

# Skilled Nursing Data Report

Key Occupancy & Revenue Trends

**Based on Data from October 2011  
through March 2018**



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## Key Takeaways

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- » **First quarter national occupancy decreased 30 basis points from the fourth quarter to 81.6%**, deviating from the expected historical-seasonality trend which usually shows an uptick in occupancy from the fourth to the first quarter. Occupancy initially increased in both January and February before slipping back in March. March 2018 occupancy was down 210 basis points from the March 2017 rate of 83.7%. Occupancy declined on a year-over-year basis for both urban and rural areas, while it increased for urban cluster properties from the prior quarter.
- » **Skilled mix increased at the national level from the prior quarter** as Medicare and managed Medicare patient day mix increased 56 and 54 basis points to 13.0% and 6.6%, respectively. This suggests that seasonality did influence the data as higher acuity patients are often admitted during the winter/flu season which in turn often drives an increase in overall occupancy. However, as overall occupancy decreased there may be other factors at play which are offsetting this influence such as other pressures on admissions or length of stay. Skilled mix increased across all reported geographic areas in urban, rural, and urban cluster. Rural area properties are now at the highest level of skilled mix within the time-series, ending the quarter at 24.4%.
- » **Managed Medicare revenue mix reached a time-series high at the national level in February 2018**, demonstrating the growing influence of this payor source. Even among rural properties, where revenue mix for managed Medicare is less than half the revenue mix reported in urban areas, the trend is consistent. Rural areas have been less affected by managed Medicare than others, but the trend warrants attention in the years to come, in all geographic areas. The revenue per patient day (RPPD) from managed Medicare continued to decrease from the prior quarter in all areas, except for urban cluster where it increased slightly.
- » **Medicare revenue mix increased in the first quarter and was close to the highs of one year ago in urban cluster and rural settings.** While the Medicare revenue mix for urban area properties was up quarter-over-quarter, at 23.7%, it was far below previous first-quarter highs of approximately 28% last seen in 2015. Year-over-year, urban area Medicare revenue mix declined 157 basis points from March 2017. It is now down a total of 474 basis points over the past three years.
- » **Nationally and consistently across geographic areas, private revenue per patient day continues to increase**, with the fastest growth in rate occurring in rural and urban cluster areas. Nationally, private RPPD reached a six-year high of \$262 in February 2018 before ending the quarter at \$260. Revenue mix for private revenue reached a six-year low at 7.7%, as the share of private revenue continues to drop.

“ **While we normally expect a positive quarter-over-quarter change in occupancy in the first quarter, 2018 marks the first time in the six-year data series where the change was negative. Because the decline did not occur in skilled mix, seasonality is still likely influencing skilled nursing occupancy and patient day mix. Other factors, such as shorter lengths of stay, may be driving the overall occupancy decline.** ”

