We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

Trends, Insights and Actions From CLA's 40th SNF Cost Comparison Report

December 16, 2025

©2025 CliftonLarsonAllen LLP. CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

The information herein has been provided by CliftonLarsonAllen LLP for general information purposes only. The presentation and related materials, if any, do not implicate any client, advisory, fiduciary, or professional relationship between you and CliftonLarsonAllen LLP and neither CliftonLarsonAllen LLP nor any other person or entity is, in connection with the presentation and/or materials, engaged in rendering auditing, accounting, tax, legal, medical, investment, advisory, consulting, or any other professional service or advice. Neither the presentation nor the materials, if any, should be considered a substitute for your independent investigation and your sound technical business judgment. You or your entity, if applicable, should consult with a professional advisor familiar with your particular factual situation for advice or service concerning any specific matters.

CliftonLarsonAllen LLP is not licensed to practice law, nor does it practice law. The presentation and materials, if any, are for general guidance purposes and not a substitute for compliance obligations. The presentation and/or materials may not be applicable to, or suitable for, your specific circumstances or needs, and may require consultation with counsel, consultants, or advisors if any action is to be contemplated. You should contact your CliftonLarsonAllen LLP or other professional prior to taking any action based upon the information in the presentation or materials provided. CliftonLarsonAllen LLP assumes no obligation to inform you of any changes in laws or other factors that could affect the information contained herein.

©2025 CliftonLarsonAllen LLP

Session CPE Requirements

You need to attend 50 minutes to receive the full 1 CPE credit.

There will be 4 polling questions throughout the presentation. You must respond to a minimum of 3 to receive the full 1 CPE credit.

Both requirements must be met to receive CPE credit

©2025 CliftonLarsonAllen LLP

Today’s Presenters

Stephen Taylor

Principal – Senior Living and Care Segment Leader

stephen.taylor@CLAconnect.com

Tyler Gerig

Director Digital Growth

tyler.gerig@CLAconnect.com

Nik Boyer

Manager Digital

nik.boyer@CLAconnect.com

©2025 CliftonLarsonAllen LLP

Learning Objectives

- Recall key financial and operational trends from CLA's 40th SNF Cost Comparison Report and what they reveal about the current and future state of the industry
- Identify when, where, and how to start the process of developing a digital strategy so investments turn into returns
- Recognize high-performing operators think differently, using data, dashboards, and digital tools to run their business with clarity and accountability
- Review practical applications to mature the "business of the business" — building systems that help teams focus, measure, and execute with confidence

©2025 CliftonLarsonAllen LLP

Polling Question

How optimistic are you on the current economic conditions and the impact to your organization?

- 5 = Very confident
- 4 = Confident
- 3 = Neutral
- 2 = Somewhat confident
- 1 = Not at all confident

©2025 CliftonLarsonAllen LLP

Looking Back

1980s and 1990s

- SNFs under cost-based reimbursement
- Nursing Home Reform Act imposes quality standards for Medicare and Medicaid-certified nursing homes
- Americans with Disabilities Act enacted
- REITs begin institutional investment in senior living and care
- Balanced Budget Act creates Medicare PPS and Medicare Advantage (MA), recognizes PACE, launches Nursing Home Compare

2000s

- Emergence of machine learning and deep learning
- REIT Modernization Act policies take effect
- Medicare Modernization Act creates specialized needs plans (SNP)
- First SNP offered
- Nursing Home Star Comparison Reporting System launched
- HITECH Act funding spurs use of EHRs

2010s

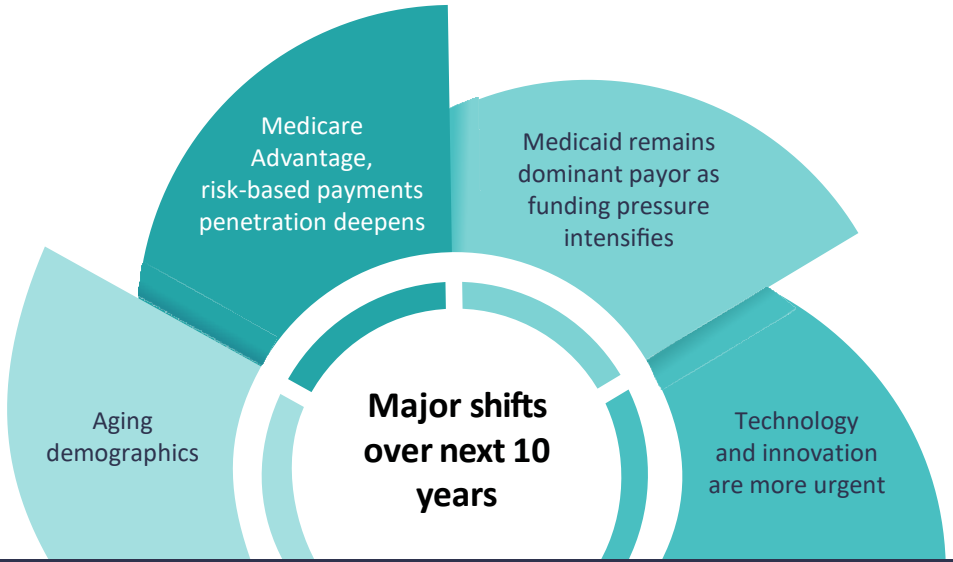
- Affordable Care Act (ACA) enacted
- Minimum data set implementation
- First Baby Boomers turn 65
- First ACA Accountable Care Organization launches
- Improving Medicare Post-Acute Care Transformation Act enacted
- Patient Driven Payment Model

2020s

- COVID-19 pandemic hits
- ChatGPT launches
- Majority of Medicare beneficiaries select MA plans for the first time
- Budget reconciliation act (the One Big Beautiful Act) enacted

©2025 CliftonLarsonAllen LLP

Forward Shifts



- **Transformation ahead**
- **Operators must:**
  - Manage complex patient care
  - Adapt to major Medicaid policy shifts
  - Address Baby Boomers' long-term care needs
  - Leverage AI and tech to reshape operations
- **A new era of pressure and opportunity in U.S. senior care**

©2025 CliftonLarsonAllen LLP

OBBBA: Medicaid Financing Cuts

Highlights

- $900 billion federal Medicaid reductions over 10 years
- 10-year moratorium on new federal nursing home staffing mandates
- Tighter Medicaid eligibility (e.g., work requirements and enrollment scrutiny)

Implications for SNFs:

- Intensified rate pressure, with uneven state responses to OBBBA
- Monitor HCBS policy developments to anticipate shifts in referral patterns
- Quality and efficiency will be critical for maintaining network inclusion

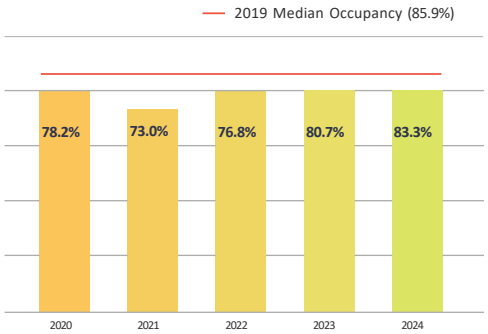
Tax implications within **OBBBA**:

- 20% qualified business income deduction made permanent for pass-through entities.
- Restores and permanently **extends 100% bonus depreciation** for qualified property
- Depreciation and amortization permanently removed from ATI when applying the interest deduction limit.
- For nonprofit SNF operators, excise tax on compensation above $1 million is expanded.

