

Skilled Nursing Data Report

Key Occupancy & Revenue Trends

**Based on Data from January 2012
through March 2019**

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Key Takeaways

- » **Occupancy has been on an upward trend since June of last year (2018).** Overall occupancy increased 77 basis points from the fourth quarter of 2018 to 83.7% in the first quarter of 2019, the highest rate since the first quarter of 2018. An increase in occupancy is typically expected from the fourth to the first quarter, given the flu season and higher admissions in the winter months. However, as occupancy has shown strength over the past several months, it suggests that seasonality is not the only factor in the recent uptrend in occupancy. In fact, year-over-year occupancy was also positive as it increased 28 basis points from March of 2018. This is the first yearly increase in occupancy since January 2015. The occupancy trend was the same in both rural and urban areas as it increased on both a quarterly and yearly basis. The quarterly occupancy increase was more pronounced in urban areas, however, as it increased 100 basis points from the fourth quarter to 84.9% at the end the first quarter 2019.
- » **First quarter skilled mix increased from the fourth quarter.** The gain was mostly driven by the increase in managed Medicare, although Medicare mix rose as well. This suggests that higher acuity patients were a driver in the first quarter as they are often admitted during the winter/flu season which in turn often drives an increase in overall occupancy. Skilled mix increased 84 basis points from the fourth quarter 2018 to end the first quarter 2019 at 26.0%. However, skilled mix was down 103 basis points compared to the first quarter of 2018 when it was at 27.0%. Skilled mix increased in urban and rural areas as well compared to the fourth quarter 2018 ending at 27.0% and 22.2%, respectively. Urban and rural both declined in terms of skilled mix compared to March 2018.
- » **Overall managed Medicare revenue mix reached a time-series high in the first quarter 2019, ending March 2019 at 12.1%.** This revenue mix increased 106 basis points from the fourth quarter of 2018 and 169 basis points from the first quarter of 2018 when it was 10.4%. This continued growing influence on operator revenue further demonstrates the importance of the managed Medicare payor within the skilled nursing sector. This trend is evident across both the urban and rural areas. The revenue mix is highest in the urban areas, where penetration is higher due to the density and managed care opportunity, as it ended the first quarter 2019 at 14.0%. Interestingly, the rural areas now register over 5% in terms of managed Medicare revenue mix ending the first quarter 2019 at 5.4%.
- » **Managed Medicare revenue per patient day (RPPD) pressures became evident again in the latest data as it decreased from \$439 in the fourth quarter 2018 to \$432 as of March 2019.** It was down \$14, or 3.2%, compared to a year ago when the RPPD was \$446. This trend is evident in both urban and rural areas as the RPPD decreased on a quarterly basis and yearly basis in both geographies. It ended the first quarter 2019 at \$436 in urban areas and \$408 in rural areas. The RPPD decrease in the rural areas likely has less of an impact on the business as the managed Medicare penetration is smaller than in urban areas. The managed Medicare patient day mix in rural areas is only 3.4% compared to the 8.6% in urban areas.
- » **Medicaid patient day mix decreased to 65.8% in the first quarter 2019 compared to the 66.4% in the fourth quarter 2018.** The decrease in patient day mix is likely due to the increase in other payer sources, e.g. Medicare and managed Medicare, rather than a decrease in patient admissions, as occupancy increased overall in the first quarter 2019. The decrease in Medicaid patient day mix from the fourth quarter 2018 to the first quarter 2019 was driven by the urban areas as it decreased 80 basis points to 66.5%. Rural area Medicaid patient day mix increased 22 basis points to 61.9%.

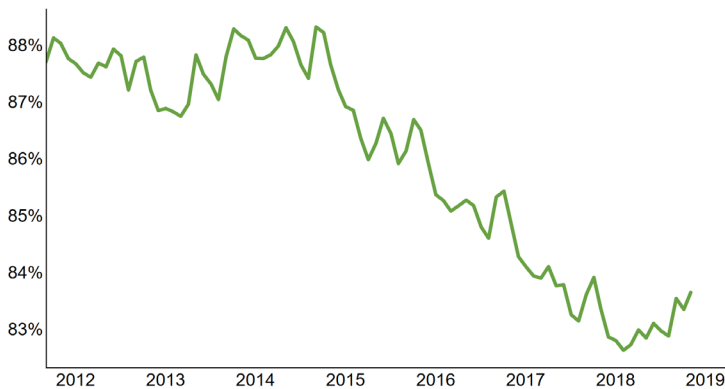
“Because of the flu season and higher admissions in the winter months, we typically see an increase in occupancy from the fourth quarter to the first quarter. However, as occupancy has shown strength over the past several months, it suggests that seasonality is not the only factor in the recent uptrend in occupancy.”

