



*Government of Bermuda*

**Ministry of Social Development and Seniors**

**MINISTERIAL STATEMENT**

by

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**Minister of Social Development and Seniors**

**State of the Government Grant Supported Nursing Homes**

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**Mr. Speaker**, I rise today to highlight to the Honourable Members and the public about the unprecedented financial challenges that many of our nursing homes are currently experiencing and the recent financial relief provided to those nursing care homes that received a grant from the Ministry of Social Development and Seniors remit.

**Mr. Speaker**, the public is reminded that all residential care homes and nursing homes must adhere to the regulations provided in the Residential Care Homes and Nursing Homes Act 1999. According to this Act, a nursing home is defined as a residential home care home which provides nursing services, whereas a residential care home is defined as any establishment where room and board, and personal care are provided for two or more unconnected persons who do not require nursing

services. A nursing home requires service from a general nurse, nurse specialists as defined by the Nursing and Midwifery Act 1997.

**Mr. Speaker**, and Honorable Members, as you are aware, the impacts of the COVID-19 pandemic are unprecedented, not just in Bermuda, but globally. On 7<sup>th</sup> February 2022, according to the Bermuda COVID-19 Ministry of Health dashboard, there were 11,058 confirmed cases of COVID-19 with 10,628 recovered. At the time, 119 deaths were recorded. The age group of 60-79 year olds recorded 47 deaths (39%) due to COVID-19 and the age group of 80 and above recorded 45 deaths or 38% of the total number of deaths attributed to COVID-19.

**Mr. Speaker**, As you can imagine, the operations of many nursing homes in Bermuda have been significantly impacted by the death tolls of their senior residents. Many of these homes experienced not only an increase in resident deaths, but temporary cessation of day care services, along with a suspension of new client admissions. It must be noted that the introduction of these necessary health protocols, intended to stop the transmission of COVID-19 in the residential care homes, has had a significant impact on the current and future operations of these crucially important facilities.

**Mr. Speaker**, to provide you with additional context, it is important to note that in addition to the loss of revenue from the fees collected by the nursing homes, these facilities also had increased expenses due to a rise in spending for medical

supplies, personal protective equipment (PPE) such as masks, gloves, and gowns etc. and additional cleaning supplies need for sanitization.

**Mr. Speaker,** adding to the problem, these care facilities also experienced staff burnout, and staff shortages due to sickness and quarantine rules that led to many homes having to hire additional staff further constraining their already limited and taxed operations.

Consequently, **Mr. Speaker,** these challenges created a knock on effect that continue to impact the financial viability of many of these facilities on our Island today.

Currently, there is a global trend that many nursing home/care facilities are contemplating closing or have closed due to the financial hardships and staff shortages. The stark reality is that many nursing homes, including Bermuda's facilities, were already operating at a deficit prior to the COVID-19 pandemic with some facilities still struggling to keep their doors open. On 6<sup>th</sup> June 2022, the news and media company Axios, reported in an article entitled, *Nursing homes face closure risk amid staff shortages post-Covid*, a survey that was conducted in May 2022, involving 759 facilities.

**Mr. Speaker,** this survey showed that operating costs at nursing homes have increased by an average of 41% over the past year, with 59% of nursing homes saying they are currently operating at a loss. Nearly 60% of nursing homes in the

U.S. are operating at a financial loss and nearly three-quarters are concerned about possible closures.

**Mr. Speaker,** I would like to let Honourable Members and the public know that I was approached by the representatives of the three nursing homes that the Ministry of Social Development and Seniors have had traditionally provided grants to on an annual basis. The representatives of these three institutions indicated that if they did not receive additional funding, they may no longer be able to continue operating. **Mr. Speaker,** this would have resulted in the following number of seniors as of December 31<sup>st</sup>, 2021, being displaced by possible closures:

- Packwood Home a 30-bed facility was at 60% capacity with 18 occupying residents;
- Lorraine Rest Home was operating at 77% capacity with 23 residents in its 30-bed facility;
- and Matilda Smith had 18 occupying residents or at 75% capacity in its 24-bed facility.

**Mr. Speaker,** as you are well aware, the closure of any senior home impacts the family members of that resident and the lives of staff and their families.

**Mr. Speaker,** the Honourable members are reminded that during fiscal year 2021/22 the Ministry of Social Development and Seniors was authorized to provide a total of two point six nine million dollars (\$2.69 million) in grants and contributions to various entities. The three nursing homes were awarded annual grants in the following amounts,

Packwood Home \$300,000;

Matilda Smith \$225,000 and

Lorraine Rest Home \$825,000.