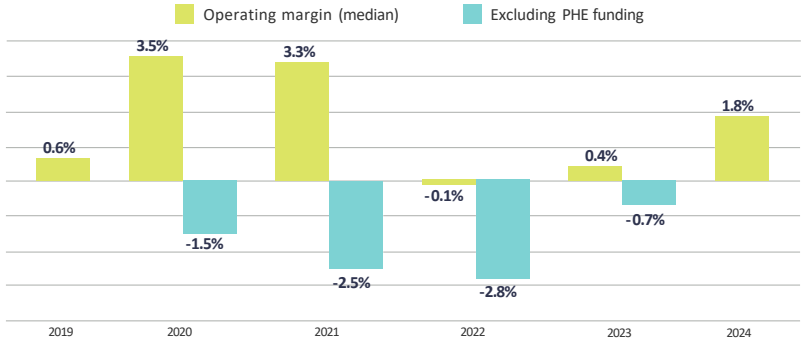
©2025 CliftonLarsonAllen LLP

2024: SNFs Stabilized, Improving

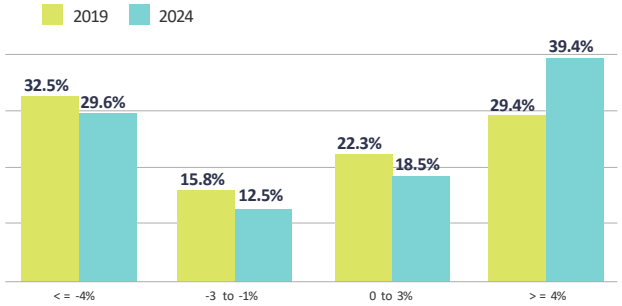
Median Occupancy Rate



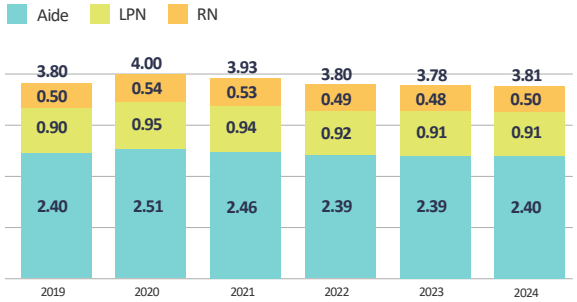
Median Operating Margin



Provider Distribution by Operating Margin Bin

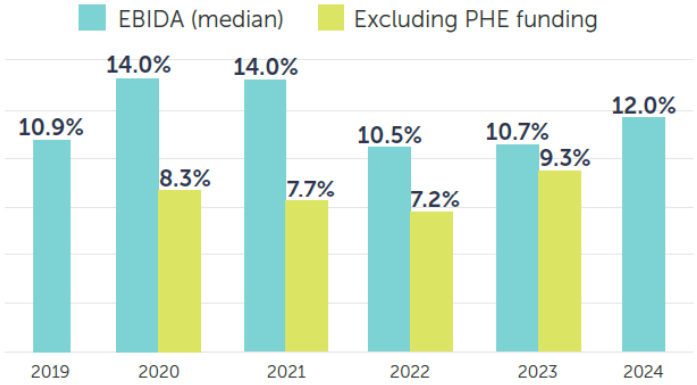


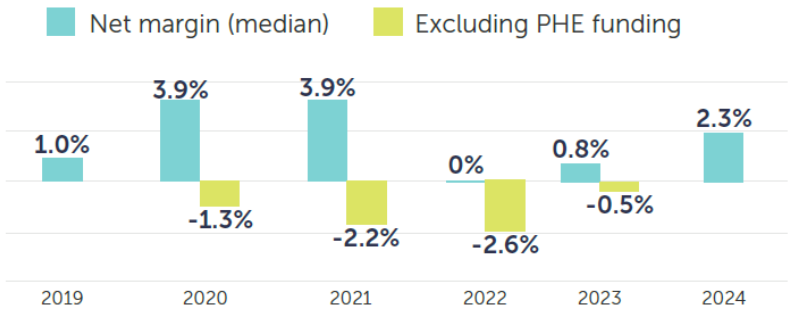
Median Paid Nursing Hours Per Day



©2025 CliftonLarsonAllen LLP

EBIDA and Net Margin Ratio



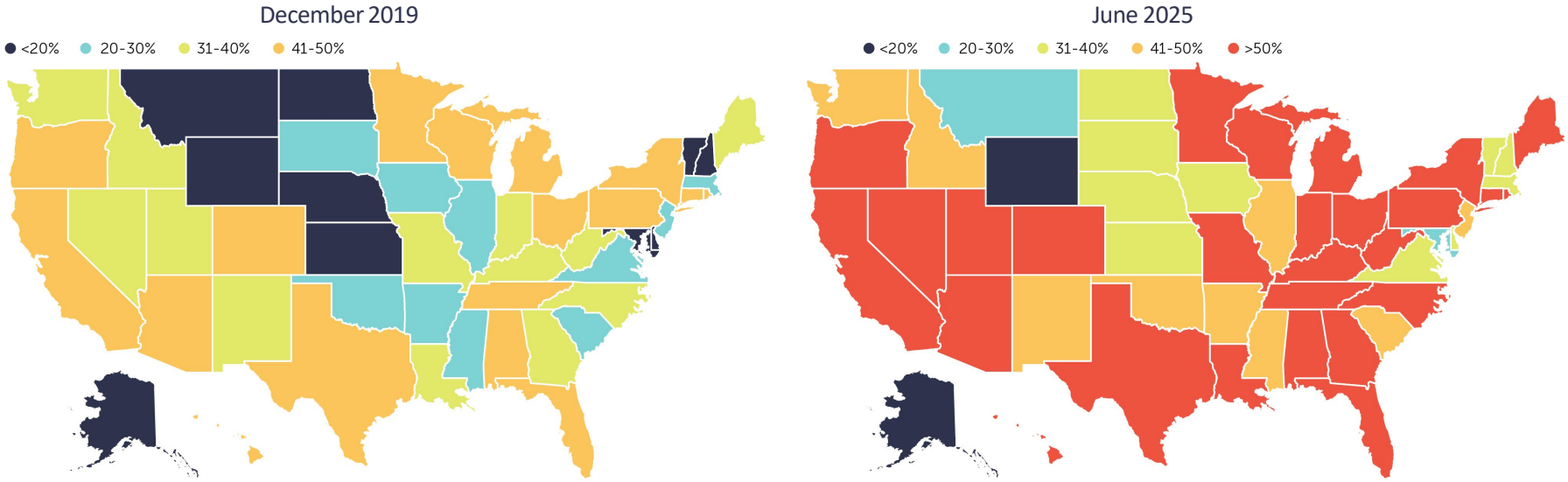


Quality → EBIDA strength → ability to absorb capital costs → positive net margin and reinvestment capacity

©2025 CliftonLarsonAllen LLP

Dominance of Medicare Advantage

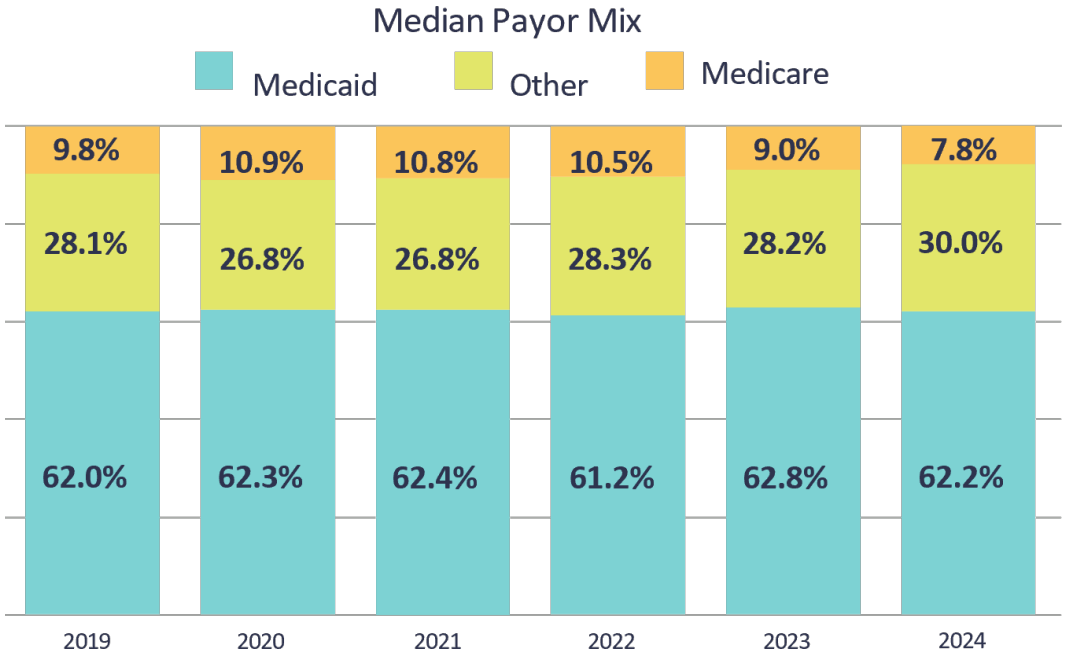
Median Medicare Advantage Enrollment



Operators will need to become more sophisticated in their understanding of Medicare Advantage plans and how to provide value to them to serve your residents.

