

Skilled Nursing Data Report

Key Occupancy & Revenue Trends

**Based on Data from January 2012
through December 2016**

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Key Takeaways

- » **Occupancy fell to 81.8% in 4Q 2016, a new low in the five-year data series**, marking the third consecutive quarter in which occupancy reached its lowest point in the series. Occupancy was down 156 basis points year-over-year, which was the largest year-over-year decline for the fourth quarter in the data series.
- » **Skilled mix fell by 77 basis points year-over-year to 24.3%, which was only slightly higher than the lowest point in the series**, reached in September 2012. The rate of year-over-year change in both skilled and quality mix has been negative since 2Q 2015, with the skilled mix decline slightly greater than the quality mix decline. The skilled mix decline has been driven by pressure on Medicare mix which reached its lowest level in the data series in 4Q 2016, despite holding steady quarter-over-quarter, most likely due to an early and significant flu season.
- » **Representing 66.2% of patient days, Medicaid continued to supply a steady stream of patient days.** Year-over-year, Medicaid patient day mix grew 126 basis points from 64.9% to 66.2%. Furthermore, Medicaid patient day mix also grew 364 basis points over the time series. In addition, the 4Q 2016 data demonstrated the constant increase of Medicaid revenue per patient day as the rate rose to more than \$200 for the first time in the five-year series. Medicaid (RPPD) was up 0.9% quarter-over-quarter, and 1.8% year-over-year. Over this five-year series, Medicaid RPPD experienced a 1.4% compound annual growth rate.
- » **The decline in managed Medicare RPPD slowed by more than 50%, year-over-year.** The decrease in managed Medicare RPPD was under \$9, year-over-year, compared to a \$19 decrease between 4Q 2014 and 4Q 2015. While revenue per patient day for managed Medicare reached its lowest point in the data set at \$421.84 in 4Q 2016, the 2.1% decrease over 2016 was considerably less than the prior year's 4.3% decline. The decline quarter-over-quarter was also notably less than in previous quarters at 0.1%, which was the smallest decrease in the past six quarters, portending that the year-over-year decreases may continue to shrink as time progresses.

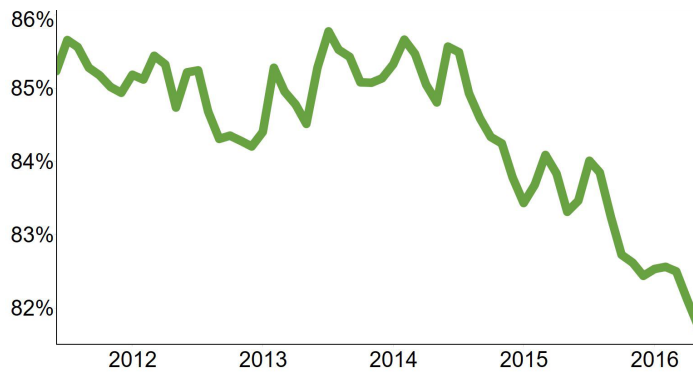
“ Given the fact that occupancy continued to face downward pressure in 2016, operators must adapt quickly and aggressively to control costs and capture market share. This decline in occupancy persisted despite an early and significant flu season, which most likely drove the stability in skilled mix in the fourth quarter.

- Bill Kauffman, Senior Principal, NIC ”

