



Cynet Health - Testimony

Concerns Regarding Proposal to Cap Temporary Nurse Staffing Prices or Profits in New York

Thank you for the opportunity to provide testimony. From the perspective of staffing partners supporting New York's healthcare system, proposals to cap the prices or profits of temporary nurse staffing agencies risk unintentionally worsening staffing gaps, limiting patient access, and reducing hospitals' ability to respond effectively to emergencies.

Cynet Health is a TJC certified MBE and one of the fastest-growing healthcare staffing firms in the US providing Health Med and Health IT staffing and consulting services to countless hospitals, SNFs, clinics, labs, CROs, health & wellness centers, pharmacies, and other medical facilities across the United States. Headquartered in Sterling, Virginia, we are a certified Minority-Owned Business Enterprise and a recognized Diversity Supplier. Cynet Health provides extensive services in healthcare in form of travel nurses and allied professionals in New York.

Temporary Staffing Is a Response to a Workforce Crisis and Not the Cause

The fundamental driver of temporary nurse staffing is not agency behavior. It is the chronic, well-documented healthcare workforce shortage that predates COVID and has intensified in its aftermath. Temporary staffing did not create this shortage. It exists because the shortage is real and persistent.

According to the National Association of Travel Healthcare Organizations, the registered nurse workforce declined, nationally, by more than 100,000 nurses between 2020 and 2021, the largest drop in four decades. A significant share of those departures involved nurses under age 35, raising long-term workforce stability concerns. Looking ahead, we may expect the federal government projects more than 200,000 registered nurse openings annually through at least 2031, driven by retirements, burnout, and exits from the profession.

COVID-19 sharply accelerated burnout and attrition. Nurses reported elevated levels of stress, anxiety, depression, and PTSD factors that permanently constrained workforce supply. Hospitals turned to temporary staffing because permanent hiring cycles take months, while patient care needs are immediate.

New York Data Show Contract Nurse Use Has Not Grown Disproportionately

Importantly, publicly available data do not support the view that New York hospitals are increasingly substituting contract nurses for permanent staff.

Based on Centers for Medicare and Medicaid Services data from 2017 through 2019, prior to the pandemic, approximately, New York hospitals spent less than 2 percent of total hospital labor costs on contract nurses. During the height of the pandemic, that figure rose; as expected during a once-in-a-century public health emergency, but even then peaked at 6.4 percent in 2022 before declining to 5.8 percent in 2023, the most recent year of available data. (See chart below.)

This pattern reflects a temporary, crisis-driven response that is already receding.

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Notably, New York hospitals have consistently relied less on contract nurses than hospitals nationally. In 2022, contract nurse spending exceeded 10 percent of total hospital labor costs nationally, while New York remained well below that level. The same trend continued in 2023.

Temporary Staffing Complements Permanent Staff—It Does Not Displace or replace Them

These data underscore an important point: New York hospitals are not replacing permanent nurses with temporary staff. Instead, temporary staffing functions as a targeted support mechanism when permanent positions cannot be filled quickly enough to ensure safe care.

Temporary staffing supports continuity of care by filling acute and unpredictable gaps such as patient surges, medical leave, retirements, seasonal fluctuations, and emergencies. Permanent hiring alone cannot respond to these needs in real time.

Travel nurses also provide geographic and clinical flexibility, deploying to high-acuity settings such as intensive care units and emergency departments when and where demand is greatest. This flexibility helps prevent burnout among permanent staff and reduces reliance on mandatory overtime.

In addition, many local per diem nurses maintain permanent hospital positions and take short-term temporary assignments to supplement their income. Policies that significantly restrict temporary staffing could limit these nurses' earning opportunities and reduce overall workforce participation.

Temporary and permanent staffing serve different but complementary labor functions. Permanent hiring addresses predictable, ongoing needs; temporary staffing addresses urgent, variable demand that arises despite best-faith workforce planning.

The Financial Data Shows the Majority of Spending Goes to Nurses

There is a perception that rising hospital costs are driven by excessive agency profits. Available data do not support that conclusion.

In 2022, more than 76 percent of the travel nurse bill rate flowed directly to clinicians, including wages, bonuses, payroll taxes, housing, meals, and insurance. Over 52 percent of the bill rate represented direct nurse compensation alone.

Agency gross margins; which covers recruitment, credentialing, compliance, insurance, technology, and operational overhead—accounted for approximately 23 percent of the bill rate. Importantly, these margins have declined since 2018, even as bill rates rose during the pandemic.



Hospitals paid more rates during COVID-19 primarily because nurses had to be compensated at higher level to accept high-risk, high-acuity assignments and not because agencies captured disproportionate profits.

As a Healthcare Staffing Agency with a large presence in New York. We have been in communication with many of our nurses regarding proposed changes. As an example of their concerns, please note the testimony on the last page. Oluwatosin Johnson has been providing services through our company in the New York City. She is also a resident of Buffalo, New York. We hope her testimony will give a sense of the good work traveling nurses do to fill gaps in healthcare in New York.

The Market Is Normalizing

As crisis-level demand receded, the temporary staffing market began to normalize without the need for statutory caps.

The travel nurse market declined by approximately 27 percent in 2023 and an additional 10 percent in 2024. Inflation-adjusted bill rates have trended toward pre-pandemic levels. New York's own data reflect this normalization, with contract nurse spending declining as a share of total hospital labor costs.