©2025 CliftonLarsonAllen LLP

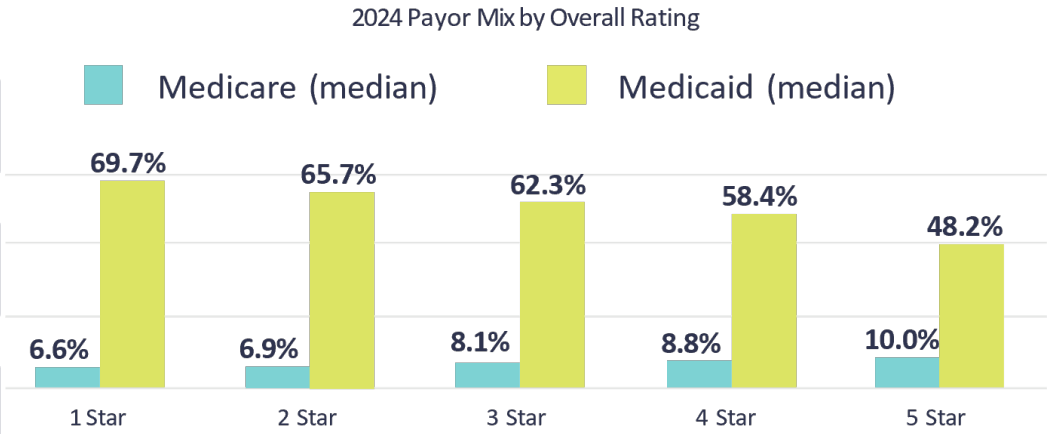
Reimbursement and Payment Transformation



©2025 CliftonLarsonAllen LLP

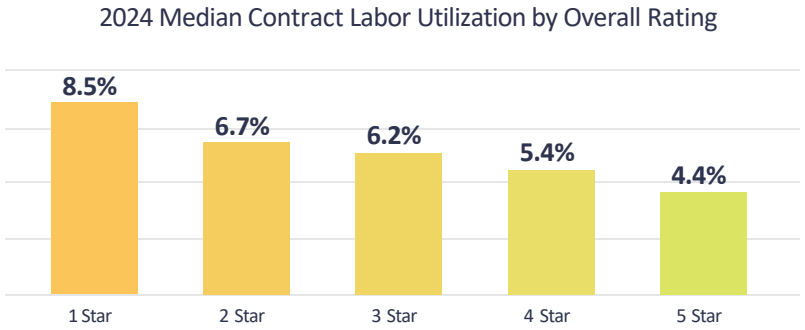
Aligning to Sophisticated Reimbursement Models

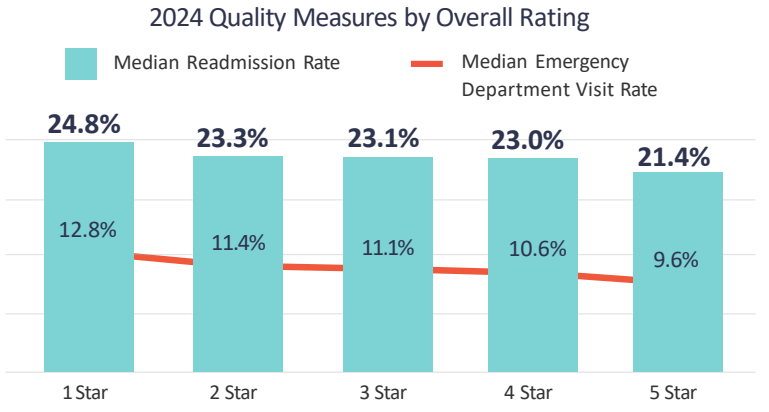
- Higher-quality buildings earn preferred status
- Quality is now the economic engine of payor mix
- Quality advantages accelerate margin divergence



©2025 CliftonLarsonAllen LLP

Understanding Quality as Currency





Trend reflects stronger care coordination and fewer complications – key factors that build trust with hospitals, payors, and the market.

©2025 CliftonLarsonAllen LLP

Quality as Currency

High quality is now the foundation of economic sustainability. Facilities with 5-star ratings consistently outperform peers with lower star ratings in occupancy, margin, and their relationships with hospitals and health plans — underscoring quality as the new currency in SNF economics.

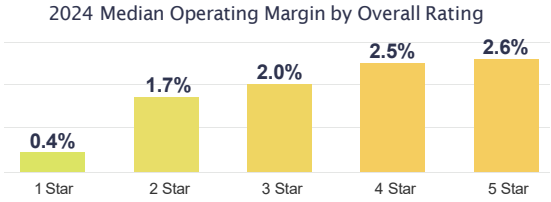
Occupancy: 79.3% at 1-star vs. 86.0% at 5-star

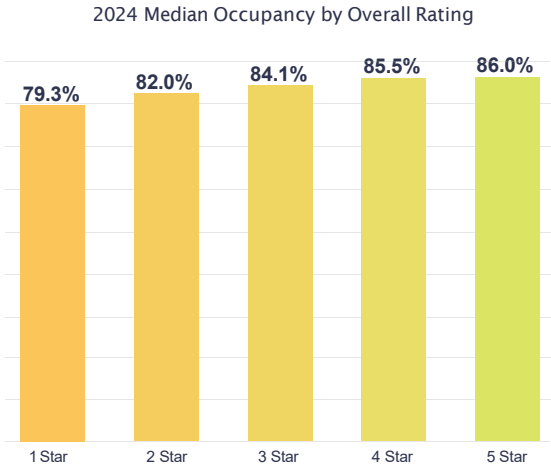
Roughly 7 percentage points of census tied to quality.

Operating margin: 0.4% at 1-star vs. 2.6% at 5-star

Over 200 bps of margin spread.

Payer mix: Medicaid share falls from 69.7% (1-star) to 48.2% (5-star), while Medicare share rises from 6.6% to 10.0%.





Quality providers with strong infrastructure are most likely to succeed. Know what matters most to your partners — hospitals, ACOs, Medicare Advantage plans, and capital providers — and build the infrastructure to consistently deliver and document it

©2025 CliftonLarsonAllen LLP

Maturing the Business of the Business

Develop clearly defined IT strategic plan/roadmap aligned to overall strategic plan

Consolidate siloed systems and build data interoperability

Automate repetitive workflows to unlock clinical and administrative capacity

Strengthen cybersecurity and privacy by design

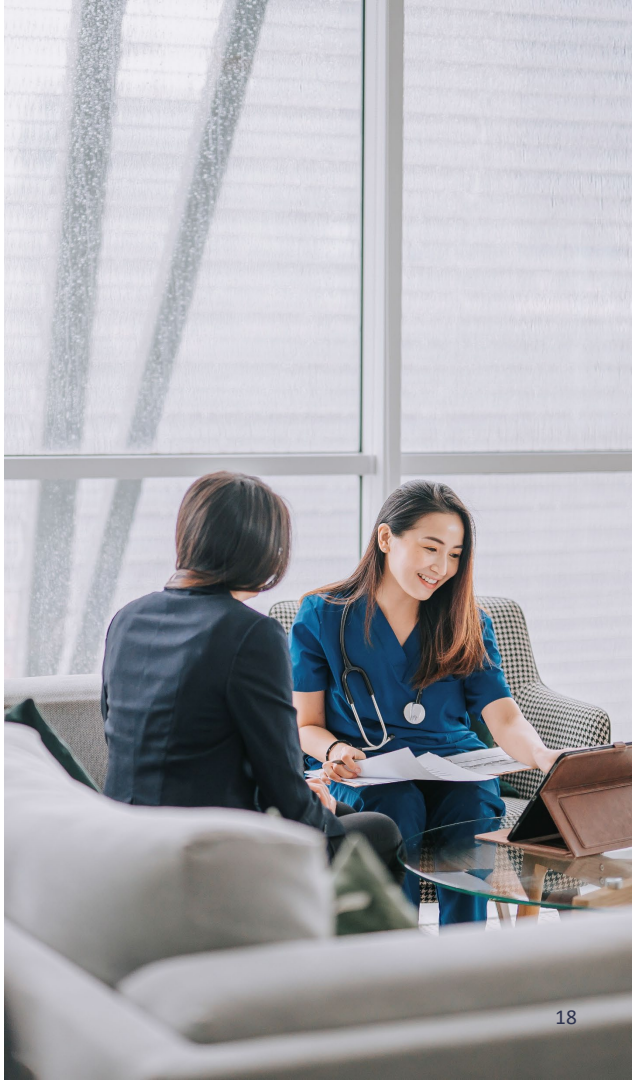
Decide where to own, develop, or rent technology solutions

©2025 CliftonLarsonAllen LLP

Facing the Future: Transformation for Excellence

Success in this environment will require transformation. We believe the path to excellence in that transformation must include three areas: reimbursement sophistication, keen focus on quality, and deep business acumen. The industry has always been resilient but there are hard truths to face:

Oldest members of Baby Boomer generation (born 1945) begin turning 80 — sharply elevating care needs for SNFs, memory care, and assisted living.	The industry faces critical supply, workforce, and economic gaps.	Medicaid remains the dominant payor, accounting for more than 60% of patient days.
Medicare Advantage is not going away — it's accelerating — with more than 50% of eligible Medicare beneficiaries enrolled in advantage plans.	Reimbursement pressure is real across payors, affecting margins while claims processing is affecting cash flow.	Industry consolidation will continue as organizations seek the benefits of scale provided by centralized administrative and technology resources and cross-utilization of direct-care staff.



