

March 27, 2024

Chair Hoffman and Members of the Senate Human Services Committee,

Thank you for allowing me to comment on SF 4317 as it is currently written and offer my mixed support/opposition of SF 4317 (supplemental nursing staffing agency (SNSA) modifications). I unfortunately cannot be there with you today as I would have loved to say all of this in person and answer any questions you might have.

I am in full support of sections 1 and 2 which seem to continue the Administration's efforts this session to address related-party concerns and possible loopholes within the "system" that exist today. I appreciate any and all efforts to weed out nefarious actors within the healthcare continuum and would be happy to work with the Administration to share data, stories, and information on exactly what *is* working and what *is not* working.

The proposed changes in sections 3 and 4, however, should be modified or deleted.

Section 3: The idea of increasing the maximum rates that SNSAs are allowed to charge is not only concerning, it is ***dangerous*** and may result in ***significant harm*** to already at-risk and vulnerable providers across Minnesota. This, in turn, means those vulnerable individuals receiving supports and services from these providers are at even greater risk of losing services or, at a minimum, significantly reducing the quantity and quality of supports and services received. The providers that this section of statutes currently covers are able to build these expenses into their cost-reports and the rates they are reimbursed reflect whatever they pay for these services. The fiscal cost (that the system would have to absorb this increase) of doing this does not seem to justify any positive outcome to doing so (even though I cannot think of what that might be). Furthermore, allowing SNSAs to increase their prices, even when one could argue price-gouging is already occurring, will allow them to further raise their wages, steal more permanent, full-time staff from already short-staffed providers, and worsen the existing catastrophic workforce crisis. Nothing with this change makes sense short- or long-term in my experienced opinion.

Section 4: I support the idea that those being "regulated" by these statutes should be included in discussions related to them, however, I would be cautious with the precedent this sets for this and all other regulatory areas. The currently broad language in this section will inhibit or slow the Department from making necessary and appropriate changes to protect the health and well-being of vulnerable individuals receiving services from individuals served by these agencies. I do not know of any other license-type that has this kind of language in statute and strongly recommend against it. As a former director at the Department overseeing all the home care and assisted living state-licensed providers and now overseeing multiple current licensed entities, I can attest that the Department consistently engages with those entities it regulates when working on new policies, changes to regulations, etc. And finally, if this language is going to be considered, I would also include the multitude of other key stakeholders who this area of statutes impact: individuals receiving services, providers utilizing these services, lead agencies, ombudsman, etc.

Lastly, I am extremely disappointed that this language does not expand the protections covered in Minnesota Statutes, sections 144A.70 to 144A.74 to other licensed providers who are regularly served by these agencies (such as assisted living, community residential services, integrated community supports, etc.). As I have stated in this committee on several occasions over the last several years, these temporary staffing agencies are contributing to the workforce crisis we find ourselves in. While many may argue they are an additional layer of support or tool to assist with staffing, my experience and that of many of my more experienced and trusted colleagues would say otherwise. Over the past 25 months, the organization I am with has spent over \$5.5M on temporary staffing expenses and it nearly destroyed our ability to continue to serve individuals. This is above and beyond our own employee costs and NONE of that \$5.5M is reimbursed or covered through our rates. That means when we are spending up to \$55 per hour for direct care staff because the caps/max charges do not apply to our licensed settings, we are absorbing the difference between what Medicaid waiver reimbursement covers for staffing (and as many of you know it is nowhere near \$55/hour). I have suggested language to both MDH and DHS the last two years and have shared that with Chair Hoffman. I encourage your support for an amendment if one is brought forward.

This is important because these agencies, as mentioned above, are able to pay higher wages by charging higher rates to those organizations that utilize their services which creates a vicious and devastating cycle. Staff leave organizations like the one I am with if our wages cannot compete due to being solely dependent on MA reimbursement to go work for temporary staffing agencies. These agencies then get tapped for filling shifts with the very same staff and charge 2x-3x the wage the organizations were paying before. This creates discontent among the staff of the organization who cannot rightfully understand why the “temporary” staff are paid 25%-50% more than they are for the exact same work. Thankfully, over the past 8 months we have been able to strategically and effectively remove almost 95% of the temporary staff utilization across our communities and in doing so have been able to raise wages to reward our hardworking, committed, and talented staff. But I fear we will be back in the situation again if temporary staffing agencies are allowed/encouraged to charge more, raise their wages further, and have zero oversight by any agency when operating in settings not already included in these statutes.

I look forward to continuing to work with Chair Hoffman, the Departments, and other stakeholders on this bill and specifically on sections 3 and 4 and/or with amendment language to get to the heart of the issue. This bill merely scratches the surface and actually may cause harm as it is currently written. Thank you for considering my comments as you hear this bill today and please reach out with any questions, comments, etc., as I am always here as a resource to all of you.

Thanks,

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