38th SNF Cost Comparison and Industry Trends Report

ONE INDUSTRY, THOUSANDS OF STORIES

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Executive Summary

Executive Summary

The skilled nursing facility (SNF) industry is experiencing considerable volatility across national and state-level economic, operational, and regulatory environments. The predominant trend this year is state-specific instability and disparity. Challenges include fluctuations in workforce availability, sustainability, and costs, as well as shifts in payer mix, reimbursements, patient/resident preferences, and payers. These complexities require a nimble problem-solving approach, underpinned by strategic decisions and resiliency.

Certain challenges may leave enduring imprints on the industry. There are divergent margin trajectories across states, with some states facing erosion while others pivot and respond proactively. Concurrently, national bed availability diminishes but reductions vary by state. Notable wage rate, occupancy, revenue, and expense disparities further underscore the diverse landscape.

Presently, the industry grapples with heightened volatility in three crucial dimensions — economic, operational, and regulatory. Skillfully handling and mitigating these uncertainties becomes instrumental in nurturing stability within the SNF sector.

Historically, the SNF industry has managed to navigate escalating regulatory pressure and policy impacts, but compounding economic effects have intensified with a multi-year period marked by economic, operational, and regulatory reforms at both the federal and state levels. The task of revenue and expense budgeting has grown increasingly intricate. Looking ahead, strategic investments in infrastructure, workforce, and operational facets will remain pivotal for SNFs to thrive.

While national trends furnish directional insights, our report highlights the significance of local markets for SNF success. National trends set the tone, while localized insights provide actionable knowledge. Understanding what sets each state apart, along with the associated challenges and prospects, lays the foundation for generating opportunities.

Methodology

This publication provides benchmarks and ratios calculated using annual SNF cost report data released by the Centers for Medicare and Medicaid Services (CMS) as of July 2023. That release included approximately 10,500 cost reports for fiscal years ended 2022, representing approximately two-thirds of Medicare-certified nursing facilities. For purposes of comparability, amounts presented for 2018 through 2021 only include the performance of facilities with a 2022 cost report.

Each SNF's data was ranked numerically and stratified into percentiles. These summary statistics and our data perspectives are intended to provide a general understanding of financial and operational trends. This report is not intended to provide any conclusions about correlation and dependence within the data.

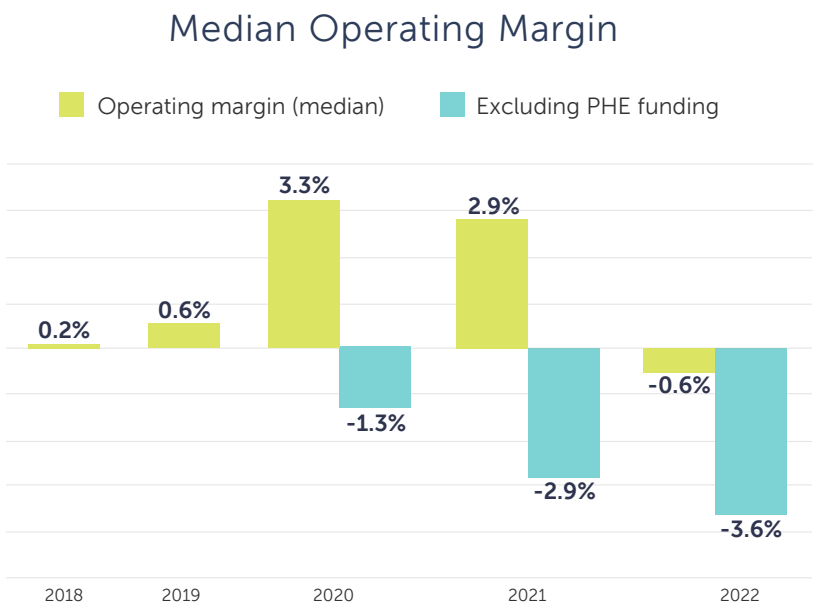
This publication also uses data sources for trending beyond fiscal year 2022, which include the Nursing Home COVID-19 Public File for occupancy and Payroll Based Journal (PBJ) Nurse Staffing for contract labor utilization.

Ratio Analysis

Operating margin

Nationally, there has been a continued regression of operating margins, with performance among the states yielding a wide disparity. Starting in 2020 — when public health emergency (PHE) funding was received by SNFs — we began showing operating margin impacts both including and excluding PHE funding to demonstrate the crucial impact PHE funds had on SNFs. As PHE funds decreased in 2022 and operational difficulties compounded, SNFs experienced a -0.6% operating margin. When these funds were excluded, the operating margin was even worse: -3.6%. Now that the PHE has sunsetted along with PHE-related funding, the question of SNF sustainability is being raised due to these large negative operating margins.

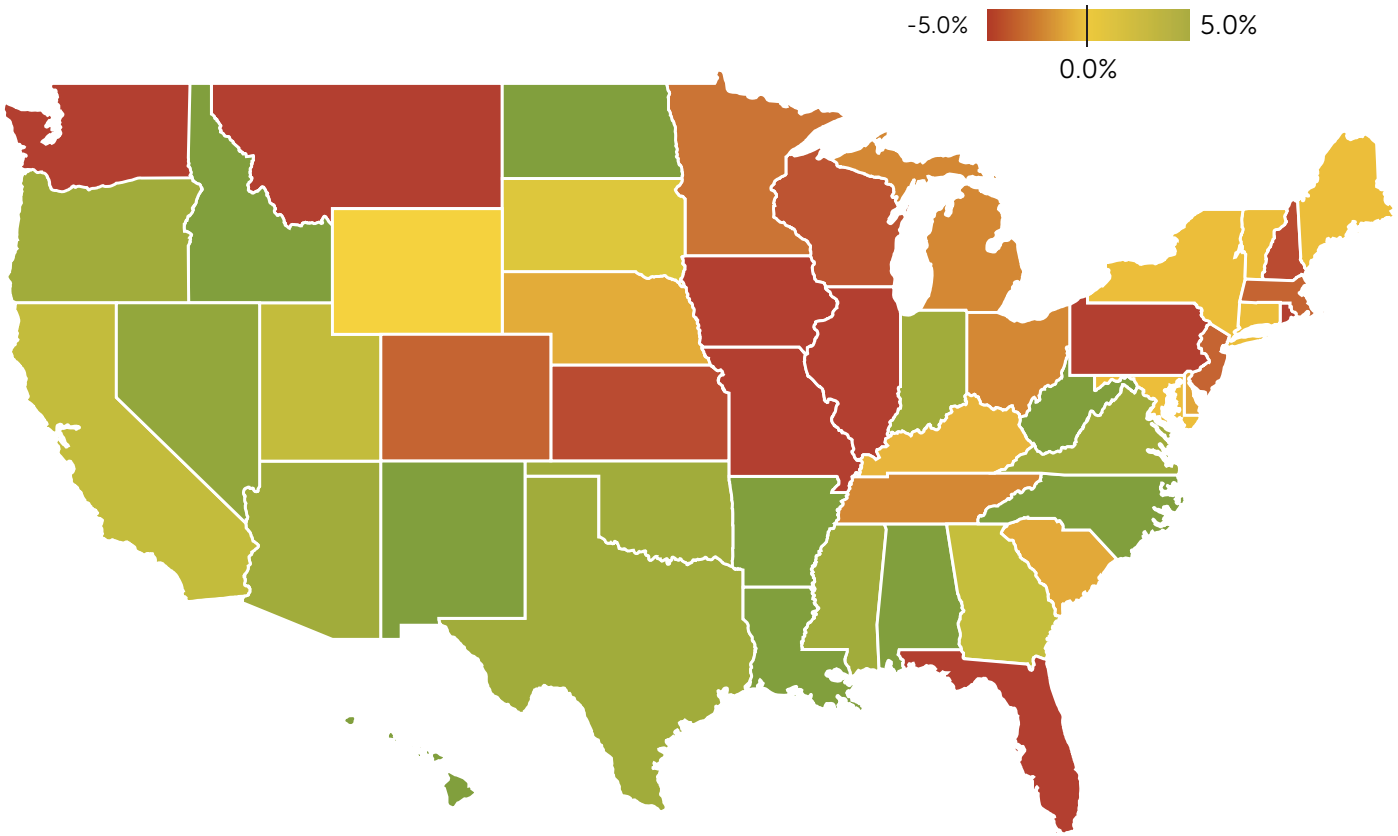
- **Reimbursement rates**
  Medicaid reimbursement rates vary by state, and these rates can make up a significant portion of a SNF's revenue. States also have varying degrees of Medicare Advantage (MA) penetration, which has impacts on reimbursements and utilization.
- **Occupancy rates**
  Occupancy rates vary by state, and facilities with lower occupancy rates may struggle to cover costs.
- **Regulatory environment**
  Compliance with state-specific SNF regulations can have costly operational and economic impact.
- **Cost of living**
  Cost of living fluctuations in each state impact the cost of labor, supplies, and other expenses.
- **Market competition and demographics**
  The size and age distribution of a state's population can affect demand and level of competition between SNFs.



RATIO ANALYSIS

Overall, the state in which a SNF operates can impact its revenue, expenses, and regulatory compliance operational implications, all of which can affect its operating margins.

