



THE

EMPOWER_{RX}

SOLUTION

to the untenable costs of healthcare staffing



i. THE PROBLEM DISTILLED

The Healthcare Staffing industry is coming to a crossroads. Contingent staffing options have become far too expensive for the average Healthcare Organization (HCO) to afford. Over two-thirds of Healthcare Organizations in the U.S. are operating in the red¹ and forecasts show expenses continuing to increase, not decrease, moving forward¹. Many of the most seriously effected HCOs are in rural areas². The closure of these facilities will mean the loss of healthcare for millions across the country.



2 out of 3
Hospitals

operating
in the **RED**

Meanwhile burnout and job dissatisfaction among Healthcare Professionals (HCP) is reaching record highs. These factors are rapidly increasing turnover, in a profession where familiarity with your specific facility is critically important to most efficiently helping patients. This turnover also costs hospitals hundreds of thousands of dollars per year³. The incredibly high burnout rate is also driving many from the profession entirely, and not just retirees, but also a large number of individuals under forty⁴.



1 out of 5
HCPs

planning to leave the
profession by **2027**

These critical issues can be traced back to the third-party agency paradigm that currently runs the contingent staffing market. These agencies take a cut of the HCP bill-rate (often thirty-five to forty percent) which drives up the cost of labor for facilities (adding up to millions for many large HCOs). That's money being siphoned away from HCPs, alongside their autonomy and flexibility.

ii. THE EMPOWERX SOLUTION

EmpowerRx has a three-pronged solution to healthcare staffing's woes.

The first is our Clinician Entrepreneurship Program (CEP), which is designed for Healthcare Professionals. The CEP is a five-stage learning program that teaches HCPs how to

¹ https://www.beckershospitalreview.com/finance/the-cost-of-hospital-contract-labor-in-22-numbers.html?origin=BHRSUN&utm_source=BHRSUN&utm_medium=email&utm_content=newsletter&oly_enc_id=1338A5766901C3F

² <https://www.beckershospitalreview.com/finance/631-rural-hospitals-at-risk-of-closure-by-state.html>

³ <https://www.thestaffingstream.com/2020/09/16/the-true-cost-of-nurse-turnover-and-ways-to-reduce-it/>

⁴ <https://www.beckershospitalreview.com/nursing/crisis-looms-as-800-000-more-nurses-plan-to-exit-workforce-by-2027-study.html>



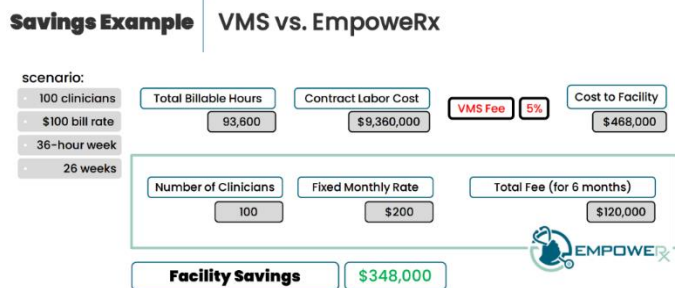
become their own small business. This small business education, along with our professional partners and consulting services allows the Healthcare Professional to operate as their own agency, cutting out the Third-Party operators and allowing the HCP to keep one hundred percent of the bill-rate.

The second is our proprietary Marketplace, a complete workforce solution technology platform. The Marketplace provides a space for HCPs, operating now as their legitimate small business vendor, to connect directly with Healthcare Organizations across the country, who can post unlimited jobs on the Marketplace for no cost. This provides an alternate route for Facilities to find qualified, pre-vetted candidates to support their full-time staff by facilitating direct connections offering an opportunity to create organic relationships between the two parties, helping to decrease turnover. Additionally, without the third-party agencies involved, bill-rates will naturally decrease. That decrease, along with the lower turnover, will provide massive savings for Healthcare Organizations, all the while, Healthcare Professional's earnings are increasing thanks to the benefits of small business operation.

