

Comments on 135Q.2, Section 1.b. and 2.

We applaud the requirement to register all agencies and the requirements outlined for a healthcare employment agency to follow as outlined in section 2. We would like to point out that ALL these requirements can only be met by a staffing agency who provides W2 employees. We would offer a suggested change to specifically declare that the agencies provide only W2 workers for all positions (RN, LPN and CNA) other than those advanced practice jobs.

Comments on 135Q.3 re Rate Caps

Rate caps have been introduced in many states without them being passed into law because of the significant impact they have on the supply of talent in the market. Rate Caps were an idea thought to deal with extraordinary circumstances like the pandemic. However, the market rates post pandemic have come down significantly. If the goal is to reduce the rate for contract labor from where it is today, this bill will disrupt the entire market. The provision that staffing companies cannot reduce pay because of this rate cap, will mean that the hundreds of staffing businesses who provide contract labor to healthcare facilities in Iowa will be out of business. Reducing the pay rates for nurses would cause these nurses to go to work at Walmart or many other non-healthcare choices. This will further exacerbate the nursing shortage. If the thought is that these contract nurses will simply go to work at a nursing facility, that will not happen to at least 65% of the population of contract nurses as they already have a full-time job at another nursing facility. It will mean these nurses will not be available to fill critical openings in healthcare facilities of all types.

As you may know, many states have evaluated rate caps and decided not to do them because they interfere with the normal supply and demand dynamics of the labor markets. Only two states have had rate caps for several years. For example, Minnesota has a rate cap of \$70.61 for an RN and \$37.85 for a CNA. By comparison, this bill proposes that Iowa be at \$46.88(*) and \$25.02(*), respectively. You can see that rate caps are detrimental to solving the shortage of qualified labor.

When facilities must use contract labor from another market (aka Travel Contracts), the travel, housing and per diem costs are on top of the bill rate. This bill proposes that they all be included. This will eliminate traveling contract workers as an option since travel staffing companies will simply not fill orders in Iowa. There is no state that has this restriction.

(*) Based upon US Bureau of Labor Statistics Occupational and Wage Statistics, May 2022 – Hourly Median Wage for Registered Nurse \$31.25 and Nursing Assistant \$16.68 in Iowa.

Comments on language regarding independent contractors: Under 135Q.1, section 2.b.

Under the definition of a Healthcare Technology Platform, the text spells out that these companies place independent contractors. There are 3 points to be made. (1) The work being performed by a CNA or RN cannot qualify as an independent contractor because they require supervision as outlined in the Definitions Section 135Q.1, 8. (2) Most staffing agencies who provide W2 operate with the same technological capabilities. (3) The new DOL rules make it clear that work being performed that is the essential part of the business must be done by a W2 worker. That is certainly the case in a healthcare facility.