

Health-Care Staffing Agencies See Tightened Rules in Covid Era



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The Covid-19 pandemic has increased the workload placed on nurses and other health-care professionals, leading to an increased rate of burnout and turnover. As a result, hospitals and health-care providers are increasingly turning to health-care staffing agencies to address staffing shortages.

Health-care staffing agencies recruit and place nurses, technicians, and other health-care professionals at health facilities. The recent growth in such agencies has led many state legislatures to enact new licensure or registration requirements.

New Legislation

In the last few years, a number of states passed or updated laws requiring health-care staffing agencies and temporary health-care staffing agencies to obtain registration or licensure. In 2022 alone, Colorado, Connecticut, Illinois, Iowa, Kentucky, Louisiana, Missouri, Oregon, and Pennsylvania all enacted such legislation.

New Licensure Requirements for Health-Care Staffing Agencies

Effective Date		
Colorado April 30, 2023		
Requirement	Applicability	Notes
Supplemental health-care staffing agencies must obtain annual certification and file reports biannually with the Department of Labor and Employment (Colo. Rev. Stat. § 8-4-125(2)(a)).	Entities that provide health-care workers for temporary placements in healthcare facilities (Colo. Rev. Stat. 8-4-125(1)(e)(I)).	
Connecticut Jan. 1, 2023		
Requirement	Applicability	Notes
Temporary nursing services agencies must register and file cost reports annually with the Department of Public Health (Conn. Gen. Stat. § 19a-118(b)).	Entities that provide temporary nursing services to health-care facilities (Conn. Gen. Stat. § 19a-118).	
Illinois July 1, 2022		
Requirement	Applicability	Notes
New legislation restricts non-compete covenants and conversion fees and requires quarterly reports for nurse staffing agencies (225 Ill. Comp. Stat. 510/14).	Entities that staff registered nurses, licensed practical nurses, advanced practice registered nurses, or certified nurse aides (225 Ill. Comp. Stat. 510/3).	Nurses staffed at health-care facilities are employees of the staffing agency (225 Ill. Comp. Stat. 510/13(e)). Agencies must disclose new contracts with hospitals and health-care facilities (225 Ill. Comp. Stat. 510/14).
Iowa Jan. 4, 2023		
Requirement	Applicability	Notes
Health-care employment agencies must register annually with the Department of Inspections and Appeals (Iowa Code § 135Q.2(1)).	Entities that contract with health-care entities to provide agency workers temporary-to-hire, direct hire, or other contract or employee placements (Iowa Code § 135Q.1(3)).	Agencies may not restrict employment opportunities of health-care personnel (Iowa Code § 135Q.1(3)).

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Looking Ahead

Health-care staffing agencies should review these new state licensing requirements and apply for any required licenses and registrations. Agencies may also need to update their contracts and policies regarding non-competes, solicitation, and conversion of health-care professionals. Failure to follow state licensing requirements may result in fines or civil penalties, or injunctions.

Meanwhile, hospitals and health-care facilities in states where new licensing requirements have taken effect should confirm that they are contracting only with appropriately licensed agencies. This will prevent staffing shortages and mitigate any additional costs that may result from having to terminate contracts with unlicensed agencies.

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Kentucky Jan. 12, 2023

Requirement	Applicability	Notes
Health-care services agencies must register and file quarterly reports with the Cabinet for Health and Family Services (Ky. Rev. Stat. § 216.720(1); 216.728(2)).	Entities that refer temporary direct care staff to hospitals or other health-care facilities (Ky. Rev. Stat. § 216.718(6)).	

Louisiana June 17, 2022*

Requirement	Applicability	Notes
Nurse staffing agencies must obtain licensure from the Department of Health (Louisiana H.B. 958, 2022 Reg. Sess. § 2120.14).	Entities that staff registered nurses or certified nurse aides to render health-care services in a healthcare facility (Louisiana H.B. 958, 2022 Reg. Sess. § 2120.13(6)).	Louisiana limits solicitation of staffed nurses by hospitals and health-care facilities, and solicitation of permanent nurses by nurse staffing agencies (Louisiana H.B. 958, 2022 Reg. Sess. §§ 2120.13(F), (G)).

Missouri Aug. 28, 2022**

Requirement	Applicability	Notes
Supplemental health-care services agencies must register with the Department of Health and Senior Services (Mo. Rev. Stat. § 198.642).	Entities that engage in the provision or procurement of temporary employment for health-care personnel in health-care facilities; (Mo. Rev. Stat. § 198.640(6)).	Agencies may not restrict employment opportunities of health-care personnel, and conversion fees are restricted (Mo. Rev. Stat. §§ 198.644(3), (6)).

Oregon Aug. 28, 2022

Requirement	Applicability	Notes
Temporary staffing agencies must obtain authorization from the Health Licensing Office every two years (Or. Laws, Ch. 92 §§ 4(1), 2(3)).	Entities that operate in Oregon for the purpose of providing temporary work to health-care personnel (Or. Laws, Ch. 92 § 1(2)(a)).	

Pennsylvania May 2, 2023

Requirement	Applicability	Notes
Temporary health-care services agencies must register annually with the Department of Health (Penn. H.B. 2293, 2021-2022 Reg. Sess. § 802-A).	Entities that provide or procure temporary employment for health-care personnel in health-care facilities (Penn. H.B. 2293, 2021-2022 Reg. Sess. § 801-A).	Agencies and health-care facilities cannot restrict the employment of any health-care personnel (Penn. H.B. 2293, 2021-2022 Reg. Sess. § 803-A(a)(3)).

* The licensure requirement will not take effect until the Department of Health finalizes the implementing regulations.

** The registration requirement will not take effect until rulemaking is finalized.

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