



Expense Reduction
Healthcare Solutions

IMPACT OF COVID-19 ON CARE HOMES

AN EXPENSE REDUCTION ANALYSTS SURVEY



EXPENSE REDUCTION ANALYSTS (ERA) CONDUCTED A SURVEY TO BETTER ASSESS THE IMPACT OF THE COVID-19 CRISIS ON THE CARE HOMES AND HOW TO CONTAIN COSTS FOR THE FUTURE.

EXECUTIVE SUMMARY

ERA Healthcare Solutions has been supporting the global care home sector for many years with best practice optimisation processes.

The staff and management, whether from private or public owned organisations are dedicated highly trained and professional individuals. Over the years the management of care homes has become ever more complex and challenging.

The Covid-19 crisis has caused unprecedented challenges for staff, residents, governing authorities and families. The residents, often living with cognitive impairments were hugely affected. They were not allowed to have physical contact with the outside world and were deprived of visits from family and friends. Residents were left confused and unable to understand the reasons why they did not have visitors anymore. It was a totally unexpected situation, with no planning and solutions being made up spontaneously.

Staff had to work extra hours in a highly stressful environment. They had to go the extra mile to protect residents and colleagues from the virus. Some homes suffered many losses.

Management had to completely reorganise the day to day activities and the physical environment of the home. This incurred additional, uncontrolled, unbudgeted expenses in the struggle to provide extra staff cover and the protective equipment required.

Many homes complained of insufficient and ineffective support from authorities. The homes had to deal with highly anxious residents and families desperate to understand the situation.

The isolation of the residents from their families and friends is a major issue to be solved, especially with the threat from a second wave of virus in the winter.

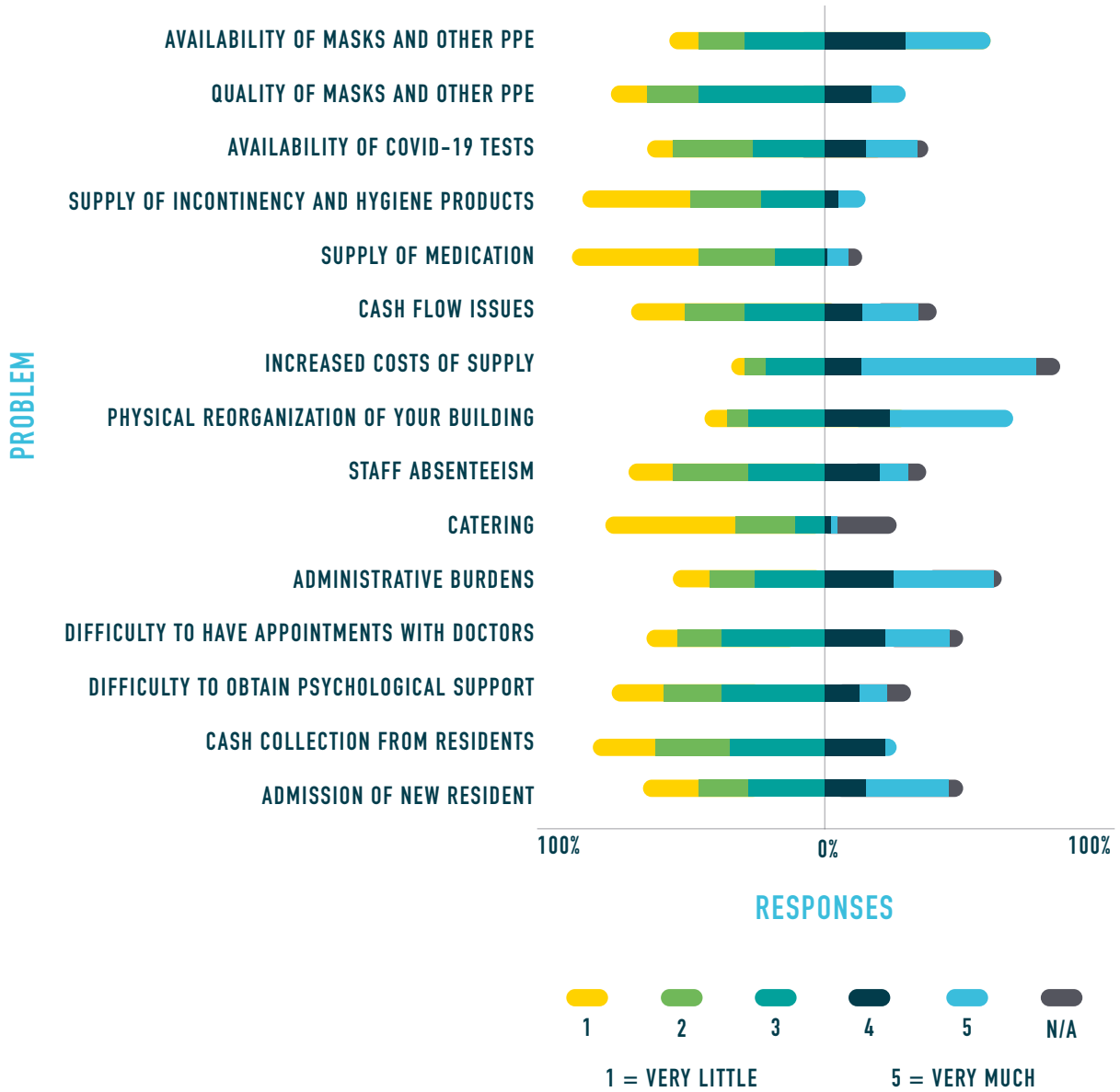
Our survey which is detailed here was sent to more than 8,000 elderly care homes in Belgium, Czech Republic, Finland, France, Germany, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Italy and the UK. The survey indicates the above mentioned issues and identifies that all care homes (large or small, local authority or privately funded) have incurred significant additional costs during the last months and will continue to do so. They need to urgently find extra financial resources in the near future, without impacting the quality of services.

