MarshMcLennan

Vital Signs: Workforce challenges for elderly care

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Contents

KEY TAKEAWAYS

Elderly care providers are struggling to...	The COVID-19 pandemic has taken a severe toll on the industry worldwide. These more recent impacts have added to longstanding financial and operational challenges against a backdrop of intensifying demand.
1) hire and retain workers	High turnover and difficulty in recruiting new employees are exacerbating risks associated with the quality of care as well as generating operational, reputational, and legal costs. To attract and retain more workers, more needs to be done — with adequate funding and stakeholder support — to improve pay, working conditions, and career prospects.
2) boost workers' skills and qualifications	Workers' knowledge and skills are not keeping pace as consumer requirements increase and become more complex. To sustain care quality and patient outcomes, providers should explore team-based ways of working, co-invest in workers' capabilities, and support policies favorable to hiring and training staff.
3) ensure workplace health and safety	Many elderly care workers do not feel safe at work, and the physical and mental health challenges of the job affect productivity and care quality as well as knock-on risks and costs for providers. Opportunities exist for providers to improve communication, occupational support, supply-chain management, and governance.
Investing in the workforce is crucial for sector sustainability	Solutions to intractable workforce challenges include reshaping the employee experience and restructuring organizational ways of working. As elderly care needs and business models evolve, it is vital for the sector to invest in its workforce so that institutions can both cope with the long tail of COVID-19 and remain viable in a changing, aging world.

A sector under strain

Elderly care providers are struggling with COVID-19 impacts as well as longstanding financial and operational challenges, against a backdrop of intensifying demand. Addressing workforce challenges can serve as the foundation for success during and beyond the pandemic.

The elderly care sector (see Exhibit 1) was under strain around the world even before the COVID-19 pandemic. In the US, for example, costs per occupied bed in the sector have increased by more than 18% since 2010;[1] most long-term care facilities have just managed to break even, with profit margins hovering around -0.3[2] and 0.25%[3] — much lower than those of hospitals. Meanwhile in the UK, the sector has also been struggling for years, with hundreds of residential elderly care operators collapsing[4] and home care providers on average losing money per patient.[5] This has impacted other parts of the health system, as extra hospital beds are taken up by elderly patients who can't be discharged for lack of elderly care capacity.

Exhibit 1: Overview of elderly care services in different markets

	CARE IN THEIR OWN HOMES	CARE IN A NON-RESIDENTIAL FACILITY DURING DAYTIME HOURS	SUPPORT FOR ACTIVITIES OF DAILY LIVING IN A RESIDENTIAL FACILITY	MEDICAL CARE IN A RESIDENTIAL FACILITY
Hereafter referred to as	Home care	Day care	Elderly living	Long-term care
Sample of local terms in select geographies	**Germany** Outpatient care	**Singapore** Center-based care, center-based nursing, community rehabilitation	**UK** Residential homes, sheltered housing, extra care housing, assisted living, retirement villages	**US** Nursing homes, skilled nursing facilities, sub-acute care
	Sweden Home help	**Israel** Day centers	**Canada** Supportive housing, assisted living, retirement homes	**Australia** Residential aged care facilities, aged care homes, nursing homes
	Brazil Home visits		**New Zealand** Rest homes	**Japan** Aged care facilities, long-term care health facilities, elderly hospitals
Outlook	Home care is the fastest-growing care segment in many parts of the world. Increasingly, consumers and governments are recognizing that home care tends to result in not only better outcomes for patients, but also reduced costs for providers and society as a whole.	Day care is also on the rise thanks to increased consumer desire to age in place, though the daycare concept is still not well-understood in some markets. Providers are differentiating themselves through unique activity offerings.	Elderly living providers are shifting from a paradigm of reactive care to proactive wellness, recognizing the need for a preventative approach to health.	The demographic of incoming long-term care patients is becoming older and sicker, as more people opt to spend their younger years at home where possible. Occupancy may not fully rebound for a few years as providers cope with the fallout from COVID-19.

Source: Marsh McLennan Advantage

1 O'Rourke, P., Sahasrabuddhe, R., Morell, L., Wankmiller, J., Schneider, C., Miller, S., ... & Kukulski, B. (2021). *2020 Oliver Wyman and Marsh professional and general liability benchmark for long-term care providers*. Oliver Wyman and Marsh.

2 Spanko, A. (2020). *MedPAC finds total margin for nursing homes underwater for first time since 1999.* Skilled Nursing News. Retrieved June 15, 2021.

3 McCormick, P. (2020). *The five big trends affecting all skilled nursing facilities*. McKnight's Long-Term Care News. Retrieved June 15, 2021.

4 Davies, R. (2019). *400 care home operators collapse in five years as cuts bite*. The Guardian. Retrieved June 16, 2021.

5 Plimmer, G. (2017). *UK home care industry "on the brink of collapse", says report*. Financial Times. Retrieved June 16, 2021.

Heightened challenges from COVID-19

The COVID-19 pandemic has revealed and amplified the challenges faced by health and care systems around the world — perhaps nowhere more than in the elderly care sector. The pandemic has:

Strained providers' finances and capacity, and increased insurance costs and liability risks. The pandemic has taken "the worst [financial toll] in the history of the long term care industry."[6] In the US alone, long-term care facilities in 2020 lost $11.3 billion in revenue and spent $30 billion on Personal Protection Equipment (PPE) and additional staffing.

At the same time, providers are facing soaring insurance costs. Prior to the wide spread of COVID-19 in 2020, insurers were already hiking overall premiums at least 12-15% even for elderly living facilities with no loss history[7] — and doubling or tripling premiums for less stellar accounts. The pandemic has only accelerated this hardening of the insurance market, as providers face the risk of increased claims activity and potentially overwhelming liabilities alleging deficiencies in quality of care.

Insurers in the elderly care market have faced increasing claims frequency and severity, prompting market consolidation and the reduction of risk capacity. With the expectation that COVID-related liabilities will continue to affect providers for the next few years, insurers are struggling to provide adequate coverage. Most, if not all, major carriers are adding COVID-19 and communicable disease exclusions to their professional and general liability coverage.

Raised infection, disability, and mortality risks for some of society's most vulnerable people. The pandemic has also taken a heavy toll on elderly care recipients, in part because the risk of severe illness from the virus increases with age. In the US, the hospitalization rate for those 65 and older has been 6 to 15 times that of 18-29 year-olds.[8]

The elderly have constituted the majority of COVID-related deaths globally, with long-term care residents particularly at risk due to facilities' communal nature, shared pool of workers, and concentration of elderly with underlying medical conditions. As of July 2020, the average COVID-19 mortality rate among long-term care residents across 12 OECD countries was more than 20 times that of community-dwelling older people (see Exhibit 2).[9] Many workers have also contracted the virus, though data on this is more limited.[10]

This pandemic has taken a financial toll — the worst in the history of the long-term care industry.

American Health Care Association and National Center for Assisted Living

6 American Health Care Association and National Center for Assisted Living. (2021). *Protect access to long term care for vulnerable residents*.

7 Wells, A. (2020). *Insurance Market Shrinking as Senior Living Industry Grows*. Insurance Journal. Retrieved June 18, 2021.

8 Centers for Disease Control and Prevention. (2021). *Risk for COVID-19 infection, hospitalization, and death by age group*. Retrieved July 29, 2021.

9 Sepulveda, E., Stall, N., & Sinha, S. (2020). *A comparison of COVID-19 mortality rates among long-term care residents in 12 OECD countries*. Journal of the American Medical Directors Association, 21(11), 1572-1574.e3.

10 Comas-Herrera, A., Zalakaín, J., Lemmon, E., Henderson, D., Litwin, C., Hsu, A.T., ... & Fernández, J-L. (2021). *Mortality associated with COVID-19 in care homes: international evidence*. International Long-Term Care Policy Network, CPEC-LSE. Retrieved July 3, 2021.

