

Skilled Nursing Data Report

Key Occupancy & Revenue Trends

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

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Key Takeaways

- » **The skilled nursing occupancy rate was flat from the second to third quarters of 2019 at 83.6%.** Monthly occupancy continues to show stabilization and has averaged 83.6% since falling to its low point of 83.1% in June 2018. Year-over-year occupancy increased 21 basis points and is up 48 basis points from June 2018. The trend differed by geographic location as occupancy increased quarter-over-quarter in rural areas, flat in urban areas, and decreased in urban cluster areas.
- » **Medicaid revenue mix reached a time-series high of 51.5% in the third quarter 2019, up 55 basis points from the second quarter of 2019 and up 25 basis points from a year ago.** The quarterly revenue trend was driven by the urban areas, as it increased from the prior quarter and from the prior year, but the rural area Medicaid revenue mix was down slightly from the prior quarter and decreased from the same period last year. Although the lowest payor in terms of revenue per patient day (RPPD), Medicaid RPPD also hit a time-series high ending the third quarter 2019 at \$214. It grew 0.7% quarter-over-quarter and 2.4% year-over-year. However, the yearly RPPD growth still trails nursing home wage growth by a wide margin.
- » **Skilled Mix hit a time-series low in the third quarter of 2019.** The decrease was mostly driven by Medicare, although managed Medicare patient day mix decreased quarter-over-quarter as well. Historically, this is not uncommon as the data does usually show a decrease from the second to the third quarter. However, the fact that skilled mix has now hit a time-series low suggests that there is still general downward pressure on skilled admission and/or length of stay. Skilled mix decreased 50 basis points from the second quarter 2019 to end the third quarter 2019 at 24.4%. It also decreased from the prior year, falling 39 basis points. Skilled mix increased by 12 basis points in rural areas from the prior quarter to end the third quarter at 22.6%. The urban areas saw a 67 basis point decline quarter-over-quarter to end at 25.0%. On a year-over-year comparison, skilled mix in both urban and rural areas decreased.
- » **Medicaid patient day mix hit a time-series high of 67.6% in the third quarter as it increased 56 basis points from the prior quarter.** The fact that skilled mix decreased 50 basis points and occupancy was relatively flat in the third quarter suggests that Medicaid demand is helping to stabilize occupancy. Medicaid patient mix increased 62 basis points year-over-year. The quarterly Medicaid patient day mix increase was driven by both urban and rural areas, which increased 70 basis points and 58 basis points, respectively, from the second quarter. Meanwhile, private patient day mix continues to decrease as it fell 5 basis points from the prior quarter to end the third quarter 2019 at 8.0%. It was down 23 basis points from a year ago.

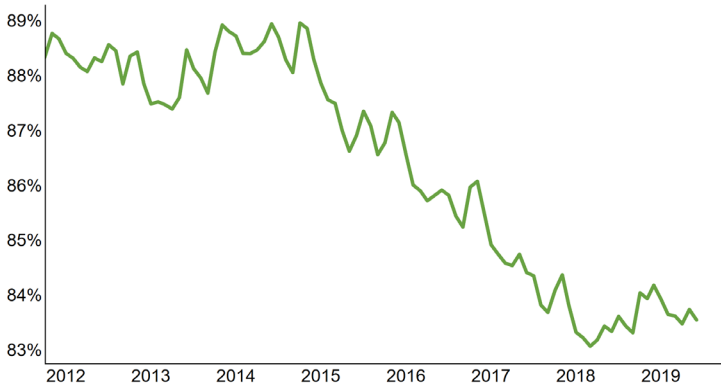
“ Medicaid continues to grow as a share of revenue at skilled nursing properties. It now stands at over 51% and although it is the lowest payor in terms of reimbursement, Medicaid demand is likely playing a role in occupancy stabilization. ”

