

ANNUAL 2019

Skilled Nursing Data Report

Key Occupancy & Revenue Trends

Based on Data from January 2012
through December 2019

NIC | MAP[®]
Data Service

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Key Takeaways

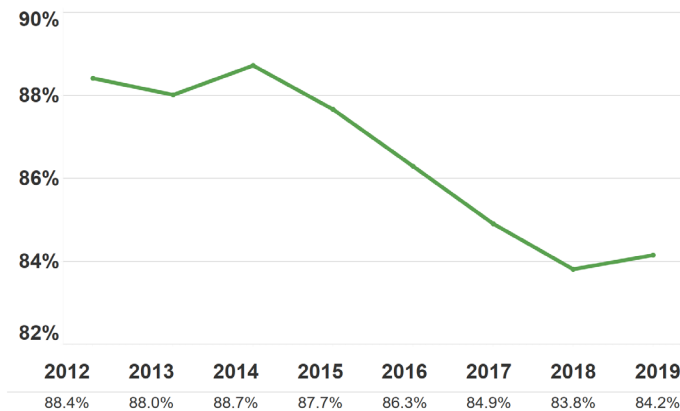
The Annual Skilled Nursing Data Report includes metrics that are calculated differently than the Monthly Skilled Nursing Report. The Annual Report herein includes metrics calculated based on a 12-month rolling basis. Please see glossary for detailed definitions. This report is being released on an annual basis given the market demand and, particularly, investor demand that desire annual figures to compare to other skilled nursing industry data sources/reports. In addition, the reader should keep in mind that no data included within this report reflects the impact of the COVID-19 pandemic since the latest data in this report ends in 2019. The following are key takeaways:

1. After decreasing every year since 2014, occupancy increased for the first time in 2019, rising to 84.2%. Occupancy was hit the hardest during the 2014 to 2017 period as the healthcare system moved to a value-based system from a fee-for service system. Additionally, the growth of managed care and competition from other care settings, e.g. home health, contributed to this decline. In 2019, occupancy was down 426 basis points since 2012.
2. Skilled mix decreased 50 basis points to 25.2% in 2019 from the prior year. Skilled mix has been pressured over the last few years, particularly since 2015, as the move to a value-based healthcare system impacted skilled nursing patient days. Skilled mix pressure has mostly been driven by Medicare patient day mix, which declined 104 basis points from 2018 to 11.7% in 2019. Medicare patient mix has declined 510 basis points since 2012, highlighting the pressure on the Medicare business. On the other hand, managed Medicare patient day mix has held relatively steady since 2015 in the 6% range and up 152 basis points since 2012.
3. Managed Medicare revenue per patient day (RPPD) decreased in 2019, averaging \$442 for the year, which represented a 2.9% decrease from 2018. Managed Medicare RPPD has been under pressure for skilled nursing operators in the last few years as it has decreased every year, since 2012. RPPD has decreased from \$514 in 2012 to \$442 in 2019, representing a 14.1% decline over that time period. Depending on the market in which a skilled nursing property is located, managed Medicare penetration can have a significant impact on property revenue as the RPPD differential compared to fee-for-service Medicare has grown since 2012. In 2012, the differential was \$10 and in 2019 it had grown to \$88. Although it is difficult to see in these annual figures, the last 3 months of 2019 saw an increase in Medicare RPPD, which was expected for many operators due to the newly introduced Patient Driven Payment Model (PDPM) that began on October 1, 2019. The new payment reimbursement model is structured for the total care of patients, thereby providing potential for more reimbursement, instead of a therapy-driven payment model. Meanwhile, Medicaid RPPD increased 2.2% from 2018, ending 2019 at \$214. It has increased a total of 12.6% since 2012, although the concern continues to be that current Medicaid RPPD does not cover the actual cost of care in most states.
4. Medicare revenue mix decreased in 2019, averaging 21.2% for the year, which represented a 104-basis point decline from 2018. Medicare revenue mix has been trending downward over the last few years due to many factors including competition from other care settings, growth in managed care, and length of stay pressure challenging the Medicare fee-for-service business. Managed Medicare revenue mix, on the other hand, has trended upward over the last few years as enrollment in Medicare Advantage Plans have grown. Managed Medicare revenue mix has increased 326 basis points from 7.2% in 2012 to 10.5% in 2019. That growth in revenue mix slowed, however, as it only increased 18 basis points from 2018 to 2019. Meanwhile, Medicaid revenue mix now represents over half of the revenue as it ended 2019 at 50.9%. That is up 279 basis points from 2012 when it was 48.1%.

