

RESEARCH SUMMARY

Understanding Nonprofit and Government Ownership: Evidence from Nursing Homes in the COVID-19 Pandemic

During the pandemic, isolation measures in nursing homes prevented deaths from COVID-19 but also contributed to increased deaths by aggravating mental illnesses such as dementia. In “Understanding Nonprofit and Government Ownership,” Vitor Melo explores the differences in the isolation measures taken by for-profit and nonprofit/government facilities. He finds that nonprofit/government facilities had more total deaths than for-profit facilities.

FOR-PROFIT VS. NONPROFIT/GOVERNMENT IN HEALTHCARE

Advocates for greater government control of healthcare in the United States believe that for-profit healthcare is inferior to nonprofit/government healthcare. Indeed, it is claimed that a “push for profits” is largely responsible for the many deaths that occurred throughout the COVID-19 pandemic. However, drawing on cell phone location data, Melo finds the following:

- For-profit facilities implemented isolation measures that were less restrictive than nonprofit/government facilities.
- More restrictive isolation measures implemented at nonprofit/government facilities are predictive of fewer COVID-19 cases and deaths but substantially more non-COVID deaths during and after the pandemic.
- Nonprofit/government facilities experienced a higher number of total deaths than did for-profit facilities during the pandemic.

KEY TAKEAWAY

Nursing homes that were subject to the profit-and-loss system implemented isolation measures that were more aligned with the preferences of consumers than nonprofit/government facilities. These results show that the for-profit system in the provision of healthcare can often lead to better healthcare practices and better health outcomes, as was the case for nursing homes during the pandemic.