Exhibit 2: COVID-19 mortality rates and ratios for elderly care residents and elderly living in the community

Deaths per 100,000 people

Country	Mortality rate ratio: Elderly care residents/elderly living in the community	Mortality rates among elderly living in the community	Mortality rates among elderly care residents
Germany	14.2	28	399
Sweden	14.3	144	2,064
Denmark	14.3	33	473
Netherlands	17.0	94	1,596
United Kingdom	18.5	229	4,235
France	20.6	107	2,200
Spain	21.7	244	5,295
United States	22.7	102	2,311
Italy	24.3	216	5,235
Ireland	31.9	101	3,239
Belgium	32.9	139	4,578
Canada	73.7	22	1,640
AVERAGE	**25.5**	**122**	**2,772**

Note: Data as of July 24, 2020. Mortality rates for six countries (Belgium, Canada, France, Ireland, UK, US) are based on confirmed and probable deaths; those for four countries (Denmark, Germany, Netherlands, Sweden) are based on confirmed deaths only. For comparability, mortality rates for Italy and Sweden are based on unofficial estimates.

Source: Journal of the American Medical Directors Association

Forthcoming demand pressure

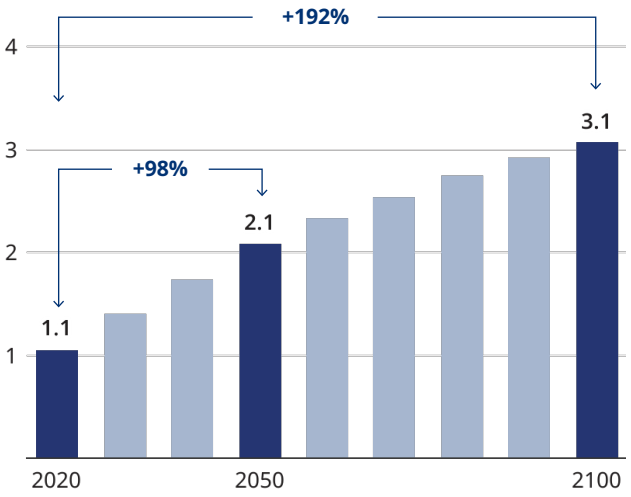
Adding to historical financial difficulties and current pandemic-related challenges, demographic trends will likely intensify pressure on the sector in the coming years.

More people are projected to need elderly care, increasing volume of demand for the sector. In the shorter term as societies emerge from various gradations of lockdown, demand for elderly care is likely swell. For instance, many people will need additional care as they undergo a backlog of delayed elective procedures or cope with health conditions that deteriorated while they were unable to access hospital treatment. Patients may require psychosocial support as well due to knock-on effects of the pandemic such as increases in the prevalence of mental ill health and domestic abuse. More generally, there may be increased need for paid care if societal shifts back to the workplace mean that some of the elderly lose access to care that was previously delivered by relatives or family members working from home.

In the longer term, changes in the global population structure will also increase demand for elderly care. Those aged 60 and above are projected to represent more than one in five people globally by 2050, and more than one in four by 2100.[11] Equally importantly, healthy life expectancy is not keeping pace with increases in overall life expectancy — in other words, as people are living longer, they are spending more years in poor health (see Exhibit 3).

Providers and payers continue to face the challenge of keeping elderly care affordable. While more people around the world are projected to need care in the coming years, the full implications of this for elderly care services will depend on who can pay for care and how this can be financed.

Exhibit 3: Globally, the population is aging…
Projected world population aged 60 and older, Billions



…and spending more years in poor health

8.6 years ➡ **10 years**

Global average time spent in poor health in 2000

Spent in poor health in 2019

Source: United Nations, The Lancet

11 United Nations, Department of Economic and Social Affairs, Population Division (2019). *World Population Prospects 2019*. Retrieved June 21, 2021.

Care needs are also growing more complex, which will push the elderly care sector to qualitatively reshape the nature of its work. As people age, they experience not only increased chronic disease and disability,[12] but also heightened risk of co-morbidities. This leads to more complex clinical management and increased health care costs, as coexisting illnesses can interact with one another and require more interdisciplinary, holistic care.[13] At the same time, old age can also see the emergence of geriatric syndromes: Complex health issues such as frailty, urinary incontinence, and delirium, which straddle traditional disease categories.[14] Elderly care providers will need a more highly skilled workforce that is capable of managing such complex health issues.[15]

Other colliding trends will further complicate the work of the elderly care sector. It is unclear what share of COVID-19 patients will develop long-term symptoms,[16] the nature of which we still do not fully understand and the impact of which has yet to be seen on current and future elderly care patients as well as both formal and informal caregivers. Meanwhile, climate change remains one of the leading global health threats of the 21st century — and the elderly are disproportionately vulnerable, with elevated risk of illness or death from climate hazards such as heatwaves and floods.[17] Amidst this shifting risk landscape, the sector is also trying to win back trust after a year of COVID-related struggles and a broader track record of slow progress in making care more customer-centric.

The way forward: Better workforce management

While the challenges of COVID-19 necessitate a strong focus on short-term pandemic response, it is not a risk to be managed in isolation. The context of longstanding financial instability and the prospect of evolving demand suggest a broader impetus for change in the elderly care sector.

Better workforce management can be the foundation for providers' success during and beyond the pandemic. Workforce-related issues have long been a challenge for the sector, and have exacerbated the struggles of this past year. In a March 2021 global survey, 48% of long-term care and home care workers reported staffing to be their top concern, while 73% said that inadequate staffing had an impact on their ability to deliver high-quality care.[18]

In the words of the Australian Royal Commission into Aged Care Quality and Safety: "As a group, providers have not sufficiently valued nor invested in the [elderly] care workforce."[19] This issue, applicable in many countries beyond Australia, can be mitigated if providers aim to address three key workforce risks (see Exhibit 4): The workforce shortage, the skills gap, and health and safety challenges.

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12 Vos, T., Lim, S.S., Abbafati, C., Abbas, K.M., Abbasi, M., Abbasifard, M., ... & Murray, C.J.L. (2020). *Global burden of 369 diseases and injuries in 204 countries and territories, 1990-2019: a systematic analysis for the Global Burden of Disease Study 2019*. The Lancet, 396(10258), 1204-1222.

13 Valderas, J. M., Starfield, B., Sibbald, B., Salisbury, C., & Roland, M. (2009). *Defining comorbidity: Implications for understanding health and health services*. Annals of family medicine, 7(4), 357-363.

14 World Health Organization. (2018). *Ageing and health*. Retrieved June 18, 2021.

15 Boyd, C., Smith, C.D., Masoudi, F.A., Blaum, C.S., Dodson, J.A., Green, A.R., ... & Tinetti, M.E. (2019). *Decision making for older adults with multiple chronic conditions: Executive summary for the American Geriatrics Society guiding principles on the care of older adults with multimorbidity.* Journal of the American Geriatrics Society, 67(4), 665-673.