- Bill Kauffman, Senior Principal, NIC

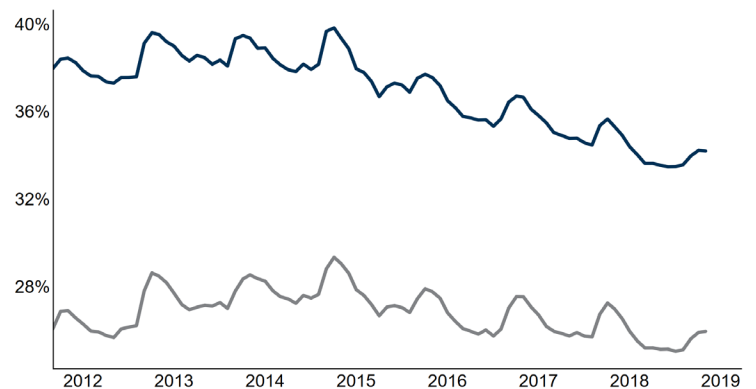
National Skilled Nursing Trends

Data through March 2019

Occupancy

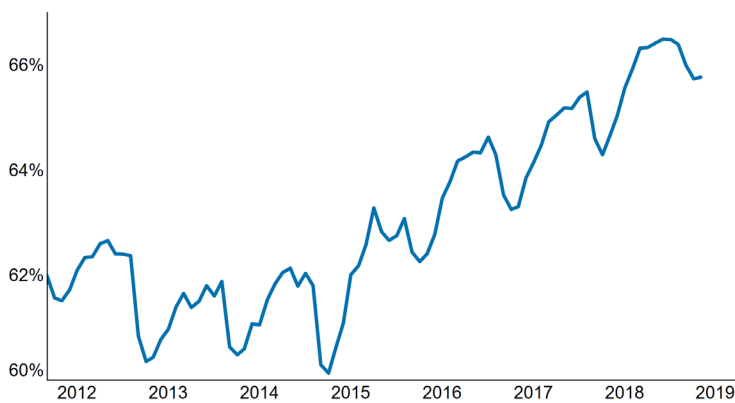


Quality Skilled Mix

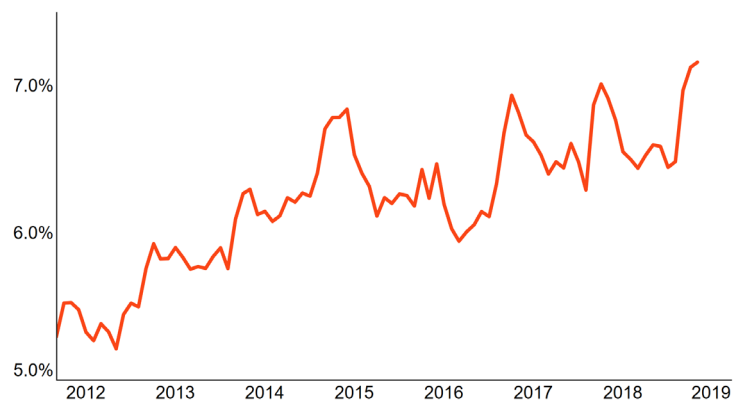


Patient Day Mix

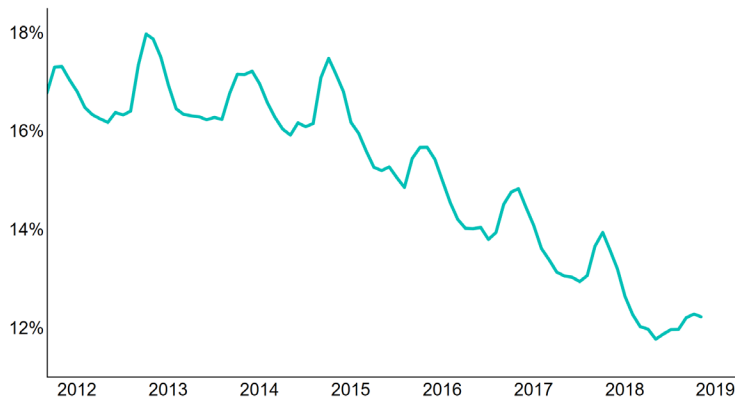
Medicaid



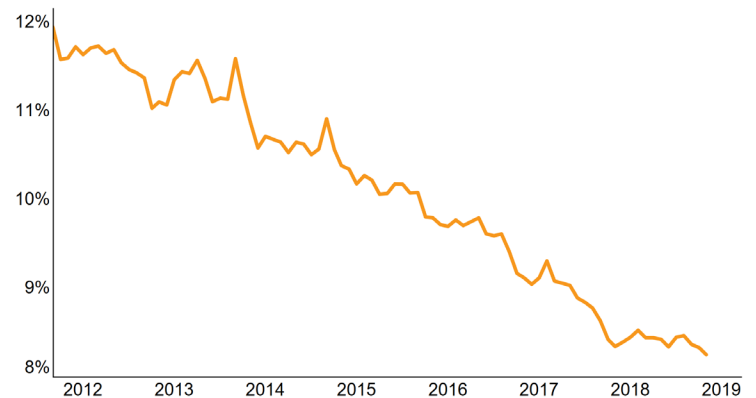
Managed Medicare