Skilled Nursing Trends

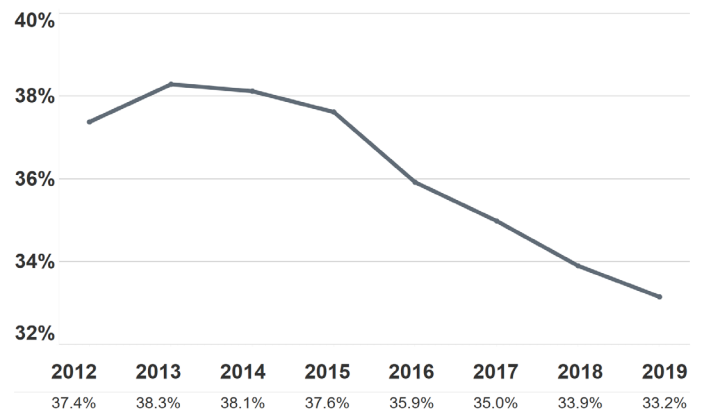
Data through December 2019

Occupancy



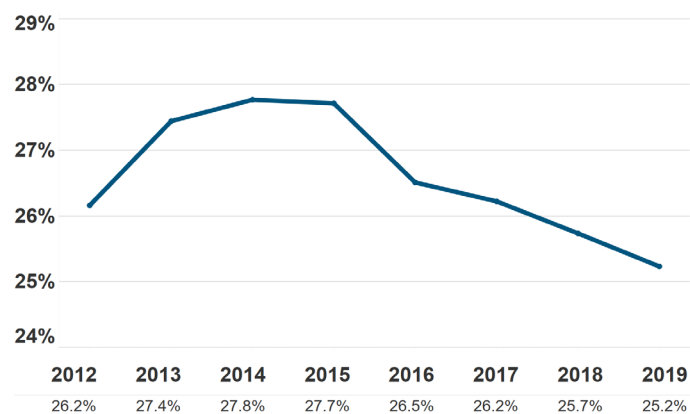
Source: NIC MAP® Data Service

Quality



Source: NIC MAP® Data Service

Skilled Mix



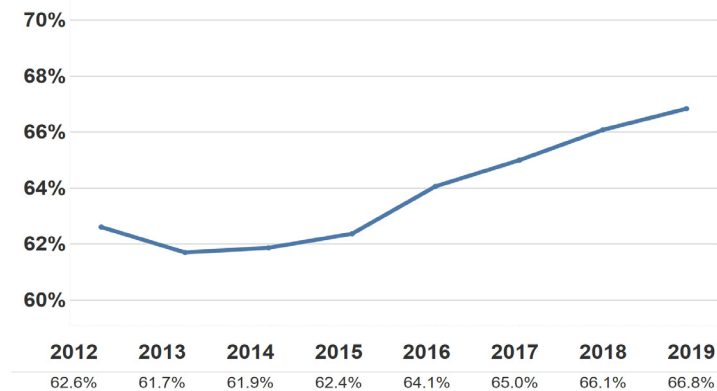
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Skilled Nursing Trends