©2025 CliftonLarsonAllen LLP

What We See
A Digital Perspective

©2025 CliftonLarsonAllen LLP. CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

Digital Services

Every industry faces distinct challenges. Allow us to leverage our decades of industry experience to provide informed strategies.

Cybersecurity

Risk assessments

Incident response

Analytics

Digital assessments

Dashboard and data warehouse solutions

Automation and integration

AP automation

Grants management

Artificial intelligence

Workflow automation

Custom model development

Software

Selection and implementation

System integration

AWARDS AND RECOGNITION

PLATFORMS

alteryx

Acumatica The Cloud ERP

Microsoft

Sage

©2025 CliftonLarsonAllen LLP

Polling Question

Which of the following best describes the state of your organization's *digital / technology master plan*?

- What the heck is that?
- We're actively working it and making progress
- We built one, but haven't looked at it since
- We are building it now
- We don't need one

©2025 CliftonLarsonAllen LLP

The Risk of Getting It Wrong

Despite investing over $35 billion, “nearly 95% of companies saw zero return on in-house AI investments, according to a new MIT study: ‘little to no measurable impact”
– Entrepreneur

“70 per cent of digital transformation initiatives fail to meet their objectives; a Gartner survey found that only 48% meet or exceed their targets. Globally, failed transformation efforts cost businesses an estimated $2.3tn a year.” **– Financial Times**

©2025 CliftonLarsonAllen LLP

Why Does Transformation Fail?

Poor user adoption

Failing to engage users in the process, not understanding the true pain of current obstacles, sacrificing outcomes for automation's sake

Misaligned stakeholders

Not having the right individuals buy in, driving change from the top down, failing to connect the "why" behind it all for your team

Out of order operations

Disregarding dependencies, creating holdups that increase timelines, fatiguing the organization over time

Underestimating training

Change is hard, "the chaos we know beats the process we don't," crossing your fingers and hoping for the one of the leading

Failing to understand true costs

Shooting from the hip, under budgeting, forgetting that sometimes you have to go slower to speed up

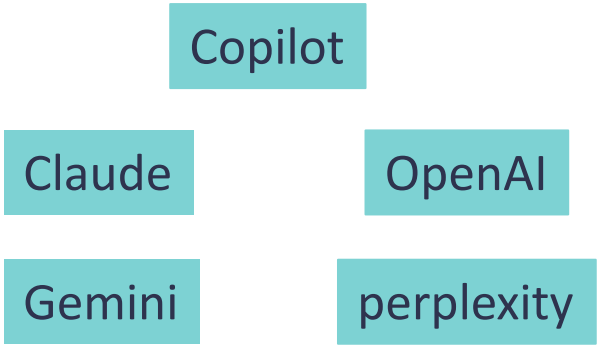
Overlooking interoperability

"We'll figure it out on the fly", not focusing on data quality and connectivity over 'shiny object syndrome'

©2025 CliftonLarsonAllen LLP

A Practical Illustration of the Challenge…

Common Perception of the AI Landscape



©2025 CliftonLarsonAllen LLP

You Need A Plan…

Diagnose before you prescribe

©2025 CliftonLarsonAllen LLP

CLA Promise

OUR PURPOSE

CLA exists to create opportunities for our clients, our people, and our communities.

OUR PROMISE

We promise to know you and help you.

OUR FAMILY CULTURE

We're one family, working together to create opportunities.

OUR STRATEGIC ADVANTAGES

Deep industry specialization

Seamless, integrated capabilities

Premier resource for private businesses and owners

Inspired careers

Curious, Collaborative, Transparent, Inclusive, Reliable

©2025 CliftonLarsonAllen LLP

Digital Assessment – Our Promise In Action

1. Discovery	2. Current state map	3. Use case and feasibility study	4. Future state map	5. Digital roadmap and business value summary
• Key leader interviews and onsite discovery workshops • IT infrastructure evaluation • Data maturity assessment	• Existing systems and process inventory and review • Identification of current business challenges and constraints	• Definition of improvement opportunities • Calculated return on investment associated with improvements	• Illustration of future digital vision • Suggested System mapping • Department and business process improvement summary	• Proposed improvement activities over a 6 to 12-month roadmap • Timelines and effort associated with key activities • Business outcomes and value creation summary

Industry knowledge
Digital knowledge
Process knowledge

4-6 weeks

©2025 CliftonLarsonAllen LLP

Digital Readiness Assessment Use Cases

©2025 CliftonLarsonAllen LLP. CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

“We are experiencing *100 years of innovation* in the coming 6 – 8 years.”

