Skilled Nursing Data Report

Key Occupancy & Revenue Trends

**Based on Data from January 2012
through December 2018**

NIC

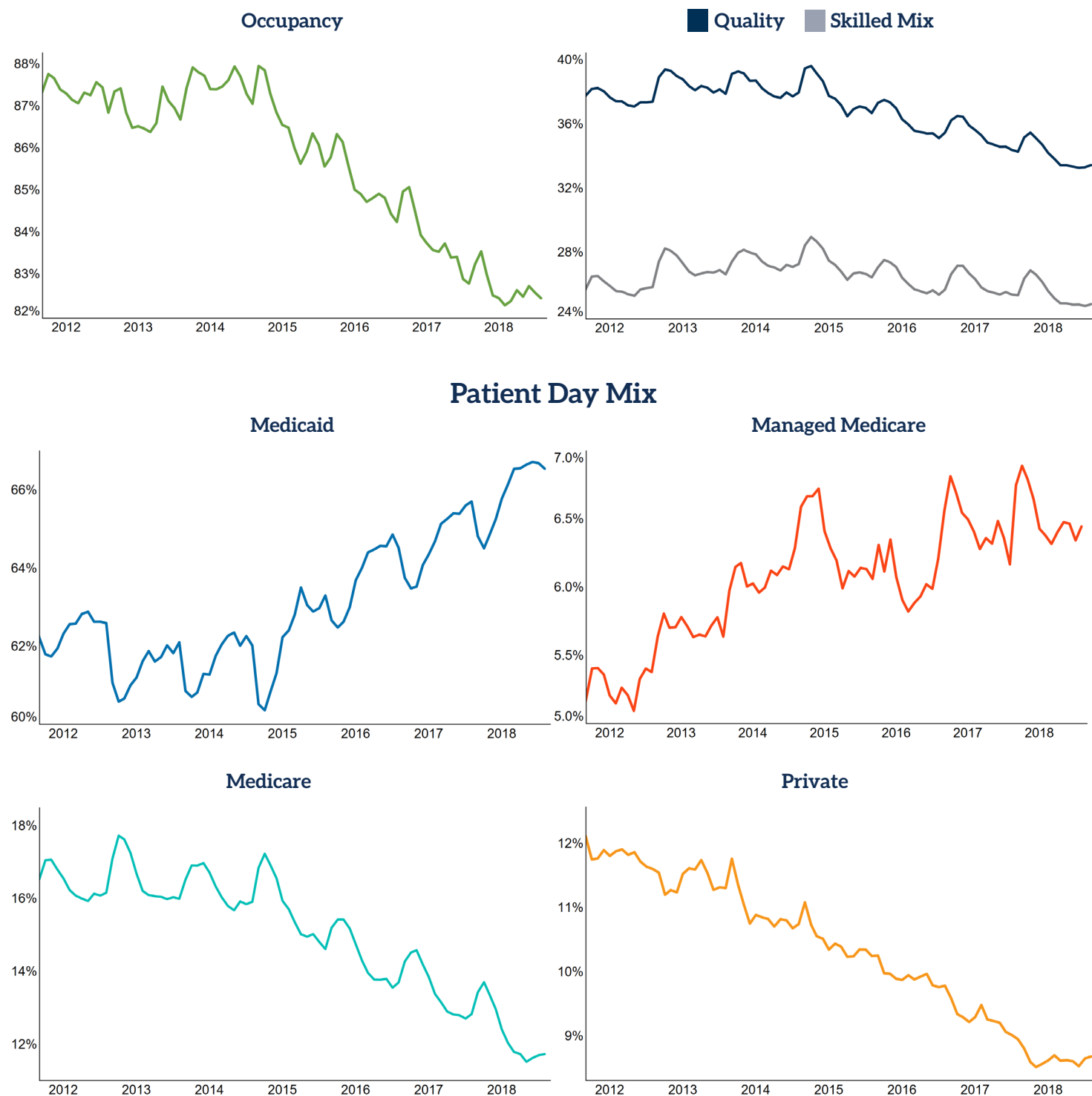Data · Analytics · Connections

Table of Contents

Key Takeaways

» **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 fourth quarter of 2018. The occupancy rate ended 2018 at 80.4% in rural areas and 83.7% in urban areas, representing a significant difference of 330 basis points.

» **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.

» **Private revenue per patient day 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 it 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 pay RPPD did grow at 1.7% compared to a year ago in December of 2017, it has been oscillating 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.

» **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.

» **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.