Over the years, ERA has successfully supported a great many care homes with our cost reduction projects. They demonstrate that a global approach from our category specialists frees up cash without reducing quality of supply, in a way that individual businesses just cannot achieve for themselves.



1.

HOW MUCH HAVE YOU BEEN AFFECTED BY THE FOLLOWING PROBLEMS?



COMMENT

There is general consent that costs have increased not only for the usual supplies but also because of additional measures taken to protect residents and staff. New regulations and increased administration have also pushed up unplanned spending. Availability of masks and PPE has been a massive issue, particularly at the beginning of the crisis. As well as these increased costs, the major concern is the difficulty to attract new residents and the financial loss caused by empty beds.

2.

SOME COMMENTS

“

Inadequate communication with authorities, no technical discussions.”

GERMANY

“

Confusion and diversity of instructions given. The guidelines come from many different sources and are confusing and difficult to interpret.”

FINLAND

“

New patients in from clients have stopped completely - this has resulted in staff layoffs.”

NORWAY

“

Covid-19 furthermore than uncertainty is bringing economic problems, lack of labour sources; stress and suppliers exploitation.”

PORTUGAL

An illustration of three people wearing face masks. On the left, a woman with dark hair and a white mask. In the center, a woman with brown hair and a white mask. On the right, a man with grey hair and a white mask. They are all wearing business attire (suits and blouses).

“

Inconsistency of measures, frequent changes of measures and recommendations, ambiguity after the end of the emergency, what remains in force...”

CZECH REPUBLIC

“

Late delivery of masks and PPE by state, in the beginning we bought this equipment ourselves.”

SLOVAKIA

“

We have had some monetary support and would be good if this continued. Also extending block contracts to minimise the empty bed scenario.”

“

Heavy additional workload to organize the cleaning of linens/clothing.”

UK

“

Lack of facial masks. We had to make our own.”

BELGIUM

3.