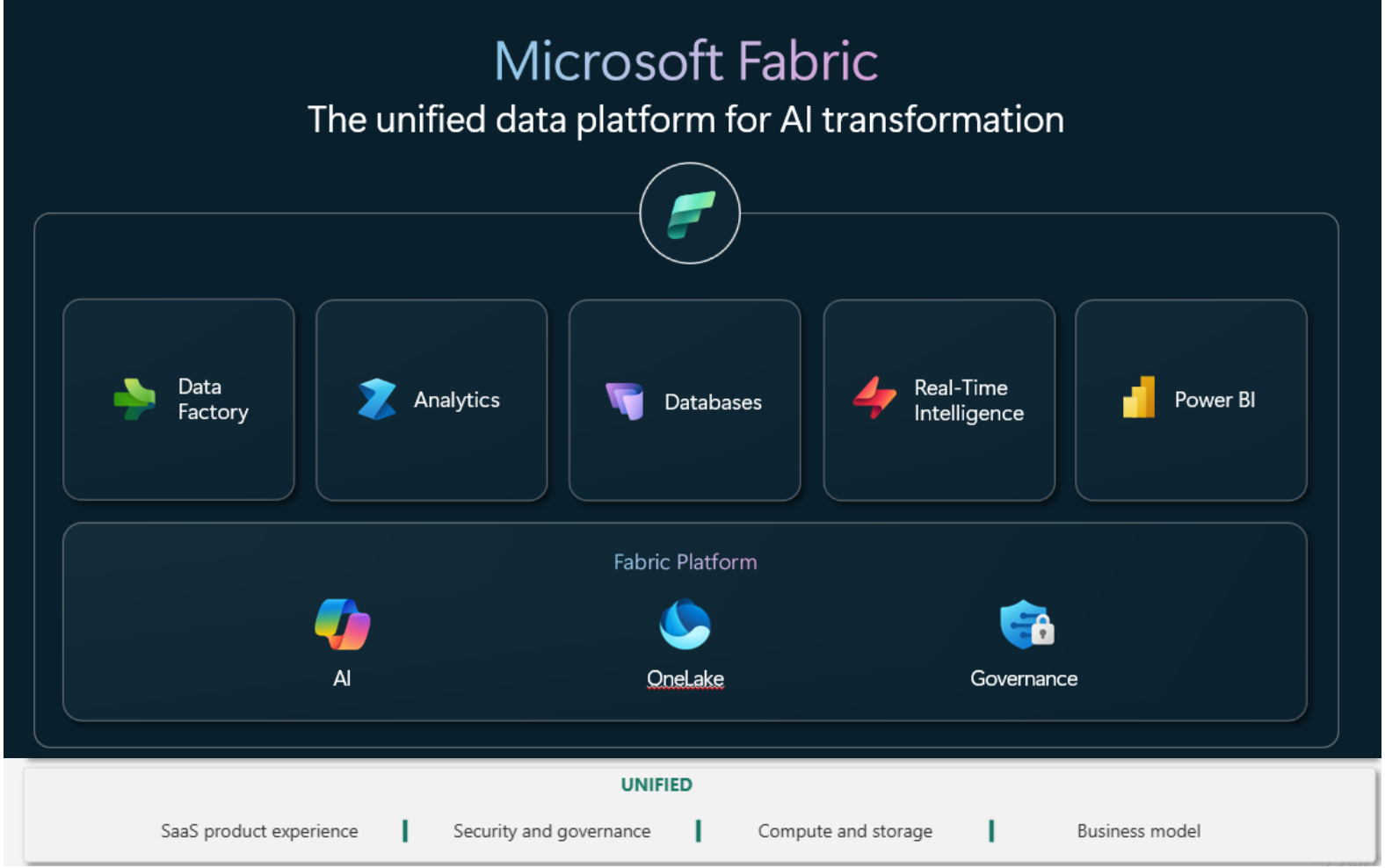
— Satya Nadella, CEO of Microsoft

©2025 CliftonLarsonAllen LLP

Analytics and the Data Estate

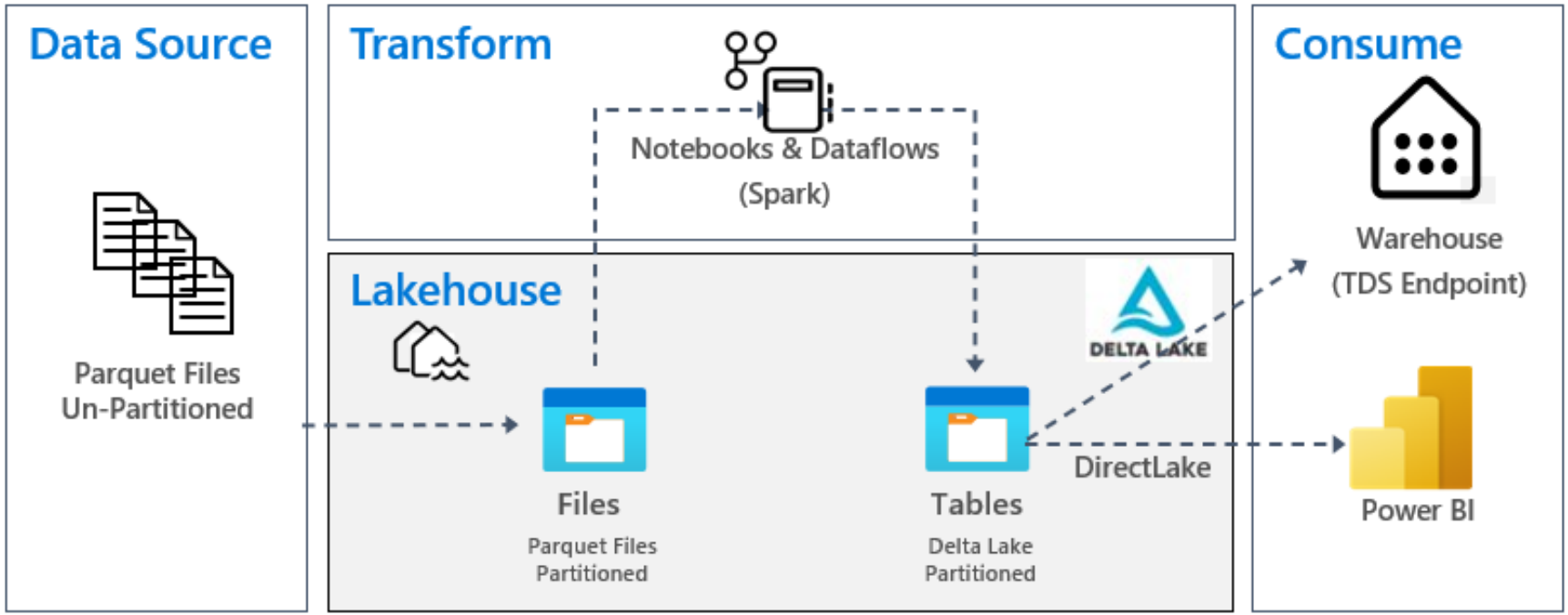
©2025 CliftonLarsonAllen LLP

©2025 CliftonLarsonAllen LLP



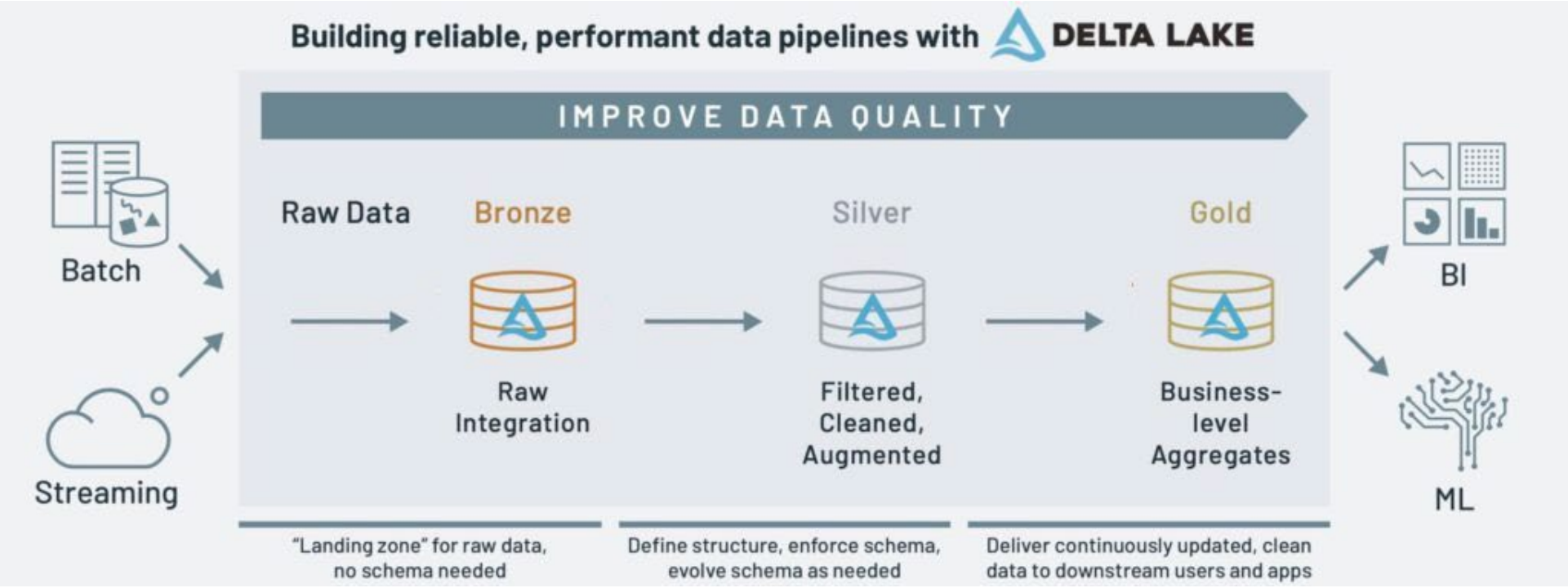
©2025 CliftonLarsonAllen LLP

Typical Fabric Scenario



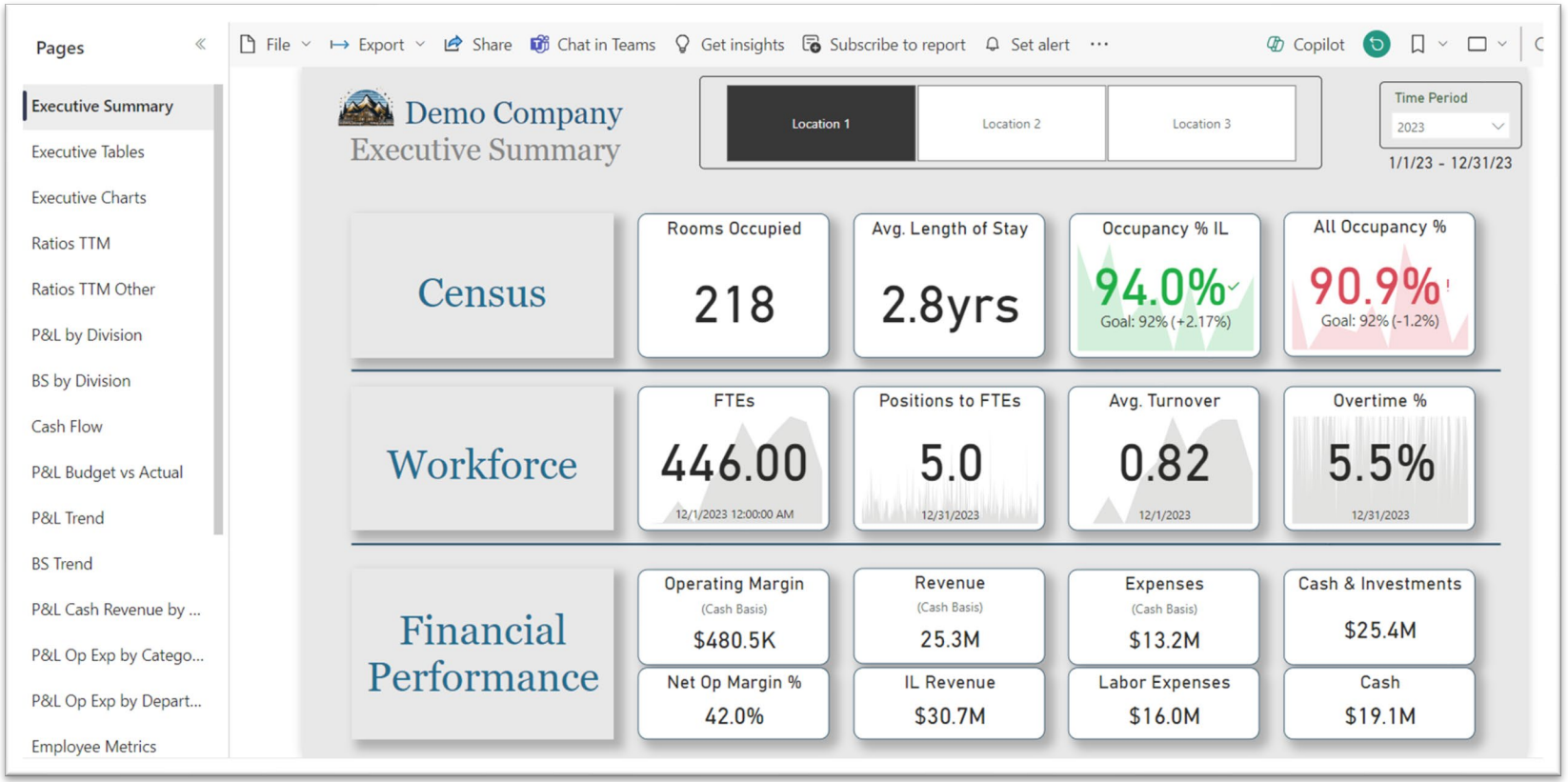
©2025 CliftonLarsonAllen LLP

Medallion Concept

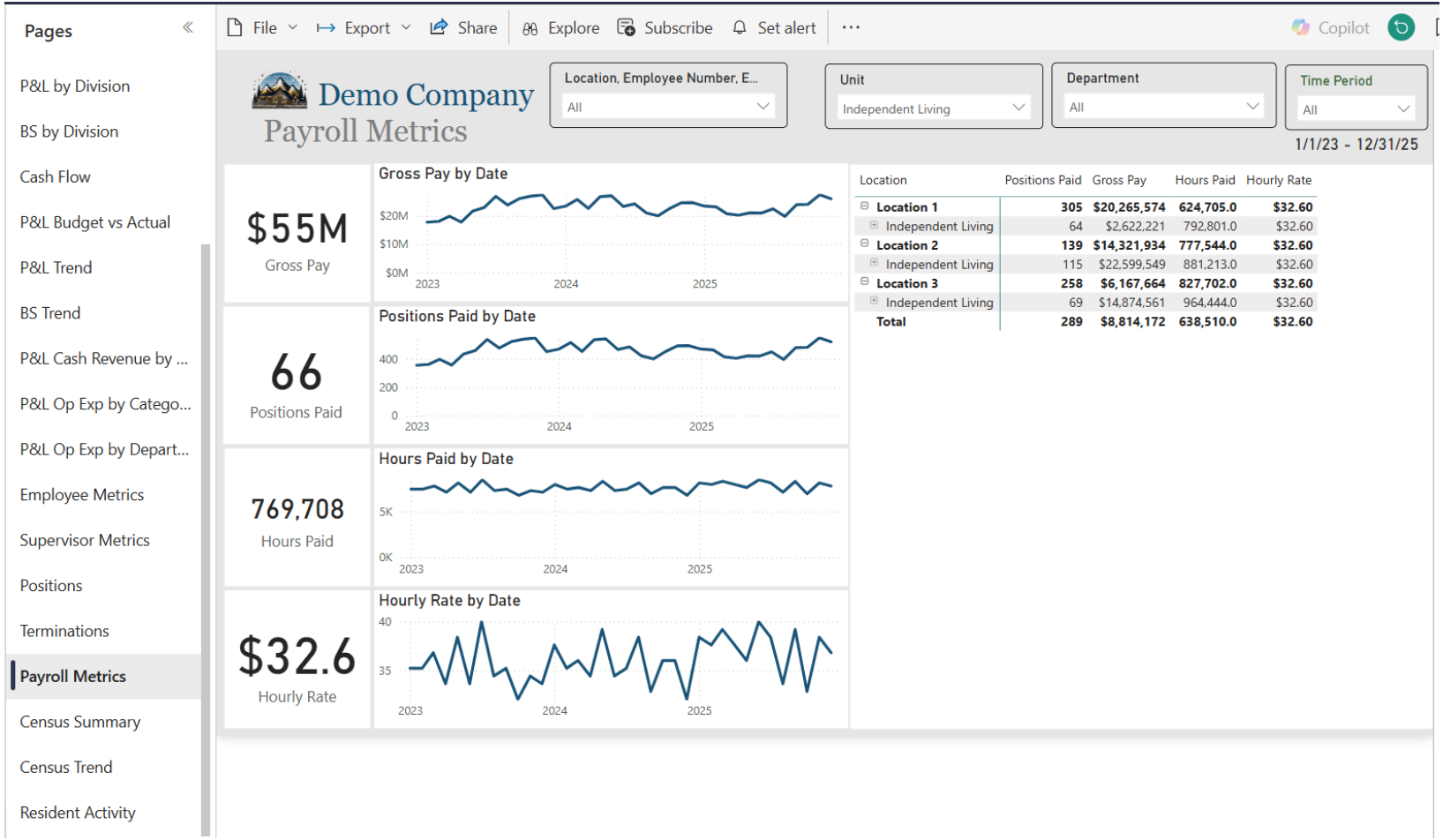


©2025 CliftonLarsonAllen LLP

Example Dashboard

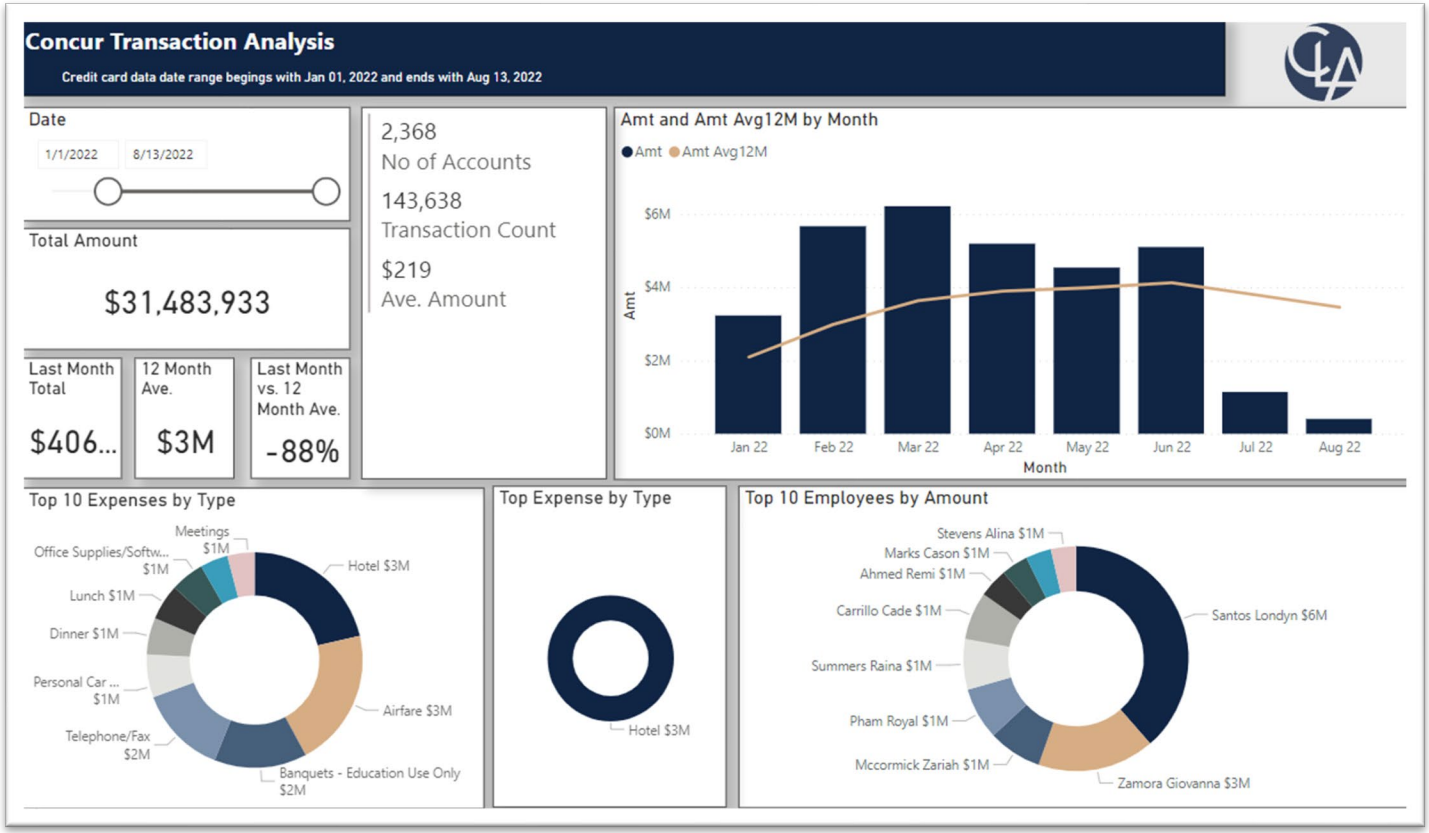


©2025 CliftonLarsonAllen LLP



©2025 CliftonLarsonAllen LLP

Expense Reporting Analysis



©2025 CliftonLarsonAllen LLP

Connecting Operations and Finance

> “We experienced an exceptional level of skill and professionalism with CLA. We are very happy with the transformative data warehousing and business intelligence reporting solution that CLA helped us put in place.”

David Lafferty
CIO, The Riverwoods Group

©2025 CliftonLarsonAllen LLP

Polling Question

Which area of your organization would benefit most from better linkage between operational performance and financial outcomes?

1. Workforce and staffing efficiency
2. Clinical quality and outcomes
3. Census/occupancy and referral performance
