



Maine Hospital Association

MAINE'S LEADING  
VOICE FOR HEALTHCARE

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## COMMENTS OF THE MAINE HOSPITAL ASSOCIATION

### In Support Of

*LD 451 – An Act to Ensure Transparent and Accountable Temporary Nurse Agencies*

**March 16, 2023**

Senator Baldacci, Representatives Meyer and members of the Health and Human Services Committee, my name is Jeffrey Austin and I'm here to testify in support of LD 451 on behalf of the Maine Hospital Association.

The Maine Hospital Association (MHA) represents all 36 community-governed hospitals including 33 non-profit general acute care hospitals, 2 private psychiatric hospitals, and 1 acute rehabilitation hospital.

Hospitals have been using temporary staffing, often called "travelers, for many years. Until the pandemic, it was a rather stable and boring aspect of healthcare. Once the worldwide demand for health care staffing exploded, as the data shows, our use of these folks exploded.

This bill does not ban or limit travelers. We would oppose a ban or limit on travelers. They are an essential lifeline. But, when a market for any product or service turns frothy, as it has for these services, it is sensible for the state to have a slightly better understanding of what is happening and provide at least minimal regulation.

As evidence of just how frothy it got, our weekly cost for a temp nurse increased as follows:

- 2019: \$1,591 (\$83K annualized)
- 2020: \$1,836
- 2021: \$2,868
- 2022: \$3,308 (\$172K annualized).

You can also see from the bottom of the first page of the attached infographic, that our rate of usage quadrupled and our total costs grew from \$100M per year to over \$550M per year.

Now, every state was experiencing the same thing. When this kind of money floods into an industry – any industry – in an ‘overnight’ fashion, policymakers and regulators should perk up.

Section 4 asks for data...ironically, these are the kinds of questions that press and policymakers were routinely asking us as the purchaser of these services. We were not in a position to provide either policymakers or the public answers to these questions. They are reasonable questions and it should not take a company very long to answer them once per year.

Section 2 has two regulations. The first, is that the individuals being recommended meet minimal standards for the job. Our members will continue to do their own due diligence and may have standards beyond what the state requires. But, the state has standards for health care workers and it is not ok that for-profit entities are essentially having us do their work for them.

With respect to products, merchants are held accountable by Maine law. Why not temporary services? Merchants of goods are responsible to insure that their products are “fit” for the intended purpose. If a recommended nurse doesn’t have a nursing degree, or a license, or the required immunizations, how can a temp agency recommend that nurse? The temp agency does not have to verify that they meet any individual providers credentialing standards; but they should be responsible to know the state-imposed standards and that the individual they are recommending meet those standards.

Thank you for accepting our testimony.

# The Labor Crisis in Maine Hospitals

Throughout Maine, hospitals are always there  
24 hours a day, 7 days a week, 365 days a year

Hospitals in Maine in 2021 had:



118,897

Patients admitted



11,235

Babies delivered



826,954

ED visits



8,183,601

Outpatient visits

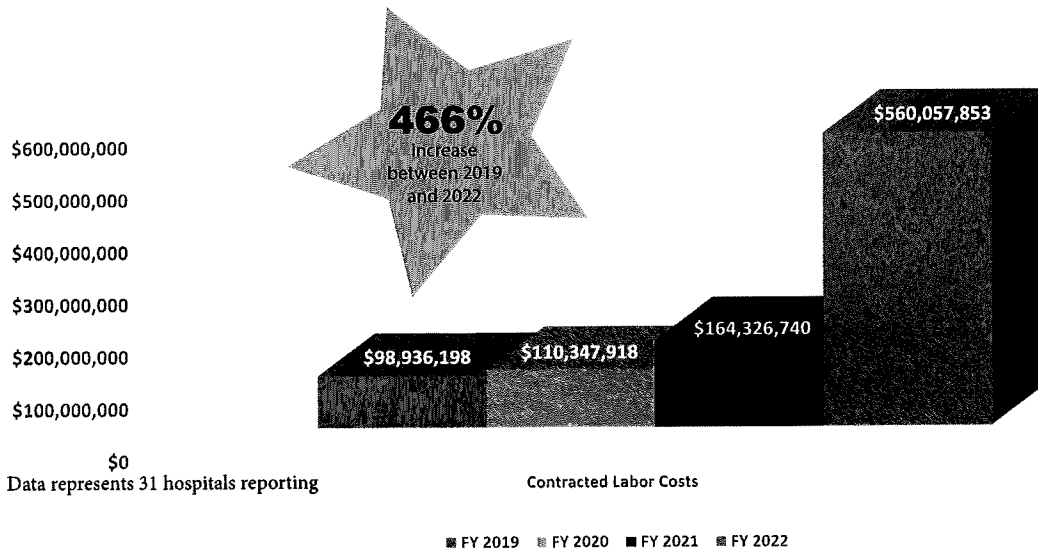
Hospitals posted **4,000** direct care jobs in mid 2022. Nearly **3,000** were in nursing.