Medicare



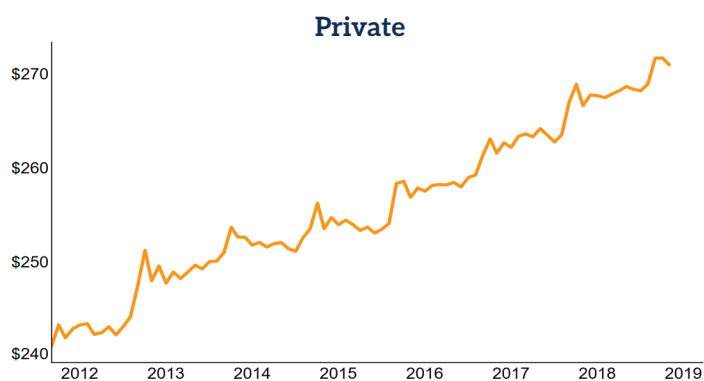
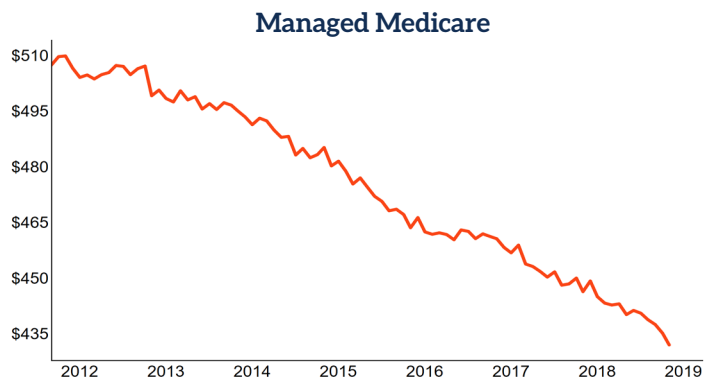
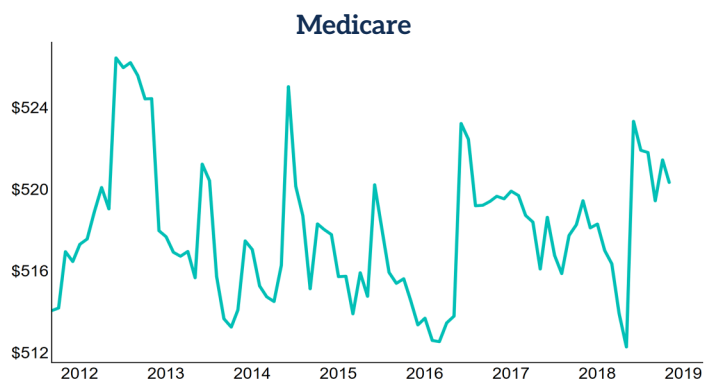
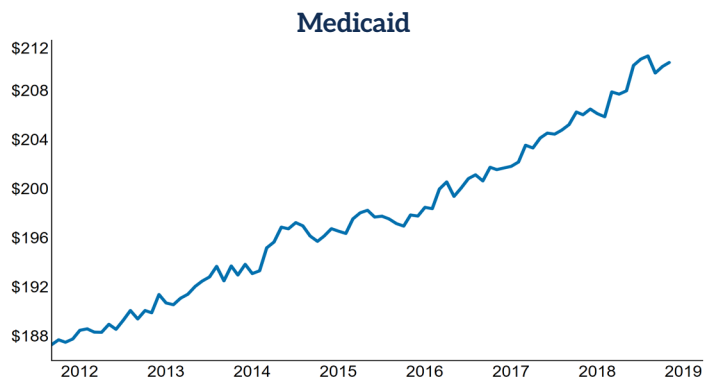
Private



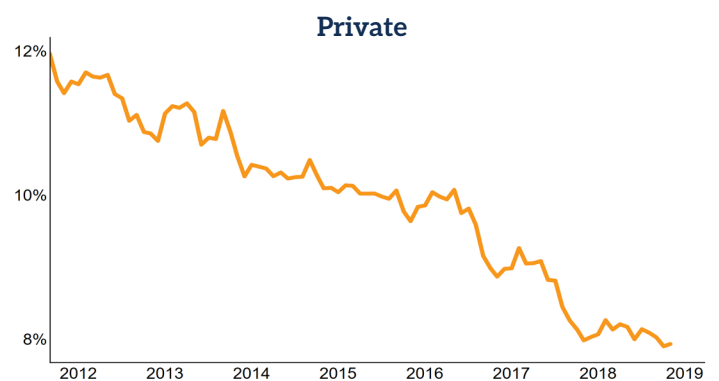
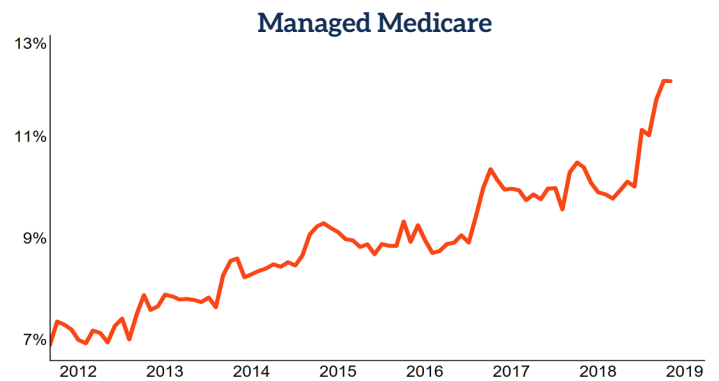
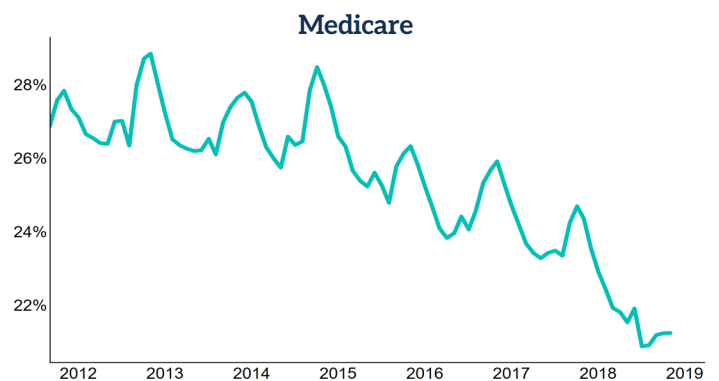
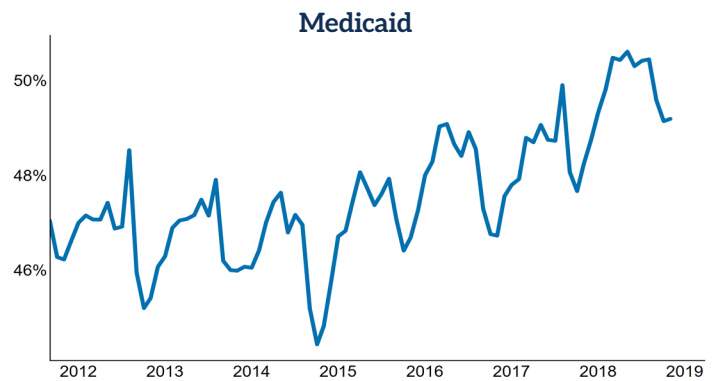
National Skilled Nursing Trends

