The Impact of Nurse Turnover on Quality of Care and Mortality in Nursing Homes:
Evidence from the Great Recession

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Abstract
We estimate the causal effect of nurse turnover on mortality and the quality of nursing home care with a fixed effect instrumental variable estimation that uses the unemployment rate as an instrument for nursing turnover. We find that ignoring endogeneity leads to a systematic underestimation of the effect of nursing turnover on mortality and quality of care in a sample of California nursing homes. Specifically, 10 percentage point increase in nurse turnover results in a facility receiving 2.2 additional deficiencies per annual regulatory survey, reflecting a 19.3 percent increase. Not accounting for endogeneity of turnover leads to results that suggest only a 1 percent increase in deficiencies. We also find suggestive evidence that turnover results in lower quality in other dimensions and may increase mortality. An implication of our mortality results is that turnover may be a mechanism for the pro-cyclicality of mortality rates.