- Bill Kauffman, Senior Principal, NIC

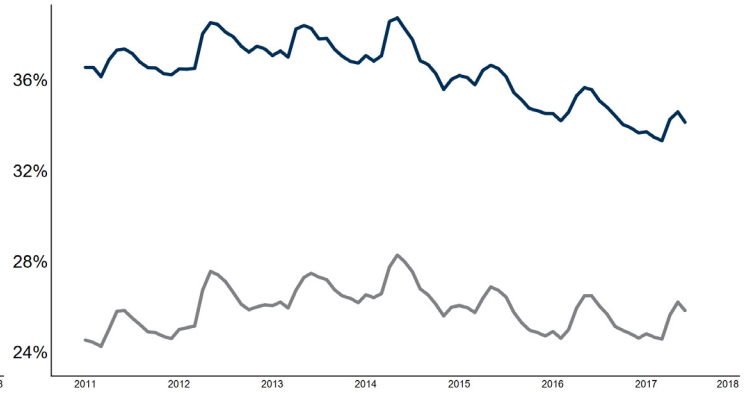
# National Skilled Nursing Trends

Data through March 2018

### Occupancy



### Quality and Skilled Mix

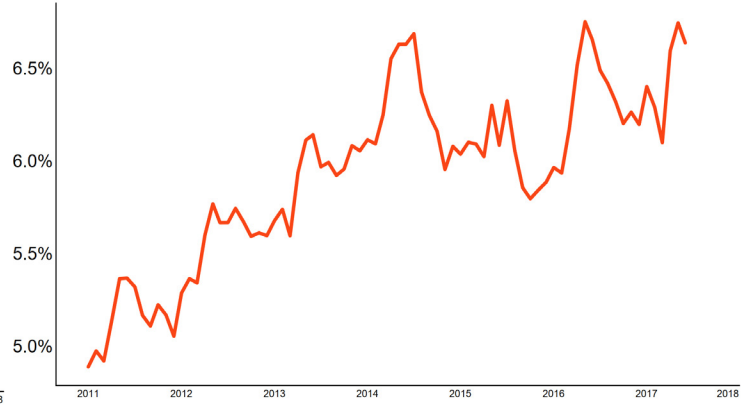


## Patient Day Mix

### Medicaid



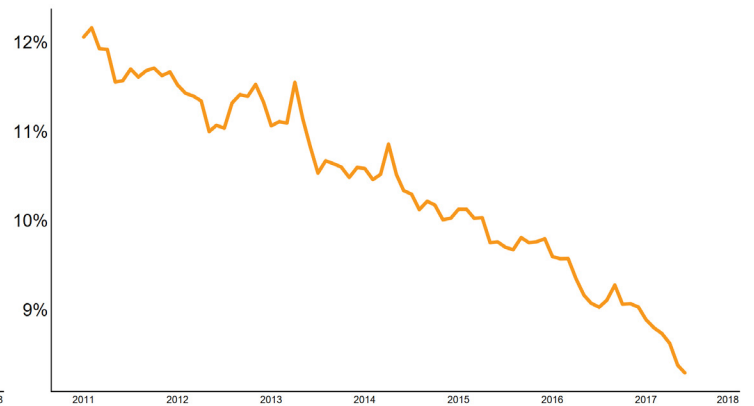