Data through March 2019

Revenue Per Patient Day

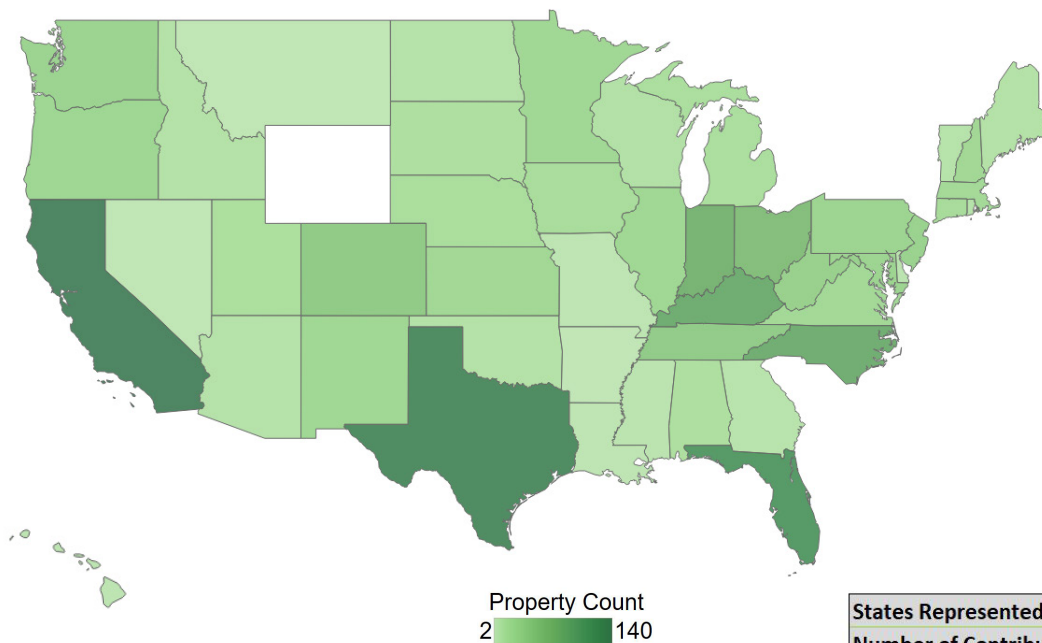


Revenue Mix



Skilled Nursing Coverage

Data through March 2019



	February	March
States Represented	46	46
Number of Contributors	26	26
Total SNF Properties	1,402	1,399