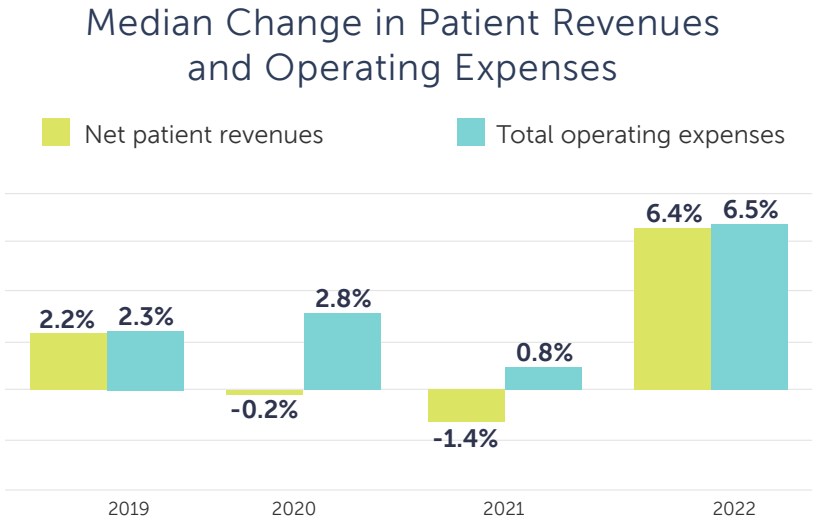
2022 Median Operating Margin



RATIO ANALYSIS

In 2022, expenses increased substantially while revenues experienced a strong uptick — mainly driven by occupancy increases. However, revenue growth fell short of matching expense growth, leading to another year with a margin deficit. (Median change in revenues and median change in expenses are mutually exclusive and do not translate to a change in median margin.)

Over successive years, expenses have consistently outpaced revenues, intensifying margin pressure. During times of economic instability, chief financial officers in many industries typically resort to raising prices and cutting fixed costs to safeguard margins. However, due to the SNF industry's heavy reliance on government payers and its inherent fixed cost structure, implementing such strategies is not always possible.



Expenses

Over the past three years, there has been a steady rise in expenses at a national level, with Per Patient Day (PPD) expenses increasing by roughly 15%. This three-year median change varies drastically among states. For example, Illinois' three-year median change in expense PPD is 26%, compared to Colorado at 7%.

Factors influencing expenses include:

Labor

Labor costs continue to surge and, along with availability, have had a significant impact on the industry. Total nursing average hourly wages increased 14.7% in 2022, compared to increasing 8.8% in 2021 and 7.4% in 2020. Nursing contract labor hours as a percentage of total nursing hours increased to 10.2% in 2022, compared to 5.3% in 2021, and only 2.9% in 2020 (see upcoming labor section).

Interest rates

SNFs operate as capital-intensive enterprises, currently in an economic environment with the highest interest rate levels since 2001. Ownership and management of SNFs require significant upfront investments for facility acquisition, ongoing expenditures for infrastructure, equipment, and technology maintenance, and substantial allocations for recruiting and retaining qualified personnel.

Meeting stringent regulatory standards and delivering quality health care services necessitates a continuous inflow of financial resources. The recent surge in interest rates makes borrowing and servicing debt challenging, particularly if increased interest expenses are not offset by revenue growth.

RATIO ANALYSIS

SNFs rely heavily on government funding sources for their revenues, subjecting them to continuous reimbursement pressures. Escalating interest rates impede investments in crucial areas like equipment upgrades, facility enhancements, and technological advancements, thereby exerting pressure on profit margins and restricting immediate investments.

While other industries have taken advantage of cost-effective capital and diverse funding options, SNF owners and operators have largely prioritized addressing staffing needs and caring for vulnerable residents during the COVID pandemic, leaving limited resources — in terms of both time and finances — for strategic capital investments.

Inflation

During 2022, the U.S. Bureau of Labor Statistics consumer price index peaked mid-year at over 9%. This rapid inflation led to costs rising in an environment where many states had Medicaid rates with lagging base years.

In focus: capital investments

Current industry discourse revolves around an aging infrastructure combined with the essential need for technological innovation, both of which demand substantial capital infusion with anticipated returns. In an industry undergoing a transformative phase — due to the impact of COVID, AI advancements, rising consumer and payer expectations, digital transformation, and a heightened difficulty in accessing capital — the question arises: Will those who can make timely, strategic investments emerge as long-term industry leaders?

Most SNFs need infrastructure and technology upgrades, but funding those can be challenging. Entities that commit to both are likely to reap rewards of increased occupancy, optimal staffing, enhanced care quality, and improved efficiencies, but the challenge will be how to do so.

Regardless of nonprofit or for-profit status, SNFs must grapple with whether to trade equity, pursue partnerships, transition sponsorship arrangements, or engage capital partners to address their capital needs and debt service obligations.

RATIO ANALYSIS

Revenue

Nationally, over the past three years, PPD revenues have increased approximately 12%, but the median change varies among states. For example, California experienced a median PPD revenue increase of 23% over three years, compared to Missouri's median decrease of 2% over the same period. This revenue disparity between states is directly caused by local market payer dynamics.

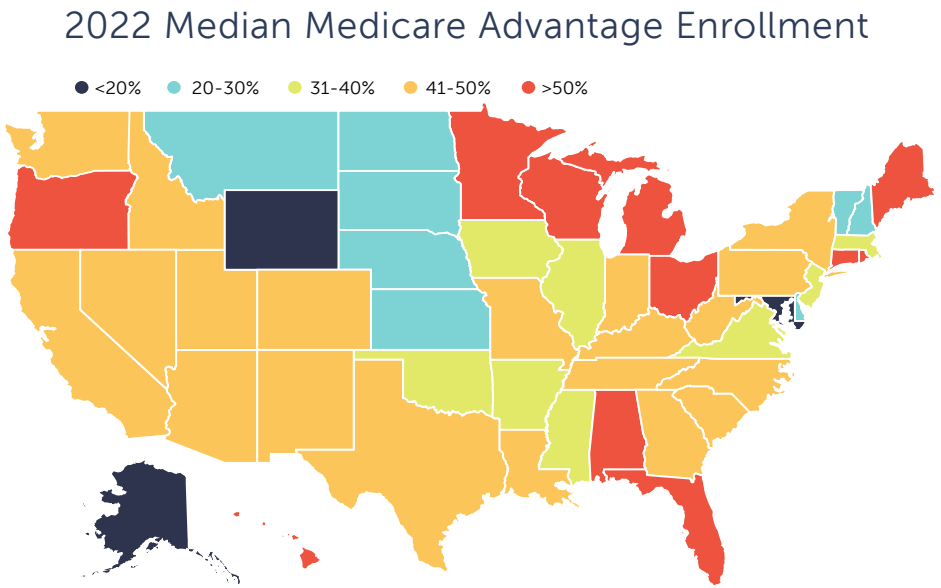
On a national scale, SNF payer mix consists of approximately 62% Medicaid and 10% traditional fee-for-service (FFS) Medicare. MA continues to grow nationally, yet state- and county-level penetration rates can vary. The composition of payers and reimbursements range significantly across all 50 states. Knowing the local payer landscape is crucial for both the long-stay resident population and episodic short-stay patient population.

Reimbursement is vital for SNFs, which mainly depend on government payers (such as Traditional FFS Medicare, Medicaid, and MA). The federal and state implications of these payers involve distinct forces and state-level differences. Considering significant cost escalations, securing proper reimbursement is critical to the economic viability of SNFs, especially when operators plan to reinvest in workforce, infrastructure, and other essential areas.

RATIO ANALYSIS

Traditional FFS Medicare

- The final FY 2024 Final Rule for Skilled Nursing Facilities was released on July 31, 2023
- Key aspects to be aware of:
  - CMS finalizes a 2.3% reduction as the second phase of the PDPM parity adjustment
  - CMS finalizes 4.0% aggregate increase in payments
  - CMS finalizes various changes to the Value-Based Purchasing (VBP) and Quality Reporting programs
  - Overall economic impact is an estimated increase of $1.4 billion in aggregate payments to SNFs during FY 2024
- Be aware of and plan for MDS changes on October 1, 2023, such as the removal of Section G



Medicaid

Some states, such as Pennsylvania, Texas, Illinois, Missouri, and North Carolina, are responding to unsustainable economic trends by adjusting Medicaid rate methodologies and rebasing rates. Understanding changes, what levers are available to pull, and how rates are influenced is crucial to obtaining appropriate reimbursement.

Medicare Advantage

Compression of Traditional Medicare FFS continues as beneficiaries move to MA. For providers focused on capturing episodic patients, reimbursement per patient is likely being impacted downward, as MA plans typically reimburse less than Traditional Medicare FFS. Overall average length of stay (ALOS) is likely compressed as well. Consider a state like Michigan with 56% MA penetration and an ALOS of 32, compared to Nebraska with 29% MA penetration and ALOS of 59.

