

Unionization in nursing homes

New federal policy proposals are aimed at substantially lowering the cost to employees and unions of organizing workers. Sojourner and co-authors provide context for the proposed labor law reform by analyzing the role of organized labor in nursing home care.

Background and setting

By combining data from various federal agencies, they assembled the first nationwide data on nursing home unionization. In this study, they describe the distribution of unionized staff and union organizing activity across time, states, and types of nursing homes. They found that since 1985, the proportion of nursing home workers covered by union contracts declined from 14.6 percent to 9.9 percent. This decline was smaller than in the private-sector economy generally.

Congress and the Obama administration are considering significant changes to the nation's labor relations system that would reduce the cost of organizing a workplace and lead more workers to unionize. Labor unions have made labor-law reform their top national political priority. Both they and employer groups have devoted tremendous resources to political advocacy on this issue. Prospects for the Employee Free Choice Act (EFCA) have faded, but many federal legislators and administrators will continue to push elements of the reform bill.

Starting in the early 1980s, national and local unions have mounted strategic campaigns aimed at organizing nonunion workers in nursing homes. They built coalitions with nursing home reform advocates and centered their argument on improving care standards and the skills and stability of the nursing home staff. Unions have been trying to shift the industry's policy environment on care standards and labor standards in their direction.

The research explores why unions have focused on nursing homes and discusses which factors favor unionizing and which are problematic.

- Unions can dramatically increase their size. Nursing homes across the U.S. employ over 1.6 million people. This workforce is projected to grow by 25 percent over the next decade.
- Nursing home management cannot substitute technology for human labor. Neither can they outsource operations to less expensive locales.
- Because approximately two-thirds of nursing home revenues come from Medicare and Medicaid (public financing), unions can leverage their political influence to promote their organizing and bargaining goals.
- Nursing labor accounts for approximately two-thirds of the total

cost of nursing home care. This works both for and against the unions. It is harder for unions to secure economic gains for members when labor constitutes a large share of corporate expense. However, when this workforce successfully organizes, management has a harder time ignoring their demands.

Methods

Unionization rates among nursing home workers are straightforward to estimate but unionization among nursing home facilities is not. Sojourner and his team use the Bureau of Labor Statistics' Current Population Survey to estimate unionization rates among workers across states and years. It provides information on individuals' employment, union status, and other variables. Unfortunately, because these surveys do not ask about employer's identities, these cannot measure establishment-level unionization. For this, Sojourner and his team began with the Centers for Medicare and Medicaid Services' On-line Survey, Certification, and Reporting (OSCAR) system, which provides establishment-level data on all Medicare- and Medicaid-certified nursing home facilities in the United States (96 percent of all facilities). However, OSCAR does not provide information on any nursing home's unionization status. These data were linked to National Labor Relations Board (NLRB) data on unionization elections and Federal Mediation and Conciliation Service (FMCS) data on union contract negotiations, building on the work of Holmes (2006).¹ This enabled measurement of whether and when an establishment unionized. The data covers only private, non-government nursing homes so the study has excluded government-owned facilities (eight percent of total). This measure of establishment-level unionization gives new insight on two important questions. How do union nursing homes compare to non union homes? Do certain types of nursing home characteristics predict success in union elections?

Findings

After analyzing the data, researchers discovered that:

- Since 1985, the number of nursing home workers covered by union contracts has remained quite stable, though the

From the Director

Exchange, a publication from the Medical Industry Leadership Institute, features dialogue on medical industry research and application. The content is a summary of research from both academia and the medical industry, followed by commentary on the importance of the research and its application. Topics highlighted in *Exchange* will span all sectors of the medical industry and include commentary from leaders in the field as well as researchers from the University of Minnesota and other academic institutions.

This issue highlights research done by Assistant Professor Aaron Sojourner of the Carlson School of Management's Department of Human Resources and Industrial Relations. Sojourner received his PhD in economics from Northwestern University. Working with Min Chen, David C. Grabowski, and Robert J. Town, he explores the role of unions in nursing homes. Their first paper, which examines trends in nursing home unionization nationally, is forthcoming in *Inquiry*, and is the highlight of this issue of *Exchange*. Ongoing work will study the causal impact of unions on outcomes for nursing home employees, firms, and residents.

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total number of nursing home workers grew from 1.3 million to 1.8 million. This has driven the proportion of unionized nursing home workers from 14.6 percent to 9.9 percent. Although this decline is large, it is smaller than the decline in unionization in the private sector during the same period.