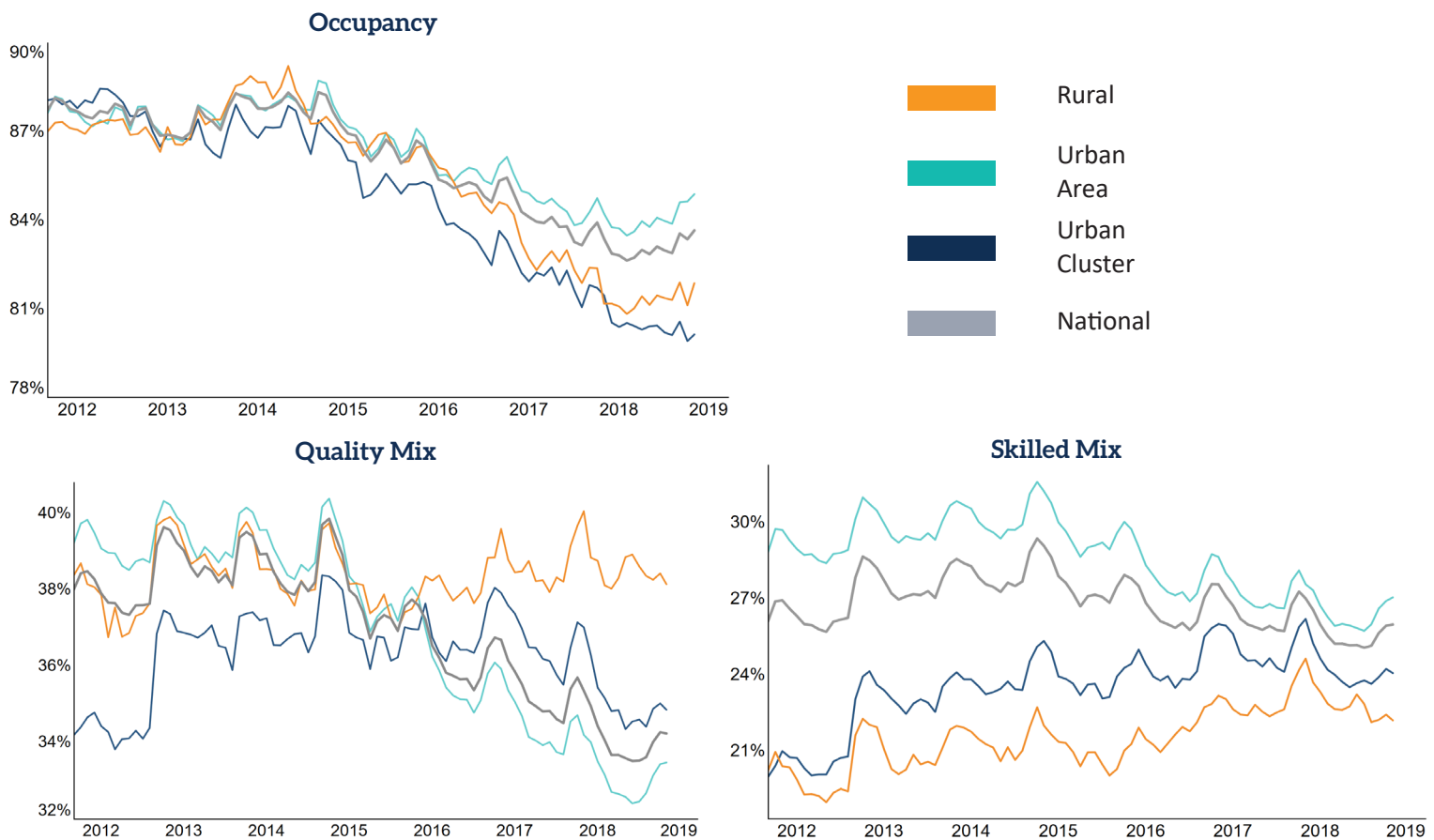
Key Indicators

Data through March 2019

	National		Rural		Urban Cluster		Urban Area	
	Current Month	M/M	Current Month	M/M	Current Month	M/M	Current Month	M/M
Occupancy	83.7%	30 bps	81.9%	75 bps	80.1%	22 bps	84.9%	25 bps
Quality Mix	34.2%	-3 bps	38.1%	-28 bps	34.8%	-17 bps	33.5%	4 bps
Skilled Mix	26.0%	5 bps	22.2%	-22 bps	24.1%	-17 bps	27.0%	14 bps
Patient Day Mix								
Medicaid	65.8%	3 bps	61.9%	28 bps	65.2%	17 bps	66.5%	-4 bps
Medicare	12.2%	-6 bps	10.8%	-19 bps	12.9%	-17 bps	12.3%	-1 bps
Managed Medicare	7.2%	3 bps	3.4%	-5 bps	3.8%	3 bps	8.6%	5 bps
Private	8.2%	-8 bps	15.9%	-6 bps	10.8%	0 bps	6.4%	-10 bps
Revenue Per Patient Day								
Medicaid	\$210	0.2%	\$196	-0.2%	\$201	0.3%	\$215	0.2%
Medicare	\$520	-0.2%	\$485	-0.1%	\$501	-0.7%	\$531	-0.1%
Managed Medicare	\$432	-0.7%	\$408	-0.9%	\$406	-1.0%	\$436	-0.7%
Private	\$271	-0.3%	\$236	0.6%	\$252	-0.1%	\$293	-0.7%
Revenue Mix								
Medicaid	49.2%	5 bps	46.7%	32 bps	47.9%	56 bps	49.9%	-11 bps
Medicare	21.3%	1 bps	20.2%	-17 bps	22.8%	-22 bps	21.0%	9 bps
Managed Medicare	12.1%	-1 bps	5.4%	-29 bps	8.0%	-13 bps	14.0%	6 bps
Private	7.9%	3 bps	14.5%	32 bps	10.0%	8 bps	6.5%	-2 bps

Urban and Rural Trends

Data through March 2019



Geographic classification is based on the 2010 US Census Bureau. All properties not considered Urban Area or Urban Cluster are classified in this report as Rural. According to the US Census Bureau:

For the 2010 Census, the Census Bureau classified as urban all territory, population, and housing units located within urbanized areas (UAs) and urban clusters (UCs), both defined using the same criteria. The Census Bureau delineates UA and UC boundaries that represent densely developed territory, encompassing residential, commercial, and other nonresidential urban land uses. In general, this territory consists of areas of high population density and urban land use resulting in a representation of the “urban footprint.” Rural consists of all territory, population, and housing units located outside UAs and UCs.

For the 2010 Census, the urban and rural classification was applied to the 50 states, the District of Columbia, Puerto Rico, American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands.

