

NURSING HOMES

How the crisis in care affects investors



After an in-depth look into COVID-19's impact on nursing homes, UNI Global Union is calling on investors to classify nursing homes as a high-risk industry until structural problems are fixed in the sector—problems that will linger even after a COVID vaccine is widespread. The global federation, representing 20 million service workers worldwide including two million care workers, has launched an outreach effort to work together with investors to develop best practices for action in the coming year.

There has been growing investment in the care sector as demand continues to grow and nursing homes are increasingly privatized. Despite a wave of investor attention to social risks particularly in light of COVID-19, long-term care has been overlooked within many investors' portfolios. However, the human toll on workers and residents in nursing facilities – let alone wider financially material concerns – shows that the risk profile is in line with the traditionally classified high-risk industries like mining or manufacturing, which have long-received investor scrutiny. Investors must act urgently in their stewardship activities and investment decision making to play a key role in improving standards in the sector.

UNI calls upon investors to consider the high risks of the industry and take actions accordingly. UNI will be convening investors over the year to come to set out best practices of investor leadership in the industry.

These issues plaguing nursing homes are highly relevant to investors. Investors bear human rights responsibilities under the OECD Guidelines. Many investors also have made commitments to racial and gender diversity. With 90% women and disproportionately people of colour bearing the brunt of the risks and poor working conditions, the sector is highly relevant for action.

There is also a clear-cut business case. We have seen high profile bankruptcies from HCR ManorCare in the US to Southern Cross in the UK, following patterns of deteriorating standards. Analysts and nursing homes themselves have forewarned that COVID could make many vulnerable to going under. With COVID-19, and the long-pattern of poor practice, the sector faces critical reputational, and legal risks with lawsuits, fines, and ultimately in their licence to operate. Moreover, the continued contagion of COVID in nursing homes – and risk from them in future pandemics – threatens the wider economy.

COVID-19 has exposed and exacerbated the dire state of nursing homes globally. Nursing homes became the epicentre of the pandemic, with estimates from 21 countries which had available data showing that on average 46% of COVID-19 deaths were care home residents as of mid-October.



The interconnected crisis



The vulnerabilities of nursing homes to the contagion of the disease stemmed from long-standing problems in the quality of care for residents, the working conditions, and financial sustainability. In particular, the pandemic has shown the need for a focus on improving the working conditions in the sector to raise all standards, and the importance of financial actors in doing so. Nursing homes face a looming operational crisis from a lack of workers to meet the needs of a rapidly increasing elderly population across most developed economies. The OECD found that the number of care workers will need to increase by 60% by 2040 or 13.5 million workers across the OECD to keep the current ratio of carers to elderly people.

Social dialogue with trade unions is an integral component to addressing the poor conditions of nursing homes. During COVID-19 trade unions were a key differentiator. A study focusing on New York State found that the presence of a health care worker union was associated with a 30% lower mortality rate from COVID-19 among nursing home residents. They also found that unions were associated with a 42% relative decrease in COVID-19 infection rates among nursing home residents. This comes from unions' roles in demanding high staff to patient ratios, paid sick leave, PPE, and higher wages and benefits, which reduces turnover. But examples such as the anti-union behaviour at the publicly listed French multinational Orpea show that many companies are failing to ensure respect for freedom of association and collective bargaining.

UNI has seen how unions around the world have played this role. In Poland, for example, nursing home workers have organized to secure deliveries of PPE, hazard pay for those working with COVID-19 patients, and pay rises so that pay now meets the minimum wage. In the UK, the GMB won full COVID-19 sick pay for the 27,000 workers at HC-One. In Australia, the UWU ensured workers – including casual staff – are provided paid COVID-19 leave at nursing home chains Bupa and Brightwater.

Alongside the failings of many governments, nursing home operators were proven to be ill-prepared for the pandemic. Almost 50% of American nursing homes were found to routinely violate infection-control standards. Only about one third of European nursing homes had infectious disease teams. Many companies failed to manage the risks of contagion through provision of PPE, infection control procedures, and sick pay. At one US home for example, staff were reportedly instructed not to self-isolate, with management stating that: "There is no need to self-quarantine and per company policy anyone who chooses to do that will be considered self-termination."