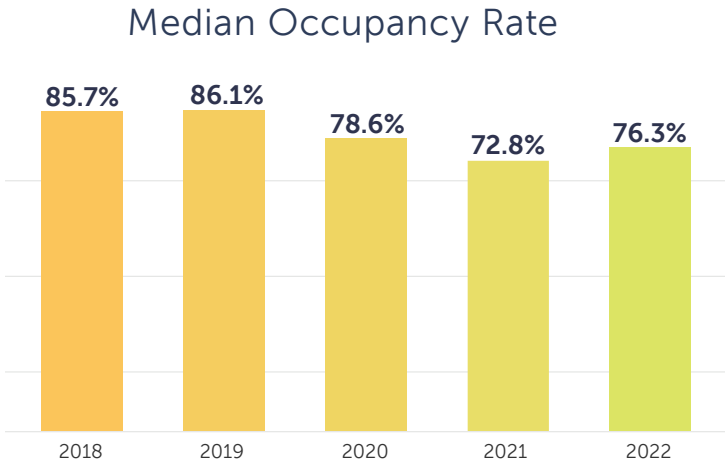
Occupancy

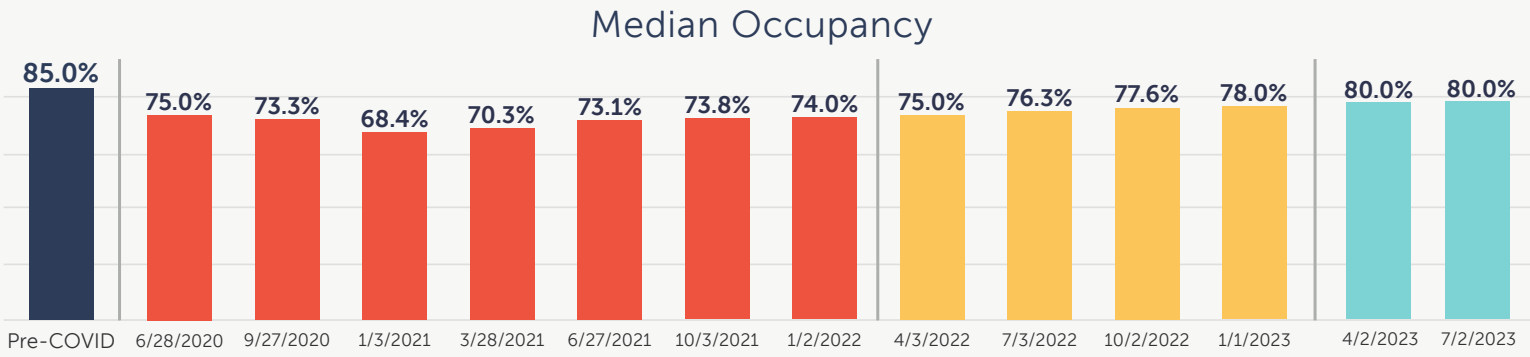
National median occupancy increased to 76.3% in 2022 as the industry continued to recover from the large declines in occupancy experienced during the height of COVID.

The quarterly trend in the below chart shows the large declines in median occupancy during the height of the COVID pandemic and the slow recovery each quarter since. The early 2023 national median occupancy shows an increase to 80%, which is the highest occupancy experienced by the industry since pre-pandemic levels.

State-by-state occupancy levels vary considerably based on several factors, such as:

- Number of licensed and available beds
- Available workforce
- Senior population using skilled nursing services
- Reimbursement system and state investment in senior services
- Utilization trends of skilled nursing services and other care alternatives

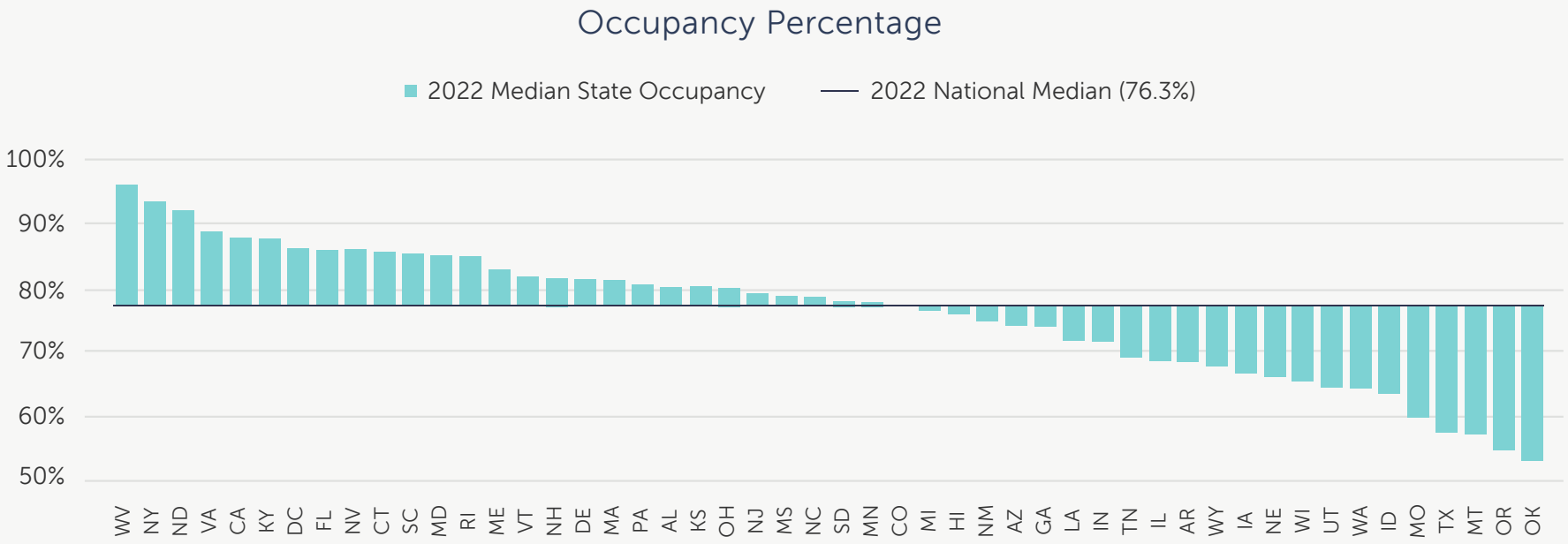




RATIO ANALYSIS

The below graph demonstrates the significant fluctuation of occupancy among states compared to the national median of approximately 76.3%. On the high end, West Virginia had a median occupancy of 91.2%, while Oklahoma had a median occupancy of 57.5%, a 33.7% difference. There is no singular factor for a state's occupancy fluctuation, so it's important to understand state and local insights in order to drive your SNF's occupancy and opportunities.

As SNFs work to enhance operations and capacity with available workforce, an ongoing notable trend is the national decline in SNF bed availability over the last three years (2020 – 2022). AHCA reported nursing home care as a growing crisis, with 579 facilities closed since 2020, likely due to a combination of economic, operational, and regulatory environment shifts resulting in occupancy stagnation. Meanwhile, hospitals face a critical need for SNF beds for patient discharges. Considering the growing 85+ age demographic, it's pertinent to question whether current policies are imposing limitations on care systems.