### Managed Medicare



### Medicare

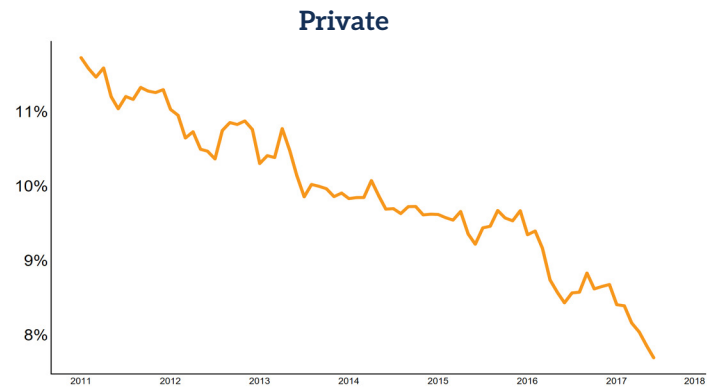
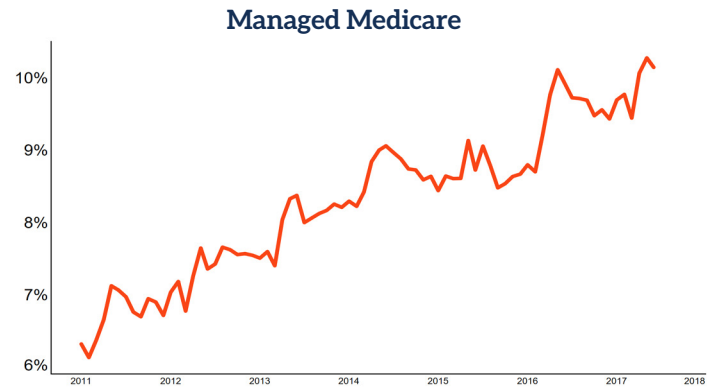
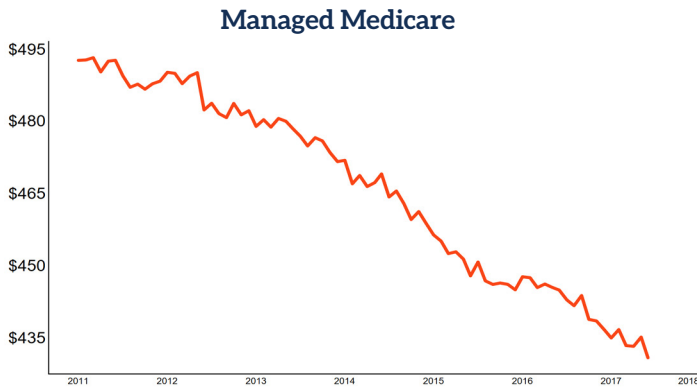
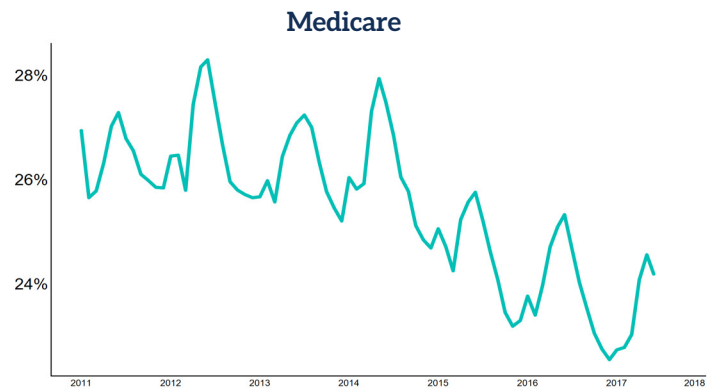
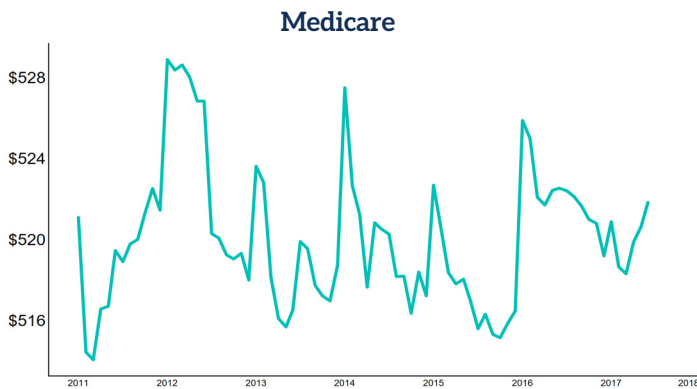
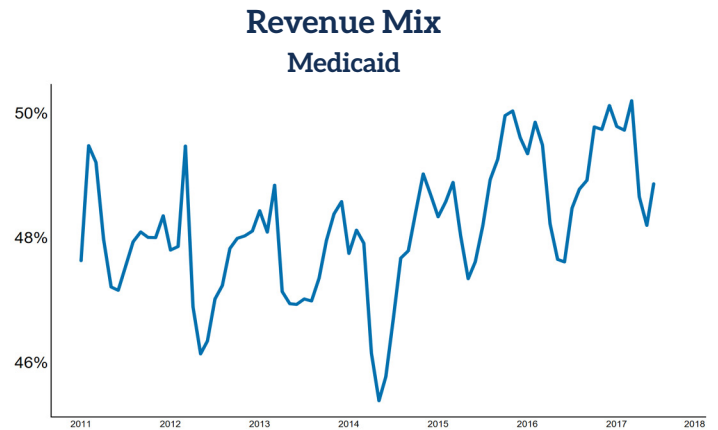
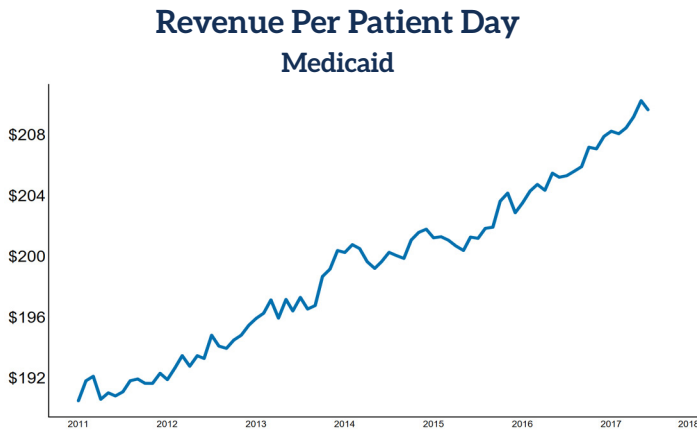


