

February 13, 2007

Hon. Peter Villano, Co-Chair
Hon. Jonathan Harris, Co-Chair
Connecticut General Assembly
Human Services Committee
Room 2A Legislative Office Building
Hartford, CT 06106

**Re: Proposed House Bill No. 5637, An Act Concerning Rates
for Nursing Pool Services Provided to Healthcare Institutions**

Ladies and Gentlemen of the Committee:

On behalf of Maxim Healthcare Services, Inc. ("Maxim"), we are writing to express our strong opposition to Proposed Bill No. 5637 (the "Proposed Bill"), which will be referred to Committee on February 15, 2007. For the reasons stated herein, among many others, we respectfully submit that Proposed Bill No. 5637 is in not in the best interests of either the State of Connecticut or its citizens.

Specifically, the establishment of annual rate limitations payable to nursing pools works as a restraint on trade which is a direct infringement to the free market principles on which our economy is founded, and which will have the effect of lowering both the quality and quantity of the available pool of healthcare workers. Nurse staffing firms have helped to alleviate the nationwide nursing shortage by paying nurses higher wages and benefits, and by providing them with scheduling flexibility. However, we are concerned that setting annual caps on rates will exacerbate the state's nursing shortage by threatening many healthcare staffing firms' continued ability to supply healthcare professionals to healthcare facilities in Connecticut, and will run counter to the state's goal of ensuring an adequate supply of quality nursing services to hospitals and other healthcare providers in the State.

The Current Nursing Crisis in Connecticut

According to the Connecticut Hospital Association ("CHA"), registered nurses and nursing aides are two (2) of the ten (10) healthcare jobs with the most projected openings between the years 2000 and 2010.¹ And while some progress has been made in reducing vacancy rates over the past two (2) years, CHA's website notes that "several job classes continue to have double-digit vacancy rates, and an unprecedented national healthcare workforce deficit is anticipated for the future. Connecticut is projected to have the fifth worst shortage of registered nurses in the nation (54.9 percent) by the year 2020, according to the Health Resources and Services Administration, making the healthcare workforce shortage issue a particularly critical one for the state."²

¹ Connecticut Hospital Association website, February 20, 2006

² Ibid.

Issues and Concerns

Maxim shares the Committee's interest in ensuring the availability of high quality, affordable nursing services within the State. However, it is difficult to understand how placing limits on the rates that nursing agencies charge to nursing facilities by subjecting them to the approval or disapproval of the Department of Social Services, and the resulting decline in the wages that nursing agencies can afford to pay their workers, will work to either reduce the anticipated shortage of healthcare workers or increase the quality of nursing care within the State. In all likelihood, nursing pools and nursing facility clients alike will be forced to rely on out of state or foreign-trained nurses, whose services cost a great deal more, rather than hiring nursing professionals who are Connecticut residents.

In addition, the proposed language of Proposed Bill is unreasonably vague and will serve only to create greater uncertainty by failing to adequately define when a rate is "inadequate" or "excessive," which will likely serve to further deter qualified nursing agencies from continuing to do business within the State, thereby adversely impacting patient care. The resultant chilling effect on interstate commerce also raises serious constitutional issues that are unlikely to withstand judicial scrutiny.

Recommendation

There is no need for the State to dictate or otherwise regulate limits in the rates paid by nursing facilities to nursing pools. The negotiation of rates is best left to vendor and customer, and is consistent with the free market principles on which our economy is based. The hourly rates demanded by and paid to registered nurses and other nursing professionals are *increasing*, rather than *decreasing*, and nursing pools are compelled to pay these ever higher hourly rates in order to ensure the availability of high quality, qualified personnel. In addition to these rising hourly pay rates, one must also consider the rising costs of medical malpractice, liability and workers compensation insurance, and other benefits that drive the cost that Maxim and other agencies, in turn, charge their clients. If nursing pools are unable to pass these costs of doing business along to clients, they will be forced to curtail or even eliminate services that cannot be provided at a reasonable profit margin. Consequently, we respectfully request that Proposed Bill No. 5637 be withdrawn from consideration.

Thank you for your time and attention to this critical issue. If I can be of any further assistance, please do not hesitate to contact me directly at (860) 291-9985.

Sincerely,

Joe Rine
Accounts Manager – Hartford