WHAT ARE YOUR BIGGEST CONCERNS FOR THE PERIOD POST CRISIS?

“

Maintaining liquidity.”

FINLAND

“

Administrative burdens.”

FRANCE

“

Second wave of Covid.”

“

Financial issues.”

SLOVAKIA / POLAND

“

Financial care homes sustainability.”

PORTUGAL / ITALY

“

A second wave.”

“

Difficulty to host new residents.”

BELGIUM / LUXEMBOURG

“

The main fear after the crisis is that they still have residents with the active virus.”

SPAIN

“

Who will cover lack of financial resources in the following weeks and months.”

CZECH REPUBLIC



“

Failure to keep to agreements such as washing hands, keeping a distance of one and a half meters and risk of contamination after a holiday abroad”.

“

Catch up care that was not given during crisis.”

NETHERLANDS

“

Understanding the ‘new normal’ in terms of social distancing requirements, especially for workplace settings.”

“

Restoring faith in the social care sector. As always, the sector has been a convenient scapegoat and has been used as a punch ball. Press never talks about the 75% of care homes which had no Covid-19 cases or deaths from the virus. Sadly the public only gets to hear the negatives.”

UK



4.

DO YOU EXPECT SUPPORT FROM PUBLIC AUTHORITIES?

“

General financial support.”

“

Staff training and salary should be upgraded and the authorities should reconsider the financing of care homes.”

BELGIUM

“

Financial compensation for losses incurred as a consequence of corona.”

NETHERLANDS

“

Because we are a private company, we expect almost no support from public authorities.”

NORWAY

“

Up-to-date instructions and, if necessary, protective equipment if we have not received them.”

FINLAND

“

To get clear and correct information from the public authorities and financial support/grants.”

SLOVAKIA

“

Support of information and supplies.”

“

We have had some monetary support and would be good if this continued. Also extending block contracts to minimise the empty bed scenario.”

UK

“

Compensation for funds spent on COVID-19.”

“

Better security for potential second wave and co-financing of losses.”

CZECH REPUBLIC

“

Financial Support.”