4. Revenue cycle and payer optimization
5. Capital planning and asset performance

©2025 CliftonLarsonAllen LLP

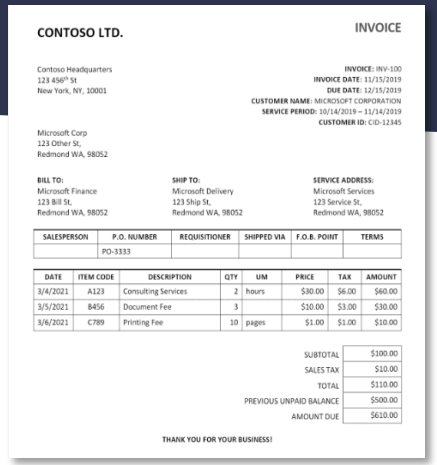
Automation and ML/AI

©2025 CliftonLarsonAllen LLP. CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

Democratization in the Adoption of AI

> “For companies embracing the technology, 92% of employees say AI is having a positive impact on their work.

MIT Technology Review
Generative AI is empowering the digital workforce | MIT Technology Review
July 25, 2023



CONTOSO LTD.

INVOICE

Contoso Headquarters
123 456th St
New York, NY, 10001

INVOICE: INV-100
INVOICE DATE: 11/15/2019
DUE DATE: 12/15/2019
CUSTOMER NAME: MICROSOFT CORPORATION
SERVICE PERIOD: 10/14/2019 – 11/14/2019
CUSTOMER ID: CID-12345

Microsoft Corp
123 Other St,
Redmond WA, 98052

BILL TO:
Microsoft Finance
123 Bill St,
Redmond WA, 98052

SHIP TO:
Microsoft Delivery
123 Ship St,
Redmond WA, 98052

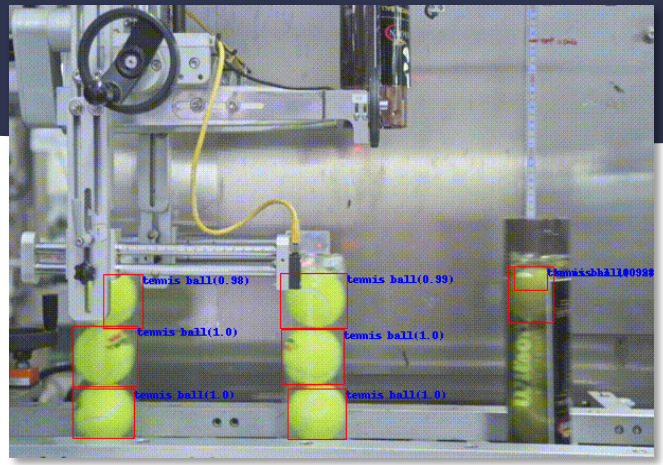
SERVICE ADDRESS:
Microsoft Services
123 Service St,
Redmond WA, 98052

SALESPERSON	P.O. NUMBER	REQUISITIONER	SHIPPED VIA	F.O.B. POINT	TERMS
	PO-3333				

DATE	ITEM CODE	DESCRIPTION	QTY	UM	PRICE	TAX	AMOUNT
3/4/2021	A123	Consulting Services	2	hours	$30.00	$6.00	$60.00
