

**Testimony of Wanda Pelkey, Board Chair of Maine Health Care Association and
CFO of First Atlantic HealthCare**

To the Committee on Health & Human Services

March 16, 2023 at 2:00 pm

In Support of ***LD 451, An Act to Ensure Transparent and Accountable Temporary
Nurse Agencies***

Good afternoon Senator Baldacci, Representative Meyer, and distinguished members of the Committee on Health and Human Services. My name is Wanda Pelkey, and I serve as the board chair of the Maine Health Care Association and CFO of First Atlantic HealthCare. My company represents 22 nursing and residential care facilities across Maine: Saco, Portland, Freeport, Falmouth, Skowhegan, Lewiston, Dexter, Dover-Foxcroft, Bangor, Ellsworth, Machias, Lincoln, Millinocket, Houlton, Waterville and Madawaska. I fully support LD 451 and sincerely thank Senator Baldacci for his sponsorship.

If this bill passes it will reveal the windfall profits nursing agencies are gaining at the expense of all Maine health care providers. Gauging by business practices I've experienced, I believe staffing agencies are unreasonably profiting off a tight labor market for CNAs and nurses.

If we operated in a free-market system there would be no problem. We'd all increase our charges to customers to cover our increasing costs, just like your neighborhood restaurant or grocery store. Instead we operate under significant government price control (i.e. Mainecare rates) so we're highly dependent on Maine legislators to increase Mainecare rates in a timely manner and with enough resources. That's why we come before you every year, asking for more support.

This bill will provide an important step towards slowing cost increases caused by agency abuse. I know it's not the full solution. But I hope it will shed light on the price-gouging we've endured over the past several years with an eye towards developing solutions.

Some have said, just pay your own staff what the agencies pay. For our hard-working and deserving caregivers, we have. Over the past 4 years (2019-2022) we've increased hourly pay for CNAs by 41%. Then simply, agencies did too, and still continue to hire away our staff and re-sell at ever higher rates. Over this same period, their hourly rates to us increased by 64% and they're still demanding more. Last year in our NFs, our company spent \$14 million more on agency workers than if we'd employed them directly. First Atlantic represents about 15% of NF services in Maine and that combined with all hospitals, home health agencies, etc that face similar pressures may provide some sense of the economic impact. Help us stop this exploitation, it's unaffordable and leading to facility closures.

Please support this bill and stop the price gouging. I'm happy to take your questions.