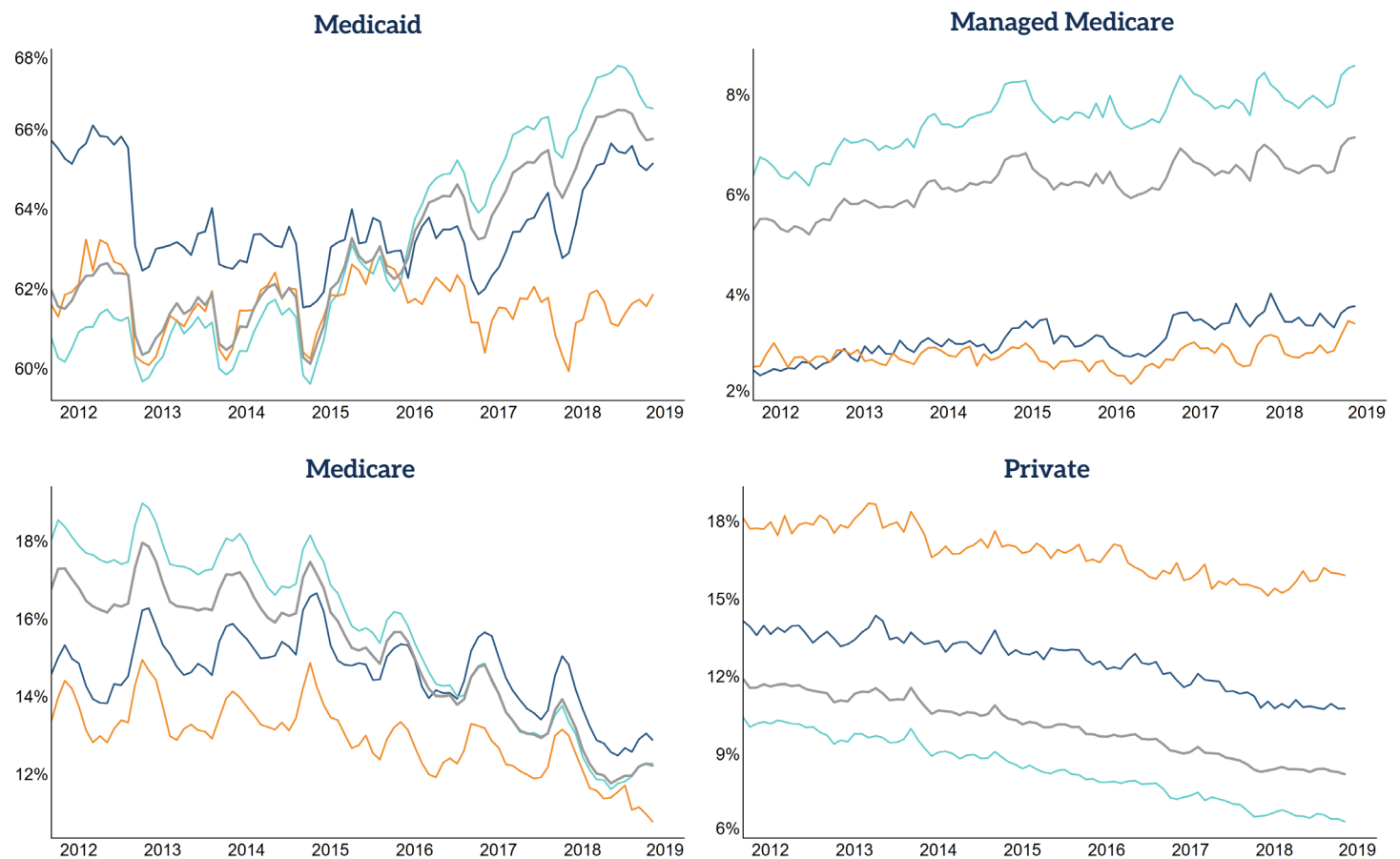
Urbanized Areas (UAs)—An urbanized area consists of densely developed territory that contains 50,000 or more people. The Census Bureau delineates UAs to provide a better separation of urban and rural territory, population, and housing in the vicinity of large places.

Urban Clusters (UCs)—An urban cluster consists of densely developed territory that has at least 2,500 people but fewer than 50,000 people. The Census Bureau first introduced the UC concept for Census 2000 to provide a more consistent and accurate measure of urban population, housing, and territory throughout the United States, Puerto Rico, and the Island Areas.