PORTUGAL

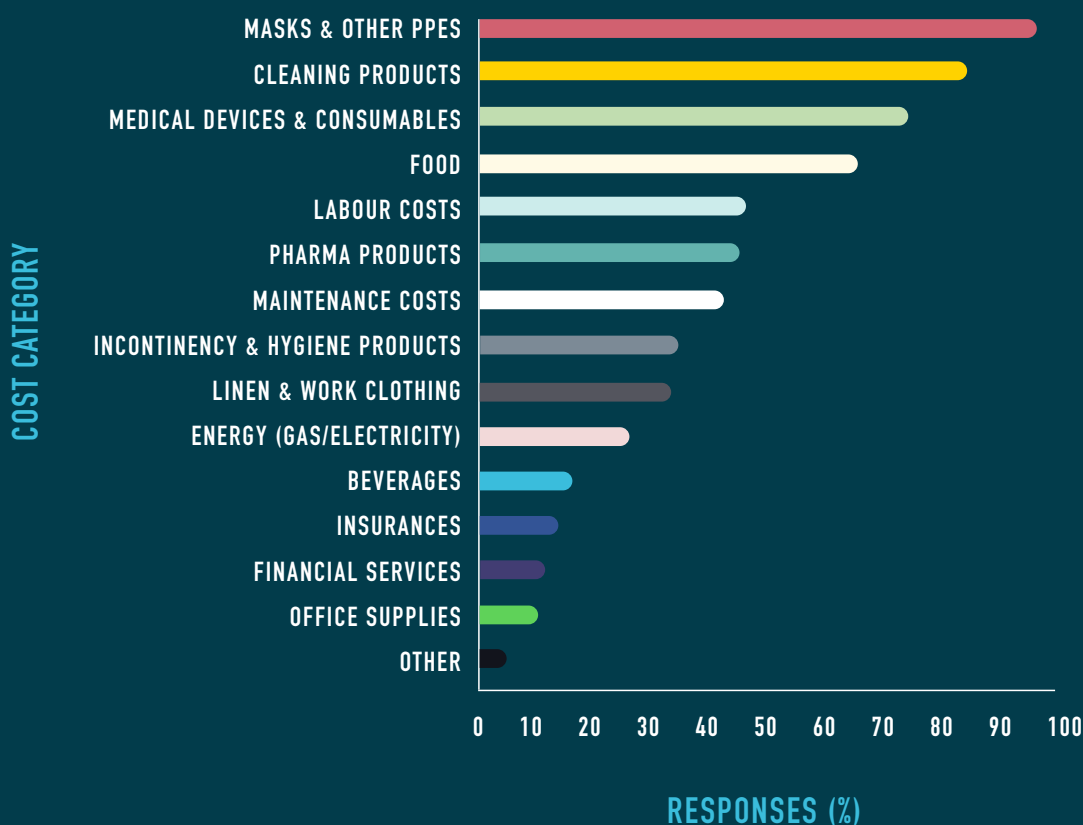
“

Do not expect to receive any public funds.”

SPAIN

5.

HAVE YOU ALREADY EXPERIENCED OR DO YOU EXPECT PRICE INCREASES? IF SO IN WHICH CATEGORIES?



COMMENT

Not surprisingly price increases have been felt mostly in personal protective equipment, masks, aprons, hydroalcoholic sanitisers and general cleaning products. Increased demand has caused prices to rise sharply. Increased labour costs stem from increased hours worked, increased recruitment costs and temporary staffing cover.

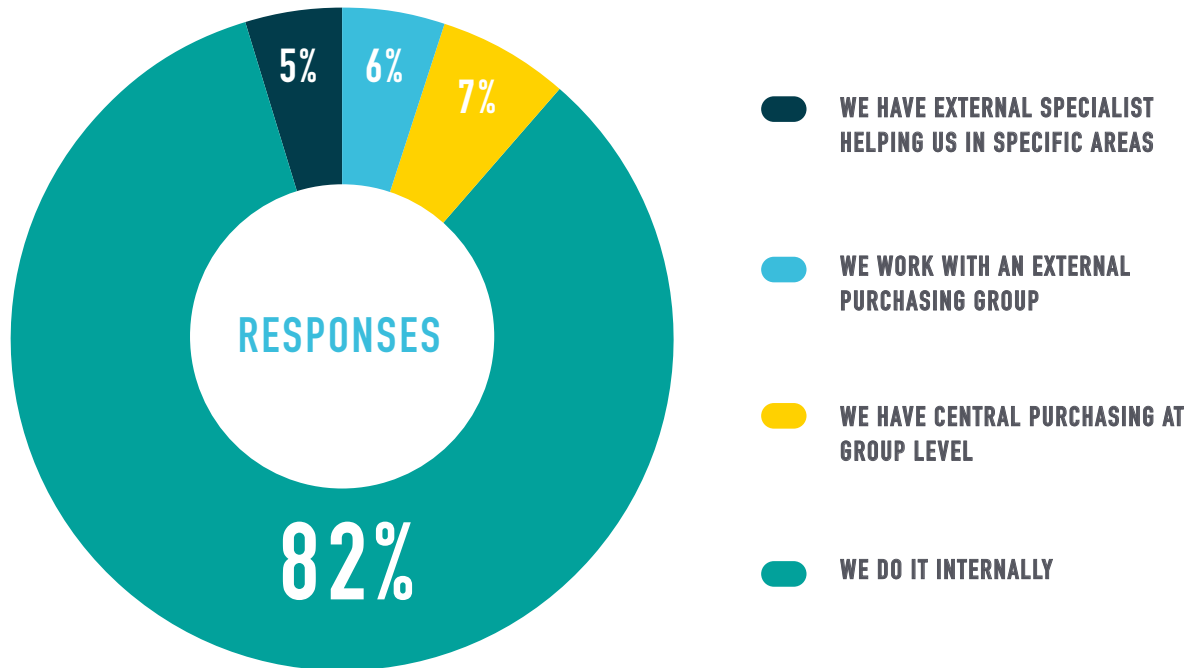
These trends are consistent across all of the countries surveyed.

