state, or ZIP code.

Additional compensation to consider includes paid time off (PTO) plans, reimbursement for state licensure, incentive shift offerings, tuition reimbursement, and professional opportunities such as a clinical ladder. For employees who travel 50 miles or more, consider offering PTO between assignments, which is a competitive advantage compared to external agencies.

Best practice tip: To stay competitive with external agencies, build a compensation model that allows you to adjust base pay range related to market trends. It's a good idea to evaluate the base wage rate after every assignment. You may need to adjust the wage up or down, depending on demand related to census surges or seasonal trends such as influenza (*cont.*)

(cont.) Other options to consider include:

- Cheaper incentives for picking up extra shifts while on assignment (for example, if you have a tiered incentive program, offer this group the lowest level incentive amount for any extra shifts to offset the cost).
- Variety of shifts and specific roles to attract different demographics of the workforce (for example, nurses nearing retirement might be interested in 8-hour shifts where they provide coverage for breaks or administer medications).

Develop operational principles

Develop operational principles for requesting and deploying travel employees. Criteria for requests might include turnover metrics, number of unfilled positions, and percentage of workforce on leave of absence (LOA). The length of contracts for those in system travel programs ranges from 4 up to 26 weeks. For local travel programs, you'll need to determine how employees will be assigned to shifts—when the schedule is created (for example, to cover LOAs) or when there is an immediate need, such as to cover sick calls. Both options may be included.

Best practice tip: Local travel employers should be assigned to shifts based on daily staffing needs to best meet market demand related to changes in census and patient acuity.

Provide manager education

Managers need to have a thorough understanding of the internal travel agency for it to be a success, so develop plans for educating them. Discuss the agency at management meetings (focusing on the benefits to leaders), and provide handouts explaining how it will work. Training material should include how to determine if a request should be made, how to make a request for an internal travel agency through the VMS, how long it will take to fill the request, and how the internal travel employee will be supported.

Once a request is fulfilled, the department manager will need to confirm acceptance, ensure the traveler's schedule is completed, and ensure the unit onboarding checklist is completed within the first few days of the traveler's assignment.

Establish program metrics

Key performance indicators (KPI) are program metrics that will help assess program effectiveness. Metrics should include:

- Time it takes to fill a request for an internal travel employee (A good goal is 2 to 4 weeks, depending on supply; track this by specialty.)
- Comparison of spending for external vs. internal travelers. External agency spend should trend down as you build up the internal program. The more internal flexible resources you have, the less you need external agency. Keep in mind that a healthy external agency spend for a health system is on average 2% to 5% annually.
- Hiring targets for each quarter (and pipeline of candidates)

- Workforce trends such as turnover and retention for internal travel employees
- Operating costs

It's a good idea to measure metrics on a monthly basis and to review quarterly and annual reports of these metrics.

You'll also want to plan how the travel employee, frontline staff, and managers will evaluate the program. Ad hoc check-ins should be supplemented with evaluations after each completed assignment.

Step 3: Establish the ROI model and hiring plan

In step 2, you established the compensation model for the internal travel agency, including hourly rate and benefits. This will allow you to determine how much you could save by converting from an external to an internal travel agency. To calculate cost savings, you will need three pieces of external agency data—annual expense, average hourly rate for external travelers, and number of FTEs by specialty.

Once you have that information, set a target for reducing use of external agency FTE (for example, 30% of current use), convert that reduction to internal agency FTE, and project cost savings. Include any additional expenses such as costs related to technology and labor expenses of the management team (including managers and educators), and marketing.

Here is an example of how to convert external agency FTEs to internal agency FTE's. The hourly rate of the internal travel agency is all inclusive (base rate, housing, meals and incidental expenses, and benefits)

	External travel agency	Internal travel agency	Cost savings
Annual expenses (FTEs)	4.31 million	3.07 million (projected)	1.24 million (converting 18 external travelers to 18 internal travelers)
Average hourly rate	\$115	\$82	
FTEs by specialty	18	18	

Best practice tip: Your total compensation for internal travel agency staff should be at least 8% to 10% cheaper than the external travel agency to achieve the cost saving.

This analysis will establish how many people you need to hire for the agency, so you can develop a hiring plan for internal and external candidates.

Best practice tip: Ensure the plan includes strategies for sustaining operations while building the supply of staff. For example, if you hire internal candidates from inpatient departments within your health system for the new internal travel agency, set an expectation that they will transfer in 8 weeks, which allows the department manager time for backfill and rehire for that position on their unit. Alternatively, you could move the internal hire into the program, keep them in their home unit for 8 weeks to allow the department manager to backfill that position. This ensures your workforce doesn't leave while waiting to get into the program.

Step 4: Operationalize the plan

Operationalizing the plan includes recruitment, technology, and monitoring.

Recruit staff

Work with your organization's marketing and talent acquisitions team to market your agency (both internally and externally) and recruit employees. The box below provides some examples of marketing strategies. You also need to share your recruitment plan, including how many employees you want to hire by specialty, and monitor hiring monthly.

Marketing the internal travel agency

- Flyers and handouts for managers to share during daily huddles with their staff
- Flyers and handouts for managers to share with external travelers to encourage them to switch to the internal agency (Be sure to highlight the benefits of an internal travel agency over an external one.)
- Information on internal organization websites (Once the program is in place, consider posting videos of travelers sharing their positive views.)
- Postings on job platforms such as LinkedIn, Indeed, Instagram

Implement technology

Make sure workforce VMS technology is in place and training for users has been completed. Managers need to know how to make requests, and the program operations manager needs to be facile with using the system. As noted earlier, an effective VMS technology minimizes overhead management costs and allows for a manager to manage and operationalize a team of 150 to 200 internal travelers.