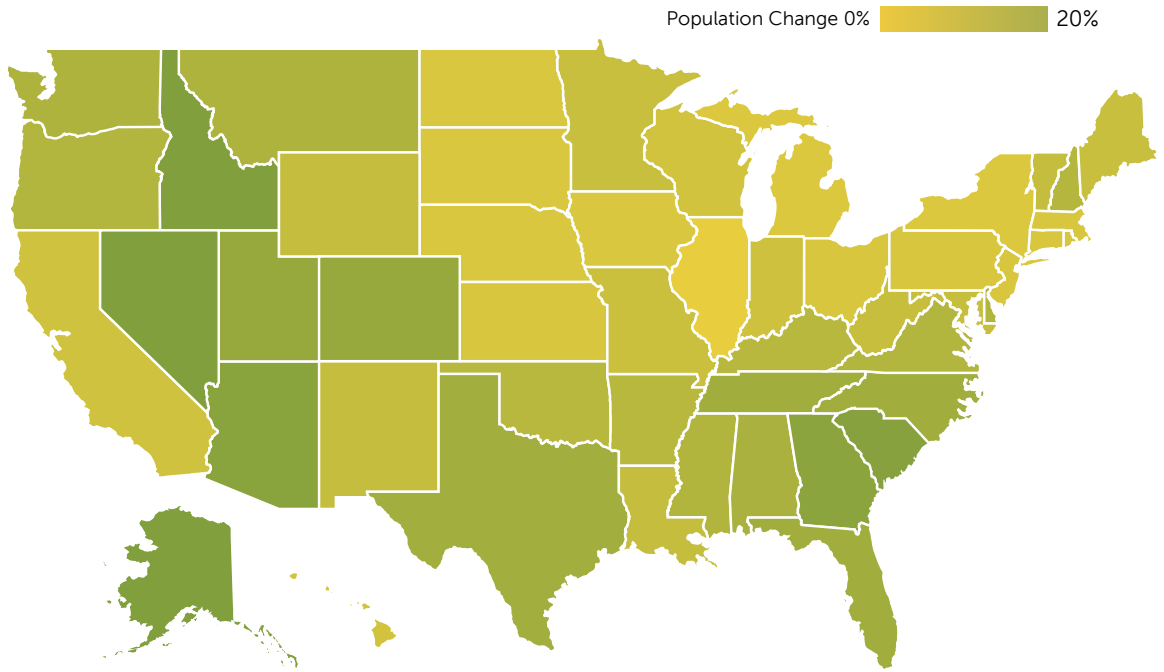


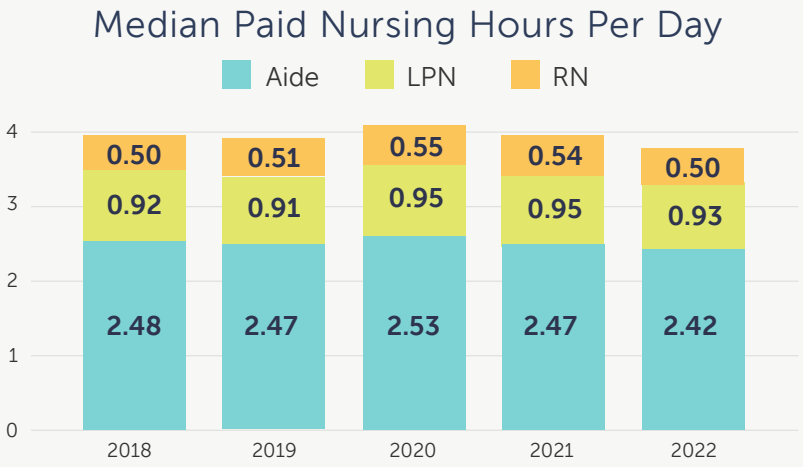
RATIO ANALYSIS

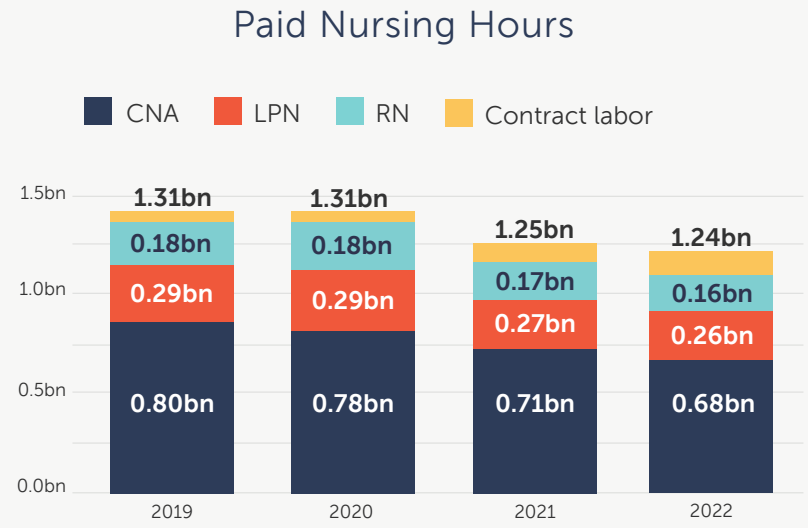
One of the most formidable challenges facing the country (and SNFs) is the annual growth in the 85+ population segment in every state — some more than others. The national median increase per year for the next five years (through 2028) is 1.5%, and by 2028 there will be an estimated 622,000 more seniors 85 years old and older across the country.

As SNF bed capacity diminishes and operators grapple with staffing shortages and securing appropriate revenues and reimbursements for adequate staff compensation, SNF margins decline amid a backdrop of ongoing aging across all states. For instance, North Carolina experienced an annual 2.4% increase in population aged 85+ while witnessing a 1% reduction in bed capacity. The state is rebasing and fundamentally changing its SNF Medicaid rate system reimbursement in several ways, which has resulted in a positive trajectory of median operating margins in recent years.

85+ Population Growth from 2022 to 2028







RATIO ANALYSIS

Labor and Workforce

Labor and the cost of labor continue to have a substantial impact on SNF operations and finances. The decrease in the number of employees working within the industry was noted in last year's 37th SNF Cost Comparison and Industry Trends Report and it continues to impact occupancy and operations. Overall nursing hours per day slightly decreased on a national level and is at the lowest total over the last five years.

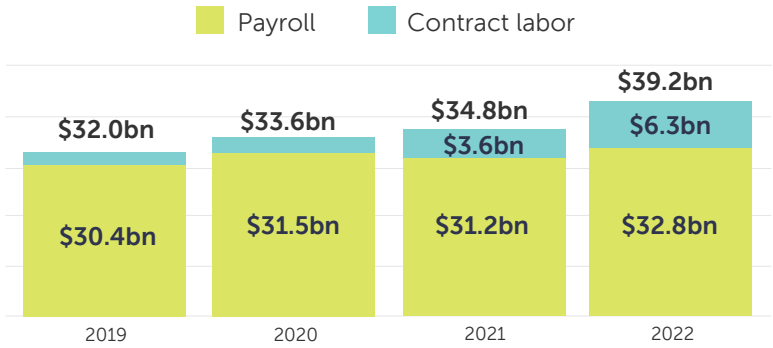
There were approximately 10 million less nursing hours paid in 2022 than were paid in 2021 — approximately 0.8% less. However, nursing needs in 2022 exceeded what could be accommodated by employees, requiring continued use of contract labor. 2022 saw an approximate 56% increase in the numbers of hours paid to contract labor.

The large increase in the use of contract labor in 2022 is one of the main driving factors in the increase in overall direct nursing costs. The total cost of direct care nursing increased approximately $4.4 billion, or 12.6%, in 2022. This overall increase equates to approximately $400,000 in additional costs for the average facility in the country.

RATIO ANALYSIS

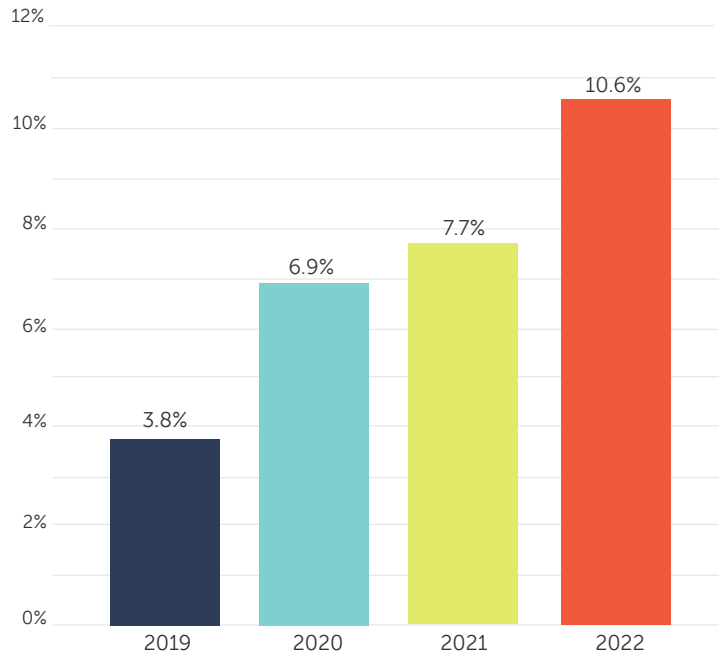
The shortage of labor, along with economic pressures across the country, is causing increases in nursing wages that greatly outpace the increases in daily facility rates paid. The below graphs show the annual percentage increase in median overall nursing wages as well as percentage increases by nursing discipline. Average overall nursing hourly wages increased 10.6% in 2022, which greatly outpaced the net patient revenue increase of 6.4%.

Direct Care Nursing Expense by Source



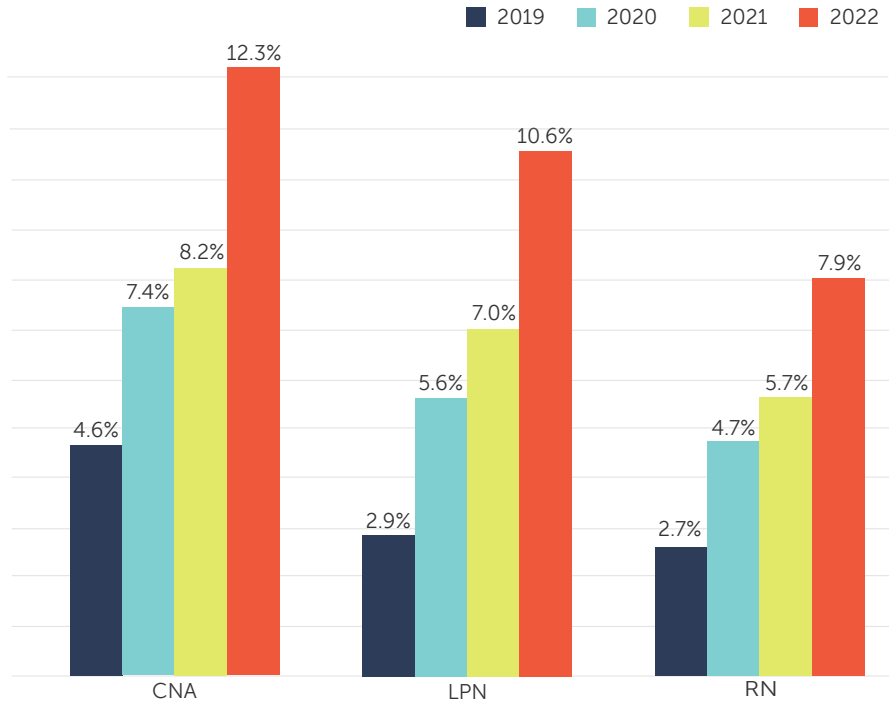
Overall Nursing

Growth rate in average overall nursing hourly wages



Nursing by Discipline

Growth rate in average hourly wages by nursing discipline



Minimum staffing requirement

CMS releases proposed nursing home minimum staffing requirements

Since 2021, the Administration has made known its intention to issue a proposal setting a minimum nursing home staffing level. On September 1, 2023, the Centers of Medicare & Medicaid Services (CMS) released that proposed rule. There are three core staffing requirements:

1. A minimum nurse staffing standard of 0.55 hours per resident day (HPRD) for Registered Nurses (RNs) and 2.45 HPRD for Nurse Aides.
2. A requirement to have an RN onsite 24 hours a day, seven days a week.
3. Enhanced facility assessment requirements.

