

Health systems' nurse shortage crisis isn't going away anytime soon—and investors are taking note

Article

The news: Tech-enabled healthcare staffing solution **Incredible Health** scored **\$80 million** in Series B funding, bringing the company's valuation to **\$1.65 billion**. Investors included major

healthcare network **Kaiser Permanente**.

Why it matters: The healthcare labor crunch isn't getting better anytime soon. That presents a major opportunity for on-demand staffing platforms like Incredible Health to gain new clients.

How we got here: Many nurses are leaving their hospital positions to become travel nurses—a role that typically includes higher pay and more flexibility than a health system position.

- About **77% of hospital-employed nurses reported seeing a growth in travel nurses**, per a recent Incredible Health study.
- Some (**34%**) of nurses are planning to leave the profession altogether due to burnout and poor compensation, according to the study.
- Plus, onboarding nurses comes with a high price tag for some health systems. Hospitals like **Atlanta's Piedmont Hospital System** began offering **\$30,000** sign-on bonuses to new nurses, while **Baptist Health System** is offering up to **\$20,000**, for instance.

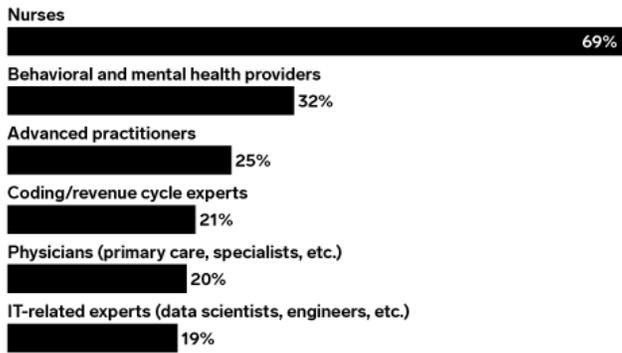
The bigger picture: Digital health funding is drying up compared with last year's boom. That includes Series B raises. During the first six months of this year, **average Series B checks were 25% smaller compared with the same period in 2021**, per Rock Health.

- So, the fact that a startup like Incredible Health scored **\$80 million** in Series B funding during a digital health funding slowdown signals that healthcare hiring solutions are a need-to-have.
- Investors will likely continue pouring funds into on-demand nurse staffing platforms, especially as the healthcare labor shortage intensifies and health systems struggle to find permanent talent.
- Similar to Incredible Health, nurse staffing platform **IntelyHealth** bagged **\$115 million** in VC funding earlier this year, for instance. The sources included major health system investor Kaiser Permanente.

The big takeaway: We expect healthcare staffing solutions to continue gaining investor attention, despite a digital health funding slowdown.

Areas in Which the US Health System's Staffing Shortage Has Worsened* According to US Hospital/Health System Leaders, Feb 2021

% of respondents



Note: *compared to one year ago

Source: Guidehouse, "2021 Provider Health IT and Corporate Services Trends" conducted by Healthcare Financial Management Association (HFMA), May 26, 2021

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