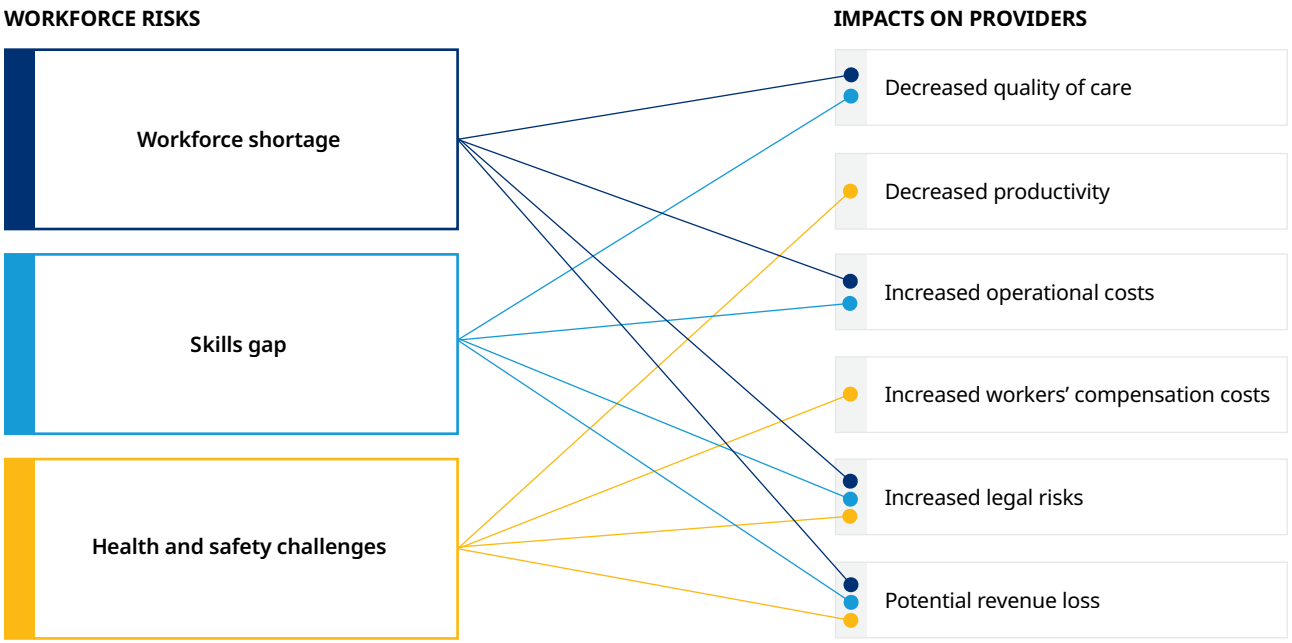
16 Chung, T., Morrow, A.K., Brigham, E.P., Mastalerz, M.H., & Venkatesan, A. (2021). *COVID "long haulers": Long-term effects of COVID-19*. Johns Hopkins Medicine. Retrieved July 1, 2021.

17 Hariharan, K., Phan, V.H., Ferguson, A. (2021). *Climate health threat illustrator.* Marsh McLennan Advantage. Retrieved June 18, 2021.

18 UNI Global Union. (2021). *Risking their lives to help others survive: A survey of nursing home and in-home care workers in 37 countries*.

19 Australian Royal Commission into Aged Care Quality and Safety. (2021). *Care, dignity and respect: A summary of the final report of the Royal Commission into Aged Care Quality and Safety.*

Exhibit 4: Overview of major workforce risks and their impacts on providers



Source: Marsh McLennan Advantage

In this challenging financial moment, it may be difficult for elderly care providers to contemplate actions beyond short-term triage. It remains important, however, to keep in mind contributing factors and evolving trends, even when it is challenging to secure resources to implement solutions. As Klaus Schwab, founder of the World Economic Forum, said: "The pandemic represents a rare but narrow window of opportunity to reflect, reimagine, and reset our world to create a healthier, more equitable, and more prosperous future."[20]

It is also important to recognize that despite their vitally important role in the elderly care sector, providers alone cannot solve its intractable challenges. In societies around the world, multiple stakeholders will need to commit to and collaborate on creating, facilitating, and implementing solutions.

The suggestions in this report include some measures that can be implemented by elderly care providers, some that they can influence, and some that become feasible in partnership with other stakeholders. Providers can work with their trusted business advisors to determine the solutions best suited to their specific context.

As a group, providers have not sufficiently valued nor invested in the [elderly] care workforce.

Australian Royal Commission into Aged Care Quality and Safety

20 Schwab, K. (2020). *Now is the time for a "great reset"*. World Economic Forum. Retrieved July 28, 2021.

The workforce shortage

High turnover and difficulty in recruiting new employees are exacerbating risks associated with the quality of care as well as generating operational, reputational, and legal costs. To attract and retain more workers, more needs to be done — with adequate funding and stakeholder support — to improve pay, working conditions, and career prospects.

The trend: A tightening crunch

For years, the elderly care sector has faced a workforce shortage (see Exhibit 5). Population aging has outpaced growth in the supply of elderly care workers in three-quarters of OECD countries.[21]

Exhibit 5: Staffing shortage in the elderly care sector

66%

of the total **US** healthcare workforce shortage in 2025 is expected to stem from a lack of home care aides

2.5x

higher vacancy rate for elderly care in **England** compared to the wider UK economy

57%

of elderly care residents in **Australia** are estimated to live in understaffed facilities

Source: Mercer, Skills for Care, Medical Journal of Australia

While each market is unique, the elderly care sector's labor shortage can broadly be traced back to disproportionate demands on workers relative to rewards from the profession. This combination can make it tough for workers to meet their own needs while providing care for others — driving high turnover and difficulty for providers in recruiting new staff.

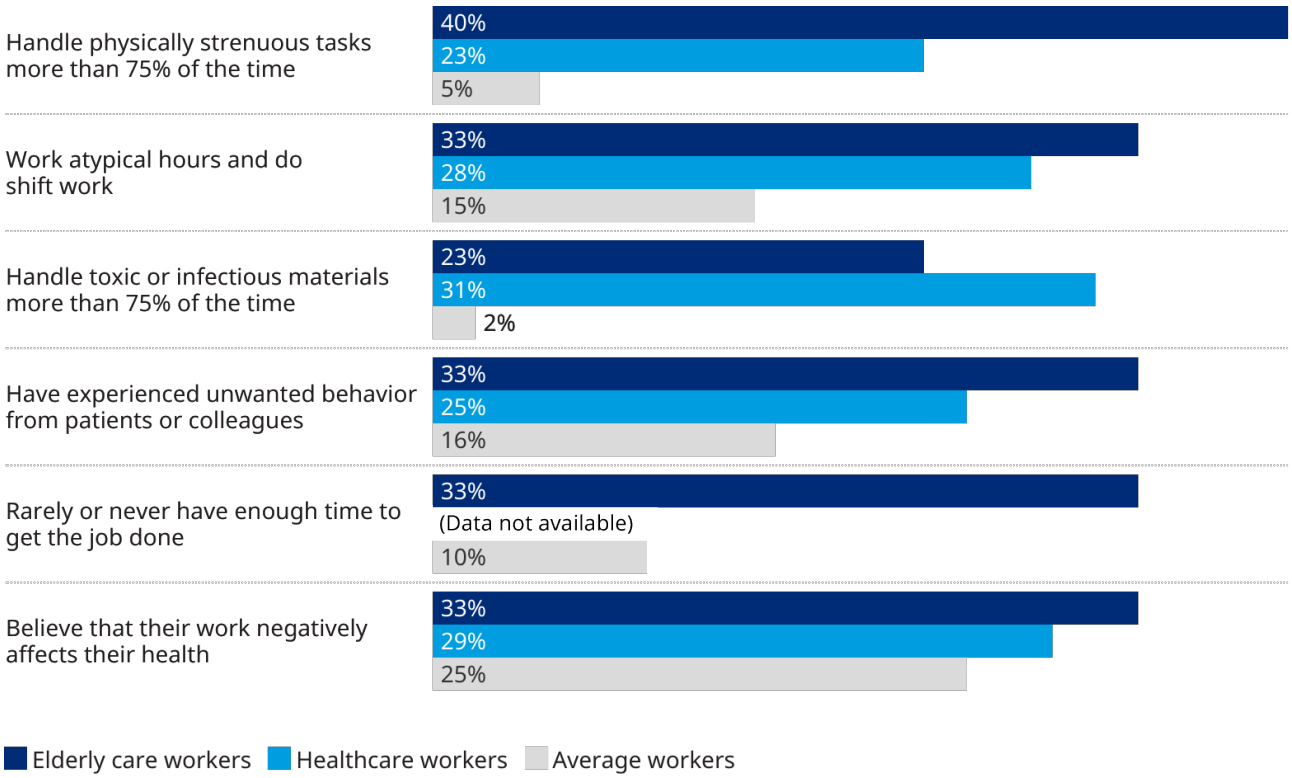
Elderly care jobs are both physically and mentally demanding. Across OECD countries, more than 60% of elderly care workers report exposure to physical risk factors at work, while 46% report the same for mental well-being risk factors (see Exhibit 6).[22] Elderly care work can include:

- Physically strenuous tasks which increase the risk of injury, such as lifting or moving patients
- Atypical working times and shift work, which are known to increase the risk of accidents at work, cardiovascular disease, and depression
- Contact with toxic or infectious materials, such as waste, bodily fluids, or laboratory materials
- Unwanted behavior from some patients, such as verbal abuse, physical violence, or threats
- Heavy workload under time pressure, with many patients to serve each day
- Lack of choice in shift scheduling and clients served

21 OECD. (2020). *Who Cares? Attracting and Retaining Care Workers for the Elderly.*

22 See note 21.

Exhibit 6: Self-reported physical and mental risks for elderly care workers compared to other workers, Europe



Source: European Foundation for the Improvement of Living and Working Conditions

Despite the societal importance of care work, many elderly care providers struggle to offer workers competitive wages, benefits, training, and career opportunities on par with those in the health sector. Across 11 OECD countries, elderly care workers earn 35% less in median hourly wages than hospital workers who do the same job.[23] Temporary contracts are common, meaning that workers often do not have benefits like paid sick leave or health insurance, and thus may have to work even while ill.

