

Testimony Regarding Executive Budget Proposal Affecting Temporary Healthcare Staffing

February 9, 2026

To the Chairs and Members of the Legislature:

On behalf of Pacific Companies ("PCI"), we appreciate the opportunity to submit written testimony on Part J of the Health and Mental Hygiene Article VII legislation in the Executive Budget, which would impose rate caps and additional regulatory requirements on temporary healthcare staffing in New York State.

Pacific Companies operates in the healthcare staffing industry that specifically places physicians, physician assistants, nurse practitioners and CRNAs known as "Locum Tenens" that support hospitals and healthcare systems across New York by ensuring continuity of care during workforce shortages, seasonal surges, emergencies, and unforeseen vacancies. While we share the Legislature's goals of transparency and patient safety, we are concerned that the proposed rate cap and accompanying requirements would destabilize the healthcare workforce and unintentionally reduce access to care, particularly for safety-net, rural, and underserved communities.

Temporary healthcare staffing is a necessary response to persistent workforce shortages. Locum Tenens, in particular, represent a meaningful but constrained segment of the market. Locum Tenens operate in a national labor market and routinely choose among multiple states when accepting assignments. Policies that constrain compensation or create regulatory uncertainty risk diverting Locum Tenens to neighboring states with more predictable practice environments, placing New York at a competitive disadvantage in the midst of widespread physician shortages.

In the Department of Health's ("DOH") report for the third quarter of 2024, Locum Tenens accounted for approximately 9 percent of total temporary worker pay well below those for registered nurses. These figures reflect a market with limited flexibility, not excess capacity. The reports also show demand for Locum Tenens is largely hospital-driven and is highly regionalized. Central New York, the Finger Lakes, and other upstate regions show some of the highest per-bed spending on temporary staff, signaling ongoing coverage gaps rather than overutilization.


Economic research and policy experience consistently show that rate and profit caps distort markets and reduce supply in labor-constrained environments. In healthcare, these effects translate directly into reduced access to care. Uniform rate caps or blunt regulatory approaches risk making Locum Tenens placements uneconomic, especially in rural and underserved regions where Locum Tenens are most critical to maintaining services. Granting the DOH authority to set agency profit thresholds represents a significant departure from traditional healthcare labor markets and introduces a level of economic regulation not applied to other recruitment channels.

Pacific Companies supports reasonable, targeted transparency and accountability measures. However, reforms must be carefully calibrated to preserve workforce flexibility and access to care.

There are more effective ways to address cost concerns, such as policies that expand supply and support recruitment and retention.

For these reasons, Pacific Companies respectfully urges the Legislature to reconsider the proposed rate cap and additional requirements on temporary healthcare staffing. While well-intentioned, these measures risk weakening access to care and workforce stability at a critical time for New York's healthcare system. We are eager to work with the Legislature and the Administration on balanced solutions that advance affordability and transparency without undermining patient care.

Respectfully submitted,

A handwritten signature in dark ink, consisting of several overlapping loops and a long horizontal stroke extending to the right, positioned above a solid horizontal line.

John Paulk, COO