ON THE MARK
HEALTHCARE WORKFORCE INTELLIGENCE

EXECUTIVE BRIEF NO. 001

— WORKFORCE STRATEGY / NURSING / ENTERPRISE RISK

The Hidden Cost of Vacant Nursing *Positions*

Why workforce vacancies have become an enterprise performance challenge — not merely a recruiting problem.

PREPARED FOR
Health System Executive Leadership

READING TIME
15 Minutes

FOCUS
Capacity · Cost · Retention

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INSIDE THIS BRIEF

EXECUTIVE SUMMARY

Vacant nursing positions have traditionally been viewed as recruiting challenges. Today's healthcare environment demands a broader perspective — persistent vacancies influence nearly every dimension of organizational performance, from patient throughput and labor expense to engagement and long-term financial sustainability.

While health systems have made measurable progress stabilizing the workforce since the pandemic, vacancy-related costs continue to compound well beyond Talent Acquisition. This brief examines why nursing vacancies should be treated as an enterprise performance indicator, and outlines strategic actions executives can take to build lasting workforce resilience.

Executive Reality	Organizational Impact
Every vacancy affects operations	Reduced patient access & throughput
Premium labor fills immediate gaps	Increased labor expense
Burnout accelerates turnover	Higher replacement costs
Reactive hiring limits growth	Reduced strategic flexibility

Section 01

The Nursing Workforce Has Changed

Healthcare is no longer responding to a temporary staffing crisis. It is adapting to a permanently different labor market.

Although national RN vacancy rates have improved from pandemic highs, many organizations continue to experience shortages in specialty nursing, experienced clinicians, and rural markets. Patient acuity has increased, retirements continue, and competition for experienced nurses remains intense.

Press Ganey's *State of Nursing 2026* reports improving resilience and engagement among nurses, yet highlights persistent vulnerability among early-career clinicians — particularly during their first year of employment.[1]

Meanwhile, the American Hospital Association projects that workforce shortages will remain one of healthcare's defining strategic challenges throughout the decade.[2]

The implication for executives is clear — recovery does not equal resilience. A workforce that has stopped shrinking has not necessarily become durable, adaptable, or prepared for the next disruption.

ON THE MARK PERSPECTIVE

> ***"Organizations often celebrate declining vacancy rates. The better question is whether the workforce has become more resilient — that depends on leadership, retention, and workforce intelligence, not simply headcount."***

Section 02

The Hidden Cost of Vacancy

Most organizations understand the direct cost of an open position. Fewer recognize its cumulative enterprise impact.

According to NSI Nursing Solutions, replacing a bedside registered nurse can cost tens of thousands of dollars depending on specialty and market conditions, while turnover continues to create substantial financial pressure across hospitals nationwide.[3] The operational consequences extend well beyond Talent Acquisition.

DIRECT COSTS — MEASURABLE	HIDDEN COSTS — OFTEN GREATER
Overtime	Delayed admissions
Agency staffing	Emergency department boarding
Manager intervention	Procedure postponements
Schedule instability	Employee burnout
Orientation resources	Turnover & reduced patient satisfaction

FIGURE 01

The Vacancy Cascade

A single open position rarely stays contained. Left unmanaged, it triggers a chain reaction that compounds cost and erodes capacity at every stage.

01 **Vacancy** A budgeted nursing position goes unfilled.

02 **Overtime & Agency Reliance** Premium labor absorbs the coverage gap.

03 **Fatigue** Remaining staff absorb rising workload.

04 **Burnout** Engagement and psychological safety erode.

05 **Turnover** Experienced clinicians exit the organization.

06 **Additional Vacancies** The cycle repeats, now from a weaker position.

RESULT

Reduced Organizational Capacity

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"Healthcare organizations rarely lose money because a position remained open. They lose money because vacancies reduce organizational capacity — capacity, not recruiting, is the true executive issue."

Section 03

Measuring What Actually Matters

Recruiting metrics such as time-to-fill and cost-per-hire are useful operationally, but provide limited insight into workforce resilience.

FIGURE 02 — THE EXECUTIVE WORKFORCE DASHBOARD

WORKFORCE — First-year retention — Nurse engagement — Vacancy duration — Internal mobility	**OPERATIONS** — Staffed beds — ED throughput — Average length of stay — OR utilization
FINANCE — Premium labor — Agency spend — Vacancy cost — Overtime	**LEADERSHIP** — Nurse manager turnover — Span of control — Employee trust — Psychological safety

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> ***"The purpose of executive metrics is not to explain yesterday. It is to improve tomorrow — workforce intelligence predicts organizational capability."***

Section 04

Five Strategies That Strengthen Workforce Resilience

01 **Forecast Workforce Demand**

Integrate labor market data, retirement projections, service-line growth, and turnover trends into workforce planning.

02 **Strengthen Nurse Manager Capability**

Frontline leaders influence engagement, retention, and patient outcomes more than almost any other position.

03 **Invest in First-Year Retention**

Structured onboarding, mentorship, residency programs, and career pathways reduce preventable turnover.

04 **Leverage AI Responsibly**

Use artificial intelligence to automate administrative work while allowing leaders to focus on strategic decisions.

05 **Build Workforce Intelligence**

Executive teams should review workforce performance with the same rigor applied to finance and operations.

> ON THE MARK PERSPECTIVE
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> *"Recruiting faster is important. Building a workforce that remains engaged, adaptable, and capable is transformational."*

EXECUTIVE REFLECTION

Questions For Your Next Workforce Review

Consider raising these questions during your next executive workforce review. They shift the conversation from staffing shortages to workforce strategy.

- ? Which vacancies create the greatest operational disruption?
- ? Where does first-year turnover remain highest?
- ? How much premium labor is driven by preventable vacancies?
- ? Which nurse managers consistently retain high-performing teams?
- ? If vacancy rates fell another 10%, how would patient access and financial performance change?

CLOSING · FINAL THOUGHTS

The hidden cost of vacant nursing positions is not measured solely in overtime hours or recruiting expenses. It is measured in reduced organizational capacity, delayed patient care, increased burnout, and missed opportunities for strategic growth.

Organizations that treat workforce intelligence as an executive capability will be better positioned to improve financial performance, strengthen patient care, and build a more resilient workforce. The future of healthcare will not be determined by how quickly organizations hire — it will be determined by how effectively they develop, retain, and deploy their people.

EXECUTIVE EVIDENCE

Sources & Further Reading

This brief synthesizes current research and executive guidance from leading healthcare and workforce organizations.

01 **Press Ganey — State of Nursing 2026**
Based on responses from more than 422,000 registered nurses and 41,000 advanced practice providers.

02 **American Hospital Association — Health Care Workforce Scan**
Examines long-term workforce shortages, demographic shifts, and strategic approaches to workforce resilience.

03 **NSI Nursing Solutions — National Health Care Retention & RN Staffing Report**
National benchmark data covering RN turnover, vacancy rates, and the financial impact of nurse turnover.

04 **McKinsey & Company — Nurse Managers: The Backbone of a Strong Nursing Workforce**
Highlights the outsized impact of frontline nurse managers on retention and organizational performance.

05 **Kaufman Hall**
Workforce and hospital performance analyses illustrating labor cost and staffing relationships.

06 **Becker's Hospital Review**
Ongoing reporting on nurse staffing trends, executive workforce priorities, and premium labor.

On The Mark helps healthcare executives see workforce risk before it reaches the floor.

Precision workforce intelligence for health system leadership — turning staffing signal into strategic decisions.

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