Recent analysis shows that low compensation for what is often inconsistent, part-time work contributes to financial precarity for many workers. 45% of elderly care workers in the US live below twice the federal poverty level — indicating serious financial difficulties — and 47% rely on public assistance.[24] In many parts of the world, the mix of job demands, risks, and relatively few rewards has made elderly care relatively less attractive as an occupation. The stigma and working conditions also hold back societal progress on gender and racial equity, as the vast majority of caregivers are women and, in many developed markets, a large number are immigrants.

In this context, COVID-19 only further exacerbated the elderly care sector's workforce shortage by sapping foreign labor supply, reducing productivity, and increasing turnover and retirement rates.

23 See note 21.

24 Scales, K. (2020). *It is time to resolve the direct care workforce crisis in long-term care*. The Gerontologist, 61(4), 497-504.

Reduced foreign labor supply: Pandemic-related travel restrictions barred the recruitment of foreign workers or prevented existing workers from returning to their country of employment — posing a particular challenge for countries like Singapore, which heavily depend on foreign workers.[25] This comes on top of pre-existing border tightening in recent years, such as in the UK where Brexit is likely to affect the one-in-20 social care workers who are European nationals.[26]

Diminished productivity: Many workers took time off to recover from COVID-19 or care for family members who either contracted the virus or were affected by lockdowns (for example, due to school closures).

Increased turnover: Some workers left their employers or the sector altogether due to increased risks for staff and/or competing duties to care for family members. High turnover rates likely hampered infection control efforts in US long-term care facilities, contributing to the wide spread of COVID-19.[27]

Looking ahead, COVID-19 vaccine mandates may trigger turnover among workers who are unable or unwilling to comply. This figure in England amounts to the potential loss of 40,000 staff, or about 7% of the total residential elderly care workforce.[28] With government plans to mandate vaccination for residential elderly care workers in the US and Australia, similar dynamics may play out in those geographies.

Accelerated retirement: Some medical professionals are retiring earlier than they otherwise would have, citing financial difficulties and health concerns related to COVID-19.

Shifts in elderly care demand introduce further possibility of future workforce shortages. A recent survey, for example, found that 88% of Americans would prefer to receive care and assistance at home as they age; only 12% would prefer to live in an elderly living or long-term care facility.[29] As this generation ages, workforce gaps may not only occur in the elderly care sector overall, but also become more unevenly distributed between different parts of the sector.

Impact on providers: Knock-on risks

The workforce shortage poses a range of interrelated risks to providers.

Decreased quality of care: Research shows that higher staffing levels in long-term care facilities are associated with better care outcomes, and when staffing levels decline, care quality is likely to follow.[30] Among patients, this can manifest as a decline in physical functioning and an increase in pressure ulcers and hospitalization or mortality rates. This dynamic can perpetuate a vicious cycle. Understaffing leads to lower quality of care and worse health outcomes and/or quality of life for patients, increasing care demands that exert greater pressure on already strained workers, resulting in yet more staff burnout and attrition.[31]

COVID-19 has further exacerbated the elderly care sector's workforce shortage by sapping foreign labor supply, reducing productivity, and increasing turnover and retirement rates.

25 Lee, K., Jeon, E., Hoffer, B., Zafra, M., Kuek, L., & Lago de Lanzos, C. (2020). *Navigating a new reality: COVID-19 challenges and opportunities for long-term care in Singapore*. Oliver Wyman and the Lien Foundation.

26 Dolton, P., Nguyen, D., Castellanos, M., & Rolfe, H. (2018). *Brexit and the health & social care workforce in the UK*. National Institute of Economic and Social Research.

27 Abelson, R. (2021). *High staff turnover at US nursing homes poses risks for residents' care*. New York Times. Retrieved April 27, 2021.

28 Mason, R. (2021). *English care homes could lose 70,000 staff over mandatory COVID jab*. The Guardian. Retrieved July 28, 2021.

29 The AP-NORC Center for Public Affairs Research. (2021). *Long-term care in America: Americans want to age at home*. Retrieved July 28, 2021.

30 Harrington, C., Wiener, J.M., Ross, L., & Musumeci, M.B. (2017). *Key issues in long-term services and supports quality.* Kaiser Family Foundation. Retrieved June 23, 2021.

31 Knight, B. (2020). *Germany's caregiver shortage means less time for patients*. Deutsche Welle. Retrieved June 30, 2021.

Increased legal risks: Elderly care providers have faced costly litigation activity in recent years associated with understaffing.[32] The consequences of understaffing — including decreased quality of care and increased job demands for remaining workers — put the elderly care sector at risk from liabilities such as:

- Claims of negligence, whereby providers are sued for breaching their duty of care and causing harm to patients
- Professional conduct complaints, whereby staff members are subject to regulatory action for deviating from professional standards
- Wage and hour lawsuits, whereby providers are sued for violating labor laws

Increased operational costs: The direct cost of turnover per elderly care worker is significant (see Exhibit 7). Even conservative estimates top at least $2,500 per worker in the US.[33] In England, replacing the projected 40,000 residential elderly care staff unwilling to be vaccinated against COVID-19 will likely cost providers £100 million.[34]

Remaining workers who face increased workload due to short staffing may incur workers compensation costs due to stress, exhaustion, or occupational injuries. All the while, providers who still remain short-staffed often must use agency staffing to plug remaining gaps, the cost of which can be one-and-a-half to two times the usual hourly rate for staff.[35]

Understaffing can also lead to costs from external threats if workers are unable to serve as a strong line of defence. Cyberattacks, for instance, have been on the rise against healthcare providers as the industry bears the highest average cost per data breach ($7.1 million).[36] Unauthorized disclosure of health records by internal stakeholders is the second-most common cause of data breaches,[37] as strained workers either mistakenly compromise or intentionally sell data.

Exhibit 7: Turnover costs for providers

$2,500

Conservative estimate of the direct cost of turnover per elderly care worker in the **US**

£100 million

Cost of replacing ~40,000 staff in **England** who are unwilling to be vaccinated against COVID-19

Source: Better Jobs Better Care, The Guardian

Potential revenue loss: Staff shortages can lead to consumer doubts about the safety and quality of elderly care, driving reputational risk and potentially declining revenue. Research from hospitals shows that as staff manage increasing numbers of patients, satisfaction declines among older adult patients — and this dynamic is likely to play out across different types of elderly care, where patients rely on staff for social and/or medical support.[38]

32 Johnson, C. E., Dobalian, A., Burkhard, J., Hedgecock, D. K., & Harman, J. (2004). *Predicting lawsuits against nursing homes in the United States, 1997-2001*. Health Services Research, 39(6 Pt 1), 1713-1732.

33 Seavey, D. (2004). *The cost of frontline turnover in long-term care*. Better Jobs Better Care.

34 See note 28.

35 Stulick, A. (2021). *Nursing homes' use of staffing agencies soars during pandemic as workforce crisis deepens*. Skilled Nursing News. Retrieved July 27, 2021.