The implementation period for these requirements depends on whether a nursing home is considered rural or not. If rural, there's a five-year implementation. All others would have three years.

The proposal lacks funding for the necessary hiring of thousands of workers, despite CMS recognizing that over 75% of nursing homes would not meet the proposed minimum staffing levels. AHCA commissioned a report by CLA to analyze the proposal's implications, including cost, workforce requirements, and other pertinent factors.

Review CLA's summary of the proposal for an overview and then refer to the entire proposed rule for full details. Continue to follow CLA for ongoing updates.

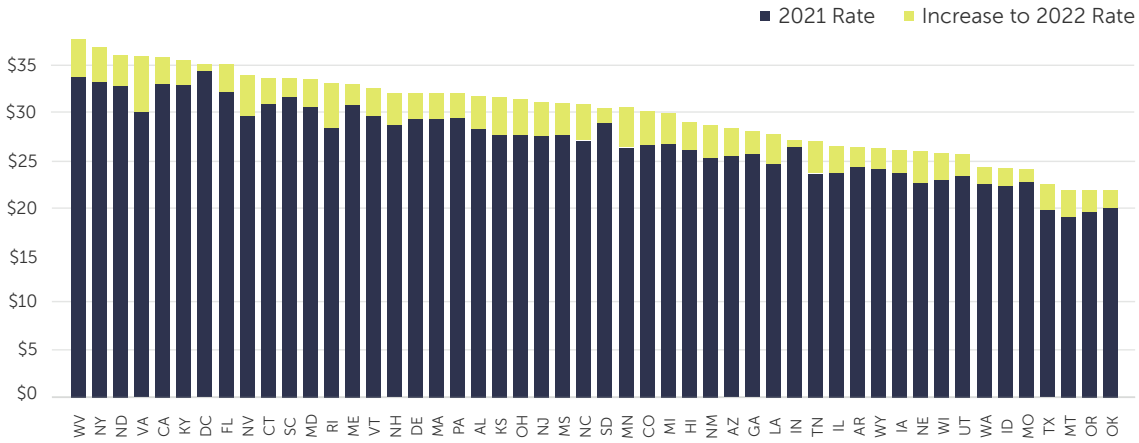
RATIO ANALYSIS

The top visual notes the extreme variation of total nursing hourly wages paid amongst the states as well as the variation in increases in average hourly pay from 2021 to 2022. Nursing hourly wages continue to increase significantly. New Jersey overall nursing hourly rates increased 18% over three years, compared to Missouri at approximately 29%. Washington has the highest pay rates in the country, and one of the lowest operating margins, at approximately -5%. Knowing market factors such as cost of living, local revenue landscape, and state specific regulatory factors such as minimum staffing standards can help your organization's leadership make effective decisions.

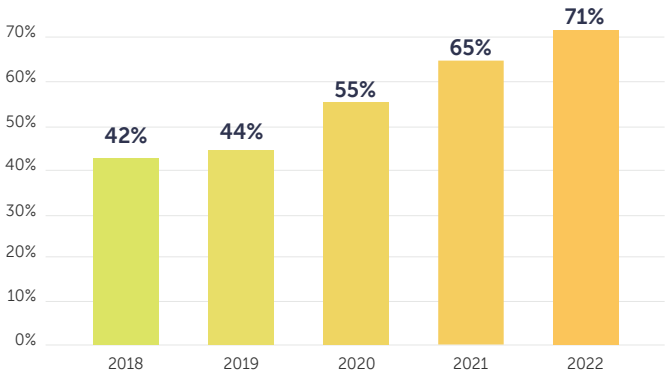
Minimizing or removing agency staffing can enhance margins and foster better care continuity, team morale, and organizational culture. While SNF operational success has traditionally hinged on occupancy, the predominant key performance indicator (KPI) now is the use of contract agency nursing.

Notably, several operators have strategically concentrated on mitigating the escalating use of contract labor through diverse interventions, resulting in a potential shift in this trend. By harnessing data, digital tools, market insights, industry expertise, operational acumen, financial modeling, and more, we have assisted numerous organizations in devising tailored solutions to address this challenge effectively. High-premium pay rates associated with contract nursing can strain operating budgets and contribute to margin pressure. CLA's white paper covers some actions that have been proven to reduce reliance on agency staffing.

Median 2022 Total Employed Nurse Wage



Nursing Contract Labor Utilization



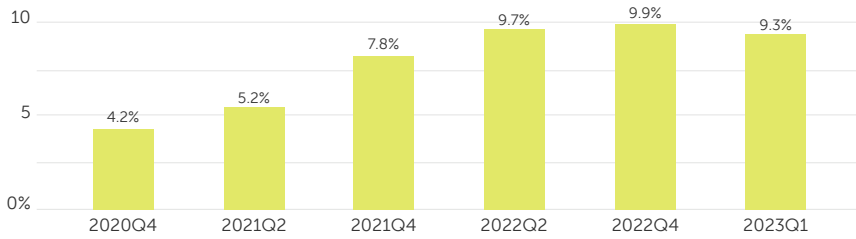
YEAR	PERCENTILE 25TH	50TH	75TH	PROVIDERS USING CL
2018	0.6%	2.4%	7.4%	42%
2019	0.7%	3.0%	8.3%	44%
2020	0.7%	2.9%	8.7%	55%
2021	1.4%	5.3%	13.5%	65%
2022	3.4%	10.2%	20.9%	71%

RATIO ANALYSIS

The percentage of contract labor used by SNFs has increased quarter by quarter since the start of the pandemic, reaching just under 10% for the fourth quarter of 2022. In the first quarter of 2023, the industry shows a decrease in the amount of contract labor, which may signify a trend of improved staffing.

CMS is adopting the Nursing Staff Turnover Measure for the SNF VBP program, with a FY 2024 performance year and payment impact beginning in FY 2026 program year, as announced in the recent release of the SNF Final Rule. This is a structural measure collected and publicly reported on Care Compare assessing the stability of the staffing within an SNF using nursing staff turnover. Each facility's turnover performance compared to benchmarks will impact their SNF VBP performance and, ultimately, Medicare revenues. The below chart shows each state's average turnover compared to the national average of 53.3%. Workforce strategies are a key focus, particularly regarding understanding commitment levels and retaining workforce.

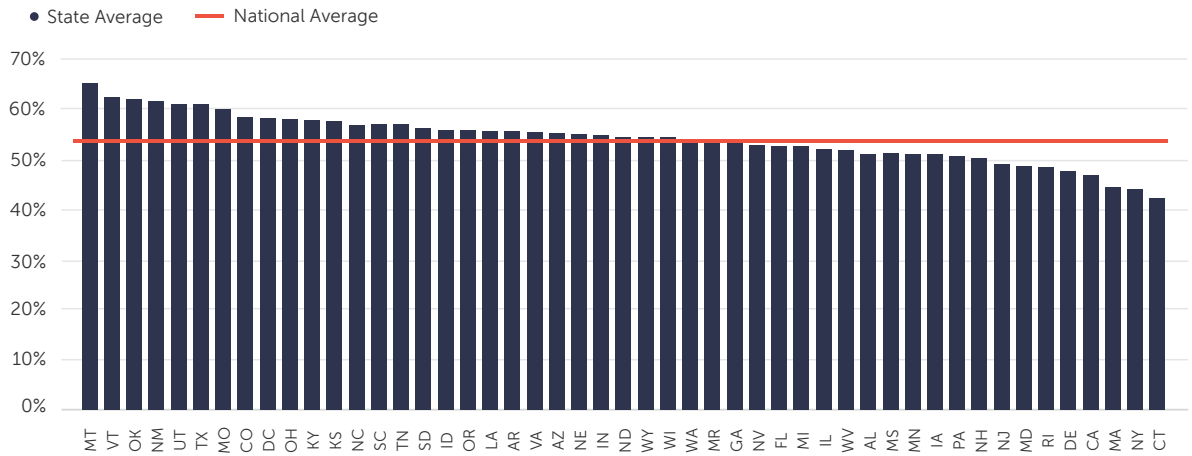
Average Total Contract Share by Quarter



Total nurse turnover is a key metric to track and monitor for several reasons:

- Quality of care
- Costs
- Regulatory compliance
- CMS five-star rating

Average 2022 Total Nurse Turnover



Conclusion

Conclusion

SNFs operate in a complex and dynamic environment, where margins are influenced by many factors that vary by state and market, such as occupancy, demand, labor costs, reimbursements from Medicare, Medicaid, and MA. The impact of federal and state policies adds substantial operational and economic instability, leading to diverse financial outcomes across states.

Our report is designed to provide valuable insights into the SNF industry landscape as impacted by national and state-specific economic, operational, and regulatory environments. We aim to enhance your understanding of critical considerations and emerging trends.

Although short-term stability and predictability are widely sought, the methods to assess and attain them differ across markets. While overarching themes exist nationally, the exceptional financial performance or challenges faced by your specific SNF, portfolio, or target market typically stem from local circumstances.

We are here to help

The skilled nursing industry has a complex interplay of variables, resulting in a distinct blend of challenges and opportunities. Our focus is to equip you with knowledge to assess factors influencing financial performance, prompting informed decision-making and meaningful discussions.

Our national senior living and care team possesses specialized knowledge and resources to support your individual needs. Whether it's through our traditional CPA practice, outsourcing and advisory services, digital solutions, or wealth advisory, we tailor our support to create enterprise value and help resolve problems for SNF operators and owners.