Data through December 2019

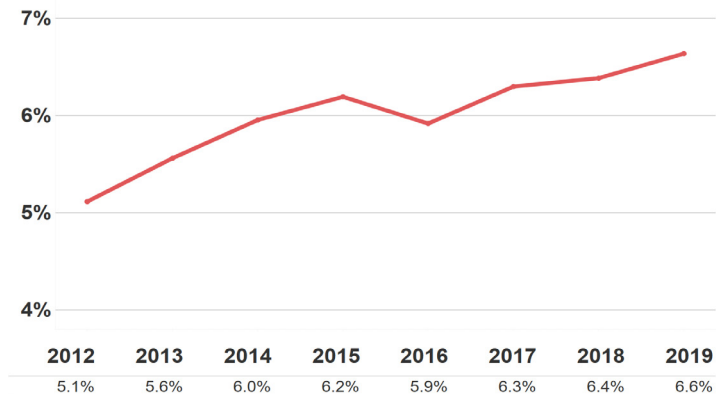
Patient Day Mix

Medicaid



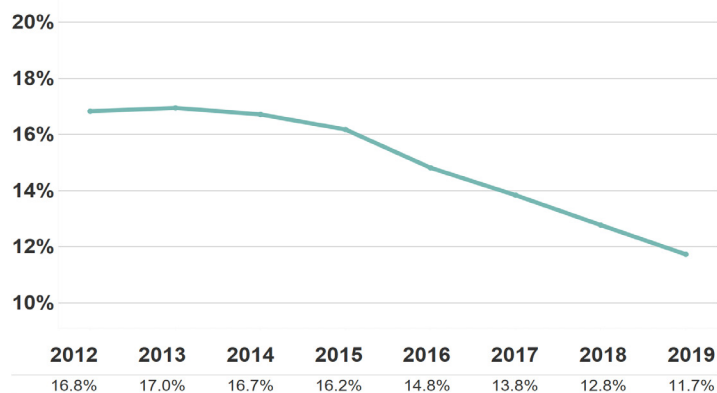
Source: NIC MAP® Data Service

Managed Medicare



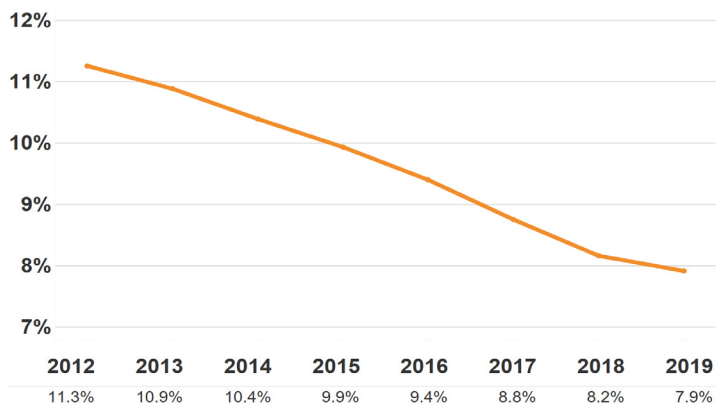
Source: NIC MAP® Data Service

Medicare



Source: NIC MAP® Data Service

Private



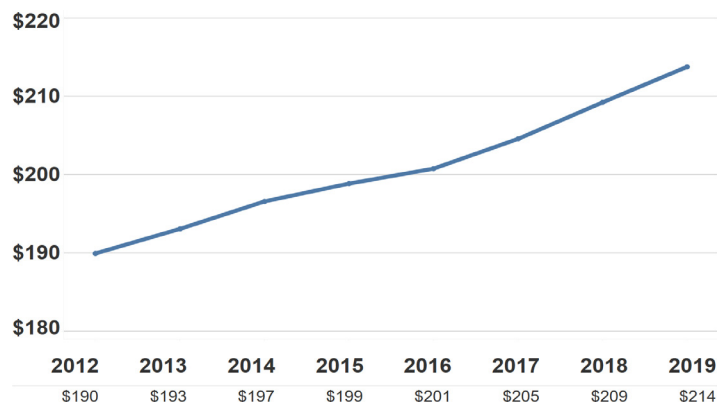
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Skilled Nursing Trends