— Bill Kauffman, Senior Principal, NIC

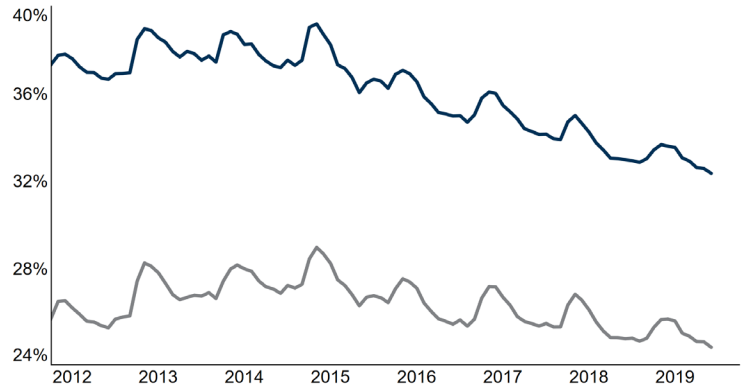
National Skilled Nursing Trends

Data through September 2019

Occupancy

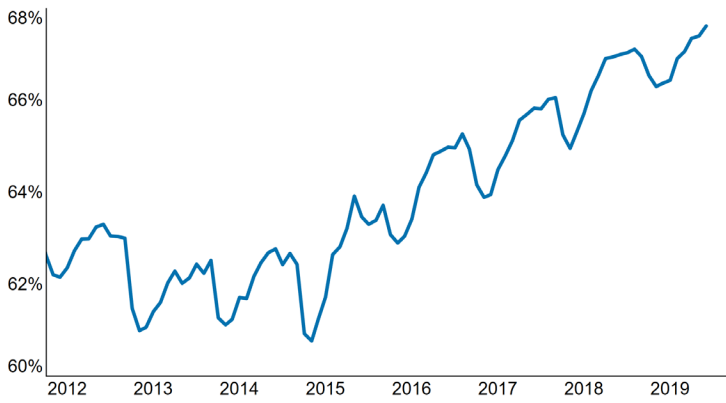


Quality Skilled Mix

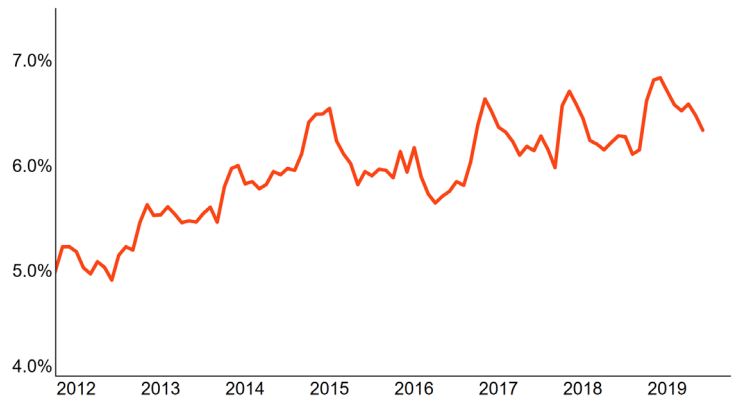


Patient Day Mix

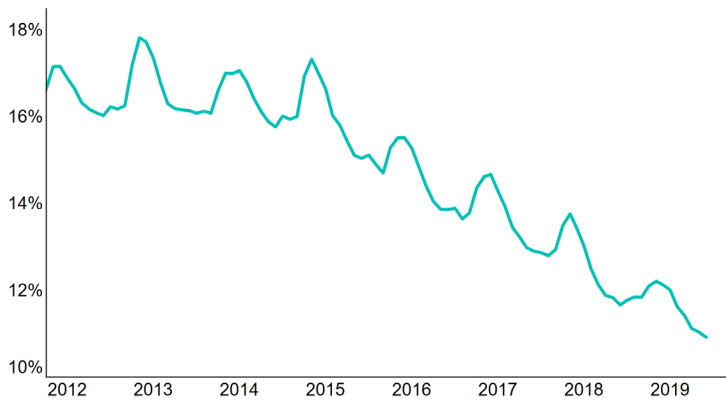
Medicaid



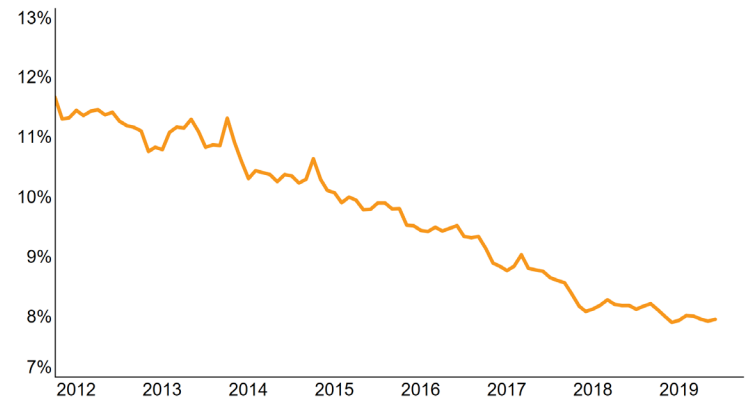
Managed Medicare



Medicare