> **After years of continued downward pressure on occupancy, this latest report shows that occupancy has essentially been flat since April 2018. Any stabilization in occupancy should be welcomed by operators and investors. In addition, we did see possible signs of stabilization in the decline in managed Medicare revenue per patient day in the latest quarter, but this should be closely monitored for a few quarters before drawing any conclusions.**
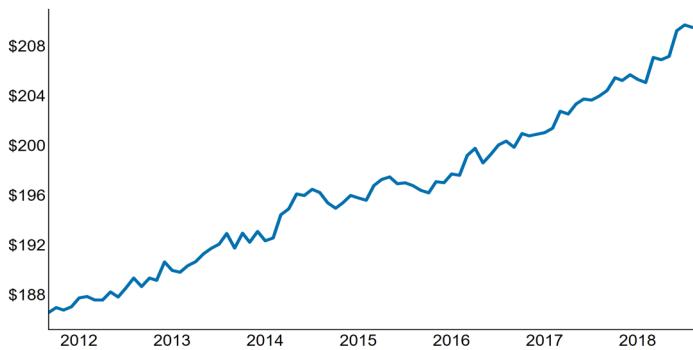>
> **- Bill Kauffman, Senior Principal, NIC**

Data through December 2018

Occupancy

Quality **Skilled Mix**

Patient Day Mix

Medicaid
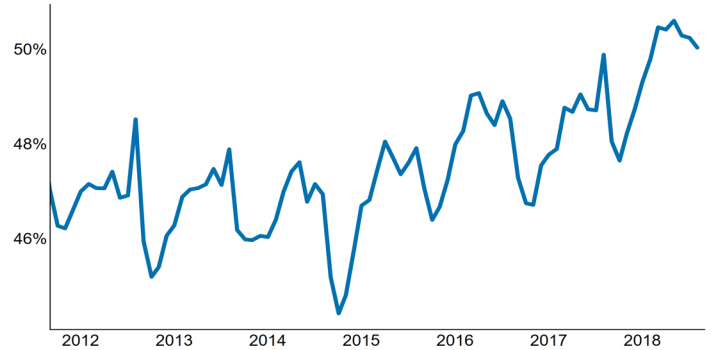

Managed Medicare