- Digital solutions and data-driven insights
- Reimbursement advisory and cost report preparation
- Outsourced accounting
- Fund administration
- Patient-Driven Payment Model (PDPM) assessments
- Operations and clinical performance improvement
- Tax strategy and wealth planning
- Strategic planning and financial modeling (CLA Intuition®)
- Transaction support
- Tax credits and incentives
- Financial audits and internal audit
- Risk-based payment advisory

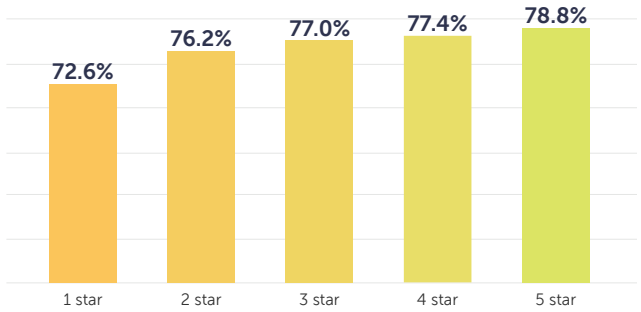
Appendix

APPENDIX

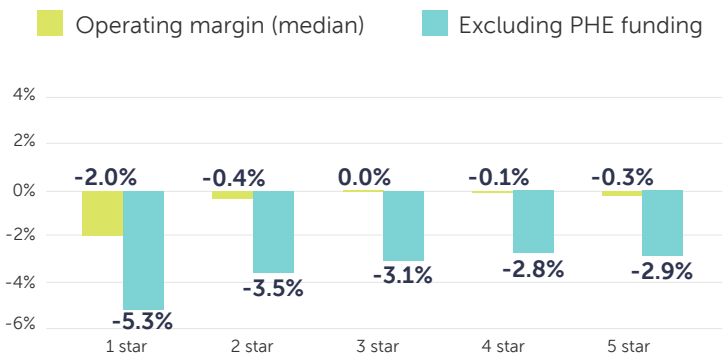
Skilled nursing facility snapshot by star rating

The following graphics display key performance metrics of SNFs grouped by overall star rating. Across these performance indicators, the higher overall star-rated facilities had better performance.

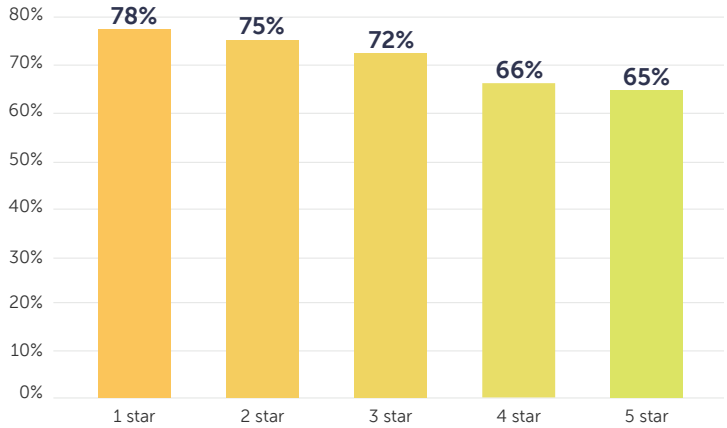
Median Occupancy Rate



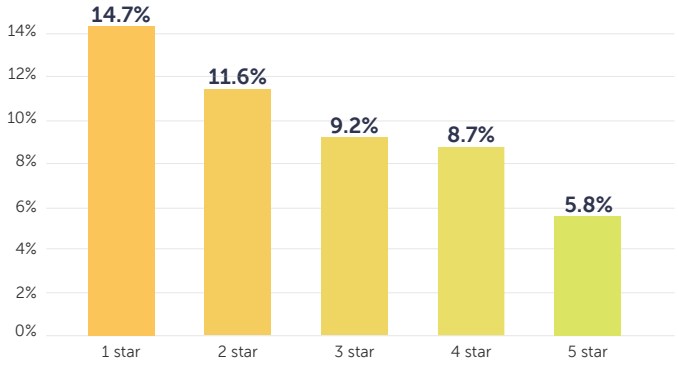
Median Operating Margin



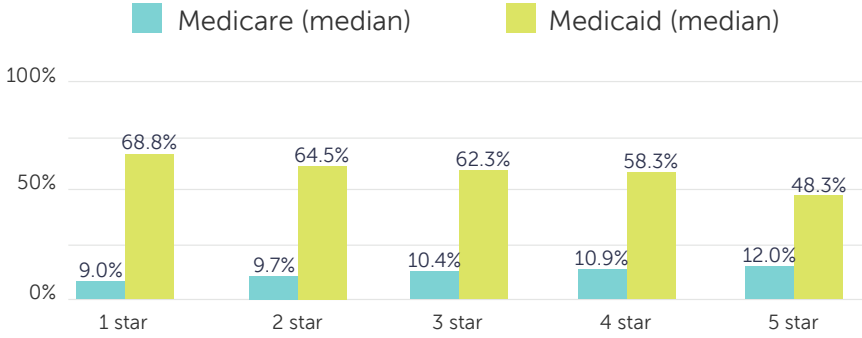
% of Providers Using Contract Labor by Star Rating



Median Contract Labor Utilization by Star Rating



Payer Mix by Star Rating

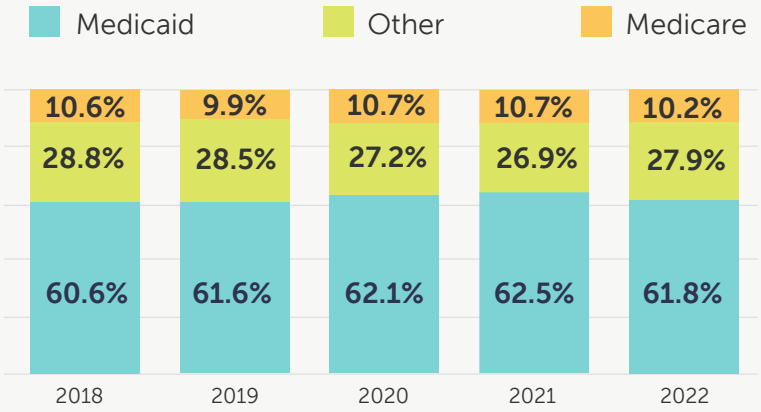


APPENDIX

Payer mix

The average payer mix measures the percentage of occupied resident days paid by various payer sources.

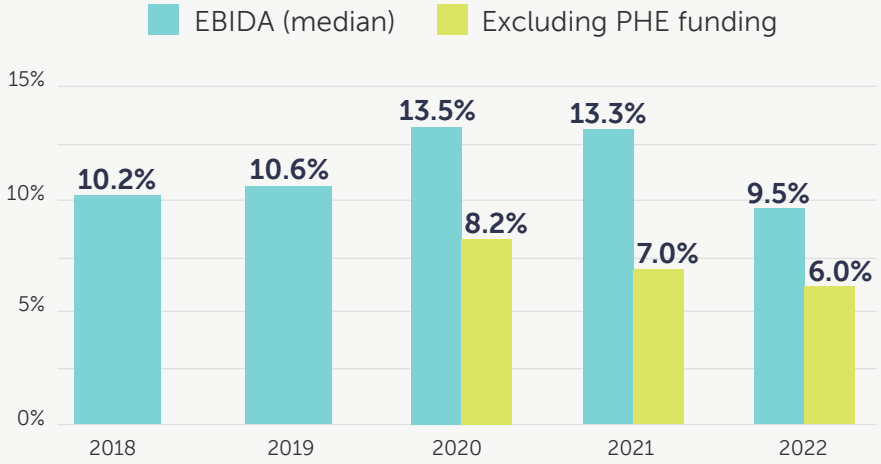
Median Payer Mix by Percentage



Earnings before interest, depreciation, and amortization (EBIDA)

EBIDA is a commonly used profitability measure because it eliminates capital-related costs. It is a rough measurement of cash flow for skilled nursing operators, so changes measured in this ratio provide a sense for how providers generate cash. The 2020, 2021, and 2022 numbers present the EBIDA margin both including and excluding the impact of PHE funding recognized by SNFs.

