



Agency nursing in South Africa: At what cost?

Introduction

In South Africa, nurses make up the largest single group of healthcare providers and their role in achieving quality healthcare is critical. However, there is a shortage of nurses, an ageing workforce, growing demand for healthcare services, and increased casualisation of nursing as seen by moonlighting (holding down two jobs) and agency nursing.

Little is known about the costs and characteristics of nursing agencies, globally or in South Africa (SA). These agencies are employment service providers for supplying nurses on a part-time basis to health establishments. This flexibility helps with nursing shortages, but casual nurses do not receive benefits or have formal employer-employee relationships and are not always protected by labour laws. However, studies have highlighted problems around agency nursing such as perceptions of lower quality of care, commitment, dependability, ethical practice and tensions with fulltime hospital staff.

In SA, agency nurses are those registered with the SA Nursing Council (SANC) employed by a commercial nursing agency to provide temporary cover in a hospital. The agency pays the nurse and then charges the hospital a fee. Agency nurses could have a job in a public or private healthcare facility and work for several agencies.

With limited information on agency nurses and increased public debate on labour broking in SA, this policy brief combines three articles to shed light on the characteristics of nursing agencies in SA, their utilisation, and direct and indirect costs of using agency nurses in the public sector.

Highlights and recommendations

- The three studies are among the first to focus on the nursing agency industry in SA. No comparable studies of nursing agency expenditure were found in other low- and middle-income settings, and the focus on indirect costs of agency nurses is unique.
- Over the five-year period (2005-2010), the South African public health sector spent R6.47 billion on temporary nursing staff through nursing agencies. Hence there is extensive use of temporary agency staff in the SA public health sector.
- Using agency nurses may compromise patient care. Hospitals need to put systems in place to monitor the performance and quality of care of agency nurses.
- SA should develop and maintain a detailed database of all registered agencies.
- A comprehensive set of regulations on nursing agencies, drawing on the national core standards, is needed to cover both clients and staff contracted by agencies. This should be a priority for the chief nursing officer.
- The Departments of Health and Labour and the SANC should develop a consensus document to identify their roles and responsibilities to improve governance and regulation of the industry.



Methods

The studies included

- a survey of all nine provincial health departments to determine the utilisation and management of nursing agencies, together with a cost analysis for 2005-2010 to calculate the expenditure on nursing agencies;
- in-depth interviews with executive and middle managers in 2011 to identify indirect costs of agency nursing. These took place at two purposively selected Gauteng public hospitals, one tertiary and one regional.
- a survey in 2011 of 52 nursing agencies on the distribution of clients across the public and private health sectors, the existence of a code of conduct, and the number and category of nurses employed, among other things.

Results

Nursing agency utilisation and management

All provincial health departments except the Northern Cape Provincial Health Department participated in the survey. Two provinces reported that budget constraints prevented them from using nursing agencies (North West and Limpopo); one province stopped using agencies (KwaZulu-Natal); while five provinces restricted their use (Eastern Cape, Free State, Gauteng, Mpumalanga and Western Cape). Reported advantages for using nursing agencies were that they complemented existing numbers of staff particularly in specialised areas; and that savings could be made on the personnel budget.

Some disadvantages listed were that agencies failed to supply the required nursing skills; agencies were used inappropriately to manage permanent staff absenteeism; the potential for corruption between agencies, managers and nurses; and possible abuse of the system when provincial health nurses did moonlighting through an agency.

Direct costs of agency nursing

Over the five-year period (2005-2010), the South African public health sector spent R6.47 billion on temporary nursing staff through nursing agencies. Figure 1 shows the overall nursing agency expenditure in the SA public health sector. In 2009/10, the country spent R1.49 billion on agency nursing. For individual provinces this ranged from R36.4 million in Mpumalanga to R356.4 million in the Eastern Cape.

The Limpopo and KwaZulu-Natal provinces managed to keep agency nursing expenditure to less than 1%, and Free State to less than 2% of the overall health spend for the entire study period. The Western and Eastern Cape provinces showed a 50% decline between 2005 and 2010. However, the Northern Cape spent 8.0% of its entire health budget on agency nurses in 2009/10, while North West spent 8.1% in 2008/09. This could reflect staff shortages in rural health facilities.

In 2009/10, professional nurses with four years of training earned R277 226 per annum; enrolled nurses (2 years training) earned R154 471. From this, the study showed that spending on agency nurses could have employed 5369 professional nurses in the public health sector, or 9636 enrolled nurses.

