

Nursing Agencies Costly to Canada's Public Healthcare System

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The ramifications of Canada's nursing shortage are increasingly dire. Nursing had more job vacancies in the first quarter of 2023 than any other occupation, according to [Statistics Canada](#). A staggering one third of nurses were working overtime — despite three straight quarters of declines in job vacancies in the labor market overall from the record high of the second quarter of 2022. The top reported reasons for the increase in nursing job vacancies were stress or burnout (55%), concerns about mental health and well-being (48%), and lack of job satisfaction (40%).

Current data suggest that the situation has not improved. About 43% of new nurses in Quebec leave the profession before turning 35, according to a [September 24 report](#) from the Montreal Economic Institute (MEI), a capitalist public policy think tank. Meanwhile, New Brunswick is losing 80% of young nurses, which is a greater rate than anywhere else in the country, according to the report. [Reasons for leaving](#) the profession, according to a CBC news report, included stress, overwork, and lack of work-life balance.

MEI pointed to private nursing agencies as a preferred option for nurses who wanted greater flexibility and more pay than Canada's public healthcare system (which is funded by the government) offers. But a [September 23 report](#) from the Canadian Federation of Nurses Unions (CFNU) warns against that option, pointing to the more than \$1.5 billion in public health funds projected to be paid to private nursing agencies in the 2023-2024 fiscal year. CFNU also notes that the industry is largely unregulated.

Adverse Effects

Private nursing agencies are for-profit staffing companies that provide what are called travel, temporary, or agency nurses. An agency hires the nurses and arranges contracts with a facility, then provides nurses for a few weeks to several months. The facility pays the agency, which in turn pays the nurses. Nurses are often supervised and work under the direction of the facility where they are employed.

Agency nurses served a purpose during the early phase of the pandemic, which led to an increase in retirement, especially among the workforce's many baby boomer nurses, Claire Mallette, PhD, director of nursing at York University in Toronto, Ontario, Canada, told *Medscape Medical News*. "Their retirements had a trickle-down effect that led to nursing shortages" that have continued, particularly in critical care, emergency departments, and long-term care.



Claire Mallette, PhD

"When these agency nurses became available, staff nurses started to think, 'Why am I working here on a set schedule? I want more control in my life and more money'," said Mallette, who was not involved in the CFNU report. Many nurses left the public sector and joined the agencies, which gave them higher wages and greater flexibility. "They get to choose when they work and where they work and get work-life balance without the stresses of going in every day and dealing with the politics within organizations."

Despite increased wages and flexibility, however, private agency nurses don't have job security or a pension, she noted. Agencies also may not be appropriate for new graduates, who may end up in a unit they have little knowledge about, resulting in negative experiences, a lack of support, and suboptimal patient care.

Agency nurses often lack commitment to the organization they're working in, which can affect the continuity of care, Mallette continued. "They might not know the policies and procedures of the organization they're placed in or even how to care for a particular patient because they haven't been with them. Commitment to the organization and working together collectively create the best care possible, but when people come in and out, care

becomes task-oriented and transactional, which doesn't lead to the best outcomes."

The use of agency nurses may also harm the morale of the nurses who decided to keep their jobs and work in the public sector. "They feel disrespected, devalued, demoralized, and exhausted by the wage disparity, lack of recognition, and shifts or hours being altered," Joan Almost, PhD, RN, professor at Queen's University School of Nursing in Kingston, Ontario, Canada, and author of the CFNU report, told *Medscape Medical News*.



Joan Almost, PhD, RN

The wage disparities can be steep. The report "nicely demonstrated the financial impacts of overreliance on agency nurses," Farinaz Havaei, PhD, a health system researcher and assistant professor at the University of British Columbia School of Nursing in Vancouver, British Columbia, Canada, told *Medscape Medical News*. "The lowest registered nurse hourly rate charged by agencies to healthcare organizations was reported as \$65 in Manitoba, and the highest rate was \$312.4 in Newfoundland and Labrador. The former rate is approximately double the rate that a newly graduated nurse makes in Manitoba (about \$32.97), and the latter rate is 10 times the rate that such a nurse makes in Newfoundland and Labrador."



Farinaz Havaei, PhD

In addition to financial effects, agency nursing has negative implications for quality and safety outcomes, Havaei noted. An [Australian study](#) of long-term care homes, one of the most common users of agency nursing, found that

higher use of agency nurses was associated with worse quality-of-care outcomes, said Havaei, who was not involved in the CFNU report.

"More specifically, the study found that the proportion of direct care provided by agency staff was associated with higher rates of complaints, missing persons, reportable assaults, hospitalizations, and accreditation flags."

Similar findings have been reported in acute care settings, she added. A [longitudinal study](#) of about 138,000 patients across 32 adult medical and surgical units in the south of England between 2012 and 2015 showed that the risk for patient mortality increased by 12% for every day a patient received 1.5 hours or more of care from agency registered nurses.

Helpful but Unsustainable

In the CBC article on New Brunswick nurses, MEI economist Emmanuelle Faubert cautioned against a "war" on agency nurses. "While agency nurses might not have very good press these days, it's important to note that they are what stood between New Brunswickers and more frequent service disruptions in recent years."

Governments' desire to reduce their reliance on nursing agencies is understandable, given their costs, Faubert told CBC, but a nurse's employer shouldn't matter if he or she is treating patients.

Private agencies provide an "option of last resort" for public-system nurses seeking better working conditions and better pay who might otherwise leave nursing altogether, she added. "If governments want to reduce their reliance on independent staff, they need to work on giving young nurses more flexibility to make working for the healthcare system attractive to them once more."

Almost acknowledged that nurses and others interviewed for the CFNU report did say that the extra staff from agencies helped to fill vacancies, which in turn improved nurse-to-patient ratios and provided permanent nurses with more opportunities for vacations and days off.

But while the extra staffing was reported to help reduce some nurses' burnout, "this is just an expensive Band-Aid being slapped on the problem and not a solution to the issue of burnout," she said. "The same effect could be achieved with any additional staffing, not just the use of high-cost private agencies."

Data from multiple sources show, she said, that "for-profit nursing agencies are not a sustainable solution to Canada's staffing crisis, and it's time to open this expensive black box of staffing. With the current nursing shortage, we need to find alternative solutions other than private for-profit agencies."

Phasing Out Nursing Agencies

The CFNU report highlights the following three recommendations to address the growing reliance on private nursing agencies:

- Governments must immediately begin working toward phasing out the use of private for-profit nurse staffing agencies in Canada.