NIC Skilled Nursing Data Report: Key Takeaways from Fourth Quarter 2018

As the skilled nursing sector entered 2018, there were very few bright spots as the sector dealt with numerous challenges in the years leading up to 2018. However, as 2018 progressed, the latest data showed the sector had potentially stabilized, as occupancy hovered around 82% since April 2018. And, now in 2019, there are more positive indications that demand may in fact be increasing to offset the excess patient day capacity that we have seen in recent years. One could consider this a cautiously optimistic outlook in the near-term.

NIC released the fourth quarter 2018 edition of its Skilled Nursing Data Report in March 2019, which included key monthly data points from January 2012 through December 2018. The report also includes the latest urban vs. rural comparative data points as well as revenue mix trends.

Key takeaways from the report include:

1. Occupancy continued to hold in a narrow range, as it has over the past several months. Overall occupancy ended the fourth quarter of 2018 at 82.4%, which was virtually unchanged from the third quarter and down 35 basis points from 82.8% in the fourth quarter of 2017. It has been hovering around 82.5% since April 2018. The fourth quarter occupancy trend varied by geographic area, with urban areas experiencing an increase, while occupancy in rural and urban cluster areas declined from the third to the fourth quarter of 2018. The occupancy rate ended 2018 at 80.4% in rural areas and at 83.7% in urban areas, representing a significant difference of 330 basis points.

2. Managed Medicare revenue per patient day (RPPD) increased in the fourth quarter of 2018, albeit slightly, ending the year at $430. Any ease in pressure on managed Medicare RPPD would be a positive for skilled nursing operators, as the last few years have seen a continued downward trend. The managed Medicare RPPD has decreased from $495 in January of 2012 to $430 as of December 2018. There has not been a quarterly increase in managed
Medicare RPPD since the fourth quarter of 2016 when the RPPD was at $449. However, RPPD is down 1.7% compared to a year ago in December of 2017 when managed Medicare RPPD was at $437. Managed Medicare RPPD trends varied by geography, as rural areas saw a decrease and urban areas represented a slight increase; urban cluster areas increased as well.

3. Private RPPD was relatively flat from the third quarter to the fourth quarter of 2018. It has continued to be range bound over the past few months but has declined since February 2018. This is notable because it has steadily increased over the past few years. However, the latest data suggest there has been a slowdown since last year. Whereas the private RPPD did grow at 1.7% compared to a year ago in December of 2017, it has been hovering around the $262 range for several months. Private RPPD decreased the most in rural areas representing a quarterly decrease of 1%. It was relatively steady in both urban and urban cluster areas. Meanwhile, patient day mix continued to hold steady as it has the last several months.

4. Skilled mix held steady in the fourth quarter 2018 at 24.8%, which is somewhat common from a seasonal perspective when comparing the third to fourth quarters. The data usually shows a flat to slight increase from the third to fourth quarters. The quarterly change was driven by an increase in Medicare patient day mix and a decrease in managed Medicare mix. However, compared to December 2017, skilled mix decreased 56 basis points as the pressure on skilled mix persists. The continued pressure over the years has been mainly due to the decline of Medicare patient day mix, which was down 110 basis points from a year ago. Managed Medicare patient day mix was up 28 basis points compared to a year ago. The decline in skilled mix over the past year was most pronounced in urban areas, as rural areas saw a slight increase.

5. Managed Medicare revenue mix was the only main payer type that increased from third quarter 2018 and is now at 11% overall. This highlights the importance of continuing to follow the trends of managed Medicare for operators and investors. Compared to one year ago, Medicaid and managed Medicare revenue mix increased, while Private and Medicare decreased.
To get more trends from the latest data, you can download the NIC Skilled Nursing Data Report [here](#). There is no charge for this report.

The report provides aggregate data at the national level from a sampling of skilled nursing operators with multiple properties in the United States. NIC continues to grow its database of participating operators in order to provide in the future data at localized levels. Operators who are interested in participating can complete a participation form [here](#). NIC maintains strict confidentiality of all data it receives.
Seniors Housing & Care Industry Calendar

May 2019

5/1-3  AHCA/NCAL Spring Conference for Multifacility CEOs and Senior Executive Leaders  Bluffton, SC
5/3  6th Annual Brain Ball – Alzheimer’s Association  Washington, DC
5/5-8  LTC 100 Leadership Conference  Naples, FL
5/8-9  Real Estate Research Institute (RERI) Conference  Chicago, IL
5/8  Build – the Future of Senior Living Development  Chicago, IL

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