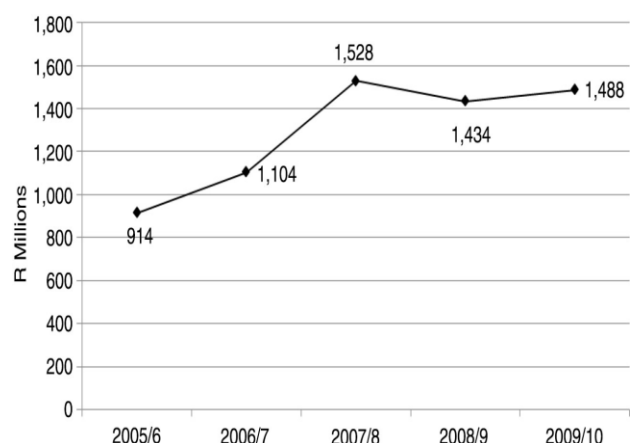


Fig 1: Trends in total nursing agency expenditure in the SA public health sector, 2005-2010. Source: SA National Treasury, national transversal Basic Accounting System (BAS). R=South African Rands

Indirect costs of agency nursing

Indirect costs were identified as expenses incurred in joint usage, such as supervision or staff orientation, which were difficult to assign as they fell between a specific cost centre, function or programme. In 2009/10, the two selected hospitals used agency nurses, mostly professional nurses and enrolled nurses, mainly to assist in maternity and critical care units. The hospitals spent little time orientating nurses and did not do pre-employment checks to confirm a nurse's identity or qualifications with the SANC.

Hiring agency nurses was a time-consuming process for nursing managers who spent 10.5 hours (tertiary hospital) and 20 hours (regional hospital) each week, often due to agencies which could not supply the demand. Agency nurses needed more supervision than permanent staff, particularly for giving medication, applying wound dressings and using high tech equipment. The hospital finance officer at the tertiary hospital spent on average 40 hours per month processing multiple invoices from five agencies; the regional hospital spent about 16 hours per month.

The total estimated time per week on indirect costs activities at the tertiary hospital was 51.5 hours and 60 hours at the regional hospital. This amounted to R962 267 and R300 121 respectively.

At both hospitals, the indirect costs per week exceeded the direct costs of the nursing agencies. Interviewees felt that agency nurses gave poorer quality of care, were '*bad tempered*' '*tired and sleep all the time,*' and '*do not take responsibility or accountability*'. Both hospital CEOs felt the costs outweighed the benefits, and there was little value for money.

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The study suggests that quality of patient care may be compromised by using agency nurses. With the considerable direct and indirect costs of using agency nurses, hospitals should give appropriate orientation to ensure they are used effectively.

Nursing agency characteristics

Fifty-two nursing agencies, based mainly in Gauteng Province and the Western Cape, participated in the characteristics survey. Of these 32 (62%) served private sector clients only such as hospitals, homes for the elderly and private patients; 6 (12%) served both public and private clients; and 4 (8%) served the public sector only.

It was encouraging that most nursing agencies had formal contracts with clients, a code of conduct and a complaints mechanism for clients, albeit mostly verbal and informal. On quality checks, while over 80% confirmed they checked nurses' registration details with the SANC and requested certified copies of qualifications, only 21% had done reference checks of nurses with previous employers.

Nearly all the agencies agreed there was a shortage of specialised nurses, and less than a third felt nurses were committed and loyal professionals. A number of agencies raised the dilemma of governance: as health establishments and labour brokers, nursing agencies report to the National Department of Health, the Department of Labour and SANC.

Conclusion

While agency nurses do allow for flexibility in managing staff shortages and nurse absenteeism, there are a number of disadvantages including the high cost, sub-optimal care and attitude and performance problems.

These studies highlight the need for strategic workforce planning for using agency nurses, particularly in view of health reforms towards universal health coverage. Ongoing monitoring of nursing agencies is important for improving public accountability.



Source: This policy brief was based on three articles:

[“The indirect costs of agency nurses in South Africa: a case study in two public sector hospitals.”](#) *Global Health Action*, 2015, **8**.

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Acknowledgements

The authors thank the RESON advisory committee members for their support and guidance; nursing agencies, hospital managers and provincial health respondents for their participation; and individuals for their invaluable assistance: George Angelides, Dr Duane Blaauw (CHP), Dr Mark Blecher (SA Treasury), Professor Tobias Chirwa, Candy Day (HST) and Lifutso Motsieloa.