Data through December 2019

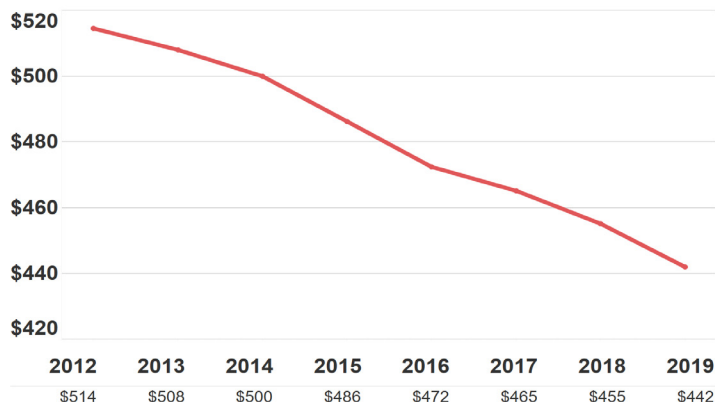
Revenue Per Patient Day

Medicaid



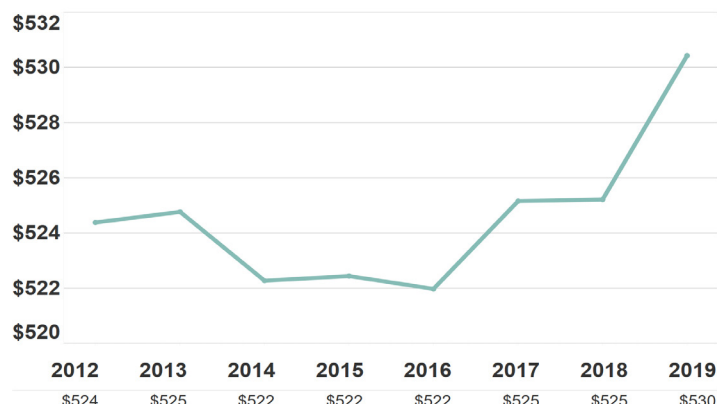
Source: NIC MAP® Data Service

Managed Medicare



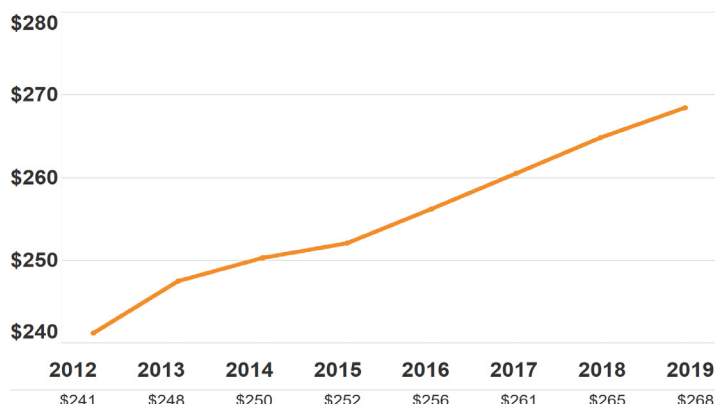
Source: NIC MAP® Data Service

Medicare



Source: NIC MAP® Data Service

Private



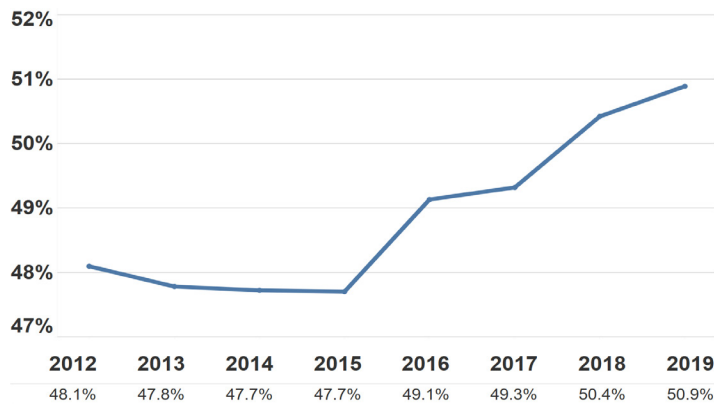
Source: NIC MAP® Data Service

Skilled Nursing Trends

Data through December 2019

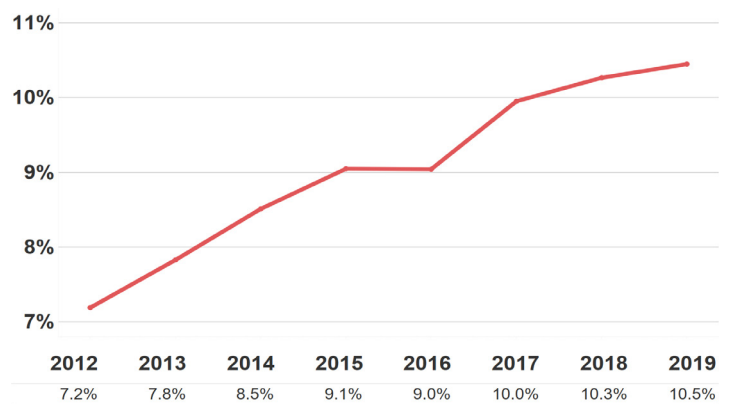
Revenue Mix

Medicaid



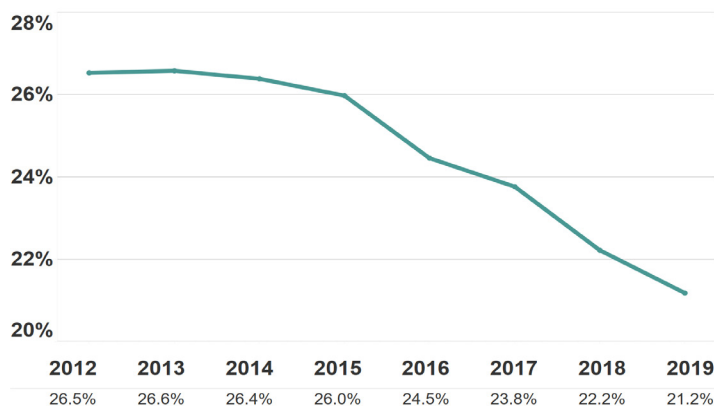
Source: NIC MAP® Data Service

Managed Medicare



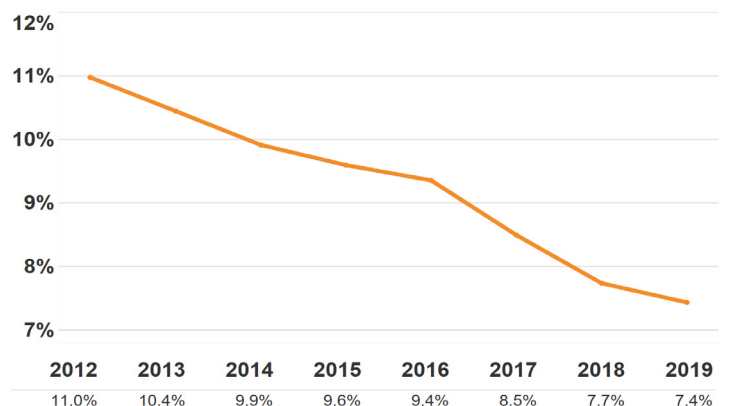
Source: NIC MAP® Data Service

Medicare



Source: NIC MAP® Data Service

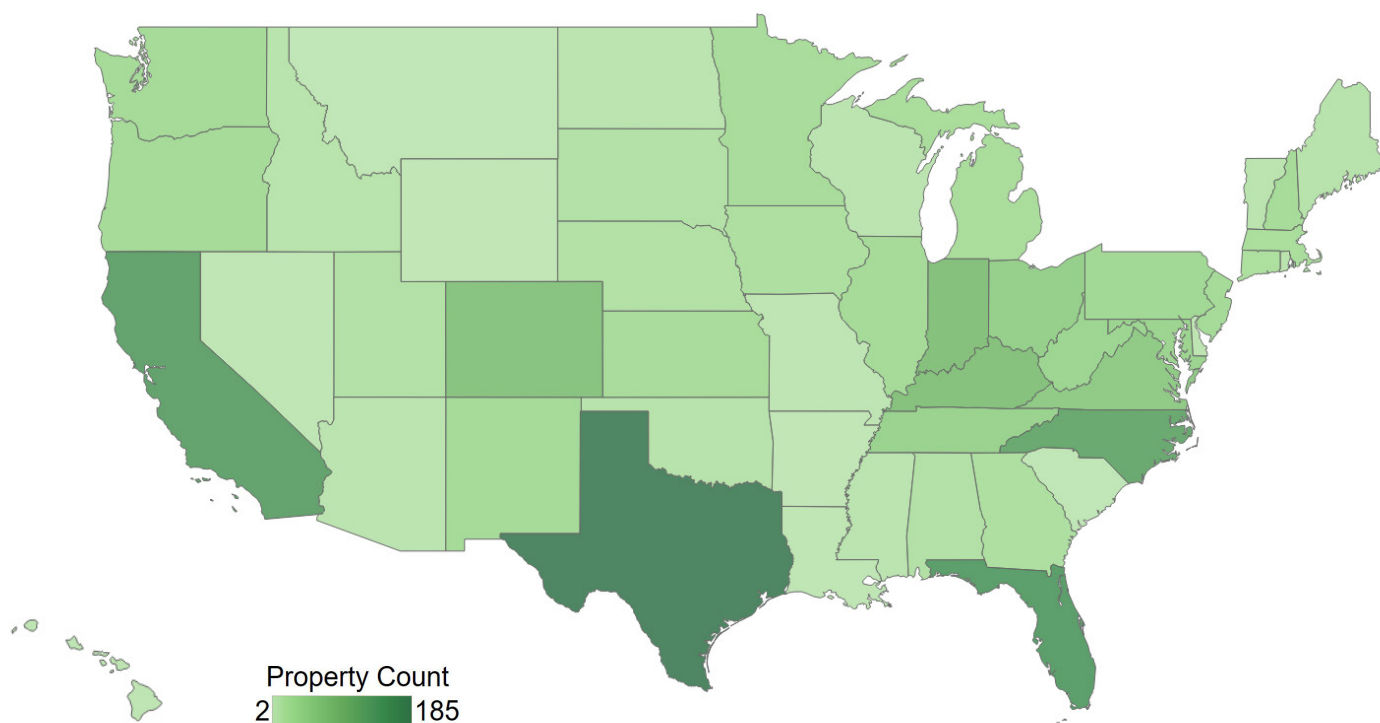
Private Pay



Source: NIC MAP® Data Service

Skilled Nursing Coverage

Data through December 2019



	December
States Represented	48
Number of Contributors	29
Total SNF Properties	1,572

Source: NIC MAP® Data Service

Glossary of Terms

Term	Definition