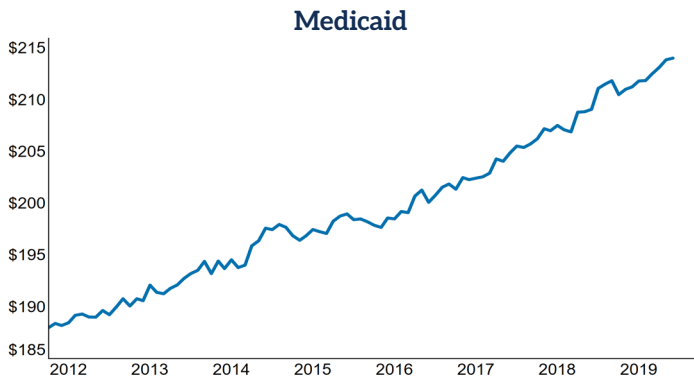
Private



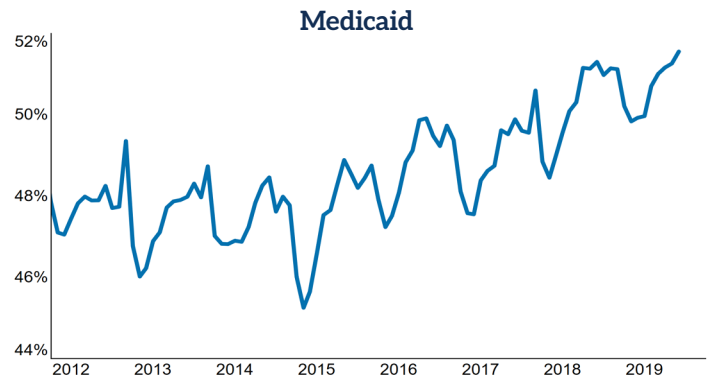
National Skilled Nursing Trends

Data through September 2019

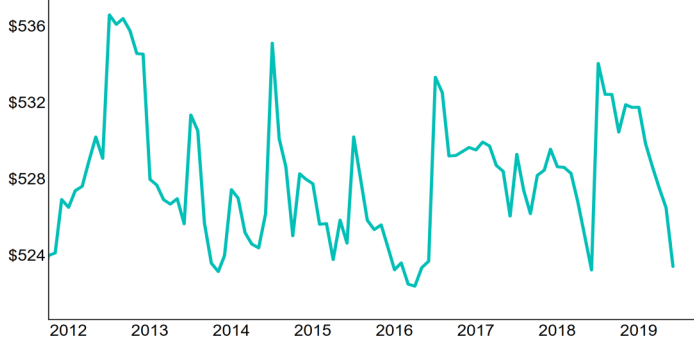
Revenue Per Patient Day



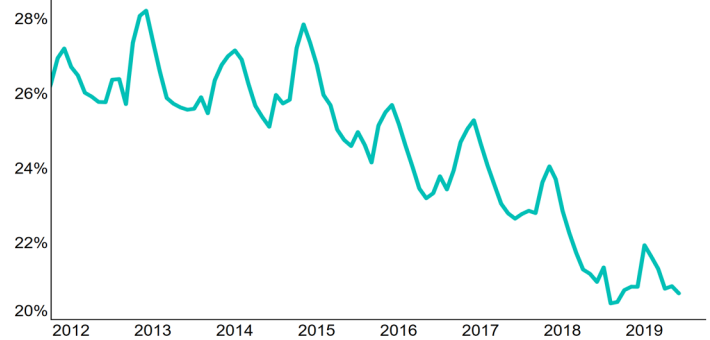
Revenue Mix



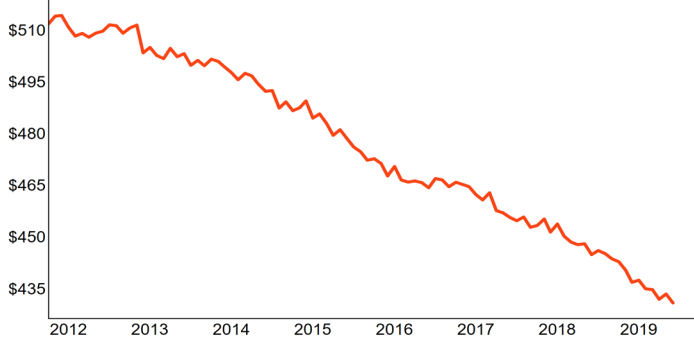
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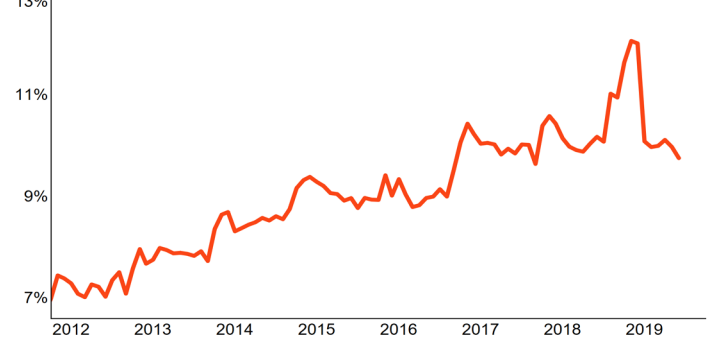
Medicare