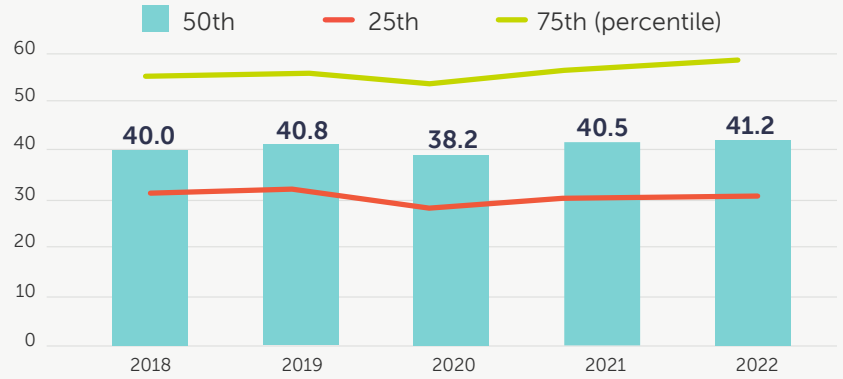
Earnings Before Interest, Depreciation, and Amortization



APPENDIX

Days revenue in accounts receivable

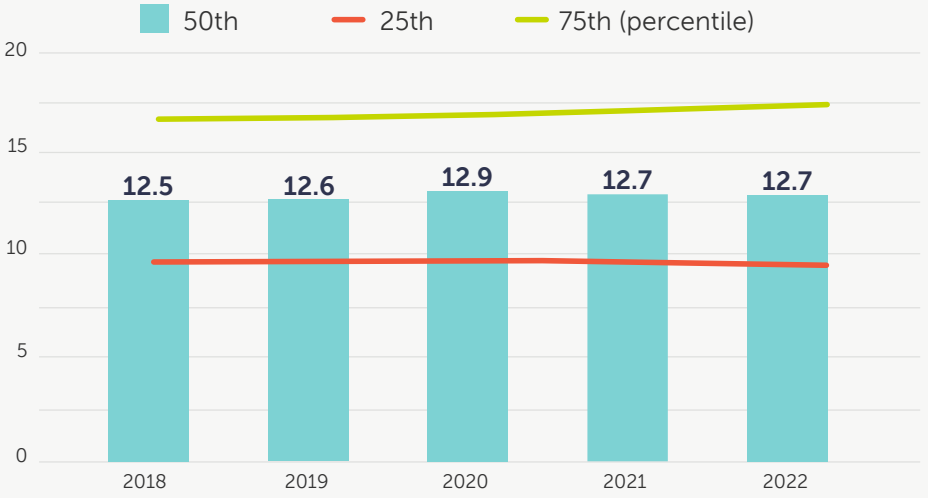
This ratio calculates the average number of days receivables are outstanding, or how quickly a facility converts its receivables to cash. A lower value of days revenue in accounts receivable is desirable, as it indicates a facility takes less time to convert its receivables to cash.



25th	30.4	31.1	27.5	29.4	29.9
50th	40.0	40.8	38.2	40.5	41.2
75th	54.2	54.7	52.3	55.1	56.9

Average age of plant

This ratio measures the average age of a facility by estimating the number of years depreciation has been realized for a facility by dividing accumulated depreciation by depreciation expense.

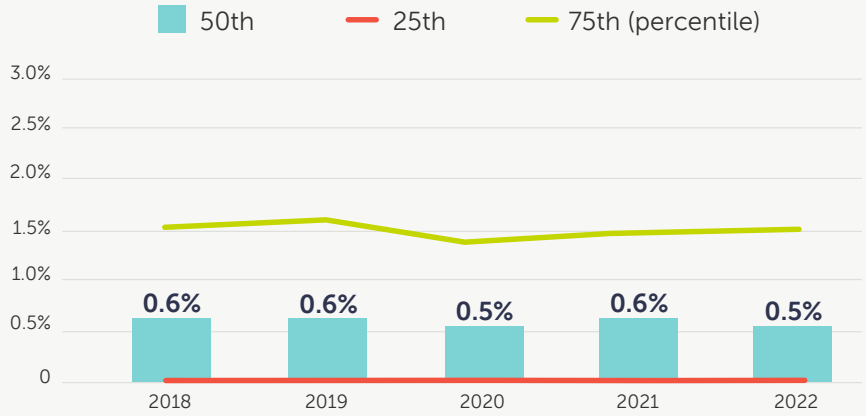


25th	9.5	9.4	9.6	9.5	9.4
50th	12.5	12.6	12.9	12.7	12.7
75th	16.3	16.4	16.5	16.8	17.1

APPENDIX

Capital spending ratio

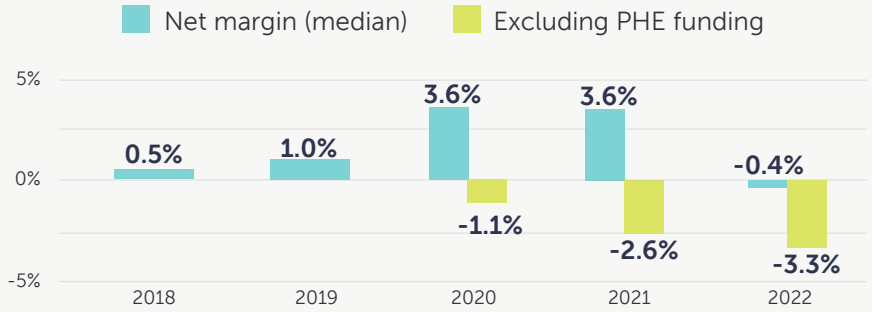
This ratio measures the capital spending of a facility as a percentage of annual operating revenues and indicates how aggressively a facility reinvests its revenue back into its facility.



25th	0.0%	0.0%	0.0%	0.0%	0.0%
50th	0.6%	0.6%	0.5%	0.6%	0.5%
75th	1.6%	1.6%	1.4%	1.4%	1.5%

Net margin ratio

This ratio measures a facility's efficiency in controlling costs in relation to its total revenue. This profitability measure is calculated by comparing a facility's net income or loss to its total revenue. An organization's ability to maintain its net margin ratio is vital for long-term sustainability. The 2020, 2021, and 2022 numbers present the net margin ratio both including and excluding the impact of PHE funding recognized by SNFs.

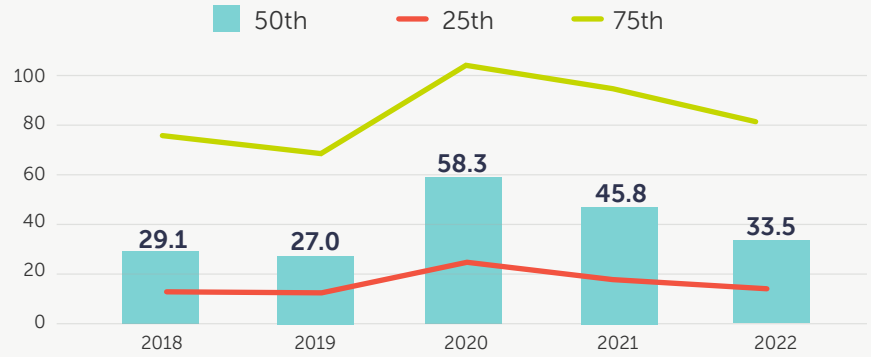


25th	-5.2%	-4.2%	-2.5%	-4.8%	-9.7%
50th	0.5%	1.0%	3.6%	3.6%	-0.4%
75th	5.2%	5.7%	9.8%	10.9%	6.7%

Days cash on hand

This ratio measures how long an organization's cash on hand will cover average expenses. Like the current ratio (defined below), a high number of days cash on hand is considered favorable. However, an extremely high ratio may indicate a facility could earn a higher rate of return by investing in longer-term investments.

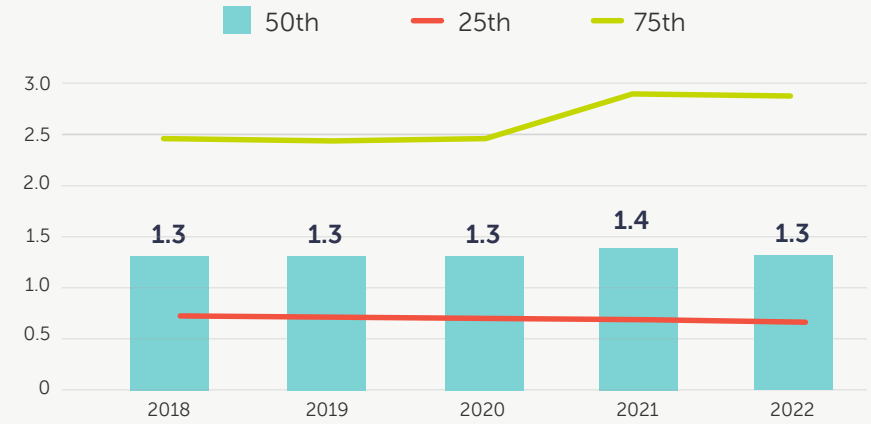
The PHE funding that became available to SNFs provided temporary cash infusions during the pandemic. The continued strain on operations throughout 2021 and 2022 caused SNFs to burn through this one-time cash infusion rather quickly.



25th	13.4	12.9	25.0	18.1	14.6
50th	29.1	27.0	58.3	45.8	33.5
75th	74.2	67.9	103.0	93.7	80.4

Current ratio

The current ratio measures a facility's liquidity. It is used to determine the degree to which current liabilities are covered by current assets or the ability to pay short-term obligations when due.