Care homes in Czech Republic, Slovakia and Portugal indicate that food price have also increased significantly, while this is not noticed in other countries.

In all regions, costs have increased in a substantial way for many products and this is likely to have a lasting effect.

6.

WHO IS RESPONSIBLE FOR YOUR PURCHASING?



COMMENT

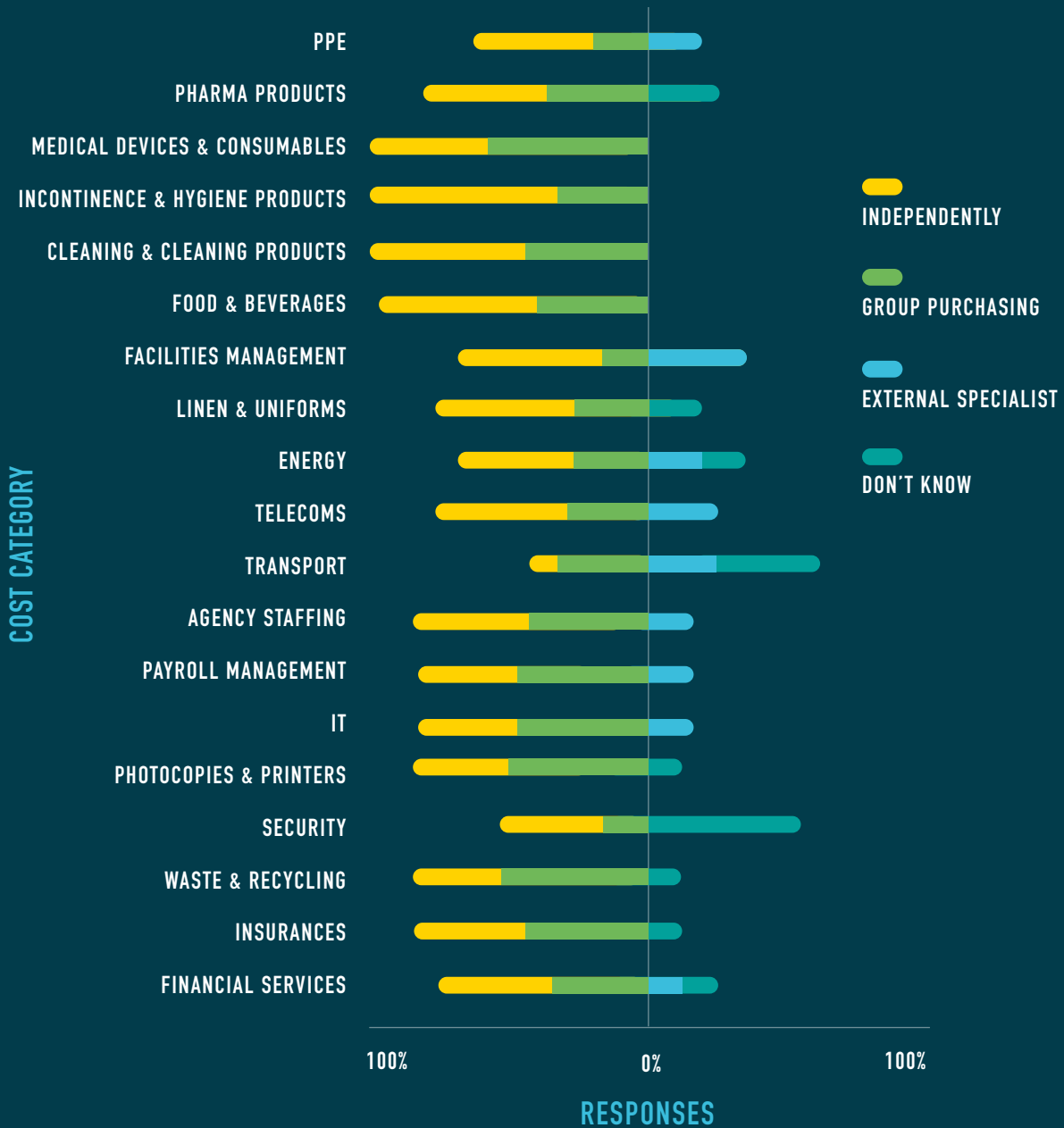
Eighty two percent of respondents indicate that they purchase internally.