The third and final prong is our credential management, invoicing, and time-keeping services. For a small, monthly fee HCOs filling jobs on the Marketplace can manage time-keeping, and invoicing (per clinician managed). With this, the Marketplace functions as a one-stop shop for both Healthcare Professionals and Healthcare Organizations. From application to contract to invoicing, everything can be tackled in the system ensuring, not only savings, but ease-of-use for all involved parties.

iii. UNDERSTANDING THE FULL SAVINGS POTENTIAL

The savings potential for a Healthcare Facility is difficult to grasp since many of these costs are hidden in the bureaucracy of the third-party agency system. There are two ways that EmpowerRx can save Healthcare Facilities money. The first is by eliminating VMS fees, which are often five to eight percent of the total billable hours.





Savings Example | Potential Bill Rate Savings

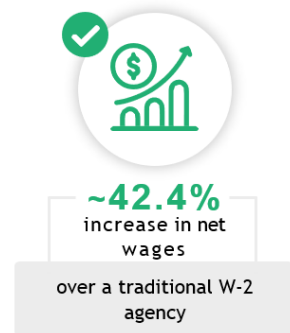


The second is lower bill rates across the board thanks to the elimination of middlemen, who attach their fees to bill rates, driving them up by thirty to forty percent.

iv. THE PACIFIC NORTHWEST PILOT DATA

To prove the viability of the EmpowerRx model beyond the hypothetical, we conducted a pilot program at two facilities over the course of eighteen months. Over the course of the program, we had a sixty-two-point-five percent placement rate and a sixty percent renewal rate. Additionally, the two facilities saved an estimated (combined) thirty-seven-thousand dollars compared to an average VMS fee.

Meanwhile, our HCPs saw net wages approximately forty-two percent higher than they would have at the same bill rate through a traditional W-2 agency approximately seventy-five percent higher than the national average. This doesn't include the tax savings that come from being an owner-operator agency and operating according to the guidelines set out in the CEP.



v. WHAT EMPOWERX DOES DIFFERENTLY

EmpowerRx isn't the only party that has seen, and sought to solve, the massive issues facing contingent staffing. But, EmpowerRx is only the only wholistic solution that provides value to both Healthcare Professionals and Organizations in compliance with federal and state tax and labor laws.

As previously discussed, traditional third-party agencies do not provide value to either party, but they also stymie flexibility by locking Hospitals and entire Healthcare systems into exclusive contracts. At best, these exclusive contracts are limiting to HCOs and at worse can leave facilities in crisis with no way to staff, as evident in California during the height of Covid-19 in the United States. Litigation is also beginning to surface around these agencies, accusing them of price gouging⁵.

⁵ <https://www.beckershospitalreview.com/legal-regulatory-issues/steward-health-staffing-firm-swap-lawsuits-over-temp-nursing-costs.html>



But the new-comers to the market, shift-apps looking to create new solutions aren't much better. They largely focus on shorter-term contracts or shift coverage, which is in direct opposition to the needs of many HCOs who are desperate for longer term workers (this turnover also, as previously discussed, costs facilities large sums) or poach from the facilities local full-time staff. These shift-apps aren't safe from legal action either. Many of the prominent shift-apps are also facing lawsuits for staffing Healthcare Professionals as 1099 Independent Contractors, which has attracted the attention of the Department of Labor⁶.

vi. IN CONCLUSION

EmpowerRx's tech-enabled Marketplace as transparent, flat-fee pricing structure allows us to be nimbler and more flexible than traditional agencies, while our Clinician Entrepreneurship Program and strategic partnership ensure that HCPs and HCOs are working within the parameters of federal and state law. Beyond the savings for Healthcare Organizations and the increased earnings for Healthcare Professionals, EmpowerRx simplifies the contingent staffing process, allowing both parties to be focused on patient care.

⁶ <https://medcitynews.com/2023/03/labor-department-is-cracking-down-on-providers-use-of-1099-contractors-lawyer-warns/>