

Submitter: Sean Barber

On Behalf Of:

Committee: Senate Committee On Labor and Business

Measure: SB1549

The unprecedented crisis in healthcare that has resulted from the COVID-19 pandemic has impacted nurses more than any other profession. Instituting a rate cap, while seemingly attractive on the surface, would actually result in severe, counterproductive consequences for Oregon's healthcare system.

First, rate caps are effectively wage caps on healthcare professionals, as staffing agencies are forced, due to the free market, to pass along the vast majority of the rate received to the healthcare professionals in the form of increased wages. With the rise in the gig economy, nurse compact licensure (allowing nurses to work in multiple states with a single license), and nurse desire for more flexible scheduling, a rate cap in Oregon would lead to even more Oregon-domiciled nurses leaving the state to seek higher wages. It would also result in an inability for Oregon's healthcare facilities to attract candidates from out of state, as the artificially below-market wages offered within Oregon would be non-competitive. A rate cap will artificially impact the natural supply-and-demand, free-market dynamics of the labor market and result in a lack of competitiveness for Oregon's labor market.

Second, rate caps do not alleviate the core problem: low Medicare and Medicaid reimbursement rates. These must be increased to account for the significant supply imbalance for qualified healthcare professionals.

Third, wage caps do nothing to attract new workers into the healthcare system. Rather, it tells aspiring healthcare workers that their efforts would be better rewarded in other industries that do not act to artificially limit the amount of compensation they can receive for their labor.

Finally, and most importantly, rates are established by the healthcare systems themselves, not by staffing agencies. My agency has not set a single rate throughout the pandemic. The increase in rates have been driven by healthcare systems, who following free-market principles, have steadily increased the rates they are offering for contract labor in an attempt to maintain competitiveness with the wages being offered in other states. Demonizing staffing agencies for doing exactly what they are paid to do - staff hospitals - does nothing but punish healthcare professionals by artificially lowering the wages they are paid for their much-needed and in-demand services. A rate cap, which will result in a wage cap, will diminish an already depleted supply of workers. For these reasons, I oppose SB 1549 as there are better solutions available to achieve the desired results of all parties involved - a stabilization of the

healthcare labor market. SB 1549 does not stabilize the market, rather it would cause fatal disruption to an already tenuous market situation.