

The COVID-19 outbreak in the care home sector – does ownership matter?

Florien Kruse, Radboud University Medical Center

Amy Hsu, University of Ottawa Brain and Mind Research—Bruyère Research
Institute Chair in Primary Health Care Dementia Research

Marcello Marciano, Health Organisation, Policy and Economics (HOPE) research
group

Adelina Comas-Herrera, London School and Economics and Political Science, Care
Policy and Evaluation Centre (CPEC)

Brief introduction

Original Article

For-Profit Nursing Homes in the Netherlands: What Factors Explain Their Rise?

Aline Bos^{1,*} , Florian Margareth Kruse^{2,*}, and Patrick Paulus Theodoor Jeurissen²

*Both the authors share first authorship of this article.

Abstract

<http://ijhpm.com>
Int J Health Policy Manag 2020, x(x), 1–6

doi 10.34172/ijhpm.2020.67

IJHPM
International Journal of Health Policy and Management

Perspective

For-Profit Hospitals Out of Business? Financial Sustainability During the COVID-19 Epidemic Emergency Response

Florien Margareth Kruse^{1*} , Patrick P.T. Jeurissen^{1,2}

Received: 13 September 2017 | Accepted: 18 January 2018
DOI: 10.1002/hpm.2502

REVIEW

WILEY

Do private hospitals outperform public hospitals regarding efficiency, accessibility, and quality of care in the European Union? A literature review

Florien M. Kruse¹  | Niek W. Stadhouders¹ | Eddy M. Adang² | Stef Groenewoud³ | Patrick P.T. Jeurissen^{1,4}

RESEARCH REPORT



Delivering hospital services: A greater role for the private sector?

Purpose of this seminar



INTERNATIONAL
LONG TERM CARE
POLICY NETWORK

1

Pitch the idea of the
project

2

Provide a platform to
exchange ideas on
the topic

3

Build a network of
scholars interested in
the topic and willing
to collaborate

Structure of this seminar

Florien Kruse: introduction and theoretical mechanisms
(± 20 minutes)

Amy Hsu: shares her preliminary findings from Canada
(± 20 minutes)

We open up the seminar to share ideas, thoughts, input etc.
(± 45 minutes)

News headlines

The New York Times

Coronavirus Outbreak > **LIVE** Latest Updates Maps and Cases Who's Wearing a Mask? Possible Treatments Econom

Push for Profits Left Nursing Homes Struggling to Provide Care

Some with private equity owners, focused on making money, were particularly ill equipped and understaffed to handle Covid-19.

THE STAR

LOCAL CANADA POLITICS WORLD OPINION LIFE SPORTS ENTERTAINMENT BUSINESS

Real Estate Technology Personal Finance

STAR EXCLUSIVE

For-profit nursing homes have four times as many COVID-19 deaths as city-run homes, Star analysis finds

By **Marco Chown Oved, Brendan Kennedy, Kenyon Wallace, Ed Tubb and Andrew Bailey**
Fri., May 8, 2020 | 12 min. read

CBC | MENU

COVID-19 Local updates Live video COVID-19 tracker Subscribe to newsletter

NEWS Top Stories Local The National Opinion World Canada

Ottawa · CBC Investigates

COVID-19: Majority of region's long-term care deaths occurred in for-profit homes

83 pe data

FINANCIAL TIMES

CORONAVIRUS BUSINESS UPDATE
Get 30 days' complimentary access to our Coronavirus Business Update newsletter

US society + Add to myFT

For-profit US care homes 'decimated' by coronavirus

Rising number of low-paid staff are contracting Covid-19 or leaving posts as death toll mounts



Emergency medical technicians transport a patient from a nursing home to an emergency room bed in Yonkers, New York © John Minchillo/AP

Joshua Chaffin in New York MAY 6 2020

47

So why would ownership matter?

Definition

For-profit

Are defined as entities in which the owners have the right to all profits (after prior obligations have been paid).