Medicare

Private

National Skilled Nursing Trends

Data through December 2018

Revenue Per Patient Day

Medicaid

Medicare

Managed Medicare

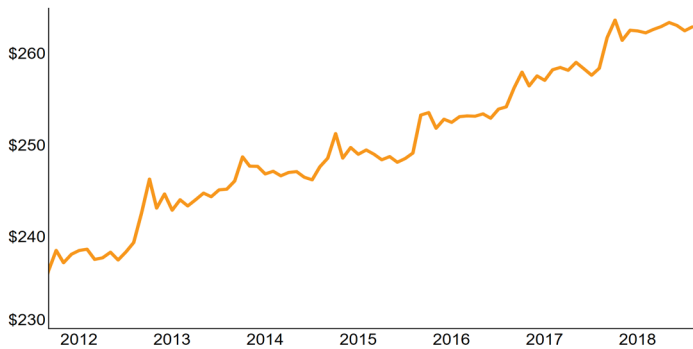### Private

Revenue Mix

Medicaid

Medicare
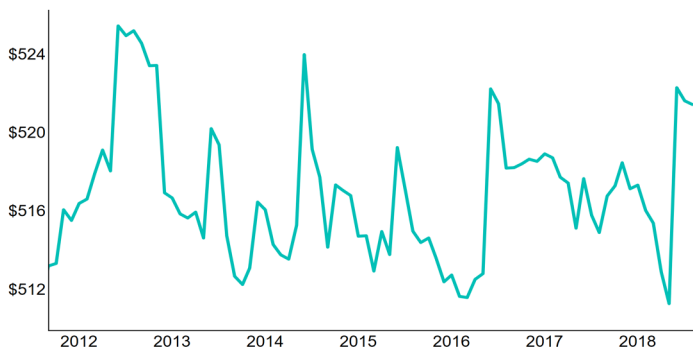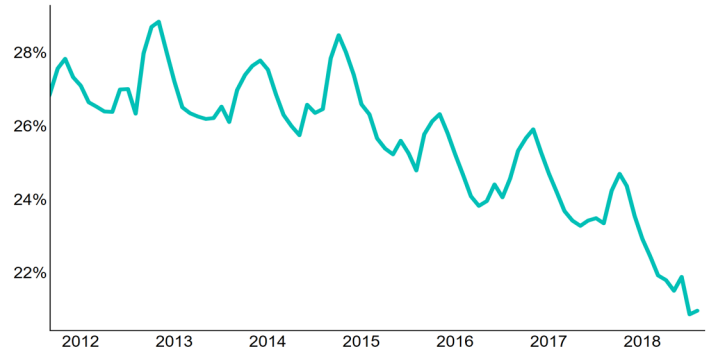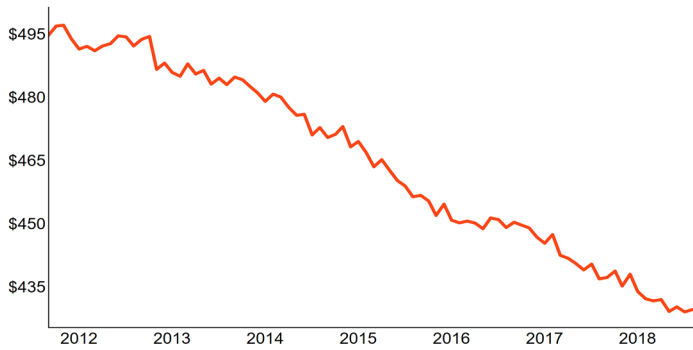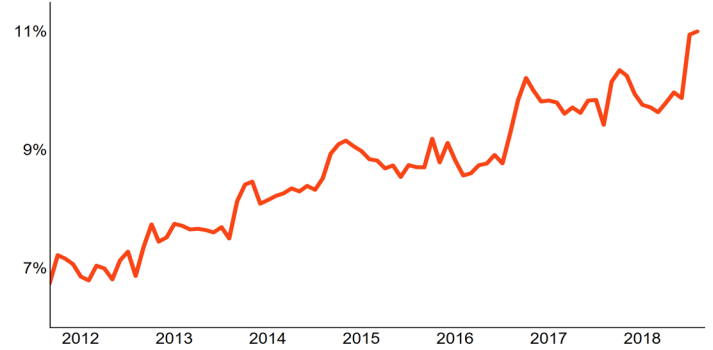
Managed Medicare

Private
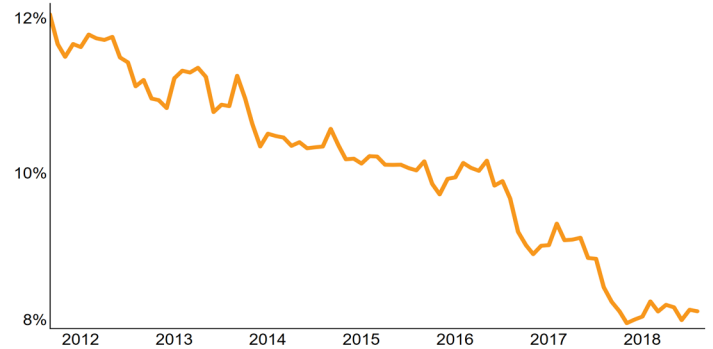
Skilled Nursing Coverage

Data through December 2018

Property Count
2 ▬▬▬ 150

	November	December
States Represented	47	47
Number of Contributors	27	27
Total SNF Properties	1,431	1,432
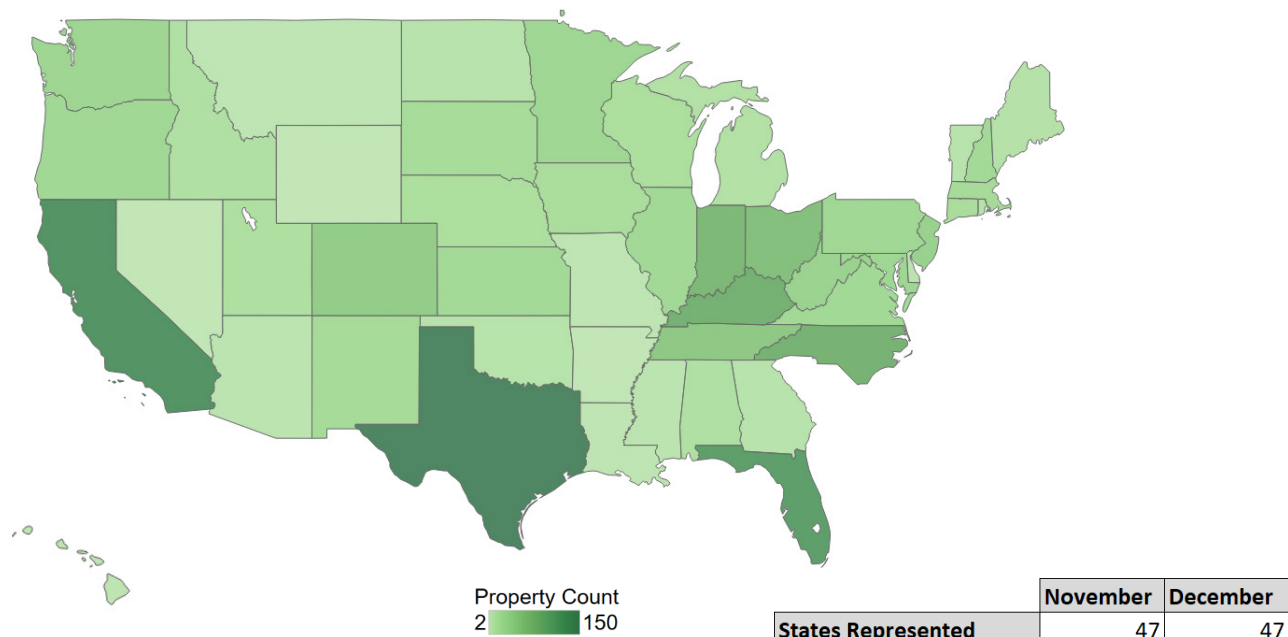
Key Indicators