3/5/2021	B456	Document Fee	3		$10.00	$3.00	$30.00
3/6/2021	C789	Printing Fee	10	pages	$1.00	$1.00	$10.00

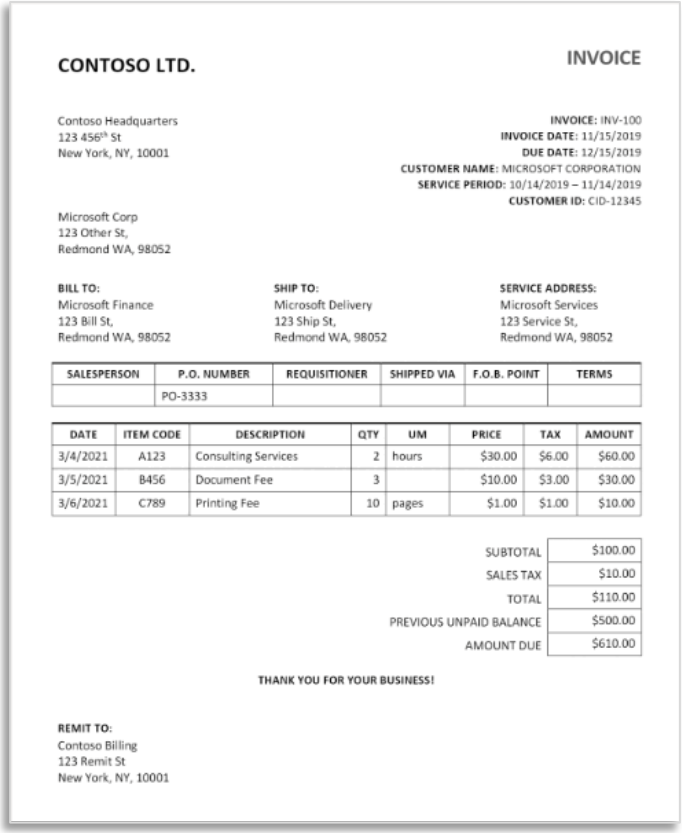
SUBTOTAL	$100.00
SALES TAX	$10.00
TOTAL	$110.00
PREVIOUS UNPAID BALANCE	$500.00
AMOUNT DUE	$610.00

THANK YOU FOR YOUR BUSINESS!



©2025 CliftonLarsonAllen LLP

Machine Learning - AP Automation



CONTOSO LTD.

INVOICE

Contoso Headquarters
123 456th St
New York, NY, 10001

INVOICE: INV-100
INVOICE DATE: 11/15/2019
DUE DATE: 12/15/2019
CUSTOMER NAME: MICROSOFT CORPORATION
SERVICE PERIOD: 10/14/2019 – 11/14/2019
CUSTOMER ID: CID-12345

Microsoft Corp
123 Other St,
Redmond WA, 98052

BILL TO:
Microsoft Finance
123 Bill St,
Redmond WA, 98052

SHIP TO:
Microsoft Delivery
123 Ship St,
Redmond WA, 98052

SERVICE ADDRESS:
Microsoft Services
123 Service St,
Redmond WA, 98052

SALESPERSON	P.O. NUMBER	REQUISITIONER	SHIPPED VIA	F.O.B. POINT	TERMS
	PO-3333				

DATE	ITEM CODE	DESCRIPTION	QTY	UM	PRICE	TAX	AMOUNT
3/4/2021	A123	Consulting Services	2	hours	$30.00	$6.00	$60.00
3/5/2021	B456	Document Fee	3		$10.00	$3.00	$30.00
3/6/2021	C789	Printing Fee	10	pages	$1.00	$1.00	$10.00

SUBTOTAL	$100.00
SALES TAX	$10.00
TOTAL	$110.00
PREVIOUS UNPAID BALANCE	$500.00
AMOUNT DUE	$610.00

THANK YOU FOR YOUR BUSINESS!