36 IBM Security and Ponemon Institute. (2020). *Cost of a data breach report 2020*.

37 Bitglass. (2021). *Healthcare breach report 2021: Hacking and IT incidents on the rise*.

38 Barnicot, K., Allen, K., Hood, C., & Crawford, M. (2020). *Older adult experience of care and staffing on hospital and community wards: A cross-sectional study*. BMC Health Services Research, 20(1), 583.

Solutions: Reshaping the employee experience

Improving the employee experience can help attract, engage, and retain staff in the elderly care sector, as in other sectors around the world. Given the scale and difficulty of this challenge, solutions will require participation from multiple stakeholders and significant investments in time, energy, funding, and resources. Drawing on their crucial role in care provision, elderly care operators may implement some solutions, and play an influencing role or partner with other stakeholders on solutions that require broader collaboration.

Role redesign

Career opportunities: Elderly care providers can explore opportunities to offer career guidance, mentoring programs, on-the-job training, and defined career pathways, whereby workers who complete certain training(s) receive a certification or promotion. In markets with many migrant workers in elderly care, particular attention needs to be paid to this employee population.

Flexibility and stability: Where possible, providers can allow workers to choose their shift days and times, locations, and clients. Providers can also create more full-time, permanent positions while retaining some part-time, casual positions for employees who need flexible hours.

Technology: Providers can reduce workload and job strain by utilizing technologies, such as apps that can support patient diagnostics or robots that can assist with physically strenuous tasks such as lifting patients.[39] Workers could also benefit from using technology to speed up recording patient data, as this is done by hand in many parts of the world.[40]

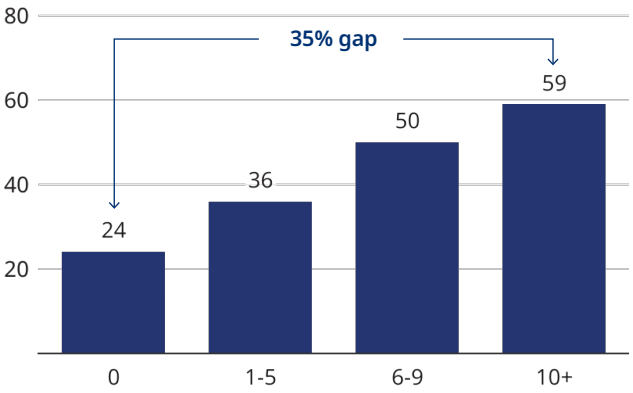
Employee benefits and wellness

Compensation: The pandemic has crystallized a perception in many societies that essential workers require better pay that reflects the social value of the work they do. The elderly care sector can respond by paying workers a living wage suited to the local context, with support from multi-stakeholder efforts to secure adequate funding that is sustainable in the short and long term.

Benefits: Health insurance and other benefits can be used to better address workers' most important needs, such as housing allowance, childcare, elderly care, transportation subsidy, and financial and retirement planning (see Exhibit 8). Some providers are introducing onsite staff medical clinics[41] and offers of eventual free elderly living care to staff who stay with them for the long haul.[42]

Exhibit 8: Employee benefits and the likelihood of retention

Percentage of employees less likely to move elsewhere (self-reported)



Source: Mercer Marsh Benefits

39 See note 25.

40 OECD. (2020). *Workforce and safety in long-term care during the COVID-19 pandemic*.

41 Regan, T. (2018). *Erickson Living touts employee health clinics as hiring advantage*. Senior Housing News. Retrieved July 6, 2021.

42 Baxter, A. (2017). *Why one senior living operator is giving its employees free care*. Senior Housing News. Retrieved July 6, 2021.

Solutions: Restructuring organizational ways of working

Varied recruitment models

By skillset: Providers can reach out to cross-industry workers with skillsets applicable to elderly care. For example, the COVID-19 pandemic has already demonstrated the feasibility of sharing staff between the hospitality and medical sectors: In 2020, grounded cabin crew members from the Singapore Airlines Group were trained and redeployed as "care ambassadors" in hospitals, providing administrative and personal care support.[43]

By desired flexibility: Providers can target homemakers and retirees, who are likely to appreciate the option to work part-time — especially when other jobs with similar flexibility may not offer the same sense of meaning. The impact of elderly care work and the often close relationships between workers and patients are an important part of the sector's appeal and should be highlighted during recruitment.

Through partnerships with education institutions: Providers can partner with educational institutions to offer training programs upstream and/or student loan relief to workers who have recently graduated. One provider in the US, for example, is looking to hire 1,000 high-school students in the next five years by investing in local schools and offering apprenticeship opportunities to students.[44] The organization has also seen participants in its loan repayment program stay with the organization more than 2.5 times longer than those not receiving loan assistance.

Employee engagement channels

Providers need to adapt to changing conditions related to the pandemic and preserve institutional knowledge around how to deal with crises such as COVID-19. Official, sustained channels for employee engagement — such as regular employee listening sessions and collective negotiation — can help to center the employee experience in designing new ways of working.[45] Understanding workers' backgrounds, motivations, and perspectives about their jobs can help employers adjust their practices in a way that helps to retain quality staff.

The COVID-19 pandemic has already demonstrated the feasibility of sharing staff between the hospitality and medical sectors.

43 CNA. (2020). *COVID-19: Singapore Airlines to provide 300 "care ambassadors" to fill manpower gap at hospitals*. Retrieved July 6, 2021.

44 Sudo, C. (2020). *Trilogy plans to hire 1,000 high schoolers in 5 years through new program*. Senior Housing News. Retrieved July 6, 2021.

45 Hoffman, C. (2020). *We need to reform the care sector and put workers at its centre*. World Economic Forum. Retrieved July 6, 2021.

The skills gap

The skills gap in elderly care is widening, while patient care needs increase and become more complex. To sustain care quality and outcomes, providers can explore team-based ways of working, co-invest in workers' capabilities, and support policies favorable to hiring and training staff.

The trend: A widening skills gap

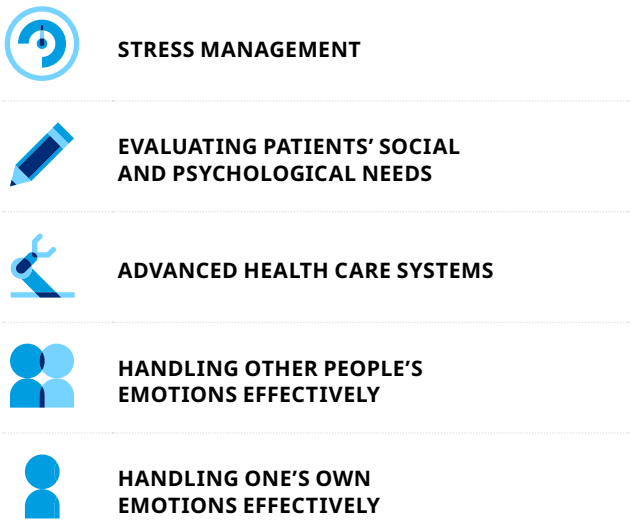
Alongside a quantitative shortage of workers, the elderly care sector also faces a growing skills gap among the current workforce. In recent years, workers' skill mix has remained much the same amidst a changing landscape.[46] Patient care needs have increased and grown more complex, and the demographic of patients entering long-term residential care in particular has become older and sicker. Externally, both consumers and regulators have raised their standards for care. Internally, organizations have given their most skilled workers increasingly managerial tasks, shifting more direct care responsibilities to workers perceived as less skilled.

Some workers in the elderly care sector struggle with knowledge of care provision and geriatric care.[47] In Norway, for example, many staff in long-term care facilities and home care services have insufficient competence in nursing procedures and documentation.[48] Moreover, not all workers are aware of or act on general health concerns of importance to their patients. Nearly two-thirds of surveyed elderly care workers in France reported never getting a flu shot, despite the serious risk influenza poses to the elderly.[49]

Some workers also do not have adequate soft skills, which are necessary in a sector that revolves around caring for and working with people. The first difficulty lies in understanding patient concerns.

