



Travel Nurse Agencies & Price Gouging

Executive Summary

Nursing is one of the fastest-growing careers in the U.S. and will likely continue to be in high demand as the number of individuals aged 65+ increases over time. Shortages in nursing staff have been exacerbated by the COVID-19 pandemic. This has led to a rise in the reliance of healthcare institutions on third-party contracting for short-term nurse positions referred to as travel nurses. To combat high pricing by travel nurse agencies, several states including Missouri ([SB 1222](#) and [HB 2710](#)) have introduced legislation to limit the amount travel nurse agencies can charge during national and state emergencies.

Highlights

- In March 2022, 29% of Missouri nursing facilities reported nurse staff shortages which was higher than the national average of 24%.
- Travel nurses can earn significantly higher wages than those in permanent nursing positions, but they generally report lower levels of job satisfaction than other nurse positions, including due to feeling less appreciated and safe at work.
- The number of travel nursing positions decreased significantly from January to April of 2022.
- Several hospital systems, including in Missouri, have started internal travel nursing programs to increase nurse retention and decrease reliance on travel nurse agencies.
- Legislation to address increased prices by travel nurse agencies during national or state emergencies has been passed in [Oregon](#) and was introduced in several other states in 2022 ([MD](#), [ID](#), [IN](#), [KS](#), [NY](#), [PA](#)).

Limitations

- Due to the recency of travel nurse agency pricing legislation and rapid fluctuations in travel nurse position supply, there is not sufficient data to gauge the effects of such legislation.

Research Background

Nursing Shortages

Prior to the COVID-19 pandemic, registered nursing was one of the fastest-growing occupations in the United States.^{1,2} However, COVID-19 exacerbated preexisting nurse staff shortages. Conducted in March 2022, a survey of nursing facilities indicated that 29% of Missouri nursing facilities reported nurse staff shortages higher than the national average of 24%.³ The percentage of nursing facilities reporting nurse staff shortages at the national level peaked in January 2022

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(28%) but is still higher than reported shortages in May of 2020 (15%). The U.S. Census Bureau estimates that the number of individuals aged 65+ will increase by more than 30% from 2020 to 2030, which will likely increase the demand for nursing staff.⁴

Travel Nurses

Regional nursing shortages during the COVID-19 pandemic have led to a rise in health care facilities signing short-term contracts with travel nurse agencies. Travel nurses can earn significantly higher wages than those in permanent nursing positions. According to [Indeed](#), the average reported travel nurse pay was \$55.58 per hour compared to \$32.57 per hour for standard nurse positions as of June 8, 2022. Travel nurses generally report lower levels of job satisfaction than other nurse positions including feeling less appreciated and safe at work.⁵

Traveling and working in another state for nurses does not require a new license if the nurse's home state and new state are both part of the Nursing Licensure Compact. Thirty-seven states, including Missouri, are part of the compact.⁶ For more information on medical professional licensure, see our previously published Science Notes: [Interstate Medical Licensure Compact](#) and [Medical Licensure Reciprocity in Missouri](#).

The demand for travel nurses has dropped substantially since peak demand in the early Fall of 2021 during the peak wave of hospitalizations due to the delta variant of COVID-19 (**Figure 1**).⁷ Some travel nurses have reported their contracted wages being abruptly cut, potentially breaching contracts, leading to an investigation of several travel nurse agencies by the law firm [Stueve Siegel Hanson](#) in Kansas City, MO.