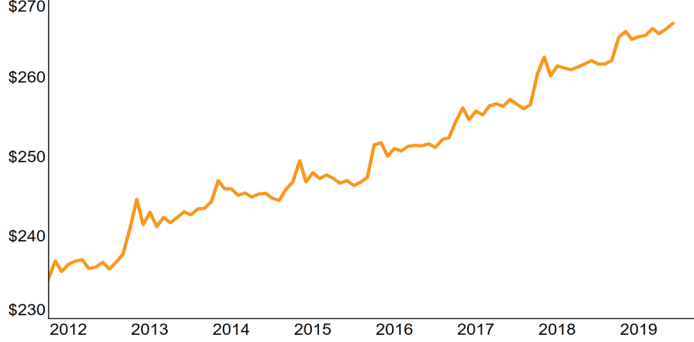
Managed Medicare



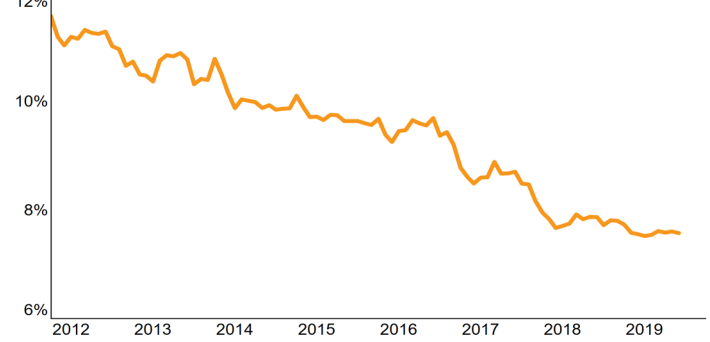
Managed Medicare



Private

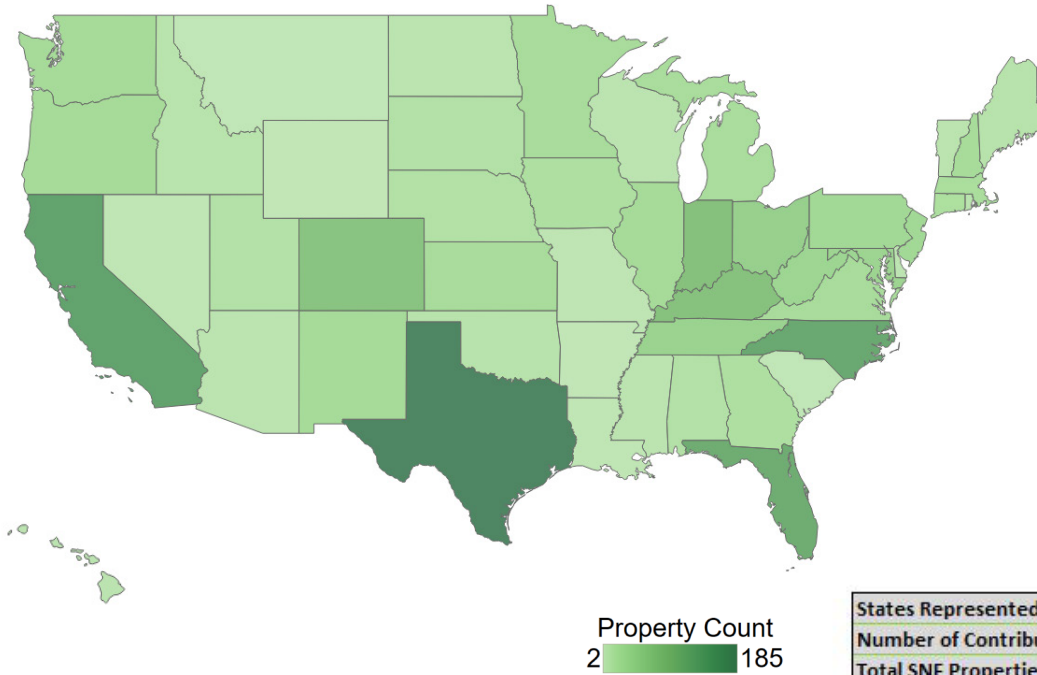


Private



Skilled Nursing Coverage

Data through September 2019



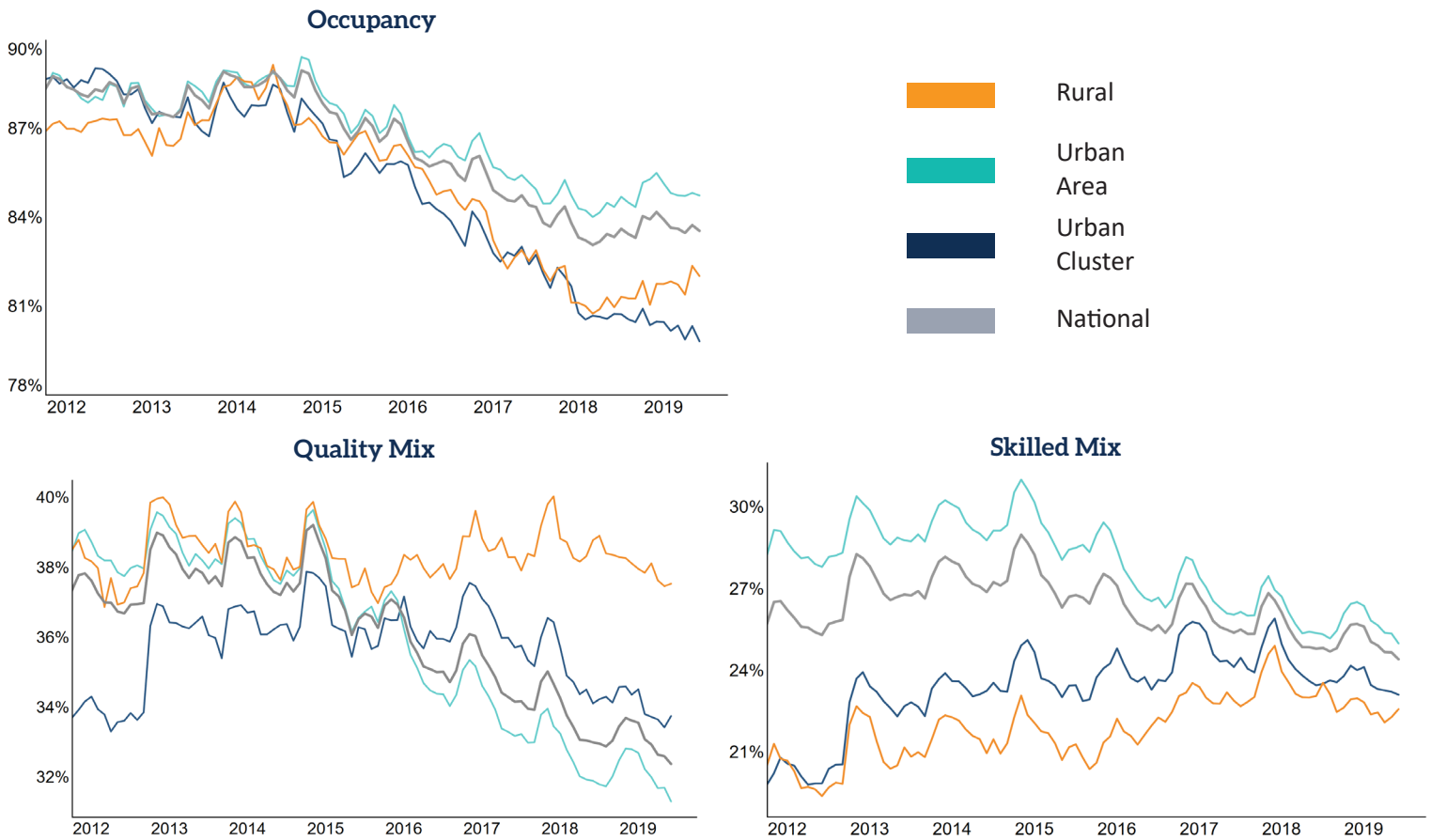
Key Indicators

Data through September 2019

	National		Rural		Urban Cluster		Urban Area	
	Current Month	M/M	Current Month	M/M	Current Month	M/M	Current Month	M/M
Occupancy	83.6%	-19 bps	82.0%	-34 bps	79.8%	-51 bps	84.7%	-9 bps
Quality Mix	32.4%	-22 bps	37.5%	7 bps	33.8%	32 bps	31.3%	-39 bps
Skilled Mix	24.4%	-25 bps	22.6%	29 bps	23.1%	-11 bps	25.0%	-36 bps
Patient Day Mix								
Medicaid	67.6%	22 bps	62.5%	-7 bps	66.2%	-32 bps	68.7%	39 bps
Medicare	10.9%	-12 bps	10.5%	18 bps	11.5%	-8 bps	10.9%	-17 bps
Managed Medicare	6.3%	-14 bps	3.2%	-11 bps	3.4%	-21 bps	7.5%	-13 bps
Private	8.0%	3 bps	15.0%	-22 bps	10.6%	43 bps	6.3%	-3 bps
Revenue Per Patient Day								
Medicaid	\$214	0.1%	\$198	0.1%	\$206	0.2%	\$218	0.0%
Medicare	\$523	-0.6%	\$484	-0.3%	\$501	-0.4%	\$535	-0.7%
Managed Medicare	\$431	-0.6%	\$404	0.5%	\$403	-0.3%	\$436	-0.7%
Private	\$267	0.3%	\$234	0.6%	\$246	0.2%	\$286	0.2%
Revenue Mix								
Medicaid	51.5%	29 bps	47.3%	-58 bps	50.7%	-16 bps	52.3%	51 bps
Medicare	20.7%	-19 bps	19.5%	50 bps	21.5%	-36 bps	20.6%	-24 bps
Managed Medicare	9.8%	-22 bps	5.1%	-2 bps	5.1%	-30 bps	11.4%	-23 bps
Private	7.6%	-3 bps	13.4%	-29 bps	9.6%	18 bps	6.3%	-4 bps

Urban and Rural Trends

Data through September 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.