Many shades of grey

Degree of commercialisation	Type of organisation	Commercially-oriented	Ownership type
Low commercialisation	Publicly-owned, legally dependent	Non-commercially-oriented	Public
	Publicly-owned, but legally independent		Private
High commercialisation	Private-law entities, but state holds shares	Commercially-oriented	
	Donative private non-profit		
	Commercial private non-profit		
	For-profit providers and publicly funded		
	For-profit providers and privately funded		



For-profit nursing home share in different healthcare systems (Last available year)



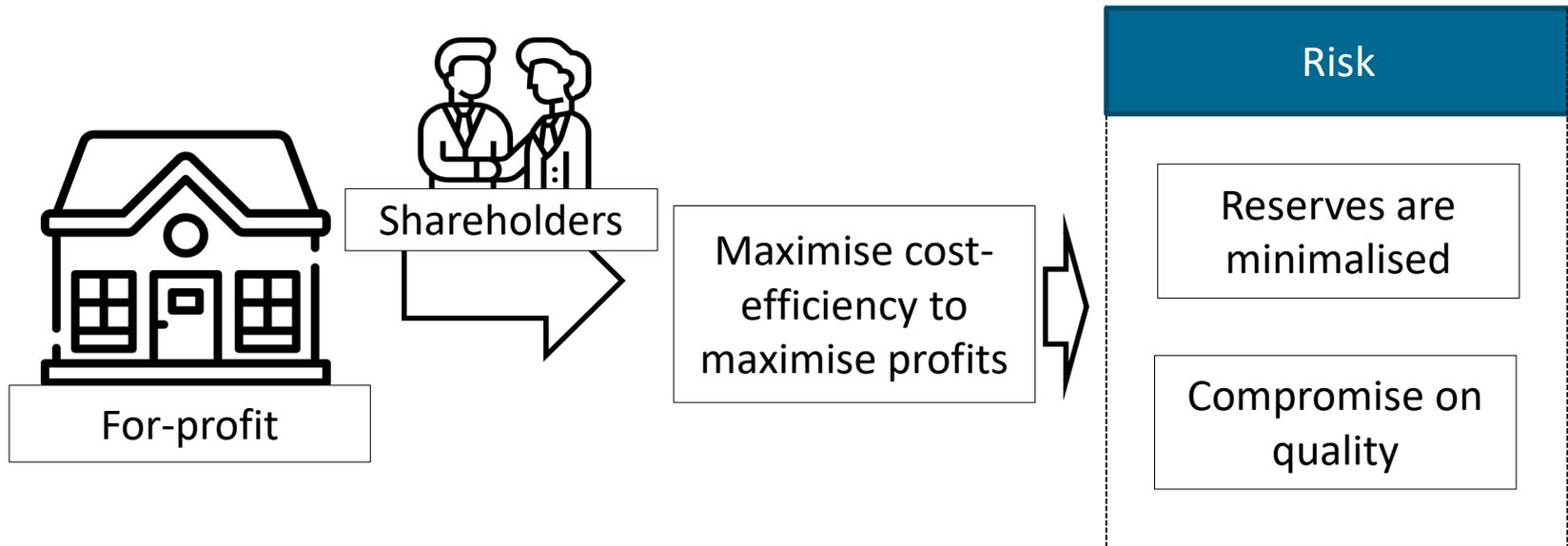
Sources:

- Eurofound. Care homes for older Europeans: Public, for-profit and non-profit providers. In. Luxembourg: Publications Office of the European Union; 2017.
- Competition & Markets Authority (CMA). *Care homes market study. Final report*. London: CMA; 2017.
- Harris-Kojetin L, Sengupta M, Lendon JP, Rome V, Valverde R, Caffrey C. *Long-term care providers and services users in the United States, 2015–2016*. Washington DC: National Center for Health Statistics; 2019.
- Bos A, Kruse FM, Jeurissen PPT. For-profit nursing homes in the Netherlands: what factors explain their rise? *International Journal of Health Services* 2020. doi:<https://doi.org/10.1177/0020731420915658>

Theory

Efficiency, quality of care, and
responsiveness

Theory: Efficiency



The systematic review of Bos et al. argues that the financial performance of for-profit entities is better than the financial performance of non-profits or public nursing homes (in terms of efficiency and profit margins), but that for-profit nursing homes skimp on client and employee wellbeing (e.g. lower staffing levels).^a

Sources:

a. Bos A, Boselie P, Trappenburg M. Financial performance, employee well-being, and client well-being in for-profit and not-for-profit nursing homes: A systematic review. *Health care management review*. 2017; 42(4): 352-368.

doi:<https://doi.org/10.1097/HMR.000000000000121>

Theory: Quality of care

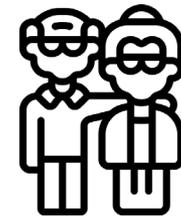
Information asymmetry



Outperform their counterparts only on **measurable** and **marketable quality outputs** such as client satisfaction (basically, on factors that define their reputation).