Annual Occupancy	Annual Occupancy is the rolling 12-month average occupancy, calculated as the total actual patient days across all payment types in the last 12 months, divided by the total available days over the last 12 months.
Annual Managed Medicare Patient Day Mix	Annual Managed Medicare Patient Day Mix is the rolling 12-month average of Managed Medicare patient day mix, calculated as the total Managed Medicare patient days over the last 12 months, divided by the total actual patient days across all payment types over the last 12 months.
Annual Medicaid Patient Day Mix	Annual Medicaid Patient Day Mix is the rolling 12-month average of Medicaid patient day mix, calculated as the total Medicaid patient days over the last 12 months, divided by the total actual patient days across all payment types over the last 12 months.
Annual Medicare Patient Day Mix	Annual Medicare Patient Day Mix is the rolling 12-month average of Medicare patient day mix, calculated as the total Medicare patient days over the last 12 months, divided by the total actual patient days across all payment types over the last 12 months.
Annual Private Patient Day Mix	Annual Private Patient Day Mix is the rolling 12-month average of Private patient day mix, calculated as the total Private patient days over the last 12 months, divided by the total actual patient days across all payment types over the last 12 months.
Annual Managed Medicare Revenue Mix	Annual Managed Medicare Revenue Mix is the rolling 12-month average of Managed Medicare revenue mix, calculated as the total Managed Medicare revenue over the last 12 months, divided by the total revenue across all payment types over the last 12 months.
Annual Medicaid Revenue Mix	Annual Medicaid Revenue Mix is the rolling 12-month average of Medicaid revenue mix, calculated as the total Medicaid revenue over the last 12 months, divided by the total revenue across all payment types over the last 12 months.
Annual Medicare Revenue Mix	Annual Medicare Revenue Mix is the rolling 12-month average of Medicare revenue mix, calculated as the total Medicare revenue over the last 12 months, divided by the total revenue across all payment types over the last 12 months.