This is surprising but explained by a high number of responses from individual care homes. Institutions of this type often find it difficult to challenge market pricing and find the best suppliers, they can only negotiate as a single business and they lack economies of scale.



7.

AS FAR AS YOUR INSTITUTION IS CONCERNED, WHICH OF THOSE PRODUCTS ARE BETTER PURCHASED INDEPENDENTLY OR VIA GROUP PURCHASING?

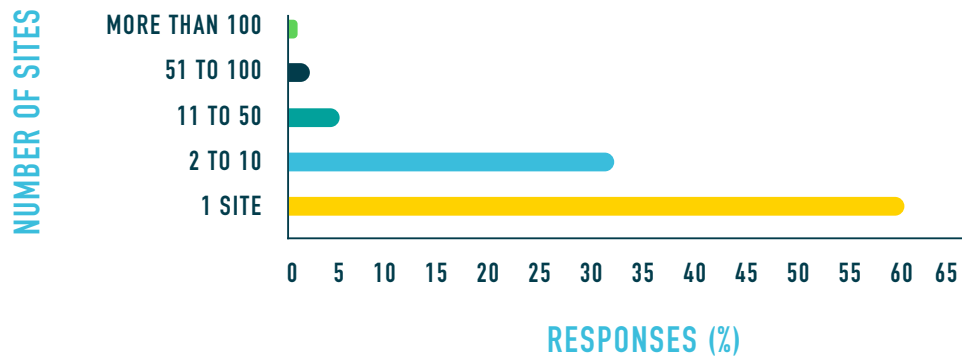


COMMENT

As most of the respondents have indicated that purchasing is done in-house, they also consider that most of the good and services are better purchased internally or with group purchasing, which can be at group level or with an external central purchasing organization. We are surprised with this as we have experienced that category experts can optimise purchases of goods and services in many areas.

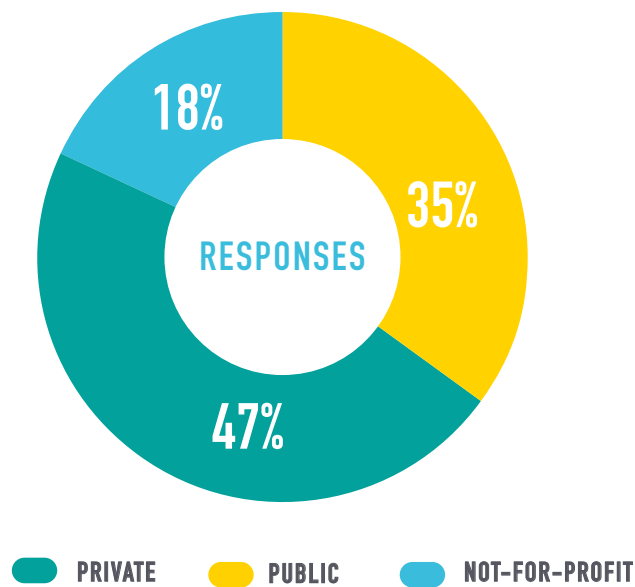
8.