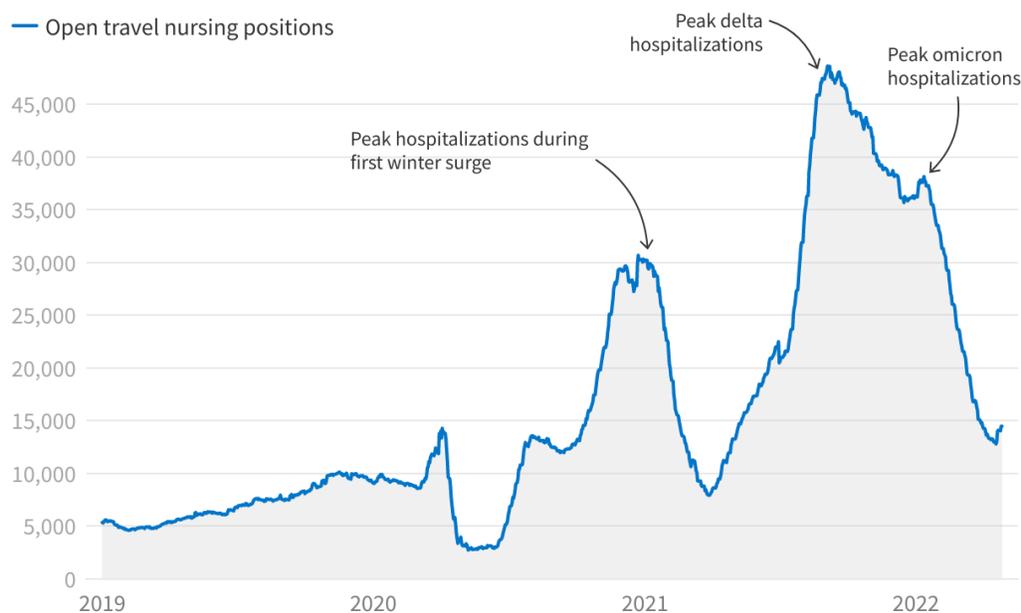


Figure 1. Open Travel Nurse Positions in the U.S. over time.
Source: Aya Healthcare data (April 27, 2022)
Credit: [Hannah Norman/KHN](#)

There are some benefits of utilizing travel nurses for health care institutions including having a temporary workforce during times of high demand while not having to pay worker salaries for the entire year. A 2018 study on the return on investment of travel nursing for hospitals found that compared to full-time nurses, travel nurses were often lower in cost because they were they did not receive similar benefits and overtime pay.⁸ However, it is unclear if these results are still applicable during the current COVID-19 pandemic which has significantly changed the travel nursing industry.

Several hospital systems have started internal travel nursing programs to increase nurse retention and decrease reliance on expensive travel nurse agencies. These programs allow hospital systems to contract directly with nurses instead of through a third party. Mercy Health System started a pilot program in Springfield, Missouri that has since been expanded.⁹ MU Health Care launched the Tiger Flex Program which gives nurses the option of 6- or 12-week contracts where they can work additional hours on night shifts or weekends in exchange for higher wages and bonuses.¹⁰

Legislation Addressing Travel Nursing Pricing

Price gouging of necessities during state or national emergencies is defined in statutes or regulations in 37 states and is typically outlawed.¹¹ In Missouri, [RSMo 407.020](#) bans unfair market practices. However, a policy analysis by the Missouri Hospital Association argues that increased wages would not be considered an unfair market practice under this statute.¹² At the federal level, more than 200 members of Congress signed an open letter urging the federal government to investigate potential anti-competitive pricing by travel nurse agencies.¹³ A similar statement has been made by the American Hospital Association.¹⁴ Legislation increasing oversight and regulatory structure for travel nurse agencies and/or capping price increases by such agencies during national or state emergencies has been passed in [Oregon](#) and was introduced in several other states in 2022 ([MD](#), [ID](#), [IN](#), [KS](#), [NY](#), [PA](#)). Due to the recency of travel nurse agency pricing legislation and rapid fluctuations in travel nurse position supply, there is not sufficient data to gauge the effects of such legislation.

In the 2022 legislative session in Missouri, [SB 1222](#) and [HB 2710](#) were introduced to address high prices from travel nurse agencies during national or state emergencies. The proposed Missouri legislation would make charging prices significantly higher than before the emergency or higher than other agencies a class E felony if that agency's profits are also 15% higher than before the emergency. The National Emergency concerning COVID-19 was first declared on March 13, 2020, and continues as of June 2022. The Missouri State of Emergency began the same day and was ended by Governor Parson on December 31, 2021.

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