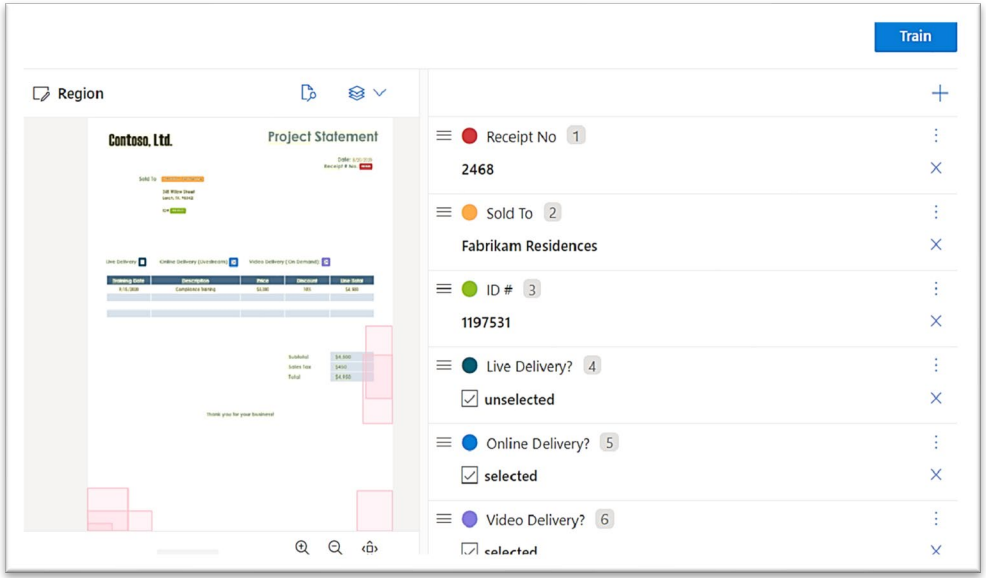
REMIT TO:
Contoso Billing
123 Remit St
New York, NY, 10001

- Reduce manual data entry from documents such as invoices
- Minimize error associated with manual processing
- Integrate with existing workflow and enterprise systems including accounting systems

Reduction in manual invoice processing time by up to 90%

©2025 CliftonLarsonAllen LLP

Cognitive Services for Document Intelligence

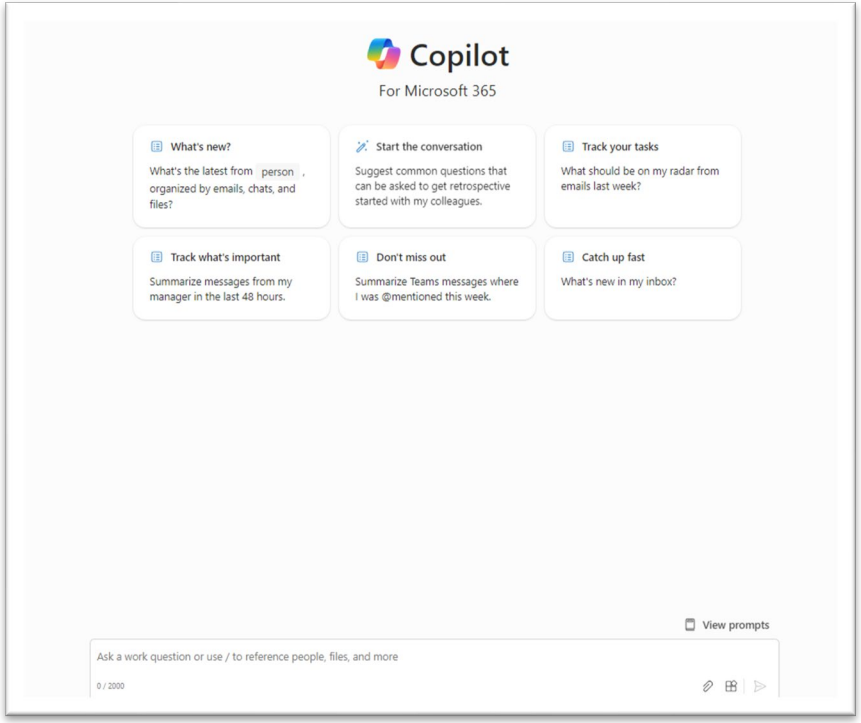


- AI-powered document processing and analysis
- Extracts, analyzes, and understands unstructured data
- Automates workflows for efficiency and accuracy
- Can train custom models for tailored document processing

Enhance automation with AI-powered document processing

©2025 CliftonLarsonAllen LLP

Microsoft 365 Copilot



- AI-powered assistant integrated into Microsoft 365 applications
- Helps automate tasks, provide insights, and enhance productivity
- Available in applications like Word, Excel, Outlook, Teams and more

Customizable through Copilot Studio within Microsoft's ecosystem

©2025 CliftonLarsonAllen LLP

Client Lifecycle: CLA Digital

Phase 1

- No dashboards or manually compiled dashboards
- Disconnected data
- Abundance of manual processes

Phase 2

- Automated dashboard for one or more departments
- Analytics supported by data integration and automated workflows
- Exploring artificial intelligence for productivity

Crawl

Phase 3

- Most departments supported by automated dashboards and self-service BI
- Defined sources of truth across enterprise
- Exploring machine learning for analytics

Walk

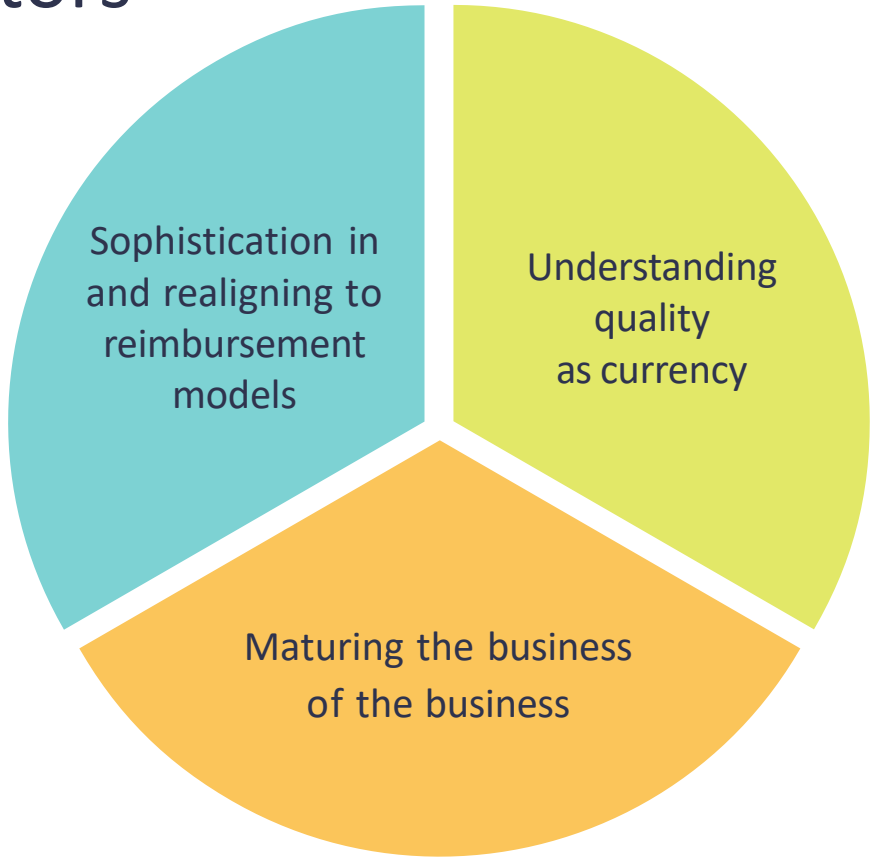
Phase 4

- Integrated systems and solutions supporting advanced analytics
- Machine learning and artificial intelligence integral to business decisions

Run

©2025 CliftonLarsonAllen LLP

Success Factors



©2025 CliftonLarsonAllen LLP

Polling Question

I would like someone from CLA to contact me to discuss developing a Digital Transformation Strategy:

- Yes
- Not at this time

©2025 CliftonLarsonAllen LLP

Thank you!

Stephen Taylor
stephen.taylor@CLAconnect.com

Tyler Gerig
tyler.gerig@CLAconnect.com

Nik Boyer
nik.boyer@CLAconnect.com

CLAconnect.com

CPAs | CONSULTANTS | WEALTH ADVISORS

©2025 CliftonLarsonAllen LLP. CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.