

Written Testimony of Trusted, Inc.

Submitted to the New York State 2026 Joint Legislative Budget Hearing (February 10, 2026 Hearing regarding Health/Medicaid)

To: Members of the New York State Legislature

From: Lennie Sliwinski, CEO, Trusted, Inc.

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I. Introduction

Trusted, Inc. (parent company of Trusted Health, Inc. (“Trusted Health”)) thanks the New York State legislature (the “Legislature”) for the opportunity to provide testimony regarding the proposal to amend Article VII of the New York State Health And Mental Hygiene Law to add sections capping temporary health care services agencies’ billing rates and margins. As explained in this testimony, the proposed amendment would worsen staffing shortages, compromise patient access to care, and diminish New York hospitals’ ability to manage emergency surges.

II. Trusted Health

Trusted Health has a profound understanding of the potential impact of the proposed amendment due to its extensive experience providing healthcare staffing services in New York State, beginning in 2019. Since then, Trusted Health has made approximately 4,500 placements for clinical labor throughout the state of New York. In 2025 alone, Trusted Health initiated approximately 200 placements at facilities throughout New York (primarily travel nurses).

III. Agencies Alleviate the Serious Health Care Labor Shortage

There is no doubt that there is an ongoing healthcare labor crisis.

- **Historic Decline in RN Workforce:** According to the National Association of Travel Healthcare Organizations, the registered nurse workforce saw its sharpest drop in 40 years between 2020 and 2021, losing over 100,000 nurses nationally.
- **Demographic Concerns:** A significant portion of these departures involved nurses under age 35, which threatens the long-term stability of the profession.
- **Burnout and Attrition:** The COVID pandemic accelerated levels of clinical burnout, PTSD, and depression, causing many registered nurses to leave the bedside permanently.
- **Future Gaps:** The federal government projects more than 200,000 nursing vacancies annually through at least 2031 due to retirements, burnout and other exits.

Trusted Health and other healthcare staffing agencies help alleviate the impacts of this crisis on patient care by filling immediate needs. Without healthcare staffing firms, healthcare facilities

would be forced to fill all openings themselves, which could take months or years in the current labor market. Such prolonged staffing gaps would adversely affect patient care.

IV. Temporary Nurses Are Not Replacing Staff Nurses in New York

2017-2023 data from the Centers for Medicare and Medicaid Services (“CMS”) shows that New York’s use of contract labor is declining, and is below the national average.¹

CMS Data on Hospital Contract Spending

Year	NY Contract Spend %	US Contract Spend %
2017	1.8%	3.5%
2019	1.9%	3.6%
2021	4.2%	7.9%
2022	6.4%	10.4%
2023	5.8%	7.1%

While New York spending peaked at 6.4% in 2022 during the COVID public health emergency, it has already begun to retreat, falling to 5.8% in 2023 (the most recent year with available data). In addition, New York hospitals relied on contract labor less than the national average throughout the 2019-2023 period.

The CMS data belies the false narrative that temporary nurses in New York are replacing permanent nursing staff, and shows that implementing caps that disincentivize staffing agencies from staffing in New York is unlikely to increase hiring for permanent positions.

¹ The available data does not break out contract labor costs by type of clinician, but temporary nurse agency spending accounts for the majority of hospital contract labor spending.

V. Travel Nurse Placement Costs Are Lower Than Permanent Staff Costs

The data shows that the market is currently functioning to prevent price-gouging without legislative involvement. A November 2025 Cost of Labor Survey by KMPG LLP, commissioned by the National Association of Travel Healthcare Organizations (“NATHO”), found that travel nurse costs were less expensive than permanent staff. Specifically, all-in costs for traveling nurses were found to average approximately \$89/hour, lower than the \$94/hour average for permanent nurses. Traveling allied health and traveling therapy staff were also found to be less expensive than their permanent counterparts. However, these trends might not continue if rate or margin caps were instituted, because such caps would cause a decline in market competition.

VI. Rate or Margin Caps Would Lead to Declining Market Competition

Competition would decrease if rate or margin caps were implemented because of the nature of the health care staffing industry. The majority of facilities use managed staffing providers (“MSP”) to staff their facilities. These MSPs currently charge fees averaging 5.5% to staffing agencies and the MSPs fill between 60-90% of the jobs through their own agencies, with the remainder being filled by non-MSP health care staffing agencies. Due to these MSP fees, which have nearly doubled since the pre-COVID era, non-MSP health care staffing agencies (which are typically smaller) already experience margin compression. Rate or margin caps would compound this problem by further compressing margins, threatening the viability of the business model for all but the largest MSPs.

The resulting decrease in market competition would have several unwanted consequences. First, declining competition in any market typically leads to declining quality of service, which could be dangerous in healthcare. Second, reducing the number of staffing agencies in the market to only a few companies would lead to a heightened risk of disruption to the market if one of those large companies failed. Again, the implications of such a failure could be disastrous in the healthcare field. Finally, declining competition would harm healthcare workers by restricting their job opportunities to a few large firms which would not have to compete for workers as they do now, potentially resulting in lower wages or other adverse consequences to clinicians.

VII. Rate or Margin Caps Would Prevent Needed Flexibility

In crises such as public health emergencies, demand for agency clinicians spikes and pay rates rise so facilities can attract enough nurses to safely care for patients. Caps on rates or margins would limit agencies’ ability to pay competitive wages in New York during these types of crises. Caps would also reduce staffing agencies’ ability to pay reasonable wages for clinicians staffed at rural or safety-net facilities, where margins are already thin. As a result, travel clinicians will likely choose to work in other states, worsening New York staffing shortages and reducing New York patients’ access to care. This is not a mere theoretical concern. Both Massachusetts and Minnesota previously implemented rate caps, but had to suspend them when staffing became dangerously low.

Finally, a law broadly capping prices or margins is simply unnecessary. Any agencies that engage in price gouging in a future public health emergency can be held accountable under existing laws, particularly General Business Law § 396-r.

For the foregoing reasons, we submit that Article VII of the New York State Health And Mental Hygiene Law should not be amended to add sections capping temporary health care services agencies' billing rates and margins.

Thank you for your time and consideration