### Private



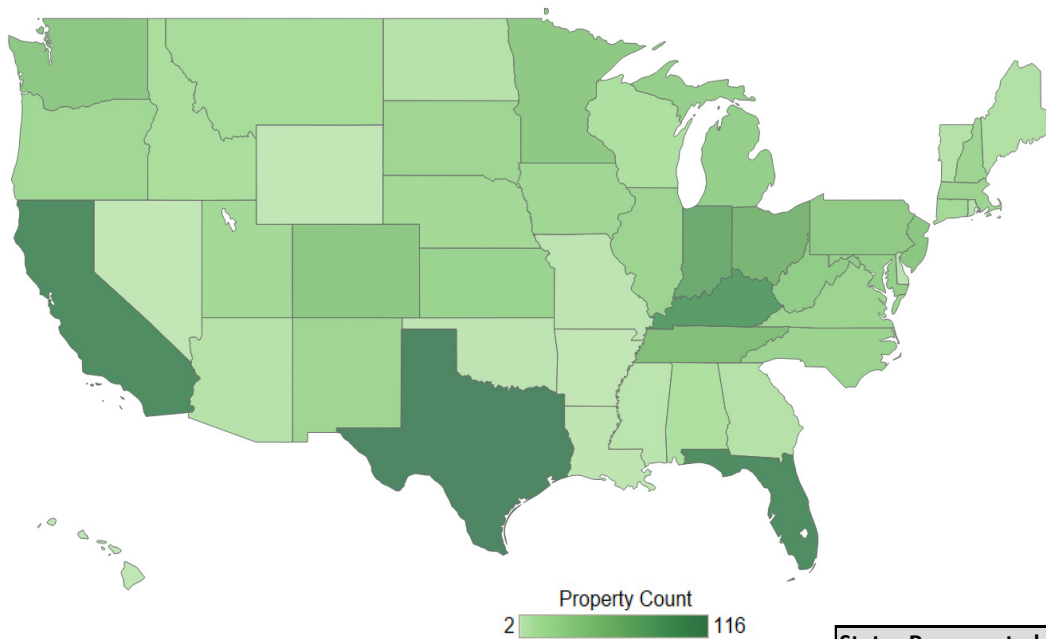
# National Skilled Nursing Trends

Data through March 2018



# Skilled Nursing Coverage

Data through March 2018



	February	March
States Represented	47	47
Number of Contributors	20	21
Total SNF Properties	1,416	1,420