- Northern and West Coast states with traditionally high rates of unionization overall also have higher rates of nursing home unionization. New York, New Jersey, Alaska, and Hawaii have the highest percentage of unionized nursing home workers, in excess of 20 percent. Virginia, Texas, North Carolina, and Kansas have the lowest nursing home workforce unionization rates with no more than one percent.
- The national decline in nursing home unionization over time is driven by declines in unionization rates within states rather than shifts in nursing home shares from highly-unionized states to less-unionized states.
- A primary pathway to unionizing a nursing home is by NLRB election. The

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Commentary

By Sandra Raup, RD, JD, MPH; President, CareFacts Information Systems

With near-strikes of hospital nurses getting media attention, unionization of healthcare workers has recently received heightened scrutiny. In this article, Aaron Sojourner and colleagues have laid out a framework for evaluating the potential effects of an increasingly unionized workforce specifically in the nursing home sector, an area which has not received enough attention. With the aging U.S. population and dependence on government expenditures for nursing home reimbursement, this research also begins the important work of understanding how Medicaid and Medicare budgets are impacted by unionization.

Sojourner addresses the impact of unionization on worker, patient, and firm outcomes. Theoretically, workers, patients, and firms could all benefit if union activities result in higher reimbursement rates. It is likely, however, that pressure to reduce overall nursing home expenditures will continue, especially as Medicaid and Medicare will need to cover more beneficiaries in the future. With that expectation, further research is necessary to answer the following questions:

1. Does unionization of healthcare workers enhance or diminish nursing homes' quality improvement efforts, either on an individual performance or a system performance basis?
2. Does unionization affect the supply of nursing home care nationally and in specific regions of the country?
3. How does unionization impact firms' ability to create and implement innovative solutions that reduce costs and improve care?
4. How does unionization affect firms' ability to adapt to different reimbursement models?

The paper provides an excellent overview of the issues and calls for needed research in this area. Healthcare reform mandates come with the expectation that payment will be for value, not volume.² And with the expected increased need for nursing home care in the next few decades, attention to cost and quality will only intensify.

² *From Volume to Value: Transforming Health Care Payment and Delivery Systems to Improve Quality and Reduce Costs*. NRHI Healthcare Payment Reform Series: *A Primer on Healthcare Payment Reform*, January 2009. Network for Regional Healthcare Improvement, Robert Wood Johnson Foundation. (Available at <http://www.rwjf.org/files/research/nrhiseriestbetweystopay.pdf>)

Unionization, continued

- data show that a majority of workers voted in favor of a union in just over 55 percent of nursing home elections.
- On average, unionized nursing homes are significantly larger as measured by the number of beds, residents, and staff. They also have higher occupancy rates than non-union homes and a larger share of the residents' expenses are financed by Medicaid and Medicare. These patterns are descriptive rather than causal. They result from the combination of differences in which homes unionize as well as by the effects of unionization on homes. Future work will separate selection from causal effects.
 - Union nursing homes are more likely to be hospital-based and not chain affiliated. Among for-profit corporate homes, 16.9 percent are unionized. Among secular non-profit homes, almost 21 percent are unionized.
 - A higher share of residents financed by Medicaid is strongly predictive of union

success in organizing elections relative to both Medicare and private-pay financed share. The correlation between Medicaid and successful unionization may be related to poorer working conditions in these low-resource facilities or unions' greater ability to leverage political influence in support of organizing.

Even though unionization rates in the nursing home industry declined over the last 25 years, proposed policy reforms could slow or even reverse this trend. If elements of EFCA are adopted, unionization would increase. Study results suggest that unions may form in nursing homes caring for greater numbers of Medicaid and Medicare residents rather than nursing homes caring for private-pay residents. It also suggests a greater likelihood of unionization in larger nursing homes, hospital-based facilities, and chain-affiliated nursing homes.

Unions may have important implications for the welfare of both workers and

patients, as well as the financial health of the industry. Labor compensation, turnover, and staffing ratios are all closely connected to both quality of care and to unionization. On one hand, unionization may reduce flexibility, increase compensation costs, and reduce profitability. On the other hand, unions can help workers and management find win-win solutions that increase productivity, reduce turnover, and can act as powerful allies with management in lobbying for public policy that favors the industry such as higher Medicaid reimbursement rates. This could result in more profitability for firms in markets with stronger unions compared to those in markets with weaker unions. Future research will analyze the potential impact of nursing home unionization on worker, patient, and firm outcomes.

¹ Holmes, Thomas. (2006) "Geographic Spillover of Unionism." Working paper.