March 17, 2023

Oregon State Legislature
House of Representatives
House Committee On Behavioral Health and Health Care
HB 2665

For the past 28 years I have served an Administrator in Skilled Nursing, Assisted Living, an Oregon State Surveyor now in the Staffing Agency side of healthcare. In that period of time I have personally observed in dozens of facilities in across Oregon the ongoing quality of work life deterioration of healthcare workers. They experience, stress, burnout, overwork, physical danger, poor treatment from short-fused and frustrated coworkers, patients and visitors. The pandemic only exacerbated these problems. These factors are among the key drivers behind this labor market shrinking and healthcare workers choosing to retire or move to careers with less risk and similar or higher wage.

Staffing agencies have been a viable partner to healthcare facilities in help stem the tide of healthcare workers hemorrhage. Temporary staff get scheduling autonomy to better meet family obligations and lifestyle desires and the ability to work at various sites without changing employ. Thus, promoting a stronger work-life balance.

I heard testimony on 3-15-23 from facilities and hospitals indicating there is no "free market" for their reimbursement and have to accept what agencies charge. This is inaccurate on both accounts. Facilities can maximize their reimbursements based on the legal or contract framework of various payers such as Medicaid, Medicare, Insurances and private pay. Staffing bill rates are ALWAYS negotiable. This negotiation happens all the time. If a facility doesn't like the bill rates proposed from vendors for food, supplies, contract labor, capital equipment etc. they can negotiate or just say no and go with another vendor.

Although agencies have helped stem tide of healthcare workers leaving the profession, the shortages remain and grow. Thus, the remaining qualified employees can demand higher wages. Staffing agencies strive to negotiate wages on their behalf.

Agencies, just like the facilities, negotiate to maximize our reimbursement and therefore the wage we can pay our employees to meet the demand. From January 2019 thru February 2023, my agency bill rates have only increased 18% with actual inflation reported at 20% at that same time period. As a point of reference, 75% to 80% of a bill rate goes to cover the direct costs of labor, 15% to 20% of the bill rate covers the cost of business overhead with 3% to 5% left for any profit. Bill rate increases have been driven by healthcare shortages, the ability of healthcare workers and not by staffing agency greed.

HB2665 artificially caps rates charged by healthcare staffing agencies and thus what we can pay our employees. HB 2665 does nothing to address the conditions that precipitate the shortage of workers noted above. It does not address the direct costs increases associated with employing temporary healthcare workers. government-imposed employment taxes, benefits, workers compensation insurance and liability insurances. It is an artificial limit not based on market realities. When healthcare workers see their wages capped, they will leave the profession and/or Oregon even faster than they are now

I would ask that you vote no.

Best Regards,

Bob Papworth,
FlexForce Medical Staffing