The non-distribution constraint **signals** the institution's objective and therefore gives an impression of trustworthiness among patients and a sense that they will act in their best interest.

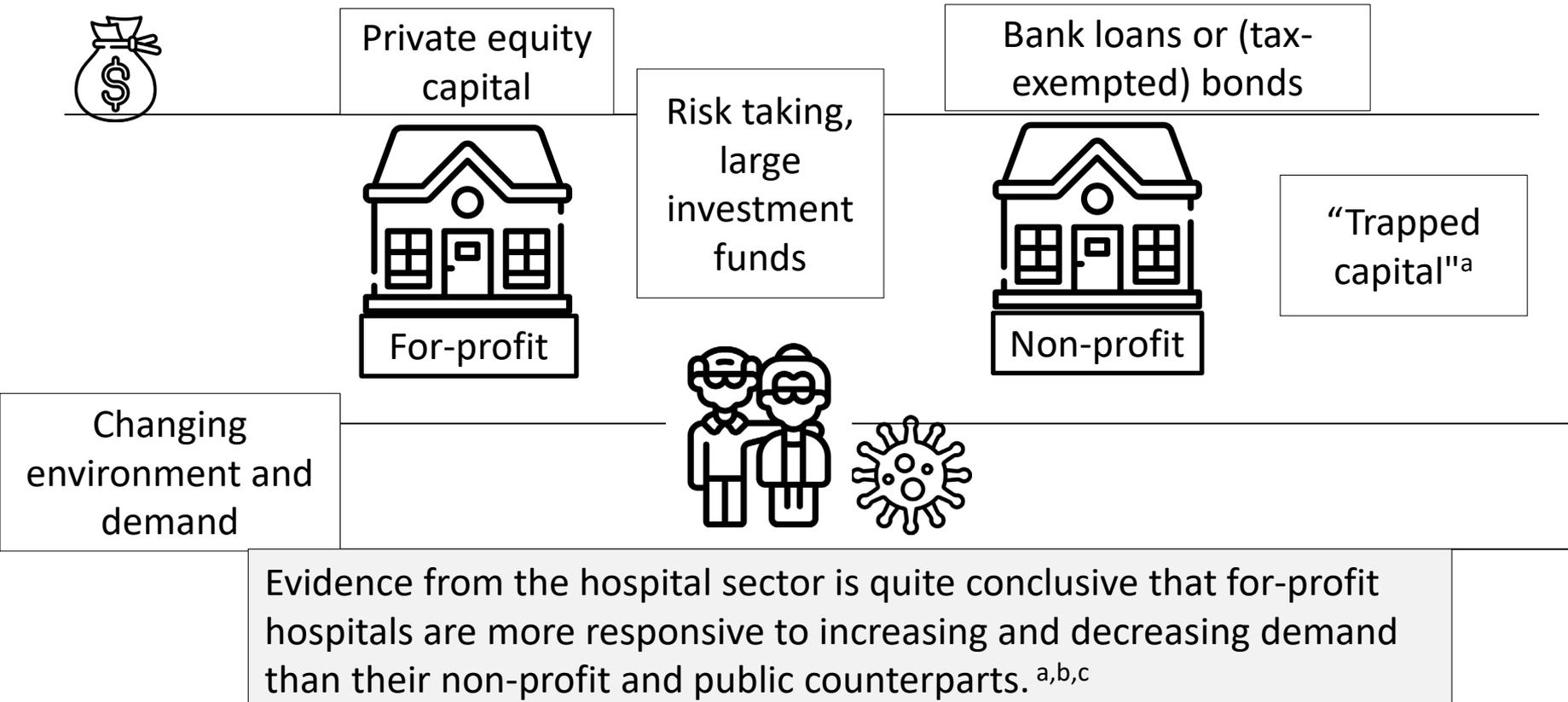


The systematic reviews that have synthesised empirical findings on the quality of care in the nursing home sector generally seem to favour non-profit or public nursing homes over for-profit providers.^{a,b,c} Some systematic reviews argue that it is due to the focus on efficiency.^a