Data through December 2018

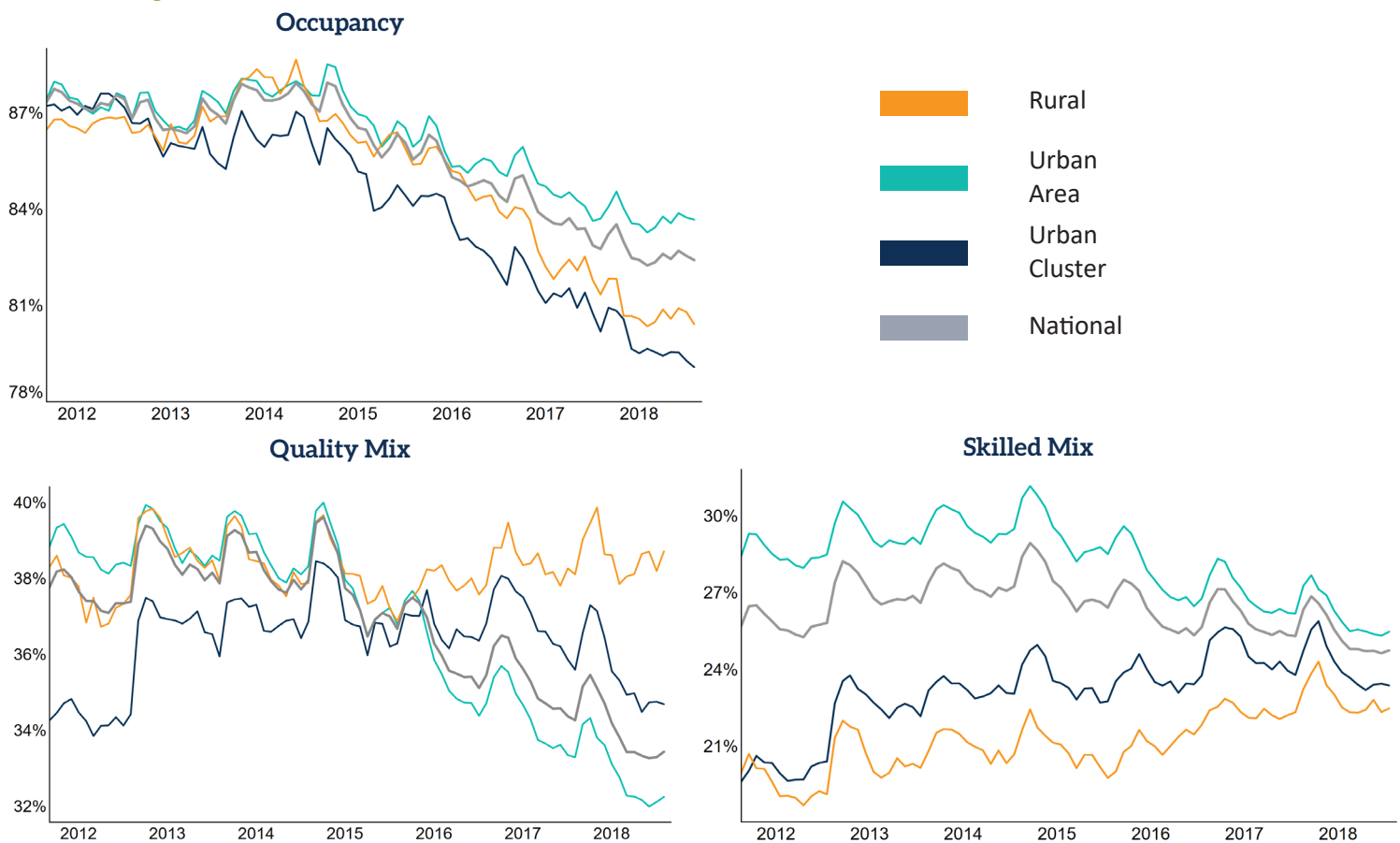|	National		Rural		Urban Cluster		Urban Area	
	Current Month	M/M	Current Month	M/M	Current Month	M/M	Current Month	M/M
Occupancy	82.4%	-13 bps	80.4%	-38 bps	79.1%	-20 bps	83.7%	-7 bps
Quality Mix	33.4%	14 bps	38.7%	52 bps	34.7%	-7 bps	32.3%	13 bps
Skilled Mix	24.8%	11 bps	22.5%	14 bps	23.4%	-8 bps	25.5%	15 bps
Patient Day Mix								
Medicaid	66.6%	-14 bps	61.3%	-52 bps	65.3%	7 bps	67.7%	-13 bps
Medicare	11.7%	3 bps	11.7%	28 bps	12.0%	-13 bps	11.7%	3 bps
Managed Medicare	6.4%	10 bps	2.8%	-1 bps	3.6%	1 bps	7.8%	14 bps
Private	8.7%	3 bps	16.2%	38 bps	11.3%	1 bps	6.8%	-2 bps
Revenue Per Patient Day								
Medicaid	$210	-0.1%	$198	-0.1%	$199	-0.4%	$214	0.0%
Medicare	$521	0.0%	$492	0.0%	$502	0.2%	$532	-0.1%
Managed Medicare	$430	0.1%	$415	-0.8%	$408	-0.3%	$433	0.2%
Private	$263	0.2%	$229	0.7%	$245	0.5%	$284	-0.2%
Revenue Mix								
Medicaid	50.0%	-21 bps	46.1%	-40 bps	48.4%	22 bps	51.1%	-28 bps
Medicare	21.0%	10 bps	21.9%	56 bps	21.8%	-6 bps	20.6%	7 bps
Managed Medicare	11.0%	5 bps	4.4%	-5 bps	8.0%	-15 bps	12.7%	12 bps
Private	8.2%	-2 bps	14.1%	32 bps	10.4%	15 bps	6.8%	-11 bps