Rigid Caps Risk Impairing Shortages and Disrupting Care

In this context, proposals to cap prices or profits risk undermining the very mechanisms hospitals rely upon during staffing shortages.

If staffing agencies are unable to sustain viable operations, they will be less able to:

Pay competitive wages needed to attract nurses to high-acuity or underserved settings

Respond rapidly to localized demand surges

Support rural hospitals, safety-net providers, and long-term care facilities with limited staffing flexibility

The likely outcome would not be cost savings, but reduced staffing availability at the bedside.

Experience from other states illustrates this risk. Jurisdictions such as Massachusetts and Minnesota imposed rate caps that were later suspended or adjusted during COVID-19 when hospitals could not staff safely under rigid limits. Oregon's more recent framework includes emergency exceptions, recognizing that healthcare demand is inherently unpredictable and requires flexibility.



Existing Law Already Addresses Pricing Concerns

The good news is that existing New York law already provides a remedy for alleged pricing abuses. [General Business Law § 396-r](#) and just released rules published by the [Attorney General](#) prohibit charging excessive prices for goods and services during abnormal market disruptions and public emergencies. This would allow the state to address such issues on a case-by-case basis without aggravating the nursing shortage or harming patients.

Conclusion

New York’s own data present a consistent picture. Contract nurse utilization has remained a relatively small and now declining share of hospital labor spending. Temporary staffing is not displacing permanent jobs; it is filling unavoidable gaps created by a genuine workforce shortage.

Policies that reduce flexibility risk deterring nurses from high-need assignments and limiting hospitals’ ability to maintain safe staffing levels. A more effective approach is to continue investing in nurse education, retention, and workforce resilience, while addressing pricing concerns through existing legal mechanisms rather than broad, inflexible caps.

Thank you for your time and consideration.

Use of Contract Staff Demographics of New York v. U.S.

Hospitals	NY			US		
Year	Total Spend on Contract Hospital Staff	Total Spend on All Hospital Staff	Contract Spend as a % of Total Spend	Total Spend on Contract Hospital Staff	Total Spend on All Hospital Staff	Contract Spend as a % of Total Spend
2017	\$ 602,467,858	\$ 33,476,629,620	1.8%	\$ 11,793,967,060	\$ 337,163,145,259	3.5%
2018	\$ 617,429,230	\$ 34,413,419,812	1.8%	\$ 12,187,711,885	\$ 348,119,481,281	3.5%
2019	\$ 668,704,019	\$ 35,759,592,143	1.9%	\$ 12,795,967,436	\$ 359,600,418,569	3.6%
2020	\$ 1,187,357,844	\$ 37,734,622,486	3.1%	\$ 15,954,909,535	\$ 369,884,236,721	4.3%
2021	\$ 1,628,873,510	\$ 38,383,568,377	4.2%	\$ 31,102,173,618	\$ 393,475,379,571	7.9%
2022	\$ 2,653,877,931	\$ 41,209,552,830	6.4%	\$ 43,507,377,848	\$ 417,671,840,509	10.4%
2023	\$ 2,593,624,018	\$ 44,536,097,797	5.8%	\$ 31,770,607,170	\$ 446,473,435,609	7.1%

Source: [Centers for Medicare and Medicaid Services](#) Note: Medicare hospital cost reports do not disaggregate contract labor by clinical category. However, hospital association, state comptroller, and national health-system surveys show that temporary agency nurses account for the majority of hospital contract labor spend which closely tracks overall contract spend.



Testimony by Agency Worker

Testimony on New York State Budget Bill - Healthcare Staffing



Oluwatosin Johnson

to me ▾

Sun, Feb 8, 7:35 PM (2 days ago)



I am writing to share my perspective as a Registered Nurse working through a staffing agency in New York State. I have been working with Cynet Health since 2022, and my experience throughout my contracts has been very positive. The proposed New York budget bill, including rate caps and retention requirements, could significantly impact both my ability to work and the quality of patient care.

Staffing agencies play an important role in supporting healthcare workers and facilities in several ways. First, they provide flexibility by allowing nurses like me to work in different facilities and respond to staffing shortages where help is most needed. This flexibility is essential in ensuring hospitals and healthcare systems can maintain safe staffing levels, especially during periods of increased patient census or unexpected staff shortages.

In addition, working as a travel nurse has allowed me to grow professionally by gaining experience in multiple clinical settings, strengthening my clinical skills and improving the care I provide. Cynet Health has also provided strong communication and consistent support, which has made my assignments smoother and more secure. Throughout my contracts, they have been responsive and worked with my schedule, which has helped me maintain stability while continuing to provide quality care.

Most importantly, working with Cynet Health has provided me with financial security and job stability, allowing me to take care of myself and support my family. Agencies like Cynet also help ensure nurses feel protected and supported while working in different environments.

I urge the committee to consider the positive impact staffing agencies have on both healthcare professionals and patient care when reviewing this legislation. Policies that limit staffing flexibility may unintentionally worsen staffing shortages and make it harder for facilities to meet patient needs.

Thank you for your time and consideration.

Sincerely,

Oluwatosin Johnson

Registered Nurse (RN)

Cynet Health