



February 10, 2026

Via Electronic Mail: wamchair@nyassembly.gov financechair@nysenate.gov

**New York State Assembly Committee on Ways and Means Chair
New York Senate Finance Committee Chair
2026 Joint Legislative Budget Hearing Witness Testimony**

Re: Opposition to Capping Temporary Nurse Staffing Prices or Profits in New York

Dear Committee Chairs:

Thank you for the opportunity to testify. My name is Amanda Hoffman, and I am the CEO of Favorite Healthcare Staffing, LLC (“Favorite”), a healthcare staffing firm and registered temporary health care services agency in the State of New York.

We write in opposition to the proposed capping of pricing or profits of temporary nurse staffing agencies in New York. We believe this proposal, if passed, would worsen staffing gaps, restrict patient access, and weaken New York hospitals’ ability to respond to emergencies.

Favorite has been doing business in the State of New York since 1988, providing per diem and travel nursing staff across the state for nearly 40 years, from New York City to Buffalo. Favorite is a trusted, Joint Commission-certified healthcare staffing and workforce solutions partner with 45 years of healthcare-only experience. Built from the ground up in per diem nursing, Favorite has grown into a nationwide, full-service workforce solutions organization supporting healthcare clients across a broad range of care settings and staffing models.

Today, we help organizations in New York and across the United States maintain critical coverage, strengthen workforce stability, and improve operational performance through per diem staffing, local and travel contract staffing, temp-to-perm and permanent placement, and comprehensive workforce program solutions, including MSP and VMS. In New York, we had approximately \$4.6m in billing across these service lines in 2025.

Quality, transparency, and program control are central to how we operate. Favorite has been Joint Commission certified since 2005, reflecting our long-standing commitment to compliance,

Joint Commission Health Care Staffing Services Certification



safety, and continuous improvement. Our technology-enabled workflows provide end-to-end visibility across recruitment, onboarding, credentialing, timekeeping, invoicing, and reporting, giving clients confidence, control, and clarity at every stage of the engagement.

We are consistently recognized as a leading healthcare staffing firm, including placement on Staffing Industry Analysts' list of the largest healthcare staffing firms since 2009.

Temporary Staffing Is a Response to a Workforce Crisis—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 only intensified since. Temporary staffing did not create this shortage. It exists because the shortage is real.

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 troubling share of those departures were nurses under age 35, threatening long-term workforce stability. Looking ahead, the federal government projects more than 200,000 RN openings per year through at least 2031, driven by retirements, burnout, and exits from the profession.

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

New York Data Show Contract Nurse Use Has Not Exploded

Critically, New York's reported information contradicts the narrative that hospitals are increasingly substituting contract nurses for permanent staff.

Based on Centers for Medicare and Medicaid Services data from 2017 through 2019 as summarized by industry experts, before COVID, estimates were that 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, contract nurse spending peaked at 6.4 percent in 2022, before declining to 5.8 percent in 2023, which represents the most recent data available.

That is not runaway growth. It is a temporary, crisis-driven response—and it is already receding. Favorite's revenue in New York in 2022 was close to \$35m as we worked with New York clients to respond to the COVID crisis; as noted above, our billing in New York in 2025 was \$4.6m, a significant decline from peak numbers.

Also, contrary to the narrative, New York hospitals consistently relied far less on contract nurses than hospitals nationally. In 2022, according to reported data, contract nurse spending

nationally exceeded 10 percent of hospital labor costs, while New York remained well below that level. The same pattern held in 2023.

Temporary Staffing Complements Permanent Staff—It Does Not Displace Them

The CMS data matters because it makes an essential point: New York hospitals are not replacing permanent nurses with temporary ones. They are using temporary staffing sparingly, as a pressure valve, when permanent positions cannot be filled fast enough to maintain safe care.

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

Travel nurses also provide geographic and clinical flexibility, deploying to hotspots and high-acuity settings such as ICUs and emergency departments. This flexibility prevents burnout among permanent staff and helps hospitals maintain staffing ratios without losing local nurses to exhaustion or forced overtime.

In addition, many local “per diem” nurses already have permanent nursing jobs with hospitals and often work short-term temporary assignments to supplement their income. Restricting the use of temporary nursing staff would have a negative effect on their ability to earn the additional income they need.

Temporary and permanent staff are not competitors. They serve different labor functions. Permanent hiring addresses predictable, ongoing need. Temporary staffing addresses unpredictable, urgent demand that meets the hospitals, nurses, and patients needs.

The Financial Data Are Clear: Most Dollars Go to Nurses, Not Agencies

There is a perception that rising hospital costs reflect excessive agency profits. The data do not support that claim.

In 2022, per industry analysis, more than 76 percent of the travel nurse bill rate flowed directly to clinicians and their associated costs, including wages, bonuses, payroll taxes, housing, meals, and insurance.

Agency gross margins—which must cover recruitment, credentialing, compliance, insurance, technology, and overhead—accounted for roughly 23 percent of the bill rate. Importantly, those margins have declined, not increased, since 2018, even as bill rates rose.

Hospitals paid more during COVID because nurses had to be paid more to accept dangerous, high-acuity assignments, and could travel inter-state to choose their work in a time of high demand—not because agencies captured excess profits.

The Market Is Self-Correcting

As crisis demand receded, the temporary staffing market normalized without legislative intervention.

Per industry reporting, the travel nurse market declined by approximately 27 percent in 2023 and another 10 percent in 2024. Inflation-adjusted bill rates are drifting back toward pre-pandemic levels. New York's own data reflect this normalization. Contract nurse spending as a share of total hospital labor costs is already declining.

Price or Margin Caps Will Worsen Shortages and Harm Patients

In light of this evidence, proposals to cap prices or profits would undermine the very mechanisms that allow hospitals to function during staffing crises.

If agencies cannot sustain viable margins, they will be less able to:

- Pay competitive wages to attract nurses to high-acuity or underserved settings
- Respond quickly to local surges in demand without operating at a loss
- Serve rural hospitals, safety-net facilities, and long-term care providers where margins are already thin

The result will not be savings—it will be fewer nurses at the bedside.

History confirms this risk. States such as Massachusetts and Minnesota imposed rate caps only to suspend or raise them during COVID when hospitals could not staff safely under rigid limits. Oregon's more recent law explicitly includes emergency exceptions, recognizing that inflexible caps fail when demand spikes. Healthcare does not operate on a fixed schedule. Policy must allow flexibility when lives are at stake.

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 tell a clear story. Contract nurse use has remained a small and declining share of hospital labor spending. Temporary staffing is not crowding out permanent jobs. It is filling unavoidable gaps created by a real workforce shortage.

Capping prices or profits would reduce flexibility, deter nurses from high-need assignments, and ultimately restrict patient access to care. The better path forward is to invest in nurse education,

retention, and workforce resilience, and address alleged pricing under existing law on a case-by-case basis—not through blunt rate caps that aggravate the shortage we are trying to solve.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "Amanda M. Hoffman". The signature is written in a cursive style with a large, decorative flourish at the end of the name.

Amanda Hoffman

Chief Executive Officer