Urban and Rural Trends

Data through December 2018

Occupancy

Legend:
- Rural
- Urban Area
- Urban Cluster
- National

Quality Mix

Skilled Mix

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.
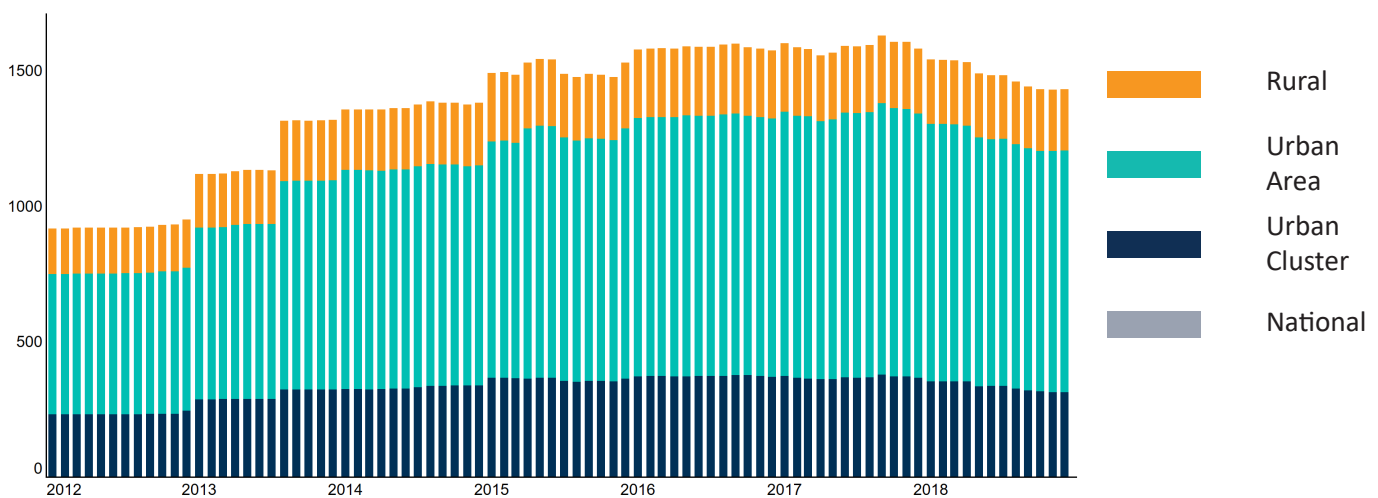
Patient Day Mix