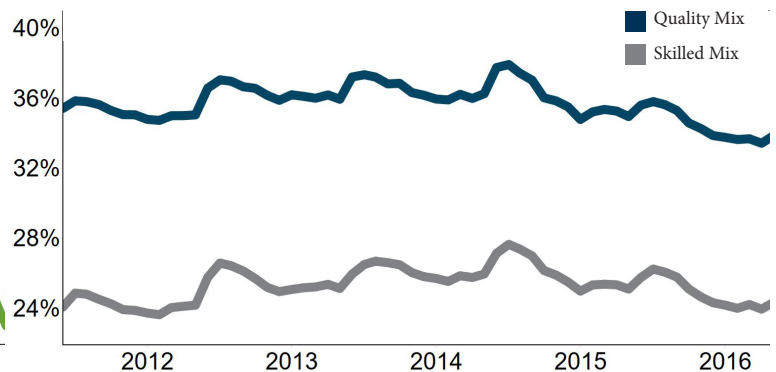
Skilled Nursing Trends

Data through December 2016

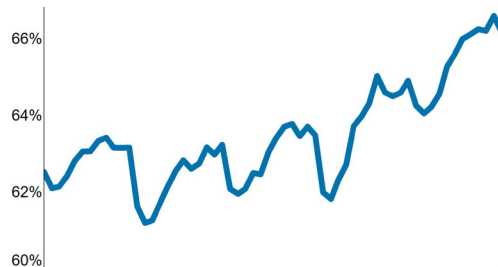
Occupancy



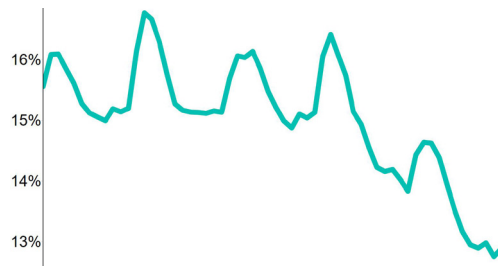
Quality and Skilled Mix



Patient Day Mix



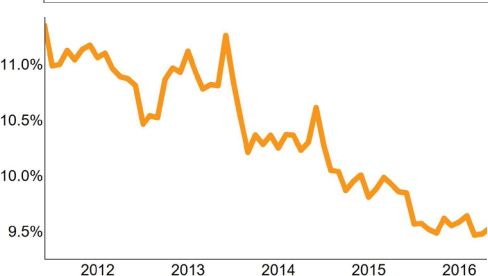
Medicaid



Medicare

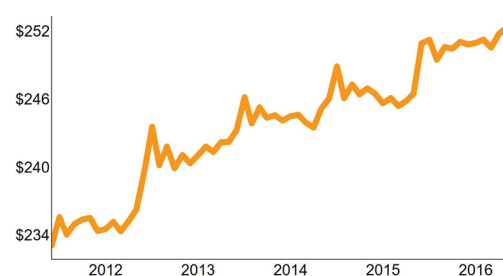
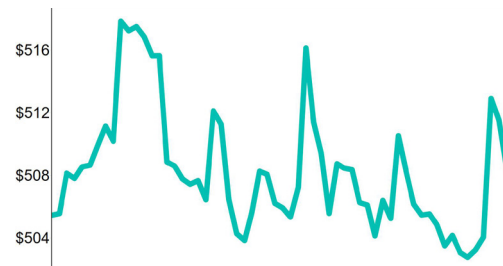
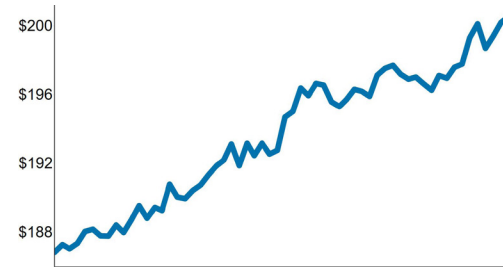


Managed Medicare



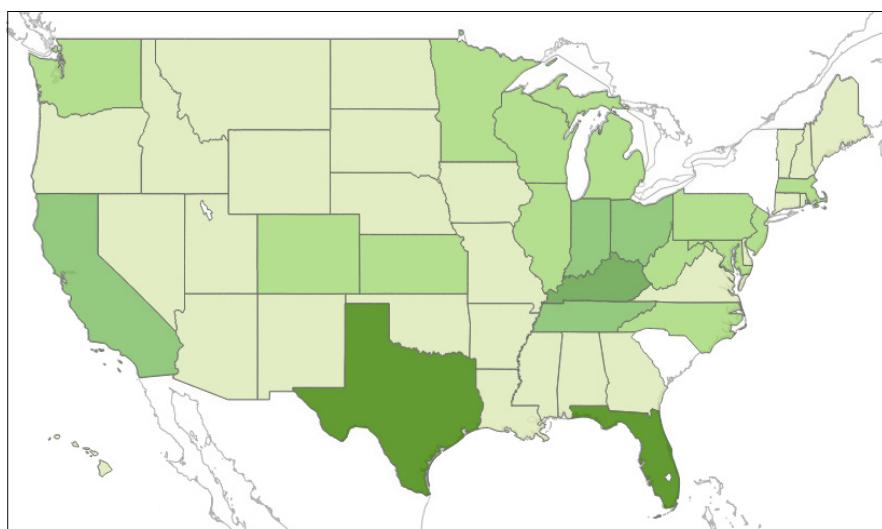
Private

Revenue for Patient Day



Skilled Nursing Coverage

Data through December 2016



	November	December
States Represented	47	47
Number of Contributors	18	18
Total SN Properties	1,486	1,484

Key Indicators

Data through December 2016

	Current Month	Month over Month Change
Occupancy	81.7%	-35 bps
Quality Mix	33.9%	43 bps
Skilled Mix	24.3%	37 bps
Patient Day Mix		
Medicaid	66.2%	-42 bps
Medicare	12.9%	14 bps
Managed Medicare	6.1%	23 bps
Private	9.5%	5 bps
Revenue Per Patient Day		
Medicaid	\$201	0.2%
Medicare	\$508	-0.6%
Managed Medicare	\$422	-0.6%
Private	\$252	0.2%

Glossary of Terms

Occupancy: Actual patient days divided by total days.

Quality Mix: Total number of Medicare, managed Medicare/other, and Private days divided by total number of actual patient days.

Patient Day Mix: Actual patient days of each payor source divided by the total actual days.

Revenue Per Patient Day (RPPD): Total revenue divided by actual patient days for each payor source.

Skilled Mix: Total number of Medicare and managed Medicare/other divided by total number of actual patient days.

Explanation of Data

This data and its output is based on the sample population collected each month by NIC and the sample collected on an historical basis. The historical data/time-series data and month/month figures are calculated using same-store analysis as footnoted in the report.

This data should not be interpreted as a census survey for the skilled nursing properties within the United States, but only a representation of the property count and state count as shown on Page 5.

The Trends Summary is only reflective of the data from the current sample size within the NIC Skilled Nursing Data Initiative.

Submit your data. Get these metrics.

Are you an operator and interested in participating? Please visit <http://www.nic.org/analytics/nic-initiatives/skilled-nursing-data-initiative> for more information or contact Bill Kauffman, Senior Principal, NIC.

About NIC

The National Investment Center for Seniors Housing & Care (NIC) is a 501(c)(3) organization whose mission is to advance access and choice in seniors housing and care—from independent living, assisted living, and memory care, to skilled nursing and post-acute care. NIC provides research, education, and increased transparency that facilitate leadership development, quality outcomes, and informed investment decisions with respect to seniors housing and care. Since 1991, NIC has been the leading source of research, data and analytics for owners, operators, developers, capital providers, researchers, academics, public policy analysts and others interested in meeting the housing and care needs of America's elders.

For more information, call (410) 267-0504.