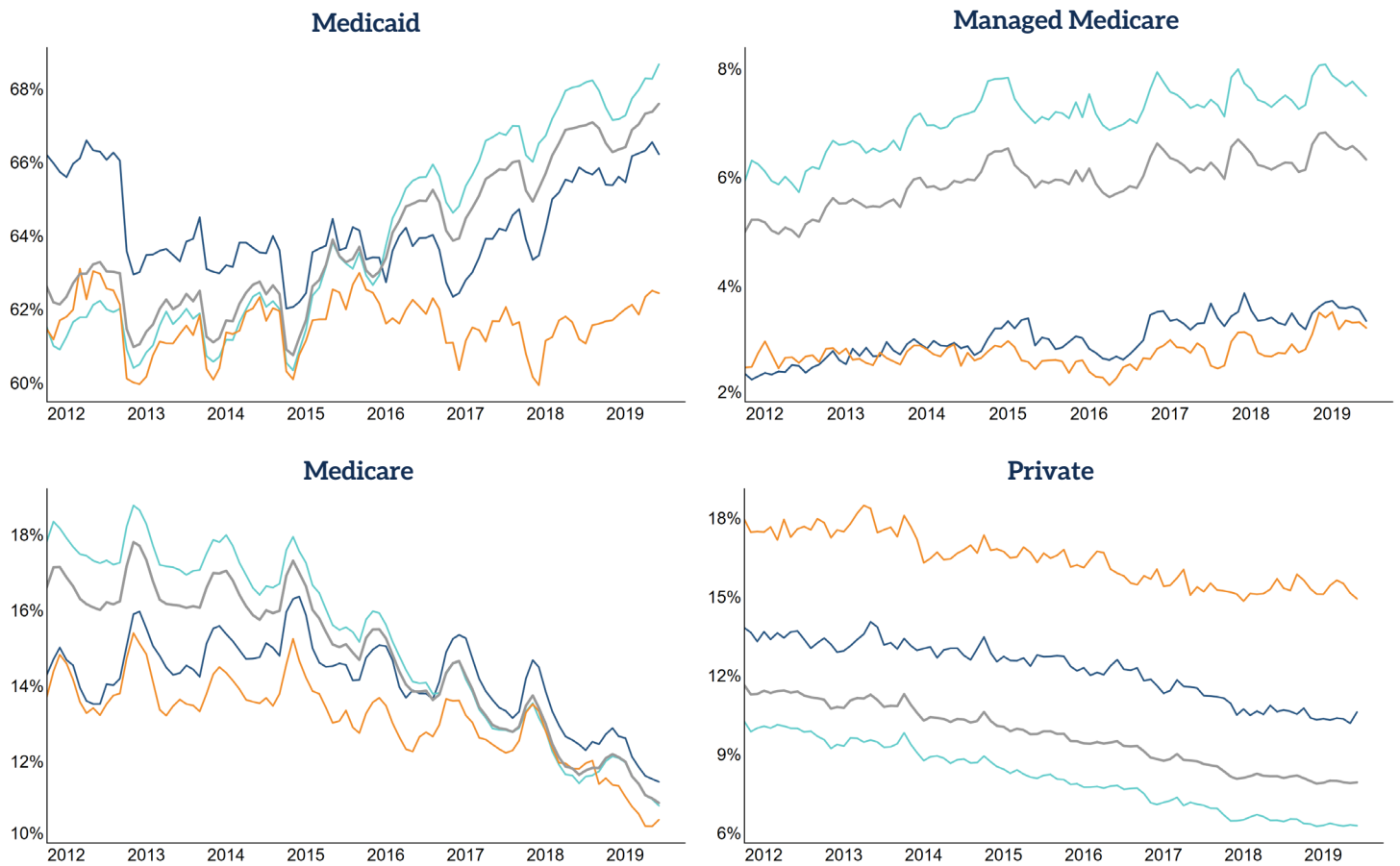
Urbanized Areas (UAs)—An urbanized area consists of densely developed territory that contains 50,000 or more people. The Census Bureau delineates UAs to provide a better separation of urban and rural territory, population, and housing in the vicinity of large places.

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.