Glossary of Terms

Term	Definition
Annual Private Revenue Mix	Annual Private Revenue Mix is the rolling 12-month average of Private revenue mix, calculated as the total Private revenue over the last 12 months, divided by the total revenue across all payment types over the last 12 months.
Annual Managed Medicare Revenue per Patient Day	Annual Managed Medicare Revenue per Patient Day is the rolling 12-month average of Managed Medicare revenue per patient day, calculated as the total Managed Medicare revenue over the last 12 months, divided by the total Managed Medicare patient days over the last 12 months.
Annual Medicaid Revenue per Patient Day	Annual Medicaid Revenue per Patient Day is the rolling 12-month average of Medicaid revenue per patient day, calculated as the total Medicaid revenue over the last 12 months, divided by the total Medicaid patient days over the last 12 months.
Annual Medicare Revenue per Patient Day	Annual Medicare Revenue per Patient Day is the rolling 12-month average of Medicare revenue per patient day, calculated as the total Medicare revenue over the last 12 months, divided by the total Medicare patient days over the last 12 months.
Annual Private Revenue per Patient Day	Annual Private Revenue per Patient Day is the rolling 12-month average of Private revenue per patient day, calculated as the total Private revenue over the last 12 months, divided by the total Private patient days over the last 12 months.
Annual Quality Mix	Annual Quality Mix is the rolling 12-month average of quality mix, calculated as the sum of the total Managed Medicare, Medicare, Private, and Other patient days over the last 12 months, divided by the total actual patient days across all payment types over the last 12 months.
Annual Skilled Mix	Annual Skilled Mix is the rolling 12-month average of skilled mix, calculated as the sum of the total Managed Medicare, Medicare, and Other patient days over the last 12 months, divided by the total actual patient days across all payment types over the last 12 months.

About Data Collection Process & NIC MAP Data Service

About Data Collection Process:

NIC works with individual data contributors on transforming their data into a usable format for import into our database. Requirements for the data file include: property name, address, number of available beds, number of unique payer days (Medicare, Medicaid, Managed Medicare, Private, and Other), unique payer revenue, provider tax, and operating expenses. Data files are submitted monthly via a secure file exchange service.

NIC's Quality Assurance team evaluates each data submission for cleanliness, validity, and completeness. The team works directly with the data contributor if data is missing or inaccurate. Files are then imported into our database, and additional quality assurance checks are completed to ensure there were no errors during import.

Data is accepted as long as it meets quality standards and reasonableness checks. NIC's Quality Assurance team will attempt to confirm dramatic changes in data with the contributors; in the absence of confirmation, the team will, infrequently, opt to "roll forward" the prior month's data for a specific contributor, if there is reason to believe the current month's data is flawed or inaccurate. Additionally, if a data contributor fails to share their monthly file by the data submission cut-off date, the QA team will roll forward the prior month's data. Once the team receives the file, the data will be updated and reflected with the next monthly reporting period.

About NIC MAP Data Service

NIC MAP® Data Service is provided by the National Investment Center for Seniors Housing & Care (NIC), a nonprofit 501(c)(3) organization whose mission is to support access and choice for America's seniors. By providing the reliable and objective time-series data that capital providers, investors, operators and developers depend on to make informed investment decisions, NIC MAP is improving transparency in seniors housing & care. Learn more at nic.org/nic-map.

For questions about the Annual Skilled Nursing Data Report, contact analytics@nic.org.

To learn more about the terms commonly used in NIC and NIC MAP market data and reports, please visit: nic.org/glossary.