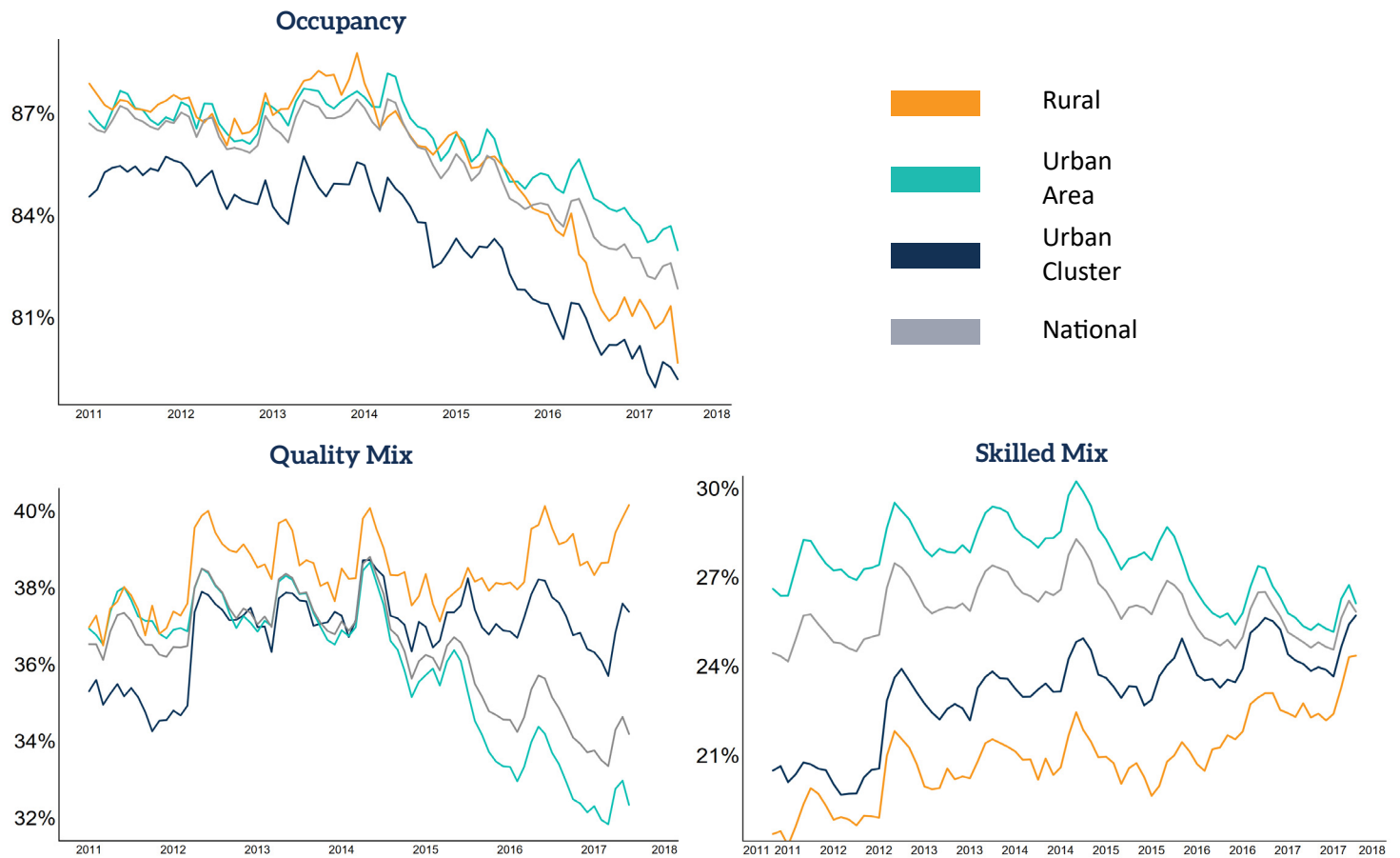
## Key Indicators

Data through March 2018

	National		Rural		Urban Cluster		Urban Area	
	Current Month	M/M	Current Month	M/M	Current Month	M/M	Current Month	M/M
<b>Occupancy</b>	81.6%	-79 bps	79.7%	-167 bps	79.2%	-46 bps	83.0%	-71 bps
<b>Quality Mix</b>	34.2%	-45 bps	40.2%	33 bps	37.4%	-21 bps	32.4%	-63 bps
<b>Skilled Mix</b>	25.9%	-37 bps	24.4%	5 bps	25.7%	28 bps	26.1%	-62 bps
<b>Patient Day Mix</b>								
<b>Medicaid</b>	65.8%	45 bps	59.8%	-33 bps	62.6%	21 bps	67.6%	63 bps
<b>Medicare</b>	13.0%	-37 bps	12.5%	-53 bps	14.5%	-14 bps	12.7%	-41 bps
<b>Managed Medicare</b>	6.6%	-11 bps	3.2%	18 bps	3.9%	26 bps	8.0%	-25 bps
<b>Private</b>	8.3%	-8 bps	15.8%	28 bps	11.7%	-50 bps	6.2%	-1 bps
<b>Revenue Per Patient Day</b>								
<b>Medicaid</b>	\$210	-0.3%	\$196	-0.3%	\$204	0.0%	\$213	-0.3%
<b>Medicare</b>	\$522	0.2%	\$479	0.3%	\$504	0.4%	\$534	0.1%
<b>Managed Medicare</b>	\$431	-1.0%	\$421	-0.8%	\$411	0.7%	\$434	-1.2%
<b>Private</b>	\$260	-0.8%	\$226	-0.8%	\$241	0.9%	\$285	-0.8%
<b>Revenue Mix</b>								
<b>Medicaid</b>	48.9%	66 bps	44.8%	24 bps	46.3%	62 bps	50.1%	74 bps
<b>Medicare</b>	24.2%	-36 bps	22.9%	-47 bps	26.6%	-15 bps	23.7%	-42 bps
<b>Managed Medicare</b>	10.2%	-13 bps	5.1%	13 bps	5.9%	36 bps	12.1%	-28 bps
<b>Private</b>	7.7%	-16 bps	13.6%	-7 bps	10.2%	-67 bps	6.2%	-2 bps

# Urban and Rural Trends

Data through March 2018



Geographic classifications of Urban Areas and Urban Clusters are 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.

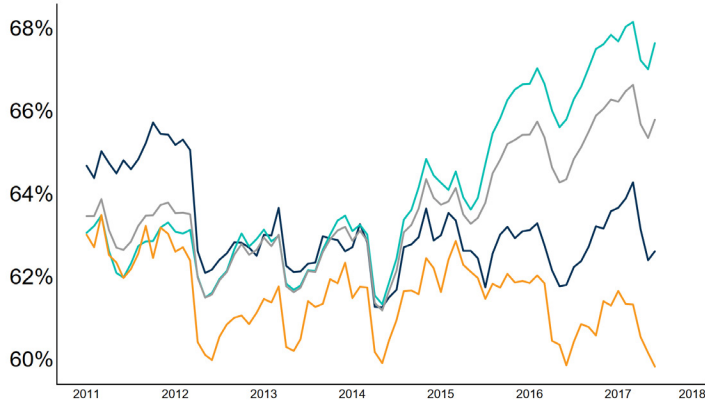
**Urban Clusters (UCs)**—An urban cluster consists of densely developed territory that has at least 2,500 people but fewer than 50,000 people. The Census Bureau first introduced the UC concept for Census 2000 to provide a more consistent and accurate measure of urban population, housing, and territory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

