

Pandemic paycheck protection loans boosted nursing home staffing, study finds

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The COVID-19 pandemic magnified long-standing problems within nursing homes, including staffing shortages. However, a new study published in *JAMA Network Open* reveals that the federal government's Paycheck Protection Program (PPP) was effective in supporting nursing homes by improving staffing levels at the height of the pandemic.

In addition, understaffed nursing homes were more likely to receive PPP loans, suggesting that the forgivable loans reached the [small businesses](#) most in need and funding was not diverted to less-needy nursing homes—unlike PPP loans that supported celebrities and other well-off business owners.

Not enough nursing staff

"The COVID-19 pandemic has been the 9-11 moment for nursing homes," said Jasmine Travers, Ph.D., RN, assistant professor at NYU Rory Meyers College of Nursing, [testifying to the U.S. House of Representatives in 2022](#).

Nursing home staff were already stretched thin before 2020, but the pandemic was a breaking point for many. [Research shows](#) that COVID-19 outbreaks in nursing homes drove increased absences and significant turnover.

"Staffing shortages in nursing homes threaten the quality of care for residents, especially when these shortages occur among frontline care staff," said Travers, the lead author of the *JAMA Network Open* study.

Nursing homes that receive more funding tend to be better staffed. In

2020, PPP loans emerged as a new source of funding for nursing homes and other small businesses, the result of a program established to support small businesses in keeping their workers on payroll during the pandemic. PPP loans were forgiven if recipients used at least 60-75% of their loans toward payroll and staffing.

Loans linked to better staffing

The researchers sought to understand whether nursing homes that received PPP loans were able to increase their staff hours. They analyzed multiple national datasets involving nursing homes, including PPP data from the Small Business Administration and payroll data from the Centers for Medicare and Medicaid Services.

They focused on the period of January 1, 2020 through December 23, 2020 to be able to compare staffing levels—specifically, the hours worked by registered nurses (RNs), licensed practical [nurses](#) (LPNs), and certified nursing assistants (CNAs)—before and after nursing homes received PPP loans.

Of the 6,008 U.S. nursing homes studied, 1,807 (30%) received a PPP loan and 4,201 (70%) did not. The average loan amount was \$664,349.

Nursing homes that received PPP loans had increased staffing—nearly 46 more staffing hours per week three months after receiving a loan—compared to nursing homes that did not receive PPP loans. The greatest improvements in staffing were among CNAs (26 more hours per week), followed by LPNs (seven more hours per week); RN staffing did not change significantly.

"Nursing homes were able to fairly quickly improve their CNA staffing after receiving a PPP loan, which equated to two additional shifts per week one month after receiving a loan and four additional shifts per

week six months after receiving a loan," said Travers.

The study also revealed that the nursing homes most in need of funding—those with lower staffing levels, more Medicaid-funded residents, and lower quality scores—were more likely to receive PPP loans.

"While we found that PPP loans reached understaffed nursing homes and boosted staff hours, these loans were only a temporary fix," said Travers. "We need federal and state policies that provide sustainable support and incentivize nursing homes to invest in their staff long-term. This might look like increased Medicaid reimbursements and requiring that a percentage of nursing home revenue directly goes to paying for frontline staff."

More information: Association of Receipt of Paycheck Protection Program Loans With Staffing Patterns Among US Nursing Homes, *JAMA Network Open* (2023). [DOI: 10.1001/jamanetworkopen.2023.26122](https://doi.org/10.1001/jamanetworkopen.2023.26122)

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