Sources:

- Bos A, Boselie P, Trappenburg M. Financial performance, employee well-being, and client well-being in for-profit and not-for-profit nursing homes: A systematic review. *Health care management review*. 2017; 42(4): 352-368. doi:<https://doi.org/10.1097/HMR.000000000000121>
- Hillmer MP, Wodchis WP, Gill SS, Anderson GM, Rochon PA. Nursing home profit status and quality of care: Is there any evidence of an association? *Medical Care Research and Review*. 2005; 62(2): 139-166. doi:<https://doi.org/10.1177/1077558704273769>
- Comondore VR, Devereaux P, Zhou Q, et al. Quality of care in for-profit and not-for-profit nursing homes: systematic review and meta-analysis.

Theory: Responsiveness



Sources:

- Hansmann H, Kessler D, McClellan M. Ownership form and trapped capital in the hospital industry. In: Glaeser E, ed. *The governance of not-for-profit organizations*. Chicago: University of Chicago Press; 2003.
- Chakravarty S, Gaynor M, Klepper S, Vogt WB. Does the profit motive make Jack nimble? Ownership form and the evolution of the US hospital industry. *Health Economics*. 2006; 15(4): 345-361. doi:<https://doi.org/10.1002/hec.1111>
- Schwierz C. Expansion in Markets with Decreasing Demand-for-Profits in the German Hospital Industry. *Health Economics*. 2011; 20(6): 675-687. doi:<https://doi.org/10.1002/hec.1624>

Hypotheses

Efficiency

Due to smaller reserves and lower staffing levels in the for-profit sector, the for-profit nursing homes may perform worse than non-profit entities in their response to COVID-19

Mediating factors

Case-mix differences	Age, sex and comorbidities
-----------------------------	----------------------------

Overview empirical studies

Studies	Relative performance	Comment	Outcome measure	Method	Country/Region
Abrams, H. R., Loomer, L., Gandhi, A., & Grabowski, D. C. (2020). Characteristics of US Nursing Homes with COVID-19 Cases. <i>Journal of the American Geriatrics Society</i> .	No difference, worse	No significant relationship with the probability of having a COVID-19 case, but for-profit status is positively related with the size of the outbreak ($P < .05$.)	Binary outcome of whether a nursing home had a reported COVID-19 case (yes/no), and conditional on having a case, the number of cases at a nursing home	Multivariate logistic regression and linear regression	Unites States
Harrington, C., Ross, L., Chapman, S., Halifax, E., Spurlock, B., & Bakerjian, D. (2020). Nurse Staffing and Coronavirus Infections in California Nursing Homes. <i>Policy, Politics, & Nursing Practice</i> , 1527154420938707.	(indirect) Worse	California for-profit nursing homes were associated with worse nurse staffing and staffing levels is found to be significantly related to having a COVID-19 case.	Binary outcome of having one or more COVID-19 cases compared to those who have not	Multivariate logistic regression	United States: California
He, M., Li, Y., & Fang, F. (2020). Is there a Link between Nursing Home Reported Quality and COVID-19 Cases? Evidence from California Skilled Nursing Facilities. <i>Journal of the American Medical Directors Association</i> .	Worse	Compared with NFP and government-owned nursing homes, FP nursing homes have relatively more COVID-19 cases and related deaths.	Binary outcome whether there are any confirmed cases and COVID-19 related deaths	Multivariate logistic regression	United States: California