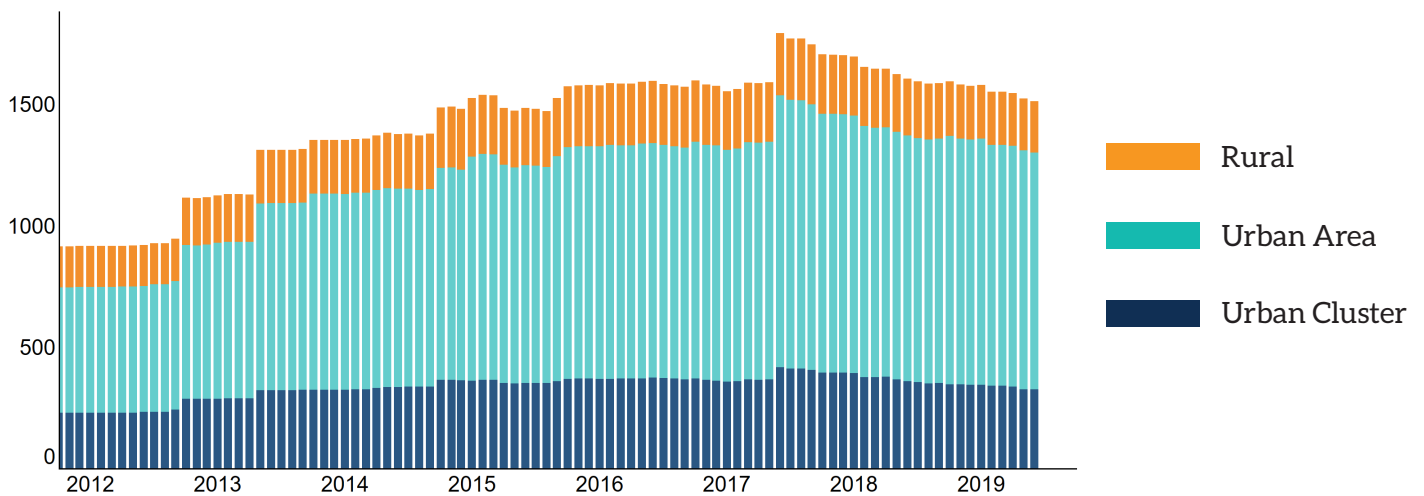
Urban and Rural Trends

Data through September 2019

Patient Day Mix



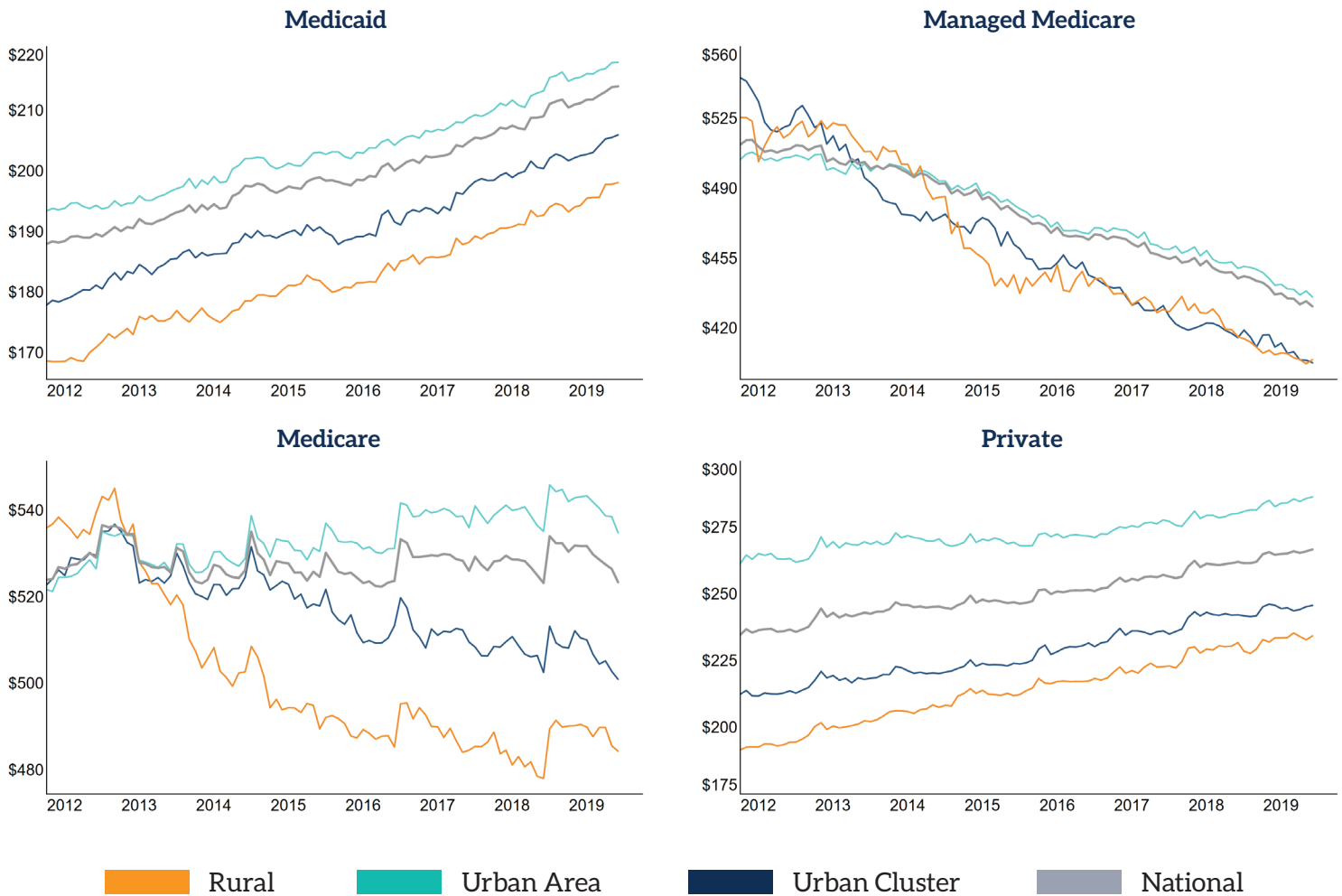
Reporting Property Distribution



Urban and Rural Trends

Data through September 2019

Revenue Per Patient Day



“ Skilled mix continues to be pressured as it decreased 39 basis points from the prior year. The data suggests there is still challenges with admissions and/or length of stay when it comes to Medicare fee-for-service and managed Medicare. ”