In one Japanese study, workers in residential elderly care facilities underestimated residents' subjective needs around instrumental activities of daily living and environment/lifestyle factors by 9-11%.[50] This pattern is not limited to physical needs. Across the UK, Greece, Bulgaria, Poland, and Italy, workers across the elderly care spectrum report that one of their greatest skills gaps is in understanding patients' social-emotional needs (see Exhibit 9).[51]

Exhibit 9: Top skills gaps self-reported by elderly care workers



Note: Data is based on a 2015 survey conducted among 550 elderly care workers from across the UK, Greece, Bulgaria, Poland, and Italy. A "skills gap" is defined here as the gap between respondents' a) perception of the importance of these tasks in the workplace, and b) perception of their current performance level on these tasks.

Source: Journal of Nursing Management

46 See note 40.

47 de Bienassis, K., Llena-Nozal, A., & Klazinga, N. (2020). *The economics of patient safety Part III: Long-term care: Valuing safety for the long haul*. OECD.

48 Bing-Jonsson, P.C., Hofoss, D., Kirkevold, M., Bjørk, I.T., & Foss, C. (2016). *Sufficient competence in community elderly care? Results from a competence measurement of nursing staff*. BMC Nursing, 15(5).

49 Truchot, D. (2018). *Rapport de recherche sur la santé des soignants*. Laboratoire de Psychologie, Université Bourgogne-Franche-Comté.

50 Ohura, T., Higashi, T., Ishizaki, T., & Nakayama, T. (2016). *Gaps between the subjective needs of older facility residents and how care workers understand them: a pairwise cross-sectional study*. BMC Research Notes, 9(52).

51 Pavlidis, G., Downs, C., Kalinowski, T.B., Swiatek-Barylska, I., Lazuras, L., Ypsilanti, A., & Tsatali, M. (2020). *A survey on the training needs of caregivers in five European countries*. Journal of Nursing Management, 28(2), 385-398.

A further challenge lies in using soft skills when communicating with patients. In the aforementioned five-country survey of elderly care workers, some of the other tasks with large disparities between perceived importance and personal current performance included stress management, as well as handling one's own emotions and those of others. Workers' need for their own emotional regulation should not be underestimated. In one Chinese study of long-term care institutions, dementia caregivers reported their weakest area to be in properly relieving their own fatigue during the process of care.[52]

These skills gaps are rooted in several factors. For one, on-the-job training is sometimes lacking within the sector itself and skilled workers are likely to leave for other parts of the healthcare sector that pay better. Moreover, in places where the sector relies heavily on immigrants, workers may not always have the language skills or cultural understanding to communicate effectively with patients.[53]

Notably, even when workers possess valuable skills, they might not be able to use them on the job. Chronic understaffing can cause such time pressure for remaining workers that they are unable to operate at the level of care that they can and want to deliver. Meanwhile, many parts of the sector have also created a structural gap between workers' skills and the jobs they are allowed to do. For example in Canada, the highly regulated nature of the sector has pushed more highly qualified workers to spend increasing time on administrative rather than direct care work.[54] Home care workers also find themselves limited in the care they can deliver; in the US for example, they face restrictions in taking proactive actions for patients' health due to the perception that they are outside of the medical care team.

From a provider's perspective, high turnover can be used to explain low provision of training — but in a vicious cycle, a lack of growth and training opportunities only contributes to more turnover. To ensure that employees stay long enough to usetheir existing skills and develop new ones, the skills gap should not be addressed in isolation, but rather as part of a wider multi-pronged reform of the employee value proposition.

Impacts on providers: Knock-on risks

Decreased quality of care: Skills gaps increase the likelihood of harm to patients and consequent reputational damage. Gaps in workers' knowledge and skills — among other factors — can contribute to adverse events.[55] Quality of care could further decline if workforce skills do not keep up with new care demands, which are evolving to incorporate new technologies and include more focus on preventative healthcare.

Workforce skills need to keep up with new care demands, which are evolving to incorporate new technologies and include more focus on preventative healthcare.

Increased legal risks: As quality of care declines, providers face increased risk of litigation or regulatory penalties. In Australia, the recent Royal Commission into Aged Care Quality and Safety recommended introducing civil penalties for providers and their key personnel upon failure to reasonably ensure their services' quality and safety, in addition to required

52 Wang, Y., Liu, Y., Tian, J., Jing, M., & Zhang, K. (2020). *Analysis on nursing competence and training needs of dementia caregivers in long-term care institutions*. International Journal of Nursing Sciences, 7(2), 198-205.

53 Sowa-Kofta, A., Rodrigues, R., Lamura, G., Sopadzhiyan, A., Wittenberg, R., Bauer, G., ... & Rothgang, H. (2019). *Long-term care and migrant care work: Addressing workforce shortages while raising questions for European countries*. European Observatory on Health Systems and Policies.

54 Barken, R. & Armstrong, P. (2018). *Skills of workers in long-term residential care: Exploring complexities, challenges, and opportunities*. Ageing International, 43(1), 110-122.

55 Levinson, D.R. (2014). *Adverse events in skilled nursing facilities: National incidence among Medicare beneficiaries*. US Department of Health and Human Services, Office of the Inspector General.

compensation for the patient(s) harmed by that failure.[56] After being thrust into the spotlight during the pandemic, providers across more geographies may face such scrutiny.

Increased operational costs: Substandard care can drain providers' resources by increasing the amount of additional time and money required to treat patients. Most harm to elderly care patients is preventable, driven by skills-related factors like inadequate communication and risk assessment, as well as staffing-related factors like personnel shortage and lack of supervision.[57] Such harm not only goes against providers' mandate to safeguard patient health, but also incurs significant costs (see Exhibit 10). For every dollar US long-term care facilities spend on medications, an estimated $1.33 is spent on treating medication-related morbidity and mortality — nearly half of which is avoidable.[58]

Exhibit 10: Estimated costs to society from substandard care

$18 billion

The estimated total cost across 25 OECD countries of avoidable hospital admissions from elderly care facilities in 2016

2.5%

The proportion of all hospital inpatient care that could be paid for with that sum of money

Source: OECD

Potential revenue loss: The long-term sector is growing quickly, with increasing competition in the market for provision. Patients want information about staff competence and care quality choosing a provider. If their expectations are not met, the result could be patient attrition.[59] Workforce skills are a key factor with material implications for revenue.

Solutions: Reshaping the employee experience

Career support

Providers can use workforce analytics to understand career development needs, then take steps to co-invest in workers' capabilities. In order to reap the returns of this investment, other aspects of job quality will need to be improved, otherwise newly upskilled workers will continue current patterns of leaving for other healthcare jobs. There are several opportunities for providers to take action:

Training: Providers can support and incentivize upskilling among their workforce. Where there is currently a language gap, for example, providers can help workers learn the local language(s) spoken by patients by organizing training and/or peer learning initiatives. Existing training offerings across topics can be made more accessible by structuring them into micro trainings/credentials and providing compensation for time spent in training.

56 See note 19.

57 See note 47.

58 Bootman, J.L., Harrison D.L., & Cox E. (1997). *The health care cost of drug-related morbidity and mortality in nursing facilities*. Archives of Internal Medicine, 157(18), 2089-2096.

59 Hefele, J.G., Acevedo, A., Nsiah-Jefferson, L., Bishop, C., Abbas, Y., Damien, E., & Ramos, C. (2016). *Choosing a nursing home: What do consumers want to know, and do preferences vary across race/ethnicity?*. Health Services Research, 51(S2), 1167-1187.

Partnerships: Providers can work with educational institutions to lower the barriers to entry for upskilling. Before the pandemic, for example, one US provider realized that amidst increasing care needs and a changing business, its staff needed more training — so it partnered with a university to give employees online access to fully funded college degrees.[60] Providers can also explore partnerships with (re)insurers, for instance in the form of risk management trainings that reduce insurance premiums.