Medicaid

Managed Medicare

Medicare

Private
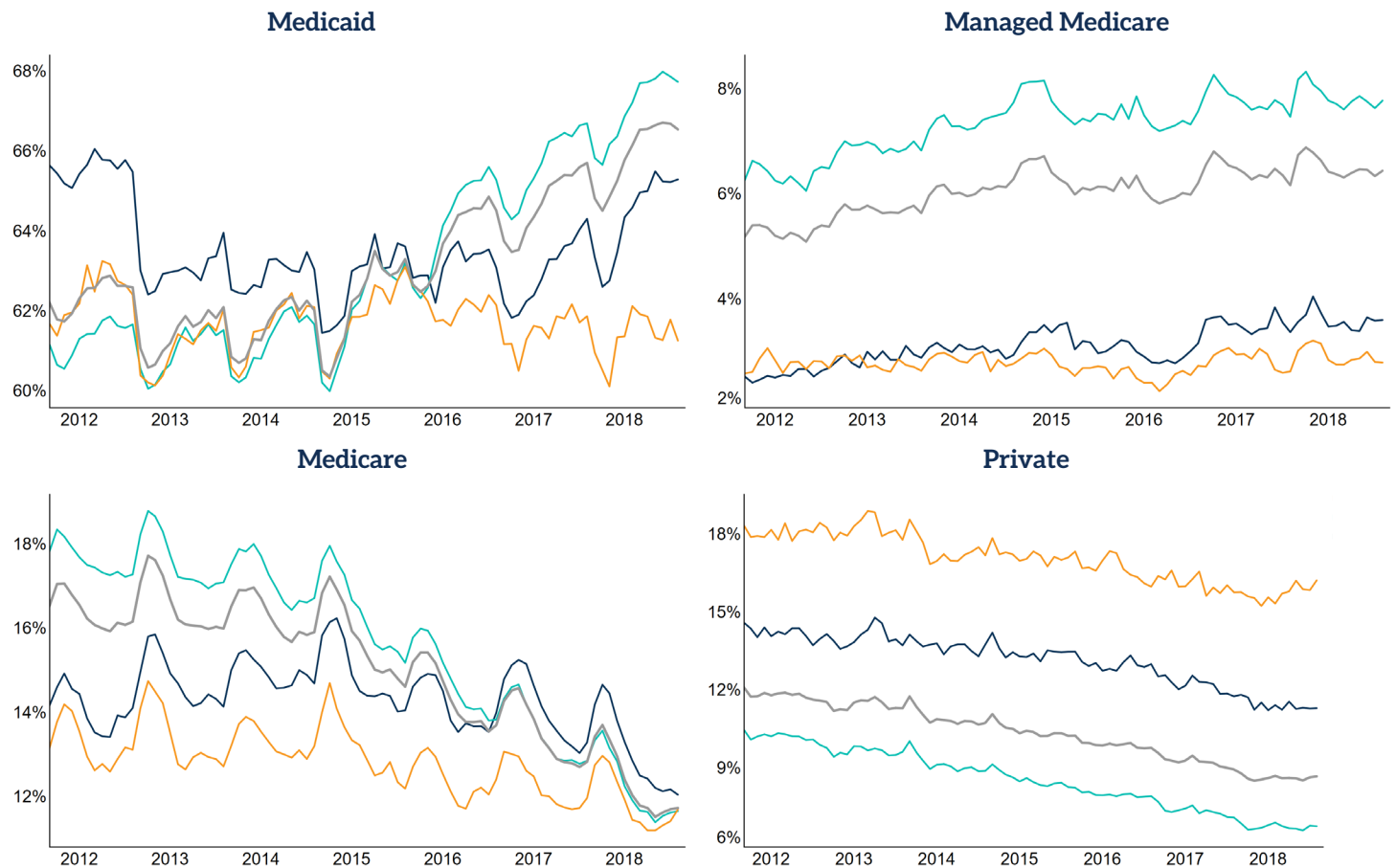
Reporting Property Distribution

Legend:
- Rural
- Urban Area
- Urban Cluster
- National

Data through December 2018

Revenue Per Patient Day

Medicaid

Managed Medicare

Medicare

Private
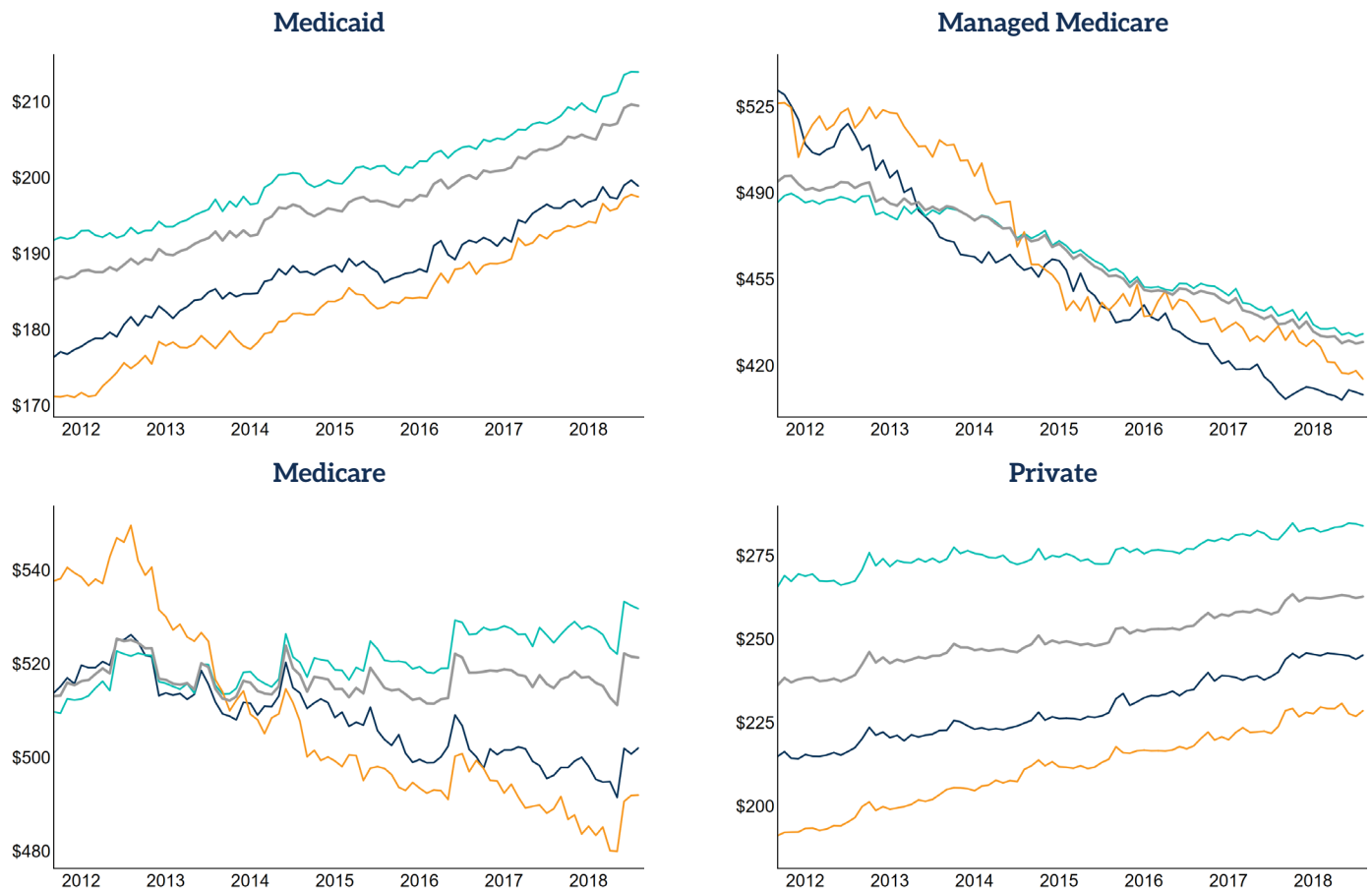
> " Medicaid revenue mix represents 50% of the payor mix, putting pressure on operators' revenues