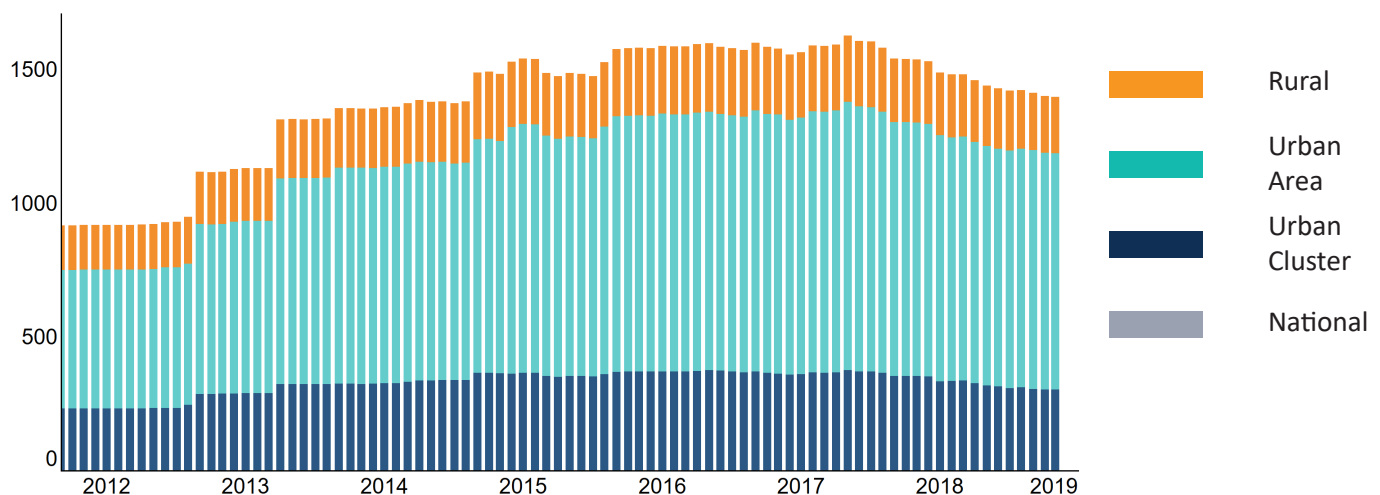
Urban and Rural Trends

Data through March 2019

Patient Day Mix



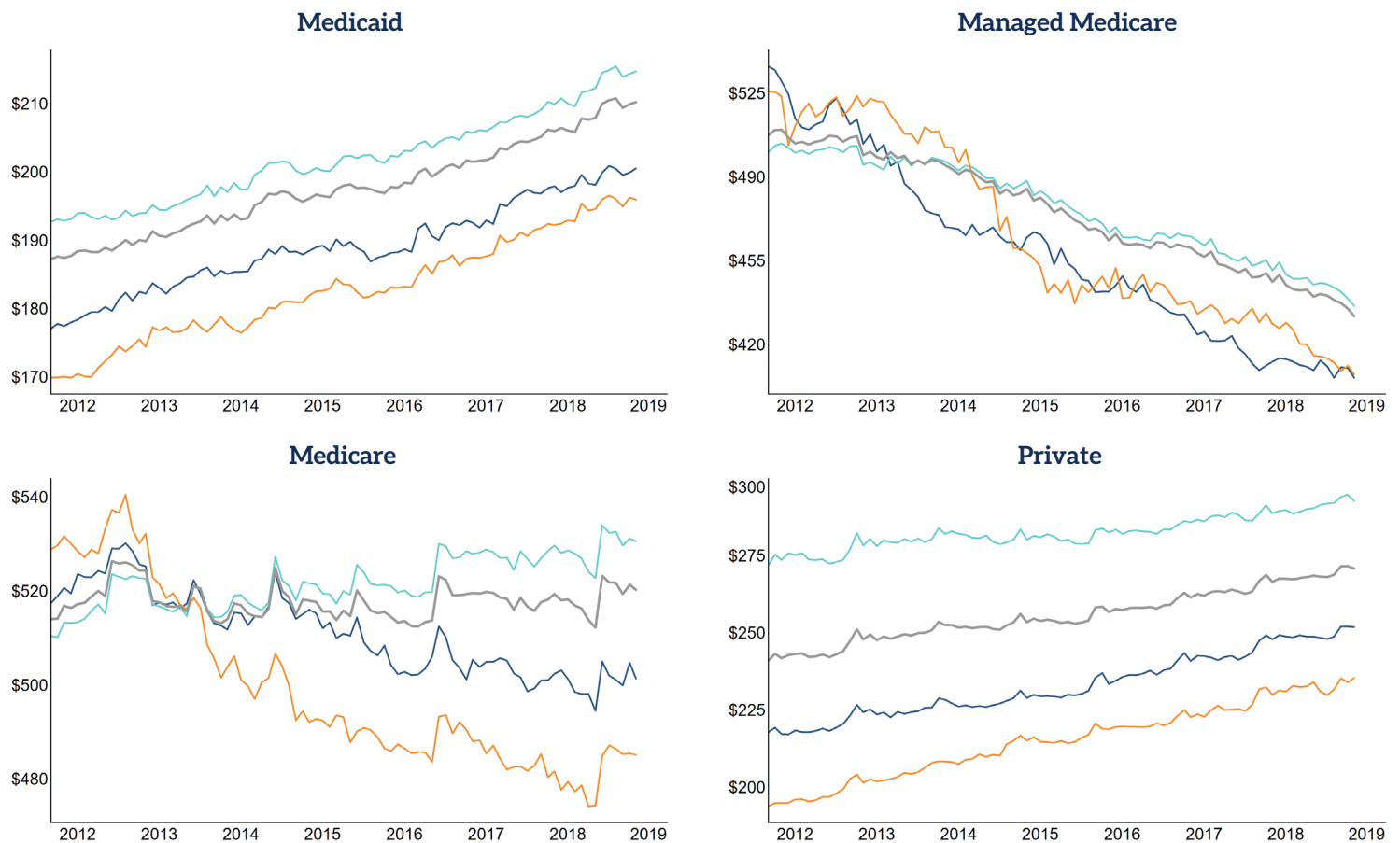
Reporting Property Distribution



Urban and Rural Trends

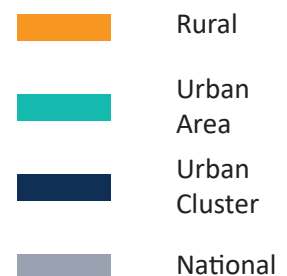
Data through March 2019

Revenue Per Patient Day



“Managed Medicare continues to have a growing influence on the operator revenue, further demonstrating the importance of managed Medicare as a payor within the skilled nursing sector. This trend can be seen in both the urban and rural areas.”