Overview empirical studies

Studies	Relative performance	Comment	Outcome measure	Method	Country/Region
Li, Y., Temkin-Greener, H., Gao, S., & Cai, X. (2020). COVID-19 infections and deaths among Connecticut nursing home residents: facility correlates. <i>Journal of the American Geriatrics Society</i> .	Worse	They do not report these results in their main findings table. Only reported in the text.	Likelihood of at least 1 confirmed case (or death) in the facility, and with the count of cases (deaths) among facilities with at least 1 confirmed case	Multivariable two-part models	Unites States: Connecticut
Stall, N. M., Jones, A., Brown, K. A., Rochon, P. A., & Costa, A. P. (2020). For-profit nursing homes and the risk of COVID-19 outbreaks and resident deaths in Ontario, Canada. medRxiv.	No difference, worse	For-profit status is associated with the size of a COVID-19 nursing home outbreak and the number of resident deaths, but not the likelihood of outbreaks.	Binary outcome of COVID-19 outbreaks (at least one resident case), COVID-19 outbreak sizes, and total number of COVID-19 resident deaths.	Hierarchical logistic and quasi-Poisson regression	Canada: Ontario
Unruh, M. A., Yun, H., Zhang, Y., Braun, R. T., & Jung, H. Y. (2020). Nursing Home Characteristics Associated with COVID-19 Deaths in Connecticut, New Jersey, and New York. <i>Journal of the American Medical Directors Association</i> .	Worse	Especially those larger for-profit nursing homes and located in New Jersey.	Binary outcome of whether a nursing home had 6 or more COVID-19 deaths	Adjusted predicted probabilities logistic regression.	Unites States: Connecticut, New Jersey, and New York

Dutch case



INTERNATIONAL
LONG TERM CARE
POLICY NETWORK

The impact of COVID-19 on long-term care in the Netherlands

Florien Kruse, Inger Abma, Patrick Jeurissen

Last updated 26 May 2020

Authors

Florien Kruse, Inger Abma, Patrick Jeurissen ([Radboud University Medical Center](#), Nijmegen, Netherlands).

Itccovid.org

This document is available through the website [Itccovid.org](#), which was set up in March 2020 as a rapidly shared collection of resources for community and institution-based long-term care responses to Covid-19. The website is hosted by CPEC at the London School of Economics and Political Science and draws on the resources of the International Long Term Care Policy Network.

Corrections and comments are welcome at info@itccovid.org. This document was last updated on 26 May 2020 and may be subject to revision.

Copyright: © 2020 The Author(s). This is an open-access document distributed under the terms of the Creative Commons Attribution-NonCommercial-NoDerivs 3.0 Unported International License (CC BY-NC-ND 3.0) which

For-profit nursing homes in the NL

Table 2. Descriptive Statistics For-Profit Nursing Home Sector.

	Nonprofit	For-profit contracted by the regional LTC office (HCP/MCP)	For-profit financed by personal budget
Number of nursing home locations	87.8% n = 1968 ^a	12.2% n = 274 ^b	
Average number of clients ^c	64.2 (58.11) n = 1678	22.9 (19.52) n = 32	15.5 (5.13) n = 21
Legal status ultimate owner			
Limited liability firm		98.5%	93.0%
Sole proprietorship or general partnership		1.5%	7.0%
Type of owner			
Privately owned		53.8%	78.9%
Investor		7.6%	19.0%
Private equity		20.5%	3.5%
International chain		26.5%	0.7%
Chain affiliation			
Chain membership	95.2%	81.8%	69.0%
Percentage nursing homes owned by the 4 biggest chains	6.1%	38.6%	40.9%
Geographical distribution			
Average SES (2017) ^d	-0.33 (1.18)	-0.10** (1.21)	0.13*** (1.07)
Average value buildings (×1,000 in euros) ^e	210.54 (50.38)	219.88*** (61.33)	219.48* (62.87)

Abbreviations: HCP, home-care package; LTC, long-term care; MCP, modular care package; SES, socioeconomic status. Data adapted from Netherlands Patients Federation, National Healthcare Institute (ZiN), Netherlands Institute for Social Research, Statistics Netherlands.

Standard deviation between parentheses.

^aThe number of intramural care providers in the ZiN dataset.

^bEight for-profit nursing homes were excluded, as it is unknown which financial package they apply; 20 nursing homes were excluded because they work from HCP/MCP, but obtained a nonprofit status.

