

**Written Testimony on
FY 2027 New York State Executive Budget
Health and Mental Hygiene: Article VII Legislation**

**Submitted to New York State
Senate Finance and Assembly Ways and Means Committees**
Via email to: wamchair@nyassembly.gov and financechair@nysenate.gov

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Thank you for the opportunity to submit written testimony on behalf of Supplemental Health Care (SHC), a health care staffing agency that takes as its central purpose connecting caring hearts with those that need one. SHC currently employs 804 health care workers in New York supporting New York's hospitals, schools, corrections facilities, ambulatory care centers, nursing homes, and home health and hospice providers across the continuum of care. Together, SHC's staff provided more than one million hours of care for New Yorkers in 2025. Additionally, SHC's largest corporate office is in Amherst, New York and SHC employs 196 New Yorkers as permanent staff across the state.

Temporary Staff Respond To, Rather Than Create, The Health Care Worker Shortage

Temporary staffing agencies fill a vital need in New York's health care landscape. Yet the Executive Budget Proposal threatens the ability of SHC and other agencies to offer health care clinicians competitive wages while worsening staffing shortages at already strained hospitals and facilities, especially in rural and safety-net settings. The budget also harms the health care industry's flexibility to respond to localized or statewide surges in demand for health care workers, such as that created by a strike, seasonal spike or pandemic.

The Honorable Committee Members are no doubt well familiar with the longstanding nurse shortages, burnout, and retirements facing New York's health care facilities. But temporary nursing staff help *relieve* these structural issues; they are not the cause of the health care workforce crisis. While usage of temporary nurses spiked during COVID, usage has since declined and contract labor represents a very small share of total hospital labor costs.

Temporary Staff Do Not Compete With Permanent Staff

New York health care facilities are not replacing permanent nurses with temporary contract labor. Temporary staff supplied by SHC fill unpredictable gaps in permanent staffing, such as during patient surges, seasonal fluctuations, emergencies, or permanent staff taking extended leave. Real time permanent hiring is ill-equipped to manage these sudden changes. Contract labor also offers clinical flexibility in harder-to-staff specialty settings and gives facilities flexibility so that permanent staff avoid burnout while rations are maintained to provide safe patient care. Local "per diem" contract nurses often already work permanent nursing jobs at local hospitals but also work short-term temporary assignments to supplement their income and provide an extra pair of nursing hands where and when needed. This allows the hospital to deploy staff with a laser focus while the nurse gains needed supplemental income. The Budget Proposal erodes these worthy opportunities for both health care facilities and clinicians.

Nurses, Not Agencies, Keep Most Contract Labor Spend

The pandemic exacerbated the perception of some that rising workforce costs for health care facilities equated to excess staffing agency profits. Not so. During the pandemic, nurses understandably earned more because they were taking on dangerous, high-acuity assignments. Further, Travel nurse bill rates capture not just the nurse's hourly wage but also must cover benefits, payroll taxes, housing, meals, and insurance. The agency's margin covers the costs for recruitment, credentialing, compliance, insurance, technology, and overhead. These margins have declined, not increased, since 2018 – even as bill rates increased. Instead of keeping windfall margins, agencies need to pay clinicians wages that reflect the risk and difficulty of the assignments they are accepting.

Price Caps Would Worsen Shortages And Harm Patients

As the pandemic recedes, so too does temporary staffing. The travel nurse market shrank by approximately 27% in 2023 and another 10% in 2024. Hospitals are spending less on contract nurses as a share of overall labor costs. This normalization has occurred without legislative intervention. In fact, intervention would thwart the market forces that keep the health care workforce operational. By limiting agency margins, the budget proposal would reduce an agency's ability to pay competitive wages, respond quickly to surges in demand, and to serve rural hospitals, safety-net facilities, and long-term care providers already operating on thin margins.

Instead of savings, rate caps lead to fewer nurses available at the bedside. This is not just self-interested posturing but rather evidence-driven. Massachusetts and Minnesota had to suspend or raise their state-imposed rate caps during the pandemic so that hospitals could staff safely. The inflexibility of rigid limits is incompatible with the need to get nurses to patients when the need arises.

Existing New York Law Addresses Price Gouging

New York already is well-positioned to address alleged pricing abuses through General Business Law § 396-r and the Attorney General's newly released rules. These vehicles prohibit charging excessive prices for services (and goods) during market disruptions and public emergencies. Health care demands a policy scalpel, not a sledgehammer, and these existing tools allow New York to address issues case-by-case rather than with a blunt instrument to patient care.

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In short, contrary to the section title, the Budget Proposal would *not* result in the stabilization of New York's health care workforce. Temporary nursing staff play a crucial role in caring for New Yorkers and capping prices or profits would reduce flexibility, deter nurses from high-need assignments, and ultimately restrict patient access to care. Rate caps would aggravate rather than alleviate the nursing shortage. Investments in nursing education, retention, and resilience offer a clearer path to a stable workforce future.

Thank you for your consideration of this written testimony. If you have any questions, please contact Jenna Yott at jyott@shccares.com or 510-295-9806.