



IHA Testimony for the Public Retirement Systems Interim Committee December 11, 2013

Approximately half of the hospitals in the state are public institutions and the other half are private, not-for-profit hospitals. Because of additional regulations placed on public bodies, public hospitals face unique challenges in work force recruitment and retention. Some of these limitations can actually make it more attractive for health care professionals to seek employment at private, not-for-profit hospitals.

IHA identified the IPERS retirement waiting period as one additional regulation for public hospitals that created challenges for public hospitals competing for health care workers with their private, not-for-profit counterparts. Because public hospital retirees could return to employment at a private hospital after one month, the four month IPERS retirement waiting period cost public hospitals the opportunity to have some of their most experienced workers return to work on an as-needed or part-time basis during a health care worker shortage. To help level the recruitment playing field between hospitals competing for staff during a worker shortage, IHA supported legislation reducing the IPERS retirement waiting period for public hospital employees to one month.

In 2004, the Iowa General Assembly recognized the health care worker shortage and the challenge that Iowa's public hospitals face, and effective July 1, 2004, licensed health care workers employed by public hospitals no longer had to wait four months after retiring to return to work on a part-time basis. Rather, the legislature reduced the retirement waiting period from four months to one month recognizing shortages of health care workers. As defined in the legislation, a public hospital would include a hospital licensed pursuant to Iowa Code chapter 135B and governed pursuant to chapter 145A, 347, 347A, or 392, municipal or county hospitals. Moreover, the legislation defines licensed health care providers as a "public employee who is a physician, surgeon, podiatrist, osteopath, psychologist, physical therapist, physical therapist assistant, nurse, speech pathologist, audiologist, occupational therapist, respiratory therapist, pharmacist, social worker, dietitian, mental health counselor, or physician assistant who is required to be licensed under Iowa Code chapter 147".

The legislation passed in 2004 had a sunset provision after a two-year period so that the impact to IPERS could be reviewed. In 2006, the Iowa General Assembly extended the sunset for this provision until 2010 to allow for additional study. In 2010, this provision was once again extended, with a sunset provision of July 1, 2012. In 2012, again, the provision was extended, with a new sunset date of July 1, 2014.

Although the reduced waiting period does not apply to all health care employees employed by public hospitals, it has made a difference for public hospitals facing shortages and retirements of licensed health care workers. Since its inception, 132 licensed healthcare professionals utilized the shortened retirement waiting period to help their public hospital employer with staffing needs on a part-time basis. The map attached to this document illustrates where those employees are located in the state and designates them as either nursing staff or as another licensed health care worker. As IHA illustrated on the map, this provision has helped many hospitals across the state be able to meet its community's needs, while approximately 108 of the 132 licensed care professionals (81%) utilizing it were nurses. The ability of public hospitals to bring back skilled, experienced professionals on an as-needed basis as quickly as

possible is beneficial not only in terms of immediate patient care needs but also in terms of providing experienced mentors to new graduates.

While incredibly successful for the hospitals who have had experienced employees return back to work as-needed or on a part-time basis shortly after retiring, the shortened retirement waiting period has had very minimal impact on IPERS. Licensed health care retirees from public hospitals comprise approximately 2 percent of the total number of IPERS retirees. The legislative change allows employees to return after one month, rather than four months, but all other protections to the system still apply. Thus, any impact caused by the legislation would only be the difference of three months from standard IPERS retirees. Public hospitals constitute such a small segment of IPERS employees that the impact to IPERS on this issue is very minimal; yet the positive benefit to the public hospitals is significant.

When commenting about Franklin General Hospital's support of the shortened retirement waiting period, Kim Price, Chief Executive Officer, wrote:

“With the ongoing health care provider shortages, it is vital to be able to utilize these health care providers after the thirty day period. Their experience is extremely valuable and if the period is increased to four months, I am concerned public hospitals will lose these providers to other entities. Please continue to allow for this thirty day period of bona fide retirement for licensed health care providers.”

Gretchen M. Dahlen, Chief Administrative Officer of Winneshiek Medical Center, wrote:

“The 30-day IPERS retirement period has worked effectively for over nine years and Winneshiek Medical Center sees value in continuing this practice. Our facility has had staff members utilize the re-employment after 30 days option and it was beneficial to our healthcare worker staffing.”

While IPERS has historically expressed concerns regarding this provision and for treating different classifications of employees differently, given the unique nature of the hospital employment environment (half public/half private), IHA recommends that the General Assembly eliminate the July 1, 2014 sunset on this provision and make the provision permanent. This shortened retirement waiting period has demonstrated valuable assistance to public hospitals struggling with the health care worker shortages. Given the limited number of individuals who have taken advantage of this IPERS provision, there can hardly be an argument that making this provision permanent harms the overall IPERS program in any measurable way.