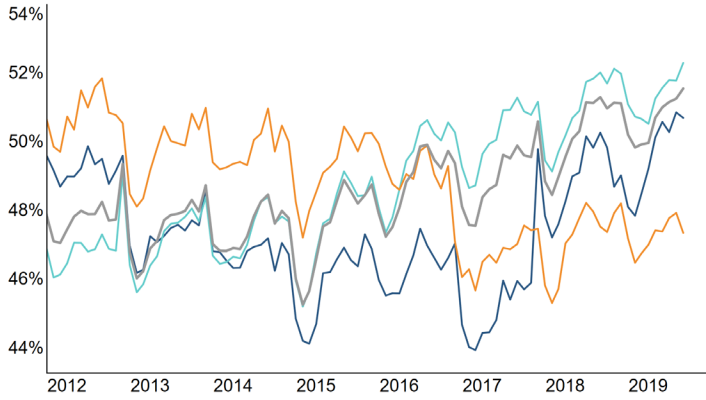
— Beth Mace, Chief Economist and Director of Outreach, NIC

Urban and Rural Trends

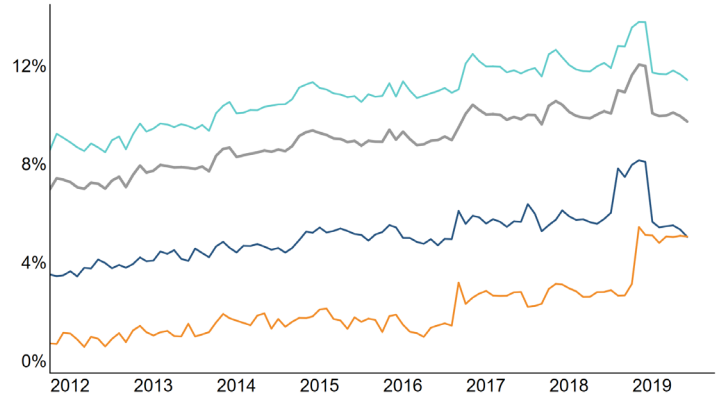
Data through September 2019

Revenue Mix

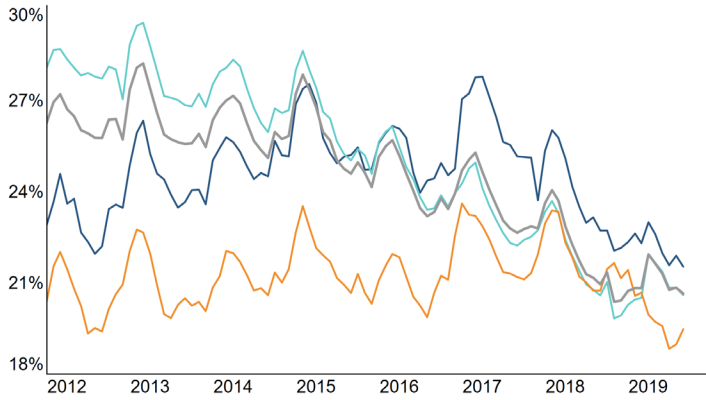
Medicaid



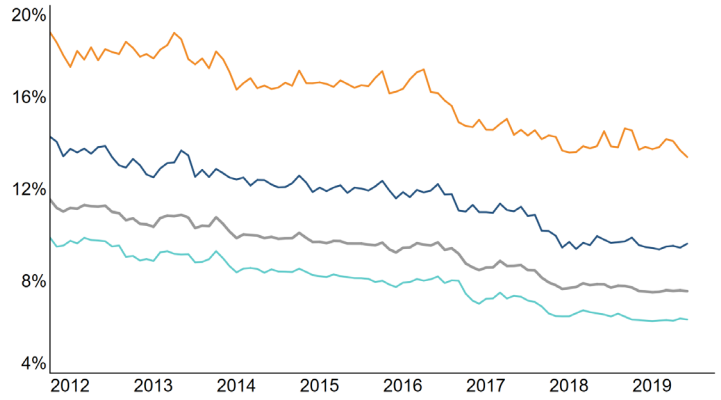
Managed Medicare



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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