

# Would pay caps for travel staff fix nursing homes' worker shortages?

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Long-term reliance on contract staffing to care for vulnerable patients in Iowa's nursing homes is a big expense and threatens the quality of care, many industry officials agree.

In recent years, nursing homes across the state say they have had to increasingly rely on travel nurses and other temporary staff to fill workforce gaps. While travel staffing helps temporarily fill those holes, they say it is not a viable solution to the chronic staffing shortages plaguing many of the state's long-term care facilities.

Some worry about the repercussions that Iowa's most vulnerable population face as a result.

"If they're using agencies' staff more than trying to recruit and retain permanent staff, that becomes a consistency issue that affects quality," said Angela

Van Pelt, Iowa's state long-term care ombudsman.

However, recent legislative efforts have highlighted a split in the search for solutions.

Earlier in the legislative session, Iowa lawmakers considered a proposal from the nursing home industry to cap payment rates that staffing agencies could charge for their temporary nursing services, limiting those costs to no more than 150% of the statewide average wage paid the previous year for staff professionals.

Other states have considered similar legislation after COVID-19 dramatically changed the industry.

House File 2391 was approved by the Iowa House in February. However, a Senate committee did not advance the bill before a key legislative deadline earlier this month.

Still, it may not be the last time the Iowa Legislature considers such a proposal, particularly as the nursing home industry in Iowa continues to struggle with staffing challenges.

"Iowa House Republicans are listening to the concerns of nursing homes across the state," Melissa Saitz, spokeswoman for the Iowa House Republican caucus, said in a statement. "One of the top concerns we've heard is the need to address temporary staffing agencies. The current system has created budget crises for our health care facilities, increased costs on the state and resulted in lower quality of care for patients."

"Our bill would have a big impact to help nursing homes provide quality, consistent care at a reasonable cost to the Iowa taxpayers," Saitz said. "We believe this is important legislation, and we are not done fighting to see it passed into law this session."

But even as those on each side of this issue continue to debate the merits of such a measure, other advocates have emphasized that many factors have led to the larger issue of nursing shortages in health care facilities in the state.

They contend that addressing an overreliance on temporary staffing must be part of a broader conversation about health care workforce shortages — highlighting how complicated the search for solutions can be.



**Stacie Carlson of Highland Medical Staffing talks to a patient at Story County Medical Center's MedSurg unit on July 8, 2022, in Nevada, Iowa.**

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## Advocates: Low wages drive high turnover among direct care staff

Today, 125 staffing agencies based in Iowa and 325 total agencies provide staffing services to the state, according to the American Staffing Association, which represents 1,200 agencies across the country.

Demand for travel nurses and other temporary medical staff soared during the pandemic as health care facilities struggled first with surges in COVID-19 infections, then increases in patients returning for medical care they had put off for months.

The reliance on travel staffing has continued in recent years as the supply of available hires for permanent nursing jobs has dwindled.

Alan Faith of Hinton and Savonda Petersen of Sioux City are registered nurses who left full-time bedside jobs to work for travel agencies.



**Petersen**

Faith initially started taking per diem shifts in 2020 at drive-through COVID-19 testing sites, and eventually left his management position in a hospital emergency room for travel nursing.

Faith said he wanted the flexibility to build his own schedule and have more time to travel and be with

family.

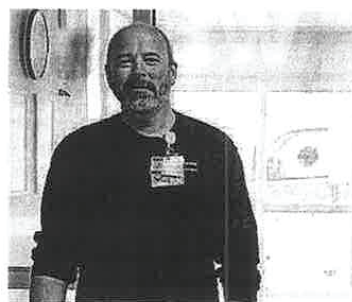
"To be honest, I just grew tired of the demand," said Faith, who mainly works per diem shifts at rural hospitals in northwest Iowa. "You're always one phone call away from having to put a set of scrubs on and drive to work. That was 24 hours a day, seven days a week. So I decided to give myself a break."

For Petersen, the major driver into travel nursing was the pay. She said in the 10 years she worked in a hospital, her wages did not significantly increase.

She saw a major pay bump only when she switched to travel nursing, she said. Petersen now works as a travel nurse in an internal float pool for a large Iowa health system, and takes per diem shifts for Highland Medical Group.

"After COVID, I became highly aware of what I was making and what my wage was, because this is time that I'm spending away from my family," Petersen said. "I want to be compensated appropriately and not have to work a kazillion hours of overtime to make a living wage for my family to be able to afford to pay our bills."

Di Findley, executive director of the direct care worker advocacy organization Iowa Caregivers, noted that chronic low wages — which persist even as inflation and the cost of living are rising — is a prominent driver for high turnover among direct care workers.



**Alan Faith, of Hinton, left his full-time nursing job for travel nursing in 2022. Now, he mostly works per diem shift: in rural hospitals. PROVIDED BY ALAN FAITH**

A recent wage brief from her organization found that nearly 80% of direct care workers in Iowa who were seeking new jobs were doing so for better wages.

