

**House Human Services Committee**  
**February 7, 2023**  
**HB 1476**

**Chairman Weisz, committee members:**

Good afternoon, I am Rep. Alisa Mitskog-District 25. HB 1476 is a bill that proposes to put a moratorium on contracted nursing services for entities that accept Medicaid and Medicaid Expansion.

**Background**

I learned about the issue of contract nursing costs during my first session on the House Appropriations Committee 2 years ago. Since that time, I have watched the costs escalate to the point that some facilities are facing a questionable future. Taxpayer dollars are subsidizing these costs. I understand the labor shortage facing nursing homes and hospitals and their staffing requirements. My intention of this bill is not to harm long term care facilities or hospitals that currently employ travel nurses and CNAs and but rather, I want to make you and the legislature aware of the runaway costs surrounding the use of these nursing agencies. The trajectory is unsustainable. The costs associated with using contract nursing services have significantly increased in 2021 and 2022.

**Costs Associated with Contracted Nursing Services**

North Dakota long term care facilities:

Fiscal year 2021      **28.8 million** in contracted labor

Fiscal year 2022      **63.8 million** in contracted labor

On a local level, St. Gerard's in Hankinson,

Fiscal year 2021      **\$300,869** (7089 hours of contracted labor)

Fiscal year 2022      **\$827, 513** (14,163 hours of contracted labor)

Another rural nursing home shared their contracted nursing costs:

2020 agency CNA      **\$368,000**

2021 agency CNA      **\$592,460**

7/1/22-12/31/22 CNA **\$505,478.00**    **\$36,000** agency nurses.

## The ND Veteran's Home

Jan 1, 2020 – June 30, 2020	\$71,765.79
Jan 1, 2021 – Dec 31, 2021	\$103,563.42
Jan 1, 2022 – Dec 31, 2022	\$309,784.38

<u>AWM 2019 – 2020 Rates</u>	<u>2021 – 2022 Rates</u>
RN \$56.35 - \$60.54	\$110.00 - \$200.00
C.N.A. \$34.33 - \$40.59	\$59.85 - \$108.85

<u>Nela Rate on Oct 2021 Sept 2022</u>	<u>Rate change on April 8, 2022</u>	<u>Rate change requested</u>
RN \$53.00	RN \$59.90	RN \$80.00
LPN \$42.50	LPN \$52.50	LPN \$70.00
C.N.A. \$32.00	C.N.A. \$42.50	C.N.A. \$60.00

An analysis by the American Hospital Association projected the cost of labor to be **57 billion higher in 2022 with 29 billion due to contract labor expenses.**

These numbers demonstrate that we need better clarity and transparency on the costs. How much is the agency paying their CNAs and nurses? Why the significant increase in the rate nursing homes were billed in 2021 and 2022? What are the profit margins?

14 other states as of last fall have moved forward legislation addressing this issue. Minnesota has had a cap on rates that nursing agencies can charge facilities for the past 20 years and according to a long term hospital and nursing home administrator in a rural Minnesota community, the caps have worked well in reining in costs.

In June 2022, U.S. Sen. Cramer introduced the Travel Nursing Agency Transparency Study Act, a bill that would require the Government Accountability Office to conduct a study on the effects hiring agencies have had across the health care industry during the Covid-19 pandemic. The bill proposes to look into the business and payment practices of staffing agencies, including potential price gouging and taking of excessive profits. It also proposes to look at the difference between how much agencies charged health care institutions and how much they paid contracted nurses. No action has occurred on this legislation. Therefore, as a state, I believe we need to do our due diligence looking into this issue.

In conclusion, I recognize the challenges that long term care facilities and hospitals are facing with the labor shortage and their required staffing requirements. But the ongoing reliance and costs associated with the use of contracted nursing agencies has to be addressed. The path we are on is not economically sustainable. I realize that putting forth a moratorium could be a challenge for nursing homes and hospitals so I would like to offer an amendment that proposes to study the issue.