

TO: Chairwoman Susan Concannon and House Committee on Children and Seniors

SUBJECT: Testimony in Opposition of HB2524

FROM: Casey Slaughter CFO, Walden Medical Staffing LLC

DATE: January 29th, 2022

Medical Staffing Agencies Summary:

From a staffing perspective, the healthcare industry is in great distress. Certified Nurse Aides, Certified Medication Aides, Licensed Practical Nurses, and Registered Nurses are in high demand in the long term care, assisted living, home health, hospice, and hospital settings just to name a few. Covid is exacerbating this shortage for many reasons. Some healthcare professionals are very concerned about the effects of the vaccine and are refusing it. Others have contracted Covid more than once and have been forced into quarantine with no way to work. In 2020, these same frontline healthcare workers were revered as heroes. Today, they are tired, overworked, and underpaid for the difficult, yet courageous job they do. There are also generational issues at play. Many of the healthcare workers we see in our business are looking for extreme flexibility and may not be interested in a traditional career.

Medical staffing agencies play a critical role in keeping these facilities running. Our staffing agency alone provides work for over 160 healthcare workers and serves approximately 50 facilities throughout Kansas. The Administrators, Directors of Nursing, and Schedulers continually express how grateful they are for our staff being there to fill holes, provide quality care, and respond in a last minute staffing crisis. The facility needs are immense and competition in the staffing industry is healthy. In general, facility employee wages are absurdly low and have been for many years. As a result of staffing shortages coupled with low wages, there are opportunities for supplemental staffing agencies to fill this void.

HB2524:

The proposed bill in its current form will unequivocally stifle all competition, dramatically increase costs, and overregulate an already functional system. Compliance needs can vary based on a particular facility's requirements. The staffing agency has the obligation to provide the required documentation to the facility or the facility can choose not to use that agency. None of our facilities have ever asked for or required medical malpractice insurance which is tremendously expensive. However, if any facility ever required this insurance in the future, each party has the choice to evaluate whether or not they want to enter into a mutual agreement. Section 5 of HB2524 is the most damaging piece of this proposed legislation for a staffing agency. This section seeks to impose a wage cap by dictating what an agency can charge a

facility. This is completely anti free market. There will be no competition because there will be no staffing agency capable of operating under this proposed law. Allow the free market to decide what a fair wage and cost is. Speaking for our own company, all of our facilities have the freedom to choose if they want to increase a particular rate or offer a bonus based on a critical need. We have engaged in extensive ongoing research to determine a fair market rate and our rates and wages are in line with the vast majority of agencies in Kansas. If other outlying staffing agencies are engaging in price gouging in rural areas of Kansas, then this needs to specifically addressed on a case by case basis by the attorney general's office. In a Topeka Capital-Journal article on September 13th, 2021 regarding the prices of natural gas, Attorney General Derek Schmidt was quoted as saying, "State law prohibits 'unjustified' price increases for 'necessary' goods and services during a declared state of disaster emergency, and on their face these increases appear to violate Kansas law." (See attached)

HB2524 is punitive toward all existing staffing agencies who are operating ethically and providing essential services. In three other states, wage caps for healthcare professionals have been attempted. Wage cap legislation was suspended during the pandemic and is still in effect in Minnesota. Massachusetts increased the wage cap limits but not enough to bring nurses back. Connecticut had discussions about instituting wage caps, but hospitals came to the table and talked the state out of the proposal entirely because Connecticut is receiving so many nurses from Massachusetts due to their wage cap legislation.

Taxation to achieve regulatory objectives disincentives private business and puts our government in the business of picking winners and losers. We strongly urge you to consider how the passing of this bill will negatively impact not only the staffing industry in Kansas, but also how it will ultimately affect the ability for facilities to provide adequate staff and care for their own residents. When facilities cannot maintain required staffing, there is an increased risk for neglect, abuse and liability. Our healthcare professionals have been underpaid and deserve the fair wage that supply and demand determines. Keep our Kansas healthcare professionals in Kansas where they belong. Our elderly and most vulnerable deserve to have quality care provided through the training and experience of our own Kansas healthcare providers.

Casey Slaughter CFO
Walden Medical Staffing LLC

Certified Nurses Aide (CNA) Hourly Wage vs Other Industries

