



## **HB 2665 Would Depress Nurse Wages and Aggravate the Nurse Shortage**

Covid-related hospitalizations have declined significantly, mitigating the extraordinary pressures on nurses who performed heroically throughout the pandemic at great cost to themselves and their families. Yet thousands of nurses across the nation are now going on strike.

Why? Better pay and benefits are not their biggest concern. The major problem is understaffing. According to a recent report, nurses “want hospitals and nursing homes to hire more nurses and commit to set ratios of patients to nurses...to reduce their workload and increase patient safety.”\*

Understaffing has been a chronic issue. HB 2665—which would cap what Oregon nurse staffing agencies can charge health care facilities to provide temporary nurses—would make matters worse.

### ***Inadequate government reimbursement policies are at fault—not nurse agency rates.***

Healthcare facilities face real cost issues, but nurse agency costs are not the problem. Agency bill rates are driven by the wages they must pay to attract and retain nurses. During the height of the pandemic, nurse wages rose due to the extraordinary increase in demand for services. To meet the demand, hospitals and nursing homes, their staff levels constrained by Medicare and Medicaid reimbursement rates, had to increase their use of outside staffing. The acute supply-demand imbalance caused nurse agency costs to spike.

### ***Nurse agency rate caps will aggravate the nurse shortage and hurt Oregon patients.***

During the pandemic, health care facilities urged legislatures in several states to impose nurse agency rate caps. Wisely, none did.

The Oregon legislature enacted SB 1549 last year to require that nurse agencies meet certain operating standards and directed the Oregon Health Authority to develop recommendations on rate caps. The report, authored by the actuarial firm Mercer, was submitted to the legislature on December 31, 2022. The report cautions against rate caps.

Noting that only Massachusetts and Minnesota have caps, Mercer says both resulted in lower nurse wages, more open nursing positions, and health care facility hiring problems—and that a rate cap in Oregon could have similar effects as nurses leave for neighboring states with no caps. Ironically, the report also noted that *both states lifted their caps during the pandemic*—precisely when caps ostensibly were most needed to restrain prices—to ensure that facilities could get enough nurses.

Nurse agency rate caps are a misguided, complex, costly, and ineffective regulatory scheme that would have a nominal impact on health care facility costs but could seriously aggravate the nurse shortage and negatively affect patient care. Oregon should reject that path.

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\* [Nurses Are Burned Out and Fed Up, With Good Reason](#), New York Times (Jan. 18, 2023).