streams. This comes at a time when revenues are also being pressured by managed Medicare, which represents 11% of revenue mix in the fourth quarter. Its notable that managed Medicare is more common in urban than rural areas. "
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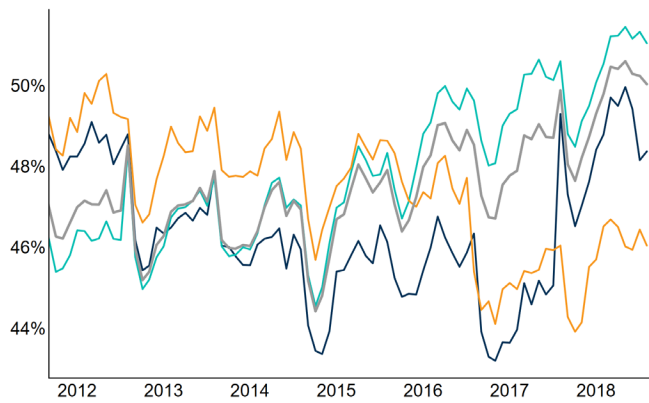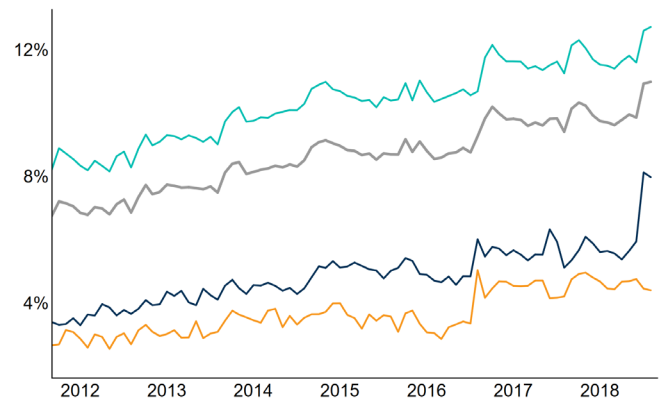> - Beth Mace, Chief Economist and Director of Outreach, NIC

