



Favorite Healthcare Staffing, Inc.
Comments Filed With State of Connecticut General Assembly, Human Services Committee
Regarding Raised Bill No. HB 5637
February 13, 2007

INFORMATIONAL COMMENTS REGARDING HEALTHCARE STAFFING COMPANIES

What do healthcare staffing companies do?

- Healthcare staffing firms recruit and put to work a certain subset of the nurse population. This subset expects a degree of flexibility and compensation programs designed specifically for them and available only through the staffing industry with access to assignments across all healthcare facilities in a State or with respect to travel assignments across the country.
- Healthcare staffing firms provide temporary healthcare workers to hospitals and nursing homes to help alleviate the nursing shortage and ensure quality patient care by helping to protect patient-to-nurse ratios. Our industry allocates critically short resources allowing hospitals to meet short term census fluctuations without adding permanent staff.
- The services provided by healthcare staffing firms are being increasingly integrated into the entire workforce recruitment and retention systems of healthcare facilities, with the result that the services these firms are billing for through their rates often include newly outsourced functions. These bundled services, which provide value to the healthcare facilities include, for example, testing services, credential management, software solutions for scheduling activities, etc.
- Many nurses need flexible schedules and, due to child care or other issues, cannot accept permanent positions which typically require a minimum number of hours, weekends and holidays. If nurses' only choices are to work as permanent staff, many would choose – or be forced-- to leave the profession or not work at all.
- By providing flexibility and higher wages, healthcare staffing firms keep nurses in nursing.
- National healthcare staffing firms draw from a pool of national nurses to provide to hospitals and nursing homes in Connecticut.
- Without temporary and travel nurses, many hospitals would be critically understaffed, creating a dangerous situation for patients.

Staffing excellence since 1981.

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Joint Commission
Healthcare Staffing
Services Certification



RECOMMENDATION RE RAISED BILL HB-5637 : We strongly recommend against enactment of the rate approval process proposed by Raised Bill No.HB-5367

- 1) *The proposed law would limit badly needed financial resources.* By allowing staffing firms' billing rates to be limited by the state, staffing companies would lack the flexibility to quickly react to changing labor market conditions. Further, they would be constrained from making innovative solutions and value added service offerings to help healthcare facilities cope with labor shortages. Finally, the proposed law contains no provision to guarantee that staffing firms would be allowed a reasonable rate of return on invested capital. All of these factors will have the unwanted and indirect effect of suppressing the wage offerings these staffing firms can make to affected healthcare workers. This depressive wage effect will carry over to the broader healthcare labor market.
- 2) *The proposed law would cause patient care to suffer.* Without temporary nurses, hospitals and nursing homes would be critically under-staffed, which can result in dangerous patient-to-nurse ratios and the potential closing of entire units or hospitals. It could impose artificially low pay rates for healthcare workers in Connecticut. This would reduce the number and quality of available nurses and compromise patient care.
- 3) *The open market provides a regulating mechanism for setting pay rates.* Everyday we compete against more than 100 other companies to recruit nurses and provide high-quality services at a competitive price. Because of the level of competition, we have **no ability** to overcharge, and, because we gain nothing by putting our clients out of business or impairing their ability to pay, we have **no incentive** to overcharge. However, staffing companies must charge enough to attract and keep qualified personnel, to cover their costs, and to make a reasonable return on investment. How better can these competing forces be reconciled than through an open market system?
- 4) *The proposed law is discriminatory and has a blatant anti-organized labor animus.* Even if it were possible to improve patient care by controlling the pay rates for temporary health care workers, why single out health care workers? Why not control the prices charged by physicians, physical therapists, or other types of workers, or food or laundry services, or by providers of medical equipment? The proposed law discriminates against health care workers, who are predominately females, minorities and/or heads of households. The proposed law obviously intends to be a wage-capping device, which would have serious anti-competitive and anti-organized labor effects. By capping the wages paid to temporary nurses, the bill operates to depress wages for all nurses across the State, weakens the bargaining position of nurses during collective bargaining negotiations, and alters the balance of power between employers and unions in violation of every principle of the NLRA.
- 5) *Like anybody else, nurses prefer and seek higher wages.* The nursing shortage in Connecticut will get even worse as nurses choose to go to surrounding States such as New York, New Jersey and Rhode Island where their wages aren't capped. New England is fortunate to have one of the largest concentrations of bio-tech/pharmaceutical companies in the U.S.A., but those companies offer another escape for underpaid nurses who would rather take a technical job with a company rather than see their wages stagnate. And for Travel nurses who have the whole nation to choose from, Connecticut will become "the land where no sensible travel nurse would go".
- 6) *The bill would operate to worsen Connecticut's deficit of nurses.* Under the bill, Connecticut's own residents will become employed in neighboring states, thus costing the State valuable tax dollars, as well as sending money out of state as those workers make routine purchases elsewhere.
- 7) *Unwanted results will come from increasing cost to the nursing pools and State.* The registration fees proposed by the bill and the administrative burden added to the nursing pools will only add to the cost of the services provided by the nursing pools.

By rejecting this bill, you will help assure the State's ability to attract and retain badly needed healthcare workers in the midst of a nursing shortage of crisis proportions; you will establish a more fiscally responsible policy and keep tax dollars in Connecticut; you will reaffirm Connecticut's commitment to the blue collar worker and to the collective bargaining system; and you will demonstrate your respect for a vital, hardworking segment of our workforce which happens to be predominantly female, minority and single heads of households. The proposed bill is not a fair law, it is not a rational law, and it is not a wise law.