# Urban and Rural Trends

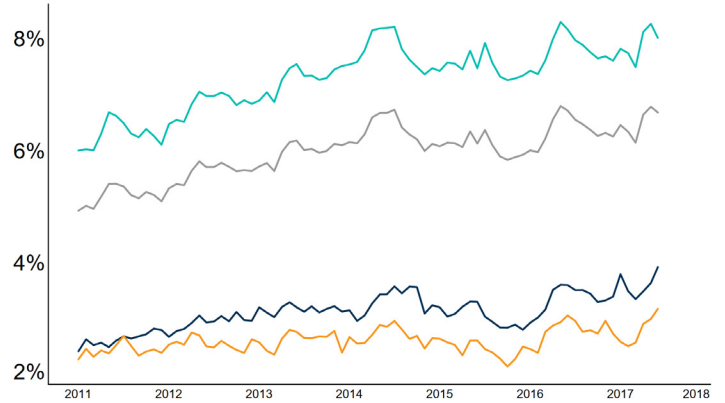
Data through March 2018

## Patient Day Mix

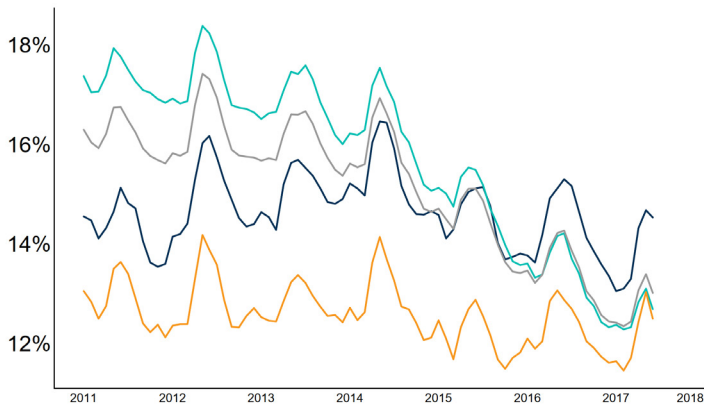
### Medicaid



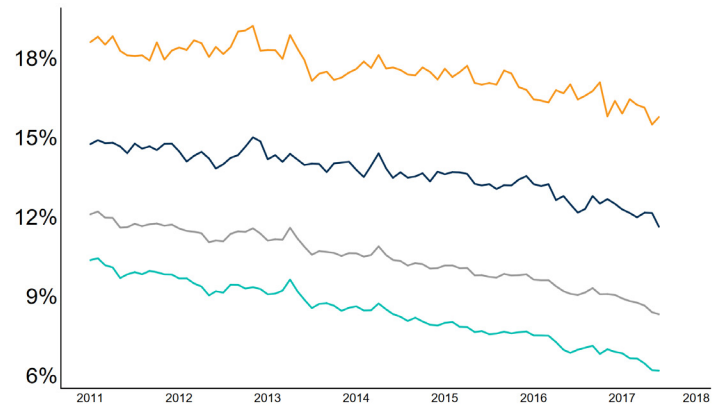
### Managed Medicare



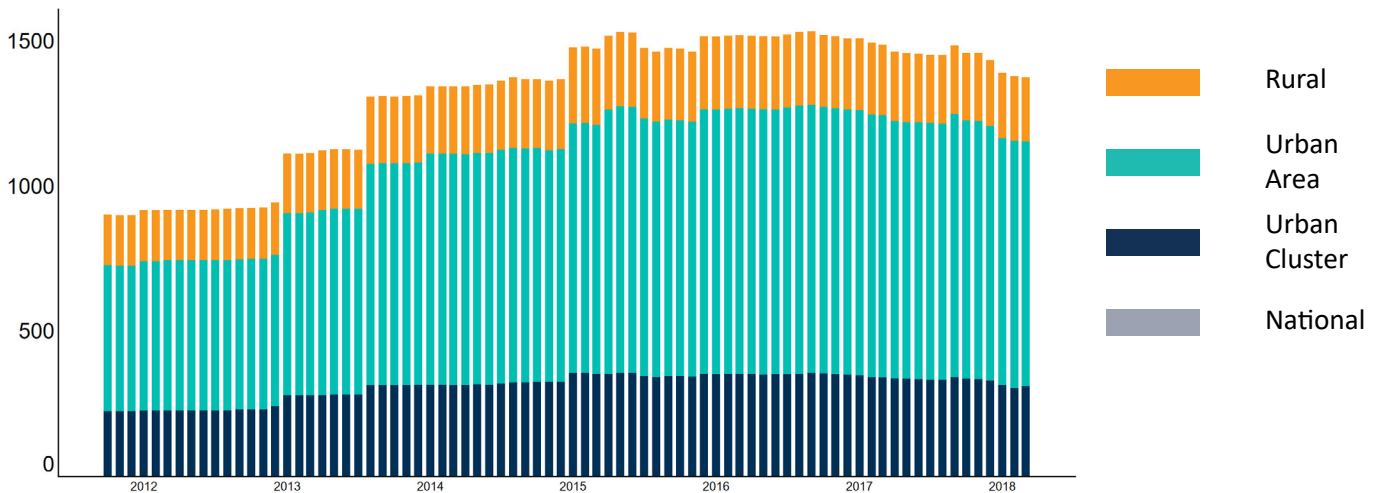
### Medicare



### Private



## Reporting Property Distribution

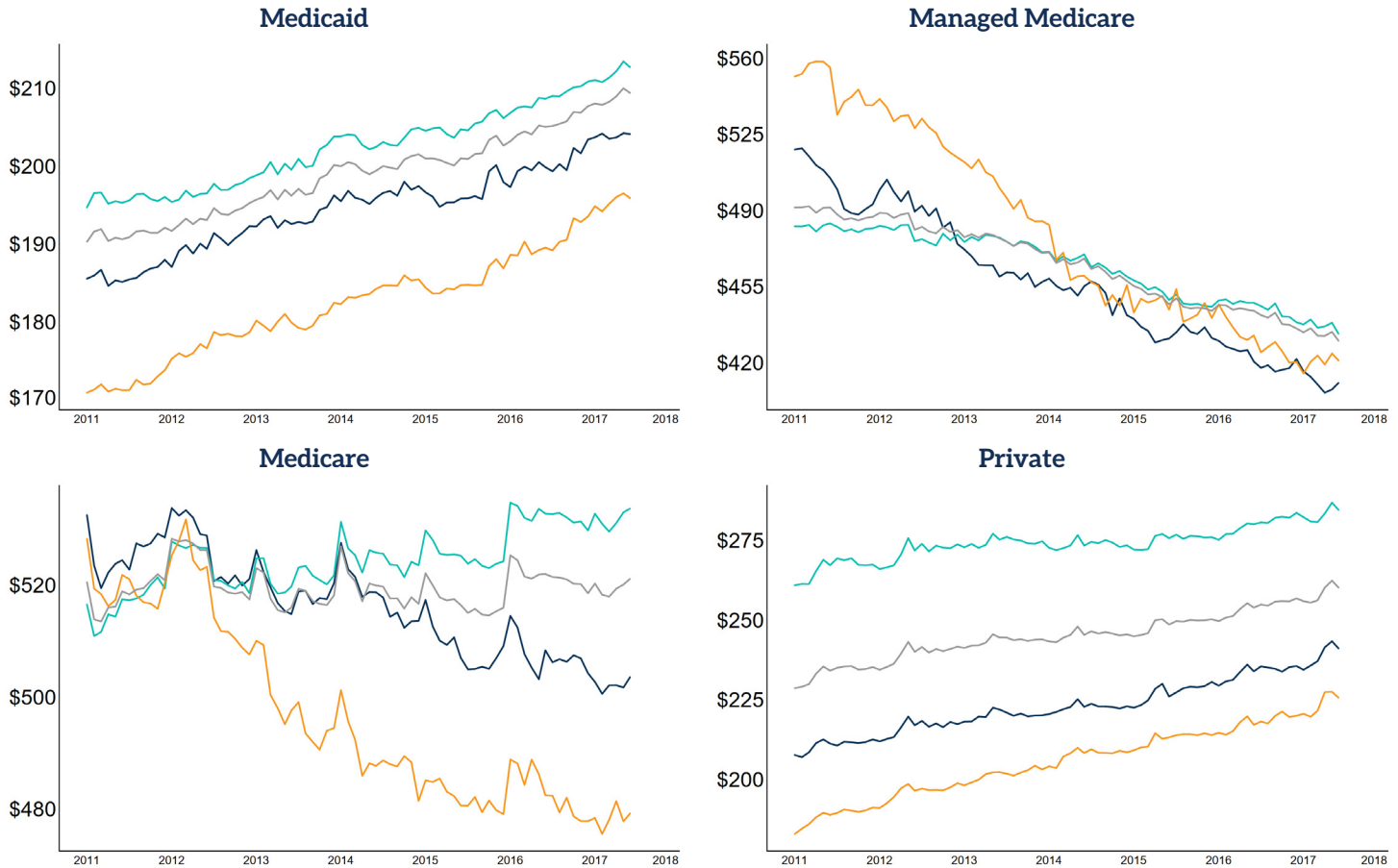




# Urban and Rural Trends

Data through March 2018

## Revenue Per Patient Day



“ Not surprisingly, increasing Medicare patient day mix was accompanied by increasing revenue mix for Medicare. However, the national trend of declining Medicare revenue mix from as high as 29% in urban areas to only 24% at the end of the first quarter may have implications for skilled nursing operators. Reaching a six-year high of 10% of revenue mix, managed Medicare may make up some losses in Medicare but operators are still dealing with the rate differential compared to Medicare and may need to adapt to this increasingly influential payor source. ”

