



576 Johnsville Road
Sykesville, MD 21784

TO: Economic Matters
FROM: LeadingAge Maryland
SUBJECT: House Bill 800, Public Safety – Emergency Management – Price Gouging
Consumer Protections
DATE: February 16, 2022
POSITION: **Favorable**

LeadingAge Maryland supports House Bill 800. Public Safety – Emergency Management – Price Gouging Consumer Protections.

LeadingAge Maryland is a community of not-for-profit aging services organizations serving residents and clients through continuing care retirement communities, affordable senior housing, assisted living, nursing homes and home and community-based services. Our mission is to expand the world of possibilities for aging in Maryland. We represent more than 135 not for profit aging services providers, including the vast majority of CCRC/Life Plan Communities in the state, more than 80 affordable senior housing communities, and providers offering assisted living, skilled nursing, home and community-based services, hospice, and affordable senior housing. We partner with consumers, caregivers, researchers, public agencies, faith communities and others who care about aging in Maryland.

This legislation prohibits companies from boosting prices on essential goods or services, including health staffing agencies, by more than 10% during an emergency declaration and for 90 days after it expires.

A recent Kaiser Family Foundation/ Washington Post poll found that about 3 in 10 health care workers considered leaving their profession, and about 6 in 10 said pandemic-related stress had harmed their mental health. In addition, a survey by the American Hospital Association’s American Organization for Nursing Leadership found that one of the top challenges and reasons for health care staffing shortages reported by nurses was “emotional health and wellbeing of staff.” This level of burnout coupled with ongoing COVID-19 surges, as well as other existing health care workforce pressures, has left hospitals across the country to contend with critical staffing shortages. As a result, the health care sector is facing unprecedented staffing costs as

they recruit nurses, respiratory therapists and other needed health care workers to address COVID-19.

To fill this void and meet the needs of our residents amid Covid-19, providers have had to utilize health care staffing agencies. At times this has meant paying as much as \$150 to \$275 an hour for an RN, and at times more than \$50 an hour for a nursing assistant. By comparison, prior to COVID-19, a facility might have paid \$55-\$75 for an RN, and between \$22-25 for a nursing assistant. A recent poll of our members found that the prices charged by staffing agencies now were 20-80% higher than before the pandemic. This is not sustainable.

Price gouging by healthcare staffing agencies is a problem nationwide. In fact, on January 22, 2022, a bipartisan group of 195 Congress members wrote to the White House COVID-19 Response Team Coordinator Jeffrey Zient requesting an investigation into reports of alleged price gouging by nurse staffing agencies. “We are writing because of our concerns that certain nurse-staffing agencies are taking advantage of these difficult circumstances to increase their profits at the expense of patients and the hospitals that treat them,” the letter stated. “We urge you to enlist one or more of the federal agencies with competition and consumer protection authority to investigate this conduct to determine if it is the product of anticompetitive activity and/or violates consumer protection laws.”

Additionally, on October 8, 2021, LeadingAge National asked the Federal Trade Commission to use its “resources and expertise” to address the “anticompetitive practices and pricing gouging of nurse-staffing agencies. In the letter to FTC Chairwoman Lina M. Khan, President and CEO Katie Smith Sloan outlined “incredible hardships, including crippling workforce and staffing challenges,” that “have been exacerbated and exploited by the actions of nurse-staffing agencies.” “Most long-term care is paid by taxpayers through the Medicare and Medicaid programs; neither program is structured to respond to excessive costs and so monies that should go to caring for residents are diverted to paying private agencies,” she pointed out. “We request the FTC use its authority to protect consumers and taxpayers from anticompetitive and unfair practices to investigate these activities and take appropriate action to protect long-term care providers and the seniors they serve.”

Gaining protection from highly inflated staffing rates remains essential as providers in many states are limiting admissions for want of workers. Others are blowing through their workforce budgets and operating in deficits. Passage of this legislation is essential.

For these reasons, LeadingAge Maryland respectfully requests a favorable report for House Bill 800.

For additional information, please contact Aaron J. Greenfield, 410.446.1992