In 2022, the estimated median hourly wage was \$14.42 for nursing assistants and \$13.89 for home health aides.

"You can't blame the workers who are making \$14.42 as a median hourly wage to try to find higher paying employment," Findley said.

Low wages are also a prominent factor for registered nurses, certified nursing assistants and other health care staff, Findley said, contributing to turnover rates for those professionals.

Iowa nursing homes reported a 72% turnover rate among certified nursing assistants in 2023, according to the brief published earlier this month by Iowa CareGivers. That turnover rate is estimated to have cost Iowa nursing homes more than \$123 million, the report states.

Fran Mancl is a former certified nursing assistant who left the profession after working more than 30 years in Iowa nursing homes, including 25 years at a Dubuque nursing home. Before his retirement in 2021, he said his nursing home increasingly relied on temporary staffing as the pandemic ramped up in Iowa.



**Mancl**

Mancl said those temporary certified nursing assistants and nurses could not provide the same level of care as permanent staff because they lacked institutional knowledge of residents and their care plans. Despite this, those short-term workers were paid much more than even the more tenured full-time staff at the nursing home, he said.

"There were shifts I would have rather worked short staffed," said Mancl, who is now a member of the Iowa CareGivers direct care council.

## Why do officials disagree over caps on travel nursing costs?

Statewide, the average bill rate to hire traveling nurses almost doubled at nursing homes and hospitals during the "pandemic peak," or when demand was at its highest in mid- to late 2022, according to data provided to state lawmakers by the American Staffing Association.

The report compiled data from Iowa staffing agencies on their average bill rates, which include the pay rate to that traveling staff member as well as any additional costs, such as administrative fees and transportation stipends.

The cost to hire a nurse traveler at a nursing home during peak demand was \$130 per hour, the data shows. That compares with the \$75 per hour average in 2019.

The certified nursing assistant traveler rate for nursing homes was \$78 per hour at peak demand in 2022, an increase from \$38 in 2019.

In total, nursing homes in Iowa spent \$49 million on agency staffing in 2019, according to Brent Willett, president and chief executive officer of the Iowa Health Care Association. By 2022, those total costs rose to \$184 million, he said.



**Willett**

Agency bill rates are returning to pre-pandemic levels, according to the report from the American Staffing Association. As of 2024, the average cost to nursing homes is \$75 for a traveling nurse and \$40 for a traveling certified nursing assistant.

Despite the recent drop in costs, nursing home officials say the price tag imposed by staffing agencies is still a major burden on nursing homes in Iowa, which have been struggling financially for years, Willett said. Because of these increasing costs, administrators have struggled to afford higher wages and better benefits for permanent staffing.

If the cap on staffing agency bill rates was approved by the Iowa Legislature and signed into law, it would have saved Iowa nursing homes \$22 million in overhead costs.

"We need to find ways to pay our direct care workers even more, and we need to find ways to recruit more," Willett said. "In order to do that we've got to have the cash to do it. ... That \$22 million would go a really long way to bolster the permanent workforce."

However, travel agencies have pushed back on nursing home officials' argument, stating legislation imposing caps could have the opposite effect. Instead of encouraging travel nurses to seek full-time jobs at nursing homes or hospitals in Iowa, they will opt to leave the state in search of travel contracts that will continue to pay them higher

wages.

"We know that we're not a permanent solution, but we do want to be there when times become difficult," said Greg Opseth, chief operating officer at Highland Medical Group, a staffing agency in Gowrie.

Approximately 65% of agency nurses in Iowa already work a full-time job, according to Bob Livonius with the American Staffing Association. He said these individuals opt to take additional contract work "to pay for the broken refrigerator or to pay for a family vacation or to simply make ends meet."

"The management of their facilities oftentimes creates great turnover," Livonius said. "If you're a nursing home running more than 5-10% contract labor ... there's a management problem that has to do with their hiring and retention. It's likely the management and the work environment that they're working in that's causing that particular facility to use many more contractors than others."

Willett said the effort to address costs of temporary health care staff is just the first step to address the long-term need within nursing homes for better recruitment and retention of nursing staff, but that it's an "important piece."

"We can't leave anything on the cutting room floor when it comes to the inflated costs of care delivery. Health care employment agencies, in our viewpoint, largely represent that category," Willett said. "By no means is this a singular solution to the nursing shortage, but it's an important step to take and we can all take collectively."

Officials at Iowa's travel agencies say they want a seat at the table when it comes to crafting meaningful, long-term solutions to the nursing shortage.

"It's unfortunate to hear that when organizations are relying heavily on contingent staffing that it becomes a blame game," Opseth said. "I think there also has to be some accountability and there has to be some evaluation about what's contributing to that high utilization."

"I don't think a cap would be a solution. I think we have to look more broadly at this situation," he said.

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