Legend:
- Rural
- Urban Area
- Urban Cluster
- National
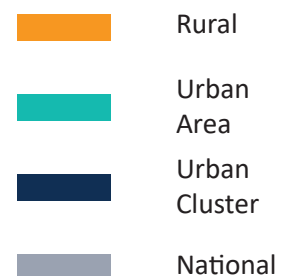
Data through December 2018

Revenue Mix

Medicaid

Managed Medicare

Medicare
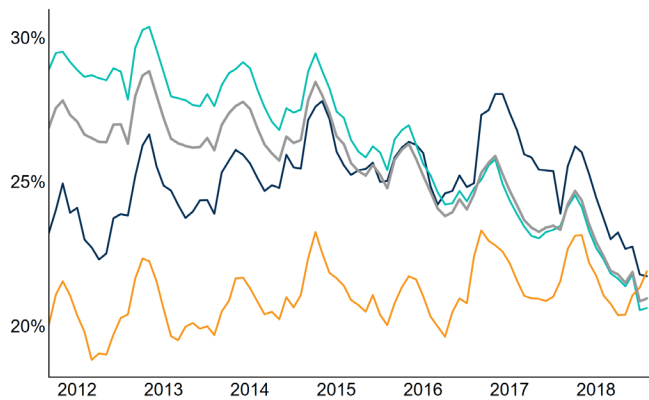
Private
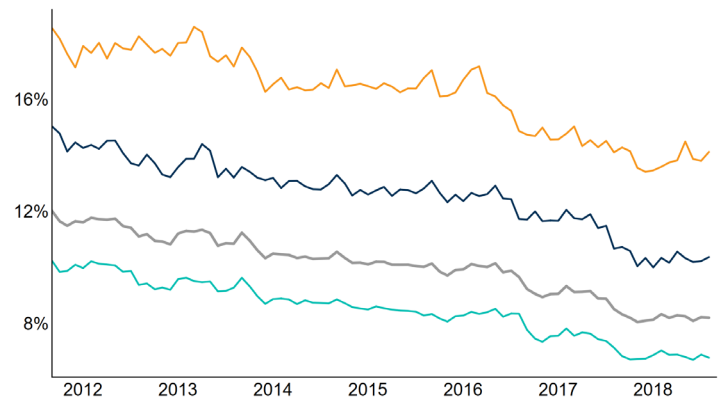
Legend: Rural | Urban Area | Urban Cluster | National

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.

[1] Patient 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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