- Rural
- Urban Area
- Urban Cluster
- National

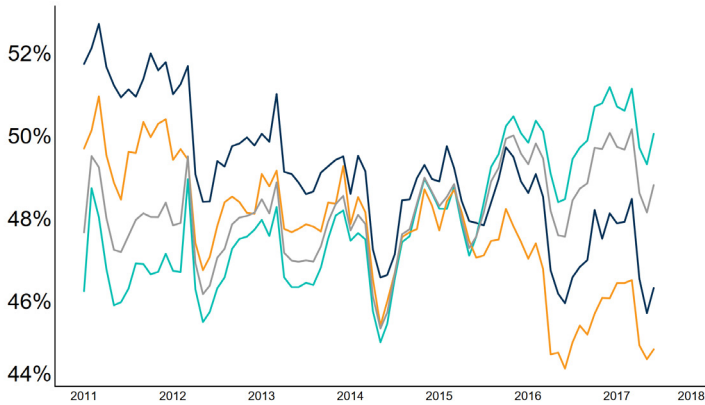
- Liz Liberman, Healthcare Analyst, NIC

# Urban and Rural Trends

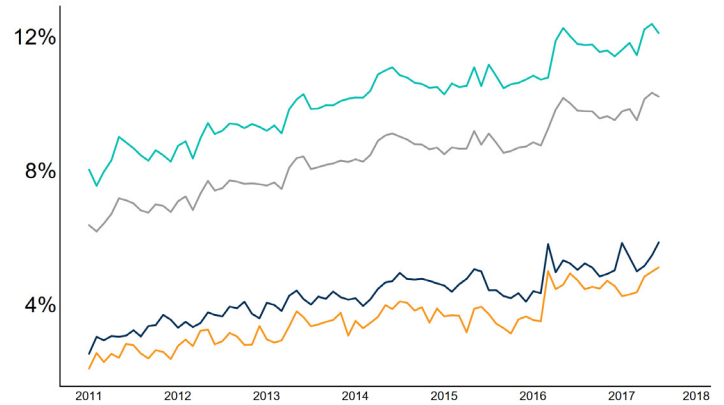
Data through March 2018

## Revenue Mix

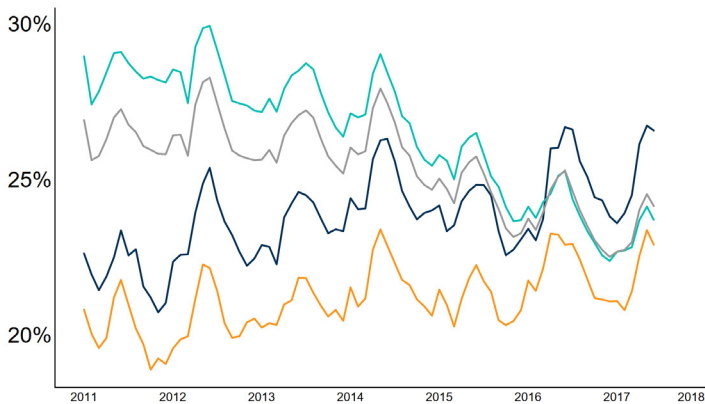
Medicaid



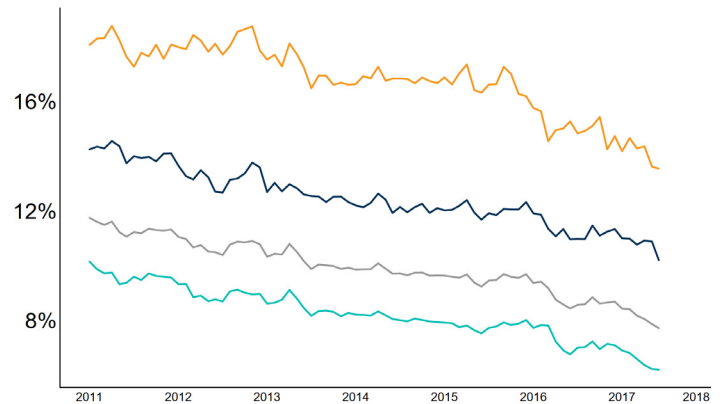
Managed Medicare



Medicare



Private



■ Rural

■ Urban Area

■ Urban Cluster

■ National

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## Glossary of Terms

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**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

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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 6.

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

### 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.