## The burden of the workforce shortage

Maine hospitals are resilient and adaptable, but the stress and burnout of the pandemic combined with an aging workforce retiring has led to unprecedented personnel shortages across the spectrum of care. As a result, hospitals increasingly rely on contracted staff to maintain bed capacity and deliver care. The increased reliance on temporary staff has produced astronomical increases in contracted labor costs that threaten hospitals' financial security.

## Contract labor year-over-year growth

Contract Labor Dollars Year Over Year Growth 2019-2022 (Projected)



In September 2019, Maine hospitals engaged

**535** travelers.

By September 2022, that number had more than

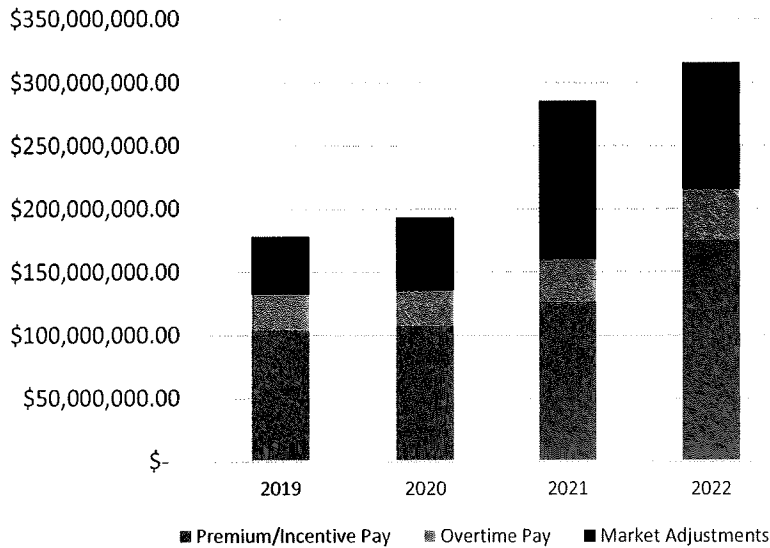
**Quadrupled**  
to  
**2,198.**

Maine hospitals are projected to spend over **\$550 million** in contract labor (not including locum tenens, service contracts and consultants) in 2022.

## Keeping the staff we have

Maine hospitals are investing heavily in retaining their current staff. Over the past three years, hospitals have nearly doubled incentive pay, overtime pay and raises, with over \$225 million in salary adjustments in 2021 and 2022.

Employed Staff Investments



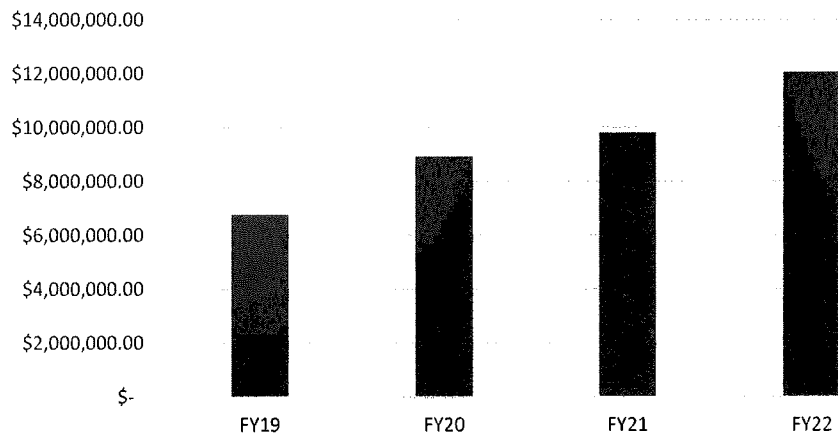
Total labor costs in 2022 are projected to be more than

70% of operating costs compared to 62% in 2019.

## Labor costs for increased security

Healthcare workers are 5 times more likely to be victimized on the job. Maine hospitals have spent more on security in 2022 because of increased workplace violence, spending 78% more on security in 2022 compared to 2019.

Labor Cost for Security



## Call to action

- ✓ Continue to focus on workforce sustainability, retention and growth through joint statewide projects for collaboration and coordination.
- ✓ Support for professional, licensed staff to work at the top of their scope of practice, augmenting the care team with paraprofessionals and technology.
- ✓ Push for state and federal reviews of travel staffing agency contracting practices.
- ✓ Advocate for state and federal resources to focus on current workforce needs including recruitment, training and retention.
- ✓ Advocate to enact policies that protect staff from violence.