



The Evolving Role of **Locum Tenens** in Healthcare Insurance

Locum tenens have become an increasingly vital resource to the healthcare industry as its faced mounting staffing challenges in recent years, with shortages becoming more common among hospitals, urgent care centers, nursing homes and other healthcare facilities.

Locum tenens providers help to mitigate these gaps within the workforce by providing temporary staffing. And while this practice has helped keep these essential operations running, it comes with its own set of challenges for healthcare organizations and their insurers.

CONTACT

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Market growth

The demand for locum tenens physicians has surged since the COVID-19 pandemic, driven by ongoing shortages of healthcare professionals. In 2023, the **U.S. locum tenens staffing market was valued at \$3.51 billion**, with projections indicating it could reach close to \$8 billion in the next 10 years. The broader global market is following a similar trajectory, with the total industry expected to expand from \$9.5 billion in 2024 to nearly **\$20 billion by 2034**.

Several factors are fueling this growth, including the increasing number of healthcare facilities, an aging population requiring more medical care, and the rising preference for flexible work arrangements among physicians. North America holds the largest revenue share—**53% in 2023**—primarily due to its well-developed healthcare infrastructure and the rising demand for healthcare services, particularly in senior living and specialty care.

Market challenges

The reliance on locum tenens is particularly pronounced in rural areas, where hospitals struggle to maintain adequate staff levels. **Between 2011 and 2021, 267 rural hospitals—representing 25% of all rural obstetrics units—discontinued labor and delivery services**. As a result, more than half of rural hospitals in the U.S. no longer provide maternity care, exacerbating maternal health challenges and increasing the burden on expectant mothers who must travel long distances for care.

Locum tenens practitioners have been instrumental in filling these gaps, enabling rural hospitals to continue offering critical services such as labor and delivery, emergency medicine and primary care. While this has helped alleviate immediate workforce concerns, it has also introduced additional risks. Provider credentialing, for example, can become a cumbersome process as providers need to secure authorization and medical licenses for assignments that may exist outside of their primary state of practice. Meeting these requirements are often facilitated by the staffing companies but the risk of relying solely on their determination can be costly, as was the case for an **Ohio physician who lost their license** after issuing a prescription without an in-person examination though they were assured by the employer such methods for prescribing were legal.



Insurance impacts

As the use of locum tenens providers has expanded, so too has the exposure to professional liability risk. Cases involving temporary providers often present unique challenges, including:



Inadequate credentialing and onboarding: Temporary providers may not undergo the same level of vetting as full-time staff, increasing the risk of medical errors.



Limited familiarity with patient history: Locum tenens physicians often treat patients without comprehensive access to their medical records, leading to potential misdiagnoses or treatment errors.



Short-term assignments and insufficient training: Frequent transitions between healthcare settings may limit a provider's ability to integrate seamlessly into an organization's protocols.

The growing demand for locum tenens providers also raises considerations regarding state-specific regulations and patient compensation funds, which vary in how they address liability coverage and malpractice claims. Insurers and healthcare organizations must navigate these evolving requirements while helping to ensure adequate protection for both patients and providers.

A new reality

To mitigate these risks, healthcare organizations and insurers must implement comprehensive strategies that address both workforce shortages and liability concerns.

Key recommendations include:

- 1. Enhanced credentialing and risk management:** Healthcare organizations should consider adopting more rigorous vetting processes to ensure locum tenens providers meet the same standards as permanent staff.
- 2. Expanded training and onboarding programs:** Structured onboarding and orientation programs tailored for short-term providers can help improve patient safety and potentially reduce liability exposure.
- 3. Improved use of technology:** Electronic health records (EHRs) and telemedicine solutions can help locum tenens providers access critical patient data more efficiently.
- 4. Policy adjustments by insurers:** More flexible policies that account for the unique challenges associated with temporary staffing while maintaining adequate coverage and risk management strategies are being explored.

As the locum tenens market continues to expand, stakeholders across both the healthcare and insurance industries are working to navigate these evolving dynamics. The ability to balance workforce demands with risk mitigation will be crucial and as the country's leading wholesale brokerage, Amwins understands what it takes to sustain a resilient healthcare system that can adapt to future challenges.

At Amwins, our specialists will work with you to provide comprehensive and competitive solutions that meet your clients' unique needs. Contact your broker today and learn how **we help you win.**

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