Influence on policy: Providers can influence government to institute policies favorable to hiring and training staff, such as formalized immigration channels for elderly care workers.[61] Other policies can help support workers' career development, for instance by ensuring that training leads to qualifications that provide assurance for clients and providers (in terms of care quality) and workers (in terms of pay). In more advanced economies that rely on immigrant care workers, pathways for career advancement can especially be improved for foreigners, for whom there are currently few options.

Solutions: Restructuring organizational ways of working

Team-based working

Providers do not need each individual worker to be an expert in every domain; team-based approaches can support increased on-the-job learning and improved care delivery.

Mentorship programs: Providers can engage more experienced workers to formally mentor those with less experience and be compensated for it, matching workers with similar backgrounds and native languages where possible. This is especially timely now as the elderly care workforce itself is aging, and those with the most knowledge and skills — around pandemic response but also many other areas of care — may soon be retiring. After introducing such a program for new employees, one US long-term care provider saw its retention increase from 49% to 90%.[62]

Team-based care delivery with more specialized individual roles: Interdisciplinary care teams can help ameliorate skill gaps among individual workers, increasing quality of care while also providing an opportunity for informal, on-the-job learning. Meanwhile, the creation of new, more specialized job titles would allow workers to utilize their particular skillsets to the fullest, thus avoiding the current mismatches between skills and job scope.

60 Regan, T. (2019). *Trilogy to fully fund online college for employees through Purdue University Global*. Senior Housing News. Retrieved July 6, 2021.

61 Grubanov, S.B., Ghio, D., Goujon, A., Kalantaryan, S., Belmonte, M., Scipioni, M., … & Hernández-Orallo, J. (2021). *Health and long-term care workforce: Demographic challenges and the potential contribution of migration and digital technology*. Joint Research Centre, European Commission.

62 Hildebrandt, S. (2018). *Progress occurring with eldercare workforce innovations, but more urgently needed.* McKnight's Long-Term Care News. Retrieved July 6, 2021.

Health and safety challenges

Many elderly care workers do not feel safe at work, and the physical and mental health challenges of the job affect productivity, care quality, and costs for providers including workers' compensation and liability claims. Opportunities exist for providers to improve communication, occupational support, supply-chain management, and governance to make elderly care workplaces healthier and safer.

The trend: Growing physical and mental health risks

While looking after the elderly health and safety, many elderly care workers lack adequate protection for their own health and safety. Since the start of the pandemic, many staff have contracted COVID-19 alongside their patients. In Australian residential elderly care facilities, the number of staff cases (2,257) has even surpassed the number of resident cases (2,060).[63] Fortunately, most of these staff have recovered so far, but they mark a generation of workers who will be at risk of long-term post-COVID issues.

Elsewhere, many other elderly care workers have died during the pandemic. In the US, long-term care workers have comprised the vast majority of total healthcare worker deaths from COVID-19.[64] Indeed, long-term care workers had one of the deadliest jobs in 2020, with at least 80 deaths per 100,000 full-time employees.[65] Though this mortality rate is likely an underestimate, it already surpasses that of heavy industries such as logging and is second only to the fishing industry. Workers of color have made up a disproportionate share of these deaths.

The job-related risks facing elderly care workers are not only physical, but also mental. During the pandemic, job demands have created significant feelings of stress and helplessness, as well as the potential for moral injury — a type of distress stemming from having to act in a way that breaches one's moral code. Workers have also seriously worried about jeopardizing their personal safety and bringing the virus home to infect loved ones, and those who have ultimately contracted COVID-19 find themselves with further added risk of depression and anxiety.

3 in 4 social care workers in the UK report that their work during the pandemic has seriously harmed their mental health.

GMB Union

63 Australian Government Department of Health. (2021). *COVID-19 outbreaks in Australian residential aged care facilities — 23 July 2021*. Retrieved July 29, 2021.

64 Aleccia, J., Almendrala, A., Andrews, M., Anguiano, D., Anthony, C., Appleby, J., ... & Young, S. (2021). *Lost on the frontline*. The Guardian. Retrieved July 1, 2021.

65 Lewis, T. (2021). *Nursing home workers had one of the deadliest jobs of 2020*. Scientific American. Retrieved July 1, 2021.

A year into the pandemic, a global survey of long-term care and home care workers found that nearly one in three still did not feel safe at work.[66] The fundamental drivers of workplace health and safety risks remain unaddressed in many parts of the world. These include:

Heavy workload and inadequate training for disease management: Staff have been asked to shoulder greater workloads due to heightened staffing shortages during the pandemic, putting their own physical and mental health at greater risk. Even before the pandemic, fewer than half of European elderly care workers felt very well-informed about job-related health and safety risks.[67] During the pandemic, not all workers have had the appropriate training or skills to implement COVID-19 prevention measures.[68]

Precarious employment: Many elderly care workers live in financial precarity due to low pay, temporary contracts, and lack of benefits. More than half of long-term care and home care workers around the world report that their salary does not adequately provide for essentials such as housing, food, and transport.[69] This longstanding pattern has historically pushed elderly care workers to take on multiple jobs in order to make ends meet — which has significantly contributed to the spread of COVID-19. In the US, nearly half of all long-term care resident cases of the virus as of August 2020 could be attributed to staff movements between facilities.[70]

Lack of PPE: Providers around the world have faced critical shortages of PPE during the pandemic, including about one in three Canadian long-term care facilities[71] and one in five US long-term care facilities[72] in 2020. Many workers have had to buy their own PPE, source donations from personal networks, or fashion their own out of makeshift materials. One year into the pandemic, 31% of surveyed long-term care and home care workers around the world reported that they still did not always have access to necessary PPE.[73] Where PPE is available, current stockpiling efforts are unfortunately not a long-term solution due to uncertainty about future needs and product lifespan limitations.

Uneven vaccination rates: In many parts of the world, supply shortages have meant inadequate or non-existent vaccination for elderly care workers. Meanwhile in the few regions where doses are readily available, not all employees want to be vaccinated. In the US, for example, care workers in long-term care facilities, elderly living facilities, and home care demonstrate the greatest vaccine hesitancy among frontline health workers.[74] Unvaccinated workers will present difficulty for providers in minimizing the health and safety risks to fellow workers and patients.

Impacts on providers: Knock-on risks

Decreased productivity: For years elderly care has had one of the highest rates of employee work-related illness across all sectors, which has a significant impact on productivity.[75] Physical illnesses increase the likelihood of absenteeism — or in the case of those providers who do not give sick leave, the

66 See note 18.

67 Dubois, H., Leončikas, T., Molinuevo, D., & Wilkens, M. (2020). *Long-term care workforce: Employment and working conditions*. European Foundation for the Improvement of Living and Working Conditions.

68 See note 40.

69 See note 18.

70 Chen, M.K., Chevalier, J.A., & Long, E.F. (2021). *Nursing home staff networks and COVID-19*. Proceedings of the National Academy of Sciences, 118(1), e2015455118.

71 Clarke, J. (2021). *Impacts of the COVID-19 pandemic in nursing and residential care facilities in Canada. Statistics Canada.* Retrieved July 1, 2021.

72 McGarry, B.E., Grabowski, D.C., & Barnett, M.L. (2020). *Severe staffing and personal protective equipment shortages faced by nursing homes during the COVID-19 pandemic*. Health Affairs, 39(10), 1812-1821.

73 See note 18.

74 Kaiser Family Foundation and The Washington Post. (2021). *KFF/The Washington Post Frontline Health Care Workers Survey.* Retrieved July 1, 2021.

75 UK Health and Safety Executive. (2021). *LFS — Labour Force Survey — Self-reported work-related ill health and workplace injuries*. Retrieved July 5, 2021.

chance that staff will continue to work despite being ill and potentially infect other workers or patients. Equally serious are the consequences of staff mental ill health, as resulting turnover is currently posing "an extraordinarily dangerous risk to the proper functioning" of social care in England.[76]

Potential revenue loss: The health of employees and the health of patients are interconnected — a link that has been highlighted by the pandemic. In England, for example, large COVID-19 outbreaks have been significantly more common in elderly care facilities without paid sick leave compared to those with it.[77] When workplace culture and policies encourage working while ill or any other unsafe practice, patients are likely to be at risk by extension. Occupancy and revenue may decline as a result.

