



March 22, 2022

The Honorable Senator Anna Caballero
State Capitol Swing Space, Room 7620
Sacramento, CA 95814

SUBJECT: SB 1212 (Caballero) – SPONSOR

Dear Senator Caballero:

Throughout the unprecedented global pandemic, California's hospitals have responded with an unyielding commitment to protect their communities. To care for the most vulnerable patients and ensure all Californians receive the care they need, hospitals have taken unprecedented steps, suspending many procedures and services, purchasing PPE, testing supplies, and medical equipment, and doing whatever is needed to train and hire additional staff amid a national shortage.

The pandemic has revealed fundamental needs within the state's health care system, including around workforce issues. In particular, the COVID-19 pandemic has shown that gaps in state law permit unscrupulous health care staffing agencies to price gouge, which increases the cost of health care, jeopardizes access to care, and undermines the fundamental labor rights of health care workers. For these reasons, the California Hospital Association (CHA) is pleased to sponsor SB 1212, which will address consistent and challenging problems with staffing agencies that provide temporary health care workers.

During the pandemic, health care staffing agencies, which provide temporary workers to hospitals and clinics, have dramatically increased their prices, in some cases by 200%-400%. For most of the agencies, the increase has almost entirely been due to the increased demand for workers due to the COVID-19 pandemic coupled with the limited supply of health care workers, and all parties have benefited from the arrangement: the temporary worker was paid market rate, the staffing agency profited, and the hospital had sufficient staff to care for patients.

However, hospitals throughout the state consistently report that some health care staffing agencies dramatically increased prices, but then retained the increase as profit, depriving workers of the higher rates. Moreover, hospitals have reported time-sensitive, artificial increases in rates that are not supported by market demand. This price gouging jeopardizes patient care, limits nurses' labor rights, and ultimately results in market dysfunction.

SB 1212 will provide necessary transparency in bills sent by health care staffing agencies to hospitals, ensuring that hospitals know exactly what they are paying for. Additionally, SB 1212 will prohibit sharp price increases during a state of emergency that are not supported by market demand. This will prevent price gouging in future health crises and natural disasters, and it will curb unscrupulous behavior by bad actors.

CHA and its more than 400 hospital and health system members thank Sen. Caballero for her leadership on this important issue, and we ask for an 'aye' vote on SB 1212.

Sincerely,



Rony Berdugo
Legislative Advocate
California Hospital Association