NUMBER OF SITES



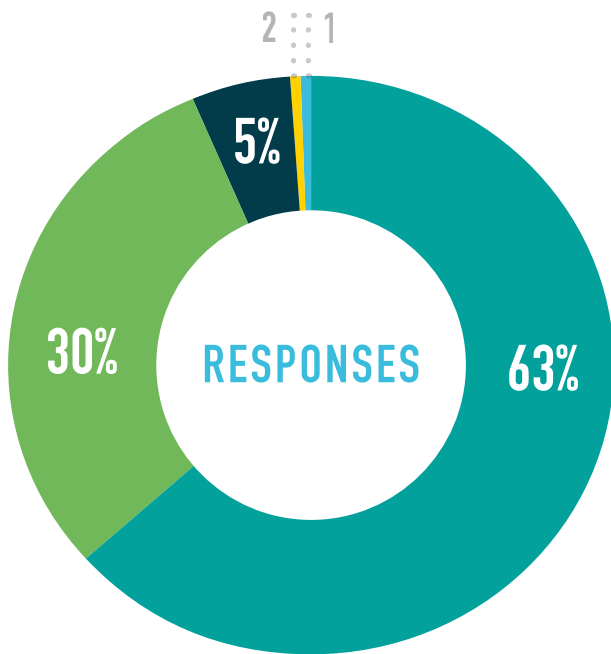
9.

TYPE OF INSTITUTION



10.