Increased workers' compensation costs: Providers may see increases in workers' compensation costs across both the short- and long-term. In 2020, long-term care workers filed the greatest number of COVID-19 compensation claims out of any occupational group in the US, according to data from the National Council on Compensation Insurance.[78] Workers in some jurisdictions such as Australia are filing claims related to not only contracting COVID-19, but also experiencing virus-related mental health impacts and undergoing required testing or isolation.[79] What remains to be seen is the potential for a tidal wave of long-term post-COVID symptoms and/or PTSD among workers, which would have profound consequences for workers' compensation.

Increased legal risks: Providers face potential health and safety-related costs stemming from employment liability and litigation. One current debate is whether providers should make COVID-19 vaccination mandatory for staff in the absence of mandates from governments. Either way, employees could respond with lawsuits or class actions:[80] Claims against providers could range from insufficient workplace safety due to gaps in staff vaccination to, at the other end of the spectrum, claims of unfair dismissal or discrimination by employees unwilling to consent to vaccination. Costs of managing liability issues and external regulatory scrutiny look set to increase in the wake of providers' struggles during the pandemic.[81]

"Workforce burnout across the NHS and [social] care systems now presents an extraordinarily dangerous risk to the proper functioning of both services."

Jeremy Hunt, Chair of the Health and Social Care Select Committee, UK

76 Campbell, D. (2021). *Staff burnout in health and social care putting safety at risk, say MPs*. The Guardian. Retrieved July 1, 2021.

77 Shallcross, L., Burke, D., Abbott, O., Donaldson, A., Hallatt, G., Hayward, A., ... & Thorne, S. (2021). *Factors associated with SARS-CoV-2 infection and outbreaks in long-term care facilities in England: A national cross-sectional survey*. The Lancet Healthy Longevity, 2(3), e129-e142.

78 National Council on Compensation Insurance. (2021). *2021 state of the line guide*.

79 Safe Work Australia. (2021). *COVID-19 workers' compensation claims*.

80 Steffensen, L. (2020). *COVID-19 class actions against aged care providers*. Marsh. Retrieved June 16, 2021.

81 Steffensen, L. (2020). *Replay: Legal liability risks for care facilities*. Marsh. Retrieved June 16, 2021.

Solutions: Reshaping the employee experience

Open communication: Whatever the workplace health and safety issue, providers can offer a safe space for employees to share their thoughts and concerns. For COVID-19 in particular, some geographies and providers are moving to make vaccination mandatory for elderly care workers.[82] Preliminary research, however, suggests that vaccine hesitancy may actually increase when workers feel pressured to be vaccinated.[83] Providers looking to use a carrot approach rather than a stick can share accurate information about COVID-19, offer non-judgemental spaces for conversations about workers' concerns, or even offer incentives for vaccinated staff such as bonuses or discounted health insurance.

Occupational support: When workers are unwell, providers can support them in making a quick recovery by providing paid sick leave, employee assistance programs, and insurance coverage for both physical and mental health. Where workplace hazards cannot be mitigated, providers can help workers cope with better health benefits, physical wellness initiatives, and EAP programs.

Solutions: Restructuring organizational ways of working

Collaboration with supply chain partners

Supplier assessment: Providers will need to understand critical PPE suppliers' contingency plans, not only related to COVID-19 but also to other major threats such as cyberattacks and climate hazards.[84]

PPE manufacturing infrastructure has traditionally been designed to produce just enough and just in time, with less regard for just-in-case surge capacity and resilience.

Supplier diversification: Providers can diversify among traditional suppliers, as well as companies in other industries (that can pivot or devote spare capacity to manufacturing) and the maker community (comprised of DIY designers and creators) in case of emergency.[85] The concentrated nature of PPE supply chains renders them vulnerable to disruption, whether from governments restricting exports or extreme weather derailing operations.[86] Maintaining multiple supply chains[87] and local transport routes[88] can help mobilize supplies when time is critical.

Good governance

Mindset change: Providers must recognize that the health and safety of patients and staff underpins the viability of the elderly care sector — and act to make it a strategic priority. Good governance will distinguish providers in the coming wave of mergers and acquisition activity.

Risk management: Maintain constant communication with staff to identify, understand, evaluate, treat, and monitor workplace health and safety risks, incorporating their on-the-ground knowledge of these risks. Where possible, purchase strong insurance policies covering general liability, D&O liability, and supply-chain disruption. Explore other risk transfer options such as setting up a captive or creating an insurance cooperative to secure lower premiums.

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82 Paulin, E. (2021). *More nursing homes are requiring staff COVID-19 vaccinations*. AARP. Retrieved July 1, 2021.

83 Sadie Bell, S., Clarke, R.M., Ismail, S.A., Ojo-Aromokudu, O., Naqvi, H., Coghill, Y., ... & Mounier-Jack, S. (2021). *COVID-19 vaccination beliefs, attitudes, and behaviours among health and social care workers in the UK: A mixed-methods study.* medRxiv.

84 Monaghan, A. (2020). *COVID-19's critical disruption of complex supply chains*. Marsh. Retrieved July 1, 2021.

85 Hannah, D. (2021). *One way to build more resilient medical supply chains in the US*. Harvard Business Review. Retrieved July 1, 2021.

86 See note 17.

87 Kaufmann, D., Narsana, T., & Singh, R. (2020). *Making supply chains more resilient: How manufacturers can solve the supply chain dilemma — while remaining flexible and competitive*. Oliver Wyman. Retrieved July 1, 2021.

88 Darras, T. (2021). *Top five supply chain management tips for manufacturers*. Marsh. Retrieved July 1, 2021.

Conclusion

Elderly care providers know that there are fundamental imperatives for reforming the sector's workforce proposition — and now fallout from the pandemic has offered a chance to build back better. There is opportunity in every crisis and providers now have an opportunity to address workforce risks head-on: The workforce shortage, the skills gap, and health and safety challenges (see Exhibit 11).

Workers are the elderly care sector's greatest asset. Thus, taking action to mitigate workforce risks needs to be viewed not as incurring costs, but rather making necessary investments.[89] Only with such investments can providers attract and retain workers while ensuring they have the right skills and are healthy and productive. This will not be an easy task, given the intractable nature of the challenge. But the rewards of rising to the occasion will be great: A more stable and successful business with more energized and loyal employees, as well as better standing in the eyes of ESG-conscious insurers and lenders.

Fortunately, just as the three major workforce risks are interconnected, so are the solutions to them. Taking action on any one risk will also help alleviate the other two, as the quality of care and quality of jobs are interlinked. Changes in these dimensions will also improve the client experience and move the sector toward putting clients at the center of their care.

More broadly, providers in this moment have an opportunity to consider the longer-term direction in which their business model is moving. Most people would like to age in place: Remain at home as they grow older, surrounded by the people who are important to them.[90] Forward-looking providers can consider increasing investment in managed care and aging-in-place programs, which can reduce costs for all stakeholders while improving the patient experience.

Exhibit 11: Overview of providers' opportunities for action

WORKFORCE RISK	PROVIDERS CAN RESHAPE THE EMPLOYEE EXPERIENCE THROUGH…	PROVIDERS CAN RESTRUCTURE ORGANIZATIONAL WAYS OF WORKING THROUGH…
Workforce shortage	Role redesign	Varied recruitment models
	Employee benefits and wellness	Employee engagement channels
Skills gap	Career support	Team-based working
Health and safety challenges	Open communication	Collaboration with supply-chain partners
	Occupational support	Good governance

Source: Marsh McLennan Advantage

89 Mercer Marsh Benefits. (2021). *The five pillars of people risk: Managing risks for workforce and business resilience.*

90 World Health Organization. (2021). *Decade of healthy ageing: Baseline report.*

However elderly care business models might change, it is vital for the sector to invest in its workforce so that institutions can both cope with the long tail of COVID-19 and remain viable in a changing, aging world.

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