VMS technology also can facilitate onboarding of staff by automating the process for ensuring that competencies, licensure, and credentials are aligned with organizational needs, and keep an up to date electronic copy that is easily accessible when needed for any regulatory needs.

Monitor progress

During an employee's assignment, solicit input from the employee and department manager to determine if the placement is successful, feedback on performance, and whether redeployment or extension of the contract is warranted. This should be done at the end of every assignment, along with any determined ad hoc needs for every employee.

Best practice tip: Offer a “try before you buy” experience for your internal workforce, especially for those who have not traveled. For those who find it’s not a good fit after one to two assignments, help them return to their original unit or another unit.

Other best practices include:

- Explore converting existing external travelers to the internal travel agency.
- Start with a pilot of a few units or hospitals to test the program so you can make adjustments before wider implementation.

You’ll also want to continue to monitor both key metrics and cost savings. It takes time to build your pipeline and switch supply from external to internal, so evaluate cost savings six months and one year after implementation to determine the full benefit of the program.

Timing

It takes a minimum of 2 to 3 months to launch an internal travel agency program, but 6 months is a more realistic time frame to ensure all the critical components are established.

Innovation = satisfied staff and cost savings

The four steps outlined in this guide will help you establish an internal travel agency that can provide significant cost savings and promote your brand with internal staff and potential new employees. By giving employees flexibility and compensating them fairly, you can ensure you’ll retain a workforce that is ready to meet future healthcare demands.



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Resources

The following resources may be helpful in justifying and creating an internal travel agency.

- American Association of Critical-Care Nurses, American Nurses Association, American Organization for Nursing Leadership, Healthcare Financial Management Association, Institute for Healthcare Improvement. Nurse staffing think tank: Priority topics and recommendations. 2022.
- Bowie D, Shelley K, Weigel K, Scherzinger T. How to build a flexible workforce program: Making the dream a reality. *Nurs Leader*. 2022.
- Carbajal E, Plescia M, Gooch K. Why don't hospitals just pay full-time nurses more? *Becker's Hospital Rev*. 2022. <https://www.beckershospitalreview.com/nursing/the-complexity-behind-travel-nurses-exponential-rates.html>
- NSI Nursing Solutions. NSI national health care retention & RN staffing report. 2021.
- Virkstis K, Herleth A, Langr M, Rewers L, Fennell E. Nursing's staffing mandate: Build a more flexible workforce. *J Nurs Adm*. 2021;51(4):177-78.

Checklist

Step 1: Set the stage

- Build an interdisciplinary team.
- Conduct an environmental scan based on this information:
 - Use of external agency staff for the past 6 to 18 months, including specialties needed and the amount of money spent. Convert the agency hours into full-time equivalent (FTE) positions, and note the agency hourly rate.
 - Any flexible workforce programs that currently exist in the health system (such as float pools, PRN programs, and weekend programs) and any unique incentive programs.
 - Job descriptions, compensation models, and operational policies. (If you operate in a union environment, review the contract for relevant pay and practice information.)
- Set the high-level vision. Sample questions:
 - Will the agency operate at the system level, with all hospitals participating in the travel agency?
 - Will the internal travel agency be for-profit or not-for-profit?
 - What tools and technology (for example, vendor management system [VMS]) will be needed to manage the agency?
 - What roles will be eligible for the agency?

Step 2: Build the operating framework

- Set up a management team and cost center (for a non-profit model).

- Establish job parameters:
 - Job description (years of experience, job type)
 - Onboarding and training plans
- Determine compensation:
 - Differentiate less than 50 miles vs. longer travel
 - Establish hourly rate for travelers which includes base rate, daily housing, and meals/incidental expenses
 - Establish local hourly rate
 - Consider benefits and compensation (PTO between assignments for system travelers, reimbursement for state licensure, incentive shift offerings, tuition reimbursement, and professional opportunities).
 - Consider innovative staffing options (e.g., nurse who covers breaks, weekend options etc.)
- Develop operational principles:
 - Criteria for inpatient manager to request a traveler (e.g., turnover metrics, number of unfilled positions, percentage of workers on leave of absence)
 - Process for requesting a traveler through VMS
 - Process for assigning local travelers (day of staffing vs. pre-scheduled for a schedule cycle)
- Provide manager education:
 - Program overview
 - How to make requests
 - How long it will take to fill requests
- Establish program metrics. Key performance indicators:
 - Time it takes to fill a request for an internal travel employee
 - Comparison of spending for external vs. internal travelers
 - Hiring targets for each quarter
 - Workforce trends such as turnover and retention for internal travel employees
 - Operating costs

Step 3: Establish the ROI model and hiring plan

- Complete a cost analysis and project cost savings from converting from an external to internal travel agency:
 - Will need external agency data—annual expense, average hourly rate for external travelers, and number of FTEs by specialty
 - Set target for reducing external agency staff
 - Include any additional expenses
- Develop a hiring plan:
 - Strategies for sustaining operations while building agency staff

Step 4: Operationalize the plan

- Recruit staff:
 - Internal and external marketing
- Implement technology:
 - Training in VMS technology for operational team and participating inpatient departments
- Monitor progress:
 - Solicit input from staff and managers
 - Make program adjustments as needed
 - Continue monitoring key performance indicators
 - Evaluate cost savings