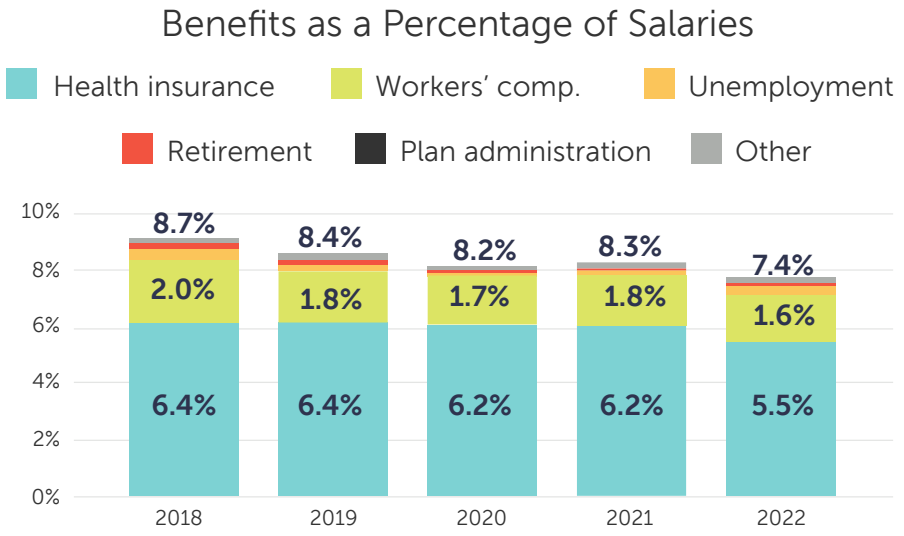


25th	0.7	0.7	0.7	0.7	0.7
50th	1.3	1.3	1.3	1.4	1.3
75th	2.4	2.4	2.4	2.9	2.9

Fringe benefits

This ratio measures the relative percentage of fringe benefits. In addition to direct payroll costs, fringe benefits are additional costs of labor. Fringe benefits include:

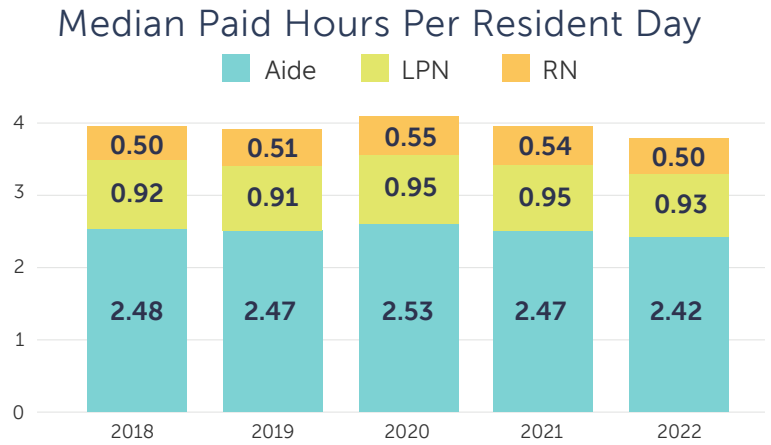
- Medical, life, and other group insurance
- Workers' compensation insurance
- Pension or retirement contribution
- Uniform allowance
- Miscellaneous employee benefits

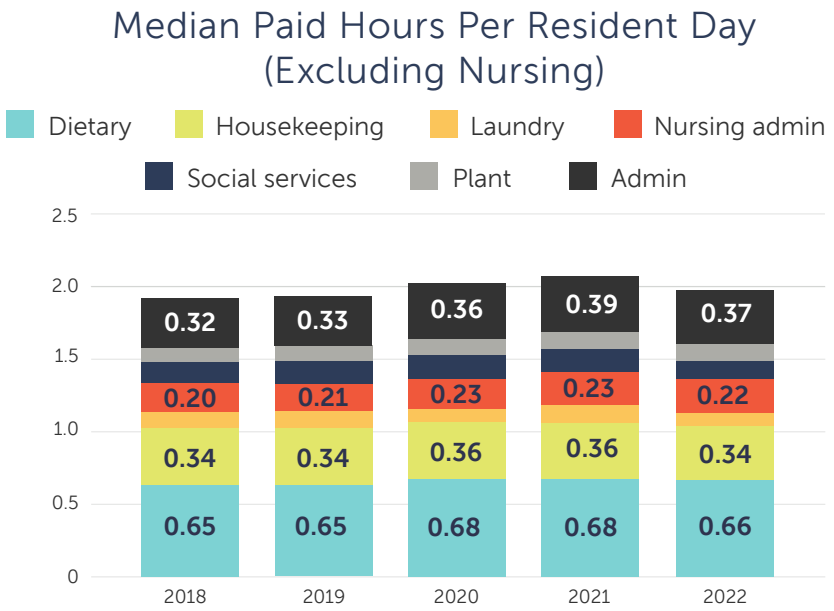


APPENDIX

Hours per resident day

This ratio calculates the actual compensated hours paid per resident day.





APPENDIX

Total costs per resident day

Percentile	Nursing	Social services	Ancillary	Plant	Housekeeping	Laundry	Dietary	Admin	Benefits
25th	$101.08	$2.49	$15.43	$10.67	$5.34	$2.03	$19.05	$44.42	$14.60
50th	$128.07	$4.01	$21.42	$13.49	$7.15	$3.18	$22.95	$58.95	$22.52
75th	$161.77	$6.62	$29.98	$17.25	$9.42	$4.50	$28.28	$75.82	$34.95

Salaries per resident day

Percentile	Nursing	Social services	Plant	Housekeeping	Laundry	Dietary	Admin
25th	$74.87	$2.30	$2.17	$2.79	$0.00	$8.40	$9.34
50th	$96.62	$3.82	$3.03	$5.71	$1.41	$11.70	$12.69
75th	$124.61	$6.24	$4.50	$8.04	$2.66	$15.90	$18.18

Salaries per compensated hour

Percentile	Nursing admin	RN	LPN	Aide	Total nursing	Social services	Plant	Housekeeping	Laundry	Dietary	Admin
25th	$37.43	$39.44	$30.90	$18.60	$23.60	$20.61	$20.05	$13.19	$12.48	$14.89	$27.11
50th	$43.31	$45.44	$35.98	$22.20	$26.84	$24.69	$22.99	$15.29	$14.83	$17.23	$31.98
75th	$50.92	$52.49	$41.42	$25.73	$30.19	$29.46	$26.40	$17.30	$16.95	$19.65	$38.11

Indicator formulas

Page 7

$$\text{Operating Margin} = \frac{\text{Net Operating Income (Loss)}}{\text{Operating Revenue}}$$

Page 13

$$\text{Occupancy Percentage} = \frac{\text{Resident Days}}{\text{Facility Beds x 365}}$$

Page 25

$$\text{Payer Mix} = \frac{\text{Resident Day Mix}}{\text{Total Resident Days}}$$

Page 25

$$\text{EBIDA} = \frac{\text{Net Income (Loss) or Change in Unrestricted Net Assets + Interest Expense + Depreciation Expense + Amortization Expense}}{\text{Total Revenue}}$$

Page 26

$$\text{Days Revenue in Accounts Receivable} = \frac{\text{Accounts Receivable}}{\text{(Resident Revenue/365)}}$$

Page 26

$$\text{Average Age of Plant} = \frac{\text{Accumulated Depreciation}}{\text{Depreciation Expense}}$$

Page 27

$$\text{Capital Spending Ratio} = \frac{\text{Capital Purchases}}{\text{Operating Revenues}}$$

Page 27

$$\text{Net Margin Ratio} = \frac{\text{Net Income (Loss) or Change in Unrestricted Net Assets}}{\text{Total Revenue}}$$

Page 28

$$\text{Days Cash on Hand} = \frac{\text{Cash and Cash Equivalents}}{\text{(Operating Expenses – Depreciation)/365}}$$

Page 28

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Page 29

$$\text{Payroll Taxes and Fringe Benefits} = \frac{\text{Benefits Mix}}{\text{Total Salary Expense}}$$

Page 30

$$\text{Hours Per Resident Day} = \frac{\text{Compensated Hours}}{\text{Resident Days}}$$

About CLA

The CLA Promise

CLA exists to create opportunities for our clients, our people, and our communities through our industry-focused wealth advisory, digital, audit, tax, consulting, and outsourcing services. With more than 8,500 people, nearly 130 U.S. locations, and a global vision, we promise to know you and help you. For more information visit CLAconnect.com.

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The four essential elements of the CLA Promise

Our dedication to health care

CLA has developed one of the nation's largest health care and life sciences practices. Our team includes CPAs and a diverse range of experienced professionals. By working together, we help our clients build enterprise value through strategy, operations, finance, and compliance services. Develop a personal connection with a team of people dedicated exclusively to the senior living and care field. You can benefit from original research, statistics, and techniques developed specifically for senior living and care providers. Committed to helping shape the future of health care and life sciences, our professionals have offered valuable insights to organizations like yours for more than 60 years.

Health Care Innovation and Insight Blog HI²
Get help navigating the continuously changing health care landscape. Stay current on new payment models, emerging innovations, and new regulatory and legislative policies.
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Our health care network

Our practice consists of
470+
health care professionals

90+
health care principals

We currently serve
10,100+
health care clients

which includes
3,200+
aging services providers

300+
home care, hospice, and other community-based providers

900+
hospitals and health systems, including approximately 80 critical access hospitals

5,800+
physicians, dentists, and medical practices

Services for SNF operators and owners

Our customized services support the evolving needs of organizations serving aging adults. We are a premier resource for life sciences and health care providers and offer deep industry specialization and a seamless experience to those we serve. These advantages propel us forward as we create opportunities, develop relationships, and provide value for skilled nursing facilities as we help our people grow their inspired careers.

Due to escalating operating costs, personnel shortages, and changing reimbursement models, skilled nursing operators and owners have to reexamine the way they do business. CLA understands these challenges require more than ordinary answers; they require forward-thinking and creative approaches to help carry you forward. We proactively identify industry trends and the current and relevant regulatory and operational matters to help position your organization for upcoming challenges and opportunities.

We can help

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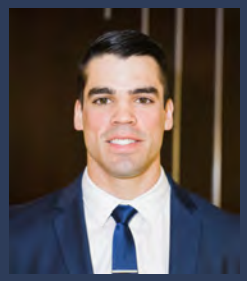

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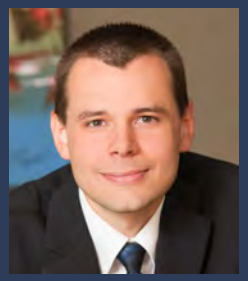

Seth Wilson
Data Analyst

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