- Beth Mace, Chief Economist and Director of Outreach, NIC

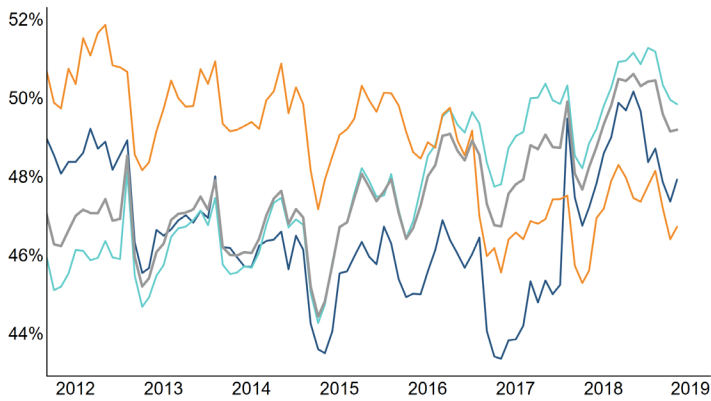


Urban and Rural Trends

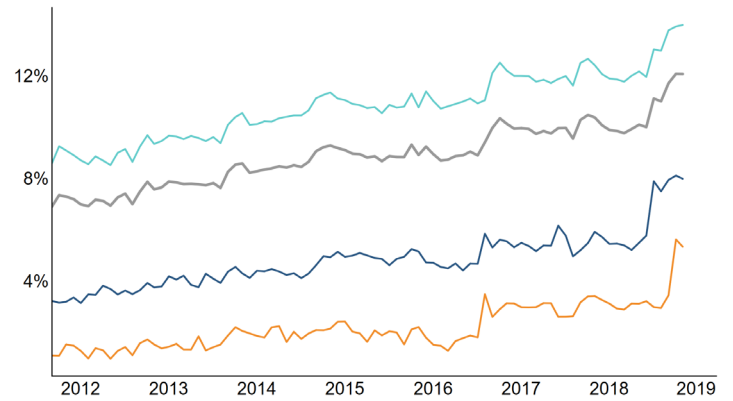
Data through March 2019

Revenue Mix

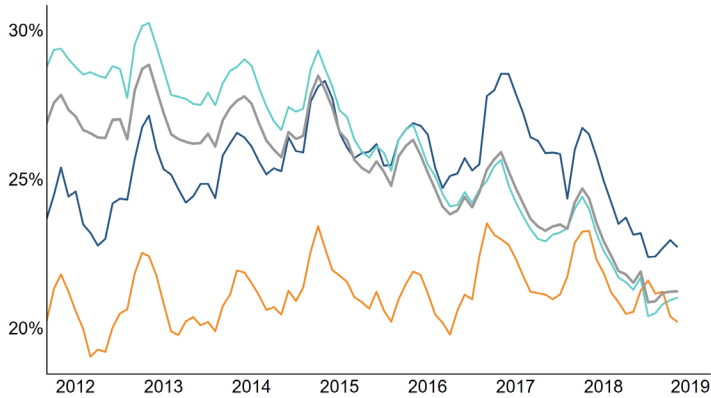
Medicaid



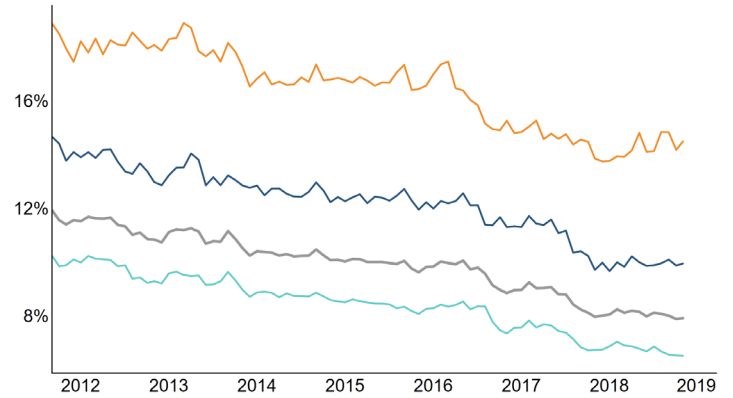
Managed Medicare



Medicare



Private



■ Rural

■ Urban Area

■ Urban Cluster

■ National

Glossary of Terms

Occupancy: Actual patient days divided by total days.

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

Quality Mix: Actual Medicare, managed Medicare/other, and Private patient days divided by the total actual patient days.

Revenue Mix: Total revenue for each payor source divided by the total revenue.

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

Skilled Mix: Actual Medicare and managed Medicare/other days divided by total actual patient days.

Urban Area/ Urban Cluster/ Rural: See Page 7.

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. Current month includes all contributors' data to date. Historical data is deflated using same-store month-month changes.

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 6.

National Skilled Nursing Trends are only reflective of the data from the current sample size within the NIC Skilled Nursing Data Initiative.

¹Patient Day Mix and Revenue Mix may not add up to 100% because "other patient days and revenue" that cannot be attributed to Medicaid, Medicare, managed Medicare, or Private are omitted from the tables and charts in this report. Other patient days and revenue may include but are not limited to additional benefit types such as veteran's benefits, community programs, and ancillary services.

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.

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