**Mr. Speaker,** I met with representatives of the three nursing homes on 28<sup>th</sup> February 2022, to gain an understanding of the true viability of each entity, and what was each organization's immediate next steps to mitigate the situation. The homes had already faced lower occupancy levels due to outbreaks, limited admissions due to the various restrictions, increased staff sick pay, and the suspension of day care programs. The representatives indicated that these challenges were added to the ever-present issues of resident's inability to cover the full costs of their fees and increasing staffing costs. The representatives stated that in order for these homes to remain operational they would have had to reduce staff client ratios, decrease staffing hours, and make other operational changes.

**Mr. Speaker,** I would like to highlight that the nursing homes are required to provide nursing services. It should be noted that providing nursing home care to a resident can cost as much as \$12,000 per month. However, these three nursing homes are charging, at least on average, \$5000 per month. Figures received for this month (July 2022) has indicated that the Department of Financial Assistance has paid a total of \$555,466.74 to the nursing homes for one hundred and forty-six (146) seniors.

**Mr. Speaker,** I requested that three nursing homes, under the Ministry's purview, submit the amounts required, after considering their payroll expenses and other financial deficits. Each care facility representative indicated every option was being explored, so as to prevent their doors from closing. The nursing homes requested an injection grant, a stimulus, to assist them through this hardship.

**Mr. Speaker,** I am pleased to report that Government exercised its commitment to our seniors, and staff who support them, by providing a stimulus grant of \$508,000, in total, that was distributed as follows, and based on their requested amounts:

- Packwood Home - \$123,000
- Matilda Smith-Williams Seniors Residence - \$85,000 and
- Lorraine Rest Home - \$300,000.

These care homes have now commenced mitigation measures to realize cost savings which includes, but not limited to:

- increasing the intake of clients;
- developing consistent fundraising plans; and
- restructuring staffing and shifts.

The outcomes of these measures are to be reported to the Ministry.

**Mr. Speaker,** moving forward, all standard grants awarded to care homes by the Ministry of Social Development and Seniors will now have specific conditions attached that include, but are not limited to:

- participating in the BHeC (Bermuda Health Council) financial audit;
- maintaining their charity status; and
- maintaining their compliance with regulatory standards.

**Mr. Speaker,** the Government’s 2020 platform recognizes the need to “ uphold its mission to ensure that social policies and services are in place to protect, assist, inform and empower the most vulnerable within our community”... in this instance, our seniors.

**Mr. Speaker,** The Government is pleased that there is evidence that community partners and the third sector are reaching out to support the financial burden that is being felt by this vulnerable group in our community.

**Mr. Speaker,** The Government cannot do it alone and we encourage passionate members of the community and organizations to continue to participate in contributing ideas to develop a shared vision for health and social care reform for seniors. We must rethink and restructure how facilities are financed as the reimbursement system is inadequate across the board.

**Mr. Speaker,** the Ministry intends to work collaboratively with the Ministry of Health to prepare a revised long-term care strategy to address the issues of sustainable long-term care options. Some long-term solutions may include care insurance, establishing a fund to support long term care, tax incentives to encourage saving for long term care, and an increase of the Department of Financial Assistance allowance for nursing homes based on tiers of complexities of care. Further, the Bermuda Health Council, the BHeC, which is responsible for Long Term Care regulations, has begun the process to conduct a financial audit of

all licensed care homes in order to help identify the operational costs based on the care needs of its residents. This work is essential to developing sustainable system-wide solutions and creating sound future projections in the area of long - term care for the island's residents.

**Mr. Speaker,** I want to paint a picture for you...I want members of this house and members of the public to think about this ...a young adult starting work or having a career at the age of 18-20, may consider retiring at the age of 65, that is a career spanning approximately 45 years....that individual could possibly live an additional 35 years.

**Mr. Speaker,** I have seen seniors save for retirement, not thinking they would outlive their savings. So, we must now work longer, or have a steady income longer because pensions are not fully the answer. There have been studies that show a countries median level of wealth is usually an indicator as to how long an individual can afford long term care. There are some seniors in our community who were consistently in a low-income bracket, always worked hard to make ends meet, couldn't save and couldn't capitalize on any type of steady income. This, compounded by any unexpected, or unanticipated health issues or conditions, will ultimately create a greater level of dependency on the state.

**Mr. Speaker,** I would like to take this opportunity to encourage more people and organizations to invest and support our seniors and their caregivers to improve long term health care. If we start to make a difference today the care of seniors in the future will improve. I would like to thank all persons who work in the field of caregiving and organizations who support our seniors through financial and in-kind donations.



**Thank you, Mr. Speaker.**