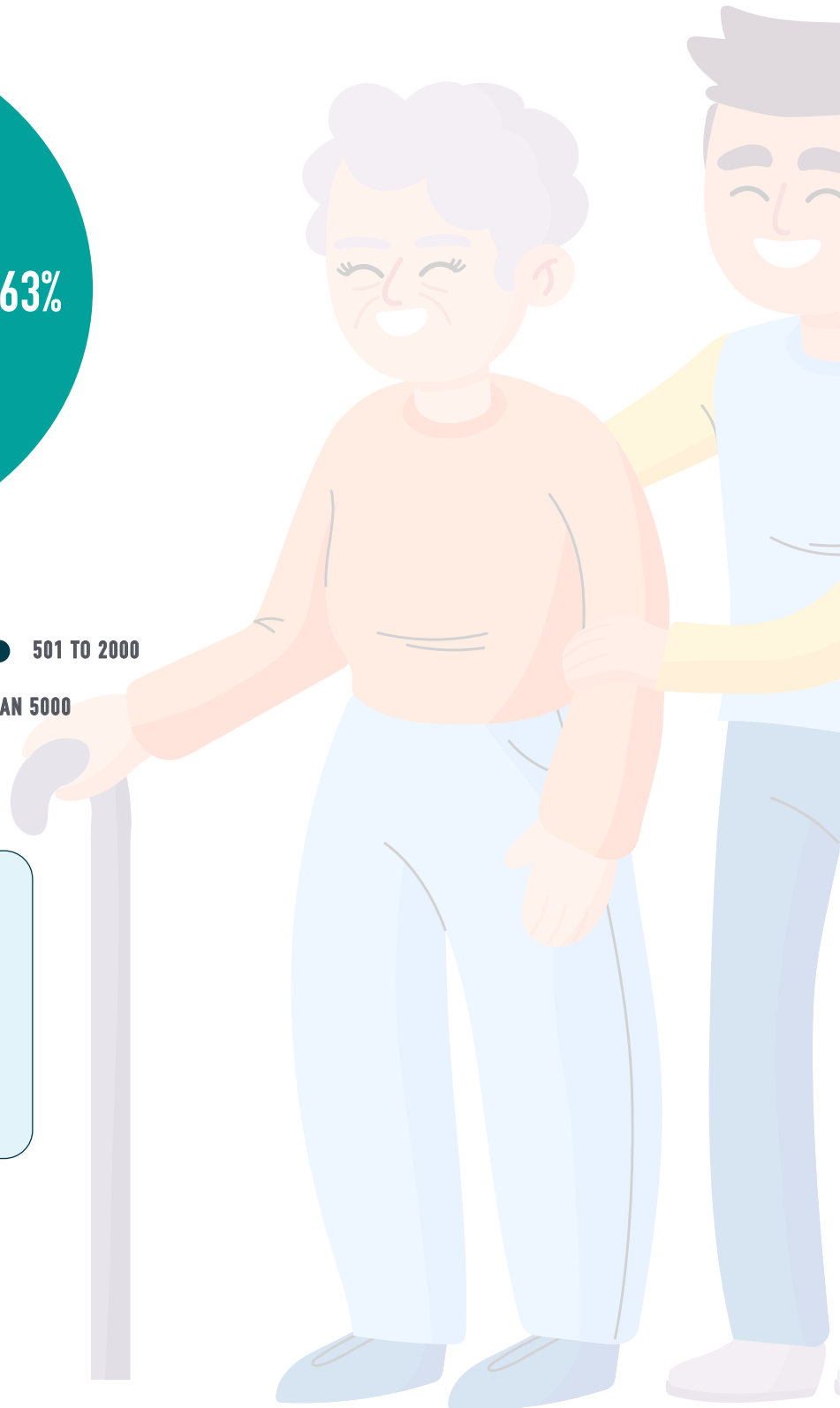
NUMBER OF RESIDENTS PER SITE



COMMENT

The majority of respondents are naturally from smaller care homes. It is thought these particularly suffered without a corporate infrastructure to support them.

The responses from bigger groups however also indicate similar concerns.



11.

NUMBER OF EMPLOYEES PER SITE

RESPONSES

1 TO 50



62%

51 TO 250



31%

251 TO 1000



4%

1001 TO 5000



2%

MORE THAN 5000



1%

CONCLUSION

Regardless of the country, all the care homes responses expressed anxieties.

There are 3 clear areas of concern:

1. Safety and well-being of staff, residents and families.
2. Future Occupancy.
3. Rising input costs.

The concern for the safety and well-being of staff and residents is of course a number one priority. The highlighted concerns also raise doubts for the future. Particularly if local authorities and governing bodies fail to deliver the support which has been promised.

Healthy occupancy rates are vital to care homes. There has been a significant drop in new entrants and of course mortality rates have been higher than normal. Dramatic media coverage of the challenges facing care homes has not been helpful, with many reports focussing on bad news. High death rates, shortages of staff and PPE, stricken relatives unable to communicate with loved ones. Whilst there are unbelievably difficult circumstances in care homes, many have been able to contain the virus by excellent resident management and highly professional caring from their staff.

The message from the care homes is that so much of media is focussed on bad news. This has had a negative effect on the public who are strongly avoiding placing loved ones in residential care.

Unsurprisingly input costs have risen. Surges in demand have created national and local shortages. Temporary staffing and PPE scarcity have been widely reported, but there are knock-on effects across the supply chain as workforces are furloughed and many work from home. All this contributing to supply issues and far from normal service which will endure for a long time to come.

The purpose of this survey is to help ERA understand the real issues and provide the right help in the right way. Care Homes have been stretched to the limit, needing all their resources and expertise to concentrate on the crisis at their front door. Now the focus needs to move to improving resident occupancy levels and truly minimise any overhead costs.

Needing all the resources possible to help overcome these challenges, Care Homes can rely on ERA to provide additional resources and expertise right now to help with cash flow and provide more funds for care homes to concentrate on the need to fill resident vacancies and maintain quality of service.

Value Through Insight™

Established in 1992, Expense Reduction Analysts (ERA) is one of the world's leading consultancy organizations. Specializing in cost optimization and supplier relation management, ERA delivers Value through Insight™ to clients in both the private and public sectors.

With more than 700 consultants operating in over 35 countries, the award-winning business boasts international expertise while simultaneously offering a local presence to clients.

Through in-depth industry knowledge and insight across a variety of expense categories, ERA adds value to organizations by advising on industry-specific best practices, reducing costs and ultimately delivering tailored solutions to benefit business health and growth.

For over 25 years, Expense Reduction Analysts has improved business performance for thousands of its clients, including many well-known names.

For more information, visit
[expensereduction.com](https://www.expensereduction.com)



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