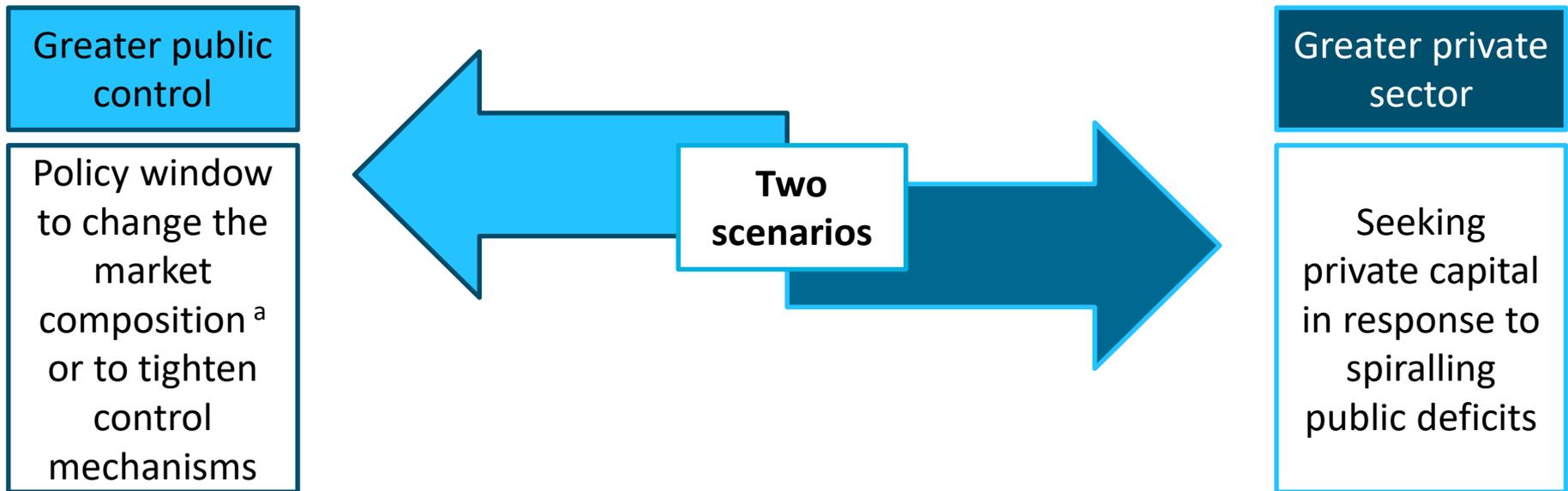
^cEstimation based upon the numerator of the rate of psychotropic drug use per nursing home (ZiN dataset); since not all nursing homes reported on this measure, the number of nursing homes is smaller than the total number of nursing homes.

^dBased upon a standardized measure; 0 represents the average Dutch neighborhood.

^eIn the region of the residence.

* $p < .1$; ** $p < .05$; *** $p < .01$.

Outlook



Source:

^a Daniel Béland & Patrik Marier (2020) COVID-19 and Long-Term Care Policy for Older People in Canada, *Journal of Aging & Social Policy*, 32:4-5, 358-364

Aim of this project

- 1) Collect information from different countries and provide an overview of what is happening globally.
- 2) Conduct a systematic review of the studies on this topic.
- 3) Construct a multi-country dataset and assess the relationship between ownership type and their response to COVID-19.

Focus: nursing homes for older people who require permanent supervision or 24 h care

Collect information

Country or region	Ownership type											Who pays for care?
	Public	Private										
		For-Profit			Non-Profit							
		Chain	Independent	All For-Profit	Charitable organization			Non-charitable organization				
Chain	Independent				All Charitable	Chain	Independent	All non-charitable non-profit	All Non-Profit			
Canada	25.2%			40.7%			10.2%			23.9%	34.1%	Public (provincial) health insurance plan pays for majority of care (~70%) but individuals cover part of the cost for accommodation.

Collect information

Country or region	Definition/population/measure of mortality	Ownership type											All nursing homes
		Public	Private										
			For-Profit			Non-Profit							
			Chain	Independent	All For-Profit	Charitable organization			Non-charitable organization				
Chain	Independent	All Charitable				Chain	Independent	All non-charitable non-profit	All Non-Profit				
Ontario, Canada	Median number of deaths per 100 LTC beds among homes that had at least 1 resident death	2.2 deaths per 100 beds			11.8 deaths per 100 beds			3.5 deaths per 100 beds			8.6 deaths per 100 beds		9.7 deaths per 100 beds

**Feel free to contact us - especially if
you want to collaborate on this
project!**



INTERNATIONAL
LONG TERM CARE
POLICY NETWORK



florien.kruse@radboudumc.nl